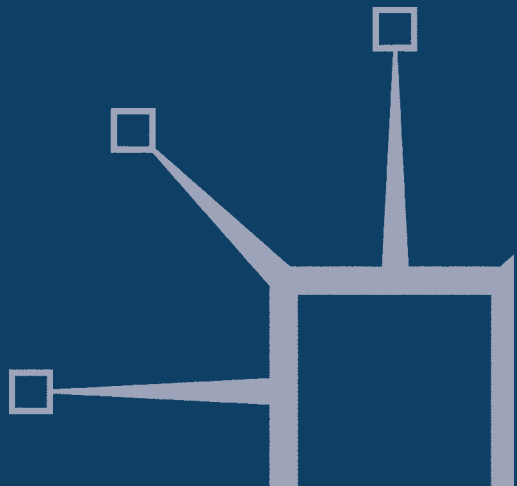


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Politics, Finance, and the People

Economical Reform in England in the Age
of the American Revolution, 1770–92

Earl A. Reitan



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Preface

In the eighteenth century the word ‘economy’ meant more than thrift, frugality, or reduction of expense; it meant good management and a business-like handling of material concerns. The word might be applied to a household, a business, an estate, or the finances of the nation. Dr. Johnson defined an economist as ‘he who is a good manager of affairs; one who is frugal and discreet.’

Economical reform was one element in a complex political, fiscal, and military crisis and can be understood only within that context. The purpose of my book is to provide a comprehensive account of economical reform from its roots in the 1760s and 1770s to the agenda of reform that emerged during the crisis attendant upon the War of American Independence, and concluding with the reforms of the younger Pitt. In the Afterword, I point out that the influence of economical reform continued for the next half century.

The reports of the Commissioners for Accounts, which were so important in economical reform, are buried in the *Journals of the House of Commons*, where only specialized scholars are likely to read them. To make them more accessible, I have summarized the reports in considerable detail and included quotations to illustrate the style and passion with which they communicated their message. In summaries of speeches and reports, I have inserted brackets to identify pages.

The word ‘budget’ is used to mean the fiscal plan for the year, including available income (ways and means), appropriations (supplies), and loans. Since economical reform was primarily concerned with financial management, tax policy is not included but tax collection is. Establishment of a systematic program for reduction of the national debt was a major objective of economical reform and is a continuing theme throughout the book.

I have accumulated many obligations that I wish to acknowledge. First place goes to Prof. F. C. Dietz, a specialist on Tudor-Stuart finance, who first taught me to follow the money, a principle congenial to a banker’s son. I have received advice and encouragement from John H. Breihan of Loyola College, Baltimore, whose research interests overlapped mine. James J. Sack of the University of Illinois, Chicago, has read and commented on the manuscript. Among British scholars who have helped and encouraged me, I note especially Robert Greaves,

Ian Christie, Valerie Cromwell, Henry Roseveare, Sir John Sainty, and Jeremy Black. I appreciate the opportunities offered to a foreign scholar by the Public Record Office, the British Library, and the Institute for Historical Research. My thanks are extended to those benefactors of scholarship, including H. M. Queen Elizabeth II, who have made their records and papers available.

In the United States, I have relied heavily on the University of Illinois Library and Milner Library of Illinois State University. A fast and efficient system of inter-library loans among the university libraries of Illinois has eased my work considerably. My thanks also go to the Clements Library at the University of Michigan, the Huntington Library, and the Newberry Library. Illinois State University provided sabbatical leaves that were essential to this project. My wife, Carol, has encouraged me to complete a project that has been subject to many interruptions, most of them self-inflicted.

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List of Abbreviations

- CFE Reports of Commissioners 'appointed to inquire into the Fees, Perquisites and Emoluments which are, or have been lately, received in the several Public Offices therein mentioned 1786–88.' *Sessional Papers of the House of Commons* (1806), 7.
- CPA Reports of the Commissioners 'appointed to examine, take, and state the Public Accounts of the Kingdom.' *Journals of the House of Commons*.
- FC Reports from the Select Committee on Finance (1797–98), *Reports from Committees of the House of Commons, 1715–1801. Printed but not Inserted in the Journals of the House*. 15 vols. 12, 13.
- HMC Historical Manuscript Commission. *Reports*.
- JHC *Journals of the House of Commons, 1547–1885*.
- PH *The Parliamentary History of England*. Ed. William Cobbett. 36 vols. 1814–17.
- PI&E Report on Public Income and Expenditure. 2 vols. H. C. 366 (1868–69).
- RCHC *Reports from Committees of the House of Commons, 1715–1801. Printed but not Inserted in the Journals of the House*. 15 vols.
- SP *Sessional Papers of the House of Commons*.
- T.29 Treasury Minutes, Public Record Office.
- WCL Shelburne Papers. William C. Clements Library. University of Michigan.
- WWM Wentworth-Woodhouse Muniments. Sheffield.

1

Introduction

In December 1779, mounting taxes, economic distress, and lack of success in the War of American Independence unleashed a political and popular movement in Britain called 'economical reform.' The movement for economical reform began as a political struggle in Parliament between the Crown and the Opposition. The initial objective of the Opposition was to reduce the influence of the Crown – the honors, patronage, contracts, and other benefits used by the King and his ministers to strengthen their political support in Parliament and in elections. The Opposition was supported by a powerful surge of public opinion. In midcourse, economical reform shifted to an emphasis on better management of the finances – improved collection of the revenue, recovering balances held by offices of tax collection and expenditure, reform of accounts and audit, abolition of sinecures and fees, and establishment of a systematic process of debt reduction. The investigations and reforms of the 1780s were the crucial first step in the long-term reform of the administrative structure.

Economical reform was closely connected to the struggle with the American colonies, for the war was the main reason that economical reform took place when and in the manner that it did. In peacetime, the administrative system worked reasonably well. War was another matter. The problems of cost and mismanagement revealed by the movement for economical reform contributed significantly to the stunning decision of the House of Commons in March 1782 to abandon the war in America.

I have relied on my own research for economical reform itself, but the context rests mainly on the work of others. These include reference works, general political works, specialized studies of finance and administration, biographies, and scholarly articles. Many specialized

monographs mention economical reform in connection with some other topic, but my book puts economical reform front and center.

The Victorian view of economical reform was expressed by W. E. H. Lecky in his magisterial *History of England in the Eighteenth Century* (8 vols, London, 1883). Lecky was one of 'the Whig historians,' who traced the development of parliamentary government and institutional reform back to the Whig Party of the eighteenth century. Their heroes were the Marquis of Rockingham, Edmund Burke, and Charles James Fox. King George III was damned as an advocate of royal authority in Britain and in the colonies and an obstacle to the onward march of progress. Lecky describes Burke's bill of economical reform as 'a great measure' that made 'political life in England much purer than it hitherto had been.' He praises the brief Rockingham ministry, claiming that 'few ministries have done so much to elevate and to purify English political life' [4:220]. He states that the ascendancy of William Pitt the Younger brought about 'the complete termination of direct parliamentary corruption,' and attributes this in part to 'the financial reforms which were his special glory' [5:24–5].

The movement for economical reform was given its modern definition by David Lindsay Keir, a distinguished constitutional historian, in a widely cited article entitled 'Economical Reform, 1779–1787.' (*Law Quarterly Review*, L, 1934, 368–85.) The article captures the essential features of economical reform, and is written in a confident, vigorous style. Keir accepts as a characteristic feature of eighteenth-century government the main grievance of the reformers – that the influence of the Crown had been used to make Parliament subservient to the ministry, and this abuse of power justified their concern with 'the independence and purity of Parliament.' He points out that the purpose of the Rockingham Whigs was to reduce the influence of the Crown in Parliament by regulating the Civil List and abolishing offices that were used to support the government of the day. However, Keir criticizes rather severely the legislation they passed as ineffective [368–72].

Keir's main interest is reform of administrative institutions, where the Rockingham Whigs ranged from indifferent to hostile. He presents Shelburne as the politician who best understood the shortcomings of the administrative structure, and whose commitment to reform bore fruit in the ministry of William Pitt. But Keir's true heroes are the Commissioners for Public Accounts, whose 15 reports 'provide an unrivalled picture of the English administration of the pre-reform era' [375]. Probably the main contribution of the article was to bring out the influence that these reports exercised as the basis for legislation [381]. 'The true

importance of economical reform,' Keir writes, 'was that it opened up this system and led to its reconstruction' [381]. While recognizing the contributions of previous ministries, Keir concludes that 'the principal share in giving effect to the programme of economical reform must certainly be assigned to Pitt' [384]. He observes that economical reform possibly helped to prepare the way for parliamentary reform 'by emphasizing the principle that the Legislature ought to reflect the nation, and to be purified from any distorting influence' [369–70].

As a constitutional historian, Keir sticks closely to his brief. He makes no attempt to view economical reform within its broader context – the intense political and partisan conflicts of the time, the impact of the war on the finances and the economy, the many vested interests threatened by reform, and the influence of public opinion. He ignores the personality traits of a cluster of strong-willed politicians, especially King George III but also Rockingham, Burke, Fox, Shelburne, and Pitt. He does not examine the deep roots of economical reform prior 1779. My book is intended to supply those deficiencies. Nevertheless, Keir's article shaped the historical literature on economical reform.

A few more recent works are especially relevant to economical reform. John Brewer's *The Sinews of Power: War, Money and the English State, 1688–1783* (Cambridge, MA, 1988) surveys the fiscal-military structure of the eighteenth-century British state as it became involved in extended European, maritime, and colonial conflicts. Brewer shows how the fiscal demands of war affected constitutional development, political thought, partisan politics, domestic affairs, public administration, the economy, and social relationships. He describes the many facets of the fiscal-military state – the armed forces, the central administration, taxes, expenditures, the debt, the effects of war on the economy, the moneyed interest, and public opinion. His material on the excise [101–14] is an important contribution to a topic that has received less attention from historians than it deserves. His chapters are, by and large, relevant to the later eighteenth century, although they appear to be based mainly on the reigns of George I and II. The book includes many useful tables and figures that extend into the economical reform period.

Brewer's chapters give some attention to the first three decades of the reign of George III, but specific references to the period are few and scattered. He discusses the American War in three pages [175–8] from the perspectives of diplomacy, colonial policy, and logistical problems. He does not mention the fiscal and administrative problems that undermined parliamentary and public support for the war and led to a political crisis. Economical reform is summarized briskly in two pages

[85–7]. Brewer points out that after the struggle for economical reform, the fiscal-military state continued on much as before, a view that makes economical reform seem less important than the reformers claimed. However, if the initial period of economical reform in the 1780s is seen as the first step in a long, drawn-out process that transformed British government, the first step may be regarded as the most important, a principle that any parent will understand.

Scholarly writing on economical reform may have been inhibited by J. E. D. Binney, *British Public Finance and Administration, 1774–92* (Oxford, 1958). Robert Greaves, reader in history at Bedford College, told me that Binney was an accountant who came to the field of history in middle age. He was encouraged by Dame Lucy Sutherland to devote his talents and training to public finance. Binney's book is brilliant, but its coverage of economical reform is less useful than the title suggests. The book presents a comprehensive overview of the structure of financial administration. It is organized topically in categories that would be natural to an accountant. Binney explains in detail the intricate structures and procedures of the institutions that collected, spent, and accounted for the public money. His exposition of the arcana of the Exchequer is, indeed, a *tour de force*. Binney gives scant attention to the political dynamics of economical reform and the process – halting and flawed as it was – that eventually established a consensus and a modest record of accomplishment. Part VII, 'The Financial Ministers and Others,' gives informed assessments of the principal reformers and a thumbnail sketch of the historical process in which they were involved. The book is useful as a reference, but probably few historians have actually read it. Brewer's only reference to this daunting book is a footnote citation from another work.

Philip Harling's *The Waning of 'Old Corruption': The Politics of Economical Reform in Britain, 1779–1846* (Oxford, 1996) picks up the story of economical reform where my book ends. Chapter 1 is an introduction to the dominant theme of the book. His study, Harling says, 'will focus on the politics of economical reform after 1792' [2]. He states that economical reform 'has not been given its due in explanations of the transformation of the British state from the immensely expensive military juggernaut of the late Georgian era . . . to the "cheap government" of the Victorian era' [6]. This is what Harling sets out to do, and he does it very successfully. Chapter 2 is a background chapter that devotes 11 pages [31–42] to the Rockingham, Shelburne, and Coalition ministries, and summarizes the reforms of the Younger Pitt in 13 [42–55]. The main body of the book begins with Chapter 3 – 'The French Wars and the

Failure of Pittite Reform.' Harling shows that the reforms carried out by Pitt and his successors were unsuccessful, but by 1815 the principles and rhetoric of economical reform had begun to have an important effect. In short, Harling's treatment of economical reform looks forward toward the Victorian state, not backward to the intense political conflicts of the initial decade of economical reform. I will return to *The Waning of 'Old Corruption'* in the Afterword.

2

The Foundations, 1760–70

The accession of George III

On 25 October 1760, George II drank his morning cup of chocolate, retired to his closet, and fell over dead. The Prince of Wales was now King George III, and his tutor and friend, the Earl of Bute, was the dominant figure at Court. George III had been raised to exercise personally the constitutional powers of the monarchy. He had been taught that George II had surrendered his powers to selfish and corrupt politicians. At first the young King was dependent on Bute and the leaders of the government – the elderly Duke of Newcastle and the dynamic William Pitt. As he gained years and experience, he began to assert himself personally and exercise what he thought were the constitutional powers and responsibilities of the monarch.¹

When the new King met Parliament, the first step was to pass the Civil List, which provided for the costs of the monarchy and the civil government. The King accepted a fixed Civil List of £800,000 per year (1 Geo. III, c. 1), which was less than the Civil List of George II and, unlike his predecessor's Civil List, would not grow with the wealth and revenue of the nation. The Civil List supported the King and royal family, and also included the royal household and the maintenance of the royal palaces and parks. The civil government expenditures included the salaries of the ministers, judges, ambassadors, and other public officials, plus maintenance of the buildings for Parliament and the public offices. Pensions and charities came out of the Civil List, as well as the expenditures for secret service and special service. The Civil List was voted to the King for life, and Civil List expenditures were not subject to parliamentary review. For that reason, the Civil List frequently became an object of

political controversy, because it was thought to be a source of 'corrupt influence' in Parliament and elections.²

Politics and post-war problems

At his accession, the main concern of George III and his mentor, Lord Bute, was to make peace. With France effectively defeated at sea and in the colonies, and Prussia and Hanover secure, war-weariness emerged. Tales of waste and corruption in the commissariat in Germany strengthened opponents of the German aspect of the war. Cries of gloom and doom arose at the cost of interest payments on the debt, which had increased from £2.7 million in 1755 to £4.6 million in 1763.³ The determination of the King and his mentor to make peace led to the resignation of William Pitt, the great war minister, who was succeeded as secretary of state by Bute.

In 1762 the Duke of Newcastle, first lord of the treasury, resigned after more than 40 years in office. He was replaced at the treasury and as leader of the government by Bute. 'Next question,' Newcastle wrote anxiously in December 1762, 'a Commission of Accounts.' Out of office and vulnerable, he feared a vindictive, scandal-seeking investigation of wartime spending that would destroy his reputation and possibly even lead to his impeachment. Henry Fox, paymaster of the forces, feared a Commission even more, and perhaps for better reasons.⁴

Bute agreed to the demand from some of his supporters for an investigation, despite the potential for damaging revelations. Charles Jenkinson, a Bute insider, wrote, 'Almost every body has been against a Commission of accounts; Government was of the same opinion; but they were unwilling to appear against an enquiry in general, which is considered a very popular measure.'⁵

A Select Committee of the House of Commons, which was considered as less threatening than a Commission of Accounts, was appointed to review wartime expenditures and make proposals for reform. When the report appeared it was a far cry from the thorough and damaging investigation that had been expected. It was 10 pages long and dealt only with the ordnance contracts, but it described in detail the irregularities that presumably applied to contracting for the army and navy as well.⁶

The next year the committee was not renewed. Without continuity and a professional staff, nothing substantial could be accomplished. Richard Rigby wrote to his patron, the Duke of Bedford: 'Your Grace perceives this mode of inquiry can be neither dreadful nor useful, nor was it ever intended to be either.' He quipped that the report should

state, 'Resolved, that this committee has spent its time as foolishly as the nation has done its money.'

In 1763, when the peace was settled, Bute announced that he had accomplished his purpose and resigned. He was replaced as first lord of the treasury and chancellor of the exchequer by George Grenville, a younger son of a great aristocratic family, who had demonstrated his financial ability as a competent, hard-working first lord of the admiralty. Grenville was, however, officious and overbearing in his relations with the young King, who found him personally objectionable. He did not have a political following of his own in Parliament and depended on the support of the Court and the independent members, who respected his emphasis on economy and correction of administrative abuses.

With peace, the revenue revived, but it did not grow proportionately to the increase of public spending and borrowing. 'The real difficulties,' Grenville wrote in September 1763, 'lie in the exhausted State of the Public Revenue & not in the Clamour or Opposition of any Individuals whatsoever.'⁷ Steps were taken to improve the collection of the land tax and to prevent receivers from holding unnecessarily large balances of land tax receipts.⁸ The most feasible source of new revenue was to improve collection of the customs duties, which were loosely administered and rife with evasions. The treasury board demanded reports from the boards of customs in England and Scotland on their procedures to collect the customs duties, including evaluations of the work of each customs officer. Customs officers were warned, 'if they neglect to transmit their Accounts, and the information above required, they will certainly be dismissed.'⁹

A major effort was made to collect the balances of public money held by public accountants (spending officers) who had not accounted for expenditures made during the war. The solicitor to the treasury was instructed to bring prosecutions against accountants who did not pass their accounts, and the officers of the exchequer were ordered to give him the information necessary to undertake legal actions.¹⁰ The great prize was the balance held by Henry Fox, Lord Holland, who had resigned his leadership of the House of Commons but clung desperately to his office of paymaster-general and the large balance of public money that went with it. He admitted frankly that during the war all funds for the army had been issued 'indiscriminately, and not agreeable to the Estimates and Votes of Parliament.'¹¹ He could not be compelled to pay in his balance until his sub-accountants (who also held balances) had accounted for their expenditures. He was ordered to supply the names

needed 'to facilitate therefore the legal examination of the present outstanding accounts and to prevent the like evil for the future.'¹²

Like many others, Grenville had been appalled at the financial mismanagement and fraud of the war in Germany. He appointed a commission led by Charles Wolfran Cornwall (4 Geo. III, c. 9), a politically connected lawyer, to examine and report on the claims of the German princes for expenditures 'alleged to have been performed during the late war in Germany.'¹³ Cornwall established his reputation by the rigor with which the Commissioners of German Demands slashed the claims of the German princes.¹⁴ The Commissioners established an office, where they received claims and prepared their reports. They issued a perfunctory announcement of their purpose and set a rigid time limit (31 December 1763) for submission of claims. They did not inform individual claimants, many of whom filed their claims too late. When Cornwall married Charles Jenkinson's sister, Lord North quipped that the bridegroom would not 'leave any *just demands unsatisfied*.'¹⁵

The bills that were submitted were mainly for bread, forage, wood, straw, and transportation. Other bills claimed compensation for damages. These were usually denied. When the commission wound up its work, the treasury board complimented them. They had applied only 'the fairest inquiry and the strictest principles of justice,' the board said, and had reduced demands totaling £6.6 million to a final total of less than £1.3 million.¹⁶ Claims drifted in for years thereafter. As late as 1798, George III complained to Pitt that Hanover had not been reimbursed for its expenditures in the Seven Years' War 'by the very unjust manner in which the just demands on this country were withheld.'¹⁷

The greatest source of trouble for Grenville and his successors was the attempt to raise a revenue in the colonies, to be used to strengthen royal government there. Discussions had been proceeding in the treasury and elsewhere for several years, and it was generally agreed that a stamp tax, similar to the stamp tax in Britain, would be the most feasible way of supporting enlarged military forces in America. The fateful instructions were issued to the board of stamps 'to prepare the Draught of a Bill to be presented to Parl't for extending the Stamp Duties to the Colonies.' The result, of course, was a disaster.¹⁸

George III found Grenville personally disagreeable, and in 1765 he was dismissed. A series of troubled governments struggled with the problems left by the Seven Year War – a heavy burden of debt, a post-war decline of trade and manufactures, unrest in Ireland and the American colonies, radical agitators at home, and the East India Company's corrupt management of its huge territorial gains in India. The Rockingham ministry

(1765–66) repealed the Stamp Act, but coupled it with a Declaratory Act that stated the right of Parliament to tax the colonies if it chose to do so.¹⁹ When Rockingham did not satisfy the young King, he turned to William Pitt, Earl of Chatham, the great leader in the Seven Years War, whom he expected to establish a strong, stable government. He was disappointed. Chatham was not interested in domestic matters or parliamentary politics, and he suffered from bouts of mental illness.²⁰

Chatham's chancellor of the Exchequer, Charles Townshend, was determined to collect a revenue in the American colonies to support the royal government there. Townshend imposed export duties on a variety of manufactured products and a 3 d. duty on tea shipped to the colonies from London by the East India Company. The revenue from the Townshend duties was used to pay the salaries and other expenses of colonial governors (a civil list). To improve enforcement, Townshend established a board of customs in Boston.²¹

Chatham and Townshend also hoped to derive a revenue from India. During the Seven Years War, the East India Company had gained control of the rich province of Bengal, and in 1765 the Company acquired the territorial revenue (the diwani) of the province. Great hopes were raised that the wealth of India could be tapped to relieve Britain from its financial woes. George III shared that view. In 1766 he wrote, 'this is the only safe method of extracting this Country out of its lamentable situation owing to the load of Debt it labours under.'²² In 1767, in exchange for an extension of its charter and some reduction of duties, the Company agreed to pay the Crown £400,000 per year for the next two years.²³ The next year, Chatham retired due to ill health and was succeeded as head of the ministry by the Duke of Grafton (1768–70).

The rise of partisanship

Efforts to deal with post-war problems were complicated by partisanship. The presence of a young and increasingly active King changed the political calculus considerably, and the politicians had to face the reality of changed palace politics. After the dismissal of Grenville, a group of Court politicians appeared, who called themselves 'the King's Friends.' They acted to promote the political and parliamentary interests of the King.²⁴ The Court and Treasury Party were comprised of the Cabinet ministers, office holders, contractors, military officers, and others who held benefits from the Crown. They were the nucleus of any government, and usually could be relied upon to support the ministry. Politically ambitious members either found office under the Crown or attached

themselves to one of several Opposition parties. The swing factor in the House of Commons was approximately 120 independent members who normally supported the government, but their support was contingent on satisfactory performance.²⁵ The House of Lords would almost always support the King and his ministers.²⁶

When a controversial issue arose, the Opposition might gain strength from deeply rooted 'Country' attitudes. J. B. Owen has defined the Country spirit as 'a built-in, almost automatic suspicion of the Court and courtiers, of the motives which activated them, and of the baleful influence which they wielded in the House of Commons.' This attitude boiled down to 'a basic distrust of Government as such, and a considerable sense of apprehension at its increasing tentacles.'²⁷

John Brewer notes the pervasiveness of Country politics in Parliament and elections. 'Almost all English politicians, at one time or another,' he writes, 'took up country positions or supported country legislation.' Whether Whigs or Tories, he says, 'country ideology was undoubtedly the predominant form of parliamentary discourse.'²⁸ The most common Country complaint concerned the influence of the Crown in the House of Commons, which should be an independent check on the inevitable abuses of executive power. The Country attitude expressed itself in place bills, calls for shorter (usually triennial) Parliaments, restrictions on electoral corruption, investigations of waste and malfeasance in the public expenditure, correction of abuses in public offices, resentment of pensions, and suspicions of a standing army and the expenditures of the Civil List. A metropolitan counterpart was the prevailing anti-government feeling in the great urban sprawl of London and Westminster, which found its characteristic expression in the tumultuous political career of John Wilkes.²⁹

Within the underlying axis of Court and Country, political parties led by George Grenville, the Marquis of Rockingham, and William Pitt, Earl of Chatham, struggled to establish a footing. They sought power, either by joining with the Court and Treasury Party to establish a ministry, or by appealing to the independent members by adopting 'Country' issues. The party led by Lord Rockingham, the largest party, moved in the latter direction. The principles of the Rockingham party were grounded in the Old Whig tradition of resistance to the Crown. Their leaders were not courtiers – they were landed aristocrats based mainly in Yorkshire, Derbyshire, Lancashire, Cumberland, Nottinghamshire, and the Welsh border counties. In the 1760s, the Rockinghams, excluded from office by the resentment of George III, gradually and cautiously became a moderate party of opposition and reform. They argued that the true

principles of British government had been subverted by a corrupt use of the influence of the Crown, which it was their duty to oppose. To some extent they had a strong 'Country' flavor.³⁰

Some of Rockingham's eventual success was due to his secretary, Edmund Burke, an Irishman who came to London to pursue a career as a writer. Rockingham provided Burke with a seat in the House of Commons and used him as his political 'man of business.' Burke was a hard worker who collected information on a wide range of subjects, corresponded deferentially with Rockingham and his aristocratic followers, and provided the philosophical and rhetorical context for the positions adopted by the Rockingham group.³¹

William Pitt, Earl of Chatham, a man of haughty independence, declared his opposition to party politics, but during his brief ministry he collected a small group of supporters. One of the most talented was the Earl of Shelburne, who was keenly interested in finance, administration, and imperial policy.

When Chatham retired in 1768, leadership of his administration passed to the Duke of Grafton, an ineffective nobleman who struggled to deal with popular resistance at home and in the colonies. A bright spot in the Grafton ministry was the financial management of the chancellor of the exchequer, Frederick, Lord North. Grafton left treasury business to North, who inspired confidence at Court, in the House of Commons, and in the City. North was also leader of the House of Commons, since Grafton and the other members of the Cabinet were peers. North was well liked by the members, including those who opposed the policies of the government. His budget speeches showed his mastery of the finances and were rarely challenged.³²

The Grafton ministry was tormented by the demagogue, John Wilkes, who returned to England in 1768, and became a candidate for the House of Commons from the County of Middlesex. The large urban sprawl from London provided Wilkes with supporters from 'the middling sort' among the Middlesex freeholders. Wilkes' election was declared invalid after four polls and he was imprisoned for his previous offences. Riots broke out in London and surrounding areas in favor of 'Wilkes and Liberty.'³³ The London radicals made an effort to extend their movement to the rest of the country. County meetings were held and petitions were circulated, but provincial suspicions of urban radicals and distaste for the personal character of Wilkes dampened support. The petitions were concerned mainly with Wilkes and the controversial Middlesex election, but they also complained about financial abuses and the policies of the Crown in the American colonies. Fifteen counties and 12–15

boroughs presented petitions totaling 50,000 or more signatures. Yorkshire contributed 11,000.³⁴

The Rockingham Party entered hesitantly into the petitioning movement of 1769–70. Rockingham disliked Wilkes and the urban radicals. Burke opposed petitioning in principle, but in this instance he saw it as ‘a matter of urgent and disagreeable necessity.’ He wrote to Rockingham: ‘But if we mean to get *redress*, we must strengthen the hands of the minority within Doors by the accession of the publick opinion; strongly declared to the Court, which is the Source of the whole mischief.’³⁵

In 1769, North came to Parliament with an issue that was red meat to the Opposition groups. His persuasiveness and parliamentary support were severely tested when he informed the House of Commons that the Civil List annuity of £800,000 per year had proven to be inadequate, and the Civil List had accumulated debts that needed to be paid. The accession, coronation, and marriage of George III had been expensive. From 1763 to 1769, expenditure had averaged £908,563 per annum. By 1769 the Civil List was more than £500,000 in arrears, and a chorus of complaints arose from the placemen, tradesmen, pensioners, and others who depended on the Civil List. North had no choice but to request payment of a Civil List debt of £513,511.³⁶

The Civil List was useful for the Opposition, for despite their differences on other matters, the Civil List was an issue on which the Rockingham, Chatham, and Grenville groups could join. Furthermore, it appealed to the ‘Country’ suspicion of government and the endemic resentment in the metropolis of the Court and courtiers. The Opposition argued that the Civil List was a fixed annual sum and Parliament had a right to investigate and regulate it when it exceeded its annuity. William Dowdeswell, a member associated with Lord Rockingham, declared that the debts should not be paid until accounts had been presented and considered by the House. He called attention to ‘the vast expense of the secret service.’³⁷ He was supported by George Grenville, Edmund Burke, and Sir George Savile, the respected member for Yorkshire. ‘Something, Sir,’ Grenville said, ‘ought likewise to be pleaded on behalf of the public: care ought to be taken that the large sums now called for should not be granted without due examination; and a prospect should be held out that there will be a reduction of the expenditure for the future. If it is the duty of the House to pay this debt of the Crown, it is a still higher duty to see that a proper reformation and appropriation should be made, at the time the money is granted.’³⁸ North agreed to present accounts of Civil List expenditure from 1752 to 1768, which would show the dates when the excesses were incurred. ‘The responsibility,’ he said, ‘must be

divided among all the chancellors of the exchequer who have served the crown.³⁹ The debt was paid (9 Geo. III, c. 33), but not without grumbling, indoors and out.

In 1770, Burke published his pamphlet, *Thoughts on the Causes of the Present Discontents*, which he wrote to serve as the manifesto of the Rockingham Party.⁴⁰ In this pamphlet, Burke charged that from the beginning of the reign an attempt had been made to concentrate power in the Crown by reducing Parliament to a condition of subservience. Without attacking the King directly, Burke argued that an inner ring of politicians had used the influence of the Crown to manipulate ministries, dominate Parliament, and stifle dissent. 'The power of the crown,' he charged, 'almost dead and rotten as Prerogative, has grown up anew, with much more strength, and far less odium, under the name of Influence' [313].

Burke gave special attention to the Civil List as a major source of the 'corrupt influence' that he saw as the foundation of Britain's troubles. Payment of Civil List debt without account, Burke wrote, 'if suffered to pass unnoticed, must establish such a fund of rewards and terrors as will make parliament the best appendage and support of arbitrary power that ever was invented by the wit of man.' While radicals concentrated their fire on the House of Commons, Burke did not spare the peerage; many of them, he charged, 'had abandoned their proper independence to run into an abject servitude to the court' [365, 323].

Burke's purpose was to identify the Rockingham Party as the only political force that could offer effective opposition to the Court. He poured scorn on those who sought personal advantage by supporting any government, or those who advocated a nonparty government without unity and cohesion. He defended the principle of party in general and the Rockingham Party in particular by calling for 'a firm combination of public men' to stand up against the corruption of government arising from misuse of the influence of the Crown.

But party was not enough. Burke saw no alternative to public agitation. 'I see no other way for the preservation of a decent attention to the public interest in the representatives,' he wrote, 'but the *interposition of the body of the people itself*, whenever it shall appear, by some flagrant and notorious act, by some capital innovation, that these representatives are going to overleap the fences of the law, and to introduce an arbitrary power' [369, 380].

'I like a clamor,' he wrote in 1771, 'wherever there is an abuse.'⁴¹ In 1775, he wrote to Rockingham: 'But speaking of the prudential consideration, we know that all opposition is absolutely crippled, if it can obtain

no kind of support without Doors.⁴² The Civil List and the influence of the Crown were the issues that he would use with devastating effect to launch the movement for economical reform. And he had concluded that the support of the people openly expressed would be essential to success.

3

The Rise of Economical Reform, 1770–79

Lord North at the treasury, 1770–75

When Grafton resigned in 1770, George III had a prime minister who suited him – Frederick, Lord North. As chancellor of the exchequer under Grafton, North had won the confidence of the Cabinet and the independent members of the House of Commons. Horace Walpole remarked, ‘it was obvious how much weight the personal presence of a First Minister in the House of Commons carried with it.’¹

North was a hard worker. He attended the Cabinet meeting twice a week and the treasury board twice a week. When Parliament was in session, he was in his place from late afternoon until the House of Commons rose, sometimes into the wee hours of the morning. In the House, he did the speaking for the government because the other Cabinet members were peers. He corresponded frequently with the King, who preferred to discuss business in writing.² The collected papers of prominent figures of the time are sprinkled with his pithy but familiar letters. He accepted treasury responsibility for raising and collecting the revenue, but he rejected treasury control of expenditure. When he was accused of failure to correct spending abuses in the navy, he replied that ‘the King had his revenue, the several departments had theirs. If there was misapplication of funds,’ he continued, Parliament had power ‘to call the ministerial officers in their several departments to account.’³

In 1783, near the end of his political career, North remarked, ‘If you mean there should not be a government by departments, I agree with you. I think it is a very bad system. There should be one man or a cabinet to govern the whole and direct every measure. Government by departments was not brought in by me. I found it so, and had not the resolution to put an end to it.’⁴

Lord North enjoyed transacting financial business. He spent a great deal of time at the treasury board for the workload was heavy and the treasury staff, like most public offices at that time, was poorly organized and plagued by absenteeism. In 1776, North initiated a reform of the treasury. Each officer was allocated specific responsibilities; clerks would be trained in their duties; promotions would be made on merit, not seniority, and would follow a route from one kind of work to another, thus acquainting senior clerks with all branches of the business. The board ordered that the clerks 'shall daily and regularly attend in the Office in the Office Hours and personally transact the Business assigned to them, as well as to execute a proportionate Share of the Public Business.' A system of superannuation was introduced for employees who could no longer perform their duties due to age.⁵

By 1770 the economy had revived after its post-war slump. Public income hit its high point in 1770 at £11.3 million, and in the next six years it averaged £10.8 per year.⁶ The main problem was the interest on the national debt, which was £4.8 million in 1764 and remained at that level until 1770.⁷ The budget for 1770, North's first year as prime minister, showed that he intended to be the minister of low taxes and expenditure restraint. He kept the land tax at 3 s. in the £, the peacetime level. Total supplies were a modest £7.45 million. North kept naval supplies at the established peacetime level of 16,000 men, plus £283,687 for building and repair of ships, a total of £1.9 million. Peacetime ground forces were £1.4 million. He began a process of debt reduction by paying off £1.5 million of debt, which was partially funded by a lottery.⁸ He described the lottery, which returned a clear profit of £180,000, as 'a tax on the imagination of the public.'⁹

William Pulteney, an independent member who spoke frequently on military matters, took issue with the supply for the navy, which was expressed as a specified number of seamen at £4 per man. A lump sum grant that included a variety of different expenditures, he complained, gave the first lord of the Admiralty 'a general unlimited power to employ the money granted in what manner he pleased.' He proposed 'introducing into this branch of the public service the practice of appropriation, which is essential to a well-constituted revenue.'

North replied that he would consider any proposal to improve the naval estimates, but he added 'due to the notorious uncertainties of the sea service, it is necessary there should be a discretionary power lodged somewhere.' The existing system, he said, 'has subsisted for many, many years; and I think that is one ground in its favour.'¹⁰

In 1771 a naval crisis with Spain concerning the Falkland Islands interrupted North's plans for debt reduction. The land tax was raised to the wartime level of 4 s. in the £, and the naval supply was increased to 40,000 seamen. Lord Sandwich, first Lord of the Admiralty, persuaded North that Britain needed to rebuild her navy to respond to a growing naval threat from France and Spain. The ships that had won the Seven Years War were reaching the end of their useful lives, and a major rebuilding of the navy was needed. Under pressure from Sandwich, North added £423,747 to begin a program of building and repair of ships and improvement of the productivity of the shipyards.¹¹

The crisis blew over quickly, and in 1772 North was back on track. The land tax was again reduced to 3 s. in the £. The naval supply in 1772 continued high at 25,000 seamen, but funds for building and repair of ships were trimmed to £375,939. Despite increased costs for the navy, a growing revenue enabled North to pay off another £1.35 million of debt sweetened by lottery prizes totaling £600,000.¹²

North's concern for economy and debt repayment conflicted with Sandwich's plans for naval rebuilding. In 1772 he informed Sandwich that he intended to reduce naval appropriations. He argued that debt reduction and the improvement of public credit were the essential first steps in building the strength of the nation. He reminded Sandwich that he had promised Parliament to pay off £1.5 million of debt per year, which he felt was necessary to restore public credit and bring the stocks back to par. 'This is the time,' he wrote, 'if ever there was a time, for a reasonable and judicious economy. It is our duty,' he continued, 'to avail ourselves of it, in order to get rid of some part of the burthen of that debt, which lies so heavy upon us. . . . Great peace establishments will, if we do not take care, prove our ruin: we shall fail, at the long run, by exhausting in times of tranquility those resources upon which we are to depend in time of war.'¹³

In 1773, The East India Company was bankrupt as a result of wars and mismanagement. Due to smuggling, the Company had large stocks of unsold tea. They pleaded for a reduction of the Townshend duty, which they claimed turned the large American tea market over to the smugglers. The affairs of the Company were complicated by a credit crisis due to bank failures.¹⁴ The North government decided it was time to deal with the situation. North's Regulating Act gave the Crown a voice in the government of the Company, at home and in India. A loan of £1,400,000 was made to the Company, which interrupted debt reduction, and the Company's annual £400,000 came to an end.¹⁵

North also attempted to assist the Company by increasing its sales of tea to the American colonies. He was determined to preserve the Townshend duty, which was collected at the American port of entry and was used to support colonial civil governments. Instead, he removed the British duty on exports of tea to America and authorized the Company to sell tea directly to colonial buyers, with unexpected consequences.¹⁶

In 1774, North was back to his low tax, budget-cutting policy. The land tax continued at a peacetime rate of 3 s., and supplies reached a low point of £6.15 million. He paid off £880,000 of debt. A sudden burst of naval preparations in France and Spain created a sense of alarm, which Sandwich used to keep the navy at 20,000 men and obtain £420,729 for naval construction.¹⁷ North did not give up his commitment to reduction of the debt. 'In time of peace,' he said, 'he thought it would be better to pay off some part of the public debt, that, upon a future emergency, they might be able to borrow more money, without the danger of making the load too heavy to be born.'¹⁸

In 1775, North held the land tax to 3 s, and supplies to £6.5 million. With war looming in America, he imprudently cut the navy from 20,000 men to 18,000, and cut Sandwich's shipbuilding program to £297,379. As a result, he was able to pay off another £1 million of debt.¹⁹ From 1767 to 1776, North had paid off about £5.5 million of debt and a series of conversions of 4 percent stocks to 3 percent stocks brought additional reductions of interest charges.²⁰

The favorable condition of the public finances aroused the interest of Rev. Richard Price, a Dissenting clergyman, who expounded his ideas in *Appeal to the Public on the Subject of the National Debt* (1772). As North's budgets approached a surplus, Price proposed a Sinking Fund that annually would purchase and hold a fixed amount of stock. The interest that accrued would be added to the Sinking Fund, which would increase the rate at which additional stock was accumulated. Eventually the Sinking Fund would be large enough to pay off the debt. Price claimed that compound interest on the stock in the Sinking Fund would achieve the desired result, even if it became necessary to borrow on occasion. He relied on the public spirit of statesmen to continue the annual contribution. If such were impossible, he concluded, it would be best to drop the idea completely.²¹

Although Price's concept of a systematic, long-term program for debt reduction was generally approved, the fallacy in his reliance on compound interest did not pass unchallenged. There was a common-sense recognition that the system would work only if a surplus of income over expenditure was achieved most of the time.²² Commenting on

Price's scheme, North remarked, 'plans on paper, or measures proposed in the closet, often become difficult in the execution, or inexpedient, tho' it should be practicable.'²³

As he struggled to maintain his policy of low taxes and debt reduction, North turned his eyes to the attractive but elusive balances of public money held by the chief spending officers, especially the greatest prize of all – the balance held by the estate of Lord Holland, former paymaster of the forces, known to London radicals as the 'defaulter of unaccounted millions.' The money could not be repaid until the exchequer auditors (the auditors of the imprest) had completed their work, and they could not perform the final audit until the accounts of the subordinate spending officers (subaccountants) to whom the paymaster had imprested money had been cleared. Efforts to obtain payment of the balance met objections from John Powell, principal accountant at the pay office and executor of the Holland estate. He explained that the delay was due to 'the Extent and Nature of the Services, the bulk of the accounts, and the usual hurry that was unavoidable in his Office during the late War.' The pay office had finished the accounts to 1759, but after that delays were anticipated.²⁴

In February 1770 the treasury board received from the pay office a list of all subaccountants of the paymaster, and submitted it to the auditors of the imprest, who were directed to bring the subaccountants to an accounting as soon as possible. In the meantime, the board pressed the auditors to complete other parts of the Holland account, principally large sums that had been issued without the proper warrants. Time and again Powell came to the treasury board requesting missing warrants, always with the justification that the money had been issued in accord with the usual practices of the office. In November 1770, Powell requested a warrant for £928,743 for money imprested without warrants to various commanders serving abroad. The board, eager to close the Holland account and retrieve the balance, invariably accepted Powell's judgment.²⁵ In December 1773 the deputy auditors of the imprest appeared before the treasury board and reported that they had finished the Holland accounts through 1762, and expected to complete the entire account in two years. The board urged them to put additional clerks to work on the account if that would speed the process.²⁶

In his first five years as prime minister, Lord North was able to establish political and fiscal stability. A general election in 1774 strengthened his hand.²⁷ By that time, North's good years were coming to a close.

Tensions were rising in the North American colonies that would ruin his earlier accomplishments. The loyalty of the colonists was primarily to their colonial assemblies and local governments. They looked to them to govern while they sought opportunities for trade and territorial expansion. The colonists had also developed rhetoric to support resistance to imperial authority.²⁸ They had inherited typical eighteenth-century Opposition tenets that viewed with alarm the influence of the Crown as bolstered by an independent Civil List and a standing army. They followed with interest the struggle of Wilkes and his supporters to establish the rights of the voters of Middlesex. They read Burke's attack on the intrigues of a faceless cabal behind the scene and the corruption of Parliament. They were in touch with British radicals who called into question the legitimacy of long-established privileges in government and religion.²⁹

In the Mother Country, the King, the Cabinet, and a strong majority in Parliament were determined to maintain imperial authority over the American colonies. In 1775 and 1776 the impasse escalated to armed conflict. Lord North, the minister of low taxes, economy, and debt reduction, became the financier of war.³⁰

Lord North and the financing of the war in America, 1775–78

In 1776 full-scale war broke out in America, and North's good budget years ended. The land tax went up to 4 s. in the £, the usual wartime rate, and remained there. The budget for 1776 increased the number of seamen from 18,000 to 28,000, but building and repair of ships lagged at £339,000. Supplies totaled £9 million and the loan was £2 million.³¹ Debt reduction disappeared for a decade. The King provided five battalions of Hanoverians to make it possible to shuffle garrisons from Gibraltar and Minorca to the colonies, and 18,000 mercenaries were hired from Hesse-Kassel and Brunswick. In 1776 the army consisted of 45,000 men, including militia, with 14,000 in North America.³² In the next two years the buildup continued. In 1777 the navy was budgeted at 45,000 men, with £465,500 for building and repair of ships. Supplies of £12.9 million were voted, and the loan was £5 million.³³ In 1778 the supply for the navy increased to 60,000 men with £488,695 for ship construction and repair. Supplies rose to a total of £14.3 million and the loan was £6 million.³⁴ In 1778 the total regular army, mercenaries, and embodied

militia, was 112,000 men, although only 40,000 of them were in North America.³⁵

As the conflict in the American colonies escalated, Charles Jenkinson wrote,

We are here in a wretched state with respect to Politicks; we go on voting vast supplies without knowing in the least what is the situation of affairs in America, or what it may be proper for us ultimately to do. What is singular is that notwithstanding this strange Dilemma, the Parlmt & the people without Doors are as much with us as ever, & do not appear to have lost the least particle of their zeal.³⁶

In 1778, France made an alliance with the colonists, and war was declared. Spain joined with France in 1779, and a powerful coalition of neutrals was formed to defend neutral rights. The orientation of the war changed, although the struggle in America continued. Lord Jeffrey Amherst, a hero of the Seven Years War, assumed the role of commander-in-chief and brought a new sense of direction to the war.³⁷ 'The object of the war being now changed,' Amherst wrote, 'and the *contest in America* being a secondary consideration, our principal object must be distressing France and defending and securing our own possessions against their hostile Attempts.'³⁸ In short, a full-scale maritime war. This was the kind of war the British were accustomed to fighting and winning, and Parliament and the public turned with a sense of relief to waging war against their historic enemies.

North was not cut out to be a war minister, and the ministry lacked a strong leader like Pitt who could provide the necessary coordination and intensity of effort. The treasury, the colonial secretary, the admiralty, the army, and the ordnance did things in their own way and at their own pace. North was aware of his shortcomings. In November 1778 he wrote to George III that 'in critical times, it is necessary that there should be one directing Minister, who should plan the whole of the operations of government, & controul all the other departments of administration.'³⁹ He asked to retire from his office, but the King refused.

Most of the cost of the war was met by borrowing and by the imposition of taxes to pay the interest on the loans. North negotiated his loans with a small number of established financiers, and sweetened the loans with lottery tickets.⁴⁰ On the other hand, he was also at the mercy of the moneymen, because other lenders could not be found who could raise the amount of money needed. Private negotiation of the loans led to charges of favoritism and corruption. Shares were allocated

by the treasury staff, who may have been influenced occasionally by politics, friendship, or even bribes, although there was no large-scale corruption. In 1778, North reminded George III 'the power of borrowing has been hitherto the principal source of the greatness and weight of Great Britain.'⁴¹

The break with the American colonies and the military buildup in North America gave a sharper edge to parliamentary debates on finance. Opposition to the war focused on the cost of it, a topic that the independent members could be expected to understand. In 1779 the navy was approaching full strength at 70,000 men, and the shipbuilding and repair program was in high gear at £579,187. The loan was £7 million plus the usual lottery. The sore spot was the annual account of army extraordinaries, which usually led to debates concerning the conduct of the war. The army, unlike the navy and ordnance, did not accumulate debt. Army extraordinaries, essentially the costs of supplying the troops in America, were authorized by the treasury and paid as a separate supply the year after they were incurred. They rose from £845,000 in 1776 to £2 million in 1779.⁴²

Parliament gave special attention to a contract with Thomas Harley and Henry Drummond, London bankers and staunch supporters of the North ministry in the House of Commons. In 1770, Harley & Drummond received the contract for making remittances of specie to the troops in North America, for which they received a commission of 1½ percent. Since specie was scarce in America, most of it had to be shipped from London. From 1770 to 1783, Harley & Drummond supplied £17 million in specie to the troops overseas. Their commissions totaled £128,150.⁴³ The flood of specie was beneficial to the Americans, who were chronically short of hard money.

From the beginning of the war, Col. Isaac Barré had criticized the loose spending for the army in North America. Barré, who had lost an eye while serving with Wolfe in Canada, was returned for one of Lord Shelburne's boroughs, and was a spokesman for Shelburne in the House of Commons. He was a bold, coarse, but articulate speaker 'of a savage aspect.'⁴⁴ In 1777 he complained about the size of the army extraordinaries and the balances in the hands of officials, agents, and contractors, which sometimes were held for 15–20 years. As usual, North was eager to pacify the members, and agreed to present copies of the requisitions of the commander-in-chief. He stated that accurate accounts of total expenditure could not be made.⁴⁵

In 1778, Barré moved for accounts of army extraordinaries for 1776, 1777, and 1778 and for a committee 'to consider and examine the

same, and to report their opinion thereon.' In some respects, a debate on the army extraordinaries was a surrogate for the war in America, because most of the extraordinaries were spent there. Barré was firmly supported by Burke. North was agreeable to a select committee, although Charles Jenkinson said it was not 'a proper time for the committee of accounts, which might be productive of great mischief by disseminating ill-founded charges, calumnies, etc.'⁴⁶ North had the situation well in hand, however, and the select committee was established as he wished. When the committee reported in May, its report consisted of an investigation of a controversial contract with Richard Atkinson, a contractor with the treasury.⁴⁷

The next year, Philip Jennings Clerke, an independent member, continued the attack on the army extraordinaries. He objected to voting them in one large sum. He proposed that the account be printed and made available to the public. North replied that the account on the table was sufficient for members of Parliament. The extraordinaries, he said, were not a matter for 'the populace, and coffeehouse readers of newspapers.' He explained that the war was being carried on at a great distance, and it was necessary for him to pay the bills as they came in, even though he could not answer for the details of the expenditures. If there were errors, he said, 'they would be corrected when the accounts were received and inspected.'⁴⁸

From time to time, naval estimates had been subjected to criticism, but the navy was a favorite service and North ignored them. During the debate on naval estimates in 1778, Temple Luttrell, an opponent of the war and an admiralty gadfly, observed that the naval estimates often included items that were not performed. He cited the example of the *Dragon*, which had been listed for seven years as under repair but remained in the same condition as before. Lord Mulgrave, a member of the board of admiralty and the navy's chief spokesman in the House of Commons, admitted that money had not been spent on the ships stated in the estimates, but added 'the estimate was the usual mode of raising money, but was never meant to state the purposes the money was applied to.' At that point Burke erupted, and indignantly declared his astonishment at the admiralty's admission. He 'threw the book of estimates at the Treasury-Bench; which, taking the candle in its way, had nearly struck Mr. Ellis's [Welbore Ellis, treasurer of the navy] shins; Mr. Burke exclaiming, that it was treating the House with the utmost contempt, to present them with a fine gilt book of estimates, calculated to a farthing, for purposes to which the money granted was never to be applied.'⁴⁹

The discontent of the independent members appeared in March 1778, when Thomas Gilbert, who usually supported the North ministry, expressed his concern that ‘the affairs of the public were greatly neglected.’ He astonished the House when he proposed a tax of one-fourth of the net annual income on all salaries, fees, and perquisites of all offices under the Crown and ‘all annuities, pensions, stipends, or other yearly pensions issuing out of the exchequer, or any other branch of his Majesty’s revenues.’ The tax would continue for one year or the duration of the American war. He made exceptions for offices that he deemed efficient and nonpolitical – the speaker of the House of Commons, lord chancellor, judges, ministers to foreign parts, commissioned officers in the army or navy, and all other offices that did not have a clear income of £200 per annum. In committee the House voted 100 for and 88 against; when the bill was reported, a much fuller House rejected it by the slender margin of 147–141.⁵⁰

At the treasury board, North worked hard to plug the leaks that drained the revenue and inflated expenditure. Smuggling was responsible for a major loss of revenue, but in the disturbed conditions of wartime, with the navy committed in distant seas and hard-pressed to defend the country against invasion, resources to deal with smugglers were lacking.⁵¹ The boards of customs and excise complained to the treasury that smuggling, especially of tea and brandy, was carried on by ‘numerous and formidable gangs’ and that customs officers were unable to stop them. In 1778 and 1779 these boards presented extensive proposals to curb the smuggling of tea, the most important item in smuggling, by lowering the duty. They also proposed to simplify the customs by consolidating the numerous duties imposed on many items.⁵² Enforcement of the revenue laws was strengthened by the Hovering Act (19 Geo. III, c. 69), which permitted revenue cruisers to stop and search ships hovering within 200 leagues of the coast.

In its relentless quest for cash, the treasury continued its pursuit of the balances held by the principal public accountants, as rising interest rates tempted them to delay payment as long as possible. Efforts were made to speed up collection of balances held by receivers and collectors of the land and assessed taxes. The receivers were ordered to submit sworn quarterly accounts of their balances and arrears. The treasury board directed the board of taxes to order all receivers to pay in their collections for 1776 and make a partial payment on their collections for 1777. Those who did not pay were threatened with loss of their offices, a threat that was frequently uttered but rarely enforced. A similar effort was made in 1779, with scant results.⁵³ An example of the problem was

closer at hand. When the solicitor to the treasury died, the executors of his estate found that he was holding balances and unaccounted imprests of £24,344.⁵⁴

The treasury continued its effort to reel in the balance held by the executors of the Holland estate. In March, and again in November 1776, the deputy auditors of the imprest were called before the treasury board and questioned about their progress on the Holland accounts. They were urged to 'proceed therein with the utmost Expedition.'⁵⁵ A similar meeting was held in 1777.⁵⁶ One snag was the accounts of Robert Paris Taylor, deputy paymaster in Germany from 1759 to 1764. To keep the audit moving, the treasury agreed to accept vouchers for funds sent to Taylor that totaled £880,481, although there were no vouchers for £44,321, which seemed to have been disbursed. However, the Holland account would continue to be charged with £12,052, which the deputy auditor felt had not been spent.⁵⁷ When they returned to the matter in February 1780, the treasury board found that passage of the account was delayed by a suit in Chancery filed by Taylor's agent.⁵⁸

The Civil List again

As North struggled with the costs of a great war without allies, he could not escape that *bête noir* of British politics – the Civil List.⁵⁹ Although debts totaling more than £500,00 had been paid in 1769, in 1777 the Civil List was in arrears by more than £600,000.⁶⁰ The timing was awkward but North had no choice, and in April 1777 he presented a second request for payment of Civil List debt. Accounts of Civil List expenditure similar to those presented in 1770 were prepared and presented concurrently with the message requesting payment of the debt.⁶¹ This time both Crown and Parliament had to face reality. For 16 years Civil List expenditure had exceeded income and soon the Prince of Wales would come of age and require a suitable establishment. North requested an increase to £900,000 per annum, which, he assured the House, would be sufficient. His own support and the interest of the Opposition in the Prince of Wales meant that he would get what he asked for, but the burden of war and the suspicion of the Civil List among the country gentlemen assured him a difficult evening.

Lord John Cavendish, a follower of Rockingham, led the attack, criticizing the bad quality of the accounts and the profusion of Civil List expenditure.⁶² Burke argued that the expenditures of the Civil List had given the monarchy neither dignity nor magnificence, and for that reason the debt must have been incurred 'for purposes not fit to be

avowed by ministry, and therefore very fit to be inquired into by this house.⁶³ Thomas Townshend agreed with the concern expressed about the increasing ‘influence of the crown,’ which he feared would annihilate ‘the balance or proportion between the different branches of the legislative.’⁶⁴

North had no alternative but to take his punishment, although he defended himself by arguing that much of the increase in expenditure was a result of rising prices or was for purposes that were justifiable, among them relief to American Loyalists, additional provisions for the royal offspring, and increased pensions to judges. He denied that the influence of the Crown had increased.⁶⁵

A similar debate took place in the House of Lords, leading to a protest signed by Lord Rockingham and others associated with him which stated that ‘a further increase of the present overgrown influence of the Crown would be a treacherous gift from Parliament, even to the Crown itself; as it will enable the ministers to carry on those delusive systems which had been fatally adopted; and which, if pursued, must lead to the utter ruin, as they have already produced the distraction, of this great empire.’⁶⁶

Parliament increased the Civil List annuity to £900,000 (17 Geo. III, c. 21) and appropriated £618,340 to pay off the debt (17 Geo. III, c. 47).⁶⁷ The crisis appeared to have passed when the Speaker, Sir Fletcher Norton, often a voice for the independent members, reopened the question. Norton presented the bills to the King in a blunt speech in which he lectured him on the need for economy. He pointed out that the Commons had granted ‘not only a large present supply, but also a great additional revenue – great, beyond example; great, beyond your Majesty’s highest expence.’⁶⁸ It was an experience that George III never forgot and was determined never to repeat.

Richard Rigby took offence at the Speaker’s words and manner, and angrily asserted two days later that the Speaker had not expressed the sentiments of the majority of the House. Norton defended himself and appealed to the House for support. Charles James Fox, who had recently joined the Opposition, saw his opportunity and moved that the words of the Speaker did represent the views of the House. A heated debate broke out in which pent-up frustrations were vented, and Fox’s motion was carried without a division.⁶⁹ After years of defeat and discouragement, the Opposition enjoyed a brief moment of victory. Burke wrote jubilantly: ‘I do not remember a more extraordinary day in Parliament.’⁷⁰

Lord John Cavendish suggested that North, instead of allowing debts to accumulate to a large sum, should have applied to Parliament as the debt was incurred. 'If this had been done,' Cavendish said, 'Parliament would, as a part of their duty, have enquired into the state of the expenditure of the Civil List revenue; and if they discovered, as most certainly they must, any abuses, they would rectify them, or totally remove the cause.'⁷¹ Cavendish's suggestion preserved the independence of the Civil List as long as expenditure did not exceed income. At a time of chronic deficiency his proposal would have brought the Civil List under frequent, if not annual, parliamentary examination. Here was the germ of an idea that Burke adopted for his plan of economical reform three years later.

Political crisis and economical reform, 1778–79

After the battle of Saratoga in 1777, the British knew they were involved in a major land war, which was followed by the outbreak of a maritime war with France and Spain. In March 1778, North complained to the King that he could not bear the burdens of the treasury and leadership of the House of Commons, and also 'give thought to the principle measures of government in this very alarming crisis.' He pleaded with the King to appoint someone to be 'the director and dictator of the leading measures of government,' and advised him to send for Lord Chatham.⁷² George III would not hear of it, and North soldiered on, raising and spending money for a war that he no longer believed was winnable. The war dominated parliamentary politics. In 1778, Rockingham came out in favor of American independence, and Lord Chatham collapsed in the House of Lords while giving a speech opposing it. His successor as leader of the small Chatham group, the Earl of Shelburne, continued his former leader's determination to maintain the imperial connection.

A tardy but rapid naval buildup was in progress. From 1775 to 1778, five smaller battleships had been ordered. Seven capital ships were ordered in 1778 and 11 in 1779.⁷³ The naval buildup came too late, as the effects of North's previous economies became painfully evident. Time was needed to build and fit out ships and recruit crews, and repair and fitting of existing ships took precedence over new building. Contracts were extended to private shipbuilders to pick up the pace, but most of the new ships were not ready for sea until after the war.⁷⁴ In 1779 the combined French–Spanish fleet cruised the Channel looking for an opportunity to land. The expedition was frustrated by disease

aboard ship and the irresolution of its commanders, but not before it had created a panic at Plymouth and aroused concern for the unfortified condition of the dockyards.⁷⁵

The unreadiness of the navy brought a torrent of criticism down on the head of Lord Sandwich, first lord of the admiralty. In 1779, Charles James Fox moved for censure of Sandwich, which brought into the open the bitterness in the House of Commons that the Channel fleet was unable to bring the French to a decisive battle. Fox moved for the removal of Sandwich from the admiralty, and recalled Sandwich's statement that 'no person was fit to preside over the naval department, who did not, at all times, take care to have a naval force superior to that of the whole House of Bourbon united.' The motion gathered strong support among the independent gentlemen in the House of Commons, who were looking for a scapegoat. The *Annual Register* commented that the motion probably would have passed if North had not intervened and turned the motion into a vote of no confidence in the ministry.⁷⁶ George III said of Sandwich: 'Whatever his private failings may be, I know no man so fit for His Department. He has now got out the finest Fleet this Country has ever possessed. I cannot think it therefore either Wise or just to remove Him.'⁷⁷

Army estimates were similarly politicized. Sir Charles Bunbury, who identified himself as 'a man of no party,' opposed appropriation of any money for the war in America. He complained about the bad financial condition of the country and the problems that high interest rates created for landowners, merchants, and manufacturers. He stated that the supply for the army was 'too small for the conquest of America, and too large for the defence of this island.'⁷⁸ Other independent members expressed their opposition to the war and questioned the way it was being conducted.

Only Lord North could answer their questions, and he did not speak. Lord George Germain, secretary of state responsible for the war, was not responsible for matters of army finance and administration, and he did not speak. Charles Jenkinson, secretary at war, was responsible for the ordinary of the army, but not for the additional costs of the army in America. He replied 'he was no minister, and therefore could not be supposed to have a competent knowledge of the destination of the army, and how the war was to be carried on.' The impression was one of a ministry adrift and a war that was fiscally out of control.⁷⁹

Despite discouragements, George III was determined to soldier on. In June 1779 he offered his own 'domino theory' to explain why the war must continue. 'The present Contest with America I cannot help seeing

as the most serious in which any Country was ever engaged,' he wrote to Lord North. If the Americans gained independence, he said, 'the West Indies must follow them, not independence, but most for its own interest be dependent on North America; Ireland would soon follow the same plan and be a separate State, then this Island would be reduced to itself, and soon would be a poor Island indeed.' He was ready to make peace, he said, 'without submitting to terms that in their consequence must annihilate this Empire.'⁸⁰

Parliamentary and public support for the government was weakened by growing criticism of North's strength – the management of the finances. The debates on unsatisfactory accounts, balances held by the public accountants, and uncontrolled expenditures for the military services had made evident the failure of the financial system to cope with the demands of war. The Civil List debates of 1777, the passage of Barré's proposal for a committee to investigate the army extraordinaries, and the close division on Gilbert's bill to reduce the emoluments of offices, invariably linked to the influence of the Crown, showed that a groundswell of support for financial reform was developing.

Discontent among the independent members in the House of Commons brought strong support for a bill introduced in 1778 by Philip Jennings Clerke to exclude contractors from the House of Commons. 'Members of parliament,' he said, 'would not be contractors if extraordinary and improper advantages were not given them.' He was especially critical of the Harley & Drummond contract for remitting money to North America, which, he said, was higher than the usual commission for that purpose. Giving contracts to members of Parliament, he complained, 'was an arrant job, and did create a dangerous influence in that House, which must operate much to the injury of the nation.' Barré insisted that all contracts 'ought to be open, and offered to the highest bidder.' The bill passed its first reading, 71–50.⁸¹ North reported disconsolately to the King, 'our friends did not attend.'⁸² After some diligent whipping the bill was defeated by the narrow margin of 115–113.⁸³ The discouraged prime minister wrote to the King that his capacities were diminishing. 'Add to that,' he continued, 'I feel myself losing every day the good opinion and confidence of the Ho. of Commons.' He renewed his plea to resign.⁸⁴

The next year, Clerke's Bill was again beaten back, 165–124.⁸⁵ North saw the bill as 'personal to the first lord of the treasury,' and an expression of no confidence. He feared that something more violent would eventually take place. The King urged him to 'go on with Spirit' and

accept occasional defeats in Parliament, 'particularly on subjects that have always carried some weight with popular Opinions.'⁸⁶

In 1779, as the opening of Parliament approached, Charles Jenkinson confided to a friend, 'We shall have a very disagreeable Session of Parliament.' He added 'Administration is in a very tottering condition . . . and I do not see any chance of forming a good one or even a better than the present.'⁸⁷ John Robinson estimated that the Opposition could command 180 votes, enough to threaten any ministry. He had seen Rigby, who believed that the ministry would be in the minority on some issue. Rigby said that he did not like the prospect 'of quitting so good a place as he held, & in which he had nothing to do.'⁸⁸

Lord North's morale collapsed completely. He told Robinson that he expected his followers to desert him, leaving him in a minority and overturning the government.⁸⁹ His dismay increased when two veteran members of the Cabinet, Lord Gower, lord president of the council, and Lord Weymouth, secretary of state, retired. Alexander Wedderburn, attorney-general, said that he would have nothing to do with Lord North.⁹⁰ North complained to the King that other members of his ministry were critical of him. 'I have had it principally in view to please them,' he wrote. 'I have never clash'd with their views – but have promoted their interests as much as possible.' He agreed with his Cabinet colleagues that he lacked leadership, and again begged to be permitted to retire.⁹¹ The King replied that he wanted North to continue and added that his resignation would be 'very disagreeable to Me.'⁹²

It was evident that the ministry would face a determined opposition in Parliament. As a political crisis developed, Rockingham stood firm on the principle that his party would not enter into a coalition with the existing ministers, but would take office only after the demise of the North ministry. Urged on by Burke, he was determined to destroy the system of Court patronage that he believed had sustained the North ministry and the war. Burke prepared a draft statement of Rockingham's terms, which included opposition to continuing the war in America, and doing something about freedom of elections and 'the Seats of men interested in the abuses with regard to publick Money & publick contracts.' He concluded, 'Above all, in the present deplorable state of the Finances, it will be necessary to adopt some vigorous and effectual plan of oeconomy, in almost every department.'⁹³ The Duke of Richmond wrote to Fox that the King should be informed of Rockingham's intended measures, 'especially as some of them must strike directly at what He may have been told is His Interest, and certainly at His Civil List: I mean at its present extent.'⁹⁴

Despite long-standing antagonisms, the opportunity to inflict a devastating defeat on Lord North brought Rockingham and Shelburne together in an uneasy alliance. Shelburne agreed that Rockingham would receive the treasury in a joint ministry, and rejected feelers to join with North. Burke sensed the emergence of the conditions needed for success in the House of Commons. 'The Blisters begin to rise,' he wrote to Rockingham, 'and there are signs of life in the body.'⁹⁵ Rockingham replied that the predominant opinion of the country was that 'the System of Government has misled, and that the corrupt Influence of the Crown has enabled the Ministers to carry into execution the Measures by which this Country has been ruin'd.' He added 'the means of corrupt influence in the Crown must soon submit to be shorn. NB I must prefer the shears to the Hatchets.'⁹⁶

George III recognized the need to strengthen the ministry. In October 1779 he informed Lord Chancellor Thurlow that he was willing to form a coalition with some of the Opposition, but his terms made a coalition unlikely – do everything possible to preserve the empire; prosecute the war vigorously; 'that past measures [the increase of the Civil List?] should be treated with respect.'⁹⁷ North stated his willingness to resign if that would improve the prospects for success. Thurlow reported that the Opposition would not join in a coalition, but insisted that the entire North government be replaced. The King was outraged. 'Nothing more will satisfy them,' he wrote, 'than a total Change of Measures and Men; to obtain their support I must deliver up my Person, my Principles, and my Dominions into their hands; I must also abandon every Old, Illustrious, and faithful Servant I have to be treated as their resentment or their mercy may incline them.'⁹⁸ At that point the negotiation ended.⁹⁹

Meanwhile, a powerful protest movement appeared in Yorkshire and spread across the country.¹⁰⁰ On 29 November 1779, Rev. Christopher Wyvill, a Yorkshire clergyman, cleverly used the death of the sheriff to invite selected gentlemen to attend a county meeting at York to 'consider what measures may be expedient in the present critical state of affairs.' He intended that the meeting would prepare a petition to the House of Commons, asking for an inquiry into the Civil List 'that all sinecure places, exorbitant salaries to efficient places, and pensions unmerited by public service may be rescinded and abolished.' He intended to form an association to support the petition, and he added 'if once the fund of corruption was reduced, it would be an easy matter to carry other regulations which are thought necessary to restore the freedom of

Parliament.¹⁰¹ Wyvill suggested privately that additional reforms might include ‘shorter Parliaments and more County members.’¹⁰²

In a letter to Sir George Savile, M.P. for Yorkshire, Wyvill identified himself as in the Country tradition of eighteenth-century politics. He wanted to avoid partisanship, he said, and continued, ‘I trust there is still sufficient vigour and public spirit left in this Kingdom to form a Country Party able to cope with the Crown, and to save the Constitution.’¹⁰³ Savile replied that the situation of the government was so alarming, ‘I do not find it easy to come to a conclusion in my own mind what is best to be done, or by whom.’ The people, he wrote, ‘may have *good cause* to remind those who forget it, *whence the fountain of power flows*.’¹⁰⁴

Wyvill was not a typical Yorkshire country gentleman. He was a clergyman who came from a family of senior excise officers; he probably shared the emphasis of the excise on efficiency. The movement that he led won support from the country gentry and the rising business and professional men who had benefited from the rapid and diverse economic growth of Yorkshire, and who viewed government from the perspective of a well-managed estate or business.¹⁰⁵ Wyvill received cautious support from Rockingham, who sensed an opportunity to use the movement for his own purposes but was uneasy about some of the people involved in it. When Rockingham signified his approval, prominent leaders in Yorkshire and elsewhere rallied to the cause.¹⁰⁶ Rockingham worried that radical ideas would filter into the meeting. He advocated a petition for economical reform but urged the petitioners to avoid parliamentary reform, which would cause divisions within the movement. ‘I much wish,’ he wrote, ‘Speculative propositions might be avoided – Short *Parliaments* or more *County Members* or *diffusing the Right of voting to every Individual* are at best, but crude propositions – whereof perhaps no Man can well ascertain – what the Effects may be.’ He added that he favored exclusion of contractors from Parliament and revenue officers from voting.¹⁰⁷

The meeting was held at York on 30 December. Wyvill, who was determined to keep the movement distinct from parliamentary politics, had invited prominent propertied gentlemen and clergymen who were not members of either House of Parliament.¹⁰⁸ Nevertheless, Rockingham and other members of his party attended the meeting and accepted Wyvill’s plan for an association.¹⁰⁹ Wyvill proposed a moderate platform that would have widespread approval and be acceptable to Rockingham. The petition charged that the war had caused ‘a large addition to the national debt, a heavy accumulation of taxes, a rapid decline of the trade, manufactures and land-rents of the kingdom.’ The petitioners complained that ‘much public money has been improvidently

squandered, and that many individuals enjoy sinecure places, efficient places with exorbitant emoluments, and pensions unmerited by public service.' They urged Parliament 'to enquire into and correct the gross abuses in the expenditure of public money; to reduce all exorbitant emoluments; to rescind and abolish all sinecure places and unmerited pensions; and to appropriate the produce to the necessities of the state in such manner as to the wisdom of parliament shall seem meet.' The Rockinghams succeeded in attaching to the petition their favorite formulation: 'whence the crown has acquired a great and unconstitutional influence, which, if not checked, may soon prove fatal to the liberties of this country.'¹¹⁰

A committee of 51 gentlemen was formed to establish an association to promote the petition 'and such other measures as may conduce to restore the Freedom of Parliament.'¹¹¹ Wyvill was able to build upon the strong corporate sense of the county and the willingness of county leaders to step forward and use their influence to broaden their base of support. He made effective use of the press, especially the *York Chronicle*. Although many members of the Yorkshire Association had higher social status, Wyvill's leadership was never seriously questioned.¹¹²

Opposition to the war in America was a minor consideration. Wyvill preferred to soft-pedal the issue. The war still had wide support, and opposition to it could condemn his movement as unpatriotic. The economic effects of the war figured prominently in the petitions and public discussions. The textile industry of Yorkshire was seriously affected by the loss of overseas markets. Wyvill's correspondence and the Yorkshire petition blamed 'an expensive and unfortunate war' for economic distress.¹¹³ Similar expressions appeared in other petitions.

Economic historians have explored the effects of war on the eighteenth-century economy, but they have given less attention to the war of American independence, which differed from other wars in that it did not involve ground warfare on the continent. The main economic effects were on foreign trade. The war interrupted trade with America and the West Indies; the Irish instituted nonimportation agreements; the Northern Powers restricted access to the Baltic; and the East India Company was fighting for its life against a powerful confederacy of Indian princes supported by the French. French and American privateers swarmed the seas, although in the later stages of the war their depredations were reduced by inauguration of a convoy system.

Tables prepared by the distinguished British economic historian T. S. Ashton show that in 1779 English imports were the lowest since 1762

and exports the lowest since 1745. The price of wool was the lowest since 1762, but an unusually good harvest kept food prices down.¹¹⁴ Ashton points out that interest on commercial transactions and mortgages was limited to 5 percent. When interest on government loans rose above that level, as it did during the war, commercial credit dried up, the building industry was depressed, and complaints arose about the scarcity of money. From 1778 to 1781 a severe banking crisis took place, aggravated by large shipments of specie to the troops in America, which drove interest rates higher and the stocks down.¹¹⁵ Although Ashton concludes that the effects of the war on the economy were generally negative, he points out that the economic news was not all bad. War industries, such as shipbuilding for the navy and the small-arms industry in Birmingham, flourished.¹¹⁶

In the most recent survey of the literature, H. V. Bowen states that some historians have concluded that the war did not impose a brake on economic growth.¹¹⁷ Much of the money borrowed by the Crown, he writes, was fed back into the economy through government expenditures [60–9]. In the American war, interference with trade had serious effects, especially on the textile industry, but by the end of the war trade had made a strong comeback [72–4]. In the long run, he concludes, war strengthened the British economy by ‘the expansion of empire and the rise of London as the world’s leading financial centre’ [80].

Stephen Conway has examined the effects of the war in Glasgow, Hull, Lichfield, Brentwood (a village in Essex), and Berkshire. In each of these places the economic effects were mixed – economic losses were offset by new industries and markets or by military spending. Glasgow was seriously affected by interruption of trade with the American colonies; Hull not as much. Public attitudes toward the war and the movement for economical reform were mixed.¹¹⁸

The Yorkshire meeting intensified the concern at Court about an impending crisis. ‘I cannot conclude without strongly pressing,’ George III wrote to Lord North, ‘that every measure be taken to get the friends of Government in Yorkshire to attend the meeting on the 30th at York. Not that I suppose they will be able to stop the Violence of the Meeting, but it will show that the Country is not unanimous in this business.’¹¹⁹ He sent a similar note to Robinson: ‘If men of Property,’ he wrote, ‘will on this occasion, or those of good private character will step forth, it will at least greatly discredit the business.’¹²⁰ North decided to assemble a quick meeting of peers and gentlemen from Yorkshire who were in London to sound them out. The group was unanimous that it would be best not to go to the meeting, but instead try to discourage the meeting

privately, and afterward, if necessary, protest against it. 'Thus the field is left fair for our Antagonists,' John Robinson lamented, '& my labours hitherto fruitless, & now on this, at an End.'¹²¹

At that dark hour, George III wrote to Thurlow:

Nothing therefore remains for Me to do, but to exert myself and to call upon all those who serve Me to exert themselves in support of my Legal Authority, and to resist this formidable and desperate Opposition; and I shall do it with more Confidence and Spirit from a Consciousness that I have done all which it becomes a Sovereign to do, to reclaim the Factious, to form a Coalition of the Great and Virtuous, and to unite all my Subjects.¹²²

4

The Crown, the Parties, and the People, 1780

The movement for economical reform begins

When Parliament opened in November 1779, an energized Opposition, riding a tide of public discontent, faced a demoralized ministry with a restless body of supporters, held together by a resolute, unyielding King. 'I know they [Opposition] can vote at 180 – if they get all up –,' John Robinson wrote to Charles Jenkinson. 'They certainly are summoning all –.'¹ North told Robinson that he knew his followers would desert him on some question, which would 'overturn the Government [and] endanger the King.' The prospect made him almost frantic, he said, 'and prevented him from making decisions.'²

The movement for economical reform began in the House of Lords on 7 December, when Rockingham and Richmond proposed reduction of the Civil List and the emoluments of office. 'Oeconomy, the most rigid and exact oeconomy,' Richmond proclaimed, 'was become absolutely necessary.' He called attention to the increase of the Civil List in 1777, and proposed a request to the King to set an example by 'a considerable reduction of the Civil List.' The Earl of Derby, who had moved in 1777 to increase the Civil List, said that times had changed and it was necessary to retrench.³ Rockingham's main concern was reform of the constitution, which he said had been corrupted by the 'influence of the crown.' The increase of the Civil List in 1777, he said, confirmed his view, 'as was evident by the continual majorities always obtained in that House upon any question the minister wished to carry.' Shelburne urged the King 'to be an example of oeconomy, by a reduction of his civil list,' and suggested several heads of Civil List expenditure where reductions could be made, including secret service money. He said the immediate problem was 'the

shameful waste of money voted every year' for the extraordinaries of the army.⁴

Rockingham was exultant at the unity of the Opposition. The Duke of Richmond's motion was intended, he wrote, to show that the Opposition was united in supporting economy and reduction of the influence of the Crown. 'I do assure you,' he continued, 'I never saw so *good a Day* in ye House of Lords since I sat there.'⁵ Lord Temple, head of the Grenville clan, wrote to Rockingham: 'To that fatal vote of 1777 [increasing the Civil List], I have always ascribed much of the present situation of this kingdom.'⁶ In the House of Commons, Charles James Fox rejoiced that 'The first men of rank, fortune, and character, in both Houses, had firmly and virtuously resolved to set their faces against this increasing, this alarming influence of the crown.'⁷

A week later, Burke announced his intention to introduce a plan of 'oeconomical reform' after the Christmas recess.⁸ He called attention to public uneasiness about the management of the finances. 'I never, till lately, saw a temper in the least favourable to reformation,' he said. 'There is now a dawning of hope' [1299]. He defined his objective as primarily political: 'the whole of our grievances,' he stated, 'are owing to the fatal and overgrown influence of the crown, and that influence itself to our enormous prodigality' [1297]. His main purpose, he said, 'is to correct the present prodigal constitution of the civil executive government of this kingdom; and unless this be done, I am satisfied no minister whatever can possibly introduce the least oeconomy into the administration of it' [1300].

He proposed reform that would abolish 50 offices normally used for support of the government and make savings of £200,000 per year. He assured the members that his plan of reform would fall almost entirely on 'those who hold office by a tenure, in which they are liable to be, and frequently are, removed for accommodating the arrangements of administration' [1300]. Burke laid down limitations: patent offices, which he considered as property, would not be touched; compassion would be shown to persons dependent for their livelihood on the offices to be suppressed; offices useful to the state would not be retrenched; adequate resources would remain to reward merit; and 'the crown shall be left an ample and liberal provision for personal satisfaction, and for as much of magnificence, as is suitable with the burthened state of this country.' He added that no useful office would be retrenched [1300–1].

Burke's focus on the Civil List was shrewdly calculated. Despite setbacks and mounting military expenditures, the war still commanded support in Parliament and the country. Independent members who

would support the North ministry in other respects might be persuaded that courtiers and ministers should bear part of the financial burden, especially since the Civil List had been increased as recently as 1777. Burke wrote of the independent members: 'Public Oeconomy meets the Ideas of most of them who have any thing of the old feelings of Country Gentlemen left.'⁹ Furthermore, an attack on the influence of the Crown was an attractive alternative to the movement for parliamentary reform, which the Rockingham Party was determined to forestall. Finally, as George III recognized, the Civil List was personal to the King. Reduction of the Civil List would be seen as a rebuke to the monarch and a curtailment of the political resources that he placed at the disposal of his government.

Although reduction of 'influence' and saving money received most of Burke's attention, he was also concerned to obtain responsible management of the finances and greater efficiency in the civil government. Unless the civil government was reformed, Burke said, 'I am satisfied no minister whatever can possibly introduce the least oeconomy into the administration of it' [1300]. The practices that existed in the Civil List expenditure, he said, 'introduce a similar inaccuracy, a kindred slovenliness, a correspondent want of care, and a want of foresight into all the national management' [1297].

Notes and drafts in Rockingham's papers include other projects: 'Oeconomy in Every Branch'; reform of the governments of Wales, Cornwall, and the duchy of Lancaster; sale of Crown lands and forests; reform of the exchequer and exchequer offices – 'Reforms not to extend to Tenants for Life'; elimination of balances held by the paymaster of the forces and treasurer of the navy; abolition of the principal offices in the mint and regulation of the mint 'for the Cheap & proper execution of the Work, and the security of the Publick.' In an early draft, Burke included reform of the customs, with all sinecure offices abolished upon the deaths of the holders, and the duties assumed by the efficient officers.¹⁰ The Contractors Bill and Revenue Officers Bill were also included in the package.¹¹

Reactions to the speech were mixed. As expected, spokesmen for the Rockingham Party praised Burke's proposals. Charles James Fox reminded members of a familiar grievance – the Civil List increase of 1777. Thomas Gilbert, often a spokesman for the independent members, stated that if Burke 'had not gotten the start of him, he proposed to do something of the same kind himself.' Col. Isaac Barré, Shelburne's chief spokesman on such matters, declared his satisfaction at 'a plan of oeconomy.' He expressed the Shelburne view that reform should include

a remedy for abuses 'in the present mode of accounting for the receipt and disbursements of public money.'¹² George III remarked to John Robinson that 'Mr. Burke's Notice of his intended Plan seems on the first face of it rather strange, for certainly the times are not so virtuous that persons will labour for the Public without reward.'¹³

While Burke was speaking in the House of Commons, Shelburne, who was determined to establish his position as a distinct leader not beholden to Rockingham, took his own tack in the House of Lords. Shelburne was well informed on matters of administration and finance, and during the later years of Lord North's administration he employed a staff of clerks to prepare reports on trade, revenue, foreign exchange, and the military strength of important states.¹⁴ In contrast to Burke, who saw the main object of reform as the reduction of 'influence' and the Civil List as the major culprit, Shelburne was concerned with military expenditure. He called attention to waste and lack of control in the voting of appropriations for the military services, especially the army extraordinaries. 'If indeed,' he exclaimed, 'millions could be thus issued, and afterwards unaccounted for, he might say with justice, that the army extraordinaries were the minister's civil list reserve, and that it might answer him every purpose of secret service money.'¹⁵

Shelburne was especially concerned about military contracts, which he charged were given as personal favors for the purpose of 'corrupt influence.' He cited the contract with Harley & Drummond to transport specie to America. Over £3.7 million in specie, he charged, had been shipped for which no accounts had been presented or were likely to be presented for a long time. 'This immense sum,' he said, 'had been written off in about thirty or forty lines, without any account or specification whatever, 40,000 l. in one line, 20,000 in another, and 30,000 in a third.' He was also concerned with reform of the public offices 'to take into consideration what savings can be made consistent with the public dignity, justice, and gratitude, by an abolition of old or new created offices, or reversions of offices, the duties of which had either ceased or shall on inquiry prove to be inadequate to the fees, or other emoluments arising therefrom.' He proposed a committee of accounts, chosen from both Houses of Parliament and comprised of men without place or pension, to examine 'the public expenditure and the mode of accounting for the same.'¹⁶

During the Christmas recess, Burke busied himself preparing his Speech on Economical Reform and drafting bills. Among them were bills to sell the Crown lands and forests, abolish the separate governments and jurisdictions of the Principality of Wales and County Palatine

of Chester, and reform the customs offices and abolish sinecures.¹⁷ He wrote to the Duke of Portland: 'I have, in some sort of way, nearly got through two Bills, which will hold, what I proposed in the sketch. They are very rough, I confess, but they will serve for a dead colouring. More masterly hands will add the finish and raise the lights.'¹⁸ The same day he wrote to the Marchioness of Rockingham: 'For I am drawing Sketches of Acts of Parliament, of a very disagreeable kind, and really, in every way, very hard to execute. . . . But though vexatious to myself and many besides, it will, if it be carried, I am persuaded, be a very great public Benefit.'¹⁹ His friend, William Dempster, approved of his plan with one exception: the proposal to reduce the privy purse to the level prior to the increase in 1777. 'The difference of £40,000 or £28,000 laid out on the little purchases of a prince of this Country, wasted and impoverished as it is, is hardly an object.'²⁰ Burke accepted his advice. Presumably neither Dempster nor Burke knew that the additional £12,000 per annum granted in 1777 was used by George III to save £1000 per month for his election fund.

Burke's Economical Reform Bill

When Parliament met in late January 1780, Burke was ready. The sweeping plan that he presented to a packed House of Commons on 11 February included or suggested most of the objectives of the movement for economical reform.²¹ His bill, he said, was intended to bring about 'a considerable reduction of improper expence;' insure 'a provident administration' of the public money; and make accumulation of Civil List debt 'so very difficult, as to become next to impossible.' He identified his main purpose as 'the reduction of that corrupt influence, which is itself the perennial spring of all prodigality, and of all disorder; which loads us more than millions of debt; which takes away vigour from our arms, wisdom from our councils, and every shadow of authority and credit from the most venerable parts of our constitution' [1–2]. He called attention to the wishes of the people, and urged ministers 'to consider the wisdom of a timely reform,' cautioning them against the possibility of extreme demands later if moderate reforms were not made immediately. He placed himself in the position of 'a mediator between government and the people, endeavouring to form a plan which should have both an early and a temperate operation' [12–13].

First he turned his attention to the vestigial jurisdictions of the Principality of Wales and the Duchy and County Palatine of Lancaster, which should be swept away as bothersome and unproductive relics of

the past but effective sources of 'influence.' He found the same faults in the Crown lands and forests, which he said should be sold [18–27]. Although Burke introduced bills for this purpose, they did not figure in the movement for economical reform that followed his speech.

The core of the plan was reduction and reorganization of the Civil List. Burke poured scorn on the royal household as a relic of the past. 'When the reason of old establishments is gone,' he said, 'it is absurd to preserve nothing but the burden of them' [30]. He added that 'for the purposes of influence, and for those purposes only, are retained half at least of the household establishments'²² [32]. He noted that the household had three useless treasurers (treasurer of the household, cofferer, treasurer of the chamber), 'who receive and pay great sums,' which should be paid at the exchequer as directed by the treasury. He called attention to the unwarranted importance that proximity to the King gave to the household officers. 'A rebellion of the thirteen lords of the bedchamber,' he said, 'would be far more terrible for a minister, and would probably affect his power more to the quick, than a revolt of thirteen colonies' [66]. He blamed the waste and inefficiency of the household as 'the cause of that situation when his Majesty came a second time to Parliament to desire payment of those debts which the employment of its members in various offices, visible and invisible, had occasioned' [34]. He ridiculed the keepers of the hounds. 'It is not proper that great noblemen should be keepers of dogs,' he said, 'though they be the king's dogs' [54]. He was especially severe on the board of works, which had been 'turned into a junto of members of parliament.'²³ The board's good works, he said, 'are as carefully concealed as other good works should be, they are perfectly invisible.' He proposed that the responsibilities of the board be placed under a professional builder, and proposed the same for the gardens [36–7].

Then he turned to the military expenditures. The ordnance, he said, 'was not well suited to its martial, though exceedingly well calculated for its parliamentary purposes.' He would send its land services to the army and the sea services to the navy, and contract out those functions that were suitable. In so doing, he would eliminate another subordinate treasury [38–9]. From the ordnance he segued to two other treasuries – the paymaster general of the forces and the treasurer of the navy. He noted that the office of paymaster of the forces had been 'a great object of public suspicion and uneasiness' [39]. The emoluments of the paymaster, he said, were not too large; 'the great and invidious profits of the paymaster are from the bank that is held in it.' He proposed that public money would no longer be imprested to the paymaster or

treasurer personally, but would be deposited in an account in the Bank of England, with payments made by drafts on the Bank. These offices 'should be no longer banks or treasuries, but mere offices of administration' [42–3]. In exchange for holding these large balances of public money, he thought the Bank should take on the costs of the mint and of sending remittances to the troops abroad [44].

He recognized that the system of auditing expenditures was the reason public accountants held large sums of money after leaving office. 'They have in the Exchequer brought rigour and formalism to their ultimate perfection,' he remarked. The practice of not admitting one accountant until his predecessor had accounted left a long train of former paymasters and treasurers and their families waiting for the *quietus* that never came. 'Death in all his shapes,' Burke declaimed, 'calls these accountants to another reckoning. Death, indeed,' he continued, 'domineers over every thing but the forms of the exchequer. Over these he has no power. They are impassive and immortal. The audit of the Exchequer, more severe than the audit to which the accountants are gone, demands proofs which in the nature of things are difficult, sometimes impossible, to be had. In this respect, too, rigour, as usual, defeats itself' [40–1].

This situation led Burke to propose a process to clear up old accounts. The imprest rolls contained many old and bad debts that complicated the accounts and prevented collection of the good debts. The exchequer, in its rigid formalism, made no distinction between good and bad debts and thus all were lost. Burke would clear the backlog by evaluating these debts and deciding which would be closed as uncollectible or brought to a fair settlement [43].

He reminded the House of Commons that the petitions called upon Parliament 'to rescind and abolish all sinecure Places,' which included efficient offices performed by deputies or offices with remuneration out of proportion to the duties performed. Burke limited his reform of sinecures to those used primarily for political influence. He recognized that the profits of the auditor of receipt, the auditors of the imprest, and the rest of the patent offices of the exchequer were enormous and should be reduced to fixed salaries. As property, he said, they should be regulated only after the death of the incumbent [48–9]. He would not abolish them. Despite the flaws in the exchequer sinecures, Burke would keep some of them as honorable provision for statesmen or their heirs. 'I would,' he said, 'leave to the crown the possibility of conferring some favours, which, whilst they are received as a reward, they do not operate as corruption' [50]. There is a time, he said, 'when the weather-beaten vessels of the state ought to come into harbour. They must at length

have a retreat from the malice of rivals, from the perfidy of political friends, and the inconstancy of the people' [50].

He noted another pocket of balances in the office of paymaster of the pensions. He would abolish the office and transfer its functions and balances to the Bank. All pensions, he said, should be consolidated into one list, which would be limited to £60,000. He recognized that the petitions called for the reduction of unmerited pensions, which would require making judgments that were impractical to make. He estimated the total amount of pensions as £100,000. By establishing a limitation on future pensions, the pension list would eventually shrink to a more reasonable level [44–7].

Next he turned to the civil government. He proposed to abolish the office of third secretary of state, an office established in 1768, which he identified with the failures in America. He claimed that the office was created 'for the mere convenience of political intrigues,' and 'to bring a new accession to the loaded compost heap of influence' [55–6]. Burke described the board of trade as even less useful to the country but more valuable as a means of influence. The board included several distinguished men of letters, among them the historian Edward Gibbon, who found there a comfortable sinecure and in return generally voted with the government. In one of his most colorful passages, Burke described the board as,

a sort of temperate bed of influence; a sort of gently ripening hot-house, where eight members of parliament receive salaries of a thousand a year, for a certain given time, in order to mature, at a proper season, a claim to two thousand, granted for doing less, and on the credit of having toiled so long in that inferior, laborious department.

He pointed out that on all the great imperial questions of the time, the board of trade had offered nothing of consequence. He would abolish the board and return its functions to the privy council [56–62].

Although Burke stated that his primary purpose was the reduction of 'corrupt influence,' the ultimate thrust of his plan of economical reform was to strengthen treasury control of expenditure. 'Thus much is certain,' he said, 'that neither the present, nor any other first lord of the Treasury, has been ever able to take a survey, or to make even a tolerable guess, of the expenses of government for any one year; so as to enable him with the least degree of certainty, or even probability, to bring his affairs within compass' [29]. He would abolish all offices 'as obstruct the prospect of the general superintendent of finance....

A minister, under whom expences can be made without his knowledge, can never say what it is that he can spend, or what it is that he can save.' For this reason he called for the abolition of all subordinate treasuries [17–18].

Burke was especially concerned with establishing responsible management of the Civil List. He would make the treasury responsible for all Civil List expenditure, which would prevent accumulation of debt that made a mockery of the principle of a fixed Civil List. Such efforts had failed in the past, but Burke included a means of enforcement. He proposed a Civil List ordered in classes, with all payments made at the exchequer in an invariable order of priority. The classes were judges, foreign ministers, tradesmen, domestic servants of the King, the King and royal family, efficient offices that exceeded £200 per year, the pension list, the offices of honor about the King, and last, the first lord of the treasury and the treasury board. The lords of the treasury would be paid last, if any money remained. 'The household troops' of the eighth class would create a commotion if their salaries were threatened. Each class would have a vested interest in making certain that the classes that were paid before them did not overspend [64–6]. He assumed savings of £200,000–£300,000 per year [68].

An important principle was that the shortfall of any year could not be carried over to the next year. If Civil List expenditure exceeded the income in any year, the treasury board would have to come promptly to Parliament or lose their salaries. This reform, he said, 'would render the incurring debts on the civil establishment (which must ultimately affect national strength and credit) so very difficult, as to become next to impracticable' [64–7]. Under Burke's plan, the Civil List would continue to be an independent income to the Crown as long as expenditure was kept within the bounds set by Parliament, but it would become subject to parliamentary review when expenditure rose above the established level. This was Lord John Cavendish's proposal of 1777, but with teeth in it.

He also noted the need for other reforms: the Contractors Bill, the Revenue Officers Bill, and 'that bleeding artery of profusion,' the military expenditures. He added to his list 'some thoughts, not yet fully ripened, relative to a reform in the customs and excise, as well as in some other branches of financial administration' [69]. The people expected reform, he said, and the House of Commons must respond: 'The people are our masters,' he said. 'They have only to express their wants in large and in gross. We are the expert artists; we are the skillful workmen, to shape their desires into perfect form' [68].

The speech amazed his listeners by its wit and comprehensiveness. Lord North commented that the speech was 'one of the most able he had ever heard.'²⁴ Gilbert Elliot, who was friendly to North, wrote that Burke's speech 'captivated all his sympathies.'²⁵ Wraxall wrote that Burke's speech placed him 'on the highest ground as a public man in the estimation of all parties,' and aroused admiration and respect in the House and in the nation.²⁶ William Pitt, age 20, read the speech when it appeared in print. He described it as having 'real beauties and ridiculous affectations.'²⁷ Horace Walpole, no friend to Burke, wrote that the speech was 'temperate, moderate, sprinkled with wit and humour' and so well received that 'it was thought he could that day have carried any point he had proposed.'²⁸ Only the eccentric Lord George Gordon dissented from Burke's request to bring in his bill, and Lord North argued that it would be more proper to obtain the consent of the King first.²⁹

In his response three days later, North denied that the influence of the Crown had increased, and stated 'any diminution of it was to be resisted.' He thought that Burke's plan of reform 'had neglected the ground which he confessed, for his own part, he thought the most essential of all. That the expenditure of the public money should be brought as much as possible under check and controul.' He agreed 'the present course of the Exchequer was inimical to a speedy and effectual controul.' He added that he 'wished that the utmost clearness and precision should be found in the public accounts.'³⁰

The Shelburne group supported Burke's Bill in a half-hearted way, minimizing the economies that Burke claimed, but conceding the value of abolishing places held by members of Parliament. Barré pointed out the need to reform 'the mode of voting the public money without estimate,' which led to large expenditures for army extraordinaries. He stated 'nothing but a Commission of Accounts, consisting of a small number of men, could correct this evil, and bring it within proper bounds and control.' North replied 'the nature of war was such, that no probable estimate could be found capable of providing against all contingencies.' He agreed with Barré's proposal for a committee of accounts. 'A committee of a small number of gentlemen, rendered permanent,' he said, 'and sitting through the year, would be capable of rendering solid advantage to the country.'³¹ North's proposal would place reform in the hands of the treasury, and as such it would not reduce influence or strengthen parliamentary control of finance. But it proved to be the crucial step in movement for economical reform.

Shelburne on economical reform

The Shelburne group was determined to maintain its separate role in economical reform. Shelburne got a head start on Burke by presenting his proposals for reform in the House of Lords on 8 February. He gave lukewarm support to reform of the Civil List and called for a parliamentary committee of accounts to examine the finances. Like Burke, Shelburne stated that his purpose was 'to annihilate the undue influence, operating upon both Houses of Parliament.'³² He blamed Britain's problems on 'the mode of incurring the public expenditure, and of voting the supplies, and accounting for the moneys so voted.' He identified the main sources of the evil as the army extraordinaries and the navy debt, which had enabled the government to carry on the war without responsibility to Parliament. He complained that Parliament could not know how the money had been spent or decide whether it had been spent wisely. Since accounts were seldom ready for audit until 15 or 20 years had passed, there was almost no check on careless expenditures or fraud. He charged that the practice of spending without account and incurring debt without previous approval of Parliament was the chief cause of the mounting cost of the war and one of the main sources of corrupt parliamentary influence.

Shelburne recognized that the inadequacy of the exchequer audit system was partially the reason for the lack of adequate control of expenditure. In language almost as colorful as Burke's, he described the tortuous channels of the exchequer: 'He had often directed his enquiries,' he said,

to the mode of passing the accounts at the Exchequer. He had enquired when in office, and when out, of every person who he imagined could help him to information, upon so dark, complex, and difficult a subject, but whatever was the cause, he found he could never gain any leading light to direct him to a further enquiry. All beyond the office of the person to whom he applied, was involved in ignorance, and within the circumscribed view of his informant, everything was buried in chaos and endless obscurity.³³

He proposed a parliamentary committee of accounts such as had been constituted under King William and Queen Anne to examine into the expenditure of public money, seek out fraud and waste, and present to Parliament annual accounts of income and expenditure for use in their deliberations. He moved for a committee of both Houses 'to

examine without delay into the Public Expenditure and the mode of accounting for the same; more particularly into the manner of making all contracts.³⁴ The committee, he suggested, should determine what savings could be made by the abolition of useless offices and reduction of unreasonable salaries and fees. They should ‘devise some means for putting the whole of the receipts and outgoings upon a more clear and simple footing.’ The object would be to guarantee that ‘every shilling raised upon the subject from its first receipt, till it finally reached the hands destined to issue it... should be marked and ascertained.’³⁵ The committee of accounts was the means by which Shelburne hoped that expenditure could be brought under the superintendence and control of Parliament. William Pitt, who attended the House of Lords to hear the debate on Shelburne’s motion, wrote that ‘the ground is certainly very strong,’ although he saw little chance of success.³⁶

The battle for Burke’s Bill

By 1780, party alignments had hardened, and the debates on Burke’s Bill were essentially a struggle between the North government and the Opposition to win the support of the independent members of the House of Commons. Ian Christie identifies a Court and Treasury Party of about 140 office holders, military officers, and sinecurists, plus 40 members who were personally loyal to North. The Opposition was led by the Rockingham Party with about 75 members, joined by 30 members from small groups led by Lord Shelburne, Sir James Lowther, and others. About 50 of the independent members leaned toward Rockingham and 40 were friendly to the government. The remainder, 100–130, were courted by the ministers of the Crown and the party leaders. If the Opposition could win over 50 or more independent members, or reduce the Court and Treasury Party by that number – the objective of Burke’s Bill – they could threaten the North government.³⁷

The debates took place in an environment of high excitement. The Court and the Opposition made every effort to whip in their supporters. John Robinson reported that he had written to ‘every man who it is possible or practicable to send to, or who there is a possibility to get.’³⁸ Soon North would have to present another wartime budget, and he knew that cries for ‘economy,’ especially at the expense of courtiers, would receive a sympathetic hearing.

The second reading of Burke’s Bill took place on 2 March. North did not oppose the bill head-on. His strategy was to delay and defeat it piecemeal, clause by clause, in committee.³⁹ Burke sensed the tide was

running his way and proposed going into committee the next day. North objected and was upheld by a margin of 230–195.⁴⁰ The division was a fair indicator of the political alignment that would continue, with some variations, throughout the session. William Plumer wrote to the Duke of Portland that the division was very encouraging, especially since 11 expected supporters were absent. 'If our troops can be kept in town,' he wrote, 'I think we shall make a figure upon the first article in Burke's Bill (abolition of the colonial secretary).'⁴¹ George III wrote to John Robinson: 'I wish Mr. Robinson would transmit to me a printed copy of Mr. Burke's strange Bill, for though I have heard many parts of it, I should wish to see the whole.'⁴²

On 8 March the House of Commons went into committee to begin the debate on Burke's Bill, which was conducted primarily on constitutional grounds.⁴³ The North ministry opposed the bill as an unconstitutional infringement on the independence of the monarchy and a weakening of its necessary political influence. Early in the debate, North drew a distinction between the money that was voted for the public services and 'civil list money, which was granted freely, and without restriction or controul to the person of the King.' He reminded the House that the King had voluntarily given up the Civil List revenues for a fixed annual sum. He noted the incongruity in preserving the patent offices of the exchequer because they had been granted for life, and taking back 'that part of the revenue, which had been settled on his Majesty for life.'⁴⁴

If Parliament interfered with the Civil List, Charles Jenkinson argued, 'the King for the time being, instead of exercising his independent legislative power, as one of the three branches of the legislative, would probably be reduced to a precarious pittance. He would, in truth, be no more than the shadow of a King.' He added that increased Civil List expenditure was due to rising prices, not an attempt to exert corrupt influence.⁴⁵

In the heat of debate, Charles James Fox was less restrained. 'Give princes and their ministers the exclusive right of disposing of any considerable part of the treasure of the nation without controul,' he exclaimed, 'or without account, and our liberties from that instant would be gone forever.'⁴⁶ If Parliament would not act, he said, 'the people would have recourse to other means of redress... in order to rescue themselves and their posterity from the chains which were forging for them.' Later that evening he took the threat further when he said 'if the maxim, that the House had no power over the civil list, should be established, a rebellion, and nothing but a rebellion, could possibly save the

constitution.⁴⁷ North preferred to avoid a vote on the constitutional issue, and on a procedural motion the ministry scraped by 205–199.⁴⁸

The first clause to be considered in committee was the clause to abolish the office of colonial secretary. Lord George Germain was not a popular figure in the House, and the results of the war, for which he held principal responsibility, had been disappointing. The Opposition insisted that a third secretary of state had been needless when the empire was still intact, and was obviously useless when the empire was falling apart. The office of colonial secretary, Burke charged, had been created for political reasons, but that office ‘had thrown the empire into all the miseries of a civil war; had lost us America, and brought us into a contest with our powerful and inveterate enemies, and which last circumstances threatened us with ruin, almost inevitable.’ When the House divided at 2:45 a.m. the clause was defeated, 208–201.⁴⁹ George III was surprised and pleased with the outcome, considering ‘the disinclination that has in general existed against that Arrangement, and no small prejudice against the present possessor.’⁵⁰ Lord Fitzwilliam probably expressed the general sentiments of the Rockingham group when he wrote to William Chaloner: ‘If the next Clause is thrown out (relative to the Board of Trade), in my opinion the business is up, and the father should strangle his own child.’⁵¹

The clause abolishing the board of trade was the point at which the ministry attempted to give the final blow to Burke’s bill. The House was again unusually full when it met on 11 March to consider the clause. William Eden, a zealous Northite, came forward as the principal defender of the board; Lord North and other ministerial speakers were silent. Eden’s defense fell flat, and his reference to their 2300 volumes of reports left him wide open to Burke’s sarcasm.⁵² Burke outdid himself in pouring ridicule upon the board. He argued that it had become a collection of sinecures used primarily for parliamentary influence. In the course of the debates on America, he said, ‘not so much as a single scrap of paper had been laid by that board before parliament respecting the state, condition, or temper of the colonies.’ As a board of trade, he said, ‘he regarded it as useless, idle, and expensive.’ Noting the literary talents of some members of the board, among them Edward Gibbon and Soame Jenyns, he declared that ‘As an academy of Belles Lettres, he should hold them hallowed; as a board of trade he wished to abolish them.’ Referring to their 2300 volumes of reports, Burke replied that he ‘revered literature, but he did not wish to be overwhelmed by it.’⁵³ Gibbon wrote in his memoirs: ‘The Lords of Trade blushed at their insignificance.’⁵⁴

When the House divided, the clause was passed by a margin of eight, 207–199.⁵⁵ Burke's Bill had taken a new lease on life, but by the narrowest of margins. William Pitt, who observed the debate, reported to his mother a scene that he had not seen before: 'a majority against a Minister.' He added 'the debate was the most interesting imaginable,' and observed 'I have no idea of the Ministry being able to stand.'⁵⁶

The division on the board of trade proved to be a pyrrhic victory. The Speaker, Sir Fletcher Norton, affirmed the right of Parliament to reform civil government offices, and supported abolition of the board, which he declared was useless. He said that the increase of the influence of the Crown during the many years that he had sat in the House was 'palpable and notorious,' and he urged every member 'to do all in his power to reduce it.'⁵⁷ His intervention undoubtedly carried weight with the independent members. But he supported the clause on grounds that did not augur well for the rest of Burke's bill. On the constitutional question, he drew a distinction between that part of the Civil List 'destined for the domestic support and maintenance of the sovereign, and that which was meant to be applied to the public services.' He supported those parts of Burke's Bill that regulated the public parts of the Civil List, but he declared 'he could not think it proper to interfere in the arrangement or controul of the King's household or domestic expences.' He added 'although he approved of the petitions, he totally disapproved of the committees and associations.'⁵⁸

The effects of Norton's doctrine were felt a week later (20 March), when the House went into committee on the clause that abolished the offices of the treasurer of the chamber and other subordinate paymasters in the household. Sir Edward Dering and Sir John Wrottesley expressed the views of many independent members when they objected to the clause 'not, they said, from any regard to the office, but from a strong disapprobation of interfering with the management of any part of the King's household.' The clause was defeated, 211–158, a crushing blow, and Burke declared that he abandoned his bill.⁵⁹ He wrote to Joseph Harford: 'by refusing to destroy the subordinate Treasuries, or to enter into the household the House has in my opinion rejected the whole plan.'

Burke had done what he could in the House of Commons, and had been defeated. From the beginning, Burke had emphasized the importance of popular support if his bill were to succeed: 'The resentment of the Crown is a serious thing,' he wrote. 'Nothing but a clear, decided, well-sustained resolution in the people at large, can render attempts

of this Kind any other than ruinous to the undertakers, without any Benefit to the Publick.’⁶⁰

The people and economical reform

Herbert Butterfield writes, ‘At precisely this moment in English history, the country itself rises up, as though determined not to be left out of the story any longer. Our vision, which has hitherto been focused on the government and Parliament at Westminster, has now to be extended so that it can scan the length and breadth of England.’⁶¹ The Yorkshire movement swept through the country in the winter of 1779–80, encouraged by magnates linked to Rockingham.⁶² William Pitt wrote to his mother from Cambridge: ‘The counties in this part of the world are beginning to awaken, and most of these will, I hope, adopt the Yorkshire measures.’⁶³ Horace Walpole observed the scene with interest and some amusement. ‘The word *economy*,’ Walpole wrote, ‘had now captivated almost the whole nation.’⁶⁴

The county movement entered the parliamentary arena at the same time as Burke’s plan of economical reform. The centerpiece of the movement was the presentation of petitions to the House of Commons. On 8 February 1780, three days before Burke delivered his speech on economical reform, Sir George Savile, the respected member for Yorkshire, presented the Yorkshire petition. All told, 41 petitions were presented to the House between February and April – 26 from English counties and three from Wales. The only other petitions of consequence came from Westminster and London.⁶⁵ The Yorkshire petition was typical of those that were being submitted from all over England. It declared that the nation was engaged in ‘a most expensive and unfortunate war,’ which had led to ‘a large addition to the national debt, a heavy accumulation of taxes, and a rapid decline of the trade, manufactures, and land-rents of the kingdom.’ The petitioners complained of wasteful expenditures and a ‘great and unconstitutional influence in the Crown.’ They asked the House of Commons ‘to enquire into and correct the gross abuses in the expenditure of public money; to reduce all exorbitant emoluments; to rescind and abolish all sinecure places and unmerited pensions; and to appropriate the produce to the necessities of the state.’⁶⁶

Savile stated that the petition was concerned with one object, ‘the expenditure of the public money,’ although he added that it implied ‘that they who have managed our public affairs shall manage them no more.’ He called upon Lord North to respond to the complaints of the petitioners. He declared that if Parliament failed to hear the

voice of the people, the people would soon fail to respect Parliament. 'I make no threats,' he continued. 'This petition is not presented by men with swords and muskets.' He added that the Yorkshire petition was moved in an assembly of 600 gentlemen who represented more property than was found in the House of Commons. He admitted that he had been informed of Burke's pending plan of reform, but added that 'something more' was expected by the petitioners.⁶⁷ Savile's 'extra something' proved to be the well-worn Country attack on places and pensions. On 15 February, he moved for an account of all places 'for life or lives, whether held by patent or otherwise' with the name of the holder and salary. This account, he said, would enable the people to judge 'the services done to the state in return for the salaries paid by it.' He also moved for an account of all pensions paid by the Crown.

Many members felt some uneasiness about publishing the pension list. Robert Nugent, a veteran member, pointed out that pensions from the privy purse were the King's personal benefactions, and included 'many Lady Bridgets, Lady Marys and Jennies, who would be much hurt at having their names entered in the proceedings of that House as pensioners of the state.' When debate resumed on 21 February, Lord North moved that the motion be amended to include only pensions payable at the exchequer. He added that many pensions were actually salaries. The true cost of pensions, he said, was £50,000, £10,000 less than Burke had prescribed as acceptable. He argued that the money to be saved was small and not worth the embarrassment it would bring to many people, who would be exposed to malignant curiosity, envy, and the misrepresentations of newspapers and magazines. 'He knew of no good [effects],' he said, 'that could result from an indiscriminate exposure of all who received pensions from the government.'⁶⁸

North's amendment scrapped by 188–186, an early signal of the parliamentary strength that the reformers could wield.⁶⁹ George III wrote to North that he 'read with some astonishment that the Majority was so small.'⁷⁰ William Pitt, who was an eager observer of the debates, wrote that 'it looks like the downfall of those in power; and I am willing to hope that the views of Opposition are really such as would make that event a blessing for the country.'⁷¹

As the petitioning movement spread, Burke looked for a surge of public opinion to support his bill. He wrote to the Middlesex Committee: 'Members of Parliament can do very little in a Business like this, unless they are well supported by their constituents at large.' He wrote to the Gloucestershire Committee: 'The Watchful Attention, and temperate but unremitting Zeal of the people at large can alone carry this, or any

other measure of Reform into Execution. To them and the intelligent Activity of their Committees I look for support.¹⁷²

Shelburne was active in promoting the Association in Buckinghamshire and Wiltshire. He followed in the footsteps of his mentor, Lord Chatham, and supported adding county members to the House of Commons 'if this proposal clearly has the support of the people.' However, he urged caution in the resolutions, 'since there were men of integrity and judgment who disagreed.'¹⁷³ The Cambridge meeting passed the usual resolutions but added that it was necessary 'to put a final period to that primary source of national distress – the American war.'¹⁷⁴ The Sussex Committee bought the complete package: Shelburne's motion for a committee to investigate public expenditure, Savile's motion for the pension list, Burke's Civil List Bill, Clerke's Contractor's Bill, and Barré's motion for a committee of accounts.¹⁷⁵ Other counties passed similar resolutions. The resolution for Hertford adopted the goals of the petitioners and additionally supported adding 100 members to the House of Commons and an end to the war in America.¹⁷⁶ William Pitt was concerned about differences over economical reform and parliamentary reform. 'These unfortunate divisions,' he wrote to his mother, 'weaken if they do not extinguish all hope for the public.'¹⁷⁷

Metropolitan radicalism also revived. On 13 March, during the debates on Burke's Bill, Charles James Fox presented the Westminster petition to the House of Commons. The petition, he said, was signed by 5000 electors. 'They were temperate, moderate and peaceable; but they were unalterably firm in their resolution of obtaining redress.'¹⁷⁸ A meeting of the Westminster committee on 15 March enthusiastically supported the cause. They thanked those members of Parliament who had supported Burke's Bill, and expressed their approval of a bill introduced by John Crewe to disqualify revenue officers from voting. They also noted Lord North's intention to establish a commission of accounts, and expressed their disapproval of the 'unprecedented manner in which this business has been taken out of the hands of those from whom the proposal originated.' They suspected a scheme to 'evade and frustrate' the intentions of the petitioners.¹⁷⁹

Charles Jenkinson was not intimidated. 'As to what is to follow with these Petitions,' he wrote, 'you may be assured that it is a mere *Jeu de Partie*; & that if Government manages properly, it will turn against those who have brought it forwards.' He admitted that there was some extravagance in government, 'but there is by no means the corruption that there was in any former Reign.'¹⁸⁰

A meeting of Middlesex freeholders in early January proposed establishment of a national association to promote the objectives of the petitions. They also brought with them a commitment to parliamentary reform that Wyvill recognized could break the fragile unity that he had established in Yorkshire.⁸¹ They showed contempt for economical reform: 'Every attempt to banish bribery and corruption and undue influence,' their manifesto stated, 'while the present restrictions of the right of suffrage, imperfect representation of the Commons, and constitutional duration of Parliament are permitted to remain, tends only to deceive and amuse the nation to its certain destruction.'⁸²

Seeking to keep the movement under control, Wyvill called an assembly of deputies from the county associations that met in London from 24 February to 20 March. He intended to organize the Assembly into a National Association that would support reform.⁸³ He shrewdly maintained his distance from party politicians, although he knew they were necessary to achieve his goals. 'The Public is jealous of such Men,' he wrote, 'and their interference in the most important business of the Petitioners would give it an air of party, to which I must withhold my consent.'⁸⁴ The Assembly agreed to support measures intended to reduce the influence of the Crown.⁸⁵ 'In the first place,' they said, 'it must be evident that a Reformation is indispensable in the Civil Establishment,' which they described as 'a fund of corruption' and 'a shameful expenditure in pensions unmerited by services' [432]. They called for 'a diligent examination into all the branches of the receipt, expenditure, and mode of keeping and passing accounts of public money' [436-7]. They moved on to the dangerous ground of parliamentary reform by proposing to shorten the duration of Parliaments and add 100 county members to the House of Commons [433]. Wyvill was able to block a resolution for annual Parliaments. The Assembly also resolved to support measures 'to prevent both expence in elections, and the operation of undue influence therein' [436]. In a memorial, they complained that 'the unhappy war with America' had given the Crown greater means to corrupt Parliament than ever before.⁸⁶

After the meeting in London, the Yorkshire committee decided to join with the other counties in the national association. Their resolutions embodied virtually the entire agenda of economical reform: 'one or more bills to correct profusion in the expenditure of public money; to regulate the manner of making all public contracts, and the mode of keeping and passing public accounts; to reduce exorbitant emoluments of office, and to reform the abuses of sinecure places and pensions, unmerited by public service.' Sir George Savile and Lord John Cavendish failed to

limit the association to economical reform, but succeeded in modifying the statement to include triennial parliaments instead of annual.⁸⁷ The meeting resolved that the war in America ‘can be productive of no good whatsoever’ and it interfered with the war against France and Spain.⁸⁸

Rockingham opposed annual Parliaments and addition of 100 members to the House of Commons, although he conceded that he would accept some shortening of the duration of Parliaments.⁸⁹ Proposals for parliamentary reform, he wrote to his friend Pemberton Milnes, led to differences of opinion and controversy.⁹⁰ Furthermore, he regarded them as unnecessary. ‘The grievances we feel,’ he wrote,

and the cause of our misfortune, arise from the *corruption of men when chosen into Parliament*. Cut off the ways and means of corruption and the effect must and will naturally cease. Mr. Burke’s Plan cuts off 39 offices tenable and now held by Members of the House of Commons. It also cuts off 11 offices now held by peers in the House of Lords. This indeed is *striking in earnest* at the Influence of the Crown over persons in parliament.⁹¹

Dunning’s resolutions

With the defeat of Burke’s plan for reform of the household, economical reform appeared to be stalled. The petitioning movement had reached its crest, and the petitioners were impatient at the lack of satisfactory results in the House of Commons. Ian Christie estimates that about one-fifth of the English electorate had subscribed to the petitions.⁹² Everyone recognized that a showdown was at hand. With the Court and the Opposition closely divided, the independent members would make the difference.

On 6 April, Parliament assembled after the Easter recess to take the petitions under consideration. A great meeting of the Westminster electors was also scheduled for that day, adding a suggestion of intimidation, and the government ordered the Guards to be alerted in case of trouble.⁹³ The House of Commons was one of the fullest of the eighteenth century. Thomas Thoroton wrote to the Duke of Rutland: ‘It is made a point of to get all friends down here on both sides, and all the cripples are here.’⁹⁴

At this point the Shelburne group took the lead. John Dunning, a highly respected barrister, was their spokesman.⁹⁵ The objective of all the petitions, he declared, ‘was setting limits or paring down the increased,

dangerous, and alarming influence of the crown, and an oeconomical expenditure of the public money.' He held that each objective supported the other – frugal expenditure of the public money would weaken the influence of the crown; weakening the influence of the Crown would strengthen parliamentary control of finance. He praised Burke's Bill as a serious effort to comply with the spirit of the petitions, and complained that the prime minister and his supporters had cut it down with specious objections [342–4]. When a plan was offered by one of his friends for a committee of accounts, the prime minister had changed the idea into a commission appointed by himself and had charged the commission with investigating balances held by public accountants [344–5]. When an attempt was made to investigate pensions, the first lord of the treasury had resisted that too [345]. Dunning stated that his purpose was to commit the House to the principles of the petitions without reference to Burke's Bill or other specific proposals. With that in mind he offered his first resolution 'that it is necessary to declare that the influence of the crown has increased, is increasing, and ought to be diminished' [346].

A wide range of members spoke in favor of the resolution, including Sir Fletcher Norton, who stated bluntly that the influence of the Crown had increased noticeably in recent years. He assumed that suitable proposals for legislation would follow approval of the resolution [355–9]. Thomas Pitt of Boconnoc, a cousin of William Pitt and an active opponent of the North government, charged that the continuance of Lord North in office, despite the failures of the American War, was the best evidence of 'the enormous influence of the crown' [361–2]. Lord North responded that he was not an obstacle to reform, pointing out that a variety of reform measures were on the table, including his own proposal for a commission of accounts [364]. After an exciting debate that lasted until midnight, Dunning's first resolution was carried 233–215 [367].

Flushed with victory, Dunning moved his second resolution: 'That it is competent to this House, to examine into, and to correct, abuses in the expenditure of the civil list revenues, whenever it shall appear expedient to the wisdom of this House so to do' [347]. Lord North 'expressed his wishes very strongly, that the Committee would not proceed.' The motion was approved without a division. Thomas Pitt seized the opportunity and moved that it was the duty of the House to provide 'an immediate and effectual redress of the abuses complained of in the petitions.' Lord North 'implored' the House not to proceed, but the ministerial phalanx was in complete disarray, and Pitt's motion passed unanimously. Fox completed the rout by moving that the resolutions be

immediately reported to the other House. North described this step as 'violent, arbitrary, and unusual' but the torrent could not be stopped and the resolutions were reported [368]. The House adjourned after 1:00 a.m.

Predictably, when North reported the defeat to George III he urged that he be allowed to retire. The King responded by saying that North should not take the attacks personally. 'I wish I did not feel at whom they are *personally leveled*,' he remarked.⁹⁶

Although the Shelburne group regarded the Civil List as a secondary consideration, Dunning continued Burke's attack but in a different direction. On 10 April he proposed that, at the beginning of each session, the House would receive exact accounts of all money paid to any member of Parliament out of the Civil List or any other public revenue in the form of pension, salary or in any other way. North did not oppose the measure, which was carried without a division.

The sting was in Dunning's second resolution: 'that it is incompatible with the independence of parliament, that persons holding the offices of treasurer of the chamber, treasurer of the household, cofferer of the household [sic] and his clerk, comptroller of the household and his clerk, master of the household, and the clerks of green cloth, be entitled to hold seats in this House, if such places shall be permitted to exist.' This resolution would exclude 13 placemen from the House of Commons. Dunning's resolution was more acceptable to many members than Burke's Bill because it did not abolish offices. It was, in fact, a place bill of a kind familiar in the eighteenth century. The resolution carried 215–213 when five government supporters failed to arrive on time and were locked out.⁹⁷ George III attempted to console Lord North by remarking 'it is clear that had the five Members arrived in time last night the strange Resolution of the Committee would have been rejected.' He added: 'things begin to wear a better aspect.'⁹⁸

Conveniently for Lord North, the momentum of economical reform was disrupted when a 10-day delay took place due to the illness of the Speaker.⁹⁹ On 24 April, Dunning returned to the attack with what Savile called 'the most uncourtly opposition question we have had this year'¹⁰⁰ – an address to the King that Parliament not be dissolved until steps had been taken 'to diminish the influence, and correct the other abuses, complained of by the petitions of the people.' Dunning pointed out the failure of the House to enact specific measures to implement their previous resolutions. The resulting division was the largest of the session. Dunning's motion was defeated, 254–203, and the reformers admitted that their best efforts had failed.¹⁰¹ George III expressed his

satisfaction, and urged North 'to resist what no one can deny is a plan of changing the Constitution.'¹⁰²

The resistance of the independent members to interference with the household was firm, and the remaining divisions on Burke's Bill were anticlimactic. On 28 April the Commons rejected, 210–162, the clause that abolished the offices of the great wardrobe, removing wardrobe, robes, jewel office, and most of the housekeepers of palaces and houses.¹⁰³ The clause to abolish the board of works was defeated next, 203–118 [552]. By that time many of the country gentlemen had left for home, leaving the core supporters of the ministry in command of the House. On 18 May the remaining clauses, including abolition of the board of trade, were rejected, and Burke declared that he would no longer divide the House on his bill.¹⁰⁴

During the debates, North had made a promise that would be difficult to keep. The Opposition was intensely interested in the Civil List provision for the Prince of Wales, who would come of age in three years. North stated that it would not be necessary to increase the Civil List for this purpose, which suggested that the provision for the Prince would be niggardly. North twitted certain politicians [i.e., Fox] who urged economy in the Civil List but had floated the idea that an increase of the Civil List might be necessary to provide properly for the heir to the throne.¹⁰⁵

In the meantime, a grab bag of other favorite Country measures was working its way through the legislative process. A place bill, prepared by Sir George Savile and other independent members, would exclude from the House of Commons any person holding an office under the Crown, with the exception of approximately 40 executive offices, including the first lord of the treasury, the chancellor of the exchequer, secretaries of state and under-secretaries, and any office held by inheritance or for life. Holders of Irish offices would also be excluded. Dunning and Fox spoke in favor of the bill, which was rejected on its second reading, 85–67.¹⁰⁶ Philip Jennings Clerke reintroduced his bill to exclude contractors from the House of Commons unless the contract was openly made through competitive bidding.¹⁰⁷ Contractors were unpopular, although their political role in Parliament and elections was modest.¹⁰⁸ Burke wrote that the bill had strong support among the country gentlemen. 'They have a natural antipathy to inordinate gain in any Body, and they are more disposed to the censure of abuses among Trading people, than of those among any other description of Men.'¹⁰⁹ The Contractors Bill passed the House of Commons but was rejected by the House of Lords.¹¹⁰

The third in the trilogy of Country measures was John Crewe's bill, which disqualified revenue officers from voting in elections. Crewe stated that it was important to reduce the influence of the Crown out of doors, as well as in the House of Commons. When Dundas objected to depriving electors of their franchise, Lord John Cavendish replied that they had no franchise, because they could not give their vote freely without endangering their employment. The bill was popular with independent members, many of whom spoke in its favor. John Rolle, member for Devon, who characteristically spoke pungently and to the point, said that his father, who had twice been elected for Barnstaple, had been defeated by a Court candidate due to the great number of revenue officers in his constituency. The bill was delayed until the tide began to run the other way and then defeated in another full House, 224–195.¹¹¹ As the session came to a close, George III expressed his pleasure that matters had been carried so well in the House of Commons. He pointed out the renewed strength that could be gained from an election. And he urged North to continue in office, despite his desire to resign.¹¹²

Rockingham blamed the supporters of parliamentary reform for destroying the unity that had developed behind economical reform. He had given wholehearted support to the original Yorkshire Petition, he complained, and had been pleased to see 'how very generally throughout England, the great Points asserted in the Petition were approved. The case is now much altered,' he lamented, 'due to theoretical propositions for parliamentary reform.' He was distressed that dissensions had led to criticism of himself, Sir George Savile, and Lord John Cavendish.¹¹³

Wyvill defended Rockingham when he was accused of dampening 'the ardor of the People.' He replied that the people could never prevail against the Crown without the assistance of the nobility. 'It is surely not surprising,' he wrote, 'that the Nobility pause and hesitate to adopt the popular Plan; but there are among them many men of Virtue and of just Political Principles, who are alarmed for the safety of the Constitution, who dread the increasing power of the Crown, and who may be expected to take a decisive part in support of that Plan which the People propose for its reduction.' He added that their hesitation should be treated with 'the candour and patient good nature' due to friends.¹¹⁴

Burke recognized the difficulty in trying to carry through an extensive reform 'in defiance of all the official power of the Kingdom, assisted with very much of the personal Credit, family influence, and property, which are usually connected with the power of government.' In Burke's view, only massive public support could have overcome such obstacles. Earlier

he had written to his friend, Richard Champion, that the reform 'is not to be attempted if the minds of the people concerned are not perfectly ripe for it. If it does not come from them freely, without much address or management . . . we may be led to count upon a Strength which may fail us when we have most reason to call for it.'¹¹⁵

He had been disappointed. On 24 May he wrote to Champion: 'The people only remain and you know that I never expected much from the people.'¹¹⁶

5

Lord North, 1780–82

The budget and economical reform

As the movement for economical reform erupted in the House of Commons and out of doors, Lord North, the erstwhile minister of low taxes, economical expenditure, and debt reduction, faced the daunting political and financial challenges of wartime spending that he knew was out of control.

In March 1780, North presented his budget – with its huge demands for a failing war – to an energized Opposition and many independent members who were convinced that his government was riddled with bad management and waste. Mobilization of British military forces was nearly complete.¹ Four years too late, with the combined French–Spanish fleet in command of the Channel and threatening the dockyards at Plymouth, the navy was approaching full strength.² North budgeted for 85,000 seamen plus £697,903 for the shipbuilding and repair program; he also proposed to pay off a backlog of £1.5 million in navy bills. Total naval supplies: £7 million. The supply for the army was £6.8 million, including £2.4 million for the extraordinaries. The army was at 142,000 men, with 32,000 of them in North America.³ Total supplies for 1780 were £21.1 million, the highest to date. The loan was £12 million plus a lottery.⁴ North revealed his anxiety to the King when he informed him of the terms of the loan and the taxes that he would propose to fund it: ‘Lord North will not promise,’ he wrote,

that these taxes will not cause a great convulsion & give so much weight to the petitions as to force the Government to give way to opposition & their measures, especially if the people compare too nicely the advantages to result from the dependence of America, & the evils to be apprehended from these additional burthens.⁵

In May, when he was beset by the debates on economical reform, North presented the account of army extraordinaries, which he had cleverly deferred to the end of the session. Col. Barré led the charge. He advanced his usual complaint that this large sum, which did not include many other costs of the army, was presented without any account whatsoever. He moved that incurring such costs without appropriation by the House of Commons was a violation of the rights of the House 'and one of the gross abuses in the expenditure of the public money complained of in the petitions of the people.'⁶ Two days later, Gen. Henry Seymour Conway proposed to terminate the war in America. The session was winding down and the country gentlemen were returning home. The ministry was able to beat off both motions.⁷

A potential source of funds was the balances of public money held by public accountants. Barré complained of arrears in the land tax collection, and North agreed. He replied that neither the treasury nor the board of taxes had power to compel the collectors to pay in their balances, or even submit accounts. He conceded the justice of complaints about excessive emoluments of office, balances of public money held by public accountants, and the inadequate system of audit.⁸ As first lord of the treasury, he was not unsympathetic to proposals that would get balances of public money into the exchequer as soon as possible.

Considerable attention was given to the balance held by Richard Rigby, paymaster of the forces and an outspoken partisan of Lord North. Rigby stated that he approved of that part of Burke's Bill that related to reform of 'receiving, auditing the accounts, and issuing the moneys at the exchequer.' He recognized that his office had been criticized for delays in accounting for expenditures, but he attributed that to the method of auditing accounts. He insisted that much of the bad reputation of his office was undeserved. He also denied the popular assumption that he was enriched by the balance of public money that he held. 'A great part of the money which came to his hands,' he said, 'was placed in the Bank, nor did he derive any profit from what was not.' He added 'his emoluments were sufficient, though far from being as great as reported.'⁹

The Commissioners for Public Accounts

When Burke presented his Economical Reform Bill in February 1780, Lord North stated that Burke's plan 'neglected the ground which he confessed, for his own part, he thought the most essential of all.' His

main concern was 'that the public money should be brought as much as possible under check and controul.' The financial system, he agreed, 'was unequal to the extent of the business; and it created delays and inconveniences exceedingly disagreeable, and which tended to obstruct, instead of expediting the national service.' He recognized that 'the present course of the Exchequer was inimical to a speedy and effectual controul.' He recommended a Commission of Accounts comprised of 'a small number of gentlemen rendered permanent, and sitting through the year.'¹⁰

Charles Jenkinson prepared legislation to establish the Commission. He began with precedents from the reigns of William and Mary and Queen Anne. These commissions were comprised of members of Parliament, whose duty was 'to examine and state the public Accompts of the Kingdom.' He noted that the preambles of the earlier legislation authorized the commissions to determine whether the expenditure was necessary or great, which, he remarked, 'would open a field of Declamation & Obloquy without Bounds.'¹¹ He rejected Lord Mansfield's suggestion that the Civil List be included in the mandate of the proposed commission.¹²

Lord North announced his proposal for the Commission in March 1780, while the debate on Burke's Economical Reform Bill was still raging. Although all expenditures could not be anticipated and reduced to an estimate, North said, 'he wished, however, to give the public the fullest satisfaction that the money was duly applied to their service.' He also wanted the Commission to state the accounts 'in such a manner, that the numerous balances upon each head of expence, might be brought forward more speedily, and in consequence be the sooner applied to the public service.' He proposed a nonpolitical body comprised of 'respectable, intelligent, and independent gentlemen, who were members of neither House of Parliament. This, he hoped, would wipe all suspicion away and give satisfaction to all parties.'¹³

When North presented his full proposal, he stated four objectives – inform the House and the public of 'the real state of the accounts of the kingdom;' report balances in the hands of public accountants; identify defects in the system of managing the public money, and propose steps to prevent the accumulation of balances in the future. From the outset, it was clear that North's immediate concern was to bring in the balances desperately needed by the hard-pressed first lord of the treasury. The work would require a full-time commitment, he said, and was not suitable for members of Parliament.¹⁴

Burke denounced North's proposed Commission as a red herring to divert support from his own bill and an infringement on the rights of the House of Commons in finance.¹⁵ He wrote to Joseph Harford that the proposal was 'a scheme formed to frustrate all that inquiry into the public expenditure, which the people have so strongly and so justly required of us in their petitions.'¹⁶ Barré moved that the Commission be comprised of members of Parliament, and complained that North's bill was a distortion of his original proposal.¹⁷ Shelburne wrote to the Wiltshire Committee that the powers of the Commission had been 'taken out of independent and disinterested hands, and assumed by the Author of our Distress, in such a manner as to mock every idea of Parliamentary Independency or Popular Enquiry.'¹⁸ Fox, whose family had a lot to lose by an investigation of balances, declared that the Commission would be stacked in favor of the minister. Welbore Ellis, treasurer of the navy, said that he felt 'the anxiety every honest and prudent man must feel in his situation, where he was supposed to hold public money in his hands, which never reached them.'¹⁹

North proposed a Commission of seven men who would not be members of Parliament, and said that he thought they could complete their mission in one year. The Opposition insisted that control of expenditure was the privilege of the House of Commons, and that the Commission should be comprised of members. They were strengthened by the Speaker, Sir Fletcher Norton, who declared that the House of Commons had two special powers: 'the exclusive right of voting the public money, and controul of the public accounts,' and neither of them could be delegated to an independent commission. Charles Jenkinson replied that the Commission would only report the facts, not make decisions, which would still be made by Parliament.²⁰

Lord North's Commission (20 Geo. III, c. 54) was established for one year. The Commissioners were named in the act. To make the Commission more palatable to the Opposition, North did not provide remuneration for the Commissioners, but £2000 was provided for staff. North's purpose was evident – to recover the balances held by public accountants. It is doubtful that North, or anyone else, had the slightest idea of the important role that the Commissioners would eventually play as the point men of economical reform.

The Commission was instructed to report all funds imprested to any person whose final account had not been passed by the auditors of the imprest, or who held public money issued since 1776. They were authorized to determine the balance needed for the functioning of each office and the amount that could be paid in immediately for the

public service. They were empowered to call and examine under oath all officers concerned with collection or expenditure of the public money, to examine any books or papers they might need, and examine into any fraudulent practices they might discover. With the establishment of the Commission for Public Accounts, Lord North had turned economical reform in the direction that was least threatening politically and most useful to a minister of finance. George III showed that he, too, was interested in economical reform, as long as it did not entrench on his prerogative and was managed by his treasury. In May he expressed some impatience that formation of the Commission had not proceeded beyond naming the chairman. He still did not know whether or not the Commissioners would be comprised of members of Parliament.²¹

The great contribution of Lord North was to choose men with practical experience in business and law instead of the gentlemen who comprised the House of Commons. He nominated Lt. Gen. Sir Guy Carleton to be at their head. Carleton had been a distinguished soldier in the Seven Years War, governor of Quebec (1766–70), and leader of the successful defense of Quebec in the early stages of the American Revolution. As such, he would be acquainted with the problems of managing the finances of the army operating in North America. His presence gave immediate credibility and prestige to the Commission. Sir Guy left the Commission after a year to become commander-in-chief of the British troops in North America.

The driving force behind the Commission was Thomas Anguish, accountant-general of the Court of Chancery, which Lord Hardwicke had transformed into a court concerned with the financial and business needs of a commercial society. Anguish wrote all the reports except the last. Arthur Piggot was a barrister of the Middle Temple, who later entered the House of Commons, was one of the managers of the Hastings impeachment, and eventually became attorney general. Samuel Beachcroft was governor of the Bank of England 1775–77, and Richard Neave was also a director who became governor. Beachcroft and Neave brought to the Commission business expertise from an institution closely connected with the public funds. George Drummond was a banker from a prominent Scottish banking family. James Tierney left after a year and was replaced by William Roe, a customs officer. Roe later became a member of the board of customs.²² William Molleson, a tobacco merchant, was secretary until 1785, when he became one of the comptrollers of army accounts and a member of Pitt's board of audit.²³ He was replaced by Thomas Astle, an official in the state paper office and a well-known antiquary.

The Commission was constituted for one year, and renewed year after year for the next six years.²⁴ Their work differed from that intended by Shelburne and many other members of Parliament. Shelburne had in mind a commission that would prepare, each year, clear, comprehensive accounts of income and expenditure for presentation to Parliament. This had been the role of the commissions of accounts under William III and Queen Anne. Instead, the Commissioners became a body of experts who investigated specific problems as directed by the treasury, and presented information and recommendations for legislation. Their 15 reports revealed, as never before, the inefficiency, wastefulness, and obsolescence of the system of financial management and control. The reports were written with clarity of expression and a combination of abstract principles and practical good sense that elicited the admiration of Burke himself. Their first reports were narrowly focused, but as their confidence grew the reports enunciated broad concepts of public administration. They sensed that they were dealing with a crisis, and presented their recommendations for reform with increasing conviction and passion. They challenged the aristocratic administrative system that considered public office a personal possession and endeavored to replace it with the concept of public office as a full-time salaried profession performing a necessary service to the state.²⁵

Regardless of personal animosities or factional strife, no bill drawn up on the recommendations of the Commissioners for the Public Accounts ever failed to pass into law. The appendices included testimony and accounts that must have fascinated administrators and lawmakers and provided titillating gossip for dinner tables throughout the kingdom.

Pursuing balances

In the meantime, the treasury board was struggling with the kind of problem that North's Commission for Public Accounts was intended to correct. In May 1780 the board of taxes submitted to the treasury board a list of the collectors for that year. There were 54 collectors – 16 had been continued, 35 appointments were postponed due to arrears, and three appointments were left open. The treasury informed collectors who held arrears for 1778 and 1779 that they would have to pay in their balances before they would be reappointed. The collector for Derbyshire volunteered to waive his fees if reappointed, probably hoping that he would be allowed to keep his balance. The treasury replied that first he would have to pay the arrears of £6180 charged to him for 1778. The board was informed that the collector for Lancashire had died owing

a considerable sum; the board decided to compound with his estate for £6000, if the money could be collected at all. All collectors were ordered to pay in their receipts quarterly.²⁶

These problems paled into insignificance compared with the arrears of John Fordyce, receiver-general of taxes in Scotland, who was in arrear £80,000. The treasury board met with Fordyce's agent in London and allowed Fordyce one month to pay in £20,000. After that, the exchequer in Scotland would begin a process against him. Fordyce paid in £21,300 promptly and offered to pay the rest of his balance in installments of £5000 per year. The board gave him 10 months to pay in the rest of his balance, now computed as £72,385. Fordyce made several payments, and negotiations continued. By March 1781, the bulk of Fordyce's balance remained unpaid, and the securities that he had given for payment were found to be insufficient.²⁷ Nevertheless, the treasury decided in August to reappoint Fordyce for another year, on condition that he continued making payments regularly.²⁸

The treasury board gave attention to reduction of smuggling, which the boards of excise and customs said could not be done without military assistance, most of which was engaged in the war.²⁹ The boards of customs, excise, and stamps were instructed to prepare plans for consolidation of duties. The customs board began by reviewing the plan prepared in 1777. They sent letters to the Bank of England, South Sea Company, and East India Company asking for their advice. When the board delayed its response, Charles Jenkinson commented, 'There appears to be some difficulty respecting the appropriation of the several Duties, and this Difficulty is in my opinion much increased.'³⁰

The boards of hawkers and pedlars, hackney coaches and chairs, and the postmaster-general were ordered to propose changes in the laws 'which in their Opinion may be beneficial & advantageous to the Revenue.' These reports were to be presented to the next session of Parliament.³¹ North confided to Eden 'the cost of the war will make necessary an alteration with respect to Franking in England,' a measure certain to arouse resistance in the House of Commons. He said he intended to do something about it in the next session.³²

Economical reform stalls

Having survived the parliamentary struggle over economical reform, the North ministry had to deal with a crisis in Ireland, a war that was going badly, and an election. The ministry was rescued by anti-Catholic riots by the underclass of London that turned into a four-day orgy of

pillage and arson. The Lord Mayor admitted that the situation was out of control, and the intervention of the army was needed to tame the mob. The riots generated a strong reaction in favor of established authority. Rockingham's support of the County Movement, lukewarm at best, was shaken by the experience.

With an election approaching, North investigated the possibility of a coalition with Rockingham on law and order grounds. Since the breach between Rockingham and Shelburne on parliamentary reform was evident, the latter was not approached. Despite their mutual concern for political stability, the issues that separated North and Rockingham were too great to bridge. The Marquis stood firm on his commitment to American independence, Crewe's Revenue Officers Bill, Clerke's Contractor's Bill, and '*great parts* of Mr. Burke's Bill, especially abolition of the third secretary of state and the board of trade.' To soften the blow, Rockingham was willing to omit reform of the household, which had proven to be politically unfeasible. Rockingham's proposals recognized the new direction that economical reform was taking by specifying

the curtailing the patent offices of emolument in the Exchequer, the putting a stop to large sums of money lying in the hands of paymasters and treasurers of the Navy: – and also in general a reform in the Exchequer.' He proposed Fox and the Duke of Richmond as secretaries of state and the replacement of Lord Sandwich by Admiral Keppel.³³

George III was not ready to give in on points so important to him, especially independence to America. 'The various parts of Opposition have run so wild,' he wrote to North, 'that it is absolutely necessary if any coalition is to be attained, that those who come into Office must give Assurance that they do not mean to be hampered by the Tenets they have held during their Opposition.'³⁴ It was clear that the Civil List was a special sore spot. Rockingham reported that the King complained 'he had 900,000 l. pr annum given by way of Civil List & that these Regulations seemed to point at taking part back.'³⁵ At that point, Rockingham ended the correspondence, and North began secret preparations for an election.³⁶

The proposed coalition confirmed the breach between Rockingham and Shelburne. When Richmond complained to Rockingham that the Opposition could gain nothing by acting separately, Rockingham replied that Lord Shelburne 'had taken his own line, & had declaredly separated himself,' and had 'declared off all union.' Richmond was probably right

when he attributed the breach to 'the Violence of private Animosities,' but an important consideration was Shelburne's negative view of Burke's Bill.³⁷ Furthermore, Rockingham believed that Shelburne had been too close to popular movements that, he thought, had contributed to the loss of public support for economical reform. In any case, Shelburne's following in the House of Commons was small, although articulate. At most he might rally 20 members; his ordinary support was six, led by Barré and Dunning.³⁸

In the meantime, Wyvill was considering his options. He had attempted to create a political movement that would combine the Country oppositions of the past with urban radicalism, and that goal had been shaken by the riots. Additionally, the commitment of the associations to parliamentary reform had lost them the support of the Rockingham Party, which was essential to forward the cause in Parliament. Rockingham remarked that 'I have some Hopes that *Mens* Minds begin to feel – that there has been an imprudent Intemperance in the Manner of acting & in regard to the Measures of the Association.' Lord John Cavendish was more blunt in criticizing the presumptions of the Association: 'These gentlemen,' he wrote to Rockingham, 'are in a new situation [and] are mightily pleased with their own consequence, but really do not know what they would be at.'³⁹

In the summer of 1780 a more conservative tone entered into British politics. The partisanship of the previous decade, the public controversies arising from the American Revolution, the involvement of organized public opinion, the movements for economical and parliamentary reform, and the Gordon Riots had fostered a conservative reaction in favor of the Crown as a bastion of stability.⁴⁰ In late August, Lord North decided to use the conservative reaction to strengthen his position in Parliament with an election. John Robinson's review of the electoral prospects indicated that the ministry might gain 20–30 seats.⁴¹

The main issue was the war in America, but the movement for economical reform and the attack on the influence of the Crown had also gained popularity in some circles.⁴² The number of contested elections was unusually high. The government spent a total of £72,000, with £61,000 coming from the election fund that the King had saved out of his privy purse.⁴³

Robinson's optimism was unjustified. Ian Christie remarks that the distinguishing feature of the election 'was the close, clear, abrupt division which sundered two groups of parties in Parliament.' The election returned a House of Commons similar to its predecessor and equally likely to become threatening if things continued to go wrong.⁴⁴ Fox's

support in Westminster held firm, and one of Fox's friends, the playwright and theatre manager, Richard Brinsley Sheridan, was returned for Stafford. Burke lost his seat at Bristol, but not as a result of his role in economical reform. He was returned for one of Lord Rockingham's boroughs.

In October 1780, as the North ministry prepared for the approaching session, it was evident that the supply needed for the army extraordinaries in 1781 would be huge and would be utilized by the Opposition to support their demand for an end to the war in America. John Robinson informed Jenkinson that he was busy analyzing the extraordinaries. 'It will be a great task to summarize all this under proper headings,' he remarked, 'and to support the treasury's actions on the expenditures made.'⁴⁵ Jenkinson replied that he did not know where North would find the money for the supply 'even according to the present Establishments; But if these are to be augmented without attention to expense, it will be impossible to raise the supply.'⁴⁶

Jenkinson warned North to expect a difficult debate on the army extraordinaries, 'which will be minutely examined by the opposition and on which we shall sit several days & hear a great deal.' As secretary at war, Jenkinson was responsible only for the ordinary expenses of the army. Since the spending for extraordinaries took place outside his department, he urged that 'Lord Geo: Germaine and the Treasury Board should be ready to defend these points, as they respectively belong to them.'⁴⁷ Lord North informed George III 'the Extraordinaries of the Army are this year increased to an amazing degree,' and expressed his concern at the prospect of 'very great uneasiness in Parliament on that head.' The King responded 'I think some new regulations must be made to bring them within more moderate bounds.'⁴⁸

In 1781, North's budget climbed to £25.3 million, of which £8.7 million was budgeted for 90,000 seamen and £670,016 for naval construction. The army planned a major campaign in the southern colonies, and £7.7 million was provided for that service plus £3.4 million for the army extraordinaries. North again proposed a loan of £12 million. A welcome addition to the budget was £367,640 expected from legislation requiring public accountants to pay in their balances (21 Geo. III, c. 3, 48).⁴⁹ Under great pressure, the East India Company agreed to pay £200,000 per year for confirmation of its charter (21 Geo. III, c. 65), although the Company's finances were in no condition to pay it.⁵⁰

The Opposition complained that the terms of the loan were needlessly favorable to the lenders. Sir George Savile moved for an inquiry into the terms and distribution of the loan, since those who received

the shares had made profits of 10 percent. He claimed that the bankers' clerks had received shares that they held for members of Parliament.⁵¹ Wraxall notes the extreme bitterness shown in this debate, as the frustrated Opposition struck fiercely at the financial mismanagement that they held responsible for keeping the ministry in office and prolonging Britain's woes.⁵²

Despite his immediate financial difficulties, North had not given up on his long-interrupted plans for debt reduction. 'Retrenchment in the civil establishments and the annual expenditure might be made,' he mused,

and a system of oeconomy introduced, so that the whole expence of the year, after providing for the safety of the empire, might be brought within such strict and certain limits, as to leave a saving in the sinking fund, to be applied, with all its concomitant produce of interest, to the diminution of the capital of our debt.

The ordinary revenue, he remarked, had been steadily rising, and could be used to pay off stocks at market price. He hoped to see annual savings of £1 or £1.5 million that would be applied to debt reduction. He added, presumably in reference to the ideas of Richard Price: 'he could not also agree with an hon. gentleman in thinking that it was by any means advantageous to apply the savings of the sinking fund to this purpose in a time of war, and be under the necessity of borrowing as many new millions as were paid off.'⁵³

He returned to a long-held objective. 'A reformation was considered as necessary in the mode of collection of the custom-house revenue,' he said. 'In its present form it was loaded with many difficulties and embarrassments, and gave so much trouble both to the collectors and to the merchants, that it had long been considered as a very necessary subject of reformation. These difficulties arose from the variety of duties, subsidies, and imposts that had been laid down from time to time, the many distinct heads upon which every duty was to be collected, and also on account of the discounts which were allowed under various acts, and under various heads.'⁵⁴ Later, he added that he wanted to 'simplify the duties of the Customs, by consolidating them, and putting them all upon one plain intelligible footing.' Then reality entered in. 'That,' he said, 'was a matter of too much importance and magnitude to be done on a sudden, and therefore he should not attempt it in the present session.'⁵⁵

On 15 February 1781, Burke introduced his Economical Reform Bill again.⁵⁶ Burke's case was weakened by the fact that the ministry had been confirmed by an election, the Opposition was divided and demoralized, the petitioning movement had deteriorated into small, squabbling knots of enthusiasts, and he himself had been defeated at Bristol. He responded to the conservative backlash by presenting his bill as an example of conservative reform – a call to the leaders of the state to preserve existing institutions by reforming them before a serious and possibly destructive crisis arose. He referred to the petitions and to the resolutions of 6 April as expressions of general discontent. The duty of the statesman, he said, was to respond to the cries of the people with specific measures of systematic, rational reform [1223].

Burke explained that his bill was unchanged from the bill that had been printed the year before. He insisted that the details of his bill were the expression of his own ideas, and had not been shaped by the petitioners; he 'met the public spirit and the public voice on its way.' The petitions, he said, offered a variety of propositions, 'but there were two things in which they had all agreed; that retrenchment and oeconomy was necessary, and that the influence of the crown was become dangerous, and alarming in its extent.' He called upon 'the wisdom of parliament' to respond to the complaints of the people. 'Like the skilful physician, they were to feel the pulse of the patient, and having discovered the seat and nature of the disorder, they were to apply the remedy' [1225].

He noted that the Opposition had presented two proposals to respond to the petitions – Barré's plan to correct the abuses in the public expenditure by establishing a parliamentary committee of accounts, and his to reform the civil government, reduce the influence of the crown, and retrench useless offices and unmerited pensions. The first had been converted by the prime minister into a body to do the business of the treasury, and the second had been undone by calculated delays and 'the squeamishness of the House' [1226–8]. He also appealed to the executive authority. 'Let the government participate in the sufferings of the people,' he exclaimed. 'Let the King show his subjects a glorious example of retrenchment and oeconomy, and see if they have not virtue to imitate as well as admire' [1233]. He called upon Lord North 'to take the bill into his own hands.' In so doing, 'he would establish permanent popularity, and would annihilate the opposition' [1238].

The speech generated many compliments for its eloquence and comprehensiveness, but Lord North did not accept Burke's invitation to annihilate the Opposition. 'He would very candidly declare,' he said,

‘that his opinion on the subject was not at all altered from that he entertained last year’ [1241].

William Pitt delivered his first speech, and evoked the admiration of the members. He displayed ‘composure, self-possession, and imposing dignity of manner,’ Wraxall wrote, ‘and seemed destined to assume a leadership role.’⁵⁷ Pitt recapitulated the arguments of the advocates of the bill – the ministers should have proposed reduction of the Civil List as an example of honorable retrenchment; the Crown should be willing ‘to diminish a little of exterior grandeur’ to win the hearts of the people since ‘oeconomy was at this time essential to national salvation;’ and the influence of the crown should be diminished. He concluded by expressing his admiration for the author of the bill, and pledging to give it his most determined support.⁵⁸ After the speech Burke remarked, ‘he was not merely a chip of the old block, but the block himself.’⁵⁹

A few days later, Nathaniel Wraxall, the memoirist, proclaimed the conservative principles that were threatened by Burke’s Bill. He declared that the British constitution was the best ever devised, due to the equipoise of King, Lords, and Commons. He pointed to ‘the great danger of popular inroads and democratic violence,’ and he noted that ‘republican phrenzy’ could lead to unintended consequences. He called upon patriots to ‘rally round the throne’ and defend it from ‘the innovating projects of dangerous but well-meaning theorists.’⁶⁰ The House divided about midnight, and the bill was defeated, 233–190, the decisive test of voting strength for the rest of the session.⁶¹

Shelburne and his small following stayed away from the debate and did not vote on Burke’s Bill. Shelburne knew that his political future depended on not offending the King. He declared that he had no party connections, and he ridiculed the idea that any effective Opposition even existed. He was more willing to support the county associations as the basis for opposition to the ministry.⁶²

In the meantime, two other pillars of the movement for economical reform that were usually linked with Burke’s Bill were brought before the Commons. Philip Jennings Clerke introduced his Contractors Bill again, without success. John Crewe’s Revenue Officers Bill was also defeated.⁶³ Lord Hillsborough wrote to Eden: ‘The Opposition is at present if not dead at least asleep; since I have been in Parliament, I do not recollect a Session half so quiet.’⁶⁴

Although not entirely asleep, popular support for economical reform, for the moment, was moribund. Despite another disappointment, the Yorkshire Association voted thanks to Sir George Savile and Henry Duncombe for presenting the petitions to the House of Commons, and

to Dunning for his efforts in support of them. Burke was not mentioned, although he had reintroduced his bill at their request.⁶⁵

The new agenda of economical reform

Lord North has been extravagantly praised as a reformer due to the establishment of the Commission for the Public Accounts. Despite good intentions, North had no time to be a reformer. North was a harried first lord confronted with holding his Cabinet together, funding the army, navy, and ordnance, defending the army extraordinaries, supplying the troops abroad, fending off a powerful Opposition in Parliament and waves of discontent out of doors, and finding enough revenue to keep the government afloat for another year. North did what any first lord would have done – he put the Commissioners for Public Accounts to work on projects that would bring money into the exchequer – quickly. The most obvious source was the unspent balances that he knew were being held by public accountants. They became the first objective of the Commission.

In November 1780 the Commissioners submitted their First Report.⁶⁶ The Report dealt with the receivers of the land tax, who also collected the assessed taxes on houses, windows, inhabited houses, and male servants. The Commission found that the records of the tax office showed that a balance of £398,748 was due from the 51 receivers in England and Wales [74]. When the receivers were required to submit sworn accounts of their balances, their accounts totaled £657,400 [75]. It was apparent that large sums of public money were held by the receivers, and that the tax office, whose duty it was to supervise the collection of this money, had only a foggy idea of the amount due. From 1777 to 1780, balances in the hands of the receivers had averaged £334,061. Unrecoverable arrears from defaulters were £113,161 [75]. The Commission found two main explanations for holding balances: the difficulty of procuring good bills on London, especially in the more remote counties, and the insufficiency of the poundage paid to the collectors. George Rose, secretary to the tax office at the time of the investigation, testified that without the profits that they gained from their balances, few receivers would consider the office worth holding. The tax office, he said, had no powers to compel payment of balances, apart from a long and expensive judicial process [77].

The Commission also examined the collection of the excise, which had 53 collectors. Each collector made eight rounds a year and remitted his collections to the receiver-general a week after completing each

round. They stated that they had no difficulty getting good bills on London. Each collector was paid a salary of £120 per year and did not receive poundage. The Commissioners compared the collection of the land tax unfavorably with the efficiency of the excise. George Bexley was collector of the excise taxes for Bedford. He testified that his annual collection was upward of £80,000, which he remitted on the Thursday after finishing each of his eight rounds. He was also a land tax collector, and as such held a balance of half his collection for the interest that provided his remuneration [80–1].

For some time the treasury had been concerned about the remittances of John Fordyce, receiver-general of the land tax for Scotland, and the Commissioners turned their attention to him. At the time of their investigation, Fordyce held a balance of £64,570, which included a £22,000 obligation due to the default of his banker in 1776. Out of his collections, Fordyce paid the entire civil government of Scotland. He received no remuneration for his trouble and expense other than the profit he gained from interest paid on his balance. He held another office, collector of Crown rents that paid a salary of £600 [77–8]. ‘The revenue should come from the pocket of the Subject directly into the Exchequer,’ the Commissioners declared. They insisted that a better method of remuneration must be found, for ‘to permit the Receivers to retain [public money] in their Hands, expressly for their own Advantage, is to furnish them with the strongest motive for withholding it.’ They recommended legislation to compel receivers to pay in existing balances and maintain periodic payments in the future [75–6].

John Robinson was aghast when he saw the report. He wrote to Jenkinson:

Pray have you read the report of the Comrs of Accounts, they have in my opinion given Opposition fair Ground for their attack to destroy the whole System of the Tax Office Recrs etc. etc., and we at the Treasury, from the slovenly manner the Revenue part of the Busn is attended to.... In short without amendment from us we shall fritter every thing so that I fear the Powers of the Crown will suffer – I bark abt it but it avails not for above a Moment.⁶⁷

Jenkinson replied, ‘I have not yet read the last Report of the Comm’rs of Accounts but I am told it is able, but at the same time very hostile to the Treasury.’⁶⁸

The Second Report examined the balances held by the receivers-general of the customs and the excise, and the offices for collection

of the lesser taxes.⁶⁹ When called upon to report, the receiver-general of the customs held a modest balance of £4412. He held his balance until the board and comptroller-general instructed him as to its distribution among various accounts, at which time he would pay it into the exchequer. In London, the collectors of the customs paid their collections daily into the receiver-general. In the outports, the collectors paid their collections to the receiver-general when they exceeded £100. In the excise, collectors did not retain any part of their collections, and the receiver-general paid the total collection to the exchequer every week [141].

The operations of the smaller tax offices gave few grounds for complaint. The receiver-general for the stamps office paid his balance into the exchequer weekly. Nothing was said about how often the local distributors paid their receipts to the receiver-general. The receivers for the salt office and hawkers and pedlars also paid in their balances weekly. In the hackney coaches and chairs office, the receiver-general made a payment every 28 days [141]. ‘The Punctuality and Expedition with which the Duties collected in these Offices pass from the Pocket of the Subject into the Exchequer,’ the Commissioners observed, ‘leave us no Room to suggest any Alteration in the Time or Manner of paying in the Same’ [141–2].

The Commissioners also called attention to unnecessarily large balances in the hands of the receiver-general of the post office, who paid in his balance quarterly. The Commissioners noted that the Post Office receipts had increased greatly in recent years, and suggested the balance should be paid every week. At the time of the report, the receiver-general held a balance of £9358. Collections in London were paid in to the receiver-general within a few days, but the collector for Bye & Crossroads (a separate postal service) paid in quarterly and reserved a balance of about £5000 [142]. Collection of the minor branches of the revenue was done by individuals. The receiver of the First Fruits of the Clergy held his balance (£4332 in 1780) a year or more before paying it in to the exchequer. The receiver of the Tenth also held his balance (£9890 in 1780) for a year. Thomas Astle (later a member of the Commission), receiver of the 6 d. duty on offices, held a balance in 1780 of £6881. The balance of the receiver of the 1 s. duty on offices was small, and he stated that he paid it in quarterly. His balance was £2050. The Commissioners suggested that these receivers should pay in their collections more promptly: ‘The public Coffers,’ they intoned, ‘are the safe Repository for Public Money’ [142]. Since the land tax and lesser taxes were

collected by four offices and boards that required 18 commissioners, the Commission suggested consolidation of these offices [143].

In February 1781 the treasury board took under consideration the Second Report. The receiver-general of the post office was ordered to pay in his collection every week.⁷⁰ In May the board ordered reforms in the management of the customs revenues as recommended in the report. The board of customs was ordered to remit as speedily as possible the balances held by the receiver-general, and undertake reforms in the various departments of collection and receipt to enable the receiver-general to pay in his collections promptly. The treasury, alert to the profusion of fees and gratuities in the customs offices, also requested an account of the emoluments in the customs establishment other than salaries.⁷¹

The Third and Fourth Reports, presented in March and April 1781, dealt with a subject that had become a political issue – the balances in the hands of the principal spending officers. The Third Report examined the balances in the hands of the present and former treasurers of the navy.⁷² This officer received money by way of imprest from the exchequer, and issued it to the proper persons as directed by the ships' pay books or by the navy, victualing, or sick and hurt boards. He accounted to the auditors of the imprest for the money he had received and issued. The oldest balance the Commission found was £27,611 dated 4 April 1689. They recognized that it was useless to pursue such old accounts. More relevant were the balances charged to George Grenville (£12,360), Viscount Barrington (£13,763), Viscount Howe (£23,107), and Sir Gilbert Eliot (£27,563). Total £76,793 [257]. Earl Temple, head of the Grenville clan, as heir of his father stated that it was his 'earnest wish' to pay in the balance if he received a *quietus*. Sir Gilbert Eliot also made that a condition for payment. Viscounts Barrington and Howe made no such conditions. The Commission reported that last account passed by the auditors and closed was that of George Grenville for 1758 [248].

When a treasurer left office, he took his records and balance with him, and continued to make payments on charges incurred during his term. The accounts of the treasurer were kept under three main headings: paymaster, cashier, and victualing. Each of these headings had many subheadings and each required a separate account. Money appropriated to one subhead could not be used to pay bills on another. Some accounts held balances when new money was requested for others. Accounts for payment of ships' books, half-pay lists, and bounties to chaplains were kept open for years. The accounts of George Grenville still held 1300 unpaid ships' books [251]. A summary account of balances

was submitted to the treasury monthly. The account for August 1780 showed a balance of £260,716. Parts of this balance were held by clerks, either in London or at other ports [248].

The principal cause of the large balance held by the treasurer, the Commission explained, 'is the practice in this Office of not carrying Money issued under one Head, towards satisfying a Demand upon any other Head of Service; the consequence of which is, when the Money upon the Account of any Head of Service is nearly exhausted, a Supply must be procured for that Service, how abundant so ever the Sums upon other Heads of Account' [250]. It would be a simple matter, the Commissioners said, to keep all money in one place and draw upon it as needed. 'Where Public Money is appointed for a Service or Purpose to arise at a future Time,' they commented, 'we are of Opinion, the Public alone ought to have the Custody and Use of the Money, in the mean Time, and until the Service or Purpose calls for its Application' [249–50].

When a treasurer left the office, the spending departments of the navy continued to assign bills to him for expenditures incurred during his term. He held a balance of unspent money to pay these bills as they came in, and also to pay the expenses and fees of making up and passing the account at the exchequer [248]. Ship's books were kept open for 7–8 years for seamen who could not attend due to other duties when the ship was paid off [248]. It was clear to the Commissioners that improvements were necessary in the exchequer audit, but in the meantime they saw no reason why former treasurers should hold £76,793 of public money while waiting for an accounting. The treasurer of the navy, they observed, 'continues to be responsible for Millions, without an Expectation of receiving his final Discharge during his Life.' They recommended that the balances of all former treasurers be paid into the exchequer 'without Prejudice, and proper Security and Indemnification be given to each of them' [249]. At the time of the inquiry, the incumbent treasurer, Welbore Ellis, held a balance of £348,941. The Commissioners observed that his receipts and issues were well equalized, and they concluded that a balance of that size was not needed. The public money, they said, 'ought not to issue out of the Exchequer, either before it is wanted, or in larger Sums than the Service to which it is issued requires' [250].

The Commissioners concluded, apologetically, that they had found many defects in the financial administration of the navy which they did not pursue, since their mandate was limited to identifying balances that could, 'with all expedient Speed,' be reclaimed for public purposes [251]. Nevertheless, they recommended that the treasurer of the navy hold no balances of public money, and the office should become merely

an office of account. All books and papers should remain with the office when a treasurer left, and his successor should pay all his unpaid bills [251].

The Fourth Report described similar conditions in the office of the paymaster-general of the forces.⁷³ The oldest outstanding account was that of Henry, Earl of Lincoln, dated 24 June 1720. His heir stated that he had no knowledge of this account, and the Commissioners moved on. Balances charged to former paymasters that were available for collection were Henry, Lord Holland (£256,456), Charles Townshend (£44,422), Lord North and George Cooke (£63,738), and George Cooke and Thomas Townshend (£13,172). Total £377,788 [383]. As long as these accounts remained open, they were liable for any charges incurred during the paymastership, but future claims, the Commissioners said, 'do not furnish any Objection to the Payment of these Balances into the Exchequer' [380]. These accounts were also liable to pay the fees and gratuities attendant to passing them through the exchequer audit. The practice was not to audit any account until the preceding accounts were finished. All of the accounts were awaiting audit except Lord Holland's, which had been delivered to the auditors of the imprest in 1772. At that time, a partial payment had been made. A sum of £73,149 was in dispute and pending in the court of chancery. Charles James Fox and John Powell, executor of the Holland estate and cashier in the pay office, appeared before the Commission to testify. They refused to pay in the balance until the disputed items were settled [381]. They were willing to pay in the balance if they received a *quietus* or equivalent that would absolve them of any further charges.

Since it might be a long time before the accounts were passed, the Commissioners recommended that the balances held by former paymasters be paid into the exchequer immediately and the paymasters receive 'proper Security and Indemnification against any Loss or Detriment' [381]. They recommended that the treasury be given power to require an accountant to pay in his balance within a reasonable amount of time. They also called attention to the long delays in preparing the accounts for audit. Previous paymaster accounts had taken 10–12 years before they were ready to be declared to the auditors of the imprest [382]. The Commissioners commented wryly: 'it is not unreasonable to presume, that taking from an Accountant his Balance, may be a Means of expediting the passing of his Accounts' [382]. They also noted the delays caused by the exchequer audit, which required that the accounts of one paymaster be passed before taking up the accounts of his successor. The result was that one stalled account would hold up all the others [382].

The Commissioners deferred consideration of remedies to their next report. The appendix to the Report was replete with detailed information about individuals, accounts, and office procedures. Never before had Parliament and the public seen such a full exposure of the functioning and malfunctioning of a great public office.

Lord North was eager to get the windfall revenue that would come from these balances, even if it meant paying in his own. The treasury board considered the Third and Fourth Reports, and agreed that the treasurer of the navy and paymaster of the forces should be required to pay in their balances immediately. In return, they would receive 'a Security & Indemnification against all Claims, demands, and payments whatever to which the said Ballances in their hands are subject.'⁷⁴ This document would be the equivalent of a *quietus*.

When North opened his budget in March 1781 he anticipated recapturing the balances held by the public accountants as revealed by the Commissioners. The gains from the offices of revenue collection, he conceded, would be minor, but on the expenditure side, Parliament would find 'several large and considerable balances lying in the hand of different accomptants... which would come in very opportunely, and be applied agreeable to the resolutions of parliament.'⁷⁵

North was inclined to soften the criticisms of the receivers and collectors of the land tax in the First Report. He pointed out that the poundage was low, and they had many expenses. They were permitted to hold balances, he said, as remuneration for their services and sometimes due to the difficulty of making remittances. He noted that the collectors for London and Middlesex paid in their collections promptly, as did the collector for Kent. In remote counties like Westmoreland and Cumberland, delays of payment took place, because the collection was small and remittances were difficult. The poundage was inadequate remuneration, he added, and for that reason the board of taxes was not rigorous in requiring prompt remittances. The land tax, he said, was collected more economically than in any other country, 'and few regulations could be made of any advantage to the public.' He conceded that some abuses might have crept in over time. Nevertheless, he went after the land tax collectors with legislation that required them to pay in their balances and post security equal to their collections (21 Geo. III, c. 3).

Turning to other branches of the revenue, North commented on the exemplary promptness with which the excise collectors made their payments, remarking 'the excise was the best managed branch of the public revenue.' He noted that the board of customs had responded

to the Second Report by taking steps to make prompt payments of its collections. He had been assured that the post office paid in its balances every week. The lesser branches of the revenue, he said, did not accumulate balances. He did not favor consolidation of these offices, as recommended in the report; 'the revenue collected and managed at each of those offices was extremely well managed,' he said.

North was not prepared to undertake complicated reforms under existing circumstances. The Commissioners had proposed that the many separate accounts of the paymaster of the forces be consolidated and paid out of one fund. North dropped that proposal because the treasury had queried 'the old servants in that office as to the practicability of the project, and they had given their opinion that it was not possible.' North also dropped the proposal that the treasurer of the navy become an office of account only, because the navy board 'had all of them declared it to be impracticable.'⁷⁶

The former paymasters of the forces and treasurers of the navy were directed to pay in their balances, as determined by the Commissioners and specified in the act (21 Geo. III, c. 48). The Act stated that upon payment of the balance the accountant would be 'acquitted, discharged, and exonerated' against further claims of the Crown. That clause was contradicted by another stating that credit would be given for the amount paid in when the account was passed by the auditors, which suggested that further claims could be made. The treasury was authorized to require the present treasurer of the navy and paymaster of the forces to pay charges assignable to former treasurers and paymasters. North noted that the regulations and fees of the exchequer were burdensome, and suggested, 'it would be for the benefit of the public to buy up those patent offices in the exchequer.' Next year, he added, 'possibly the subject might be brought under consideration.' He also wanted to lower the deductions from the revenue on its way to the exchequer, and reduce the fees of office.⁷⁷

North praised the Commissioners for the clarity and usefulness of their reports, and proposed legislation to renew the Commission for another year. The Commissioners, he said, were already at work trying to find a better way of auditing the public accounts. For the next year he moved that the attention of the Commissioners be directed to the extraordinaries of the army, which he admitted was 'an extraordinary account in every sense.' He especially wanted them to examine the accounts of expenditure in North America.⁷⁸ He knew that the cost of the army extraordinaries and the growing sense that they were replete

with mismanagement contributed to growing restlessness in the House of Commons about the war in the American colonies.

Although the reports of the Commission had brought embarrassment to some of the public accountants, they did not lack defenders. Thomas Townshend stated that the public accountant was 'a man most unfortunately circumstanced of any officer in the public service.' The accountants, he said, were dependent upon the auditors for the passage of their accounts, and no matter how quickly the account was made up, the exchequer would not be hurried. The public accountant could not dispose of his property while his account remained unsettled, for his property would be liable to forfeiture if deficiencies occurred. He argued that 'the great evil and the sole ground of complaint was the slow, dilatory manner in which public accounts were past [sic] and settled: that should have been the object of the commission.' North replied 'that was the main object of the commission, but they had not as yet got at it.'

Charles James Fox defended his father, Lord Holland, whose large balance and failure to account had given him the designation 'defaulter of unaccounted millions.' The public accountant, Fox said, 'held his estate, his fortune, every shilling of property he had in the world, at the mercy of the government.' Those who were least acquainted with the public accounts, he continued, 'the manner of stating them, the progress of them through the office, and the mode of their being finally passed, were always most eager to find fault, even when there was no cause.'⁷⁹ A question that concerned Fox was the ambiguity in North's statement regarding the security to be given to former accountants upon surrender of their balances. The Commissioners had recommended that the accountants be given full 'security and indemnity' upon paying in their balances. Fox interpreted this to mean the equivalent of a *quietus* – the account would be completely closed and the accountant absolved of any further responsibility.⁸⁰ Presumably the auditors of the imprest had been talking to North. He backed off his original position and insisted that the accountants 'would receive an exchequer tally... till their accounts were finally settled.'⁸¹

Opposition spokesmen praised the reports, but continued to insist that a Commission of Accounts should be comprised of members of Parliament. Burke chastised North for not reforming the problems through his own office. The Commissioners, he continued, had found large sums in the hands of public accountants. 'Good God!' he exclaimed, 'was it necessary to conjure up a commission of accounts to tell us this!' He complained that the Commissioners had 'done nothing but what the

board of Treasury could and ought to have done.' He conceded that the Commissioners 'had shown themselves to be men of sense, of integrity, and of ability; their reports did them the highest honour and credit. As pieces of literary composition, he had never seen stile and manner so happily suited to a subject.' He scoffed at the notion that North would ever be a reformer. Lord North, he said, 'had been suckled with the milk of the treasury and exchequer, he had grown fat upon it; and he was enamoured of and attached to the old habits.'⁸² Barré expressed a similar view. He insisted that a committee of both Houses given the proper powers could do the work as well as the Commissioners. 'However,' he added, 'he would rather have the present commission than none.'⁸³

William Pitt made his second speech in Parliament, and echoed the views of the Opposition. He stated that a parliamentary committee could have done the job just as well. He complained that North had abandoned his promise to give priority to an examination of the army extraordinaries, a special concern of the Shelburne group.⁸⁴ William Wilberforce noted his friend's excellent oratory, but added 'his speech did not convince me, and I stayed in with the old fat fellow [Lord North].'⁸⁵

Much of the widespread murmuring against excessive emoluments in the public offices had been directed against the paymaster of the forces, Richard Rigby. It was well known that he had invested large amounts of public money in luxurious living in town, a magnificent estate in Essex, and investments in land, securities, and mortgages.⁸⁶ The Fifth Report of the Commission returned to the office of the paymaster.⁸⁷ Their stated purpose was to discover whether the balance held by the paymaster was larger than necessary for current and foreseeable needs.

The paymaster received funds from accounts in the exchequer, which he issued as directed by the secretary at war (the ordinary of the army) to the regiments under the general headings of pay, widows, clothing, the colonel, recruiting, and the agent [573]. The subsistence of the troops was accounted for separately. These accounts were divided into sub-accounts, some of which were paid out immediately and some held in the paymaster's balance until needed. The extraordinaries were expenditures made on the authority of the treasury without specific parliamentary appropriation. The extraordinaries would be paid by Parliament in the following year. During wartime, money was issued to the paymaster in lump sums of £1 million at a time [572].

The main concern of the Commissioners was to determine whether the paymaster's balance was consistently larger than was needed for day-to-day business. The balance in Rigby's possession after his first

half-year in office (1768) was £142,652. It grew steadily to £975,631 in 1778 and £1,028,284 in the following year [591]. At the time of the inquiry (May 1781), Rigby's monthly balance for the 17 months preceding their investigation had averaged £869,148, rising several times to over a million [591]. The obvious conclusion was that 'the Paymaster General of the Forces possesses, continually, a Sum much larger than is requisite to the carrying on the Army Services' [575].

The balance grew mainly because funds for subsistence were issued to the paymaster for the troops in each regiment calculated at full strength, while they were issued to the regiment at actual strength, which often was considerably less. The remainder lingered indefinitely in the paymaster's balance. A variety of lesser accounts also accumulated balances that were not repaid to the treasury [574–5]. Rigby's balance fluctuated suspiciously during the investigation. On 1 May 1780 his balance was £1,150,376. When the investigation neared the pay office he steadily reduced it, and when the Commissioners first requested an account of the balance in his possession (November 1780), he was able to reply that it was £447,153. The next month, when he felt safe, it leaped to £948,239, and four months later it again exceeded a million. When the Commission made a second inquiry, Rigby's balance fell rapidly to £402,046 (May 1781), but the report made clear Rigby's abuse of his office [591–2].

'The usual course of the Receipts and Issues in this Office for several Years,' the Commissioners noted, 'has constantly put into the Hands of the Paymaster-General a large Sum of public Money not employed in the public Service, expressly contrary to that sound Maxim of Prudence and Economy, that more should not be issued from the Exchequer for any Service than that Service wants' [575]. They proposed that any request to the treasury from a paymaster for funds should include a statement of the balance currently in his possession [575]. 'In Public Trusts,' they said, 'the Possibility of a Loss should be guarded against, as much as the Nature of the Trust will permit, without respect of Persons.' The sums entrusted to the paymaster-general, they observed, 'are of a Magnitude that implies Danger to the Public' [577].

After the ritual genuflection to 'the wisdom of our Ancestors,' the Commissioners went beyond their instructions to suggest a drastic reconstitution of the office. They reviewed the obstacles to reform – the offices 'are considered incapable of Improvement; the Officers educated in, and accustomed to the forms in use, are insensible of their Defects, or, if they feel them, have no Leisure, often no Ability, seldom any Inclination, to correct them; alarmed at the idea of Innovation, they

resist the Proposal of a Regulation because it is a Change, though from a perplexed and intricate, to a more simple and intelligible System' [577]. The Commissioners proposed that all sums formerly imprested to the paymaster personally should be imprested to one account in the Bank of England. All withdrawals from this account would be by drafts on the Bank specifying the service for which the draft was drawn. The books and papers of the pay office were public property, they said, and should remain when the paymaster left office. The pay office would become 'an Office of mere Account,' with no money held personally by the paymaster [577]. When a paymaster leaves office, they said, 'he takes with him a Sum of Public Money, a great part of which remains with him, unapplied to any Public Service' [575]. They proposed that a paymaster's balance should immediately be vested in his successor, who would pay any remaining claims as they came in. Essentially, they were advancing a principle of public administration of great importance – a transition from a personal to an institutional concept of public office.

A few weeks later the treasury board met with Rigby and his two principal subordinates, Powell and Bembridge, to discuss with them the criticisms made and reforms suggested in the Fifth Report. Rigby stated that he would study the report carefully and be prepared to comment on the suggestions of the Commission. His general reaction to the proposals of the Commissioners was that they were 'great Deviations from the present Course of carrying on Business in his Office: that all Alterations from long established modes of Office [were] hazardous, & ought to be duly and well considered before undertaken.' Rigby was asked to bring with him on his next visit an up-to-date statement of his balance, which proved to be £344,821.⁸⁸

The treasury also struggled with the balances held by regimental agents. In July 1781, Charles Jenkinson, secretary at war, sent the treasury a long memorandum explaining the controls over these balances. The commander of the regiment, not the agent, was responsible for the expenditure of the regiment's funds, he wrote, but the treasury had power to call the agents to account. Jenkinson recalled that George Grenville had used that power in 1764. The secretary at war, he added, had no authority over the agents.⁸⁹ He discovered that the former agent for a regiment in Africa had received money to be remitted for the pay of the troops, but had never spent it and owed money to merchants who had sent money and goods. The treasury referred the matter to its solicitor.⁹⁰

The treasury board also attempted to tighten control over military spending in America. The board wrote to the commissary of accounts in

New York that 'the great Increase of the Expenditure of public money in the Services . . . calls for every Exertion . . . to curtail all improper Charges, to prevent un-necessary expences, and to see that the respective Services are carried on with all due & proper economy.' Sir Henry Clinton was urged to give the commissary all possible support.⁹¹

While North and the treasury board, the Commissioners, and the House of Commons were struggling with the daunting problems of wartime public finance, the Civil List again came into the picture. In August 1780, George III wrote to John Robinson that he would soon need to put in place establishments for the Prince of Wales and for his younger sons, who were coming of age. Recognizing the political realities he added, 'I shall not think it right to make any Application for assistance on this Occasion to Parliament.' Obviously, he did not want an experience like that of 1777, when he had been harangued by the Speaker. He asked Lord North to see what was available in the Civil List for this purpose.⁹² Robinson prepared for North a detailed review of the establishments of previous Princes of Wales.⁹³

North replied to the King that he knew of no savings that could be made in the Civil List to provide for the Prince and his brothers, and he asked a series of specific questions about the attendants that the Prince's establishment would have. The King replied that the Prince's establishment would be something less than when he came fully of age; 'he can be only in a middle State between Childhood and Manhood.' He estimated that £20,000 per year would be adequate. The project was completed at the end of December. Establishments for the younger sons were settled in February 1781.⁹⁴

Economical reform and the fall of North's ministry

North's aspirations for administrative reform and debt reduction never came to fruition, for the precarious position of his ministry gave way in the next session. On 25 November 1781, news came of the disastrous defeat at Yorktown. 'O God! It is all over!' North exclaimed.⁹⁵ A pall of gloom hung over Whitehall and both Houses of Parliament.

In the speech from the throne, the King stated in general his determination to continue the war, but gave no specifics. The speech received an unsympathetic hearing. Opposition leaders were momentarily unready to exploit their opportunity, but Fox was quick off the mark and called for 'a total change of system.' William Pitt stated his dissatisfaction with the King's speech. He called upon the government to be more explicit regarding 'their intention with regard to the farther prosecution

of the American war, and some outline of the manner in which they intended to pursue it.' He took his seat to prolonged applause.⁹⁶ North defended the purpose of the war, but pointed out to an anxious House of Commons that the speech made no mention of continuing the war in America 'or to any form, or shape, or size of it.'⁹⁷

A state of the House of Commons drawn up by John Robinson in early December showed 249 for the government and possibly 233 for the Opposition, numbers that indicated that the government was in a precarious position.⁹⁸ Lord North had given up all hope, and as usual when faced with meeting a hostile Parliament he was filled with despair almost to the point of illness. Even George III realized that 'internal operations' in America were no longer possible, but he stubbornly affirmed his determination to continue the war by holding strategic posts. He insisted that he would never accept peace by surrendering America. 'No consideration,' he wrote, 'shall ever make me in the smallest degree an Instrument in a measure that I am confident would annihilate the rank in which this British Empire stands among the European States.'⁹⁹

Despite the disasters of the American war, the increasing burden of taxes, and economic distress, Lord North continued to maintain remarkably strong support from the Court and Treasury Party of about 140 members. They stood firmly with North through thick and thin. It was commonly said that many members who supported North openly were critical of him in private. As the North ministry staggered to a close, the independent members tilted toward the Opposition. The Rockinghams were not mistaken when they concluded that reducing the influence of the Crown by 50 seats would make the difference, and restore the balance between the Crown and the Opposition.¹⁰⁰

In the political crisis that led to the fall of North's ministry, the voice of organized Opposition 'out of doors' was surprisingly faint. After the disappointing parliamentary sessions of 1780 and 1781, Wyvill had turned his efforts to parliamentary reform – he viewed opposition to the war as a distraction.¹⁰¹ The *Second Address from the Committee of Association of the County of York to the Electors of Britain* (October 1781) was concerned with the issue of parliamentary reform and did not mention the war.¹⁰² Early in December, stimulated by the news of Yorktown, the City of London presented a remonstrance declaring 'its abhorrence of the continuation of this unnatural and unfortunate war,' and preparations were made for similar petitions from Westminster, Middlesex, and Surrey. The Westminster Petition drew a crowd, but Horace Walpole commented that 'the people, though in vast numbers, seemed to be

perfectly indifferent, and to have assembled only from curiosity.' Wyvill, who was in London at the time, did not support the remonstrance.¹⁰³

In the brief session before the Christmas recess, Opposition leaders decided to make the independent members face the costs of the war. They made an effort to bring their supporters to London for the pre-Christmas session, and the House was unusually full. On 12 December, Lord North requested £3.4 million for the army extraordinaries.¹⁰⁴ The request touched a tender nerve in the independent members, because it confronted them with a price tag on the war in America. Two years of petitions and debates on the need for economical reform, fortified by the first five reports of the Commission for Accounts, had convinced them that the financing of the war was riddled with mismanagement and waste.

The debate on the extraordinaries soon became a debate on the war itself. Sir James Lowther, a man of great fortune and violent temper, asked whether 'they were to persevere in this war, and feed it with more British treasure, and British blood?' The country, he said, 'was drained, exhausted, dejected.' He moved a motion to end 'all further attempts to reduce the revolted colonies to obedience.'¹⁰⁵ Charles James Fox asked whether the estimate was based on another campaign in America and demanded a clearer statement from the ministers of how the army was to be used. Since the Cabinet had come to no decisions concerning the continuance of the war, North fudged the issue by stating 'it would not be wise or right to go on with the American war as we had done.' He suggested that the army's role would be limited to holding posts.¹⁰⁶ Sir Edward Dering, an independent gentleman who supported the war, admitted that 'people in general were tired of the expence, and the burthens that expence occasioned,' but he was willing to support the war on a reduced scale. Sir William Dolben, another independent member, said 'he was heartily tired of the American war,' but would support North's plans.¹⁰⁷ North's assurances about the reduced scope of the war satisfied many of the independent gentlemen, and the motion was defeated, 220–179, but the vote on the extraordinaries of the army was the crucial first step in the erosion of support for the North ministry and the war.¹⁰⁸

Two days later, Charles Jenkinson presented the estimate for the ordinary of the army, which led to an extended debate in which it was evident that support for the war in the House of Commons was waning. North conceded that the war had failed and stated 'it was not the intention of ministers to prosecute the war in America to the same extent, and in the same way that had been hitherto done.' Rigby said he

had become convinced that the war was 'impracticable.' Many members awaited a firm decision from the prime minister, which Lord North – trapped by a stubborn King and a divided Cabinet – was unable to give. Clearly, the administration had not decided what it wanted to do.¹⁰⁹

George III was well aware of the problems that Lord North faced. He wrote to Germain that 'the Plan of War must be changed,' and for that reason a new commander was needed in America. He wanted someone who could control the army extraordinaries – 'as these shameful expences have increased every year, it is necessary to consider who can best attack that horrid Hydra.' He recommended Sir Guy Carleton, who was well regarded in the army and whose experience 'in the Commission of Accounts makes him well known to Parliament.'¹¹⁰

When the House of Commons met after the Christmas recess, the attack on the war resumed. Fox directed his fire toward Lord Sandwich, holding him responsible for the unpreparedness of the navy and calling for his removal. His purpose was to add the navy – Britannia's pride – to the catalog of failures of the North administration. He argued that Parliament had provided lavishly for the navy, but that the navy had been badly deployed and led. Admiral Richard Howe, commander of the naval forces in the American theatre from 1776–78, who usually voted with the Opposition on American and naval questions, supported the Opposition attack. When the House divided, Sandwich was saved by a mere 22 votes.¹¹¹ The King commented to North, 'I am sorry to find so many persons could view the conduct of the Navy in so very prejudiced a light as to swell the Minority so much last night.'¹¹²

In February 1782, Gen. Conway moved for an end to the war in North America. Charles Jenkinson advocated holding strategic posts as a way to defend Britain's interests in the area. Rigby admitted that his original support for the war was mistaken, but he opposed the motion on the grounds that the decision should be made by the executive power. The independent members, however, were abandoning the sinking ship, and the motion was defeated by only one vote, 194–193.¹¹³

Three days later, Lord North faced the disagreeable prospect of presenting a budget for a war that was going down the tube. He requested supplies at the previous level rather than at the reduced level that many expected. Proposed supplies totaled £24.2 million. Finally the navy had reached full strength. North proposed 100,000 seamen; the cost of building and repairing ships peaked at £953,000; and North intended to pay off another £1.5 million of navy debt, making a total naval expenditure of £7.8 million. The supply for the army implied a full-scale campaign – £7.7 million, including extraordinaries of £3.4 million.

To cover immediate costs, North issued £4.4 million in exchequer bills, £2 million more than the sum usually issued in anticipation of the land and malt taxes. The loan for 1782 was £13.5 million, including a mixture of 3 and 4 percent stocks, plus an annuity and the right to buy lottery tickets at a reduced price.¹¹⁴ North ignored complaints that the lottery encouraged gambling because 'those who are filled with a spirit of gambling will always find means to indulge in it.' In this way, he said, 'the private vices of individuals might be made to turn to public utility.' To pay the interest on the loan, North proposed new or altered duties on beer, brandy, tobacco, salt, insurance policies, licenses for tea shops, a stamp duty on promissory notes, increased taxes on places of public entertainment, and licenses for draymen.¹¹⁵

When North informed the King that the loan had been approved in the House of Commons, he added that Gen. Conway intended to make another motion concerning the war in America. He was apprehensive, he said, 'that many persons whom he [North] may send for may vote against him, so little can he depend upon the House in any question of that nature.'¹¹⁶

Once again the Opposition chose the fiscal demands of the war to debate the war itself. On 27 February, bolstered by a petition from the City of London calling for an end to the war, Conway followed up on North's budget message by renewing his resolution rejecting 'farther prosecution of offensive warfare on the continent of North America.' The government's military strategy in America was unclear and the prospects for success were dim. Members, confronted with more taxes and loans, were suffering fiscal fatigue. The motion passed, 234–215, with many of North's supporters absent or abstaining.¹¹⁷ The shire members, who previously had been supportive of North, turned against him by overwhelming margins.¹¹⁸ When the crucial moment came, the independent members of the House of Commons saw their duty and they did it. After the vote on 27 February, North informed the King that he was determined to resign. George III accepted the need to form a new ministry, but he insisted that it be committed to 'keeping what is in our present possession in North America.'¹¹⁹

Rockingham recognized that the long-awaited opportunity to overthrow the North ministry was at hand. The events in America, he wrote, 'have much altered the grounds on which we formed our opinion some time ago. It appears to me to be the very moment when we ought to act. – The accounts from America are undoubtedly full sufficient to stagger the Publick at large.' He conceded that Burke's Bill was a political liability. 'We well know,' he wrote, 'that if the Civil List &c. should be

moved in Parl – we shall again have great difficulties with many of our friends.’ He decided to launch a vigorous attack on the issue of America, especially since probably ‘that *other parti* of Opposition [Shelburne] will take this opportunity & will move *something* or other on the American subject.’¹²⁰

The political crisis intensified on 8 March 1782, when Lord John Cavendish moved a string of resolutions expressing lack of confidence in the government. He called attention to the cost – since 1775 ‘upwards of one hundred millions of money have been expended on the army and navy in a fruitless war.’¹²¹ As Rockingham had anticipated, Burke’s Bill was a problem. Henry Dundas called it ‘a most unjust and unwarrantable Bill, unjust, because it tended violently to take from the crown what parliament had pledged its faith to give; and unwarrantable, because it assumed a right of interfering with the distribution of an annuity, which the Legislature of Great Britain had put into the hands of the sovereign, for his own distribution and expenditure.’¹²² The ministry scraped by 226–216.¹²³

The coup de grace came on 15 March, when the defection of the independent members was signaled by Sir John Rous, member for Suffolk, who moved a resolution of no confidence. Many other independents joined in support of the motion, which was defeated by a slim 236–227 margin.¹²⁴ Thomas Grosvenor, an independent member who had supported North on most issues, met with him as spokesman for a group of country gentlemen, and informed him that it was time to give up.¹²⁵

The next day, North wrote a famous letter to King George III, insisting that a new ministry was unavoidable. He reminded the King ‘in this country, the Prince on the Throne, cannot, with prudence, oppose the deliberate resolution of the House of Commons.’¹²⁶ On 20 March 1782, North appeared before a crowded House of Commons and announced ‘his Majesty’s ministry were no more.’¹²⁷ Burke was jubilant. Men of great talent had worked to bring about the fall of the ministry, he said, but the main factor was ‘the spirit of the people, and the conduct of the independent members who best spoke that spirit.’ He called upon the independent members to give the new administration ‘that support without which it would be impossible for it to subsist.’¹²⁸

As the Rockingham Party faced the possibility of taking office, Burke’s Bill was a major obstacle in the Closet. Rockingham tried to pacify the outraged monarch by assuring him that nothing would be retrenched that was personal to the King and royal family or contributed to the splendor of the Crown, but without success.¹²⁹ Burke urged Rockingham to hold firm on his bill. ‘There are several things in it,’ he wrote. ‘1st

the *Principle* of oeconomy by the appropriation of the Civil List – which is the *great* point. The 2nd – the suppression of Offices – which is a detached part rather than a member. 3rdly the destruction of *all* subordinate Treasuries, by subjecting every expence in every department to the Treasury. 4. The appropriation of the money saved.’ These steps, he added, ‘must be taken by act of Parliament.’¹³⁰

Desperately George III attempted to avoid a complete capitulation. He turned to his loyal lord chancellor, William Thurlow, ‘to form an Administration on a wide Basis; for the sake of comprehending the most respectable men of Talents and rank, without reference to the connections they had previously been engaged in.’¹³¹ North advised the King that a coalition that included members of his ministry would be impossible to form. He recommended an approach to Rockingham, whose party would object to radical ideas of reform. He noted that Lord John Cavendish, ‘who is more in the confidence of Lord Rockingham than any other person,’ had always declared his dislike to ‘popular measures.’¹³²

When approached by Thurlow, Rockingham replied that he would not discuss formation of a ministry until the King had agreed to American independence, ‘Great parts of Burke’s Establishment Bill,’ the Contractor’s Bill, the Revenue Officers Bill, ‘Oeconomy in every Branch,’ and ‘General Peace, if possible.’ Rockingham also stipulated a personal audience with the King to negotiate directly with him, instead of through a third party.¹³³ George III was willing to consider formation of a coalition ministry, but he was determined not to be forced by any one leader or party. He declared that he would not exchange one party for another nor yield to prior conditions.¹³⁴ When Rockingham held firm, Thurlow turned to Shelburne, who seized the opportunity to act as a servant of the Crown and establish himself as a major political figure.

Shelburne proceeded to take charge of the negotiations. Rockingham replied to Shelburne that he was willing to discuss formation of a Cabinet that would carry out the measures that he had proposed.¹³⁵ The King was reconciled to independence for America, the Contractors Bill, and the Revenue Officers Bill. The sticking point was Burke’s Bill, particularly reform of the household. The King was willing to leave to Parliament regulation of the offices that served public purposes, but he assumed (as he reminded Shelburne later) that those parts of the Civil List that concerned the dignity of the Crown or enabled it to perform ‘those acts of benevolence which alone make the station bearable’ would be reformed by ‘interior regulation.’¹³⁶ Cunningly, Shelburne said nothing to the King about Rockingham’s stipulated measures, nor did he inform

Rockingham of the King's reservations.¹³⁷ He told the King only that he thought he would be able to keep matters 'within the bounds prescribed by your Majesty.'¹³⁸

Rockingham accepted Shelburne's role as an intermediary, and together they drew up a Cabinet that gave the most important offices to the Rockinghams – Rockingham at the treasury, Lord John Cavendish at the exchequer, and Charles James Fox as one of the secretaries of state. Shelburne kept the other secretaryship for himself. Richmond, who had gone his own way, became master-general of the ordnance. Burke became paymaster of the forces and Barré treasurer of the navy. Rockingham was given no opportunity to discuss the Cabinet with the King before it was approved. George III could take some satisfaction in thinking that he had not been forced by a powerful party leader. Shelburne complained to George III that Rockingham wanted to control all the patronage, which, he feared, 'would reduce him to a Secretary of State under [Rockingham], instead of a Colleague.' The King showed his gratitude to Shelburne by promising to treat him as an equal with Rockingham in disposal of all lesser offices.¹³⁹ As chief negotiator, Shelburne established himself in the King's mind as a willing servant of the Crown, and in his own mind as the co-equal leader of the ministry.

William Pitt was not offered a position in the ministry – a serious mistake, as things turned out. Pitt had never been close to the Rockinghams, who had many supporters with stronger claims to office. Several weeks earlier Pitt had rashly declared 'he never would accept of a subordinate station,' thus taking himself out of the running in advance. He drifted into the Shelburne group, a natural affiliation based on family connections.¹⁴⁰

'At last,' wrote George III on 27 March, 'the fatal day is come which the misfortunes of the times and the sudden change of sentiments of the House of Commons have drove me to, of Changing the Ministry, and a more general removal of other persons than, I believe, was ever known before.'¹⁴¹ The advocates of economical reform had gained control of the government, but two years of debate and the reports of the Commissioners for Public Accounts had changed the agenda of reform considerably. Economy and efficiency had replaced influence as the watchwords of economical reform.

6

The Rockingham Ministry, 1782

The Rockingham ministry

The Marquis of Rockingham was a man of modest demeanor, but he inspired respect among the aristocracy and intense loyalty from his friends. Tenaciously, he had held his party together for 16 years against the power of the Court and Treasury Party and the reluctance of the independent members to oppose the ministry of the day without extreme provocation. Rockingham knew the King was hostile, his Cabinet was divided, and the parliamentary support of his government was likely to disappear once peace was made. He expected that his tenure in office would be short, but the changes that he intended would make it easier for an organized Opposition to check the influence of the Crown in the future.

Rockingham took office as first lord of the treasury, with his Yorkshire friend, Lord John Cavendish, as chancellor of the exchequer. Wraxall describes Cavendish as a plain, straightforward man who was respected for his honesty and unpretentiousness.¹ Burke became paymaster of the forces and Barré treasurer of the navy – the strongest advocates of economical reform controlled the crucial offices of financial administration. The Duke of Richmond took office as master-general of the ordnance, a department in which he had long been interested. Anticipating reform of the household, another Rockinghamite, the Duke of Manchester, was appointed lord chamberlain. George III insisted on the appointment of Thurlow as lord chancellor, which gave him a representative in the Cabinet and a strong spokesman in the House of Lords.

The first result of Burke's Plan of Economical Reform was the disappearance of the third secretary of state. The southern department, under Shelburne, became the home and colonial office, and the northern

department, under Fox, became the foreign office.² Peace negotiations began immediately. As foreign secretary, Fox claimed authority over negotiations with the European states. Shelburne, as home secretary, claimed responsibility for peace with the American colonies until they were formally granted independence. Given the hostility between Fox and Shelburne, the American colonists were able to use the situation to their own advantage.³

From the beginning of the ministry, the rift between Rockingham and Shelburne was evident, especially on distribution of the patronage, where the King did all he could to favor Shelburne.⁴ 'Fox holds the Language of a Premier,' the Bishop of Bangor wrote to Eden, 'Ld. Shelburne does the same. Lord Ashburton [Dunning] says Burke is a mad Mule: Fox seems as eager as Burke about Reforms; and his greatest effort will go to popularity.'⁵ Lord Talbot, the lord steward, died in April, creating an awkward patronage situation. The office was a valuable plum to offer to someone who had lost office or whose office would be suppressed by Burke's Bill. The appointment was seen as a test of power within the Cabinet and at Court. Fox urged Rockingham to appoint Lord Carlisle, president of the doomed board of trade, as an overture to the followers of North and a demonstration of his leadership of the ministry. 'I hope you will not suffer Shelburne to give it away,' he wrote a week later, 'for that must not be.'⁶ Shelburne, to win the support of the Duke of Marlborough, proposed the duke's son, Lord Charles Spencer, whose office of treasurer of the chamber would be suppressed by Burke's Bill.⁷ Rockingham complained to George III about Shelburne's involvement in household appointments and claimed that they should go through him.⁸

Burke saw Shelburne's involvement in patronage matters as another example of his intrigues to advance his own personal following. He insisted that someone committed to reform the household fill the lord steward's office. 'Your Lordship,' he wrote to Rockingham, 'in giving the Office of Lord Steward, I hope will not be content to make that great Gift a mere peace offering, but will strengthen the Cause by it; and will reserve at the same time to yourself the full power of regulating the interior of that department. Otherwise patronage will step in between reformation and abuse.'⁹ The King eventually agreed to the appointment of Carlisle, who described Burke's bill as 'a mass of nonsense and absurdity' and a violation of 'common sense and justice.'¹⁰ Burke lost that one.

Shelburne used his favor with the King to build a parliamentary following for himself. Through Thurlow he made overtures to Dundas

and Rigby, who would give him access to politicians loyal to North. Dundas knew that his future lay with the King and the ministers of his choice, but the political situation was murky, and he had to play his cards carefully. Burke urged Rockingham to pursue Dundas. He complained to Rockingham that the union of Shelburne and Dundas would 'form such a Cabal as may shake the whole of that power, which, but a week ago, made you through the medium of the Majority of that house, irresistible in every other Quarter.'¹¹ Burke lost that one, too. Dundas had already become close to Shelburne.¹²

The Civil List

The Rockingham party came to office with broad plans for economical reform.¹³ The first, and politically most threatening to the ministry, was Burke's Bill for reform of the Civil List.¹⁴ Rockingham was determined to strike while the iron was hot. When George III attempted to haggle, Rockingham insisted that he had agreed to Burke's Bill as one of the four points that had been specified before taking office. Shelburne seized the opportunity to curry favor in the Closet. 'I have now only to assure Your Majesty,' he wrote, 'that this matter has dwelt upon my mind since you first commanded me to consider it, and it shall continue to have every honest attention.'¹⁵ He advised the King to mix as little as possible 'in the Publick Regulations proposed, which go to the Reduction of Ministerial Influence in the two Houses.' He encouraged him to think that 'Interior arrangements' of the household would be a separate matter.¹⁶ The King replied that Shelburne's 'very handsome manner' in speaking to him about Burke's Bill justified him in expressing his views on 'this very unpleasant business,' which he described as a 'very personal subject' with 'some parts more revolting than others.' He expressed his willingness to accept 'rigid Oeconomy in the Administration of the Civil List,' but added that reform could not be meant to reduce 'any such Offices as had any Peculiar Attendance on the Person of the King, or to diminish its comforts by disabling it from those acts of Benevolence which alone make the Station bearable.'¹⁷

George III sensed that Rockingham intended to ram reform of the household down his throat without proper consultation. 'Certainly it is quite new,' he wrote to Shelburne, 'for business to be laid before the Cabinet' without asking permission from the King.¹⁸ He sent Rockingham extended comments on Burke's Bill with the remark: 'I do not think myself bound to make any further concessions.'¹⁹ Some of his comments were helpful, for he had an intimate knowledge of the

household. He raised questions about details and the provision to be made for those whose offices were retrenched. He was concerned that the limitation on pensions should not prevent him from providing 'for those who by services of twenty or thirty years are disabled from continuing... or have had any accident to disable them, and are not in circumstances to maintain themselves.'²⁰ He accepted the principle that the treasury should control household expenses, adding 'I am to be the sole [judge] of the necessity of the business being done if [it] regards my own amusement or convenience.'²¹

Rockingham attempted to mollify the outraged monarch. He promised that the only offices to be abolished were those that served the political or personal interests of ministers, assuring the King that 'not a single article of the expense to be retrenched touches anything whatsoever which is personal to your Majesty, or to your Majesty's royal family, or which in the least contributes to the splendour of your Court.'²² George III, who had consulted with Shelburne, Dunning, and Thurlow about the bill, grumbled that it was 'slovenly constructed' but he decided it was best 'to let it go without much discussion which might render the sting worse.'²³

As the bill moved forward, George III confided to Shelburne: 'I own I suspect on the whole of the alteration of the Civil List there is still some secret that is not disclosed. I hope this is a groundless idea, but it constantly haunts me.'²⁴ What was this haunting secret? George III had revealed it to Lord North a week earlier, when he stated that he feared he would lose the increase of the privy purse made in 1777. 'I think it most likely,' he wrote to North, 'that on the reduction of the expences of the Civil List, I shall be obliged to see my Privy Purse diminished the £12,000 per annum.'²⁵ George III's anxiety for the privy purse was groundless. No evidence has come to light that the Rockinghams knew or even suspected that the additional £12,000 had been used for the King's election fund.²⁶

While the King wanted to reform the household by 'interior regulations,' Burke argued forcefully that his reform of the Civil List, including the household offices, must be embodied in an act of Parliament, which would give it permanence. 'If we let slip Parliament,' he wrote to Rockingham, 'we let slip all. This is our only security against Cabal and intrigue; and if that Cabal and intrigue should force us out, you have spread the Carpet of a fair reputation to receive you in your fall.'²⁷

On 15 April a message was presented to the House of Commons urging 'the consideration of an effectual Plan of Economy through all the branches of the Public Expenditure.' The message added that

reforms of the civil establishment were being prepared and would soon be presented to the House. Shelburne insisted that the message came from the King, not the ministers, at the same time making it clear that it was not the kind of reform he would have proposed. He took the opportunity to praise the Commission for Public Accounts and urged the Lords to give their full attention to their reports. Burke praised the King effusively, calling it 'the best of messages to the best of people from the best of kings.'²⁸ Fox wrote to a friend: 'Burke in the Commons and Lord Shelburne in the Lords were ridiculously extravagant in panegyrics on his Majesty for this magnanimity, which certainly was no measure of his.'²⁹

Burke's Civil List Act (22 Geo. III, c. 82) was ready for presentation to Parliament early in June.³⁰ Its stated purpose was to prevent the incurring of Civil List debt by abolishing certain offices and regulating the method of payment. In the civil government, the act abolished the third secretary of state and the board of trade. The responsibilities of the colonial secretary devolved to Shelburne's office, the newly established home secretary. The duties of the board of trade were assigned to an unpaid committee of the privy council, a tacit admission that its activities were worth continuing. The lords of police and trade in Scotland, which were not in Burke's Bill of 1780, were also abolished.

In the household, the great wardrobe and the jewel office were abolished, and their duties put under the management of the lord chamberlain. The office of the treasurer of the chamber was abolished, and the lord chamberlain assumed responsibility for expenditures in his department. The master of the robes was kept upon the request of the King, who pointed out that this officer was essential as he had 'the peculiar employment of carrying my train at the House of Peers.'³¹ In the lord steward's department, the office of master of the household was kept, and the offices of treasurer and comptroller of the household were continued to make cash payments for day-to-day expenditures. The office of cofferer of the household was abolished, as were the six rich sinecures of the board of green cloth. Burke's proposal in the bill of 1780 to abolish the housekeepers and wardrobe keepers of the royal palaces, which provided court positions for genteel ladies, was dropped. The act also abolished all but one of the masters of the hounds. The master of the buckhounds was kept following the plea of George III that 'every private Person keeps Hounds.' The department of the master of the horse, in which the King had a special interest, was pretty much untouched, except for a few minor offices. Burke's proposals in the bill

of 1780 to reform appointments to the Yeomen of the Guard and Band of Gentlemen Pensioners were abandoned.

The board of works was abolished and replaced by a professional architect, at that time Sir William Chambers, who was placed under the authority of the lord chamberlain.³² Chambers, the most distinguished English architect of the time, did not accept his subordination to the lord chamberlain quietly. He complained to Burke about a clause that authorized the treasury to retain 'a Builder of Credit' to review the construction and costs. The surveyor of the works, he said, should be 'the first of his profession,' and this clause put him in 'a very contemptible light.' Burke had intended a separate department of gardens under a separate surveyor of gardens, but this position was not filled, and the gardens were managed by several clerks of the works.³³

The treasury became responsible for the finances of the household. The treasury was authorized to make all payments previously made in suppressed offices, appoint or continue in office such officers as they deemed necessary to put the plan into execution, receive quarterly estimates from the department heads, authorize all expenditures that exceeded the departmental estimate by £5000 and all works exceeding £1000. They were authorized to appoint a person to carry out the reform of the household in detail, which included determining the minor offices that would be abolished as dependent upon the major offices specifically abolished by the act. The treasury was also charged with providing compensation for holders of those offices. Under Rockingham, this task fell to Burke, although no one could have been temperamentally less suited for it.

The office of paymaster of the pensions was abolished, and all pensions were to be paid publicly at the exchequer. The pension list was limited to £90,000 per annum instead of the £60,000 proposed by Burke in 1780. Total pensions granted in any one year were not to exceed £600 until the pension list had been reduced to the required level. After that, no pension could exceed £1200 per year. The customary pensions to diplomats returning from foreign assignments were not included within these limits, and no provision was made for the usual presents when a new ambassador was presented to a foreign ruler. The treasury was permitted to issue pensions to unnamed persons upon swearing that they would not be used for the benefit of any member of the House of Commons or to influence elections. Domestic secret service was to be spent 'in detecting, preventing, or defeating, treasonable or other dangerous Conspiracies against the State in any Place within this Kingdom,' and could not exceed £10,000 per year.

Foreign secret service was to be paid by the secretaries of state or first lord of the admiralty, who were required to present receipts to show that the money was spent abroad and take an oath that it was properly spent. Secret service could not be used for regularly recurring payments, that is hidden pensions. The act, perhaps due to an oversight, did not provide a budget category for secret service, which had to be paid out of 'Occasional Payments.' The category called special service was intended for unexpected expenses. It differed from secret service in that it was not secret. The treasury was required to list all payments for special service in a book available to members of Parliament. Special service was not to be used for recurring payments, and if a payment was made for three years in succession it was to be considered a pension and subject to the restrictions on pensions. Special service was at the discretion of the treasury, and the act specified no limit on the amount spent. All savings from the reform, estimated at £72,368, would remain with the Civil List.

Responsible management was to be assured by an invariable order of payments, beginning with the royal family and ending with the treasury board, if there was any money left. In deference to the King the payment of the royal family was placed first, instead of fifth, as in the plan of 1780. The order of payments was (1) the privy purse and royal family, (2) judges and courts and Speaker of the House of Commons, (3) ambassadors resident at foreign courts, (4) tradesmen's bills, (5) menial servants in the royal household, (6) pensions, beginning with the smallest, (7) salaries of all other places paid out of the Civil List, beginning with the lowest, and (8) salaries of the treasury board. A catchall called 'Occasional Payments' was provided for unexpected expenditures. The treasury was directed to prepare a budget for each class and provide compensation to people who suffered due to abolition of their offices.

The law provided that Civil List debt would lapse after two years, which was intended to give the treasury board one year to bring Civil List expenditure under control or request additional funds from Parliament. Although the act specified that over-spending could not be 'carried forward as debt to the account of the year following,' this clause was soon ignored. Civil List funds for one year were used to make up the deficit of the previous year, and the Civil List would have to be a full year (£900,000) in arrear before the clause would begin to pinch.

When Burke's Bill was presented to the House of Commons, Lord John Cavendish, chancellor of the exchequer, presented an account of Civil List debt, which approached £300,000, with a request for payment.³⁴

The debt strengthened support for Burke's Act by emphasizing the need for reform. Cavendish stated that the debt could be retired without an additional appropriation from Parliament by using the savings that were expected from Burke's reforms.³⁵ Later in the session, Cavendish proposed issuance of £300,000 in exchequer bills, to be paid off at a rate of £72,000 per year, the expected savings from Burke's Act.³⁶

Nothing was included about the sale of Crown lands and forest rights or abolition of the separate establishments of Wales, Cornwall, and Lancaster. Burke explained that such great opposition had appeared in Wales that he considered it best to omit that part, although he insisted that the principle was sound. He added that 'it would require much labour and expence, much information, and many instruments in order to digest such a system as it would be proper to adopt in so arduous and complicated a business.'³⁷

The proposal for reform of the ordnance, Burke said, was abandoned 'because that department was now filled by a nobleman whose regard for the public, and whose frugality in laying out their money, would render any regulation in the Ordnance completely unnecessary.' Barré complimented Richmond, but said regulations should be passed 'as should put it out of the power of a bad man... to enrich himself with the spoils of his country.' Robert Vyner, a diehard supporter of North, noted that 'as the Duke of Richmond was not immortal, he would vote for such regulations in the Ordnance, as should render it impossible for any successor of his to abuse his power, and plunder the public.' Fox replied that reform of that department was not abandoned, but only postponed until the new master-general prepared a plan. Burke admitted that the reluctance of the Bank of England to assume the functions of the mint had forced him to abandon his plan to abolish that department.³⁸

Burke stated that as paymaster of the forces he would begin reform of that office by keeping his balance low. He promised to bring in a bill to reform the paymaster's office 'in a day or two.'³⁹ Barré, treasurer of the navy, also promised not to accumulate balances. He said that the Commissioners for Public Accounts had reported that his office was frugally managed and did not need reform.

In the House of Lords, opponents of the Civil List Bill expressed resentment that it came to them as money bill, which could not be amended, and generally damned it as hasty and ill considered. Lord Carlisle, who, as lord steward, would be responsible for reforming his department, wrote, 'We had Burke's Bill in the Committee yesterday – such a mass of nonsense and absurdity. It was a money bill, and a measure not to admit alterations; and so to our shame be it said, we passed it, in

spite of common sense and common justice.⁴⁰ Lord Stormont stated that the bill showed 'the distinction between real knowledge, and the mere conjectures of a speculative reformer.' Shelburne, as usual, showed disdain for Burke's Bill as a measure of economical reform. 'He hoped to introduce a general system of economy,' he said, 'not only in the offices mentioned in the Bill, but into every office whatever.' Until the time for general reform arrived, he conceded, 'ministers were bound to proceed with lesser systems and smaller plans of regulation and economy, like the present Bill.' The Duke of Richmond was the principal defender of the Bill, but even he admitted that it was 'the first experiment' and could be made 'more perfect and more extensive' in the future.⁴¹

Burke was given responsibility for reform of the household, despite his plaintive protest that he did not wish to become involved in 'an establishment of detail.'⁴² He was overwhelmed with accounts of household establishments and complaints of household officers.⁴³ Sir William Chambers, surveyor of works, offered advice about the reconstitution of the new office of works. 'Permit me to assure you,' he wrote, 'from more than twenty years experience, that the nearer it approaches to the old one the better it will be.' He added, 'all things counted, the King pays less in general for his works than any private gentleman whatever.'⁴⁴

The Rockingham ministry fell before Burke could make any progress in implementing his reforms of the household. When all was said and done, the lord chamberlain's department lost more than 80 places, the lord steward's department 30, and the department of the master of the horse another 30, many of them attractive to influential members of the political class. The household still included 850 places, and 'the household troops' in Parliament continued to be an important political consideration. Nevertheless, the reform of 1782 was a turning point in the structure and management of the household.⁴⁵

In the meantime, Philip Jennings Clerke's Contractors Bill (22 Geo. III, c. 45) passed with slight opposition.⁴⁶ After the bill was passed, 12 members of Parliament who held contracts with the treasury gave up their contracts rather than lose their seats in Parliament. Most of these contracts were phased out when British troops left New York. Harley & Drummond gave notice to the treasury that they wished to terminate their contract for remitting specie to the colonies.⁴⁷ John Crewe's Revenue Officers Bill (22 Geo. III, c. 41) also had easy passage.⁴⁸ It excluded officers of the excise, customs, stamps, and salt, from voting in elections for the House of Commons. Amendments added collectors of taxes on windows and houses and officers of the post office.

Resistance appeared in the Lords. Lord Mansfield argued that the bill tended to 'a dangerous depression of the regal power.' In all mixed monarchies, he said 'the crown must have its necessary degree of weight and power, or the balance that poised the whole, and preserved the constitution, would be lost.'⁴⁹ Rockingham, weakened by illness, spoke in favor of the bill – his last speech in that Chamber. He estimated that revenue officers played an important part in the elections of 70 boroughs. The customs, he said, had 5000 persons plus 2500 more tidesmen who were voters. The excise had at least 4000 more.⁵⁰ Betty Kemp notes that few boroughs were affected by Crewe's Act (22 Geo. III, c. 41), and those affected by the act 'were among the safest of government boroughs in the early nineteenth century.'⁵¹

Ian R. Christie, author of the most thorough study of the parliamentary effects of economical reform, concludes that Burke's Act abolished 47 places tenable with a seat in the House of Commons, and prohibited secret pensions for three members, perhaps a total of 50 seats in all. However, some of the abolished seats were not currently held by members of Parliament, and the actual number of members who lost seats was 22. Clerke's Act affected 15–20 contractors, and Crewe's Act 13 seats. Christie also points out that other potential bits of patronage had been unused. He concludes that patronage was a less important consideration in the voting of members of Parliament than was formerly thought.⁵²

Contemporaries saw the situation differently. Observers remarked on the political consequences of the Burke's Civil List Act. Horace Walpole wrote, 'Mr. Burke's reforming bills, which had saved but a trifle to the public, distressed his party by cutting off many small places.'⁵³ William Eden was more blunt about its political effects: 'Burke's foolish bill,' he wrote to Lord Loughborough, 'has made it a very difficult task for any set of men either to form or maintain an Administration.'⁵⁴ A year later, Charles Jenkinson anticipated unstable ministries 'unless the Bills wch passed last year for diminishing the Influence of the Crown are repealed, for the power that is left is not suff't to protect the Ministers of the Crown from popular prejudice.'⁵⁵ Perhaps the political effects of economical reform were more important than Christie thought.

The Rockingham ministry and administrative reform

Although priority was given to measures that would reduce the influence of the Crown, the Rockingham ministry came into office with ambitious plans to deal with the vast problems of finance and administration

revealed by the war and the Commission for Public Accounts. In his speech on economical reform, Burke had touched on many of these. During the debate on Burke's Bill, Lord John Cavendish stated that other reforms were intended: 'this was only a specimen,' he said, 'of that economy and reformation which should be introduced into every department.'⁵⁶ The Rockingham Papers include papers that deal with reform of the patent offices in the exchequer, abolition of exchequer fees on public loans, fixed salaries in the patent offices of the exchequer after the death of the incumbent, regulation of the mode of accounting in the exchequer, public accountants required to pay in their balances, reform of the offices of paymaster of the forces and the treasurer of the navy, abolition of the principal offices in the mint, and the sale of Crown lands and forest rights.⁵⁷

In addition to the challenges of the Rockingham reform program, the treasury had to deal with the day-to-day business of government. William Beldam, a clerk in the treasury and deputy teller in the exchequer to Lord Hardwicke, was impressed. 'The new Treasury Board,' he wrote to Hardwicke,

have hitherto been indefatigable in dispatching the Legacy of papers unexecuted left them by the last, and I believe if they go on as they have begun they will get nearly thro' them all in the course of next week – I do not remember so much real business being done in any one week for many years past at the Treasury as had been done in this.'⁵⁸

He compared the new treasury board and secretaries to a farmer who has taken over a farm 'if not wholly spoiled, very foul.'⁵⁹ He reported that one of the new secretaries, who 'trembled at the Undertaking [he] had engaged in,' died when he fell out of a treasury window. It did not seem to be an accident, Beldam said, 'yet people seem cautious of saying it was done on purpose.'⁶⁰

Lord John Cavendish had no choice but to base his budget on his predecessor's. Total supplies were £23.3 million. The navy was budgeted at 100,000 men (the maritime war with France and Spain was still in progress), and the program for building and repairing ships continued high at £953,519. The budget for the army totaled £7.6 million, and Lord North's loan for £13.4 million plus a lottery went forward.⁶¹ Cavendish conceded it was too late in the session to undertake 'the great and important reforms that were to be made in most of the public departments and offices.' Like Lord North, his immediate concern was

improvement of the collection of the land tax and reform of the offices of the paymaster and the treasurer of the navy to capture their balances for the exchequer.⁶²

When the Rockinghams came to office, the Sixth Report of the Commission for Public Accounts was on the table.⁶³ The Commissioners stated that they wished to establish 'a system of strict Economy in the Administration of the Public Revenue.' They defined their objective as:

Economy that steers between extreme Parsimony on one Hand, and Profusion on the other; that is consistent with Justice as well as Prudence; that gives to all their full Due, and to none more; that supports every useful and necessary Establishment, but cuts off and reduces every superfluous and redundant expence [711].

The Report dealt with the fees and gratuities associated with the 'collecting, issuing, expending, and accounting for the Public Monies.' The Commission discovered that in 1780 the paymaster of the forces had paid exchequer fees of £39,198 as poundage on money issued to him from the exchequer, which, they suggested, 'warranted the Interposition of the Legislature' [702]. The paymaster received a salary of £3061; the deputy paymaster £962. They did not collect fees. John Powell, cashier, received over £8000, mostly from fees, and Charles Bembridge, accountant, received £2715. The fees paid by Harley & Drummond on the money for remittance to America yielded £1213 each to Powell and Bembridge. The salaries of the clerks were £60–£80, but their fees increased their remuneration by 10 times or more [704]. The Commissioners listed a variety of other fees and allowances. The total of salaries and fees in the paymaster's office was £25,108. The treasurer of the navy had a salary of £2000, and did not take fees. The salaries of the paymaster of the navy and cashier were £500 each. The 35 clerks received salaries of £40–£80, plus fees and perks that totaled £7938, which they divided among themselves, an average of £227 per clerk [703].

The greatest excesses were found in the exchequer. The Commissioners conceded that caution should be exercised in reforming such an ancient institution. 'But when a change in the Manners, Customs, and above all, in the Finances of this Nation since the origin of this Office, may render Regulations necessary,' they said, 'we have judged it part of our Duty to examine into the Receipt of the Exchequer, with a view to an economical Reform' [711]. In the receipt side of the exchequer, which received and paid out money, the incomes of the four tellers and the clerk of the pells in 1780 were between £6000 and £8000, with a high

of over £14,000 for the Duke of Newcastle, the auditor of receipt. The usher of the exchequer, Horace Walpole, had a net income of £4200. His salary was £40, and most of his profits came from supplying the treasury, exchequer, and several other offices with stationery and coal at a markup of 40 percent. These were sinecure offices, performed by deputy. The salaries of the clerks were in the range of £100, but they were increased by 10–20 times by fees [705–11].

Fees based on poundage were seen to be the main cause of excessive emoluments. The Commissioners pointed out that this method of payment had been equitable in former times, when payments were made in coin, but the development of paper instruments made it as easy to make a large payment as a small one. They noted that exchequer fees based on poundage became excessive in time of war. Poundage amounting to £62,225 had been charged on issues and receipts of £16 million and paid to officers who did little or no business. They recommended replacement of the fee system by fixed salaries, and prohibition of the gratuities that were received in some offices. 'We are of Opinion,' they said, 'that in Place of all these Salaries, Fees, and Gratuities, there should be substituted and annexed to each of these Offices, of whatever Rank or Denomination, One certain Salary, paid to the Officer by the Public Quarterly, and free of all Deductions; this Salary should be an ample Compensation for the Service required; and the Quantum estimated by the various Qualifications and Circumstances necessary for the Execution, and which together form the Title to Reward' [724]. The regulations they proposed, they said, were made necessary by 'the pressing Exigencies of the Times' [710].

Lord John Cavendish took the lead in the Rockingham response to the reports of the Commission. He admitted that the ministry had not yet decided what it wanted to do about the patent offices in the exchequer: 'whether those patents ought to be resumed, or the profits arising from them curtailed, might be hereafter a fit subject of discussion.' He stated that his colleagues 'would very willingly deprive themselves of the power of appointing successors to those who at present enjoy the patents, if parliament should be pleased to require such a renunciation.'⁶⁴ Many independent members shared the view that the incomes of patent offices in the exchequer were too high. William Pulteney spoke for them when he said that he did not wish to see patent offices abolished, 'but he could not see any reason why they should enjoy greater emoluments as the burdens of the nation became greater.' John Pratt, one of the tellers of the exchequer, joined the chorus. He would not be willing to give up

his office, he said, 'but he would not stand in the way of economical regulations which might be thought necessary in the Exchequer.'⁶⁵

Cavendish presented a string of resolutions based on the reports of the Commissioners.⁶⁶ These included (1) improved collection of the land tax and the taxes on windows and houses (First Report), (2) consolidation of the minor revenue boards, including the tax office (Second Report), (3) balances in possession of the paymaster regulated (Fourth and Fifth Reports), (4) establishment of salaries rather than fees for staff in the pay office (Sixth Report), (5) similar regulations in the office of the treasurer of the navy (Third and Fifth Reports.), (6) paymaster and treasurer prohibited from using money imprested to them for their personal benefit (Third, Fourth, and Fifth Reports), (7) regulation of the profits of the great patent offices of the exchequer after the deaths of the present holders or reversions (Sixth Report), (8) useless exchequer offices (usher of the exchequer, chamberlains, tally-cutters) should be abolished at the death of the incumbents (Sixth Report), (9) Parliament should consider these reforms in the next session, and (10) if any of the patent offices in the exchequer should fall vacant, a successor would be appointed only with a fixed salary and with conditions that would permit the House to reform the office.⁶⁷

Cavendish praised the work of the Commission for Public Accounts and moved that it be continued for another year. Barré conceded 'they were now so conversant in the great business they had undertaken, that they must now be more expert than members of Parliament could possibly be for a long time to come.' Burke stated that his original bill had contemplated such a commission, 'but that business having been since taken up, and most ably executed by the commissioners, it formed no part of his present plan.'⁶⁸ The Commission was extended for another year (22 Geo. III, ch. 50).

The Cavendish resolutions took economical reform in a new direction. Burke's Civil List Act, the Contractors Act, and the Revenue Officers Act were considered to have accomplished the political objectives of the government by reducing sufficiently the influence of the Crown. Adoption of the proposals of the Commissioners for Public Accounts signaled recognition of the need for expert guidance to deal with the massive financial and administrative problems of the fiscal-military state. Burke had suggested many of the topics explored by the Commission; Shelburne had proposed a commission, albeit of a different kind; the Commission had been established by Lord North, and its reports had been adopted by the Rockingham ministry. Its work had been praised by the independent members and the general public.

Their recommendations were free of partisan considerations, although many personal interests were at stake. A consensus had been achieved; economical reform had ceased to be a partisan issue.

Army reform

When Burke was appointed paymaster of the forces, he reported with satisfaction to William Burke that he intended to bring in a bill to reform his office 'but it was impossible to do everything at once.'⁶⁹ He promised to introduce a paymaster bill in the next session, but the Fourth and Fifth Reports of the Commission for Accounts brought immediate action. He plunged into the task with his characteristic energy, and now he had access to information and clerical assistance not available in Opposition. Furthermore, the reports of the Commissioners provided him with detailed information, specific proposals, and a broad base of parliamentary support. Burke's proposed reform of the office was based on the Fourth and Fifth Reports of the Commission for Public Accounts, whose reputation virtually guaranteed passage. He quickly cobbled together a bill that was presented on 26 June and 'read twice for the greater dispatch.'⁷⁰ The bill was rushed through both Houses as the session drew to a close.

Burke's Act (22 Geo. III, c. 81) prohibited the holding of a balance by the paymaster, and required that all money for army services be imprested to the Bank of England. All withdrawals would specify the purpose, and all requests to the treasury for additional funds required a statement of the balance in the bank and the purpose of the expenditure. Upon the death or removal of a paymaster the balance of his account would pass to his successor, who would become responsible for all obligations incurred during the term of the paymaster whom he succeeded. Books and papers belonged to the office, not the individual paymaster. The act directed that all fees be paid into a fee fund, from which fixed salaries would be paid to the clerks, with any surplus devoted to Chelsea Hospital. No other emoluments were permitted. In accord with the principles of the Commission for Public Accounts, the office of paymaster became an institutional, not a personal office.

A modest reform was made of the army pay system. The Fifth Report of the Commission had noted the padding of regimental muster rolls by their commanders, and the lack of order in computing and paying the wages of the troops. Several clauses in Burke's Act directed that regimental rosters show only effective men, and required that issues for pay be made only according to the actual number of men in the

regiment. Since no consistent system of mustering existed, the secretary at war had no accurate information on which to base his payments and those provisions were ineffectual. Although the Act did not take effect until 1 January 1783, Burke applied it to his office immediately. He deposited his balance in the Bank of England and established a salary of £4000 per year. The act was a stopgap measure, and the next year Burke led in its replacement by a more comprehensive bill.

The debt

When he came into office, Rockingham prepared a list of names for a committee to report on the cost of the American War. Thomas Pitt was listed to head the committee, and William Pitt's name was on the list, although he was not selected.⁷¹ The mandate of the committee was to state the amount of debt accumulated from 5 January 1776 to 5 April 1782, the produce of the taxes granted to fund that debt and how far the taxes had fallen short, the size of the funded and unfunded debts, the amount expended without previous parliamentary appropriation, and an estimate of the cost of the war. Fox clearly saw the committee as a muckraking body – he wanted them to investigate John Robinson's retirement pension 'with a thousand other grievances.'⁷² The Thomas Pitt Committee fulfilled its mandate and went beyond it to recommend consolidation of the customs duties and reduction of the amount of navy bills and ordnance debentures in circulation. The Rockingham ministry ended before its report could be submitted and discussed.⁷³

Parliamentary reform

The fall of North's ministry encouraged Christopher Wyvill to renew his activities in Yorkshire. The Yorkshire Association drew up a series of resolutions that thanked the independent members of the House of Commons for voting to end the war in America, expressed confidence that the new government would set an example of public frugality and would correct abuses in the expenditure of the public money, and agreed to give them breathing space by postponing action on their petition for parliamentary reform.⁷⁴ Wyvill carefully avoided forming a connection with any of the principal political leaders. In June, he called on Rockingham to thank him for ending the war and for his measures of economical reform. When he raised the matter of parliamentary reform, Rockingham stated that he would not support it, but in deference to the Duke of Richmond he had agreed to parliamentary discussion of it. 'But

when I asked his Lordship,' Wyvill wrote, 'whether I might represent him as a general well-wisher to the cause of a Parliamentary Reformation, I did not receive any clear and decisive answer.'⁷⁵

Shelburne, Fox, and the Duke of Richmond were committed to parliamentary reform, and Rockingham had to give them some slack. The Duke of Richmond reminded Rockingham that he was pledged to parliamentary reform, and could not remain in the ministry unless some action was taken.⁷⁶ In accord with his previous commitments, Shelburne met with Dunning, Barré, and Pitt to prepare a motion for shorter Parliaments, additional county representation, and abolition of some rotten boroughs. Since Pitt was not identified with either of the parties, it was decided that he would move to bring the matter before the House of Commons.⁷⁷

On 7 May 1782, William Pitt boldly stepped forward as an advocate of parliamentary reform. He was not in office, and he made his motion as a private member. His motion and the speech supporting it were received with remarkable respect for a member so young and inexperienced. His motion was little more than staking out a commitment. He called for a select committee to investigate the state of the representation and propose 'a moderate reform of the errors which had intruded themselves into the constitution.' He attacked the influence of the Crown, which he said was especially strong in close boroughs. Pitt made no specific recommendations for reform, preferring to leave that to the committee.⁷⁸ His proposal was opposed by his cousin, Thomas Pitt on principle, citing as an alternative the reforms in progress 'as may promise to us either oconomy in the administration of our finances, or stability to our happy constitution.'⁷⁹ The motion was defeated, 161–141.⁸⁰ Shortly thereafter, Pitt and some of the members who agreed with him met with Wyvill and other advocates of reform at the Thatched House Tavern. They accepted Wyvill's argument that it was best to wait until other reforms of the Rockingham ministry were completed. They agreed to work during the summer to prepare petitions that would be presented to Parliament in the next session.⁸¹ Realizing that parliamentary reform complicated his relations with the King and the Northites, Shelburne did not press the issue.

The end of the Rockingham ministry

On 1 July the Rockingham ministry ended with the death of its leader. Rockingham and his followers had not expected to remain in office more than a few months, but they assumed that their tenure would be

terminated by the King or by political intrigues involving Shelburne and North. That the ministry would be ended by Rockingham's death does not seem to have been thought of until a few days before the event. The death of the Marquis ended a government that had begun to deal with the multiple crises that faced the British fiscal-military state, but it created another political crisis. Shelburne hastened to inform the King of Rockingham's death. He assumed that he would form a new ministry and raised some concerns about its composition. He said that he had had satisfactory conversations with William Pitt and the Speaker.⁸² Relieved to be freed of his political enemies, George III offered the treasury to Shelburne.⁸³

Fox, Cavendish, and Burke were outraged. They resigned and went into Opposition. They disliked Shelburne intensely and felt that he had sold out to the King to advance his own political career. Burke wrote to Lord Loughborough: 'But to think that all the Labours of his [Rockingham's] Life, & that all the Labours of my Life, sh'd in the very moment of their Success, produce nothing better than the delivery of this Kingdom into the hands of the E. of Shelburne, the very thing (I am free to say to you & to every body,) the toils of a lifetime ten times longer and ten times more important than mine would have been well employed to prevent – this I confess, is a sore, a very sore tryal.'⁸⁴

Shelburne organized a government based mainly on the support of the King, but most of the proven leaders and the best debaters were against him. George III realized that he was in a fight to the finish with Fox, Burke, and others of that persuasion. He wrote to Jenkinson: 'the mask is now certainly cast off it is no less than a struggle whether I am to be dictated to by Mr. Fox, who avows that He must have the sole direction of this Country; Lord Shelburne certainly must and shall have my fullest support.'⁸⁵ Jenkinson was not surprised at the falling out between the two elements in the Rockingham ministry, which he said would have happened even if Rockingham had not died. He added: 'I think it possible that things may at last come right.'⁸⁶

In the political crisis, economical reform was not an issue. Shelburne stated that he would 'hold office, secure peace, and promote reform.'⁸⁷ The King's speech ending the session stated that he was determined 'to apply that oeconomy which I have endeavoured to set on foot in my civil establishment, to those more extensive branches of public expenture; in which still more important advantages may be expected.'⁸⁸

Lord North was out of office, but by no means out of the picture. He was courted by both parties. His abilities and long experience had won the loyalty and affection of more than a hundred members. He

shared the common dislike and mistrust of Shelburne, and opposed many of his reform ideas, including parliamentary reform. A rough estimate in October 1782 gave Shelburne 140 members of the House of Commons, North 120 and Fox 90, with 200 undecided.⁸⁹ When Parliament assembled in December, North had regained his usual good spirits. In his response to the speech from the throne, he criticized both Fox and Shelburne. It was evident that he retained his mastery of the House of Commons and could, if he wished, make trouble for Shelburne whenever he chose to do so.

7

The Shelburne Ministry, 1782–83

Political parties and economical reform

Shelburne faced a daunting task in forming a government in the highly charged political conditions of 1782. His personal following was small, and he lacked the genial bonhomie of the professional politician. His intellectual interests and incisive grasp of problems isolated him from the usual give and take of the political process, and his attempts at cordiality were often regarded as insincere. Shelburne was unable to win the confidence and trust of major political leaders, the independent members, or the public, despite his evident abilities.¹

Shelburne's ministry rested on the support of the King, who knew how to use offices and honors for his own political purposes. Charles Jenkinson accepted George III's urgent request to support Shelburne, although he cautiously decided not to take office until he had a clearer picture of how the land lay.² John Robinson came on board, and prepared for Shelburne a rosy scenario of the political prospects in Parliament.³ Rigby, who needed all the political clout he could get to settle his balances favorably, also agreed to support the administration, although he did not take office.⁴

Beyond the professional placemen, Shelburne needed the support of major aristocrats with broad acres and many boroughs. In turn, many of them needed the prestige and salaries of office to maintain their political status and stately homes. The powerful Grenville family was gratified with the lord-lieutenancy of Ireland (Earl Temple), chief secretary (William Wyndham Grenville), and treasury board (James Grenville). William Pitt joined his Grenville cousins in office as chancellor of the exchequer. Barré took office as paymaster of the forces, where he continued the reforms that Burke had begun.⁵ The Duke of Richmond,

eager to continue his reforms at the ordnance, stayed on as master-general. Several others who were politically active rallied behind the King's cause for reasons of their own.

A handful of aristocrats and their dependents were not enough. Shelburne needed the support of either Fox or North. The bitterness between Shelburne and Fox was so great that nothing could be done there. Shelburne approached North, but similar suspicions divided them. Pitt complicated matters when he made it clear that he would not serve with Lord North.⁶ Shelburne also sought popular support. He attempted to remain on good terms with Christopher Wyvill, although his desire for support from North meant that he had to soft-pedal his commitment to parliamentary reform. He sent Wyvill a personal message that 'he meant to act nobly by the Association,' but stated that he did not want his support made public.⁷

Financial and administrative reform

Despite the challenges of waging war and making peace, and his uncertain political support, Shelburne immediately took up the cause of financial and administrative reform. He had made a systematic study of the administrative system and was friendly with Sir William Musgrave of the board of customs and Sir Charles Middleton, comptroller of the navy. The Shelburne Papers at the Clements Library, the University of Michigan, testify to his interest and industry.

When Parliament assembled in December 1782, the speech from the throne summarized the extensive plans of the ministry: reform and reduction of the Civil List, reform of public offices, 'better oeconomy in the expenditures of the army,' inquiries into the Mint and the landed revenue of the Crown, and 'an immediate attention to the great objects of public receipts and expenditure.' Improvement of the estimates presented to Parliament was an important objective: 'Matters of account,' the speech read, 'can never be made too public.' The promise was made that Parliament 'should be apprised of every expence before it is incurred, as far as the nature of the service can possibly admit.' Special attention was given to the navy, ordnance, and victualling bills: 'the enormous discount upon some of these bills shows this mode of payment to be a most ruinous expedient.' The speech stated that the reforms required by Burke's Act were being implemented, and pointed out the need to pay another Civil List debt, which would be repaid out of the Civil List itself. The prospects for debt reduction were not overlooked: 'it is to be hoped,' the King said, 'that regulations may still be established—such

savings made – and future loans so conducted, as to promote the means of its gradual redemption, by a fixed course of payment.⁸

The acquisition of William Pitt brought needed talent, albeit young and inexperienced, to a ministry that lacked capable front-bench people. Pitt and Shelburne shared similar ideas on almost all the political issues of the day, but their personal relationship was not close.⁹ As chancellor of the exchequer, Pitt became the principal spokesman for the ministry in the House of Commons. William Beldam wrote to Hardwicke that almost everybody was out of town, but ‘the young Chancellor of the Exchr. however is in Town, and indefatigable in acquiring the *Rudiments* of financiering.’ A few weeks later he wrote,

Notwithstanding the adjournment, the Lords and Sec’ys of the Treasury are very indefatigable in acquiring materials for their future operations – It’s a pity if they have a Zeal for the public service, that it should be checked by factions and envious opposition, which I am afraid will be the case.¹⁰

The fiscal problems of Britain were acute. As chancellor of the exchequer, Pitt had no choice but to administer Lord John Cavendish’s budget for 1782, which was essentially Lord North’s budget.¹¹ When Parliament met in December, the usual land and malt taxes were passed along with the estimates of the ordinary expenditures for the armed forces. Shelburne resigned in February before the taxes, supplies, and loan for 1783 were voted. The inexperienced Pitt, faced with the Fox–North Coalition and a mountain of expenditures and debt, held on for another two months but did not submit a budget.

Pitt continued his support of parliamentary reform, which Shelburne treated with great caution. In November, the Yorkshire Committee proposed parliamentary reform that would add 100 county members, abolish 50 small boroughs, shorten the duration of Parliament, admit 40s. copyholders to vote, and regulate elections to prevent bribery and corruption. However, to maintain unity they would settle for 100 members.¹² When Pitt received the resolutions of the Association he replied, ‘My general sentiments in favor of a substantial and practicable Reform of Parliament are invariable.’¹³

Reform of the Civil List

Despite political and administrative difficulties, Shelburne undertook the thankless task of clearing up the age-old abuses of the Civil List.

He protected himself by involving the King personally in the process, which enabled him to criticize Burke's Act in the closet while making it clear that reform of the Civil List was a disagreeable but necessary task that had been forced upon him by the Rockingham ministry.¹⁴ The administrative problems created by Burke's Act were daunting. Shelburne wrote to the Duke of Grafton: 'It is impossible to describe to you how provokingly my time is taken up with the nonsense of Mr. Burke's bill. It was both framed and carried through without the least regard to facts, and penned so that every line required the opinion of the Attorney-General.'¹⁵ He decided that legislation was needed to clarify Burke's Act. Barré described the act as 'merely experimental, & may be amended in another session.'¹⁶ Dunning drafted a bill to explain and amend Burke's Act, but the Shelburne ministry fell before the bill could be introduced into Parliament. Dunning's Bill would have closed an important loophole by providing 'all salaries or pensions in arrear for lack of cash shall not be carried forward as debt to the next year, but shall be completely lapsed, and ended.'¹⁷

Burke's Act gave the treasury responsibility for detailed implementation of the reforms. Thomas Gilbert, who had shown some sympathy with the intent, if not the substance of the act, was delegated to prepare a plan for reform of the household.¹⁸ In October, the treasury received Gilbert's preliminary report, and sent it to the lord steward, lord chamberlain, master of the robes, and master of the horse for their comments.¹⁹ Gilbert was instructed to prepare detailed instructions for each department and identify people who should receive compensation for loss of office.²⁰ George III gave his approval, and Shelburne replied that he intended to discuss the reforms with the head of each department.²¹

Gilbert's estimate of the new Civil List establishment showed an annual cost of £841,014, plus £50,000 for retirement of Lord John Cavendish's exchequer bills. The balance of about £9000 would be consumed by compensation to holders of abolished offices.

The treasury board, perhaps with a sense of despair, noted that the expenditure of the previous year had been £957,709. They found some consolation in the thought that compensations to holders of abolished offices would gradually decline, and they noted that several houses occupied by persons who had no official reason for receiving housing would be disposed of. They found abuses in the post office secret service that could be eliminated and other expenditures (opening and deciphering letters) that should be paid out of post office revenues, which would give some relief to the Civil List.²² Pitt wrote to Edward

Eliot: 'Mr. Gilbert's slow pace has also carried us safe pretty nearly thro' Burke's Bill.'²³ However, negotiations continued to take place about individuals affected.

Gilbert's plan was ready in March 1783 and was taken under consideration by the treasury.²⁴ All sinecure offices were to be abolished, with compensation to the holders of those offices. The sale of offices was prohibited. The plan included detailed establishments for the departments of the lord chamberlain, lord steward, master of the horse, robes, and for the offices in the former great wardrobe, jewel office, and office of works that were still needed. Gilbert prepared lists of the persons who would be displaced and their compensation. Control of expenditure was centralized in a new officer, the superintendent and paymaster of the household, who was directly responsible to the treasury. His duties were 'to superintend, examine, and inspect the Contracts, Bills, and Charges, for Goods, Business and Work which shall be done in the several offices... and shall pay the Salaries, Bills, Disbursements, and Expenses arising within the same offices.' He was required to keep his funds in the Bank of England and submit quarterly accounts to the treasury. Fees or gratuities were prohibited. Gilbert was appointed to the office of superintendent and paymaster, with an office at the treasury and a salary of £1000, out of which he was expected to pay two clerks and office expenses.²⁵ Gilbert's plan proposed an office of works and gardens with its own inspecting clerk and examining clerk. Sir William Chambers, at that time building Somerset House, was appointed surveyor of works.²⁶ The lord chamberlain, in conformity to Burke's Act, was made responsible for expenditures for works, a power that was frequently exercised, much to the irritation of Chambers.²⁷

In his report, Gilbert listed many compassionate cases. Thomas Wilson, sewer (£33): 'Has a wife and five young children in low Circumstances.' Jane Stephenson, chamber keeper at Kensington (£40): 'Is an object of Compassion and is almost blind.' Ralph Clayton, office laborer (£30): '36 years in service & 90 years of age.' The list of compassionate cases goes on and on. Obviously, Burke did not intend to turn such people out on the street when he proposed to reform the Civil List. Less deserving, perhaps, was Solomon Dayrolles, master of the revels (£10): 'Desires no Salary & only the enjoyment of the Patent for his life, as it gives him the privilege of the play & opera house.' George III approved the list of compensations prepared by Gilbert.²⁸

After the list was implemented, the treasury received petitions from individuals who had been overlooked in Gilbert's report. One was from the man (£50) who wound the King's clocks; another was from the royal

chemist. Others were the engine-keeper at Whitehall, the keeper of the King's swans, and Samuel Norman, master sculptor.²⁹ All were referred to Mr. Gilbert. William Knox, under-secretary of state in the colonial office (1770–82), complained to Shelburne that he received nothing when his office was abolished, despite his long and loyal service, while clerks were generously compensated.³⁰ Compensations were eventually paid in 1785 (25 Geo. III, c. 61).

The treasury also undertook the sensitive business of implementing the pension clauses of Burke's Act.³¹ The act required that all pensions be paid publicly at the exchequer, and new pensions were limited to modest amounts until the pension list was reduced to £90,000. In 1782, pensions paid by the paymaster of the pensions were £64,182. Pensions paid publicly at the exchequer and out of secret service brought the total to £144,986. Pensions paid at the exchequer were not secret and were innocuous: some were paid in lieu of an office or other appointment, and others went to educational establishments and teachers. The pensions paid by the paymaster of the pensions were secret, but they were mainly stipends to preachers, churches, and charitable institutions; some larger pensions were awarded as compensation for loss of office. Secret service was put firmly under the control of the treasury, which would receive from the secretaries of state and the admiralty monthly accounts of their expenditures. Secret service contained many annual payments that were, in effect, pensions, and subject to the £90,000 limit. The treasury classified these payments as bounties – among them were financial assistance to the nobility, compensation for losses from disorders or war, support for servants and dependents of the royal family, literary (Dr. Samuel Johnson), universities, favor grants, pensions in lieu of salary, awards to officials for special services, compensation for loss of office, and so on.³²

Burke complained in Parliament that the implementation of his act by the Shelburne ministry

was as mean and inhuman, as his was public and generous. He had aimed only at the destruction of parliamentary influence, and of sinecures for parliament men; but they had aimed their blows at poor inferior officers of twenty, thirty, and forty pounds a year, which was all their dependence and support, after a life of service.³³

Pitt replied that Burke's Act had caused 'very great inconveniences,' since the ministers were required to bring the King's expenses down to £850,000 and the savings made by the act were not enough to accomplish that.³⁴

Treasury reform of public offices

Immediately upon taking office, the Shelburne ministry began a reform of the public offices along the lines that had already been announced. As first lord of the treasury, Shelburne was able to act in his department without legislation, and his reforms in the treasury may be regarded as typical of the reforms that in due time would have been extended to other departments. In the meantime, investigations were undertaken into expenditures for office supplies, sinecures and fees in the customs, and reduction of smuggling. Pitt wrote to his mother in September: 'We are labouring at all sorts of official reform, for which there is a very ample field, and in which I believe we shall have some success.'³⁵ He prepared a Public Offices Bill and a Custom House Bill that would abolish sinecures and wasteful office expenditures. Isaac Barré, who had succeeded Burke as paymaster of the forces, prepared a bill for reform of army pay.³⁶ Shelburne resigned before legislation could be brought forward in the House of Commons.

Shelburne began treasury reform by ordering an account of the organization and business of the treasury.³⁷ Lord North's minute of 1776 concerning the training and attendance of the clerks was reaffirmed. Fixed salaries were established and a fee fund, from which the salaries would be paid.³⁸ Shelburne took the opportunity offered by the resignations of two of the chief clerks to reorganize the treasury offices. Instead of expecting each clerk to deal with whatever business was at hand, the treasury was reorganized into six divisions with clearly defined specialties. No positions were to be performed by deputy, but each officer was to do his own work. 'Early and punctual' attendance was required. Promotion was to be according to merit, as demonstrated by work in lower posts. One clerk, who had been absent for two years, having gone to India, was dropped from his employment.³⁹

The filing of treasury papers was reorganized, and those that were kept were bound and indexed.⁴⁰ Shelburne sent his personal librarian to examine the treasury records and make recommendations. The librarian reported that the rooms were dark and damp, and covered with black dust. About six years earlier, he said, one of the clerks had organized the papers in bundles, which he was able to find 'by the help of a good local memory.' The bundles were labeled, but their titles were 'too brief & undescriptive to point out any particular Papers readily to any body but himself.'⁴¹

Much attention was given to the incidental expenses of offices, especially on stationery, which had been a significant source of profit

to individuals.⁴² Restraints were placed on orders for stationery from the usher of the exchequer. Newspapers were specifically excluded.⁴³ Wraxall tells of a member of the board of trade who ordered 12 pewter inkstands and then had the order commuted into a silver one for his desk. The same person had been seen at a levee dressed in a suit made from the green velvet used to make the bags in which office papers were stored.⁴⁴ The sergeant at arms of the House of Commons felt the sting of the procedural correctness of the new treasury. When he requested reimbursement for some expenditures, he was asked for his vouchers. He replied, 'it had not been usual to receive Vouchers in such cases.' The treasury immediately laid down a general rule that vouchers would be required for all requests for reimbursement.⁴⁵ A proposal was prepared for an office to provide stationery to the public offices, to be operated by a businessman and with a central warehouse. The office could also be responsible for binding Acts of Parliament.⁴⁶

Shelburne had long been a critic of fees in public offices, and his attack on fees created consternation in the offices concerned.⁴⁷ The reaction in the office of the navy board was typical. Thomas Gregson, chief clerk, reported that few clerks had kept records of the fees that they had received. The clerks did not want their fees made public, fearing that a price would be placed on appointments to offices based on the profits they produced. Gregson remarked, 'a public knowledge of the fees would be the ruin of this office, for every venal Commissioner will make a sale of every good desk.'⁴⁸

Shelburne found a kindred spirit in Sir Charles Middleton, the energetic comptroller of the navy.⁴⁹ Strictly speaking, the navy board did not collect fees, but a variety of 'gifts' and perquisites served a similar function. Middleton informed Shelburne that the request of the treasury for an account of fees and gratuities had exposed perks that had been collected privately, and other officers had begun to claim similar gratifications. He said it was essential to make some clear regulations on this matter. 'Though considerable in its profits to some members of that board and established by long custom,' he wrote, the receipt of fees 'is neither honourable in appearance or productive of good consequences.' He prepared a plan for fee funds and other reforms in the offices of the navy, but the Shelburne ministry fell before his proposals could be implemented.⁵⁰

Questions had been raised by Burke and others about the management of the mint, and Shelburne appointed a Birmingham manufacturer, Samuel Garbett, to investigate.⁵¹ Garbett found 'many anxious faces' when he began his investigation, and encountered great reluctance

to give accounts of personal profits.⁵² The main offices of the mint were sinecures, performed by deputy. The highest yield went to Lord Cadogan, master of the mint, who received an average £5652 per year. The other sinecures paid much less, ranging from £400 down to £100. The moneyers were a closed corporation. They were paid collectively for their work and divided the proceeds. Their profits were variable, and individual gains fluctuated according to the number of moneyers. In 1770 there were 10 moneyers who averaged £236 each. In 1781 the average per man was £250. The mint also owned 17 houses, of which only five were occupied by the persons entitled to them. The rest were rented out by absentees, who pocketed the rent and left the mint to bear the costs of maintenance and repair. Scotland also had a mint, which coined no money but cost £1200 per year. The treasury board praised the report and decided that the mint required much consideration. They agreed that the office of master of the mint could be abolished immediately with a saving to the public and no disadvantage to the mint.⁵³

Shelburne also investigated the post office. The treasury board noted 'a considerable sum has been paid from the Civil List [to the post office] under the head of secret service which had been applied to the support of unnecessary employments that ought to be suppressed.' They also noted the expense of the post office packet boats. The post office was building two new packet boats and asked for authorization to build another to replace a ship captured by the enemy. The treasury wanted the packet service conducted 'on a more oeconomical plan' and refused authorization.⁵⁴ Thomas Orde was directed to prepare a report on the operations and costs of the post office.⁵⁵

In May 1783, with the Fox–North Coalition established in office, Shelburne offered something of an apology in reference to his plans for economical reform. 'With regard to the promises in the King's speech,' he said, 'they had begun to be fulfilled; a Custom-house Bill, a very essential reform, had been presented to the House of Commons; the other great and essential plans of reform and economy were ripening, and would have soon been matured had he and his friends continued in office.' He stated 'great reforms were in preparation [at the treasury] when he was obliged to quit his situation.'⁵⁶

Pitt continues the Shelburne reform effort

Shelburne resigned on 24 February 1783, but the rest of his Cabinet remained in place for another five weeks. During the political crisis,

William Pitt was determined to move forward with the Shelburne proposals for economical reform. The ministry, he said, 'had prepared very laborious and accurate materials . . . upon the mint, the royal forests, and a variety of other subjects alluded to in the king's speech, and intended to be brought forward in parliament as matters of reform.'⁵⁷

A major project of the Shelburne ministry was reform of the customs. William Musgrave, a member of the board of customs since 1763, had been a leader in preparing plans for reform under North, and in Shelburne he found a prime minister who encouraged him. He prepared a general report on the organization of the customs, the duties of the officers, and some of the abuses that needed to be remedied.⁵⁸ Musgrave identified patent officers as the core of the problem. The patentees, he wrote,

consider their Employments only as so many Farms, & let them out to Deputies very ill qualified to serve the Public, merely because they are the highest Bidders & will send them the largest Rents; which compels such miserable substitutes to be guilty of unreasonable Indulgences (to call them no worse), towards the Merchants, that they may extort from them unlawful Perquisites in return [282].

He proposed that patent offices for life be abolished, although he conceded that patents 'at pleasure' might be retained [268–70].

One of the most important offices was the collector, which, Musgrave said, was generally filled 'from County Fox-hunters, bankrupt Merchants, and Officers of the Army & Navy – without the least previous knowledge of the business of the Revenue and too late in Life to acquire it' [250]. The office of customer, he said, 'is an obsolete sinecure Office held by patent & executed by Deputy'; he described it as 'a fruitless Burden on trade – it being principally Supported by heavy Fees collected from the Merchants without any benefit to them or the Revenue' [251]. The office of comptroller was another patent place executed by deputy 'at a mean salary,' despite important responsibilities [251]. In the lesser offices, recommendation by local members of Parliament took precedence over ability and experience. The boatmen, who needed to be experienced with the use of oars, 'were recommended by the members of parliament when they were become Superannuated & Chargeable to the parish – whereby their own and the Lives of all others in the Boat are in great hazard & some melancholy accidents have actually happened' [254]. As an extreme example of irresponsibility, Musgrave cited Sir John Burgoyne, 'who is now in the E. Indies, and as

no person can appoint his Deputies but himself, the Port of Beamaris is now without a Comptroller for want of his deputation.' If his deputy at Liverpool should die, the collections at that great port with a collection of £200,000 would stand still for several years until a deputy could be appointed [282].

Musgrave's report included proposals to abolish all useless offices with compensation, establish fixed salaries for effective offices; 'take away all Fees, and prevent exactions, by the Officers of the Customs,' and introduce a system of promotions that would encourage merit and secure experienced men in the responsible positions. His plan would abolish 64 sinecure places, with savings in salaries and fees totaling £52,665 [268–78].

In a letter to Lord Shelburne, Musgrave considered the customs service from the political point of view. The patent officers, he said, control the appointment of many deputies. 'Very few of the Employments (exceeding 200 l. per annum),' he wrote, 'have been given to any persons for their support of Government.' They had been given to the relatives and friends (some of them children) of ministers. Patent officers knew that they could not be deprived of their office except by demonstration of malfeasance and were 'entirely independent.' Many of them, he added, 'have engaged warmly in Opposition to His Majesty's Measures at different times.' Since few of them lived at their place of employment, 'they have no personal Interest there to assist the Government.' Reform, Musgrave concluded, will 'strengthen and enlarge the proper influence that Government ought always to have,' for the treasury would then control appointments now made by the patent officers, and these men, 'being entirely dependent on the treasury and at the same time resident at their posts, will always be ready to observe such directions as they shall receive for the good of His Majesty's Service and the Measures of Government.'⁵⁹ In January 1783, Shelburne's treasury board considered Musgrave's report. They approved his plan to abolish (with compensation) patent offices in the customs, to have efficient offices performed by the deputies now performing them, and to eliminate useless offices. Musgrave was directed to prepare a bill for this purpose.⁶⁰

The ministry was also interested in consolidation of customs duties, which had become extremely complex. North had taken some steps in that direction, but he was busy with a war and nothing had happened. Shelburne returned to the matter and called upon Musgrave for information and advice.⁶¹ Musgrave cited the duty on hammers as one of many examples of the complexity of duties. A dozen hammers, evaluated at 4 s., paid duties of 9 s. 4/20 d. and 4/5 of 1/20 d. per dozen.

In addition, for every hundredweight of iron in the hammers, duties of 4s. 8 and 5/20d. were paid. The duties paid were entered under six different columns entitled old subsidy, new subsidy, one-third subsidy, two-third subsidy, subsidy of 1727, and impost of 1690. The calculations were so complex that merchants had to hire experienced persons to handle the tedious and complex business of passing their goods through the customs. Often a customs officer was hired for this purpose, which diverted his time and offered countless temptations and opportunities to defraud the revenue.⁶² Musgrave also presented plans for equalizing the duties on coal and wines, which varied in different areas, for improving collection of the duties on cloth imported by the East India Company, and for the abolition of bounties.⁶³

Customs consolidation was supported by the Thomas Pitt Committee, which had reported (July 1782) that the customs accounts were two years in arrear. They attributed this situation to 'the voluminous Method of keeping the Accounts of the Customs, consisting in the Whole of fifty-six Branches, but more especially owing to the Neglect and Delays in the previous Steps before the Accounts are brought to the Comptroller General.' They blamed sinecure offices 'held by Patent by the Principals, and the Business done in many Instances by Deputies, who have other Avocations.'

'Would it not be possible,' Musgrave was asked, 'to render the accounts less voluminous than at present, by simplifying and consolidating the different branches?'

'Certainly it would' Musgrave replied. 'Some Progress has been made to that Effect.'⁶⁴

The Shelburne treasury also gave attention to reduction of smuggling, which was essential to improvement of the revenue. In a memo to Lord Shelburne, Pitt proposed a review of the laws against smuggling, citing the heavy losses suffered in many outports 'insomuch that in some Collections the greatest part, and in most of them, many, of the fair Traders & Dealers in Commodities Imported... have been obliged to discontinue their business.'⁶⁵

In January 1783, Stamp Brooksbank, veteran Commissioner of the Excise, offered some thoughts on smuggling. 'It has for some time been a received Opinion with many, conversant in Excise Management,' he wrote, 'that the Collection falls short by two fifths of what should be its real Produce.'⁶⁶ A month later, Brooksbank and John Pownall, members of the board of excise, submitted a report to the treasury concerning the great increase of smuggling and the daring methods of the smugglers. They stated that smuggling had increased greatly in recent years. The

smugglers operated in large, heavily armed gangs and had developed elaborate systems for distribution of their goods. They were not only a loss to the revenue but were a threat to law and order in the areas where they flourished. The revenue officers were incapable of coping with them, and some were in league with them. 'All of which Violences and frauds are now become of such general practice,' the report concluded 'that a due Sense of the Turpitude of it, & of the Guilt in a Violation of the Laws, are lost in the Advantage they derive from it.'

Tea and spirits were the mainstays of the smugglers' trade, they said, although losses of revenue were also experienced in coffee, cocoa nuts, soap, and candles. The report estimated that the revenue from tea and spirits, which was £950,000, could be doubled if smuggling were suppressed. They recommended more rigid enforcement in some cases, but in the main item of tea they felt that the only way to break the smugglers was to take away the temptation, for as long as duties remained high, smuggling was unavoidable.⁶⁷ The difficulty was the loss of revenue that might follow a drastic reduction of the duties. Brooks-bank proposed 'taking off all the Duties on Tea both Customs and Excise, and substituting an Equivalent by an additional Duty on houses.' The additional house tax, he said, would be offset by the money people saved by drinking cheaper tea. The plan would also aid the East India Company, which was in chronic difficulty.⁶⁸

Balances held by public accountants

Shelburne's treasury board took a tough line toward balances in the possession of public accountants. The Commissioners for Public Accounts submitted a list of unsettled balances from the present and past wars that totaled £49,797,480. The treasury also received a list of accounts that had been declared to the auditors and were awaiting passage, which consisted of 18 unpaid balances, many of them under £1000, but one balance was £12,345 and another £16,569. The treasury solicitor was directed to require these accountants to pay in their balances immediately.⁶⁹ They also reviewed compliance with Lord North's Acts of 1781, which required current public accountants to pay in their balances immediately and account later. The acts had been successful in that the balances identified totaled £454,582 and the amount paid in was £367,640. They found that some payments had been made on all these accounts, but balances continued to be owed ranging from £777 to £23,941. Their solicitor was directed to take steps to compel payment of the remaining £86,942.⁷⁰

The treasury board introduced a policy recommended by the Commissioners – require the paymaster of the forces and treasurer of the navy to submit an account of cash on hand with each request for additional funds.⁷¹ Burke had implemented his Paymaster Act immediately, but the duties of paymaster followed him when he left office, for his act did not take effect until January 1783, and he remained legally responsible for transactions made during his tenure.

When the board routinely asked for a statement of his balance before issuing more funds, Burke replied with an angry letter – the reformer of the office needed no lessons on how to conduct it! He bristled at the implication that he might request money that was not immediately needed. He added that compliance with their request would be tacit admission that he had been negligent, which he emphatically denied. ‘Your Lordships may Depend on it,’ he declared, ‘that I shall conduct myself exactly according to the rules laid down by myself in the Act of Parliament brought in by myself, for the direction of Your Lordship’s Office as well as of this.’ He charged that their request for an account of his balance ‘had been called for in a manner that implied a strong censure on my conduct . . . which I am obliged by every principle of safety and honour to repel.’ The treasury explained the procedure and added that no offense was intended, and thereafter Burke complied.⁷²

The First Report of the Commissioners (November 1780) had revealed the large balances held by receivers of the land tax. John Fordyce, receiver-general for Scotland, was a chronic offender. In the summer of 1782, Fordyce defaulted for the second time. The treasury investigated and learned that Fordyce had first defaulted in 1776. At that time, the government had recovered all but £14,000, for which they were able to seize property as security. Fordyce then had begun remitting money to London through the banking firm of Ferguson and Murdock, who went bankrupt, leaving Fordyce owing a balance of £41,690. Fordyce had neglected to take bond from his new bankers, and the treasury rebuked him with the comment that he had chosen a firm ‘with which it appears he had complicated accompts, and whose credit by no means warranted such confidence.’⁷³ Fordyce was removed from his office owing a balance of £112,868. He held personally a balance of £56,144. A year later, the treasury wrote Fordyce, criticizing his choice of bankers, but adding that he should pay in the balance that still remained in his possession.⁷⁴ This was the final blow to Fordyce, whose private banker defaulted when called upon to pay in his balance. Little was recovered from the property

of this banker, and the luckless Fordyce was personally responsible for the loss. In 1797 he still owed £90,473.⁷⁵

The treasury also tackled the tangled accounts of Lord Holland's paymastership. Because of certain disputed items, the Holland account had been long delayed, but the attention given to the balances held by former paymasters and the pressure of the Shelburne ministry led the auditors of the imprest to take action. Although the Holland account had been ready for audit since 1778, other items suddenly appeared before Christmas 1782. The account was sent back to the pay office for minor corrections, and when it was returned to the exchequer, it was found that additional items had been penciled in that increased the balance from £68,008 to £113,962. The next day the treasury questioned John Powell, cashier in the pay office, and Charles Bembridge, accountant. It was the duty of Bembridge to act as a check on Powell. Powell was also the executor of Lord Holland's estate and responsible for making up his accounts and paying in his balance. The deputy auditor said that the account had been settled in November, and since then he had repeatedly checked with Powell and Bembridge whether they had anything to add. Powell and Bembridge agreed that they knew that additional sums should have been charged, but they did not think the account would come up for settlement so soon.

Powell had not profited from these changes and was shaken by the disclosure of his culpability. He declared that his motive for concealing those items was the distress of Lord Holland's family, who were having difficulty paying the rest of Lord Holland's balance. One problem was that sub-accountants owed the account more than £40,000 that the Holland family was unable to collect. It was revealed that one of the sub-accountants was Bembridge, who presumably had been speculating with pay office funds and was having difficulty paying the money back. Bembridge admitted that he owed money to the Holland account and said that he and the other deputies involved would pay the money back in three weeks. Two weeks later, Bembridge and the other deputies repaid the money they owed.⁷⁶

Too late! The treasury referred the matter to the treasury solicitor, and Barré, the paymaster, suspended Powell and Bembridge from their positions.⁷⁷ Powell was dismissed from two other offices that he held, secretary and register of Chelsea Hospital and joint agent to the Invalids.⁷⁸ The Shelburne ministry fell before the unhappy case of Powell and Bembridge was closed, and it remained to plague the next government.

The Commissioners for Public Accounts investigated the matter in their Tenth Report.⁷⁹ Testimony revealed that the pay office accounts always had many errors and omissions. Sometimes blank spaces were left to be filled in later. The items of charge and discharge often lacked vouchers or other forms of authentication. The Commissioners were appalled by the unbusinesslike character of the process. They suggested that many accounts should receive their final audit in the department where they originated. Since the comptrollers of army accounts reviewed army contracts before they went to the pay office, the Commissioners proposed that this office perform the final audit [531–2].

Reform of military expenditure

One of Shelburne's major concerns was to bring order into military expenditures, which continued to be a bleeding sore as the war wound down. During the long years of Opposition, Shelburne and Barré had inveighed against the uncontrolled expenditures of the army extraordinaries. The Commissioners for Accounts came to their support with their Seventh Report, which spelled out the dimensions of the problem.⁸⁰ The extraordinaries, the Commissioners said, 'have been much suspected of abuse.' The Commissioners, who were aware that they had become important players in the political process, remarked that their report was not only in response to instructions from Parliament. 'We have been attentive to the Public Voice,' they said, 'as far as we have been able to collect it' [1066].

They noted the difficulty in preparing their report, since the money for the extraordinaries had been spent in a distant land, and most of the records were there. They reported that the total expenditure under the head of extraordinaries from 1 January 1776 to 31 December 1781 was £19.5 million [1173]. Slightly over £10 million had been issued through Harley & Drummond, who had the contract to remit specie to pay the bills of the army in America and received a commission of 1.5 percent [1069]. They described the chain of spending officers through whom the money reached its ultimate destination and concluded that the existing system lacked any effective control of expenditure. The heads of the various services, such as the quartermaster-general, commissary-general, barrack master-general, and the chief engineer, were public accountants for the bills drawn by them. They were required to pass their accounts, properly vouched, through the auditors of the imprest. The Commission found many obviously fraudulent vouchers in those they were able to examine. 'The Agreement of Purchase may be made by collusion,' they

said. 'The Subject Matter of the Receipt may be false in Quantity or Quality; the Service over-rated or not performed. The sum inserted may be more than bona fide paid' [1072].

The Commissioners concluded that

the Public have not been sufficiently protected in Two material Points: First, the Officers intrusted with the Expenditure of the Public Money have been permitted to have an interest themselves in the Subject Matter of Expence: Secondly, The Vouchers, by which the Accountants discharge themselves of the Sums intrusted to them, are allowed without having undergone sufficient examination [1066].

'In such a Contest between Duty and Interest,' they continued, 'it is not uncharitable to suppose the Public's Interest will frequently be sacrificed to Private Emolument' [1069]. Abuses will occur, they said, 'wherever the Temptation is powerful enough to overcome the sense of Duty' [1070].

They examined some receipts for drivers, wagons, and horses. The man signing (or setting his mark) was usually the driver, 'frequently a Negro or some person in the lowest capacity, to whom nothing would be entrusted.' The laborers were paid in gross to the overseer, who attached a list of names. The receipts were bundled, accompanied by an abstract organized under various heads of expenditure, and were presented to the commander-in-chief for his signature, although his examination of the account was inevitably perfunctory [1072-3]. The Commission proposed that military officers engaged in field operations be relieved of the financial aspects of war and replaced by a civil branch that would manage the money [1071].

The vouchers were sent to England along with the account, but at that distance it was impossible to determine whether frauds had been committed. The auditors of the imprest accepted the account on the oath of the accountant, which was cleverly worded to avoid saying that the facts were true [1072-3]. The long delays in auditing accounts made the audit of little value. Since 1776, only a few accounts had been presented, and for the years 1780 and 1781 all money issued for army extraordinaries had been on account. They noted that the treasury had made an effort in 1779 to deal with the problem by appointing a commissary of accounts in America 'to examine, audit, and certify all Accounts whatsoever' of the army extraordinaries, but they were unable to determine whether this officer had been effective [1073]. The Commission concluded that 'the Ordinary Forms of Examination and

Accounting are neither comprehensive nor strong enough to embrace the various Circumstances of this Expenditure.' They suggested that a thorough audit of the army extraordinaries would have to take place in North America, and control of expenditure should be conducted on the spot 'by Persons intelligent in the Subject Matter, and unconnected with the Expenditure' [1073].

The most important response of the Shelburne ministry to the Seventh Report was to invigorate the office of the two comptrollers of army accounts. This office had been instituted in 1709 to control extraordinary expenditures, but had fallen into a perfunctory and almost useless performance of its functions. Sir John Dick, one of the comptrollers, prepared a report on the powers and duties of the office.⁸¹ Led by Sir John, the comptrollers became an effective office. They examined contracts before they were approved by the treasury and reviewed all bills for army extraordinaries before they were allowed by the treasury and forwarded to the auditors of the imprest. They brought vigor and professionalism to the making and payment of contracts and relieved the over-burdened treasury of an enormous amount of work.⁸²

Shelburne's attempts to bring reform to the navy were countered by the admiralty and the long tradition of independence of that service. 'The Admiralty department,' Shelburne said in the House of Lords, 'was the least active of any great department, with a view to reform.' Admiral Keppel complained that Shelburne had interfered with the admiralty in a manner that was inconvenient and impolitic, 'for it tended to diminish the influence and authority of the Admiralty-board, and the subordinate boards, by making them accountable to the Treasury.'⁸³

Reform of the ordnance was left to the Duke of Richmond, who was allowed to carry out reforms to suit himself.⁸⁴ In March 1783, Richmond presented his ordnance estimate, which trumpeted the reforms that he had made or intended to carry out in that department.⁸⁵ His estimate, he said, would give a complete statement of the anticipated expenditures for the year arranged under proper categories. He had abolished fees and perquisites and replaced them by fixed salaries. This step had occasioned an additional expense, which was offset by the suppression of some offices and by introducing open contracting with competitive bidding. The ordinary for land service included continuing expenses, such as salaries and upkeep of buildings, powder and shot, artillery, and engineers, and was estimated at £233,368. The appropriation for sea service was 5 percent of the appropriation for the navy, and he conceded that the actual cost of sea service was uncertain. The extraordinary consisted of expenditures that were unusual and approved in advance by the

treasury. This category was estimated at £397,249, much of it devoted to winding up the war. The category called 'unprovided' resembled the army extraordinaries, in that it consisted of unforeseen expenses of the previous year, which he would attempt to keep as low as possible in the future. In addition, the Ordnance had accumulated a debt in the form of ordnance debentures that amounted to £1,724,503. Richmond apologized that an account of expenditures for the previous year was not yet available, but he promised improved accounts in subsequent years.

Although incomplete, Richmond's estimate was presented as the beginning of a more realistic approach. 'Every expense that is probable to occur is now brought forward in the Estimate,' he said, 'and it is hoped and believed, that under proper restraints it will be found sufficient to answer every purpose.'

The Northites weighed in with a defense of Richmond's predecessors. John Courtenay, who had held an ordnance office from 1776–82, defended Lord Townshend and claimed that most of Richmond's boasted savings were due to peace. William Adam conceded that the new estimate might be an improvement on the old but argued that it should be no reflection on those who had followed the old system.⁸⁶ Since Richmond was not present to defend himself, Burke stepped in and praised Richmond's effort to reform the ordnance. 'If there was a man in the kingdom,' he said, 'particularly calculated to root out a bad system of official conduct, and to introduce a new and more useful plan of proceeding, it was the duke of Richmond.'⁸⁷ George Onslow, a veteran parliamentarian and usually a supporter of Lord North, put the matter in broader perspective. He criticized Richmond's ordnance estimate on the ground that it was not part of a coordinated plan of finance. 'With regard to the estimates,' he said,

he remembered the time when the minister held himself responsible for the whole of the public expenditure; and from a due attention to the state of our finances, provided for every department accordingly. This was the custom in the days of Mr. Pelham, the duke of Newcastle, and other great ministers; whereas now, the head of each office considered himself as a minister, and asked for just as much as he thought proper.⁸⁸

When the Commissioners for the Public Accounts investigated the ordnance department a year later, they were not impressed.⁸⁹ The treasurer of the ordnance was as far behind in passing his accounts as in

other departments. He was charged with expenditures of £2.7 million, including £2 million insuper from previous accounts [112]. They noted that Richmond had carried out 'that most useful and necessary regulation, the abolition of fees,' although they found much else that needed reform [112]. The ordnance estimates, they reported, were 'fundamentally defective.' The appropriation for sea service was not based upon an estimate of expenditures but was 5 percent of the naval estimate for the number of seamen. The vote for land service was divided into two parts, the ordinary and the extraordinaries, both of which were voted by Parliament on the basis of an estimate by the clerk of the ordnance. The ordinary was the permanent establishment, and the estimate was based on expenditures of previous years. The extraordinaries were funds that would be needed for certain garrisons, works, or other expenditures. Since these could also be foreseen and estimated, they were not true extraordinaries [118].

The true extraordinary of the ordnance, they said, was the account called 'Services performed and not provided for' (the unprovided). The Commissioners observed that

the Estimate should not only include every foreseen and probable Expence, and every Ordnance Service; but the Services should be distinguished and ranged, as far as possible without becoming too minute, under defined Heads, that the House of Commons may be enabled to form a previous Judgment upon the Propriety of Service, and upon the Quantum of the Sum required for it. It is much easier to prevent the incurring an Expence, than to refuse to allow it after it is incurred [119].

They were critical of ordnance contracts and declared that contracts for public services should be made by public tender. They also criticized the issuance of ordnance debentures, which circulated at a discount of 33 percent. The contractors allowed for the discount when bidding on contracts, which made the nominal price unreasonably high. 'It is the part of a wise and faithful Government,' they said, 'to guard against these mischiefs in their contracts. The cheapest of all Bargains, in public or in private Life, is that made with ready Money' [120].

The debt

In the minds of Shelburne and his contemporaries, the national debt loomed as the greatest problem of all. The dimensions of the problem

were made clear by the Thomas Pitt Committee, which presented its report in July 1782.⁹⁰ They attempted to estimate the deficiencies of the taxes imposed during the war to fund the loans that comprised the funded debt. With the exception of the year 1776, the duties imposed to pay the interest on the loans had been deficient to a total amount of £2.2 million and probably would continue to be deficient. They suggested that improved customs administration and consolidation of the duties would increase the revenue from these duties [5].

The second objective of the Committee was to state the amount of the funded debt. They found that the total funded debt increased from £124 million in 1776 to £177 million in 1782. This figure did not include the loan for 1782, which was £13.4 million. Interest and other charges grew from £4.4 million in 1776 to £6.7 million in 1782, an increase of £2.3 million [6]. The committee also plumbed the dark abyss of the unfunded debt. The total unfunded debt in 1776 was £4.7 million. In 1782 it was £19.6 million [7]. Outstanding exchequer bills issued to anticipate collection of the land and malt taxes were £4.5 million. These taxes were budgeted to yield £2 million and £500,000 respectively, but they usually fell short of the exchequer bills issued. The Committee noted that collection of the land tax was slow, and that considerable arrears were held by the receivers-general and collectors. Long delays in collection were part of the problem; often two or three years were required before all the collections for a particular year were completed and remitted to the exchequer. The Committee suggested that additional regulations were needed beyond Lord North's Act of 1781 [6]. Exchequer bills were also issued in anticipation of votes of supply and were retired from general revenues. In 1782 they were £3.9 million.

The other main part of the unfunded debt had been accumulated by the military forces. Army extraordinaries did not accumulate, but were paid annually as part of the supply for the army. The navy and ordnance issued bills that were paid off in the order issued. In 1782, the navy bills outstanding were £11.3 million, and the ordnance bills £831,566 [7]. Navy bills usually bore interest of 4 percent and circulated at discounts of 10–15 percent. Ordnance bills bore no interest and circulated at discounts of 20–30 percent. When added to the unfunded exchequer bills on the land and malt taxes and votes of supply, the total unfunded debt was £19.6 million. The funded debt was £177 million, making a total indebtedness of £197 million [7].

The Committee commented on the great disparity between the estimates presented to Parliament at the beginning of each session and the actual expenditures. The enormous amount of the army extraordinaries,

they complained, 'is an abuse of the most alarming extent, enabling Ministers to deceive the nation, by keeping back the great Expences of the War, and concealing thereby the extent of its Engagements' [7–8]. They admitted that the cost of naval warfare was somewhat unpredictable but added that the naval estimate needed to be increased to correspond realistically to anticipated expenditures. They pointed out that the estimate based on £4 per man went back to the reign of William III [7]. The ordnance estimate was roughly half its unbudgeted expenditures. They calculated the total cost of the war as £79 million [9].

Shelburne vigorously asserted the determination of his government to begin a policy of debt reduction. He declared in the House of Lords: 'If once the idea prevailed, that it was not our intention to lessen the national debt, public credit would be lost, and public credit it was that had upheld us throughout the war, and rendered us the wonder and envy of all Europe.'⁹¹ His plan for debt reduction was based on the ideas of his friend, Richard Price. In 1783, Price published a pamphlet entitled *The State of the Public Debt and Finances... with a Plan for... Redeeming the Public Debt*.⁹² He declared in this pamphlet that the plan of debt reduction there described was the plan that Shelburne had in mind. Price's plan was intended to be an improvement upon Walpole's sinking fund by removing the temptation to use the sinking fund for current expenses. Price proposed to vest the money set aside for debt reduction in the hands of a commission. The commission would receive a stipulated annual sum (£1 million was suggested) to purchase stock at the market price. The interest on the stock in their possession would accumulate at compound interest and be used to purchase more stock, which eventually would transfer all the debt to the commissioners and nothing would be owed to public creditors.

At this point Price succeeded in deluding some of the best minds of the day, including Shelburne and Pitt, although it is problematical how far Pitt supported the ideas of Price. Price moved beyond forced saving to show that it was desirable to keep the sinking fund operating, even if it became necessary to borrow the money. According to Price's calculations, the nation could borrow £3 million per year without worry, for as long as £200,000 of that stock was set aside to accumulate at compound interest, the debt would be extinguished in 86 years with some to spare.⁹³ Price concluded that it was more advantageous to borrow at market rates of interest rather than borrow at a lower nominal rate of interest and a discounted price. The higher rate of interest would result in a lower principal and a more rapid working of compound interest. Speaking in the House of Commons, Pitt called attention to 'the compound interest

that arose on the money borrowed at 5 per cent, which in the course of twenty years, would produce miracles.⁹⁴

Economical reform and the fall of Shelburne (1783)

Shelburne's major effort was devoted to ending the war and negotiating peace.⁹⁵ In 1782 the tide of war turned in Britain's favor, which made her enemies more willing to give in but made peacemaking more difficult by raising expectations at home. France was financially ruined and desperately needed peace. Furthermore, Vergennes understood through his ambassador in London that Shelburne was eager for good post-war relations with France. Spain was the main obstacle to peace, but when Gibraltar survived the last assault in September 1782, Spain was finished. Shelburne abandoned his commitment to preserve some kind of imperial connection with the American colonies and agreed to concede independence. The Americans jumped at the chance and left their French ally in the lurch. Shelburne's main concern was to maintain close economic relations with the United States, which would preserve most of the benefits of the former imperial connection. To accomplish his purpose, he negotiated a trade treaty that would permit the Americans to trade within the empire on pre-revolutionary terms. By October 1782 the provisional peace treaty was ready for presentation to Parliament. When Parliament met on December 5, the King's speech recognized American independence.⁹⁶

While Shelburne was busy with weighty challenges, foreign and domestic, he also had to deal with a threatening political situation in the House of Commons, which was divided among followers of Shelburne (with the support of the Court), Fox, and North.⁹⁷ Fox hated Shelburne, and North was suspicious of Shelburne's commitment to economical and parliamentary reform. The outcome was a coalition of Fox and North. The issues that had previously divided them, especially the American War, had disappeared. They agreed 'nothing more was required to be done in reducing the influence of the Crown by economical reform, and that on parliamentary reform every man should follow his own opinion.'⁹⁸ Burke, who looked to Fox as his leader, disliked Shelburne intensely, but he was also suspicious of North. The main bond of union of Lord North's party, he wrote, 'is their hope of destroying this ministry first, and the Establishment Bill next; and so securing to themselves the return of the old system of emolument. The Bill is their grand enemy.'⁹⁹

The existence of the Coalition became evident on 17 February 1783, when Fox and North joined to attack the provisional peace treaty.¹⁰⁰ In the vote on the peace, Shelburne was defeated 224–208. Three days later, Lord John Cavendish moved a motion of censure that was carried by 17 votes.¹⁰¹ Shelburne secured more support from the independent members than expected, but fewer than expected from those members associated with the Court, who identified with North, their former leader.¹⁰² Shelburne resigned two days later, never to hold office again. He recommended that Pitt succeed him at the treasury, and George III leaped at the proposal. The King offered Pitt full power to form a government, but Pitt refused on the grounds that he would not lead a ministry that required the support of Lord North to sustain it.¹⁰³ He remained at the exchequer in a caretaker role, from which position he continued to advance the Shelburne reform program.

Fox believed that economical reform had succeeded in its primary purpose. He remarked, Burke recalled, that Shelburne had been defeated by the number of Parliamentary seats abolished in his Civil List Act.¹⁰⁴ John Robinson believed that Burke's Act had reduced the proper influence of the Crown to such a level that forming a stable administration would be impossible. He wrote to Jenkinson, 'there can be no long duration or Stability in an Adm'n now to be formed under the operations of Burke's Bill.'¹⁰⁵ Rigby stated that Burke's Act had reduced the influence of the Crown too much, 'and if the hon. gentleman's act was to continue in force, in two or three years it would be impossible to carry on the business of government in that House.'¹⁰⁶ Burke conceded that the loss of 'more than forty considerable employments' would make government more difficult for his friends in the Coalition, but he added, 'without that Junction [the Coalition] they could have no chance of coming in at all.'¹⁰⁷

From 24 February to 2 April 1783 there was no settled government, although Pitt and other members of the Shelburne ministry continued in their offices while George III desperately sought alternatives to Fox and North.¹⁰⁸ For more than a month Pitt held out as a caretaker, despite demands that he resign. He did not attempt to present a budget. The supplies were not voted; and the loan for 1783 was not made. Pitt simply held on until the well ran dry.¹⁰⁹ On 31 March, Pitt announced his resignation as chancellor of the exchequer, and on 2 April the Fox–North Coalition ministry took office.¹¹⁰

Almost a year after the stinging defeat that had brought the Rockingham Party to power, George III was again forced to accept ministers whom he opposed and detested. The King wrote to Lord Temple about

'the most unprincipled Coalition the Annals of this or any Nation can equal.' He made it evident that he bowed to necessity, and would get rid of his new ministers as soon as possible. He continued, 'A Ministry which I have avowedly attempted to avoid by calling on every other description of Men, cannot be supposed to have either My favour or confidence.' He added that he hoped that the Grenvilles and Pitts and other men of ability would soon relieve him from his situation.¹¹¹

The fall of Shelburne was to a considerable extent a result of his personal qualities. Despite his great abilities, he did not inspire personal confidence. He was vain and high-handed, suspicious of his colleagues, and often devious in dealing with them.¹¹² George Rose, a shrewd observer, wrote of him:

In the course of the summer and autumn I had experienced very uncomfortable feelings from the temper and disposition of Lord Shelburne; sometimes passionate or unreasonable, occasionally betraying suspicions of others entirely groundless, and at other times offensively flattering. I have frequently puzzled which part of his conduct was least to be tolerated.¹¹³

Shelburne's commitment to economical reform does not seem to have contributed to the fall of his ministry. A consensus had developed that the Civil List and the influence of the Crown had been sufficiently reformed by Burke's Act and the legislation concerning contractors and revenue officers. The reports of the Commissioners were so convincing that few doubted the importance of their recommendations. The Duke of Richmond's views were probably shared by many: 'I do not see that the great Measures of Parliamentary Reform & public Oeconomy are abandoned by the Ministry,' he wrote, 'or adopted by our late Friends. My future conduct will therefore be determined by the Measures I see pursued.'¹¹⁴

8

The Coalition Ministry, 1783

The politics of the Coalition

The Coalition Cabinet was dominated by followers of Rockingham; the Northites had a slight advantage in the other offices. The Duke of Portland, a respected young nobleman who had served as lord-lieutenant in Ireland in the Rockingham ministry, became first lord of the treasury and the nominal leader of the government.¹ Charles James Fox, foreign secretary, was the heart and soul of the Coalition and leader in the House of Commons. Lord North served in a less prominent role as home secretary. Lord John Cavendish returned to the exchequer and Burke to the pay office. William Pitt set an independent course, but he was not inactive.

As allies, Fox and North possessed a strong base in the House of Commons and had many sympathizers in the House of Lords. The two leaders evoked strong personal loyalties; their willingness to work together satisfied their followers that the bitterness of the past had been laid to rest. The independent members wanted strong, stable government and an end to partisanship. They regarded Lord North as a man of moderate, common sense views and saw him as the guarantee that the Coalition would undertake nothing drastic or disruptive.

By combining two political groups, the Coalition was confronted with the double-sized problem of providing offices or other rewards to its supporters. Burke's Civil List Act had eliminated 47 offices that were attractive to politicians, among them the eight lords of trade, three places in the board of works, and the six clerks of the board of green cloth.² The Coalition had to look elsewhere for patronage. The followers of Lord North prepared a list of places that might be given to members of Parliament. It identified 43 places, including nine grooms of

the bedchamber, but they were less attractive than the places that had been abolished in Burke's Act.³

The Coalition needed help from the King in the form of peerages, honors, pensions, and household offices, but George III had made it clear they could expect no favors from him. Burke's Act had reduced the influence of the Crown as exercised by ministers, but had made 'the influence of the King' more important than ever.⁴ Twenty-four peers in the House of Lords held household offices, plus three in the Queen's establishment.⁵ Portland asked the King for an open show of confidence by enabling him to appoint supporters to these offices. He added that he would respect the King's wishes in respect of the bedchamber 'while the Persons who have the honour of belonging to it conduct themselves satisfactorily to His Majesty and support his government.'⁶

Portland's concern for household patronage was the opening shot of an intermittent war about 'the household troops,' who were seen as the last important remnant of the King's personal influence. Sir William Dolben, often a speaker for the independent members, complained that the Coalition was attempting to 'take from the crown, even the disposition of the domestic servants of his majesty, [deciding] who should be lords of the bedchamber, groom of the stole, etc., etc., thereby making majesty a mere cypher of royalty.' He approved of taking from the King influence within the walls of Parliament, he continued, but he hoped 'they would not take from his Majesty all influence from within the walls of his own palace, which would be very improper.' He referred, he said, to those offices 'whose employments, though neither petty nor subordinate, necessarily kept them near the royal person.'⁷

It was left to the Coalition to conclude the negotiations for the peace, which was the responsibility of Fox. Discontent with Shelburne's preliminaries had been a major reason for his downfall, but the Coalition was not able to make significant changes and the eventual settlement was pretty much the way Shelburne had left it. In March 1783, Pitt introduced Shelburne's proposed trade treaty with the United States, but it was vigorously opposed by the Northites in the Coalition and it was dropped when an order-in-council excluded American ships from trade with the West Indies.⁸

Lord John Cavendish at the exchequer

Immediately upon taking office, Lord John Cavendish had to prepare a budget for 1783 and negotiate a loan. With the war in America winding down, the army extraordinaries were £2.6 million, down £800,000 from

his budget for the previous year. Hostilities were suspended in 1783 while the peace negotiators haggled, but a large navy needed to be maintained to assure a good outcome, and the navy remained at 110,000 men. Total supplies were £19.8, a decline of £4.4 million from the previous year. The loan was £12 million, a decline of £1.5 million.⁹ Cavendish introduced a stamp duty on receipts, which had to be written on stamped paper to be valid. Pitt supported the receipt tax as necessary and more likely to be productive than any other proposed tax.¹⁰ A return to solvency beckoned.

Since the receipt tax would be collected by the stamps office, the treasury directed the board of stamps to report on their needs to administer the tax. The board recommended that the head distributors of stamps should have a seller of stamped paper in every market town, which had not always been done in the past. Recognizing that the volume of stamped paper would greatly increase, the board considered whether the poundage paid to the distributors should be reduced.¹¹ The expansion of the stamps collection system meant that the treasury was able to appoint a number of new collectors, which was welcome patronage under the circumstances.¹²

Cavendish continued his interest in exchequer reform with a resolution to improve accounting and auditing of the public accounts, as recommended in the reports of the Commissioners. The resolution stated that the House of Commons would cooperate 'in such measures as may, on full deliberation, appear to be proper, in order to prevent the like delays [in passing accounts] for the future.'¹³ The Commission for Public Accounts was renewed for another year.

Like previous chancellors, Cavendish continued the effort to collect balances from the principal revenue collecting and spending officers. The treasury instructed its solicitor to report on the steps that he had taken to obtain payment of balances from the public accountants.¹⁴ When the auditors of the imprest informed the treasury of the great arrears in the accounts of the paymasters of the forces and the treasurers of the navy, the board ordered those offices to supply the auditors promptly with the documents needed to pass their accounts.¹⁵ Since one of the obstacles to passing the paymaster's accounts was the failure of subaccountants to account, the treasury directed the comptrollers of army accounts to take steps to bring these subaccountants to an accounting.¹⁶ The comptrollers were authorized to distinguish between those accounts that were worth going after and those that were not. The solicitor to the treasury was instructed to pursue those subaccounts deemed collectible.¹⁷

The big fish in the sea of unaccounted balances was Richard Rigby's, and the treasury asked him to report the state of his balance, the amount that he had paid out for public services since 3 July, and what he had paid into the exchequer in the same period. He was also asked to report on the steps he intended to take to discharge the rest of his balance.¹⁸ John Robinson wrote to Charles Jenkinson that Rigby was 'damnably plagued to get in his money, *lent out* too liberally.'¹⁹

When the treasury sent Rigby new charges totaling £400,000, he replied that he did not have the money on hand to meet a payment of that amount, although his stated balance was more than that. Rigby explained that the tightness of money made it impossible for him to pay and requested a new imprest to make the payment. Reluctantly the treasury issued the money so that the service would not suffer, but insisted again that he make a more specific statement of what he planned to do about his balance.²⁰ The treasury also learned that Harley & Drummond, whose contract to transport specie to the troops overseas had been terminated, owed a balance of £150,000. When asked about it, the firm admitted that the expenditure in question had violated established procedures, but they explained that the expenditure had been made only after authorization by a proper authority on the spot. The treasury decided that Harley and Drummond deserved some leniency, since the expenditure had been formally authorized, but insisted that interest be paid on that amount until the account was settled.²¹

The old issue of balances held by public accountants reappeared in Parliament. Lloyd Kenyon, attorney-general under Shelburne, asked the new administration whether the suit against Lord Holland's estate that he had begun would be renewed. John Lee, solicitor-general, replied that he would not resume the suit, which he considered unjust and would put all descendants of former paymasters under the threat of similar actions without any limitation of time. Fox added that the lawsuit looked like a personal persecution of his family, who had followed the accepted practices of the paymaster's office and had always paid in the public money when called for. Pitt agreed that the suit was unnecessarily harsh, although he commended Kenyon for having done his duty by testing the case in court.²²

The Coalition and reform of offices

The Fox–North Coalition inherited an agenda of economical reform shaped by three years of parliamentary debate, the reports of the Commissioners for Public Accounts, and the actions of previous ministries.

A treasury minute outlined the program that the treasury wished to undertake – reform of offices, reform of fees, and reduction of smuggling. They stated their objective as ‘the Establishment of a rational Oeconomy through the whole.’ They wished to achieve ‘frugality in Expenditure with the effectual Performance of the public Service.’²³

In the meantime, Pitt went ahead with the Public Offices Bill that had been prepared by the Shelburne administration. He wrote sarcastically to his mother: ‘Our economical and reforming Ministry will probably take another opportunity of showing their sincerity on Tuesday, on a bill for remedying the abuses in the several public offices.’²⁴ Pitt’s Public Offices Bill called upon the Commissioners for Public Accounts to investigate the public offices and report, not to Parliament, but to the treasury.²⁵ The bill required the offices to submit accounts of fees and other emoluments to the Commissioners, who would examine each office, draw up schedules of the employees and their duties, and set up salaried establishments to replace the existing schemes of compensation. Where the Commissioners felt it would be advisable to continue taking fees, they should determine the fees and propose a fee fund. No official engaged in receiving stores or securing the fulfillment of contracts would be permitted to receive any kind of gift, and the sale of offices or the giving of premiums for appointment to office would be strictly forbidden. No officer would be permitted to receive coal, candles, or other supplies for use outside his office, and stationery, repairs, and incidental expenses of office were to be carefully controlled. Superannuated officials were authorized to require remuneration from their successors. Persons who suffered loss as a result of the bill would be compensated by the treasury. The new establishments for each department would be presented to Parliament for final approval.

When he presented his bill, Pitt cited a long list of abuses. Officials had coal, candles, and furniture sent to their houses in town and ‘even to their houses in the country, and that at a most extravagant rate.’ The abuses of stationery, he said, ‘were almost incredible, and the mode of abuse, in some instances, truly ridiculous. He had even heard of rooms being papered with stationery at the expense of the public.’ He cited the treasury as evidence that the heads of departments were not the people to control abuses. The annual costs of stationery for the treasury office, he said, was £18,000, and Lord North ‘cost the public the year before last no less than 1,300 l. for stationery. One article of the bills is 340 l. for whipcord alone.’ He claimed that his bill would save £40,000 per year. North defended the cost of stationery in the treasury by pointing out that the treasury paid an additional 40 percent for stationery from the

usher of the exchequer, a patent office. He added that his predecessors had received coal and candles for domestic use, but he had supplied his house at his own expense.²⁶

The end of the war had enabled many people to visit France, and the passport office did a land-office business. Complaints were raised about excessive fees and incomes in this office, and Parliament ordered an account of fees received on passports since November 1782, with copies of all letters complaining of these fees. Pitt said that he would add to his bill a clause that limited fees in the secretary of state's office.²⁷

Pitt bluntly asked Lord John Cavendish whether he intended to oppose the bill on principle. Cavendish replied that he could not in principle oppose the reform of offices, although he thought that the regulations should be developed by the heads of the departments concerned, 'who were the most competent to judge which were fit, which were unfit, to be adopted.' Pitt responded by saying that he would convince the House of two things: 'that abuses did exist in several public offices, and that the heads of those offices were not the most fit persons to correct them.'²⁸ He pointed out that the secretary to the post office, who received a salary of £500–£600, had an income of £3000 derived from expenditures on packet boats. The secretaries of the treasury had salaries of £2000 in peacetime, which swelled to £5000 a year in wartime.²⁹ Cavendish agreed with prohibiting the sale of offices and stopping abuses of stationery and incidentals.

Burke outdid himself rhetorically, expressing his contempt for inquiries into stationery and whipcord. He accused Pitt of 'prying into the little perquisites of little men, in little offices.' Shelburne's reform, he said, was 'as mean and inhuman, as his was public and generous. He [Burke] had aimed only at the destruction of parliamentary influence, and of sinecures for parliamentary men, but they had aimed their blows at poor inferior officers of twenty, thirty, forty pounds a year.' In terms suggestive of a political cartoon, he compared Pitt to 'a large serpent, gliding along in the dirt and mire of reform, with a number of little diminutive officers in his belly.'³⁰ By this time economical reform had gained such momentum that Pitt's Public Offices Bill passed the House of Commons, although it had been prepared by a ministry that was out of office.³¹

Pitt's Bill encountered difficulty in the House of Lords. The Duke of Portland, head of the Coalition, stated that the objectives of the bill could be accomplished by integrity and vigilance in the ministers. 'The present laws were amply sufficient,' he said, 'if the laws were enforced.' He reminded them that the Commissioners for Accounts, 'who were

such favorites with the public,' had spent seven or eight months investigating just three offices, whereas the bill would require them to examine 22 offices. Lord Stormont argued that the great offices of the state had always been distinct and independent, but the bill 'gave the Treasury a painful pre-eminence over all of them, and made every one of the rest subject to its control.'³² When George III was informed that Shelburne's Public Offices Bill had been rejected by the Lords, he replied that 'no one more sincerely wishes that Public Oeconomy may be introduced into all the Public Offices, and more strongly feels that in many cases the prerequisites are enormous.' He opposed the bill, however, because he thought that the heads of departments should carry out the reforms.³³ As usual, the King was determined to uphold the independence of departments to avoid concentrating too much power in any one set of politicians, namely the treasury.

In February, when the Shelburne ministry was on its last legs, Pitt had introduced a bill for customs reform. To support the bill, a variety of papers and accounts had been ordered, including a list of patent offices in the customs stating the salaries, prerequisites, and fees.³⁴ The intent of the bill was to put customs officers under a regimen similar to that of the excise. The bill required customs officers 'to be continually resident at their offices, and give their diligent attention at the Hours, Times, and Places required by law.' No duties could be performed by deputy. Customs officers would receive fixed salaries and were prohibited from receiving fees and gratuities. Merchants were to be served in the order that they presented their goods. All collectors were to be appointed by the board of customs and previous to their appointment were required to gain experience in lesser offices. The bill would vacate patents or grants of office for life and the office might be offered to the deputy. Offices in Schedule A would be abolished outright; offices in Schedule B would be granted to the deputies, and the principals would lose their offices. Compensation would be paid to those who lost office. No fees or gratuities would be taken. All future appointments would be during pleasure and performed in person.³⁵

The Coalition allowed Pitt's Custom House Bill to go forward. Merchants and customs officers in various parts of the country submitted petitions against it, and strong opposition appeared in the House of Commons.³⁶ One speaker was concerned about injustices to customs officers; another that the cost of compensation would burden the public with new taxes; another that patent offices should be abolished only upon the death of the holder. Pitt's parliamentary tactic was to urge the House of Commons to refer the bill to a committee for further discussion

and revision. 'The fees taken at the Customs house were enormous,' he said, 'burthensome to trade, and served in a great measure as covers for corruption.' The intervention of Alderman Newnham, lord mayor of London, doomed the bill. He stated that the London merchants did not find the fees were burdensome, but rather were useful to expedite business.

Fox agreed that some reform of the customs establishment was necessary. 'Every reform possible should be made,' he said, 'and it appeared to him that some was necessary in the Custom House.' He defended patent offices: 'men who possessed patent offices for life,' he said, 'generally feeling themselves independent, and as little under influence as any men whatever.' The resignation of Shelburne made Pitt the leader of an interim government, and he announced that he would withdraw his bill.³⁷

The leaders of the Coalition were committed to bringing forward the existing agenda of economical reform, although not go beyond it. They chose to carry out reforms through the departments, rather than by legislation. The treasury began reform of expenditures for stationery, coals, candles, building maintenance and repair, furniture, menial attendants, and miscellaneous expenditures. Offices under the jurisdiction of the treasury were required to submit accounts of annual expenditures for those items for the previous three years. The offices concerned were the board of customs, boards of excise in England and Scotland, navy board, victualling board, sick & hurt board, board of taxes, board of stamps, salt board, board of hackney coaches and chairs, board of hawkers and pedlars, comptrollers of army accounts, postmasters-general, surveyors of land revenue, surveyor-general of woods and forests, board of ordnance, secretary at war, treasurer of the navy, and paymaster of the forces.³⁸

John Mayor, a treasury clerk, prepared a statement of expenditures for stationery in the offices that were investigated. He proposed a separate office to provide stationery, which he estimated would save £30,000 per year. He was given an appointment to meet with Lord John Cavendish on 19 December concerning his report. That very day the Coalition was dismissed.³⁹

The treasury also took under consideration Shelburne's *bête noir* – fees and gratuities in public offices – with a view to determining how they affected the performance of the service and the extent to which they were a saving to the public by placing the cost of offices on the users of them. The offices mentioned above were required to submit accounts of fees and gratuities taken and estimates of the cost of paying salaries in

lieu of fees. The request did not go to the paymaster's office, which had been reformed by Burke. The secretaries of state and the admiralty were requested to 'cause similar strict Enquiry to be made in their several offices' and to inform the treasury of their plans for reform.⁴⁰

Richard Burke, brother of Edmund, was one of the secretaries to the treasury. He was assigned the task of investigating fees, incidentals, and perquisites of office. Despite his brother's rant about investigations into whipcord, he requested from the department's accounts of expenditures for stationery, coals, candles, maintenance of buildings, furniture, and miscellaneous expenditures. He wanted to know which articles were provided by patent and which by contract. The letter also asked for information concerning the proportion of emoluments derived from fees and gratuities and an estimate of the cost of basing all emoluments on salaries. Copies of all letters of complaint were also requested.⁴¹

The comptrollers of army accounts were one of the first departments to respond to the treasury's call for reform. They submitted a new establishment with fixed salaries paid out of a fee fund and all perquisites abolished. The treasury welcomed these changes and ordered the secretary at war to submit the plan to Parliament.⁴² The plan of the comptrollers showed how the Coalition wished to proceed in the reform of offices – the treasury presents general guidelines; the offices concerned prepare a plan of reform; the treasury approves; and an act of Parliament gives the reform permanence.

The treasury also turned their attention to the problem of smuggling. The board of excise submitted a report that showed that smugglers were making extensive use of forged excise documents to cover the distribution of smuggled spirits. The treasury called upon the excise to prepare a plan to deal with the problem.⁴³ The board also discussed the great increase in smuggling of wine and noted that exporters of refined sugar received bounties and then reloaded the sugar. They called upon the board of customs to prepare proposals to deal with these problems.⁴⁴

The treasury board decided that piecemeal efforts to plug the dikes were futile and began planning for a more extensive reform. They called upon the boards of customs and excise, and the boards of customs and excise in Scotland, to report in general on the increase of smuggling in recent years, the steps that had been taken to deter smuggling, and the additional steps that might be taken.⁴⁵ The admiralty was asked to propose ways that the navy might help.⁴⁶ When this approach proved to be insufficient, the Coalition decided that a parliamentary investigation was needed.

Exchequer reform

One of the main accomplishments of the Coalition was Lord John Cavendish's Exchequer Offices Act (23 Geo. III, c. 82).⁴⁷ The bill fulfilled Cavendish's resolutions of 1782. All fees were abolished after the deaths of the incumbents and replaced by fixed salaries paid out of a fee fund. Cavendish's proposed salaries were based on information from the Sixth Report of the Commission for Public Accounts.⁴⁸ In the exchequer of receipt, the auditor of receipt (the Duke of Newcastle) received £14,061 in 1780 and about £7000 in time of peace. The new salary was set at £4000. The auditor's chief clerk, the efficient officer, had a wartime receipt of £2752 and an average peacetime yield of £900; the salary of that office was set at £1000. The office of second clerk, a sinecure, was abolished. The exchequer of receipt had four tellers who received and paid out money, most of which passed through the Bank of England and did not involve specie. The tellers each received approximately £6600 in 1780, and their usual peacetime emolument was £2600. Their salaries were established at £2700, beginning with the successors of the existing tellers. Each teller had a clerk, the responsible officer, and the clerk had two clerks under him. The clerk received a salary of £3000 and his first clerk £1000. The office of second clerk was abolished.⁴⁹ The clerk of the pells prepared the daily record of each teller's account. He received £7597 in 1780, with an ordinary peacetime income of £3300. His salary was set at £3000 and his first clerk £800 plus £200. The offices of the two chamberlains, tally cutter, and usher were abolished upon the deaths of the incumbents. The incomes of the officials of the exchequer of account, especially the auditors of the imprest, were not investigated by the Commission until their Twelfth Report in June 1784 and were not included in Cavendish's bill.

Cavendish argued that some sinecure offices of the exchequer should continue with ample salaries and be seen by 'men of considerable talents, as fit rewards for distinguished public service in eminent situations of the state.' For this purpose, he intended to preserve the offices of the four tellers, which had 'been usually bestowed on the sons of the chancellors, who were thus rewarded in the persons of their children for their own services: he wished, therefore, to preserve them for laudable purposes.'⁵⁰ When Cavendish's Exchequer Offices Bill was presented to the House of Commons, complaints were made that the proposed salaries were too high. Some objected to a clause that directed a share of the savings to the Civil List. Lord Mahon, an independent member and a friend of Pitt, protested that the ministry not only planned to continue 'those

scandalous sinecure places in the Exchequer' to those who held them, 'but to keep up those exorbitant places for the future, and to give them those extravagant emoluments for professedly doing nothing.' William Hussey, a sturdy independent member, who had opposed North and the American War and was a strong advocate of economical reform, expressed contempt for the patent offices of the exchequer. 'Three clerks of the Bank,' he said, 'executed the chief and actual duty. The Bank in fact was the Exchequer.'⁵¹

The Sixth Report had revealed a case of exceptional greed in Earl Temple, the third teller. As teller he received an income of £6707 in 1781. He gave his first clerk a salary of £400 and took his fees for himself, which gave him another £1108. The sinecure position of second clerk was nominally held by Temple's younger brother, but these fees also went to the Earl, giving him a total emolument of £9153.⁵² This situation brought some tart remarks from John Courtenay, a Northite, who was one of the most acid-tongued members of the House. He praised Earl Temple from saving his first clerk from the dangers of affluence: 'Four hundred pounds a year,' Courtenay said, 'was enough for the bare necessities of life, and was not sufficient to lead him into temptations, as he could not afford to go to plays, operas, and other expensive places; therefore, to divert himself and pass his time agreeably, he was obliged to make business his amusement.'⁵³

The fees of the exchequer were not abolished in Cavendish's Act, although in many cases they were burdensome. The fees would be paid into a fee fund, from which the established salaries would be paid. Facing a Civil List debt and the need to provide for the Prince of Wales, Cavendish took the opportunity to sweeten the Civil List. Surplus fees were divided, with one-third going to the Civil List and two-thirds going to the public revenue.⁵⁴ The surplus exchequer fees and fees of suppressed offices totaled £5600 in 1785, but grew rapidly after war broke out in 1793. Since most of these fees were paid by other agencies of government, the revenue from surplus exchequer fees was nominal, not real. The office of usher of the exchequer was marked for extinction. In 1780 the usher had presented bills for goods and services totaling £14,440, from which he gained a profit of £5282. The deputies and clerks also received fees, which totaled about £300.⁵⁵ This office terminated upon the death in 1797 of the incumbent, Horace Walpole.

In their Sixth Report, the Commissioners had noted that the system of wooden tallies was outmoded. They recommended abolition of the tally and its replacement by an indented paper check. This step would make it possible to abolish the sinecure offices of the two chamberlains

and the tally cutter, with their subordinates, at an annual saving of £3064.⁵⁶ Cavendish's Exchequer Act adopted this recommendation, to go into effect after the deaths of the incumbents. The Eighth Report of the Commissioners was available to Cavendish, but it did not figure in his bill.⁵⁷ In this report, the Commissioners condemned the use of the ancient Latin terms and numerals in the exchequer accounts. The characters used were corruptions of the original exchequer Latin, and were used nowhere else. The Commission's recommendation that exchequer Latin be abandoned [56] was not adopted, and it continued to be used until 1834.

Edmund Burke and economical reform

Edmund Burke's role in economical reform continued to draw sparks. His Civil List Act made him an unpopular figure with some in his own party and was resented by the Northites, because it deprived the Coalition of offices that were needed to reward its key supporters. Burke admitted that his reduction of the Civil List made it difficult to satisfy the claims of 'a party of the most numerous, and some of the most weighty people in the Kingdom.'⁵⁸

In June the treasury took cognizance of the need to implement Burke's Civil List Act. The Coalition preferred to make reform a departmental matter. The lord chamberlain, lord steward, master of the horse, and master of the robes were requested to submit the existing establishments of their departments, a list of the offices (with salaries) preserved by Burke's Act, and a list of suppressed offices, with the names of the last possessors and their compensation. Thomas Gilbert was also asked to submit accounts.⁵⁹ Much to his dismay, Burke found that many questions concerning the new establishment were referred to him as the reformer of the Civil List. He received the new establishment of the household, prepared under Shelburne by Thomas Gilbert, and was immediately informed by Whitshed Keene, secretary to the lord chamberlain, that it was 'incompatible with the service to be performed in that office.'⁶⁰

The lord chamberlain's office was especially troublesome. The Earl of Hertford, lord chamberlain, a notorious meddler and penny pincher, asserted his control of works, as specified in Burke's Act, and in so doing he tangled with Sir William Chambers. Chambers complained to the treasury that the lord chamberlain's regulations were too onerous. The treasury urged Hertford to relax his regulations, especially since enforcement would require hiring extra clerks.⁶¹ A dispute also arose concerning

the lord chamberlain's claim to assume the functions of the jewel office, which was abolished by Burke's Act. The treasury agreed with the lord chamberlain.⁶²

Furthermore, Burke's Civil List Act had not produced the savings expected. Portland wrote to Fox: 'What have you been doing about the Civil List Debt? I have desired to see Ld. John. I am sure the sum voted will not discharge it, at least by what Burke has constantly told me.'⁶³ The Coalition ministry, adhering to the requirement of Burke's Act, faced the embarrassment of asking the House of Commons to pay another installment of Civil List debt. An estimate was presented showing a debt of £28,413.⁶⁴ A few days later, Cavendish confessed that a clerical error meant that the correct debt was £55,000. Eventually the House of Commons voted that amount to discharge debts on the Civil List (23 Geo. III, c. 84).

Back at the pay office, Burke took over Barré's balance, as required by his Act of 1782, began paying the bills for both paymasterships, and put the balance in the Bank.⁶⁵ The war in America had demonstrated that the administrative structure of the army was ripe for reform, especially in the management of its money. The British army was essentially a collection of regiments commanded by colonels and consisting of 450–500 men divided into 10 companies, each commanded by a captain. The colonels of the regiments recruited their own men, receiving through the paymaster a lump sum that was intended to meet the costs of pay, clothing, weapons, recruiting, and contingent expenses of the regiment. Army pay was low and reduced by many deductions. The regiment had an agent who conducted its business with the secretary at war and the paymaster of the forces. The ordnance provided artillery and engineers, powder and shot, and many other requirements.⁶⁶

Burke's major project during the Coalition ministry was revision and expansion of his Paymaster Act of the previous year, which had been concerned mainly to call in balances and establish salaries paid out of a fee fund. While out of office, he had worked with the Commissioners for Public Accounts and army officials in preparing legislation for an extensive reform of army administration.⁶⁷ During the Shelburne ministry, Barré had been working on similar legislation, also based on the advice of the Commissioners.⁶⁸ Burke may have benefited from Barré's efforts, but considering the animosity between them, that is unlikely.

In the meantime, the Commissioners for Accounts had issued two reports dealing with the administration of the army. The Ninth Report described the pay system of the army, which was administered by the

secretary at war.⁶⁹ The paymaster of the forces issued a lump sum to each regiment, according to its establishment. This was the ordinary of the army and it included the pay for officers and men, subsistence, clothing, recruiting, widows' pensions, Chelsea Hospital, and other expenses. Each regiment contained four or more fictitious men (warrant men) whose subsistence was divided among the colonel, the captains, and the agent. The clothing allowance (off-reckonings) was kept by the paymaster of the forces and was paid either to the clothier or to the regimental agent [329–31]. If additional money was spent, it was included in the army extraordinaries, and the persons who received the money from the paymaster became subaccountants who were required to pass their accounts at the exchequer. If an account was not passed in time, it was added to the paymaster's account for that year as 'insuper.'

The money appropriated to the regiment was reduced at the pay office by deductions before being transmitted to the regimental agent. The deduction for widows' pensions was transmitted directly to the paymaster of widows' pensions. Another deduction of one day's pay per man per month was made for the support of Chelsea Hospital and a third deduction of 12 d. in the £, called the Poundage, was made for no specific purpose. The Poundage went to the King and was returned by him to the enlisted men as a royal bounty while the poundage of the officers might be used for any military purpose.⁷⁰ The clothing allowance was based on the number of men on the establishment, but the colonel provided clothing only for the men actually on duty, which gave him an inducement to keep his regiment under strength. The Commissioners avoided specific examples, but said 'We are well grounded in suggesting a Reform, where an Usage is open to Abuse' [332]. The Commission suggested that all clothing be purchased by a central clothing board, with compensation to the colonels for loss of the profits they gained from this item [331, 341].

At the end of the year, the regimental account was drawn up and the balance paid to the agent. This balance, called 'the Clearings,' was comprised of money not spent by the regiment, including arrears of officers' pay, any unexpended off-reckonings, the profits of the fictitious men, and any other savings that had accrued [330]. The agent took his pay and poundage out of 'the Clearings' and held the rest for the colonel and the other officers [326–7, 330]. Many of the agents accumulated large balances in this way. The Commissioners called for a simplification and rationalization of the system. They recommended that the pay establishment consist only of actual pay received by the officers and men. The other expenses that were provided for by

deductions – Chelsea Hospital, widows' pensions, off-reckonings and the like – should all be met by separate appropriations voted by Parliament on estimate [333]. The Commissioners were careful to make plain that they did not want to reduce any man's emolument, but wanted the pay of the officers to be increased to compensate for the loss of their other profits. All fictitious men were to be abolished, and the strength of each regiment was to be exactly as stated on the establishment [331–2].⁷¹ The accounts of the paymaster should be balanced each year, and a report made to the secretary at war [333].

In the Tenth Report, the Commission examined the accounts of the subaccountants of the paymaster.⁷² The paymaster of widows' pensions, John Powell, received funds deducted from army pay, which he disbursed to soldiers' widows. The deductions for widows' pensions exceeded the payments to widows and accumulated in the balance of the paymaster. Powell held a balance of £65,091 in 1779, and in 1781, when the Commission began investigating, it suddenly fell to £17,875 [523]. Another subtreasury was the office of the agent for the outpensioners of Chelsea Hospital. The deductions from army pay also exceeded the needs, and a surplus of £22,645 had accumulated from 1773 to 1780. Some of the surplus had been reclaimed to pay army extraordinaries, but the agent still held a balance of £3021 [524–5].⁷³ The Commissioners also called for accounts of balances of the army agents, which totaled £123,416, with two agents holding balances over £20,000 and two more over £15,000 [526].

The Commission took another look at the accounts of Rigby, which had not been declared for audit since 1769. In response to North's legislation of 1781, John Powell had paid in £232,515, leaving a balance of £23,940 unpaid. Since that time, several other items had been added to the charge, raising the unpaid balance to £94,736. The Commissioners insisted that this balance be paid into the exchequer immediately. Another £12,000 was in dispute [530–1].

Burke's Second Paymaster Act (23 Geo. III, c. 50) relied heavily on the Ninth and Tenth Reports of the Commissioners. The Act of 1782 was repealed and replaced by a much more extensive act. The former paymasters (Rigby, Burke, Barré) had continued paying charges incurred during their terms in office. The new act stated explicitly that the paymaster in office was to take over all balances and charges unsatisfied as of 10 April 1783, even though incurred under a previous paymaster, and the same principle was to apply to succeeding paymasters. The act also required that the paymaster's annual account be made up within 12 months of the receipt of the necessary materials and submitted to the

auditors by 24 December. The auditors of the imprest were required to audit the account within six months of receiving it from the paymaster. This provision became a dead letter since the regimental accounts fell far in arrear.⁷⁴

Burke's Act also reformed the army pay system. To make certain that pay was issued to the regiment only for men in actual service, the act established a more rigorous system of musters. Officers designated as commissaries of musters already existed in the regiments, but these men were not independent of the colonel and musters were held sporadically. The act ordered that the troops be mustered twice a year, with the muster rolls transmitted to an independent commissary of musters within a specified time. The secretary at war would use the musters to prepare payrolls, and these musters would be the basis for the paymaster of the forces to issue money to the regiments. The regimental agents were required to present to the secretary an annual account of all expenditures of the regiment. A variety of other payments (contingencies, grass money for horses) would be budgeted and paid out of the appropriations.

The act gave the secretary at war loose and ill-defined authority over the ordinary of the army, for which he was responsible to Parliament. The secretary was directed to present to Parliament annual estimates, in which the costs of the ordinary would be stated and arranged under suitable headings. Money for these headings was to be voted by Parliament and distributed by the paymaster in accordance with the appropriation. The costs of recruiting and incidentals would be met out of a separate grant of supply voted by Parliament and would be expended directly by the secretary at war. The act stated that no alteration should be made in the profits or emoluments that the colonels or other officers received and that a sum equal to their profits from the fictitious men (warrant men) should be added to their pay.

The act also gave the secretary at war control over the regimental agents. Every regimental paymaster was required to transmit to the agent periodic accounts of regimental expenditure. Every two months, the agent was required to submit to the paymaster of the forces an account of the distribution of subsistence money to the officers and men and every six months, an account of all other expenditures. He was required to submit an annual account of expenditures to the secretary at war. The accounts would be examined in the office of the secretary, the balance determined, and submitted to the paymaster of the forces for clearing.

Over Burke's objections, his bill was amended in the House of Commons. The House accepted an amendment offered by Barré,

which abolished the fees and fee fund and established salaries in the paymaster's office that were included in the ordinary of the army (23 Geo. III, c. 50). In 1797, Burke recalled angrily that he had been defeated by members 'acting on the principles of Lord Shelburne, who attributed every sort of public evil to fees, and by the unparalleled treachery of our own party.'⁷⁵

In the meantime, Burke was confronted with the problem of Powell and Bembridge, who had been dismissed by Barré for irregularities in the account of Lord Holland, then awaiting audit. Burke, who had depended greatly upon the two men during his first stint at the pay office, was appalled at the human consequences resulting from the rigid application of reform principles that he had put on the statute book. He was touched by the personal plight of Powell, who had become mentally deranged by the ruin of his reputation. Burke wrote to both men, informing them that he did not want to send them to trial prejudged. He restored both men to their posts, stating that no malfeasance had been proven. He added that 'if your Conduct should on my own, or on public Enquiry, appear such as admits no just Cause or alleviation, however disagreeable it may be, I shall certainly remove you.'⁷⁶

Burke's decision intensified his long-standing feud with the Shelburne group. Pitt and Kenyon defended Barré's suspension of Powell and Bembridge and declared that their restoration was an affront to Barré. When Burke rose to reply, Sheridan 'pulled him down on his seat, from a motive of friendship, lest his heat should betray him into some intemperate expressions that might offend the House.'⁷⁷ Burke was defended by Fox, who had known Powell for a long time as the executor of the Holland estate. Powell, he said, 'had ever the character of a man of the strictest honour and honesty' and should be regarded as innocent until proven guilty.⁷⁸ Burke's action must be attributed, Fox said, to 'mistaken humanity, and a desire not to think persons guilty before they really were found so.'⁷⁹

Burke praised the two men for the assistance they had given him in his reform of the pay office; 'whatever merit he could claim in this reform, he must divide it with them.'⁸⁰ He insisted, 'he had so regulated the pay-office, that there was no danger of the public money being embezzled by these gentlemen or himself.'⁸¹ In restoring Powell and Bembridge to their places in his office, he said, 'he was actuated solely by motives of justice.'⁸² Rigby spoke of the able service that Powell and Bembridge had given him during his years in the pay office and urged Burke to keep Bembridge as accountant.⁸³ Burke narrowly escaped censure by the House for reinstating the two men, and he accepted their resignations.⁸⁴

Powell committed suicide and Bembridge was tried and found guilty.⁸⁵ Burke's chagrin was so great that he seriously considered retiring from politics, but he was dissuaded by Samuel Johnson.⁸⁶

A year later, Bembridge, a broken man, asked Burke for financial assistance. Burke responded angrily: 'I scarcely remember a troublesome affair in my life, which has not arisen from a single cause. That is the active part I have taken in other peoples concerns, where no advantage could possibly arise to myself, but where the business has subjected me to obloquy and misrepresentation.'⁸⁷ Burke's compassion had brought only grief, and he concluded ruefully: 'Benevolence and friendship require more guards and caution than Malice and injury.'⁸⁸

Smuggling

When Parliament met in November 1783, the King's speech informed the members that the definitive treaties of peace had been settled and that attention should be given to the problems of the East India Company and smuggling. 'Dangerous frauds have prevailed,' the King said, 'and alarming outrages have been committed. Exertions have not been wanting to repress this daring spirit, nor pains to enquire into its true causes.'⁸⁹ There was general agreement that the immediate need was to improve the revenue and the greatest problem of revenue collection was smuggling. Members of the House related their own experiences. William Hussey, member for Salisbury and one of the most able and articulate independent voices, stated that 'a smuggling vessel of 28 guns had frequently appeared off Hampshire, near the Isle of Wight, and that she used regularly to fire a gun as a signal for the small craft to go to her, and carry her lading ashore.' John Rolle, member for Devon and a quintessential independent country gentleman, said that he personally knew of two smuggling vessels, one carrying 28 guns and the other 26, which 'setting government at defiance, discharged their cargoes into small vessels, and protected them while they were landing them along the coast.' Cavendish responded that he intended to establish a committee 'to inquire into the illicit trade now carried on in this kingdom, and to deliberate on the means to put a stop to it.'⁹⁰

The committee was established, and William Eden, an ambitious, hard-working Northite, who was knowledgeable about trade, was made chairman. 'My time is much occupied by the Revenue Committee, of which I happen to be chairman,' he wrote, 'and which is inquiring into all the smuggling practices and the means of prevention. The smuggling in the Channel is become quite a naval war in armed vessels.'⁹¹ The

Eden Committee called upon the same revenue officers who had advised Shelburne and accepted their ideas as the basis for future action. Their three reports provided a basis of information and substantive proposals for the reforms of Pitt.

The debt

A consensus had developed that a systematic program of debt reduction was essential. In the debate on the King's speech, Fox declared, 'He should not think a prospect of recovery was opened, and the country likely to be restored to its former greatness, unless ministers contrived some means or other to pay off a part at least of the national debt; and did something towards establishing an actual sinking fund, capable of being applied to a constant and sensible diminution of the public burthens.'⁹² Pitt joined the chorus. 'If ever it got abroad,' he said, 'that it was the received opinion, that the principle [sic] of the national debt was not to be discharged, and that a view to the redemption of the funds was not the main ground of every loan, and seriously entertained, and anxiously aimed at, whenever opportunity would admit, the consequences would be fatal.'⁹³ In an allusion to Richard Price, he called attention to 'the compound interest that arose on the money borrowed at 5 per cent. Which in the course of twenty years would work miracles.'⁹⁴

Fox showed contempt for a sinking fund based on the power of compound interest. He stated bluntly that the great need was to bring expenses within the revenue. 'This was the easy, simple practicable project upon which he would rely,' he said, probably referring to Pitt, 'in preference to all the sanguine schemes, and to all the desperate remedies, which weak men in their ignorance might suggest.' He added that continued high taxes would be required 'to restore public credit, and raise such a revenue, as would help to extinguish some part of the national debt.' He noted the main problem: 'distinguishing how far the public, in time of peace, could bear to be additionally burthened, or how far it was prudent for ministers to go.'⁹⁵

The dimensions of the problem were revealed in the Eleventh Report of the Commission for Public Accounts, which appeared on 5 December.⁹⁶ The Commissioners were awestruck by the size of the burden. They reported that the funded debts totaled over £230 million. The annual interest and management charges of the funded debt came to £8.1 million. Additionally, there was an unfunded debt of £18.1 million with interest and management charges of £517,579 [782].

In a passionate peroration, the Commissioners called upon leaders and the public to adopt a systematic plan for debt reduction without delay. 'The obvious Means of Reduction,' the Commissioners wrote, 'is the Creation of a Fund, to be appropriated and invariably applied, under proper Direction, in the gradual Diminution of the Debt.' They ignored Price's advocacy of the miracle of compound interest. 'This Fund must be the Surplus of the Annual Income, above the annual Expences of the State,' they said, 'to be obtained and increased by the Extension and Improvement of the Sources of Revenue, and by a frugal Administration of the Produce' [782].

The fall of the Coalition

During the summer of 1783, George III had negotiated with Earl Temple for a return of the Grenvilles to office. In July, Lord Temple wrote to Pitt, 'the King is in earnest in his openings, but he will try to obtain concessions.' He advised that they show their willingness to take over, but maintain their principles and commitments and make the King come to them. He would not go back, he said, to the old system of royal influence.⁹⁷ Pitt replied that he would not retreat from his commitment to parliamentary reform or agree to any increase of royal influence, 'although such means as are fairly in the hands of Ministers would undoubtedly be exerted.'⁹⁸ In the meantime, Fox was confident that the King had no alternative to the Coalition, which was gradually gaining acceptance. The main strength of the Coalition, he wrote in July, was in Parliament and in the unity of the ministry. He boasted that the Coalition 'had made a greater reform [in a few months] than all the administrations put together, which had existed for many years.' Their greatest weakness, he added, was the common view that the King was against them, but the longer they lasted the weaker that argument would become.⁹⁹

'The first business we shall have to bring on,' he wrote in July, 'is of a very delicate nature, I mean the East India business; and if ever Opposition is to be formidable it may be so on a question when they may be joined by many upon grounds of personal attachment to this or that Director, or to this or that Governor.'¹⁰⁰ When Parliament assembled in November, he was noticeably anxious. 'Our India business upon which all depends comes on Tuesday,' he wrote, and 'the great contest about it upon the second reading will in my opinion be the most important question to us that is ever likely to come on.'¹⁰¹

The purpose of Fox's India Bill was to bring the East India Company under public control. A second bill dealt with the Company's trade and territories in India. Edmund Burke, who had become deeply involved in the affairs of India, was principally responsible for drawing up the bill. While he wanted to establish public authority over the Company, he was determined to prevent the Crown from gaining control of the patronage and influence that the Company possessed.¹⁰² The India Bill proposed to bring the Company under the control of Parliament by establishing an independent body of seven commissioners, named in the bill, who were appointed for four-year terms. A howl went up when it was revealed that the intended commissioners were all friends of Fox or North. The bill provided for another board of nine commissioners named by the directors to manage the trade of India. Fox was depicted as 'Kharlo Khan' riding an elephant into Leadenhall Street where the Company had its headquarters.

Within the House of Commons, Pitt used the opportunity to present himself as the defender of the Company from a shameless takeover by Fox and the Coalition, who 'would have all the power and patronage for which this Bill was principally recommended as tending to eradicate.'¹⁰³ The bill was rushed hurriedly through the House of Commons and passed on 27 November. The Coalition assumed that their momentum would see it through the House of Lords.

Despite the overwhelming majority of the Coalition in the House of Commons, George III saw in the India Bill an opportunity to rid himself of a ministry that he hated. Earl Temple and Pitt were willing to take office, if the King promised an election in which the full influence of the Crown would be brought to bear. Charles Jenkinson wrote to Robinson: 'You may be assured that the King sees the Bill in all the Horror that you & I do. I hope to receive tomorrow your List of Peers.'¹⁰⁴ Robinson calculated that the Lords, if encouraged by the King, could be persuaded to block the bill. If the King used that as an opportunity to dissolve Parliament and call an election, Robinson estimated, the new House of Commons would support a Pitt ministry.¹⁰⁵

The House of Lords was ordinarily responsive to the King's wishes. On 11 December, George III authorized Temple to let it be known in the Lords that he would regard anyone who voted for the bill as an enemy. This was enough to persuade many of the peers to reject the bill. 'The bishops waver and the thanes fly from us,' Fox was informed.¹⁰⁶ Using this defeat as a justification, George III dismissed the Coalition and imposed a ministry of his own choosing. Earl Temple requested

the seals of office from Fox and North, who took their seats on the Opposition benches the next day.¹⁰⁷

On 19 December 1783, William Pitt took office as first lord of the treasury and chancellor of the exchequer and Lord Temple became secretary of state. The unpopularity of Temple was immediately evident, and three days later he resigned to facilitate Pitt's formation of a stronger government.¹⁰⁸ Pitt was opposed by a strong majority in the House of Commons, led by Fox and North. He had to win the support of the independents by demonstrating the confidence and competence required to lead a government. At that point, Parliament left for the Christmas recess, and Pitt began preparing his government for the storm to come.¹⁰⁹

Bolstered by the support of the King, Pitt held out against the majority of the House of Commons and refused to resign. As the impasse continued, followers of North began drifting into the camp of Pitt. Some of North's followers had supported the Coalition because they wanted to return to office, others because they thought the Coalition would establish a stable government. They realized that they had been mistaken and followed their natural instinct back to support of the Court. On 25 March 1784, King George III, scenting victory, dissolved Parliament and called the promised election, although Parliament had sat for only four years, not the usual six or seven.¹¹⁰

The election was one of the most decisive in the eighteenth century. The ministers of the Crown normally could control the outcome of elections, and with the guidance of John Robinson, the usual arrangements and deals were made.¹¹¹ The total expenditure was £193,000, much of it from secret service funds. The power of the King to create peerages was freely used. Within a few months of the election, 17 peers were created or promoted.¹¹² The East India Company offered political and financial support.¹¹³

Appeals to public opinion were an important part of the electoral process. The controversies of the previous four years had politicized the public. More than 200 counties and towns sent addresses praising the King's dismissal of 'the infamous coalition.'¹¹⁴ Pitt had already demonstrated competence and moderation; the electorate saw him as a fresh face ready to replace the old faces whose conflicts had worn thin. Reformers went overwhelmingly for Pitt, who had demonstrated his commitments to parliamentary and economical reform. Fox had forfeited his claims to the issue by his alliance with Lord North. Reformers showed strength in East Anglia, where dissent was strong and textile workers had been hit hard by Lord North's war.¹¹⁵

The Yorkshire Association committed its support to Pitt and the election of Pitt's friend, William Wilberforce, as member for Yorkshire. The Association raised more than £20,000 for electoral purposes.¹¹⁶ The Rockinghamites, who were committed to Fox and the Coalition, were soundly defeated, including Lord John Cavendish, who had represented York city since 1768. Pitt's friend, William Wilberforce, was elected member for Yorkshire. The split destroyed the Yorkshire Association as an effective political force.¹¹⁷

Nationwide, the election was unusual in its decisiveness – 96 Coalition members lost their seats, 53 who were allied with Fox and 43 with North. As usual, the influence of the government was the decisive factor in the election, although public opinion turned it into a rout.¹¹⁸ Dundas held Scotland for Pitt. Fox himself faced a strong challenge in his constituency of Westminster, where he had always been popular, and scraped by with a slim margin of 131 votes over his nearest challenger.¹¹⁹

George III was actively involved in electoral details and contributed as much as he could from his personal funds.¹²⁰ When the dust settled, the King had won a notable victory, and he could rejoice in the thought that 'he who laughs last, laughs best.' Seemingly, George III had restored the principle that the King must be free to choose his own ministers, and, in so doing, shape the policies of governments. 'It is clear from what has happened on this as well as former occasions,' Charles Jenkinson wrote, exultantly, 'that the people of this Country are Monarchical, & however they may like to see a Minister attacked, they will not (if they are not deceived) suffer their Prince to be insulted.'¹²¹

Burke agreed. In June 1784 he stated that he would no longer continue his struggle against the influence of the Crown because the people had repudiated that goal in the election of 1784. 'They are so fond of aggrandizing the Crown,' he wrote, 'and of humbling every thing which does not derive its importance directly from that Source, that they are totally indifferent to the consequences.'¹²²

In January the sinecure post of the clerk of the pells fell vacant. As reformed by Cavendish, it was worth £3000 per year. Pitt, who had no fortune of his own, was urged by his friends to take it. However, the clerk of the pells was one of the exchequer offices that had been damned as useless by the Commissioners for Accounts and the independent members. Pitt's pride would not allow him to take it. He offered it to Col. Barré, now old and blind, whose military service and long struggle against 'influence' and waste made him a deserving recipient. In exchange, Barré surrendered the pension of £3200 granted to him by Lord Shelburne, which had been severely criticized in Parliament as a

violation of the principles of economical reform. This step confirmed Pitt's carefully cultivated image as young man of high ideals.

George III had won a stunning victory, but he had put himself into the hands of Pitt, for Pitt was the only alternative to the hated Fox. Pitt gave due consideration to the wishes and prejudices of George III, but increasingly the King was absorbed in health and family problems and left the government to his competent prime minister. Once again, the King, Lords, and Commons were in harmony, and a period of constructive but moderate government was possible.

9

William Pitt and Fiscal Stability, 1783–92

William Pitt, Prime Minister

Pitt came to office in December 1783 as the choice of King George III, but he always maintained his sense of himself as an independent leader basing his support on Parliamentary and public approval of his policies. Pitt did not rise to power as the leader of a political party. He had few intimate friends, inspiring respect rather than personal loyalty. An important element in Pitt's political image was his carefully cultivated reputation for probity, competence, and disinterestedness. When accused of using 'unconstitutional influence' to obtain office, he stated that 'the integrity of my own heart, and the probity of all my public, as well as my private principles, shall always be my sources of action.'¹ His competence in government and moderation in reform convinced a broad public that he deserved their confidence.

Pitt knew that George III was resistant to change and unalterably opposed to parliamentary reform and weakening the privileges of the Church of England. As a reformer, he also had to deal with a conservative viewpoint that had been heightened by the political turbulence of the previous four years. James J. Sack, in his study of the origins of British conservatism, identifies a conservative 'temperament' as an important component of emerging conservatism.² With the end of the war and a government supported by the King and a majority in the House of Commons, inertia set in. Pitt's personal and political virtues weakened the spirit of reform by making reform seem less necessary.³ Influential people who had an interest in preserving the existing system in government, elections, and public administration resisted reform. The intervention of popular movements into the political process, from the respectable gentlemen of the Yorkshire Association to the ideologues

of metropolitan radicalism to the uncontrolled violence of the Gordon Riots led the dominant social classes to pull together against innovations that raised the specter of political and social breakdown.

Pitt had to deal with a determined Opposition led by the Duke of Portland in the House of Lords and Charles James Fox in the House of Commons. They called themselves the Whigs, claiming the Whig heritage of resistance to the Crown. The Whigs had no further interest in legislation to reduce the influence of the Crown, and their aristocratic leaders opposed parliamentary reform, although Charles James Fox gave lukewarm support when Pitt brought a bill to the House of Commons. They developed a rudimentary party organization to rally their forces for an election due in 1790.⁴ Richard Brinsley Sheridan, actor and theatre manager, turned his attention to politics and became their principal spokesman on financial matters. Burke maintained his connection with the Whigs until 1790, when he broke with Fox on the issue of the French Revolution.⁵ Lord North and his adherents continued the connection with Fox, but some of them, like William Eden, were attracted by the sweets of office. In 1785, Pitt described the Whigs as 'an indefatigable enemy, sharpened by disappointment, watching and improving every opportunity.'⁶

Pitt also had to deal with a body of 100 or more independent members, who were inclined to support his government but used their own judgment on specific issues. Many issues were not party issues, and in such matters the independents could exercise important influence.⁷ In 1785, Pitt wrote to the Duke of Rutland: 'Our majority, though a large one, is composed of men who think, or at least act, so much for themselves, that we are hardly sure from day to day what impression they may receive.'⁸ Fox complained that the unpredictability of the independent members allowed Pitt to survive his early defeats. 'The country gentlemen oppose him upon one occasion,' he wrote, 'only to give him more strength upon another; he is beaten by them upon one subject, only to be assisted by him in a succeeding one.'⁹

Improvement of the finances

Pitt's core purpose was to restore national confidence, which had been badly shaken by the war, partisan strife, and demands for reform of established institutions. He gave a characteristic statement of his objectives in his budget speech of 1785, in which he described himself 'as called to the painful task of providing for the exigencies of the late calamitous and unprofitable war, in order to bring back the country to

its former vigor and importance, and give stability to its strength and prosperity.’¹⁰

As he undertook the task of returning Britain to solvency, Pitt was assisted by a period of strong economic growth.¹¹ However, the immediate situation was dire, and a credit crisis appeared to be at hand. The 3 percent stocks were selling at £55, and new debt had to be financed at £58.¹² The huge military forces that Britain had assembled for the war could not be wound down quickly, and wartime expenditures continued drifting in for several years. Pitt’s first budget, presented in June 1784, was, in most respects, near the wartime level. Total expenditure was £12 million. The navy was cut to £3.15 million, a sum that included 26,000 seamen, and £1 million for building and repair of ships. The army was budgeted at £4 million, which included £2.4 million to pay off army extraordinaries. The Civil List was again in arrear and required £60,000 to pay off the deficiency. The loan was £6 million, plus a lottery.¹³

The war had left the money markets awash in deeply discounted exchequer, navy, and ordnance bills. Pitt proposed to fund £6.6 million of them at market price, leaving the rest for the next year. Payment of the unfunded debt, he said, showed ‘an evident and serious disposition in government to support the credit of the country and the faith of the nation.’ Pitt’s proposal aroused a hullabaloo among speculators, who expected to reap a profit by redeeming their bills at face value. Pitt gave way to the clamor and agreed to redeem the bills at a rate that they found acceptable.¹⁴ Pitt also made clear his determination to begin a long-term, systematic process of debt reduction: ‘every scheme and operation of finance,’ he said, ‘should be directed to that end.’¹⁵

In 1785, Pitt had learned from the experience of the previous year, and funded the remaining £10 million of unfunded navy and ordnance bills at par, with inducements to cash them in early. He introduced a controversial tax on shops, which Fox opposed vigorously. Shopkeepers mobilized to denounce it, but this time Pitt did not yield. Agitation continued until Pitt finally accepted repeal in 1789.¹⁶ Growing revenue meant that Pitt did not need to depend upon a syndicate of investors. He needed a loan of only £1 million, which he borrowed from the Bank at 5 percent.¹⁷

By 1786 the immediate post-war financial crisis had been dealt with and fiscal stability was at hand. The navy was settled at 18,000 men, a normal peacetime establishment. The army extraordinaries had shrunk to £573,087. With the revival of trade, the customs and excise duties that flowed into the old sinking fund eliminated the need to borrow. In the mind of Pitt and his contemporaries the national debt was the

over-riding problem of the day. The debt was £266.7 and interest charges were £9.5 million.¹⁸ Many feared a national bankruptcy. A plan for systematic debt reduction would be a major boost to national confidence, and a feather in the cap of the minister who could do it. During the debates on the unfunded debt, reference had been made to the calculations of Rev. Richard Price concerning the effect of a Sinking Fund based on a contribution of an annual million plus compound interest. Pitt replied, 'to the provision of that surplus his views had been directed from the first moment that he was able to consider a question of finance.'¹⁹

Pitt's Sinking Fund

As prosperity returned and the revenue increased, Pitt prepared to introduce the intended capstone of his financial management – his Sinking Fund. His youthful enthusiasm overflowed as he considered the prospects. He wrote to Wilberforce: 'The produce of our revenue is glorious, and I am half mad with a project which will give our supplies the effect almost of magic in the reduction of debt.'²⁰ He wrote to Rutland: 'I must just add... that the situation of our finances here proves flourishing beyond almost what could be expected. We are in possession, from the existing taxes, of a surplus of about £800,000 for a Sinking Fund already, and it is advancing fast to a clear million.'²¹ He was well aware of the diplomatic consequences of a return to solvency. 'I cannot deny myself the pleasure of adding,' he wrote in October to James Harris, British ambassador to the United Provinces, 'that the general state of our revenue is improving daily. We are, I believe, already in possession of very near a million surplus beyond all our probable annual expenses, and shall, if the same course of prosperity continues, find ourselves very different in the eyes of Europe from what we have been for some time.'²²

When Parliament met in 1785, Pitt announced that the time had come to consider the subject 'nearest to his heart,' the introduction of a systematic plan of debt reduction. He declared that the accounts he would present would refute the gloomy opinions 'industriously inculcated by some specialists on the subject of our finances,' and would show that the national revenues offered 'a very flattering prospect, not only of answering every demand for the peace establishment, but of creating an effective and substantial overplus for the purpose of a sinking fund.' He expected that the revenue for 1786 would be £16.2 million and expenditure £14.4 million, leaving a surplus of £1.8 million for debt reduction. Given the favorable prospects for the public finances, he

anticipated 'that next year a real sinking fund for the actual discharge of the national debt will be established.'²³

In reply to a question, he stated, 'he should never be satisfied with such a fund, unless it were so locked up, and so strongly confined to the purposes of its institution, the diminution of the national debt, as that nothing else could possibly touch it, but that it should be looked upon as perfectly sacred, and not convertible to any other end; and that for this purposes, it should be placed under the most effectual restraints that could possibly be devised.'²⁴

When debate on the subject resumed a few weeks later, Fox stated that Pitt's optimistic figures were fallacious and argued that the surplus could be achieved only by the imposition of new taxes, which he stated that he would support. He questioned the concept of a fund that was invariably applied to debt reduction. He pointed out that there might be occasions when it would be necessary to use the money for some emergency, although it should never be permanently alienated, as in funding a loan. He moved for a committee to report on the revenue, expenditure, and debt, a motion seconded by Eden. Pitt objected, saying that a committee would simply replicate the partisan differences in the House. He was not ready to take that step, but he gave a hint of his own intentions by stating, 'he would, of course wish to have his own most particular friends for colleagues.'²⁵ By October, Eden was convinced that Pitt would make it. He wrote that he had been studying the customs accounts. Receipts were about £500,000 higher than anyone expected, he wrote, and other branches of the revenue were doing well too.²⁶

Pitt took advice from many quarters, but it is clear that he was strongly influenced by Lord Shelburne's friend, Rev. Richard Price. Pitt sent his plan for a sinking fund to Price and asked him for suggestions. Price criticized Pitt's plan and offered three plans of his own. Two of the plans included new taxes, which Pitt was unwilling to impose. The third proposed a contribution from surplus revenues of £1 million per year to purchase stock, which would be held by a commission and would be untouchable by Parliament. The commission would use the interest on stock held and the savings from lapsed annuities to purchase and hold additional stock. The effects of compound interest would eventually place a very large sum in the hands of the commissioners, which could be used for debt reduction.²⁷ Price doubted that Pitt had the surplus that he claimed. 'It was injudicious to raise the expectations of the public on such insufficient grounds,' he wrote to Eden.²⁸

Pitt also seems to have consulted Sir John Sinclair, an independent member who had supported Pitt in 1784. Sinclair's pamphlet, *Hints*

Addressed to the Public Calculated to Dispel the Gloomy Ideas which Have Been Lately Entertained of the State of Our Finances took an optimistic view. He argued that the increasing prosperity of the country made the debt easier to bear than formerly. He estimated the peacetime revenue of the country as £14.2 million, including Land and Malt Taxes, and the peacetime expenditure as £12.1 million, leaving a surplus of over two million for debt reduction. He concluded 'the Finances of this Country are not in so desperate a state as they are commonly represented.' He suggested a sinking fund 'possibly amounting to Two Millions.'²⁹

In 1786, Pitt was ready to present the results of his stewardship. When Parliament assembled in January, the speech from the throne noted the efforts that had been made to improve the revenue and introduce economy into the various departments, and recommended 'the establishment of a fixed plan for the reduction of the national debt.' The King added, 'the flourishing state of the revenue will, I trust, enable you to effect this important measure, with little addition to the public burthens.'³⁰ In March, Pitt moved to appoint a Select Committee to examine the accounts of income and expenditure and determine whether a surplus existed. The Select Committee of 1786 was led by his cousin, William Wyndham Grenville, and the other members were also friends of Pitt.³¹ The Committee's report, for the first time, gave Parliament a comprehensive overview of the state of the public finances, and provided the justification that Pitt needed.³²

The Committee stated that its purpose was to establish a long-term estimate of revenue and expenditure, without considering 'the various contingencies' and 'temporary fluctuations' that might affect them [41]. They reported that the average annual revenue was £12.3 million, arising primarily from customs (£4.5 million), excise (£5.2 million), and stamps (£1.2 million) [41]. They estimated that the permanent revenue would rise to an average £12.7 million in future years. The land tax had averaged £1.9 million and malt £657,000. Adding land and malt, the total income would be £15.3 million [47].

They stated the Civil List as £900,000, without examining actual expenditure. The Committee attempted to establish a normal peacetime expenditure for the military services, implausibly choosing the years 1766–69 as the basis. The Committee estimated peacetime expenditure for the army, navy, and ordnance at £3.78 million, conceding that the expected expenditure for 1786 appeared to be 'considerably larger.'³³ Interest charges on the national debt were £9.3 million [45]. Estimating the future peacetime establishment as £14.4 million [47], the Committee anticipated a surplus of £901,000. The report was based on

the assumption that peace and stability were to be expected, and the perturbations of the previous decade were unusual.

The Committee recognized a variety of income sources and possible expenditures that did not enter into their estimate. One was a naval rebuilding program that would cost £1.2–£1.6 million before the navy could return to a peacetime footing [46]. Navy bills amounting to £1.7 million were still in circulation, but the committee considered this amount to be part of the normal cash flow [46]. They noted also possible expenditures for the relief of American Loyalists who had lost offices and property [46]. These costs would be partially offset by army savings, unpaid customs duties from the East India Company, and the lottery, which was not considered part of the normal income [46]. They noted that the Commissioners for Public Accounts had found large balances of unclaimed dividends lying in the Bank of England [46]. Extensive accounts were included in the appendices.

Pitt praised the report of the Select Committee for its 'clearness, precision, and just and fair deductions.' The report, he said, showed that debt reduction could be achieved 'without laying any heavy new burthens upon the people.' He agreed that several more years would be needed to reduce expenditures to peacetime levels – the naval rebuilding program would be completed in four years; the shrunken empire meant that the army would decrease; provision for the American Loyalists would continue for several years; and Parliament had not yet decided on additional fortification of the dockyards. After several years, he concluded, 'we shall have a clear annual surplus of a million, unencumbered with any demands upon the national income.' He added that 'in another session of parliament I intend also to bring about a consideration of the customs, which will undoubtedly add greatly to the produce of the revenue.'³⁴

Supported by the report of the Select Committee, Pitt presented to the House of Commons his plan for systematic debt reduction. The influence of Price was evident in Pitt's emphasis on the effects of compound interest and his provision for an inviolable fund. 'If this million, to be so applied,' he said, 'is laid out, with its growing interest, it will...diminish the debt of this country so much as to prevent the exigencies of war from raising it to the enormous height it has hitherto done.' A million a year, he said, would in 28 years produce an annual return of £4 million. By vesting the stock in Commissioners, he continued, no minister could use the fund, as in the past, for the finances of the year. To give himself a little leeway, he proposed that the Sinking Fund begin with the second quarter of the year.³⁵

Pitt's Sinking Fund Act (26 Geo. III, c. 31) followed Price's third plan, with a few modifications.³⁶ A Sinking Fund Commission would receive £250,000 per quarter plus the interest due on the stock it already possessed. The quarterly payment to the Commission would take priority over all other issues from the exchequer. Interest on terminable annuities (listed in the Act) would be paid to the Commission after the annuity terminated. The Commission would hold the interest on the stock until it accumulated to £4 million, after which the accumulated interest would be used to cancel debt. The Commission was authorized to subscribe to any new loan, as long as it carried the market rate of interest. Pitt had given much attention to the machinery to lock up the Sinking Fund so that it could not be diverted to current expenditures, a topic that received considerable discussion at the time.³⁷

Predictably, the debate centered on whether a surplus actually existed. Sheridan criticized the Select Committee as comprised of Pitt's friends, and claimed they had made faulty estimates of the revenue. He insisted that the estimates of the Civil List, the military expenditure, and the cost of providing for the American Loyalists were too low. He estimated that according to the report it would be at least four years before the anticipated surplus would be achieved.³⁸ Pitt could not refute Sheridan's numbers, but he had other considerations on his favor. He sensed a continuing improvement of the revenue; he had untouched resources tucked away in various corners that he could fall back upon; he knew that some expenditures could be deferred by one expedient or another. Buoyed by the optimism of youth, he was confident that the reforms he was preparing to improve the revenues would yield a larger increase than was anticipated. With his customary confidence, he declared that a surplus existed and then strained every resource to get it.

The Commutation Act

A crucial part of Pitt's efforts to establish a systematic program of debt reduction was improvement of the revenue from customs and excise, and that depended primarily on the reduction of smuggling. Ashworth states that, at one level, eighteenth-century England was 'a vast world of pilfering and smuggling.' Smuggled tea and tobacco 'permeated all levels of society.' He remarks that 'the organization of the common economy was, more often than not, better than the legal flow of goods.' He points out the considerable importance of this clandestine activity in the growth of the English economy.³⁹

Although he was a Commissioner of Excise in Scotland, Adam Smith remarked that the smuggler frequently ‘would have been, in every respect, an excellent citizen, had not the laws of his country made that a crime which nature never meant to be so.’ He added,

To pretend to have any scruple about buying smuggled goods, though a manifest encouragement to the violation of the revenue laws, and to the perjury which almost always attends it, would in most countries be regarded as one of those pedantic pieces of hypocrisy which, instead of gaining credit with any body, serve only to expose the person who practices them, to be suspicion of being a greater knave than most of his neighbours.⁴⁰

North and Shelburne had encouraged the officers of customs and excise to prepare plans to reform customs administration and prevent smuggling, and there was no shortage of ideas and information. Under the Coalition ministry, Lord John Cavendish had interested himself in these plans, and had appointed the Eden Committee to report on the practices used in defrauding the revenue. The Committee received testimony from the same officers of customs and excise who had advised North, the Thomas Pitt Committee, and Shelburne. The Eden Committee concluded that smuggling and evasions of the internal excise were a loss to the annual revenue of £2 million, plus a threat to public order and morals. Its three reports were before the House of Commons when the King opened Parliament in May 1784.⁴¹

Smuggling had become a big business, with a large capital investment, an elaborate system of distribution, and the resources to intimidate customs officers in many places.⁴² The result of high duties, the Eden Committee stated, was that ‘smuggling has lately increased to a very alarming degree, and is carried on with the most open and daring violence in every accessible part of the coast of this kingdom’ [228]. Low salaries and the fee system encouraged lower-level customs offices to collaborate with the smugglers. Items that were extensively smuggled were tea, spirits, wine, tobacco, East India goods, drugs, cambrics, laces, and silks. The vessels used were from 30 to 300 tons, mounting from 6 to 24 guns, and manned by crews consisting of 12–100 men. They made seven or eight voyages per year. The largest of them, the Committee reported, could carry as much as 10 or 12 tons of tea, besides other valuable items. Officers of the revenue estimated that there were probably 120 large armed ships engaged in the trade, and perhaps 200 smaller ships [228].

The larger smuggling ships were able 'to bid defiance to the revenue cruizers,' the Committee reported, 'some of which have recently been insulted, fired upon, and beat off, or scuttled and sunk; in other instances, the crews of the smuggling vessels have made prisoners of some of the officers of the revenue, and have kept them aboard during the time of landing very valuable cargoes.' The smugglers brought with them a convoy of smaller ships to carry out the landing. The landing of the cargoes was regulated by signals and carried out by large gangs of men, armed with clubs and whips, 'and assembled in such numbers as to reduce the revenue officers to be quiet spectators of the proceeding' [228]. When landed, the cargo was either packaged for local consumption or transported to the metropolis, sometimes under the open guard of armed men, or as packages sent by stagecoach or other public means of conveyance. The goods were delivered to the retailer at 2/3 of the honest price [228]. Excise officers estimated that, if smuggling were prevented, the revenue on the main imported items would triple [229].

The staple of the smuggler's trade was tea. Duties on tea were over 100 percent on the lower grades of tea, and on better grades about 75 percent. The duties were divided equally between customs and excise; the former were paid by the East India Company out of the proceeds of its auctions, and the latter by the wholesalers and passed on to the retailer and the customer. When the East India Company's ships appeared, boats 'carried on a constant traffic with them from the entrance of the British channel to their arrival in the Thames. As soon as the laden ships arrive at their moorings, the places near which they lie become the resort of smugglers, and resemble a public fair. . . . The smuggling is managed with little risk, through the collusion and corrupt practices of the lower class of revenue officers' [230].

Customs officials estimated that the legal importation of tea into Great Britain was £5.7 million, while the smuggled tea was £7 million. They calculated that the loss to the revenue was £1 million. The Committee also reported that large quantities of imitation tea were manufactured from ash tree leaves, which were sun-dried, baked, stamped on to create fragments, steeped in large kettles with sheep dung, dyed with molasses, clay, or logwood, and then mixed with genuine tea [231].

Relanding of tea from Ireland was common, since Irish duties were lower than in England. The Committee believed that most of the tea sent to Ireland was intended to be reshipped to England and landed on the west coast. In the year 1782, over £4 million of tea had been shipped to Ireland, whereas, before the difference in duties existed, the average importation of Ireland was £163,000 per year. The Committee remarked,

‘this is one of the many circumstances which induce us most seriously to observe, that several inconveniences and abuses exist in the trade and commerce of both Great Britain and Ireland, which reciprocally call upon both Kingdoms for the earliest and most complete explanation and settlement’ [230]. The Channel Islands and the Isle of Man were also important smuggling centers.

Distilled spirits and French wines were important items of smuggling. In many places along the coast, wine could be bought at $\frac{2}{3}$ the regular price [231]. Although the duty on brandy was 9 s. per gallon, it was generally sold by the smugglers for 3 s [231]. The importation of French cambrics and laces was prohibited, with no success whatever. In their testimony before the Eden Committee, the Board of Customs urged the repeal of all prohibitions of the importation of goods, which they described as ‘invitations to clandestine trade.’ They added, ‘If, therefore, suitable duties were to be instituted in the room of prohibitions, it would evidently tend to the advantage of the revenue.’ They prepared a list of prohibitions in the hope that they would be abolished and replaced by a productive duty.

The report also described the many ingenious methods used to defraud the excise. The Committee pointed out that great quantities of spirits were distilled by ‘obscure and indigent persons, in places of concealment,’ and many other evasions of the law on distilled spirits took place [232]. Other evasions of the inland excise took place in the manufacture of candles, soap, paper, linens, and calicoes. The taxes on carriages, coaches, servants, and salt, they said, were also widely evaded [232–3]. In what may have been an anticipation of the ubiquitous modern license plate, they suggested that the excise on carriages could be enforced by requiring a numbered plate fixed on some visible part of the carriage.

The Second Report concerned smuggling in Scotland, where the main problems were similar to those in England.⁴³ Many of the smugglers were sailors who had been discharged from the navy when the war ended [263]. Scotland was notable for the great quantity of spirits that were distilled in defiance of the excise. Distilleries were set up on high points in remote areas, and fortified by high walls and strong gates to exclude excise officers. In the Highlands, spirits were distilled in large numbers of small stills located in remote areas [264]. Large quantities of spirits were shipped from Scotland to London using fraudulent permits [265]. One of the obstacles faced by the excise was ‘a popular prejudice which prevails against informers in matters of revenue’ [233].

The Third Report offered proposals to improve enforcement of the laws against smuggling.⁴⁴ Lord North’s Hovering Act was ineffective in

that it applied only to ships under 200 tons, and the most formidable of the smuggling vessels were larger than that. Furthermore, the act extended only to 200 leagues, while effective enforcement required that the revenue cruisers have a reach of 400 leagues [264]. In 1784 the Hovering Act (24 Geo. III, Session 2, c. 47) was extended to make ships liable to search 400 leagues from the coast, restrictions were placed on armed ships, and the penalties for smuggling were increased.

The Eden Committee's most important recommendation was to lower the duties. The Committee observed that

the great and infallible remedy towards the prevention of frauds against the revenue is, undoubtedly, to be sought in the reduction of duties: it is natural that the increase of smuggling should bear a proportion to the temptation. The profits presented to adventurers, by the high duties upon Tea, Foreign Spirits, and Tobacco, certainly give birth, and give support, to the expensive and piratical system, under which the smugglers have lately acted [286].

Lowering the duties, they said, would increase the legal consumption of tea from £6 million to £13 million, strike a blow at smuggling, benefit the East India Company, and increase British shipping and the number of seamen [286].

The Committee faced the possibility that a drastic lowering of duties would reduce the existing revenue from tea. They proposed a window tax to compensate. Given the almost universal use of tea, they said, the lower cost of tea would compensate the householder for the window tax [287]. The Committee estimated that there were 699,811 houses in England and Scotland, and a window tax at the rates they suggested would produce revenue of £735,342. They also proposed, 'simplifying and consolidating the several branches of the customs, and reforming the book of rates, which, they remarked, was 'a cloud of complicated material and abstruse science' [286].

They concluded their report with a touching plea for clemency. They recommended full indemnity for past offences. 'It is the part of wisdom, as well as of humanity,' they said, to return to honest employment individuals 'who by their talents, spirit, and activity [are] peculiarly capable to becoming useful members of society' [291].

The speech from the throne opening the post-election session in May 1784 mentioned 'the alarming progress of Frauds in the Revenue, accompanied in so many instances with violence.'⁴⁵ Pitt adopted the recommendation of the Eden Committee when he introduced his

Commutation Bill, so called because the existing duties on tea were commuted into a window tax.⁴⁶ Tea, Pitt said, was ‘the staple of smuggling,’ and any step that would stop the smuggling of tea would be a blow to the entire business. He estimated the total consumption of tea in Britain as £13 million, while the legal importation of the East India Company was only £5.5 million. Reduction of the tea duties to 12.5 percent would have the same effect on smuggling as repealing them. He anticipated that the bill would ruin the smugglers, benefit fair traders, and increase the East India Company’s trade in tea, with a commensurate increase in the number of ships and seamen it employed. It would relieve merchants from ‘the disagreeable visits of excise officers.’ The Commutation Act (24 Geo. III, Session 2, ch. 38) repealed all existing duties on tea, and replaced them with a uniform 12.5 percent ad valorem duty, charged to the wholesaler when the tea was purchased from the East India Company’s warehouses. To prevent abuse of its monopoly, the Company was required to import an annual supply of tea sufficient to maintain prices at reasonable levels. The Company agreed to take back all the highly taxed tea sold before the act went into effect.

Pitt was too cautious to gamble on an untested proposition. The existing duties on tea produced £700,000–£800,000 per year. He anticipated that the new duties on tea would yield £169,000 per year – an amazing underestimate. To be on the safe side, he proposed to make up any loss of revenue by a graduated window tax, which would produce £700,000 per year, so the revenue would be a slight gainer in the process. People not subject to church and poor rates were exempt from the window tax. The main objections to the window tax were that it would be unfair to landlords, who would have to pay the tax for their tenants, and to people of modest incomes living in houses with many windows. Pitt replied that most people would save more on tea than they paid for the tax. About two million poor people whose houses did not have enough windows to be taxed would benefit from the reduction in the price of tea.⁴⁷ Beldam reported that ‘the treasury clerks estimate that 1/4 of the old window tax will be lost by people stopping up windows to avoid paying the new.’⁴⁸

The bill was strongly supported by William Eden and passed without serious opposition. Eden supported the Commutation Act, but maintained his loyalty to the Coalition by pointing out that the idea had originated with Lord John Cavendish. Fox grumbled that Pitt’s proposal reminded him ‘of a language which had been held during the administration of the Earl of Shelburne, of increasing the revenue by taking off taxes; an idea as absurd as ever entered into the mind of man.’⁴⁹ One

member commented that the discussion dealt mainly with who should receive credit for the idea.⁵⁰

The Commutation Act was enormously effective. The window tax produced £508,361 in its first full year (1785–86) and £485,905 in 1786–87. The yield declined to £160,482 in 1787–88, as people began stopping up their windows, but the tax had served its purpose of smoothing the transition to the new tea duties.⁵¹ The Commutation Act sounded the death knell for smuggling of tea. The sales of the East India Company went up from £5,857,000 in 1783 to £16,307,000 in 1785.⁵² The tea duty, which had been estimated at £169,000, averaged £400,000 per year in the years 1786–91.⁵³ Although the smugglers switched to wines, spirits, and tobacco, their staple item was gone.

Emboldened by the success of his Commutation Act, Pitt wrote to Rutland: 'I am just going to introduce a plan for excising wine, which, though it had nearly overthrown Sir Robert Walpole, will, I believe, meet with very little difficulty, though, till it is tried, I cannot speak with full confidence.'⁵⁴ In 1786 he presented his wine excise plan to the House of Commons. He noted that the capital formerly employed in smuggling tea had been devoted to wine. He stated that the beneficial results achieved by the Commutation Act could be obtained by lowering the wine duties and placing the duties on wine under the excise, 'which had been found by experience to be the most effectual and the least expensive method of collecting such parts of the public revenue as it could with propriety be applied to.' Collection of wine duties by the excise would put them under the inventory controls, permits, and inspections by which the excise operated. He pointed out that the excise would not only prevent smuggling, but would prevent the practice of adulterating imported wines with homemade wine made from raisins and currants.⁵⁵

The Opposition attacked the Wine Excise Bill as extending the 'odious' system of the 'inquisitorial' excise, and Fox said he would never approve any bill 'which bartered away freedom and the constitution for revenue.'⁵⁶ The main objection to the excise was its summary jurisdiction, virtually without recourse, which provided an opportunity for excisemen to file false charges to obtain their share of the penalty imposed. Pitt replied that providing trial by jury in excise cases was impracticable.⁵⁷ The Wine Excise Bill passed as Pitt wished (26 Geo. III, c. 59), and the change was beneficial to the revenue. In the three years prior to the act, wine duties had yielded £625,454 per year; by 1790 wine produced £804,167 annually.⁵⁸

Brandy and spirits were also important items for smugglers, and the next year similar provisions were applied to them. Pitt proposed 'to crush the contraband by legalizing the market.' He pointed out that the legal importation of brandy had been 600,000 gallons, and the best estimates were that the illegal importation was between 300,000 and 400,000 gallons. He said it would be best 'to procure to the state a greater advantage from the article than heretofore, and to crush the contraband by legalizing the market.'⁵⁹ The duties on brandy were cut almost in half, and divided between the customs and excise, with the customs collecting a nominal sum for purposes of record, and the excise the bulk of the duty. Similar provisions were applied to imports of rum and gin.⁶⁰ In the three years before 1787 the total legal importation of brandy, rum, and other foreign spirits had paid duties that totaled £677,909. In the three years after 1787, importations paid duties of £940,022.⁶¹

After the measures taken against smuggling of tea, wine, and spirits, the one remaining large item of smuggling was tobacco. The Eden Committee had pointed out that smuggling was to be expected in an item like tobacco, 'where the duties are very high upon articles intrinsically of little value.' Tobacco was worth 3 d. a pound clear of duties, and the duties were 1 s. 3 d. a pound, or five times the intrinsic value. At that rate, success in smuggling two hogsheads was well worth losing three. The Irish duty was lower than the British, which provided the smugglers with an especially attractive opportunity to ply their trade.⁶²

In 1789, Pitt proposed to transfer the larger part of the duties on tobacco from the customs to the excise. The alternative, he said, was to lower the duty, but the revenue from tobacco was too important to risk. He also proposed to adopt the warehousing system, which was especially suited to tobacco, where there was a large reexport trade. When he presented his bill, Pitt declared that the best estimates of merchants in London and Glasgow was that over half the tobacco used in the country was smuggled. They estimated consumption at between £12 and £14 million, and duty was paid on only £7 million. Pitt pointed to the success of the excise in preventing smuggling in other items as justification for applying the principle to tobacco. Unlike Pitt's previous trade bills, duties were not appreciably reduced (29 Geo. III, c. 68). Pitt was not willing to risk a lowering of duties at a time when all possible revenue was needed. Furthermore, tobacco came from various parts of the world, and required complex regulations that were included in the bill.⁶³

The main objection to Pitt's proposal was the view that the excise was 'despotic,' and calls were made for trial by jury in excise cases.⁶⁴

The next year, Sheridan moved for repeal of the tobacco excise, on the grounds that the need for additional revenue should not increase the influence of the Crown or be at the expense of 'the rights of the people.' He pointed out that the manufacture of tobacco into snuff and for other uses was peculiarly vulnerable to abuses by excise officers, because the weight varied considerably from time to time due to the amount of moisture in the air.⁶⁵ Enforcement of the tobacco excise was complicated by the existence of 337 wholesale dealers and 60,000 retailers, all of whom processed raw tobacco into marketable products. Pitt defended the principle of the excise as essential to the revenue and minimized the complaints that arose. Abandonment of the excise, he said, 'could only go to destroy the credit of the nation and force us to a public bankruptcy.'⁶⁶

The Eden Treaty

Improvement of the revenue was the principal consideration behind the Eden Treaty with France. Shelburne had urged the desirability of such a treaty, and in the peace negotiations in 1782–83, Vergennes had supported the idea. A clause was included providing that commissioners would be appointed within two years to draw up a treaty in which reciprocal advantages would be granted. The Coalition was uninterested in pursuing this possibility, and the clause expired.⁶⁷

In 1786, Pitt proposed the appointment of Commissioners to negotiate a trade treaty with France. The attention given to the reports of the Eden Committee had made Eden a prominent voice on matters of trade and revenue, and Pitt made a determined effort to detach him from his Northite connections. In 1784 the Duke of Marlborough suggested to Eden 'some of the late opposition who are men of business, would think it for the good of the Country to offer their assistance & come over – or be Rats, if you please.'⁶⁸ Eden showed interest. Later that year he indicated that he would like to take office because he needed the income. 'In the present Dearth both of Information, Experience, & Industry,' he added, 'I happen to have many advantages.' Marlborough replied, 'I do not know how long the fear of the Imputation of Rattism is to keep a Man from going into office.'⁶⁹ In December 1785, Eden was accredited to France with ministerial rank as leader of a delegation to negotiate a commercial treaty. The French were eager to conclude a treaty that would open Britain to their wines, brandy, and luxury goods. Pitt consulted widely with commercial and manufacturing interests, most of whom saw advantages in a treaty that would open France to their

products. The Committee of Trade, led by Charles Jenkinson, was fully involved in working out the details.⁷⁰

Although Pitt was fully aware of the principles of Adam Smith and other advocates of reducing barriers to trade, his immediate consideration was the improvement of the revenue that would result from the growth of trade and the reduction of smuggling. When he presented the Eden Treaty to Parliament in 1787, he summarized its purpose by saying, 'The possession of so extensive and safe a market must improve our commerce, while the duties transferred from the hands of smugglers to their proper channel would benefit our revenue – the two sources of British opulence and British power.' He pointed out that the exports of Britain and France were complementary – France excelled in the products of her agriculture, and Britain in her manufactures. He attended to the interests of industry by a provision that hardware, cutlery, cottons and woolens, porcelain, earthenware and glassware, which had previously been prohibited or under very high duties, were to be open to the manufacturers of either country at moderate duties of 10–12 percent *ad valorem*. 'A market of so many millions of people – ' he declaimed, 'a market so near and prompt – a market of expeditious and certain return – a market of necessary and extensive consumption, thus added to the manufacturers and commerce of Britain, was an object which we ought to look up to with eager and satisfied ambition.'⁷¹

Fox opposed the treaty. He described France as Britain's inveterate enemy, and warned against economic dependence on that country.⁷² 'Considering the treaty in its political view,' Pitt replied, 'he should not hesitate to contend against the too-frequently advanced doctrine that France is, and must be, the unalterable enemy of Britain.'⁷³

The Consolidation Act

The climax of Pitt's efforts to improve the revenue and carry forward the process of economical reform was his Consolidation Act of 1787. In 1785, Pitt directed the Commissioners for Public Accounts to take up the subject of customs reform. They called for extensive accounts and expert testimony, and presented their conclusions in their last three reports, which formed the basis for the Consolidation Bill that Pitt presented that year.

The Commissioners observed that the customs duties had been growing in complexity ever since the Tunnage and Poundage Act of 1661.⁷⁴ As time went on, many new duties were added to the basic act: some increased old duties; some added specific duties to items taxed ad

valorem, or vice versa; some raised all duties by a specified percentage. Each new duty was earmarked for a particular purpose – usually payment of the interest on a loan. Consequently, each collector recorded his receipts under separate branches, and accounted for the balance on each branch separately. There were 56 branches. ‘Almost every Collector that has ever been in Office,’ the Commissioners said, ‘though long dead, has nevertheless, Accounts subsisting; and the Number of such Accounts has been constantly increasing in Proportion to the Increase of the Number of Branches’ [656]. The total arrears of payments on these accounts was £1.4 million [657].

The main concern of the Commissioners was ‘the Intricacy and Perplexity’ in collecting and auditing the customs revenue. The duties were confusing to merchants and laborious to the collectors. The rules for computation were complex. The Commissioners proposed ‘to reduce the number of these Rules and Branches . . . and to introduce a systematic Simplicity into the manner of keeping the Accounts,’ by combining the duties on each item into one charge [668]. This step would also require a new book of rates [672–3].

The Commissioners cited one example among many. French paper paid 14 duties: the first 8 were ad valorem duties; the next 2 were duties based on a different rated value; the eleventh was a duty based on a unit of measure; the twelfth was a duty based on another unit of measure; and the last two were imposts that raised the total by certain percentages. The Commissioners recommended that this tangle of duty upon duty be abolished and replaced by one duty based upon a commonly used unit of measure or a rated value that would yield an equivalent amount. A second recommendation was to bring all fractions up to the next integral, which would have the additional benefit of making a modest addition to the revenue [668].

The Commissioners pointed out that many duties were already mingled in a variety of ways. Most customs duties went into one of four main funds; the Commissioners pointed out that they might as well go into one. Twenty-five branches of the customs were still kept separate and were appropriated to certain services. Eight more were unappropriated to any specific service [669]. These could also be combined into one fund.

This reform had been discussed before, but the obstacle had been the rights of the creditors, who had lent their money based on the produce of a certain duty, not the security of the government in general. The security of one large fund, the Commissioners replied, would be better than one duty alone. They argued that the loans were a public debt

in the fullest sense, and the interest would be chargeable on the entire public income. 'The Legislature are bound to provide for every public service as it arises,' they intoned, 'and as long as it exists; but in what Manner, and out of what Fund, that Provision shall be at first made, and how long it should continue the same, is in the Wisdom of Parliament.'

The Commissioners spread their wings more broadly when they suggested that the same principle could be applied to other departments. 'This will open the Way to a great Measure of Financial Regulation,' they said, 'the Formation of one Fund, into which shall flow every Stream of the Public Revenue, and from which shall issue the Supply for every Public Service' [671–73].

Pitt's Consolidation Act (27 Geo. III, c. 13) followed closely the recommendations of the Commissioners. Existing customs duties were abolished and replaced by a simple duty on each item as stated in four schedules (A. B. D. E.). Fractions were rounded upward. Similar changes were made in the excise duties, which were repealed and replaced by a single equivalent duty on each commodity (Schedule F.). The provisions of the Eden Treaty were incorporated into the Act (Schedule C.). The Act did not permit importation of any product formerly forbidden to be imported. The consolidation of duties was accompanied by the consolidation of accounts in the exchequer. The stamp duties also were simplified and consolidated into one account. The Consolidation Act required the revenue boards to present annual accounts to Parliament of the produce of the duties under their jurisdiction.

Pitt's Consolidation Act established the Consolidated Fund as recommended by the Commissioners. Henceforth most sources of revenue (customs, excise, stamps, post office, Crown lands, and the hereditary and smaller revenues) were paid into the Consolidated Fund, which was charged with all continuing expenditures. These included the interest on the stocks (listed in the act) that comprised the national debt. The Civil List was a separate charge on the exchequer. Land and malt taxes were also kept separate, because exchequer bills were issued in anticipation of their collection and paid off as the tax money came in. Some expenditures, such as for the militia or bounties on exports of certain products, were made out of revenue prior to payment into the exchequer, and thus did not appear in the account of the Consolidated Fund. The surplus of the Consolidated Fund became part of the ways and means for the year and was applied by Parliament to the annual votes of supply.

The recommendations of the Commissioners were so clearly desirable that the bill based on them met no effective opposition. Sir Grey Cooper, one of the treasury secretaries in North's ministry, noted that

'this scheme had made some considerable progress, during the time in which a noble lord had presided in the Treasury,' and that he had carried on conversations about it with revenue commissioners in 1779 and 1780. Burke commented, 'I shall not . . . content myself with a sullen acquiescence, but will bear testimony to the masterly and perspicuous manner in which a plan has been developed that promises accommodation to the merchant combined with augmentation and advantage to the revenue.' Fox agreed.⁷⁵

To take advantage of the strong support for his Consolidation Bill, Pitt linked the Eden Treaty with it. Some independent members objected to combining two distinct bills in one, making it impossible to debate the treaty without threatening the consolidation of duties. George Rose replied that, since the treaty would affect many items, it was more convenient to incorporate those changes directly into the Consolidation Bill. The merits of the treaty were the only aspects of the Consolidation Bill that aroused serious opposition.⁷⁶

The results of the Commutation Act and its offshoots (wine, brandy, spirits, tobacco), the Eden Treaty, and the Consolidation Act justified Pitt's confidence.⁷⁷ The produce of the excise grew from £5.5 million in 1786 to £7.15 million in 1791. Since many duties were shifted, in whole or in part, to the excise, and customs enforcement was lax, customs collections grew moderately, from £3.5 million in 1786 to £3.7 million in 1791.⁷⁸

The quest for the annual million

By 1787, Pitt's legislation to improve the revenue had been completed, but his Sinking Fund did not get off to a good start.⁷⁹ The year 1786 was a poor year for the revenue. The Commutation Act was already a success, but the Consolidation Act, the Eden Treaty, the wine excise, and the measures to reduce smuggling in wine, brandy, spirits, and tobacco were not yet in place. In 1786 the permanent revenue was £11.8 million [81], more than a million below the estimate of the Select Committee. Expenditures were £15.7 million [83], almost £1.2 million above the estimate, plus £750,000 for the Sinking Fund. Fortunately, a large unappropriated balance was at hand in the exchequer that provided £1.1 million for the service of the next two years [83]. The East India Company paid £522,000 for renewal of its charter [83]. Imprest money repaid and arrears of taxes yielded £1 million, and £312,000 million was reclaimed from unapplied army funds. The lottery produced £1.2 million [83]. Pitt also resorted to accounting tricks to get through the year. By

changing the date of the old Sinking Fund, he took five quarters of income instead of four in 1786, which added £628,000 to the fiscal year [87]. Payment of interest on the debt was changed from quarterly to semiannually, which made it possible to skip one payment, at a saving of £274,228 [103]. By one expedient or another, Pitt got through 1786, his most difficult year.⁸⁰

When he presented his budget for 1787, Pitt noted that his trade legislation and his legislation to reduce smuggling had not yet had their full effect. He conceded that 'there had been an uncommon falling-off in the customs for the last year,' which he attributed to a bad season in the West Indies and the unsettled conditions of trade.⁸¹ 'The present season in the West Indies,' he added, 'promised to be the most productive of any which we had ever known.' Sheridan ridiculed making projections based on a good year, and refusing to face the implications of a bad year. Fox concluded that Pitt was £600,000 or more short of the million he had allocated to his Sinking Fund.⁸²

In 1788, Pitt sensed the turning of the tide. The permanent revenue, which the Select Committee had estimated at £12.7 million, had produced £13 million in 1787. He conceded that the elusive 'peacetime establishment' proposed by the Select Committee had not been achieved. The armed forces were higher due to the immediate need to put colonies, especially the West Indies, in a better state of defense. Additional expenditures were required for the debts of the Prince of Wales and relief of the American loyalists, but these would not continue. He added that the economic condition of the country and the rise in the revenue were so favorable that the necessary expenditures, including the annual million, could be met anyway. He justified this claim by a somewhat specious comparison of the economy and the revenue with 1772. Fox and Sheridan countered by playing the now familiar numbers game challenging Pitt's optimistic projections.⁸³

In 1789, Pitt admitted that revenue expectations in 1788 had not been met, which, he explained, was due to unusually active trade in the previous year and delay in feeling the full effects of placing the wine duties under the excise. Nevertheless, he pointed out that the revenue in 1788 was slightly higher than the £12.7 million identified by the Select Committee of 1786 as normal. He intended to make up any shortfalls by placing tobacco ('almost the only article which continued to be an object of smuggling to any great extent') under the excise. 'There were grounds to believe,' he said, 'that the revenue would now go on to increase in a very great degree.'⁸⁴

Despite revenue growth, the surplus remained elusive because expenditures were higher than the Select Committee of 1786 had anticipated. In 1789, Pitt faced the embarrassment of making a loan of £1 million and at the same time adding £1 million to the Sinking Fund. His loan was in the form of a tontine – self-liquidating annuities that would expire after a term of years – and hence was not counted as part of the national debt. He proposed to increase the assessed taxes and impose new taxes on newspapers, advertisements, cards and dice, probates of wills, legacies, and horses and carriages. He remarked, ‘the nature of the taxes was not likely to press heavily upon the poor, or even upon individuals in narrow circumstances.’⁸⁵

He defended the projections of the Select Committee of 1786. The navy was £500,000 per year above the estimate due to the naval rebuilding program.⁸⁶ Another £253,000 had been spent for other military needs. Unexpected expenditures in 1786 were £852,000 to the American Loyalists, £210,000 for Civil List debts, and £216,000 for the debts of the Prince of Wales. He claimed that the estimates of the Select Committee ‘had been verified to a degree of accuracy seldom to be expected in such calculations.’⁸⁷

Sheridan claimed that the goals of the Select Committee were not being met and moved for a new committee to examine again the financial condition of the country. He stated his case in four resolutions – the report of the Select Committee of 1786 was unfounded; for the past three years expenditure had exceeded income by £2 million; no progress had been made in the reduction of the public debt; and reduction of the debt would require an increase of income or reduction of spending. He came armed with facts and figures to prove his points. He pointed out that in the past two years 3 million of debt had been purchased by the Commissioners of the Sinking Fund and almost the same amount of new debt had been incurred. He concluded, ‘there is no ground for rational expectation, that any progress can be made without a considerable increase of the annual income, or reduction of expenses.’⁸⁸

William Wyndham Grenville, chairman of the Select Committee of 1786, conceded that some events had taken place that had affected their projections, but he expressed confidence that rising revenues would eventually justify the conclusions of the Committee. Pitt, probably because he realized the validity of Sheridan’s critique, opposed the motion for another select committee.⁸⁹ In 1790 he was able to gloat that average income for the past three years had reached the estimate of the Select Committee, and ‘he entertained the most sanguine expectations of a still greater augmentation, from the increase of our commerce,

our manufactures, our industry, our population, and our wealth.' These blessings he attributed to peace, an excellent constitution, and the national character. In the face of Pitt's enthusiasm, Sheridan's assertions to the contrary had a hollow ring.⁹⁰

Unfortunately, Pitt's expectations were threatened by an incident between British and Spanish ships on the west coast of North America (Nootka Sound), which led both countries to prepare for war. Pitt called for an additional 24,000 seamen and the dockyards began preparing ships for sea. The ominous situation on the continent, Pitt added, where revolutionary changes were taking place in France, made it prudent to increase the size of the army. When Fox questioned Pitt's assessment of developments in France, Burke replied heatedly, which led to his open break with Fox and his new role as an opponent of the French Revolution.⁹¹

When he opened his budget for 1790, Pitt did not want the additional military expenditure to threaten his Sinking Fund. He announced that he would find separate provision for the rearmament, which was expected to cost £3.1 million, mainly for the navy. He proposed to levy temporary taxes on sugar, spirits, and malt, and to improve the collection of taxes on bills of exchange and receipts. He intended to increase the assessed taxes, with the exception of the land tax and the commutation tax on windows. He would increase the tax on gamekeepers and the cost of hunting licences. These increases, he expected, would produce £800,000. While the Sinking Fund purchased another million in stock, he anticipated the yields of his new taxes by issuing another £1.8 million in exchequer bills, which he said would be temporary.⁹² Balances of unclaimed dividends amounting to £660,000 had accumulated in the Bank, which he would appropriate for the public use.⁹³

In 1791, Pitt was ready to present an account of his stewardship.⁹⁴ Another Select Committee, also led by Grenville, was appointed to collect information and report to Parliament.⁹⁵ In addition to making an estimate of the future peacetime establishment, they did not overlook opportunities to defend the report of 1786. They reported that the permanent revenue had grown from £11.8 million in 1786 to £14.0 in 1790 [81]. They estimated future revenue as £13.5 million [82] and assumed that the land and malt taxes would remain the same, for a total income of £16 million [82, 87]. They noted that the revenue from articles of general consumption had been increasing, and further increases could be expected in the future. The Committee also noted several unusual items of income in the previous five years. These included unpaid debts from the East India Company (£522,500), army savings

(£1 million), and profits from the lottery (£1.2 million), which, they conceded, despite some moral objections, had become a part of the annual budget [83]. 'Such was the rage and madness for this species of gambling,' Pitt remarked.⁹⁶

Expenditures from 1786 to 1790 had averaged £15.9 million, the Committee reported, which included interest charges of £9.3 million on the national debt and payment of the annual million to the Commissioners of the Sinking Fund [83–4]. In the five-year period, the Sinking Fund had acquired £5.4 million in stock, which should be offset by £1 million of new debt raised by annuities that would eventually expire. The unfunded debt of the Navy had increased by £105,580 and the Ordnance by £80,590. Outstanding exchequer bills were the same as at the beginning of the period except those issued for the Spanish armament, which would be retired by the new taxes that had been appropriated to that purpose [86–87]. Projecting these figures into the future, the Committee estimated annual public income as £16 million and expenditure (including the million for the Sinking Fund) as £15.9 million, leaving a tiny margin of £61,108 [87]. The report concluded that the projections of the Select Committee of 1786 had been met. The appendices, however, contain a wealth of information from which a clearer picture of Pitt's finance can be constructed. The accounts show that in every year until 1790, expenditure (including the annual million for the Sinking Fund) had been slightly greater than income. A good year in 1790, when income of £16.2 million exceeded expenditure by £300,000 [81, 83, 102] made the difference.

Pitt had not secured a surplus of income over expenditure until the fifth year of his plan. In those five years he had scraped up over £5 million in occasional income of one kind or another, including the lottery, which was not considered part of the ordinary income of the country [83]. As a result, the plan had not been a failure. The Sinking Fund Commissioners had paid out £5.4 million for stock, and in that same period debt had been created to the amount of £1.6 million, a gain of £3.8 million [86, 87]. By 1791, however, it appeared that the desired surplus had finally been achieved, and the success of the Sinking Fund no longer depended on windfalls. Over the five-year period, Pitt had not achieved a true annual surplus of a million, but he had come close.⁹⁷ Pitt's most important defense of the Select Committee of 1786 was that 'they were, to the best of his knowledge, the first committee in the history of this country who had been appointed to ascertain the whole of the peace establishment.'⁹⁸

Given the narrow margin by which the Sinking Fund had been deemed a success, Pitt followed the state of the revenue with excitement and anxiety. In 1791 he wrote to George Rose: 'I am impatient to see whether the Stamps & Incidents keep up their Proportion of the Encrease.' A year later he wrote to Rose: 'I wait impatiently for the Account of this Weeks' Revenue.'⁹⁹

The year 1792 was the high point of Pitt's public finance. He had reached the Holy Grail sought for two decades by Lord North and every first lord of the treasury since. His anxieties had been converted to triumphalism. 'The period is at length arrived,' he exulted,

when, by the flourishing state of our revenue, we may be enabled to enter on a system which will afford immediate and substantial relief to a large proportion of our constituents, and at the same time give additional security and effect to the important, and I trust, inviolable system which has been adopted for the reduction of the debt.

In his great speech of 17 February 1792, Pitt began with the now familiar account of increasing revenues and modest additions to the peacetime establishment.¹⁰⁰ He was so pleased with the state of the public finances that he proposed judicious tax reductions amounting to £200,000 and an additional contribution of £400,000 to the Commissioners of the Sinking Fund [816, 824, 828–30]. He attributed the increase of the revenue to the imposition of new taxes, policies to prevent fraud, and about half to 'the best of all causes – a general increase in the wealth and prosperity of the country.' Fundamental to the improvement of the revenue was the growth of trade – imports had increased from £9.7 million in 1782 to £19.1 million in 1790, and reexports proportionately. Exports of British manufactured goods had increased from £10.4 million in 1783 to £16.2 in 1791 [830–2].

Having given Parliament a comprehensive review of the finances of the nation in the reports of his two Select Committees, Pitt went beyond the details of public finance to present a wide-ranging report on the state of the economy. He identified the age as one of economic growth based on accumulation and reinvestment of capital, increased use of machinery in production, expansion of credit, the 'enterprising spirit of our merchants,' extension of navigation and fisheries, and improvements in agriculture. He gave credit to Adam Smith for explaining 'the systems of political economy' [833–4]. He attributed economic growth to peace and internal tranquility, brought about by 'the unity of liberty with law,' the circulation and increase of capital, the industry of the

peasantry, yeomanry, and artificers, the improvements made by the proprietors of land, and the enterprise of merchants and manufacturers. Above all, he attributed Britain's success to the constitution of the country, which 'secures the tranquility and welfare both of individuals and the public, and provides, beyond any other frame of government which has ever existed, for the real and useful ends which form at once the only true foundation and only rational object of all political societies' [835–6].

'The season of our severe trial is at an end,' Pitt exclaimed, 'and we are at length relieved, not only from the dejection and gloom which, a few years since, hung over the country, but from the doubt and uncertainty which, even for a considerable time after our prospects had begun to brighten, still mingled with the hopes and expectations of the public' [837]. He concluded his rhapsody with an ill-fated prophecy. 'There was never a time in the history of this country,' he declared, 'when, from the situation of Europe, we might more reasonably expect fifteen years of peace, than we may at the present moment' [826].

The next year Britain went to war against revolutionary France, and Pitt's strenuous efforts to achieve national solvency and begin long-term debt reduction went down the drain.

10

William Pitt and Economical Reform, 1783–92

The foundations of Pitt's reforms

As the heir of Burke, Cavendish, Shelburne, and the Commissioners for Public Accounts, Pitt was committed to administrative reform, although it created political difficulties that he was reluctant to face. He depended on a King who was averse to almost all change, a body of courtiers who deferred to the King, office holders looking to preserve their incomes, perks, and casual approach toward their duties, and country gentlemen who were uninterested in such matters. He would have to deal with an inveterate Opposition that would pick at everything he proposed and aggravate every sore spot. As he had discovered when he presented his Custom House Bill in 1783, the fiscal-military state had spread its tentacles throughout the country, and reform, however necessary or well conceived, could arouse resistance in unexpected places.

Old business

After the election of 1784 had established Pitt's position as the leader of the government, certain items of old business required attention. Pitt was determined to follow through on his commitment to parliamentary reform. George III stated his opposition to the idea, but added, 'out of personal regard to him, I should avoid giving any opinion to anyone on the opening of the door to Parliamentary Reform.'¹ In 1785, Pitt presented a bill that would gradually eliminate (with compensation) 36 small boroughs and transfer their 72 seats to the larger counties and the metropolis. Some reforms of polling were included. The disfranchisement would be voluntary and decided by the electors, who, it was hoped, would be attracted by the compensation offered. The electorate would

be enlarged by including 40 s. copyholders and leaseholders. Public opinion did not rally behind Pitt's Bill. After 1784, the public discontent that had fuelled demands for parliamentary reform subsided. With the revival of the economy there was no sense of urgency that could overcome the resistance of the political class to meddling with a system to which they were accustomed. Wyvill threw himself into the cause with his usual energy, but he met with lethargy or open resistance.²

The advocates of reform were divided between those like Wyvill, who maintained the 'Country' doctrine that the constitution was corrupted by royal and ministerial influence, and metropolitan radicals who drew their inspiration from Locke and advocated extension of the franchise to all freeholders who paid taxes. They argued that only radical reform would arouse the people, while Wyvill held that only moderate reform would be acceptable to Parliament.³ Fox gave lukewarm support to Pitt's Bill but quibbled about details; North and Burke spoke out against it. Many of the independent members balked, claiming that once reform began there was no knowing where it would end. The bill was rejected, 248–174.⁴

Shortly after taking office, Pitt discovered that the Civil List was in arrear by £60,000, and he hastened to protect his reputation and salary by bringing the debt to Parliament for payment while the responsibility rested with his predecessors. An account was presented that showed Civil List debt accumulating in every quarter of the previous years. The Shelburne ministry had estimated Civil List expenditure, including £50,000 to retire exchequer bills, at £899,752. Actual expenditure for the year April 1783–April 1784 had been £944,436. The excess was caused by £23,347 paid to the Prince of Wales as his increased allowance began, and by the great household departments, which exceeded their allocations by £21,997. Most of this excess came from the lord chamberlain's department. The lord steward's department had been so efficient as to come in almost £18,000 below estimate. The largest excess was under the head of 'Occasional Payments,' which was used as a catchall for all expenditures that did not fall into the other categories. This category was £33,300 above estimate.⁵

Pitt recommended that the Civil List expenditure be examined by the House of Commons, 'that some steps might be taken to make it fully and securely square, in future, with the services.'⁶ Sheridan replied that Lord John Cavendish was not to blame for the deficit 'because it was impossible for him to know of the demands that were to come upon Civil List.' He said, 'it was impossible to confine the civil list within the sum allowed for it.' He challenged Pitt either to 'call upon parliament to

grant a larger annuity, or propose a reduction of the establishments.⁷ Parliament appropriated £60,000 to pay the debt, and control of Civil List spending was left to the treasury.⁸

Pitt was no more successful in keeping Civil List expenditure within bounds than his predecessors. Expenditure for 1784–85 was £946,464, and for 1785–86 was £948,741.⁹ None of the categories was much out of line, indicating a serious effort to control expenditure, but categories that were not fixed showed modest increases. In 1786, as required by Burke's Act, Pitt informed the House of Commons that an arrear of £30,000 had accumulated, and £180,000 of exchequer bills were still outstanding that the Civil List could not repay.¹⁰ Facing a familiar 'Country' issue, some of the independent members weighed in. William Drake called upon the Crown to set an example of economy; 'he thought it necessary the expenditure of the civil list should undergo a revision.' Thomas Powys said he expected Pitt to pledge that no further Civil List debt would be incurred.¹¹ Parliament appropriated £210,000 to clear the debt and Pitt presented a new plan of Civil List expenditure amounting to £897,400 divided into eight classes plus 'Occasional Payments.'¹²

George III wrote testily to Pitt: 'Till I received Mr. Pitt's letter on Saturday I was not aware that an estimate of the Civil List expences for the next year are to be laid before the House of Commons, nor indeed can I see any just reason for it.'¹³ The King protested to Pitt that the Civil List debt was 'not occasioned by any extravagance of mine but the natural cause of things in general being dearer and Heaven having blessed me with a numerous progeny.'¹⁴ He resented the insistence of Parliament on an estimate of future expenditure, and he resisted implementation of Burke's Act, which required biennial accounts to Parliament if the Civil List ran in arrear. Pitt learned early that the King was determined to preserve a Civil List independent of parliamentary control, and a similar estimate was not presented again until 1804.¹⁵

The political dangers connected with the Civil List were aggravated by the Prince of Wales. Under the Coalition, the Prince had received an annual allowance out of the Civil List of £50,000 per annum, plus the revenues of the Duchy of Cornwall (£13,000) and £60,000 for his house and equipage. He immediately ran heavily into debt, as he spent freely on his palace, household, friends, and entertainments.¹⁶ In 1787 the Prince's creditors became more clamorous, and his affairs were brought before the House of Commons. Alderman Newnham, normally associated with Fox, called upon Pitt to do something about the debts of the Prince. 'It would be an indelible disgrace upon the country,' he said, 'if the situation and income of this exalted personage were any longer to

remain so meanly circumscribed.¹⁷ Later, he proposed an address to the Crown to relieve the Prince from his financial necessities, which would force Pitt or the King to act.¹⁸

The last thing Pitt wanted was to approach the King about the financial problems of the Prince. A parliamentary minuet took place as he parried Newnham's motion by claiming the subject was too 'delicate' for open debate. 'He should be driven, though with infinite reluctance,' he said, 'to the disclosure of circumstances which he would otherwise think it his duty to conceal.'¹⁹ As the controversy dragged on, Pitt picked up the nettle and brokered a resolution. More than 400 members attended when Newnham dropped his motion on the grounds that a settlement would be reached.²⁰ The King agreed to add £10,000 from the Civil List to the Prince's annuity, and the House of Commons approved allocating £20,000 from the Civil List for the completion of Carlton House, the Prince's palace. Pitt did not inform the House that the Civil List did not have the money. Another £161,000 to pay off the Prince's debts was paid out of miscellaneous supply grants.²¹ The crucial point was that the King did not have to go cap in hand to Parliament, as he had at the disagreeable meeting in 1777.

Pitt's estimate of 1786 remained the basis for Civil List expenditure for the next 16 years, despite the increasing needs of the royal family, rising prices, and the expansion of the civil government. As the Civil List became inadequate to its purposes, Pitt had no choice but to turn to Parliament, and the role of the Civil List as a comprehensive financial provision for the royal family and civil government was correspondingly diminished. Parliament voted parliamentary pensions to the King's sons as they came of age – the Duke and Duchess of York (1792), the Duke of Clarence (1791), and the Dukes of Kent and Cumberland (1799).²² Parliament provided money to increase the salaries of judges, paid the costs of Pitt's Audit Office, subsidized the Mint (which Burke had proposed to abolish), and relieved the Civil List of the salary of the Speaker. Civil supply appropriations increased notably as the needs of government mounted. Somerset House, roads and bridges in Scotland, subsidies to colonial governments, forts on the coast of Africa, the Board of Agriculture and the Veterinary College, repairs of prisons and subsistence of convicts, relief of American Loyalists, assistance to French refugees, public monuments, transporting slaves from the West Indies to Sierra Leone, improvements to the Parliament buildings – all these, and more, could not be neglected. From 1784 to 1801, civil government appropriations that formerly would have been charged to the Civil List averaged £637,942 per annum.²³ When Pitt resigned in 1801 and was replaced

by Addington, the Civil List was a full year in arrear.²⁴ A parliamentary report revealed the extent to which Burke's attempt to bridle Civil List expenditure had broken down.²⁵

Tax collection and balances

The treasury minutes show a great increase in the activities of the treasury board on matters concerned with tax collection, especially the land and assessed taxes. The land tax was based on the rental value of landed estates and houses and the income of public offices. Politically, the rate could not be raised above 4 s. in the £. The tax was assessed as a fixed sum for each county, and these assessments had been stabilized for decades. Proposals to change the county assessments to adjust for economic growth met resistance from counties with high growth and low assessments, like Yorkshire.²⁶ The land tax was administered by the board of taxes, which received the collections of the 51 receivers in England and Wales. The main effort of the treasury in respect of the land tax was to press the receivers to pay in their balances.²⁷ Surveyors and receivers were appointed by the treasury from respected local people to be responsible for collection of the tax, and they depended on assessors and collectors from the community. In general, the land tax did not arouse popular complaints, because taxpayers had opportunities to discuss their assessments with people they knew. Colin Brooks, writing of an earlier period, refers to the land tax as 'the antithesis of the Excise.'²⁸

In 1785 the treasury approved a plan of reform presented by the board of taxes. The traveling inspectors were centralized in London and an experienced accountant was appointed with an adequate staff to examine the accounts of the county receivers. The treasury added that it was determined to establish an 'invariable rule' to promote the most diligent officials to the office of inspector, which would give 'a strong Incentive to those Officers to do their Duty well.' Some excise and stamp taxes (coaches, wagons, horses, houses, windows) were transferred to the tax office.²⁹ Excise officers were too rough for genteel householders, and stamps collectors were not out and about, which made the collectors of land and assessed taxes more suitable.

The assessed taxes were also administered by the tax office and were collected by salaried surveyors. These taxes included the window tax, Lord North's taxes on stagecoaches and inhabited houses, and, in 1779, his tax on male servants. Pitt extended the assessed taxes to include carriages, pleasure horses, racehorses, female servants (repealed

in 1791), and the new window tax in his Commutation Act. These taxes were checked by parochial assessors and surveyors, and in some instances required invasion of privacy or the cooperation of neighborhood snitches.

The remarkable increase in the productivity of the assessed taxes greatly increased the administrative responsibilities of the tax office. Pitt did not resort to a commission to collect information and make recommendations, as he did in reform of the customs. The treasury itself carried out a series of reforms. In the years after 1785 the staff of the tax office doubled, and they moved from their cramped quarters in Whitehall to new offices in Somerset House. Separate divisions were established for the land tax and the assessed taxes. High standards of competence were set for the surveyors of the assessed taxes, and each was required to complete a three-month period of instruction. Each surveyor was required to do his own work and was prohibited from having any other occupation. Surveyors were moved from district to district to prevent development of local ties, and incentives were provided by a system of promotions based on merit. Their work was supervised and their backbones were stiffened by a traveling squadron of inspectors based in London. In 1792 there were 32 surveyors of assessed taxes in Middlesex and 132 in the rest of the country.³⁰

The ubiquity of the surveyors in the process of assessment and collection gave them some of the unpopularity of excisemen. Obnoxious it might be, but the system worked. The Finance Committee of 1797 found that the land and assessed taxes were collected more efficiently than any other taxes. In 1789 these taxes produced £3.5 million at a cost of collection of 3.5 percent.³¹ Balances were low, no offices had been granted in reversion, and the tax office took no holidays.³²

The stamp duties were the third largest producer of revenue after the excise and customs. They were under the board of stamps, which supervised a network of distributors paid by poundage on their sales. When Lord John Cavendish's receipt tax was passed in 1783, nineteen new head distributors had been added. In 1790 the total was 66, plus one for Dublin.³³ The Commissioners for Public Accounts had suggested consolidation of the board of stamps with several other smaller boards, but when the board was investigated by the Finance Committee of 1797, the sale of stamps had increased so much that the suggestion was no longer feasible. Some additions had been made to salaries to compensate for extra work. The salt tax was collected by a separate board for England and Scotland with its own network of collectors. Almost all the collection for the salt tax was subject to drawbacks and discounts,

and it produced very little revenue. The Finance Committee thought the salt tax should be repealed.³⁴

The treasury continued negotiations with John Fordyce concerning the balance of land tax collections in Scotland that had been lost due to the failure of his bankers. The board of taxes reported that the other creditors had agreed to settle with the bankers for 10 s. in the £. The treasury agreed to allow the other creditors to take their settlements first, with the remaining assets of the bankrupt bankers paid toward satisfying Fordyce's obligations to the Crown.³⁵ In 1784, Fordyce offered to assign his lands and estates in trust to guarantee repayment of the remainder of his debt to the Crown, and the treasury agreed to this arrangement.³⁶ In 1798 the debt had been reduced to £43,857, and Fordyce submitted a statement showing his assets as £32,000. He claimed that he had income from Grenada that he would use to pay the remaining £11,337.³⁷ By that time, Fordyce had been appointed surveyor-general of land revenue in England, where he was active in developing Crown properties in the vicinity of London.

In the meantime, the collection of balances from the public accountants was vigorously pursued and contributed significantly to Pitt's efforts to restore solvency. In 1784, imprest money repaid was a modest £85,903 but in 1785 it leaped to £163,073 plus another £59,176 from sale of old army stores. After that, imprest moneys repaid fell back to the normal level.³⁸ In 1786 the Board of Audit reported that the final statement of Lord Holland's account as paymaster-general was ready. It showed a balance of £54,736. Col. Fox, executor of the estate, was asked to pay in the balance. The executor replied that he would pay in the balance 'as soon as he can possibly get in the Debts due to him from the Sub-Accountants.'³⁹ Of course, that had been the problem all along. The treasury ordered him to pay in the balance, and then take legal action against the subaccountants.⁴⁰

Lloyd Kenyon, attorney-general, continued his pursuit of Rigby. He moved a resolution that Rigby pay in his balance, which he said was about £200,000. Rigby pleaded that the state of credit was such that 'he could not raise it now without a heavy loss.' At present, he added, 'the Court of Chancery, would not suffer a mortgage to be foreclosed.' He complained that the writ *distringas ad computandum* had been issued against him, which Kenyon said was routine. The motion was approved.⁴¹ The next year the treasury went after Rigby. He replied that the balance was £214,505, but that the charges against the account exceeded that amount. The treasury authorized Kenyon to begin legal action.⁴² Rigby then agreed to pay £150,000 of his balance into the

exchequer in three annual installments of £50,000 and pay 5 percent interest on the unpaid balance. He employed Charles Bembridge, Burke's nemesis, for almost 10 years to make up his accounts for presentation to the audit office. In 1791, Rigby presented an account that showed a balance of £155,950.⁴³ The treasury ordered him to pay the remaining balance into the exchequer. The account was declared in 1792, but the full amount was never paid.

Administrative reform

Pitt's main objective as a reformer was reconstruction of the finances, and he was inclined to pursue those measures of economical reform that would improve the revenue or reduce expenses, while those that would require additional costs were deferred to a more convenient time. He was most comfortable with reforms that could be carried out by the treasury. Nevertheless, the reports and debates of the previous four years had developed a consensus view of economical reform to which Pitt was personally committed and which commanded the respect and support of Parliament. His great projects were the Commutation Act and its offshoots, the Sinking Fund, the Eden Treaty, and the Consolidation Act. While these were proceeding, he moved forward with other reforms based on the reports of the Commissioners for Public Accounts, whose recommendation virtually guaranteed parliamentary approval. They had summarized their objectives in their Eleventh Report:

It [government] can quicken the Passage of a Tax or Duty into the Public Coffers: It can direct it from thence, without Delay, to the Purpose for which it is intended: It can abolish useless Offices; cut off superfluous and unnecessary Expences; and reduce those that are necessary within certain and reasonable Limits: It can call its Officers to account; and reclaim the Sums of Public Money, either detained in their Hands, or converted to their own use: It can correct every Abuse, and infuse a Spirit of Economy through every Branch of the Receipt and Expenditure of the Revenue. What can be done, the Support of Public Credit, the Preservation of National Honor, and the Justice due to the Public Creditor, demand should be done: – It must be done, or serious Consequences will ensue.⁴⁴

In February 1785, Pitt brought the reports of the Commissioners before the House of Commons and announced his intention to put into effect the reforms they had proposed.⁴⁵ The Commission, he said, 'had given

lights to parliament on subjects hitherto involved in the most inscrutable obscurity' [299]. He announced that he would introduce legislation to reform the offices of treasurer of the navy and treasurer of the ordnance. The comptrollers of army accounts, he said, would be put to work to collect balances held by former paymasters and their sub-accountants, from which he expected to collect £270,000 [306]. Next he turned his attention to the audit of the exchequer, which he described as 'not only ineffectual, but tedious in the extreme.' He proposed abolition of some of its superfluous and overpaid patent offices. Fox, of course, defended patent offices, but Pitt replied that every office implied performance of a duty, and in the great offices of the exchequer this condition had not been met. He announced that he would bring in a bill 'for better examining and auditing the public accounts of this kingdom' [306–7]. He also introduced a diluted version of the Offices Reform Bill that he had developed under Shelburne and presented during the Coalition. He moved for 'appointing commissioners to inquire into the fees, gratuities, perquisites, and emoluments, which are, or lately have been, received in the several public offices to be therein mentioned' [310].

Burke's two Paymaster Acts, presumably, had dealt with the problem of balances in that office by strengthening treasury supervision and placing balances in the Bank. Pitt was committed to implementing the same reforms in the offices of the treasurers of the navy and ordnance. The Commissioners for Public Accounts investigated balances in the office of the treasurer of the navy in their Eighth Report.⁴⁶ They found two main reasons for the accumulation of balances. One was that there was no one cash account, but money was kept in separate accounts for many different heads of service. Consequently, although the balances in each account might be small, they totaled a considerable sum. The Commissioners decided that the main reason was that the treasurer was in a position to profit from the balances in his possession.

To deal with this situation, the Commissioners adopted the methods used for the paymaster-general. They recommended, 'The Custody of the Cash applicable to the Navy services may be transferred from the Treasurer to the Bank of England, and the Account only of Receipts and Payments be kept in his Office.... In this situation the Treasurer, neither receiving nor paying Public Money himself, can be neither Debtor nor Creditor to the Public.' When a treasurer of the navy left office, he commonly took his balance with him, as well as all books and records. He continued making payments until his balance was almost exhausted, but he kept enough money to pay the costs of making up his accounts and the fees of the auditors of the imprest. The Commissioners

recommended that all books and records remain the property of the office, and that a treasurer's balance vest in his successor when he left office, to be used to pay outstanding bills as they came in [54].

In accord with these recommendations, Pitt's friend, Henry Dundas, treasurer of the navy, introduced legislation to reform his office in a manner similar to the reform of the office of the paymaster of the forces (25 Geo. III, c. 31). The office of treasurer of the navy became a sinecure, and responsibility for management of the office was entrusted to the efficient officer, the paymaster of the navy. An accounting office was established.

Pitt's legislation to prevent the accumulation of balances in the hands of the treasurer of the navy was far from successful. Many small heads of account were not consolidated, which allowed the accumulation of small balances that, collectively, amounted to a considerable sum. In 1805 the office was investigated by the Commission of Naval Inquiry, which found that the balance held by the treasurer or his deputy was usually larger than the official balance in the Bank. The difference amounted to £30,000–£50,000, rising to £75,413 in 1796. The balances not deposited in the Bank had been used by the deputy for personal speculations. Frequent deposits of more than £100,000 were made to his account at Coutts & Co., Pitt's personal bankers, who had recommended the deputy for the office. In one instance he made a deposit of £1 million. The Commission estimated that more than £6.7 million of navy money had passed through the hands of the deputy from 1786–1800 and had been used for his personal benefit.⁴⁷ One result was a bitter personal blow to Pitt – the resignation and impeachment of Henry Dundas, Lord Melville, first lord of the admiralty and treasurer of the navy, his closest political confidant.⁴⁸

The Commission for Public Accounts found similar opportunities to use balances for personal profit in the office of the treasurer of the ordnance. This officer received imprests from the exchequer, which he paid out as directed by the board of ordnance. No check was maintained on the size of his balance. When he left office he took his balance, books, and accounts with him, and continued to make payments on charges incurred during his term of office. The Commissioners found four former treasurers still making payments and holding balances. They proposed that the same regulations be applied to this office as they had recommended for the paymaster of the forces and the treasurer of the navy, including a statement of cash on hand with every request for funds.⁴⁹

Pitt promised legislation to reform the office of the treasurer of the ordnance, but the bill never appeared.⁵⁰ Presumably this lapse was due to the well-known reluctance of the Duke of Richmond to allow encroachment upon his personal preserve. The Finance Committee of 1797 investigated the ordnance, and the testimony of the ordnance officers gave every reason to believe that, although legislation had not been passed, this office was subject to the same safeguards as the paymaster of the forces and the treasurer of the navy. They also found that large sums were still being voted under the heading 'Services unprovided for.' The ordnance continued to use the form of estimate established by the Duke of Richmond instead of a proper estimate as recommended by the Commission for Public Accounts.⁵¹

In 1805 the Commission of Military Inquiry called the treasurer of the ordnance to testify concerning the balances in his possession. It was a routine question, and they were surprised to find that 'none of the regulations affecting the Paymaster General of the Forces, or the Treasurer of the Navy, had been extended to the Treasurer of the Ordnance; but that his account continued, as it always had been, a Personal and not an Official Account.' The treasurer acknowledged he had made a profit from the possession of this money, and, 'not considering that he was doing wrong, made no secret of it.'⁵² Although the treasurer might be excused for doing what was not forbidden, his subsequent conduct removed all extenuation. When ordered to pay in his balance, he paid in £51,212, keeping the rest of the balance, a sum of £56,000, in his own possession. When he left office in February 1806, he took a balance of £11,854 with him.⁵³ To remedy this situation legislation was passed in 1806 (46 Geo. III, c. 45) to apply to the treasurer of the ordnance the same provisions already applied to the treasurer of the navy and the paymaster of the forces.

The Tenth Report of the Commissioners for Accounts had explored the vast territory of accounts and balances held by the paymasters of the forces and the regimental agents.⁵⁴ The Commissioners gave considerable attention to the insupers – imprests to sub-accountants carried on the accounts of the paymasters. The persons to whom the insupers were charged were required to account to the auditors of the imprest, except for insupers incurred abroad, where the comptrollers of army accounts, who reviewed each contract initially, certified that the contract had been fulfilled.

The extent of these insupers is amazing. In the final account of the elder William Pitt, ending in 1755, there were originally insupers totaling £1,091,689. Since that time only £148,054 of these insupers

had been cleared, leaving a total of £943,635 still insuper. The insupers of the Earl of Darlington's final account, which was for the year 1757, were £286,094, of which only £233 had been cleared since that time. The insupers on the account of Lord Holland, paymaster from 1757–65, totaled £12,246,956, not including the insupers of his deputy in Germany. The insupers of the accounts of succeeding paymasters were Charles Townshend (1765–66) £202,098, North and Cooke (1766–67) £189,734, Cooke and T. Townshend (1768) £34,750, and Richard Rigby (1768–69) £165,967. The total amount of the accounts to be passed was £171 million – 21 years of unaudited accounts of the navy (£74 million), 18 years of the army (£58 million), and £39 million for other accountants [522]. The Commissioners found that many contractors thought that the approval of the comptrollers was sufficient. They did not realize that it was also necessary to pass their accounts through the auditors of the imprest, a process that the Commissioners declared costly and useless [528].

Rigby's accounts had been made up only to 1769. Since then, he had issued £17,444,903, plus paying £7,420,000 for warrants from abroad. None of that expenditure had been accounted for to the auditors of the imprest. In total, 664 subaccountants remained insuper for £38,933,920 issued to them by the paymasters from 1746–83. Of these, six persons were accountable for £4,214,478. 'And, according to the present Course of the Exchequer,' the Commissioners observed, 'every one of them must pass his Accounts of the whole Sum he has received before the Auditors of the Imprest, or he cannot have his quietus' [522].

Seeking an explanation for these vast arrears, the Commissioners examined the exchequer of account. They recognized that the auditors of the imprest could not keep up with the flood of business and recommended that the office be reformed. They suggested that many accounts 'should be transferred to such other Offices as may, from their peculiar Circumstances, and the Relation they bear to the subject Matter of the Accounts, be presumed to be the best qualified for the Examination of them' [522]. The Commissioners proposed that the accounts of the paymaster of the forces be removed from the exchequer audit and receive their final audit from the comptrollers of the army accounts. They recommended that the comptrollers be given power to go through old accounts, strike off all accounts which, in their opinion, had already been sufficiently examined, write off accounts that appeared to be uncollectible, and call to an accounting all other persons on the insuper list. To put the auditors of the imprest through the same process was pointless, especially since the fees were high and a cost to the public [528].

Responding to the report, Pitt's treasury board established the rule that the comptrollers should review all army accounts before they went to the auditors of the imprest. The comptrollers should ascertain not only that the money had been spent, but that the expenditure had been properly authorized.⁵⁵ The comptrollers dug into the accounts and submitted the names of accountants owing balances going back many years. They recommended removing from the list the names of accountants from whom no payment could be expected. The treasury agreed with the principle and urged the comptrollers to begin with the more recent accounts, where the chances of recovery were better.⁵⁶

In 1785, Pitt announced that he proposed to give the comptrollers additional power to enable them to compel the payment of balances. 'In the enormous accumulation of these extraordinaries,' he said, 'very great peculations had occurred; and a review of the accounts might lead to consequences highly beneficial to the public.' One regiment had produced £22,000. He proposed an inquiry into the extraordinaries of the recent war. 'Sufficient men must be armed with sufficient powers,' he said. 'They must have power to call men before them to force the production of papers, and to administer an oath.'⁵⁷

The audit system

The problem of balances in the hands of the public accountants was closely connected to the inadequacies of the exchequer of account. As early as January 1784, the treasury board discussed the delays and expense of the system of auditing and passing accounts.⁵⁸ In their Eighth Report, the Commissioners for Public Accounts explained in detail the operations and the shortcomings of the auditors of the imprest, who examined the accounts of all persons to whom money had been issued from the exchequer 'by way of Imprest and upon Account.'⁵⁹ Money might be issued from the exchequer 'without account,' which meant that it did not have to be accounted for to the exchequer but was accountable to the treasury. The Commissioners noted that the work of the auditors of the imprest was not a true audit, for they did not examine expenditure to see that money had been spent properly. They merely checked the accounts to see that the expenditures had been properly authorized and were authenticated by vouchers [45].

Twice a year the auditors of the imprest prepared a document called the Imprest Roll, which informed the King's remembrancer of the persons receiving money from the exchequer 'upon Account' and the amount they had received. From the Imprest Roll, the remembrancer

prepared a schedule of persons ordered to account to the auditors; the insupers (unaudited accounts of subaccountants) were added to the current account. This schedule was attached to the writ *distringas ad computandum*, which ordered the accountant to appear before the auditors of the imprest for an accounting. Not until the account, including the insupers, was passed through the auditors of the imprest and the barons of the exchequer was the accountant removed from the remembrancer's rolls [46–7].

For its purposes, the system was infallible. No one ever received money from the exchequer without being made responsible for it; the remembrancer never forgot. Yet, for the needs of a more complex age it was totally inadequate. The writ *distringas*, by which the accountants were compelled to account, was completely ineffective. The sheriffs of London and Middlesex were called upon to enforce the writ. They routinely made a negative return that none of the persons named in the writ, which included the paymaster of the forces and the treasurer of the navy, possessed land or chattels by which they could be distrained.

The Commissioners examined the audit of the accounts of the treasurer of the navy. He made payments as ordered by the navy boards, and they were the persons who decided what payments to make. His accounts were examined by three members of the navy board, who signed each page of his ledger, and this was accepted by the auditors as authenticating the expenditure. The auditors of the imprest checked the arithmetic of the account and put it in exchequer form, but the real audit was done by the navy board. The Commissioners concluded that 'auditing the accounts in the office of the Auditor of the Imprest is unnecessary and may be dispensed with' [48–9, 55].

They noted other problems. One reason for delay was that seamen were often at sea for years, and the funds allocated to this purpose could not be paid until the ship's books and other materials necessary to settle the account were available [50–2]. The audit could not be effective, the Commission concluded, without ridding it of 'that Load of old and useless schedules at present always annexed to it.' They proposed that authority be given to the treasury to review the insupers, remove those that were uncollectible, and bring the rest to audit. The writ *distringas*, they added, would have to be replaced by a more effective means to compel an accounting [48–50].

A similar situation prevailed with the accounts of the paymaster general of the forces. His payments for the ordinary of the army were made pursuant to the orders of the secretary at war, who examined the accounts of the army agents and regimental paymasters before

authorizing payment. All accounts for extraordinaries were examined by the comptrollers of army accounts before authorizing payment. The paymaster of the forces made payment for contracts and other items of the extraordinary expenditure only after approval of the comptrollers of army accounts and the treasury. 'The passing of these Accounts in the office of the auditors of the imprest,' the Commissioners said, 'is not only useless, but attended with great Expence, and the Public pays it.' They recommended that all the accountants with accounts and insurers that had been examined by the comptrollers should be required to pay in their balances immediately. The others should be examined promptly by the comptrollers and pay in their balances as soon as that examination was completed, without waiting to be cleared by the auditors of the imprest.⁶⁰

The treasurer of the ordnance was no exception. His vouchers for the propriety of the expenditure were accepted by the auditors of the imprest, whose own audit was routine checking of the arithmetic. The Commissioners stated that the audit of the exchequer was useless: 'Those Circumstances of the Account in which the Interest of the Nation is most materially concerned, the Terms of the Contract, and the Fidelity of the Execution, are not within his [the auditor's] reach.'⁶¹

The revenue boards and postmaster-general also passed their accounts before the auditors of the imprest, who performed the same useless but costly operations. The one great exception was the excise, which was recommended by the Commissioners as the model to be followed. A special office existed in the excise for auditing the annual and monthly accounts. This account was passed through the exchequer without the interposition of the auditors of the imprest. The Commissioners recommended establishment of departmental systems of audit in other departments, as in the excise.⁶²

In their Eleventh Report, the Commissioners examined the cost of auditing the accounts of the Bank of England, the South Sea Company, and the East India Company for management of their portions of the national debt.⁶³ In 1783 the total cost of debt management was £112,252, which the Commissioners, two of whom were directors of the Bank, said was too high [777]. The cashier of the Bank of England was a public accountant for the money he received from the exchequer to pay the interest on the debt and for the money he collected from the lenders when a loan was made. Although the Bank's account was a routine one, not subject to error or speculation, the fees for auditing each annual account were £21,693, with £21,573 going to the auditors of the imprest and £120 to the other officials. The Commission concluded that

the accounting practices of the Bank were sufficient protection for the public, and the exchequer audit was unnecessary. 'And for this,' they said, 'the Public are to pay, if the present system of accounting is continued, near Twenty Thousand Pounds a Year' [779].

The remuneration of the auditors of the imprest was in proportion to their uselessness. In 1783, Lewis, Lord Sondes, one of the auditors, collected fees and salaries of £16,230. Viscount Montstuart, the other auditor, collected a net receipt of £16,373. That was an exceptional year, for much time and effort had been expended in catching up with the backlog of uncompleted accounts. During the previous five years, the income of one auditor had averaged £6024 and the other £6964. For this money, the Commissioners could not find 'any solid Advantage derived to the Public from the Examination given to them by the auditors of the Imprest.'⁶⁴

Although they recognized that the abolition of offices involved delicate property rights, the Commissioners were firm in insisting that the advantage of the public required that reforms be made. They conceded that the rights of property were 'sacred, and to be preserved inviolate' [779]. However, they denied that the rights of property applied to the offices of the exchequer. These offices, they argued, had been created to carry out the purposes of the state, and their emoluments or continuance should depend on their performance of those purposes. 'Hence,' they declared, 'in every proposed official Regulation, the Advantage or Disadvantage of the Officer can never be properly a Subject of Discussion; the only Question is, whether the Necessity or Good of the State actually requires it' [780]. They recommended that the treasury begin immediately to audit the accounts of the Bank of England and the other public companies that managed the debt, even though the auditors of the imprest would lose their fees. The formation of a new system of audit they left to 'the Wisdom of Parliament' [780].

The reports of the Commissioners were the foundation of the bill introduced by Pitt in 1785 (25 Geo. III, c. 52) that abolished the auditors of the imprest and established a new system of audit. The recommendation of the Commissioners for departmental audits was not accepted, and a central audit office, responsible to Parliament, was preserved. The offices and fees of the auditors of the imprest were immediately abolished, with compensation to the two auditors of £7000 annually for life. Compensation was also offered to their deputies and clerks.

A board of five Commissioners with annual salaries of £4000 was established to replace the auditors of the imprest. An appropriation of £6000 per year was authorized for administrative costs. The new board

of audit included the two comptrollers of army accounts *ex officio*, and in this way the comptrollers shared in the powers given to the board. Although the act clearly envisioned a new, strong audit system, free of previous routine, the act declared that the new board should be subject 'to the performance of the same duties' as the auditors of the imprest, and that accounts should be audited 'in the manner and form which has been accustomed.' These provisions were construed to mean that the new board of audit should follow the procedures of the auditors of the imprest, and almost no change in routine took place. Furthermore, treasury approval was required before an account was formally approved, which added another step to the process. The accounts continued to be put into the ancient forms and in *exchequer Latin*. The fees paid to the treasury, the remembrancer, and the clerk of the pipe continued to be taken.⁶⁵ In effect, the old system was unchanged, except that the offices and fees of the auditors of the imprest were abolished.

The Commissioners for Public Accounts had given attention to the ineffectiveness of the writ *distringas ad computandum* to force the accountants to come to an accounting. The Audit Act of 1785 clearly envisaged a change and specifically gave the board of audit special power to call accountants to account. Then, with amazing obtuseness, the act stated that if accountants failed to account, their names should be transmitted to the king's remembrancer 'in order that the usual Process [i.e., the writ *distringas*] may issue thereupon.' The new audit board felt limited by the act to issue compulsion only through the writ *distringas*. The writ remained as ineffective as before. The Finance Committee of 1797 found that accountants held balances of £1,636,644 on accounts that were in various stages of passage.⁶⁶

One of the weaknesses of the Audit Act of 1785 was the dependence of the new board of audit on the treasury. The objective of the act had been to secure an independent audit, responsible to Parliament. Instead, the act declared that the board of audit was to 'audit and determine Accounts, by and with the advice, authority, and consent' of the treasury. The audit board interpreted this clause to mean that they were required to refer all doubtful matters to the treasury for decision. In effect, the new audit board became subject to the main administrative agency, the treasury, and was never an independent check on the financial administration of the ministers.

The Finance Committee of 1797 reported that the main bottleneck in passing accounts was the treasury. This delay permitted accountants to hold balances while waiting to declare their accounts to the barons of the *exchequer*.⁶⁷ In 1810 the Committee on Public Expenditure reported,

'Thus the special jurisdiction of the Treasury is constantly and habitually necessary to the final passing and settlement of the greater part of the Public Accounts which are examined by the Commissioners of Audit.'⁶⁸ An unfortunate consequence of the inflexible rules by which the board of audit continued to operate was the increased practice of issuing money 'without account.' Due to the rigid formality of the board of audit, the treasury after 1793 developed the practice of issuing increasing amounts of money under the head of special service 'without account.'⁶⁹ The result of Pitt's Audit Act of 1785 was that more and more expenditure was withdrawn from the survey of the auditors as their delays and ineffectiveness became clear.

Despite the presence of the comptrollers of army accounts on the new audit board, the accounts of the paymaster of the forces remained unaudited. The Finance Committee of 1797 found that the accounts of the paymaster for 1782–85 had been submitted to the audit office but had not been passed. Since that time, no accounts had been delivered to the auditors, despite the requirement that they be completed and delivered within one year. Furthermore, no accounts were ever delivered to the audit office complete, and accounts were set aside to await missing vouchers. In the meantime, the auditors went on to the account of the next year, and the accounts that were waiting were never passed. The regimental accounts were in a similar state, and until they were passed the officers could not be paid. The Finance Committee threw up their hands in despair. They assumed that these accounts must have been audited elsewhere – the treasury, comptrollers of public accounts, secretary at war, commissaries – and dropped the subject.⁷⁰ In reality, centralized audit had been replaced by departmental audit or none at all.

Reform of customs administration

Reform of customs administration was the essential counterpart of Pitt's Commutation Act and Consolidation Act. The proposals of the Shelburne ministry had been presented to Parliament in Pitt's unsuccessful Custom House Bill of 1783. At that time, Pitt had seen the political clout of the merchants and customs officials who opposed the bill. This time he approached customs reform with caution. To obtain information and build political support, he bolstered his case by capitalizing on the experience and prestige of the Commissioners for Public Accounts.

In their Thirteenth Report, the Commissioners examined the customs office in the port of London.⁷¹ It was headed by a board of customs that held most of the administrative responsibility. The customs duties nationwide were collected by 103 collectors, 5 of them in London. They made some payments out of their collections, which made them public accountants, and paid the rest to the receiver-general in London. Each year, two accounts were submitted to the auditors of the imprest – the account of the receiver-general and an account of the receipts and payments of all the collectors in England [654].

The offices of general receipt and supervision were in London, which, as the main port of the kingdom, also had the most complex system of collection. The collector of London was responsible for collection of the import duties. Export duties were collected by the collector-outwards, and the coastwise duties by another collector. Collections in London and the outports were paid into the receiver-general. The controller-general acted as a check.

Customs debentures were issued for drawbacks (refunds) on goods reexported or for certain goods upon which a bounty was paid on export. The need to pay debentures forced the collectors in London and the outports to hold balances. The Commissioners stated that every collector or receiver in the port of London should report weekly his collections and balance and pay in his receipts. The Commissioners recommended that all payments be made only by the receiver-general, and this recommendation was included in Pitt's Consolidation Act [658].

The Fifteenth Report dealt mainly with the outports and fees.⁷² The port of London was able to present its accounts promptly, but the Commissioners had great difficulty getting information from the outports. They remarked, 'If the London returns were replete with Error, far more erroneous and defective were those transmitted from the Outports.' Only half the outports submitted their quarterly account books as requested, and those that were submitted were useless. The port of Hull could not report the income of its patent officers, since one was in London, another at Dorchester, and the deputy to the third was in Scotland. Comparison of accounts with those in the customs office showed glaring omissions, errors, and contradictions [8–9].

The Commissioners described in detail the complex, sprawling, decentralized structure of the customs. All ports had a similar setup, although the port of London, being larger than the others, was organized more elaborately. The outports usually were responsible for smaller ports in the vicinity (member ports) and the even smaller places for the coastal trade called creeks. The patent officers at the head ports

appointed deputies at the neighboring member ports. The total number of employees in the outports in 1784 was 2877 [9–12]. The total cost of management was £499,095, not including fees. The amount collected was £3.3 million, a net of £2.8 million [19].

The outports and member ports combined had 67 patent officers. Fifty seven of those offices were performed by deputy. In many cases, the deputies held several offices – sometimes offices established to check each other. In one case the office of deputy controller was open for three years because the stipend offered by the patent-holder was so small that no one would take it. After reviewing the various kinds of offices, the Commissioners urged abolition of patent offices that were sinecures. ‘Every Office should have a useful Duty annexed to it,’ they said. ‘Every Officer should execute, himself, the Duty of his Office.’⁷³

The system of emolument included salaries, allowances, fees, gratuities, and the produce of seizures. The fees were full of ‘Perplexity, Disagreement, and Confusion,’ the Commission commented; they were uncertain and difficult to collect; and the fees to persons doing similar work varied from place to place [20–23]. Many merchants hired professional brokers to pass their goods through the customs, since duties and fees were so complex. Often these brokers were customs officers [28–9]. The Commissioners concluded that no effective reform could be made until the patent offices were abolished and all appointments were made by warrant from the treasury and the board of customs [24–27].

The most important office, that of collector, was not a patent office, but many weaknesses were found, especially the lack of training and experience of those who were appointed to the office. ‘No Official Knowledge or Experience is required,’ the Commissioners reported. ‘Persons utter strangers to the Office, and the Business of the Customs, have been frequently appointed to this employment.’ They recommended that the collectors and controllers receive a period of instruction before taking office, and be required to possess a certificate of qualification from the board of customs [28]. In the reports the Commission included other desirable reforms. The customs should be freed from the auditors of the imprest, and a special audit board should be established (Thirteenth Report).⁷⁴ Annual accounts of customs receipts should be presented to Parliament early in the session (Thirteenth Report).⁷⁵ A system of superannuation should be established (Fifteenth Report).

The Commissioners stated the principle that the remuneration of revenue officers should be conducive to the ease and accommodation of commerce, offer a safe and equitable reward to the officer, and be free of tendencies injurious to the revenue. The existing system did

not meet those requirements. The use of fees, they said, was dangerous to the revenue. 'The Subsistence of the Officer of the Revenue,' the Commission stated, 'should in no wise depend upon the Person who contributes.' The solution of the Commissioners was predictable – the abolition of all fees and gratuities and their replacement by a fixed salaries. 'Every Payment in Fee or Gratuity,' they said, 'ought to be abolished throughout the Whole Department of the Customs; and the Reward of the Officer (except what arises from Seizures) should be by salary alone' [28–9]. They complained that the Customs offices had too many holidays (45 plus Sundays) and irregular and inconvenient hours [31–2]. They also rejected the practice of hiring customs cruisers on contract [31].

They concluded the Fourteenth Report with another of their passionate exhortations. 'But when the Subject is grievously oppressed by the Burthen of an enormous Debt,' they exclaimed, 'the Reduction of which is essential to Justice, the Credit, and Security of the State, [duty requires the legislature] to cut off every unnecessary Expence, to suppress every useless and superfluous Office; [and] to correct every Abuse in the Public Receipt and Expenditure.'⁷⁶

By 1787, when the last three reports of the Commissioners were completed, Pitt had begun to lose his enthusiasm for economical reform. He was aware of the widespread influence of the customs service in elections, despite the limitations imposed by Crewe's Revenue Officers Act. Although the Commissioners had recommended suppression of the patent offices in the customs, the political hazards were serious, and Pitt decided that discretion was the better part of valor. Abolition of offices and fees would require expenditures for salaries and compensation that would threaten the quest for the annual million. However, in 1784 he ceased filling patent places when they fell vacant. The Finance Committee of 1797 reported that the reform of the customs offices recommended by the Commissioners for Accounts 'has effectually been performed in almost every instance when subsequent vacancies have happened.' Out of 190 offices listed for abolition by the Commission, 46 had been left unfilled and 104 offices had been abolished. The suggestion of a course of instruction for customs officers had been adopted. Nothing had been done to reduce the number of holidays or increase the hours of attendance. Revenue cruisers were no longer hired by contract, but were operated by customs officers, with distinctly better results. The Commission recommended further consolidation of small duties and adopting a general warehousing system as adopted for tobacco. At

8.5 percent, the cost of customs collection remained the highest of the major revenue departments.⁷⁷

In 1788 the London merchants declared their wish for a total abolition of fees, and two years later Pitt established a three-man commission to investigate fees in the customs (29 Geo. III, c. 64).⁷⁸ They reported that no one schedule of fees would serve all ports. Fees in 1788 were £133,805, which would have to be replaced by comparable salaries, and Pitt did not pursue the matter at that time.⁷⁹ Although transition to salaried officers might benefit the revenue in the long term, salaries to efficient offices and compensation to holders of abolished offices were an unaffordable expense when he was struggling to achieve an annual million for debt reduction.

As the excise became the principal source of revenue, Pitt acted vigorously to strength collection and stop up leaks. In the years after 1784, excise legislation increased greatly in bulk, prescribing in the most minute detail the methods to be used in taking stock, issuing permits for shipment, and the like. Licenses were required for all persons dealing in excisable commodities, which was both a control and a revenue measure (24 Geo. III, Session 2, c. 41). The powers of the excise to supervise the manufacture of soap were strengthened (24 Geo. III, c. 48). The intrusiveness of the excise in the packing and shipping of any excisable commodity was strengthened in 25 Geo. III, c. 74.

The excise was generally regarded as the most efficient revenue department.⁸⁰ It was the most bureaucratized and best disciplined, and, as Pitt piled more excise taxes on the domestic economy, it became the most productive and also most oppressive. In 1792 the excise collected £8.7 million and the customs £5.4 million. The cost of collection was 4.2 percent on the gross; only the land and assessed taxes did better.⁸¹ Like the customs, the excise grew with the economy, but also because Pitt's policy was to transfer customs duties to the excise wherever possible.

Pitt did not undertake fundamental reform of excise administration, although in 1789 the excise board carried out a redrawing of the divisions and rides and redefined the salary scale.⁸² In the reports of the Commissioners for Public Accounts, the excise was invariably described as efficiently administered, and the Finance Committee of 1797 came to the same conclusion. They noted that in the previous 20 years, defaults had totaled a mere £70. They remarked 'during the seventeen years which have elapsed since the Reports of the Commissioners of Accounts, this department seems to have been conducted with the same regularity and vigilance, as then received from the Commissioners their unqualified commendation.'⁸³

While extending the scope of the excise, Pitt had to deal with its widespread unpopularity. Complaints about the excise were not without merit. England was covered by a network of collectors, surveyors, and gaugers who extended the reach of the Crown into diverse regions, towns, villages, and countrysides where the authority of the national government was rarely felt. The most important of the excise duties were those imposed on beer and distilled spirits, and the excise also included other commodities of common use such as candles, soap, and starch. The excise required record keeping, not only by manufacturers, but by the small shops and pubs that retailed them. Furthermore the excise required uniform standards of weight, quantity, and measurement in contrast to the many local standards that had long existed. The interference of officious excisemen in local business was widely resented. In his *Dictionary* Samuel Johnson defined the excise as 'a hateful tax levied upon commodities, and adjudged not by the common judges of property, but wretches hired by those to whom excise is paid.' Tom Paine, a former exciseman, was even more outspoken.⁸⁴

In 1784, Pitt attempted to tax the rapidly growing cotton textile industry, which meant bringing excisemen into large factories developed by capitalist entrepreneurs who were unaccustomed to interference in their businesses.⁸⁵ His excise tax on the manufacture of cotton textiles and fustians (a wide variety of fabrics, including denims, sateens, etc.) raised a storm that he had not anticipated. He did not realize that the cotton textile industry (unlike wool) was based on mechanized factories owned by wealthy, powerful industrialists. Furthermore, the excise worked well enough for simple retail products such as tea, wine, tobacco, candles, and soap, but was unsuitable for the complex production processes of the new industrialism.

Although the tax itself was unwelcome to the manufacturers, the main complaint was that it was administered by the excise. Excisemen, who were empowered to enter any factory, day or night, were appointed to assess and collect the tax. They flaunted their authority, rigorously imposed their rules, and disrupted the flow of production. The Manchester manufacturers complained that the excise was the most obnoxious of all forms of taxation, and that the cotton tax 'operates more vexatiously and produces more evils than any heretofore enacted.' The reason, they said, was 'the complex nature of that manufacture' and 'the amazing number of excise officers necessary to enforce the law,' who disturbed 'the harmony and arrangements of their manufactures.'⁸⁶ The tax had to be paid during the production process and not when

the goods were sold, which caused cash-flow problems. Arrears of taxes might be collected by seizing the machinery.

Within a month the factory owners had taken a leaf out of Wyvill's book – they formed an association, collected 350 subscriptions, and organized a committee to go to London to negotiate their grievances with the government. More than 60 petitions were presented to the House of Commons. The potters and iron masters of the West, fearing an extension of the excise to their industries, joined the cotton manufacturers, and together they formed the General Chamber of Manufacturers to present their case. Josiah Wedgwood, the potter, was chosen as chairman, but at first the cotton manufacturers dominated the organization.

Pitt was caught off guard by the unexpected clamor. He found it necessary to yield to the cotton manufacturers, who successfully lobbied the House of Commons. Henry Dundas, Pitt's closest colleague, defended the printed cotton manufacturers of Scotland. Pitt's friend, William Wilberforce, responding to complaints from Yorkshire, advocated repeal. Pitt insisted that manufactures were a suitable object of taxation, but he conceded that the revenue from the tax, which was modest, was not worth the resistance that it had generated. He settled for a compromise that continued the tax on printed calicoes, but exempted the plain cottons and fustians, which were cheaper.⁸⁷ The opinions of 'so large, so useful, so respectable a body of men, as the cotton manufacturers,' he said, carried such weight with him 'that he would not put his own sentiments in competition with them, when the point in question was such that it could with any safety be given up.'⁸⁸ He had learned an important lesson about the changing economy of England.

In 1790, drawing upon his experience at the treasury in the Coalition government, Sheridan explained the reasons for the superiority of the excise to the customs. 'Everyone knew,' he said,

that the business of the excise was better conducted than that of the customs, merely because the patronage of it was in the board of excise, which was responsible for the conduct of all its officers. But in the customs it was different. The coasts of the kingdom were parceled out into various districts; and persons were appointed to those districts by the treasury, not because they had superior ability or merit, . . . but because they were recommended from quarters in which the recommendation, on account of election interests, was irresistible.⁸⁹

Reform of the public offices

In 1783, as a member of the Shelburne ministry, Pitt had introduced a Public Offices Bill, and, when he returned to office in December 1783, Pitt was committed to the purposes of both the bill. The Commission for Public Accounts had shown the value of an investigation conducted by a commission of professionals, and that was the approach that Pitt adopted. In his Public Offices Bill of 1783, Pitt had proposed to call upon the Commission for Public Accounts to conduct an investigation and recommend new establishments, but in 1785 they were hard at work on his other project – the Custom House Bill. Instead, he proposed to establish a new Commission

to enquire into the fees, gratuities, perquisites, and emoluments, which are, or have been lately, received in the several public offices therein mentioned; to examine into any abuses which may exist in the same; and to report such observations as shall occur to them for the better conducting and managing the business transacted in the said offices.⁹⁰

The Commission on Fees and Emoluments (25 Geo. III, c. 19) was a diluted version of the Offices Reform Bill that Pitt had presented to Parliament under the Coalition.⁹¹ Unlike the Commission for Public Accounts, the three Commissioners were established functionaries who received no remuneration. Sir John Dick was one of the comptrollers of army accounts. Sir Francis Baring, a London banker, was a friend of Shelburne. William Molleson was secretary to the Commissioners for Public Accounts. It was evident from the beginning that Pitt wanted an unthreatening ‘in house’ investigation. Instead of reporting to Parliament, as the Commission for Public Accounts did, the Commission on Fees and Emoluments was instructed to report to the privy council and reforms would be made by order in council. Pitt preferred to keep administrative reform out of the House of Commons, where powerful and articulate interest groups could create difficulties, as with his Custom House Bill in 1783. When he was criticized for not making the reports of the Commission public, he replied that main reason for parliamentary interest in the reports was to use them ‘to disseminate stories and tales to his prejudice.’⁹²

The Commissioners were directed to examine the offices of the secretaries of state, board of ordnance, paymaster-general of the forces, secretary at war, admiralty, treasurer of the navy, navy board, victualling

board, board for sick and hurt seamen, and the boards of customs, excise, taxes, stamps, salt, hackney coaches, and hawkers and pedlars. Their mandate also included the office of the postmaster-general and the surveyors-general of land revenue and woods and forests. They were given full powers to summon witnesses and records and take testimony on oath.⁹³

When Pitt introduced the bill establishing the Commission, Sheridan mockingly compared it to the extensive plan of reform contained in Pitt's Bill of 1783. He denied that Pitt's Commission bore any resemblance to the Commission for Public Accounts, which was comprised of men who held no public office and were instructed to report to the House of Commons. The new Commission, he noted, was comprised of office holders dependent on the treasury. Unlike the Commissioners for Accounts, he said, the proposed Commission had no grand purpose of reform but 'was instituted to pry into vermin abuses.' He added that the Shelburne and Coalition ministries had assembled all the information needed, and suggested that Pitt had proposed a new Commission merely to postpone action. He reiterated the view of the Coalition that such reforms could best be carried out by the departments.⁹⁴

Pitt's Commission on Fees and Emoluments heard extensive testimony and compiled vast amounts of information; they described the operations of each office that they studied and took accounts of fees, salaries, and other emoluments. They were alert to sinecures, and insisted that every office should have a useful duty that would be performed in person by the office holder. Most important to the Commission was the abolition of fees and gratuities, which they regarded as incompatible with efficient administration and a cover for bribes and other dishonesty. In some offices, they recommended that fees continue to be taken, but put into a fee fund from which salaries and office expenses would be paid. They summarized the objective as 'the correct, regular, and efficient execution of the public business.'⁹⁵

Generally, the salary scales proposed by the Commissioners were liberal, especially to the lower-paid clerks. The Commissioners noted that many small offices paying from £30 to £70 per year were not busy enough to be full-time positions. Clerks commonly held several of these. Holding multiple offices was seen as compensation for low salaries. The Commissioners suggested consolidation of these offices into full-time offices paying from £90 to £120 per year. No office holder would be permitted to hold more than one office or receive any other income.

Some clerks acted as agents for persons doing business with the office. The Commissioners wrote, 'When we find gentlemen holding the humble situation of Clerks at fifty pounds a year, and receiving by

their Agencies from five to six hundred pounds a year, it is not uncharitable to suppose that they submit to the former as instrumental to the latter.⁹⁶ They recommended that office holders take an oath of fidelity and post bond to assure adherence to the rules.

The purchase of office also attracted the attention of the Commission. Characteristic examples were found in the navy, where the premiums paid for an appointment were from £200 to £500.⁹⁷ This abuse could not be tolerated, the Commission observed, for the payment of premiums encouraged the hiring of well-to-do idlers or rapacious exploitation of the office to get back the cost of the premium.

The Commission recommended a provision for superannuation that would make it possible to replace aged or infirm officials who, out of necessity, continued in office when they could no longer be of service. 'We are of opinion,' they wrote, 'that every Officer, when from age and infirmities it may become necessary for him to retire from his station, should have a decent provision for his future subsistence, payable out of the general fund.' In some offices, employees of long service could be retired at half pay, but this provision was left to the discretion of the department and could not be relied upon. Furthermore, since much of the emolument of the office was derived from fees, half-salary was totally inadequate.⁹⁸

A common method of retirement was for an office holder to sell his post to his successor, who paid a monthly allowance out of the proceeds of the office until the death of the person whom he had succeeded. Pitt saw nothing wrong with that. He remarked when an official retired or was otherwise unable to perform the duties of his office 'it was but natural to grant him a support out of the office of his successor, and that successor might think himself sufficiently compensated for the smallness of his present profits by the prospect of a future increase, by the falling in of the pension.'⁹⁹ The Finance Committee of 1797–98 found that this was still a common practice.¹⁰⁰

The Commission on Fees and Emoluments gave special attention to sinecures. John H. Breihan estimates that there were at least 600 sinecure offices, with the largest concentration in the older departments: the household, the exchequer, the courts of law, and the customs. These offices were not under administrative control, since they were held for life, and the deputies who performed the duties of these offices were responsible only to their principals.¹⁰¹

Most of the principles of the Commission were enunciated in the First Report, which dealt with the two secretaries of state.¹⁰² The secretaries and the officials in their offices were paid out of the Civil List, but they

also received fees and gratuities from people doing business with the office [5]. The home secretary also took over the functions of the former colonial secretary. An undersecretary for plantations headed a small plantation office that worked with the committee of the privy council on colonial matters [25–6]. Each secretary had two under-secretaries, who were his political appointees. The Commissioners recommended that one under-secretary should be a permanent officer to maintain continuity in the business of the office. The other (called assistant under-secretary) would be a political appointee to deal with the private and confidential business of the secretary [12]. This proposal was not accepted. The Commissioners remarked that housing the offices of the two secretaries in separate houses was unsatisfactory. They should be under one roof, along with the state paper office [12–13].¹⁰³

The Commissioners found nothing that they would call fraudulent or corrupt, but they objected to the fees and gratuities received by officials. Officials should receive a reward, they said, ‘proportioned to their respective duties and services; but such reward ought consist of a certain fixed salary, and not depend on any contingent emoluments whatever.’ They advocated a fee fund that would be used for the payment of expenses of the office, and a provision for retirement. They also recommended that the one shilling and one penny duties on the salaries of government offices should be repealed: ‘This is nothing more,’ they said, ‘than taking back with one hand what has just been given by the other, diminished in its progress by the charge of collection’ [11–14]. In 1795 with the establishment of the secretary of state for war, many of the recommendations of the Commission on Fees and Emoluments were implemented.¹⁰⁴ The foreign office held a unique position in government, and was relatively impervious to the thrust of economical reform.¹⁰⁵

In their Second Report the Commission noted the reforms made in the treasury by Lord Shelburne.¹⁰⁶ The salaries of the treasury board were paid out of the Civil List, but fees and perquisites were also received that were used to pay other officials fixed salaries out of a fee fund. They approved the way in which the business was organized and conducted and the level of the salaries. They found no serious problems, although the office of one of the two solicitors had been converted into a sinecure. They also noted instances of pluralism – William Beldam, a clerk in the treasury, also was deputy teller of the exchequer for Lord Hardwicke. Beldam stated that, due to his long service in the treasury, he was not required to attend to his office every day, although his assistant did [66]. The Commissioners were pleased to find that provision had been made for retirement allowances [58]. They recommended that one of the two

secretaries be a permanent officer, not having a place in Parliament or changing with changes in the ministry. The other would be a political appointee ‘to attend to matters of a special and confidential nature’ [56]. The treasury gave a similarly cool reception to the idea of a nonpolitical permanent secretary. The rest of the staff, headed by the four chief clerks, were permanent personnel and did not change with a change of ministry. In 1793 the treasury establishment and salaries were reformed in accord with some of the proposals of the Committee on Fees and Emoluments.¹⁰⁷

The Commission devoted most of its time and six of its ten reports to the vast bureaucracy of the navy. They reported that, in general, officials performed their duties personally and efficiently, but the offices were riddled with fees, gratuities, and perquisites. They consistently urged fixed salaries paid out of fee funds and a decent provision for retirement due to age or infirmity.

The staff of the Admiralty office was small, and the secretaries were permanent officials who performed their duties personally.¹⁰⁸ The two secretaries handled the paperwork, and directed the work of the clerks, each of whom was assigned a separate branch of the business [95]. Fees were taken according to a table established in 1784 and divided among the officials, but they were a minor consideration in the operation of the office [99]. The Commission found a sinecure in the office of the paymaster of marines, whose duty was to pay marines while they were on shore. The paymaster did not perform the duties of the office personally, but the office was well managed due to ‘the experience, attention, and ability of Mr. Williams,’ the agent, who kept ‘very clear and satisfactory records’ [100].

The Commission approved of the reforms made to the office of the treasurer of the navy.¹⁰⁹ In addition to putting the balances of the treasurer in the Bank, these included an accountant to review payments and contracts, and an inspector to prevent frauds in seamen’s wages [137–8]. They noted that accounts of previous treasurers were still in arrear to 1762 and totaled £99 million [144]. The treasurer rarely attended the office, although he received a salary of £4000 for loss of the profits from holding balances [137–8].

The navy board was the principal administrative office for the navy.¹¹⁰ It was responsible for the building, equipping, and manning of ships, management of the dockyards, transport of troops, and supervision of the accounts of the treasurer of the navy, victualling board, and others providing supplies or services to the navy. In the offices of the navy board, the Commission found the usual mix of salary, allowances,

perquisites, and gratuities. The Commissioners recommended that each office holder should receive a fixed annual salary that would provide 'full and competent recompense for the service required of him, which should be free from all taxes and deductions whatever.' Requiring payment for appointment to an office, they said, 'is highly improper, prejudicial to the public Service, and ought to be totally abolished' [184]. Personal attendance should be constant during working hours. As usual, they recommended provision for retirement [187]. They conceded that payment of some fees was acceptable, but that they should be paid into a fee fund used for salaries and expenses of the office. They found a possibility of corruption in the sale of old stores.¹¹¹

They recommended similar reforms in the dockyards and the department of sick and hurt seamen, which was also responsible for prisoners of war. The dockyards were a major administrative problem.¹¹² The Commission found strong inducements to give or receive gratuities. Workmen took apprentices, who worked while the master collected the salary [306–7]. They also disapproved of the existence of an ale house in the yard [313]. They noted abuse of the privilege of chips, which originally was limited to what each man could carry under his arm and had been increased to the shoulder, which doubled the amount. The men were dismissed half an hour early to gather chips, and sometimes they clandestinely cut up useful timber to fill their bundles [316].

Great irregularities were found in the operations of the sick and hurt office and the victualling board.¹¹³ The large scale of victualling contracts provided many opportunities for fraud and corruption. At foreign stations, contracts usually had to be made with one person, and there was no competition. The accounts of the victualling office, the Commission observed, were full of patently fraudulent vouchers, since the captain left such matters to the purser, who was able to take advantage of the situation [569]. The cost of a ration manufacturer at Deptford was approximately 4 d. cheaper than a ration from a private contractor, which was more than enough to pay for freight and insurance [573].

In its investigation of the navy, the Commission on Fees and Emoluments was guided primarily by Sir Charles Middleton, comptroller of the navy (chief executive officer), and his ideas were incorporated into their reports.¹¹⁴ Middleton, the acerbic professional, scornfully described the navy board as: 'Those gentlemen who, contented with an easy official attendance, came and went as inclination or convenience led them, [and] when they had other avocations, gave them convenient leisure to pursue them, and, when they were pleased to meddle, left them all the importance of office.'¹¹⁵

Middleton pointed out that the navy board had not changed much in basic structure for more than a century, 'notwithstanding the great increase of the navy.' The result was that many important duties, such as passing accounts, were left to clerks, who were the only people who understood them. The board often did not know how many ships were in commission, because the clerks ignored the reports. He recommended an increase in the size of the board, and a division of the work among three groups of commissioners, with the comptroller exercising a general supervision. He proposed that the Comptroller be given a 'controlling power' over the navy board.¹¹⁶

Similar problems existed with the victualling board and the board of sick and hurt. Middleton complained that the men who comprised those boards were unacquainted with the details of making biscuit or hiring transport.¹¹⁷ The Commissioners consistently emphasized professional competence in office as opposed to the political jobbery characteristic of the time. They recommended that those officers who were political appointments should exercise a general supervisory role, while men with professional experience dealt with actual administration. Their reports on the civil departments of the navy laid out an extensive agenda of economical reform based largely on Middleton's recommendations.

Pitt took a strong interest in the navy. 'It was not an uncommon thing,' a naval officer wrote, 'for Mr. Pitt to visit the Navy Office to discuss naval matters with the Comptroller; . . . he also desired to have a periodical statement from the Comptroller of the state of the fleet, wisely holding that officer responsible to him, without any regard to the board.' Nevertheless, reform stalled. Like Burke and Shelburne, Middleton found that his zeal for reform brought him only frustration and hostility. He was opposed by Adm. Richard Howe, who had been appointed first lord of the admiralty when Pitt took office in December 1783. Howe saw Middleton's zest for reform as an attempt to aggrandize the power of the comptroller's office, and complained to Pitt. In 1788, Howe resigned, and Pitt appointed a landsman, Lord Chatham, his older brother, to replace him.¹¹⁸ Middleton seized the opportunity and urged Pitt to act on the reports of the Commission.¹¹⁹ The King's illness and the Regency Crisis intervened, and after that Pitt lost interest in reform.

In 1790, Middleton's exasperation led him to resign. He wrote to Pitt:

As soon as it was discovered that my opinions went to reformation of abuses . . . and to the abolition of premiums on clerkships and improper fees, and to the adoption of other measures, clearly desirable, for conducting this great department with celerity, exactness,

and economy; when all this was made public, I very early discovered a jealousy against myself which I had never before experienced.¹²⁰

Despite Middleton's bitter experiences as a reformer, the administration of the navy was successful in maintaining a huge and complex department that functioned well. Many members of the boards had risen from lower stations and had acquired a wide knowledge of their jobs. Although corrupt and wasteful, the navy was remarkably free from the rigidity and negligence that characterized many other departments. It is noteworthy that when the Commission on Fees and Emoluments examined 111 officers and clerks of the navy board, only one office was found that was performed by deputy.¹²¹ British naval supremacy in the eighteenth century may have rested as much on superior administration as superior seamanship.

The extensive assignment given the Commission on Fees was never completed. In their 3-year existence, the Commissioners prepared 10 elaborate and detailed reports that were ready by June 1788. Although many offices remained to be investigated by the terms of the act, their work ceased. Their reports were referred to the Privy Council, and in 1792 they were referred to the departments concerned. Except for reforms in the post office that were pushed forward in Parliament, little was done.

The reports of the Commission on Fees and Emoluments were rendered ineffective largely due to the reluctance of Pitt to carry out further reforms. When war broke out in 1793, fees rose to inordinate amounts in some offices. Official discipline and accountability broke down. Scandals were revealed in the dockyards; corruption in the victualling board contributed to the naval mutiny of 1797. The Finance Committee of 1797 and 1798 revealed extensive abuses that could have been corrected 10 years earlier. 'Pitt's treatment of the commission and its reports,' Breihan writes, 'represented a lost opportunity for significant administrative reforms.'¹²²

One valuable reform was the establishment of the stationery office. Shortly after the Pitt ministry was formed, John Mayor, a treasury official, submitted to Pitt a proposal for a separate stationery office that he had prepared for the Coalition. In 1784 the treasury took the first step by ordering the admiralty, navy board, treasurer of the navy, victualling office, and lord chamberlain's office to discontinue their present stationery providers within six months.¹²³

In July 1785 the treasury directed Sir William Chambers to prepare a house for a stationery office, and a housekeeper was hired to

supervise the furnishing of the premises. In April 1786, John Mayor was appointed the first superintendent of the stationery office. He was instructed that every article was to be bought directly from the manufacturer at the usual discount given to wholesalers, and sold to the participating public offices at cost. In addition to the House of Lords and House of Commons, the offices that initially were directed to receive their supplies from the stationery office were the navy, lord chamberlain, lord steward, paymaster general, comptrollers of army accounts, and the boards of taxes, salt, hackney coaches and chairs, hawkers and pedlars, and stamps.¹²⁴

Many offices continued to obtain their paper and supplies through other channels. The patent of Horace Walpole, usher of the exchequer, to serve the treasury, secretaries of state and customs did not expire until his death in 1797. The post office, secretary at war, treasurer of the navy, and part of the excise continued to be supplied at exorbitant rates by persons holding patent or contract rights. As late as 1797, fifteen departments were supplied by private contract.¹²⁵

The post office scandal

The post office was an important source of revenue, in addition to performing an important public service by delivering the mail. In 1762 the redoubtable Anthony Todd became secretary of the post office, the principal executive office. With one brief interlude (1765–68), he held that office until his death in 1798. Todd improved the speed and reliability of the mail service and developed the system of packet boats that sailed from Falmouth to various continental ports. The packets served not only the post office, but provided speedy transportation for officials of the foreign office and the admiralty. Todd received poundage on the expenditures for the packet boats, which made him a rich man. There was a separate organization for the Penny Post, which operated in London and vicinity.

An important part of Todd's income was derived from secret service money paid to him as secretary of the foreign department of the post office, which opened, copied, and deciphered letters from abroad. Todd maintained important political connections, especially with John Robinson, whose cousin he married. Politicians found it advisable to remain on good terms with him.¹²⁶

In 1782, John Palmer, an entrepreneur from Bath, presented to Pitt, then chancellor of the exchequer under Shelburne, a plan for improved mail service by using fast coaches to carry passengers and mail on the new

turnpike roads. Pitt recognized that Palmer's plan could improve the post office revenue, but the Shelburne ministry fell before the plan could be implemented. The Coalition continued to show interest in Palmer's plan.

When he became first lord of the treasury, Pitt was determined to improve the revenue of the post office, and rates were raised (24 Geo. III, session 2, c. 37). The act also attempted to curtail abuse of the privilege of franking by members of Parliament, especially for business purposes, but was ineffective.¹²⁷ Pitt ordered a trial of Palmer's plan on the Bristol–Bath–London road, which was a great success. Despite the opposition of Todd, the post office was directed to assist in introducing the fast mail coaches, which Palmer managed as a separate service.¹²⁸ Palmer's aggressive methods revolutionized the postal system and brought a sharp increase in postal revenue. The net revenue of post office in 1783 was £159,625, and by 1793 it was £401,556.¹²⁹

Todd recognized that Palmer was taking over the inland mail, leaving him with the secret service money and the packets. Supported by Lord Tankerville, joint postmaster-general, he created a variety of obstacles to Palmer. In August 1784, Palmer complained that the postmaster-general was obstructing the execution of his plan, and the treasury board came to his support.¹³⁰ Eventually Pitt was called in to mediate, although he resented being pestered with such 'trivial' matters.

In the meantime, a quarrel had broken out between the two postmasters-general, Lords Tankerville and Carteret. Tankerville had been active in trying to eliminate abuses, while Carteret was engaged in a number of unjustifiable exploitations of his office. Tankerville refused to sign for some expensive furniture that Carteret had bought for his personal use out of post office funds. When Carteret complained, Pitt dismissed Tankerville, primarily due to the political connections of Carteret, who was a younger brother of Lord Weymouth.¹³¹

Tankerville did not go quietly. In 1787, he precipitated a scandal that was a blow to Pitt's reputation as a leader devoted to efficiency and 'purity.' Tankerville made the matter public, and in May 1787, as the session was winding down, Charles, Viscount Grey, Tankerville's nephew, who had recently entered the House of Commons, pressed for a Committee of Inquiry, which Pitt, although reluctant, could not reasonably refuse.¹³²

The facts, as stated by Grey, concerned an employee of the Post Office in Dublin, who was transferred to the more profitable office in Dover. To facilitate the move, he arranged for his successor in Dublin, Mr. Lees, to pay an annuity to his predecessor in Dover, a common retirement arrangement at the time. However, Mr. Lees was also required to pay an additional £350 per year to an unknown person called A. B. Grey

suggested that Pitt must have known of the transaction. Pitt replied that the treasury had approved the arrangements made with Mr. Lees, although he knew nothing about the supposed payoff to A. B.

Sheridan and Fox used the episode to challenge Pitt's reputation for purity in government. When Pitt called attention to his Offices Reform Act as an example of his commitment to reform of abuses, Sheridan replied that nothing had been seen or heard from the Commission on Fees and Emoluments, which led him to question Pitt's sincerity. The House agreed to establish a Committee of Inquiry, chaired by Grey, to collect the facts and report before the end of the session, which was fast approaching.¹³³

When Grey presented the report of the Committee of Inquiry, he noted that Lord Tankerville had frequently complained to the first lord of the treasury about abuses he had discovered in the post office, but instead of encouragement he was removed from office. Grey reviewed abuses in the packet boats as revealed in his report, and chastised Pitt for not using the Commission on Fees and Emoluments to dig into the subject.¹³⁴

The Grey Committee corroborated the charges made by Tankerville.¹³⁵ They found that John Lees had been compelled to pay £350 per year as a condition of appointment to a position as secretary to the post office in Ireland, and that payment was to be made to a person whose identity was kept secret and who was referred to only as 'A. B.'

Upon further investigation, A. B. turned out to a friend of Carteret named Peregrine Treves.

'Are not you a Jew and a Foreigner?' the Committee asked Treves.

'Yes,' he replied.

'In Consideration of what Services did you receive these Grants?'

'From Friendship entirely.'¹³⁶

The post-office scandal gave Grey an opportunity to observe of Pitt that, 'notwithstanding all his professions of purity and reform, he was by no means a sincere friend to either one or the other.' Sheridan contributed his biting wit to the debate. He said that this incident showed that Pitt's bill for reform of the public offices was 'a Bill of ostentation and parade, rather than of solid advantage and utility.' He remarked that Pitt apparently was determined to hear with the ears of Mr. Baring (who was notoriously deaf) and see with the eyes of Sir John Dick (whose eyes were weakened by age).¹³⁷

The report was damaging to Pitt, for it revealed other abuses in the Post-Office that Tankerville had attempted to remedy. Todd admitted to some of these, and informed the committee about his poundage. The

report recommended that the Commission on Fees and Emoluments immediately begin an investigation of the post office, to which Pitt agreed.

Pitt defended the Commission's slow progress, noting that they had begun with the most important departments and had not yet reached the post office. Sir Francis Baring pointed out that they had already made three reports and were working their way through a difficult mass of material on the complex offices of the treasurer of the navy and the navy board.¹³⁸ Although Pitt was successful in defeating a motion of censure based on the report, his prestige as a reformer was dimmed.¹³⁹

A result of the scandal was that the Commission on Fees and Emoluments was directed to examine the post office after completing their reports on the navy offices. This they did, with great zeal, in the Tenth, and last, report.¹⁴⁰ They noted the variety of sources that comprised the income of Anthony Todd [761]. They discovered that the postmaster-general in Edinburgh kept an unneeded balance of £10,000 or more, and his deputy kept another £4000 [782]. They found a number of sinecures, pointed out waste in coal, stationery, and incidental expenses, and recommended replacement of fees by salaries. They rehashed the payments to Treves. They gave most of their attention to abuses in the packet boats, which they described as 'an improvident expenditure.' They noted that Todd, whose duty it was to supervise the management of the packet service, had an interest in several packet boats and received a poundage of 2.5 percent on all expenditures for the boats. They recommended that all packets be hired by contract and that all postal employees be forbidden to have an interest in them [791-97].

In 1793 the Tenth Report was taken up by the postmaster-general, a new salaried establishment was drawn up for the post office, and many useless offices were abolished with compensation. The proposal of the Commission on Fees and Emoluments concerning packets was adopted. The Finance Committee of 1797 noted that the postmaster-general continued to manage extensive patronage and that compensations and retirement pensions seemed excessive. Considering the delays and evasions of the post office, the Finance Committee observed dryly 'some parts of the Establishment still have need of revision and improvement.'¹⁴¹

A few months after the report was completed, the Regency Crisis arose. Pitt was made starkly aware of his political and financial insecurity, and his survival seemed like a miracle. His interest in administrative reform evaporated. After 1787, Pitt introduced no bold new measures of reform. The Commission for Public Accounts stated that they had accomplished

their purpose and wished to be terminated. The Custom House Bill did not appear. Pitt allowed the Commission on Fees and Emoluments to expire when fewer than half of the designated departments had been examined. Their reports were submitted to the Privy Council and buried in a special committee set up to consider them. The reports in a small and truncated edition were published by the House of Commons in 1793.¹⁴²

Pitt's commitment to economical reform had ended. The reasons for the rather sudden cooling of his interest are found in his priorities. As a political leader without a base of his own, Pitt was understandably reluctant to stir up dissatisfaction among the conservative members of his political base, including the King. His major concerns were to restore Britain's role as a major power, revive and expand the flow of trade, reorganize the empire, settle the relationships with Ireland and the East India Company, restore financial stability, and begin a process of debt reduction. Quite an agenda!

He was most zealous in pursuing those reforms that would assist him in his quest for the annual million. The Commutation Act, the Sinking Fund, the Eden Treaty, and the Consolidation Act were passed from 1784 to 1787, when Pitt was striving to improve the revenue and parliamentary support remained strong for reforms based on the reports of the Commissioners for Public Accounts. By 1792 his primary objectives had been achieved. After that, his energies were devoted to foreign policy, imperial policy, and war.

In August 1792, Lord North died and the sinecure office, warden of the cinque ports, which paid £3500 per year for life, fell vacant. As first lord of the treasury, Pitt received approximately £5000 per year, and another £1800 as chancellor of the exchequer. By the standards of the time, he was wealthy, but these offices were politically insecure, as the Regency Crisis had shown. The wardenship of the cinque ports meant lifetime security, and Pitt, as was his privilege, took it for himself.¹⁴³

And why not? The office was respected and had not been an object of economical reform. In 1784, when Pitt had refused the sinecure office of clerk of the pells, he was new to office. He wanted to stake out his claim to be a statesman and a reformer, and not a politician of the old school. The office of clerk of the pells had been denounced by the Commission for Public Accounts and the House of Commons as an unjustifiable burden on the public. Furthermore, he was young and idealistic. In 1792, he understood better the realities of our fallen world. He had earned a lifetime office. His sinecure signified that the role of Pitt as the implementer of economical reform had ended.

Afterword

The initial period of economical reform peaked under Pitt, but the political effects continued to be felt for the next 40 years. In 1947, Archibald S. Foord published a seminal article entitled 'The Waning of "The Influence of the Crown."' ¹ In this article, Foord reviews the various kinds of 'influence' that the Crown used to establish and sustain a majority in the House of Commons – patronage, sinecure offices, reversions, secret service, pensions, the privy purse, honors, contracts, government loans, leasing of Crown lands, and 'imperceptible influence.' Beginning with the 1780s, Foord spells out a complex process by which the influence of the Crown gradually diminished until, by 1818, ministers complained that it was difficult to form and maintain a government. Foord admits that he cannot put his finger on any one time or event that marked the turning point. He notes that the Rockingham reforms in 1782 were not the decisive moment, as evidenced by the election of 1784. He concludes that the decline in the 'influence of the Crown' was brought about 'not by any enactment or group of enactments, but by a long train of legislation, administrative reform, and changed attitudes in public life.' He gives considerable weight to 'the growth of the power of public opinion.'

In *The Waning of 'Old Corruption'*, Philip Harling traces the continuing influence of economical reform from 1792 to well into the Victorian period.² In Chapter 3 entitled 'The French Wars and the Failure of Pittite Reform,' Harling discusses both the failures of Pitt's reforms and the decline of Pitt's reputation for 'public-minded stewardship' [56]. For a time, patriotic support of the government reduced criticism of Pitt's management of the finances. By the turn of the century, however, uncritical support gave way to a revival of agitation for economical reform.

A new phase of economical reform began with the Finance Committee of 1797–98, which was charged with reviewing the reforms that had been made in accord with the reports of the Commission for Public Accounts. Their reports showed that many of the recommendations of the Commission for Accounts and the Commission on Fees and Emoluments had been ineffective or ignored [72–9]. Harling credits Henry Addington, who succeeded Pitt in 1801, with a serious interest in economical reform, but his short-lived government lacked parliamentary support, and his efforts did not get off the ground [80–2]. However, when Pitt returned to office in 1804, he had been stimulated to undertake new efforts at administrative reform. His commitment was strengthened by the impeachment of his friend, Henry Dundas, Lord Melville, for abuse of the office of treasurer of the navy, which presumably he had reformed in 1785 [82–8]. Harling also notes the growing importance of public opinion, especially the influence of the journalist, William Cobbett, who added to the usual strictures against privilege and waste an awareness of the destructive effects of Pittite finance and the funding system on the social structure of 'Old England' [91–9, 121–3].

In Chapter 4 Harling traces the continuing influence of economical reform to the end of the Napoleonic wars. In 1806 the chancellor of the exchequer revealed

that Pitt's audit board was swamped with unaudited accounts totaling £455 million [133]. A year later, a Committee on Public Expenditure was established to follow the example of the Finance Committee of 1797–98. Its 13 reports gave a fresh impetus to economical reform. In 1810 a Select Committee on Sinecure Offices called attention to the large incomes that a few privileged people received from sinecures and pensions [108–18]. Fierce attacks were directed against the excessive profits that the Grenville family drew from sinecures, especially Lord Buckingham's tellership of the exchequer. The demand for parliamentary reform also revived, since economical reform, which relied on the political class to violate its own interests, had failed [102–3, 135–7]. In the rest of his book, Harling traces the process by which agitation for economical reform after 1815 contributed to parliamentary reform and a sweeping reconstruction of the British administrative system.

In addition to the decline of ministerial 'influence' and reform of public administration, economical reform fostered a cluster of wide-ranging changes in British government.³ One of them was the increased role of the treasury in parliamentary leadership and public administration. That role expanded as Britain came to grips with enlarged fiscal and administrative needs during the French Revolutionary and Napoleonic wars and beyond.⁴ Another was the development of a body of professional civil servants. Public opinion and the need for competence at a time of great challenges meant that development of salaried, full-time office holders made progress for the next half century.⁵

Peter Jupp points out that ministries increasingly used commissions and select committees to pursue their objectives by bringing expert knowledge to bear on specific problems.⁶ Lord North's Commission for Accounts provided the template for numerous successors. The Finance Committee of 1797–98 brought economical reform back into public view. A torrent of similar reports from commissions and select committees began to flow after 1800 as ministries confronted the challenges of war and the Industrial Revolution.⁷ Parliament was changed, Jupp writes, by 'a huge increase in the volume of business conducted there in the form of debate, legislation, and enquiry.' Published debates and reports led to 'a considerable increase in the attention paid by the public to Commons' affairs.'⁸

The movement for economical reform in the 1780s was the vanguard of these developments. Christopher Wyvill and the county associations revealed widespread public discontent with fiscal abuses. Beginning with Burke's Speech on Economical Reform, the problems of fiscal management were fully aired in Parliament and the press. The Commission for Accounts provided an astonishing depiction of the waste and inefficiency of the existing system of fiscal management. The mysteries of government had been revealed and challenged. In subsequent years, reporting of the parliamentary debates became much fuller and complete, and the growth of critical journalism kept the movements for parliamentary and economical reform alive.⁹

Notes

2 The foundations, 1760–70

1. The classic essay is Richard Pares, 'George III and the Politicians,' in *The Historian's Business* (1961), 100–23. Enlarged in *King George III and the Politicians* (Oxford, 1953). See also Peter D. G. Thomas, *George III: King and Politicians, 1760–1770* (Manchester, 2002), 1–4, and Earl A. Reitan, *George III: Tyrant or Constitutional Monarch?* (1964). Jeremy Black, *George III: America's Last King* (2006), 411–38, offers a comprehensive review of the reputation of George III from his lifetime to the present.
2. Earl A. Reitan, 'The Civil List in Eighteenth-Century British Politics: Parliamentary Supremacy vs. the Independence of the Crown,' *The Historical Journal* IX (1966), 9:318–37.
3. Report on Public Income and Expenditure. 2 vols. *Sessional Papers* (1868–69), 366. 2:133, 149. This parliamentary paper provides balanced accounts of income and expenditure from 1689. They show cash flows in and out of the exchequer, which can differ appreciably from the annual budgets due to delayed payments.
4. Sir Lewis Namier, *England in the Age of the American Revolution* (2nd ed. 1961), 403–4.
5. *The Jenkinson Papers, 1760–1766*, ed. Ninetta S. Jucker (1949), 133.
6. 'Report from the Select Committee to take into Consideration the Several Estimates and Accounts presented to this House... since the Commencement of the late War.' *JHC* (1763) 29:635–45.
7. Huntington Library, *Grenville Letterbooks* vol. 1 (Sept. 29, 1763). See also Oct. 28, 1763.
8. T. 29/37:6–7.
9. T. 29/36:28–30.
10. T. 29/36:21.
11. T. 29/36:217.
12. T. 29/35:280–1.
13. T. 29/35(Aug. 31, Sept. 2, 1763). See *The Jenkinson Papers, 1760–1766*, ed. Ninetta Jucker (1949), 201.
14. The records of the Commissioners of German Demands are in State Papers, Miscellaneous (S. P. 9/222–238). S. P. 9/222 gives abstracts of their 181 reports. T. 52/109 contains warrants for payment of allowed claims, some with comments on the relevant report.
15. *Jenkinson Papers*, Correspondence and Papers of the First Three Earls of Liverpool, Add MSS 38,191, f. 140.
16. T. 29/37:29–30.
17. Philip Stanhope, 5th Earl Stanhope, *Life of the Right Honourable William Pitt*. 4 vols. (London, 1861–62), 3:xi–xii.
18. John L. Bullion, *A Great and Necessary Measure: George Grenville and the Genesis of the Stamp Act, 1763–1765* (1982). Peter D. G. Thomas, *British Politics and*

- the Stamp Act Crisis: The First Phase of the American Revolution, 1763–1767* (Oxford, 1975), 69ff.
19. P. [Paul] Langford, *The First Rockingham Administration, 1765–1766* (Oxford, 1973).
 20. John Brooke, *The Chatham Administration, 1766–1768* (London, 1956), 7, 386–7.
 21. The process can be followed in T. 29/38, 366, 413–4, 444, 459–6. See Peter D. G. Thomas, *The Townshend Duties Crisis: The Second Phase of the American Revolution, 1767–1773* (New York, 1987), 28–35.
 22. *The Correspondence of King George the Third from 1760 to December, 1783*, ed. Sir John Fortescue (6 vols., 1927–28), 1:424.
 23. Sutherland, Lucy S., *The East India Company in Eighteenth-Century Politics* (1952), 159–76. Brooke, *Chatham Administration, 1766–1768*, 133. In 1769 the £400,000 per year was extended indefinitely.
 24. Langford, *First Rockingham Administration*, 55–65.
 25. Ian R. Christie, 'The Changing Nature of Parliamentary Politics, 1742–1789,' in *British Politics and Society from Walpole to Pitt, 1742–1789*, ed. Jeremy Black (New York, 1990), 111–6.
 26. John Cannon, *Aristocratic Century: The Peerage of Eighteenth-Century England* (Cambridge, 1984).
 27. J. B. Owen, 'The Survival of Country Attitudes in the Eighteenth-Century House of Commons,' *Britain and the Netherlands: Metropolitan Dominance and the Province, IV*, ed. J. S. Bromley and E. H. Kossman (1971), 45–8. John Brewer offers a social and regional assessment of Country politics with primary attention to the urban element in 'English Radicalism in the Age of George III,' *Three British Revolutions: 1641, 1688, 1776*, ed. J. G. A. Pococke (Princeton, NJ, 1980), 323–67. For a multi-dimensional view of 'the country interest' and a review of recent scholarly literature, see Bob Harris, *Politics and the Nation: Britain in Mid-Eighteenth Century* (Oxford, 2002), c. 2.
 28. John Brewer, *The Sinews of Power: War, Money, and the English State, 1688–1783* (Cambridge, MA, 1988), 155–61.
 29. Sutherland, 'The City of London in Eighteenth-Century Politics,' in *Essays Presented to Sir Lewis Namier*, ed. Richard Pares and A. J. P. Taylor (London, 1956), 49–74. H. T. Dickinson, *The Politics of the People in Eighteenth-Century Britain* (New York, 1994), 175–6, 198–203. Peter D. G. Thomas, *John Wilkes: A Friend to Liberty* (Oxford, 1996).
 30. Frank O'Gorman, *The Rise of Party in England: The Rockingham Whigs, 1760–82* (London, 1975). W. M. Elofson, *The Rockingham Connection and the Second Founding of the Whig Party* (Montreal, 1996).
 31. Carl B. Cone, *Burke and the Nature of Politics* (2 vols. 1957, 1964). Frank O'Gorman, *Edmund Burke: His Political Philosophy* (London, 1973).
 32. Peter D. G. Thomas, *Lord North* (New York, 1976).
 33. George Rudé, *Wilkes and Liberty: A Social Study of 1763 to 1774* (Oxford, 1962), 74–89, 149–171 and S. Maccoby, *English Radicalism, 1762–1785: The Origins* (London, 1955), 100–07. The main forms of radicalism are explained in H. T. Dickinson, 'Radicals and Reformers in the Age of Wilkes and Wyvill,' in *British Politics and Society from Walpole to Pitt, 1742–1789*, ed. Jeremy Black (New York, 1990), 127–132.

34. Rudé, *Wilkes and Liberty*, 105–48.
35. *The Correspondence of Edmund Burke*, ed. Thomas Copeland (10 vols., 1958–72), 2:51–2.
36. Earl A. Reitan, 'Civil List, 1761–77: Problems of Finance and Administration,' *Bulletin of the Institute of Historical Research* XXVII (1974), 186–201.
37. *Sir Henry Cavendish's Debates of the House of Commons during the Thirteenth Parliament of Great Britain*, ed. J. Wright (2 vols., 1841), 1:270.
38. *Cavendish Debates*, 1:292.
39. *Cavendish Debates*, 1:269–71. Accounts printed in *JHC* 32:466–603, 626–7, 729–30.
40. *The Works of the Right Honourable Edmund Burke* (8 vols., London, 1871) 1:306–81. O'Gorman, *Edmund Burke*, 28–42.
41. 'Speech on a Motion . . . for Explaining the Powers of Jurors in Prosecutions for Libels,' *Works*, 6:164.
42. *The Correspondence of Edmund Burke*, General Editor Thomas Copeland (10 vols., Chicago, 1958–72), 3:192.

3 The rise of economical reform, 1770–79

1. Thomas, *North*, 36.
2. Thomas, *North*, 39–44.
3. *The Parliamentary Register*, First Series [1774–80] (1802), 2:345–6.
4. *Memorials and Correspondence of Charles James Fox*, ed. Lord John Russell (4 vols., London, 1853–57), 2:78.
5. T. 29/45:53–8. *Office Holders in Modern Britain 1660–1870: Treasury Officials, 1660–1870*, ed. J. C. Sainty (1972), 7–8. Henry Roseveare, *The Treasury, 1660–1870: The Foundations of Control* (London, 1973), 84. Text of the minute p. 181.
6. PI&E, 2:163–75. PI&E, 2:163–75. This parliamentary paper provides balanced accounts of income and expenditure from 1689. They show cash flows in and out of the exchequer, which can differ appreciably from the annual budgets due to delayed payments. For that reason, they are more useful when averaged over a period of years.
7. PI&E, 2:150–63. E. L. Hargreaves, *The National Debt* (Repr. New York, 1966), 65.
8. *Annual Register* (1770), 235–9.
9. *Cavendish Debates*, 1:386. On North's use of the lottery, see Thomas, *North*, 56–8.
10. *The Parliamentary History of England*, ed. William Cobbett (36 vols. 1814–17), 17:539–46.
11. *Annual Register* (1771), 222–31. N. A. M. Rodger, *The Command of the Ocean: A Naval History of Britain, 1640–1815* (2004), 370–5.
12. *Annual Register* (1772), 209–17.
13. *The Private Papers of John, Earl of Sandwich, First Lord of the Admiralty, 1771–1782*, ed. G. R. Barnes and J. H. Owen, 4 vols. (Naval Records Society, 1932, 1933, 1936, 1938), 1:19–23.
14. H. V. Bowen, *Revenue and Reform: The Indian Problem in British Politics, 1757–1773* (Cambridge, 1991), 124–7.

15. Otherwise, North's budget for 1773 was uneventful. The land tax remained at 3 s., and the navy was at 20,000 men, plus £421,554 for building and repair of ships. *Annual Register* (1773), 226–32.
16. Peter D. G. Thomas, *Townshend Duties*, 250–7. Bowen, *Revenue and Reform*, 159–60.
17. *Annual Register* (1774), 250–8.
18. PH 17:165.
19. *Annual Register* (1775), 244–6.
20. Hargreaves, *National Debt*, 65.
21. The 1774 edition was republished in *A Select Collection of Scarce and Valuable Tracts on the National Debt and the Sinking Fund*, ed. John R. McCulloch (1857), 301–58. Price proposed £200,000 per year as the annual contribution.
22. See the devastating critique of Price by Joseph Wimpey in a tract published in 1772. McCulloch, *Select Tracts*, 359–86. Hargreaves, *National Debt*, 91–8 summarizes the disputes that arose.
23. PH 18:623.
24. T. 29/39:132, 196, 214, 263; T. 29/40:40–2.
25. T. 29/40:420–1. Another example in T. 29/41:386, 396.
26. T. 29/43:253.
27. Bernard Donoughue, *British Politics and the American Revolution: The Path to War, 1773–75* (London, 1964), 200.
28. Bernard Bailyn, *The Ideological Origins of the American Revolution* (Cambridge, MA, 1992), 31–59.
29. Colin Bonwick, *English Radicals and the American Revolution* (Chapel Hill, NC, 1977).
30. Peter D. G. Thomas, *Tea Party to Independence: The Third Phase of the American Revolution, 1773–1776* (Oxford, 1991).
31. *Annual Register* (1776), 249–51.
32. Piers Mackesy, *The War for America, 1775–1783* (London, 1964), 524–5.
33. *Annual Register* (1777), 265–7.
34. *Annual Register* (1778), 283–93.
35. Mackesy, *War for America*, 524–5.
36. *Jenkinson Papers*, Add MSS 38,306, f. 78.
37. Mackesy, *War for America*, 180–6.
38. *Private Papers of Sandwich*, 1:365.
39. *Correspondence of George III*, 4:215–6.
40. For a good summary of North's negotiations of wartime loans, see Thomas, *North*, 101–4.
41. *Correspondence of King George the Third*, 4:76.
42. *Annual Register* (1779), 327–30.
43. Norman Baker, *Government and Contractors: The British Treasury and War Supplies, 1775–1783* (London, 1971), 175–7.
44. *Historical and Posthumous Memoirs of Sir Nathaniel William Wraxall*, ed. H. B. Wheatley. 5 vols. (New York, 1884), 2:38.
45. PH 19:53–8.
46. PH 19:972–80.
47. *Report from the Select Committee, to whom it was referred to consider and examine the accounts of Extraordinary Service incurred and paid, and not provided for by*

- Parliament, which have been laid before the House of Commons in the year 1776, 1777, 1778.* House of Commons Sessional Papers (1778), Reports, 5:36.
48. *Annual Register* (1779), 129–30.
 49. PH 19:729–30.
 50. PH 19:873–4.
 51. The methods and trends in smuggling prior to 1784 are described in W. A. Cole, 'Trends in Eighteenth-Century Smuggling,' *Economic History Review*, 2nd ser. (1958) 10:395–409 and Hoh-Cheung and Lorna Mui, 'Smuggling and the British Tea Trade before 1784,' *The American Historical Review* LXXIV (1968), 74:44–73.
 52. T. 29:48:10, 96, 135.
 53. T. 29:47:118–9; T. 29:48:362; T. 29:49:18, 34.
 54. T. 29:46:413–4.
 55. T. 29:45:71, 366.
 56. T. 29:46:328.
 57. T. 29:48:283 and T. 29:49:62–3.
 58. T. 29:49:88.
 59. Reitan, 'Civil List in Eighteenth-Century Politics,' 325–8.
 60. Reitan, 'Civil List, 1761–77: Problems of Finance and Administration,' 186–201.
 61. Accounts in *JHC* 37:332–3, 337–98.
 62. PH 19:104–6.
 63. PH 19:123–7.
 64. PH 19:130.
 65. PH 19:106–8.
 66. PH 19:187–8.
 67. PH 19:160.
 68. PH 19:213.
 69. PH 19:227–34.
 70. *Correspondence of Edmund Burke*, 3:339.
 71. PH 19:105.
 72. *Correspondence of George III*, 4:70–1.
 73. Daniel Baugh, 'Why Did Britain Lose Command of the Sea during the War for America?' In Jeremy Black and P. Woodfine, eds, *The British Navy and the Use of Naval Power in the Eighteenth Century* (Atlantic Highlands, NJ, 1988), 153.
 74. N. A. M. Rodger, *Command of the Ocean*, 374.
 75. Mackesy, *War for America*, 289–93.
 76. PH 20:174–239. *Annual Register* (1779), 115–6.
 77. *Correspondence of George III*, 5:97.
 78. PH 20:1243–7; *The History of Parliament: The Commons, 1754–90*, ed. Sir Lewis Namier and John Brooke (3 vols., London, 1964), 2:139.
 79. PH 20:1252–5.
 80. *Correspondence of George III*, 4:351.
 81. PH 19:1088–94.
 82. *Correspondence of George III*, 4:105, 125.
 83. PH 19:1094–9.
 84. *Correspondence of George III*, 4:132.
 85. PH 20:124–9.

86. *Correspondence of George III*, 4:275–6.
87. *Jenkinson Papers*, Add MSS 38,307, f. 86.
88. *Jenkinson Papers*, Add MSS 38,212, f. 227–30, 232.
89. *Robinson Papers*, Add MSS 38,212, f. 232.
90. *Correspondence of George III*, 4:471–2.
91. *Correspondence of George III*, 4:494.
92. *Correspondence of George III*, 4:500–2.
93. WWM, *Rockingham Papers*, R155–2.
94. *Papers of Charles James Fox*, Add MSS 47,568, f. 73.
95. *Correspondence of Edmund Burke*, 4:158.
96. *Correspondence of Edmund Burke*, 4:163.
97. British Library, *Thurlow Transcripts* Eg. 2232 f. 16, 18.
98. *Correspondence of George III*, 4:522.
99. *Correspondence of George III*, 4:534–7.
100. Herbert Butterfield, *George III, Lord North, and the People, 1779–1780* (London, 1949), 181. Eugene C. Black, *The Association: British Extraparliamentary Political Organization, 1760–1793* (Cambridge, MA, 1963), 37ff.
101. Rev. Christopher Wyvill, *Political Papers, Chiefly Respecting the Attempt of the County of York . . . to Effect a Reformation of the Parliament of Great Britain*. 6 vols. (New York, 1794–1802), 3:115–7, 150–2.
102. WWM, Letter Forwarded to Rockingham, *Rockingham Papers*, R1-1868.
103. Wyvill, *Political Papers*, 3:150–2.
104. Wyvill, *Political Papers*, 3:155–6.
105. Wyvill, *Political Papers* 3:159. J. Torrance, 'Social Class and Bureaucratic Innovation: The Commissioners for Examining the Public Accounts, 1780–87,' *Past and Present* LXXVIII (1978), 73.
106. Wyvill, *Political Papers*, 3:164–9. Black, 38–9.
107. WWM, *Rockingham Papers*, R1-1869.
108. Black, *Association*, 41.
109. Black, *Association*, 42–3. Shelburne was informed of the meeting, but was told 'the principles upon which we act would be much injured by the interference of any Ld.' John Norris, *Shelburne and Reform* (London, 1963), 125.
110. Text of the petition in *JHC* 37:581 and *PH* 20:1371–4.
111. Wyvill, *Political Papers*, 1:4–5.
112. Ian R. Christie, 'The Yorkshire Association, 1780–4: A Study in Political Organization,' in *Myth and Reality* (Berkeley, CA, 1970), 261–83.
113. Wyvill, *Political Papers*, 1:163–4, 308, 429.
114. T. S. Ashton, *Economic Fluctuations in England, 1700–1800* (Oxford, 1959), Tables 1, 4, 5, 15, pp. 181–96.
115. Ashton, *Economic Fluctuations*, 86–8, 109, 130–8. Conversely, the colonies, which normally were short of hard money, had never seen so much coin.
116. Ashton, *Economic Fluctuations*, 100–1, 130, 163.
117. H. V. Bowen, *War and British Society, 1688–1815* (New Haven, CT, 1998).
118. Stephen Conway, *The British Isles and the War of American Independence* (Oxford, 2002), 45–84 and 267–306.
119. *Correspondence of George III*, 4:526.
120. *Robinson Papers*, Add MSS 37,835, f. 81.
121. *Robinson Papers*, Add MSS 37,835, ff. 85–6 38,212 f. 316.
122. *Correspondence of George III*, 4:522.

4 The Crown, the parties, and the people, 1780

1. *Jenkinson Papers*, Add MSS 38,212, f. 232.
2. *Jenkinson Papers*, Add MSS 38,212, f. 239.
3. PH 20:1257–9.
4. PH 20:1260–6.
5. WWM, *Rockingham Papers*, R1-1869.
6. *Rockingham Papers*, R1-1866.
7. PH 20:1225–6.
8. Burke's speech, PH 20:1293–1305. When summarizing long documents, I enclose in brackets the page or column number.
9. *Correspondence of Edmund Burke*, 4:219.
10. WWM, *Burke Papers*, 14b.
11. WWM, Abstract of Burke's plan of Civil List reform, *Rockingham Papers*, 9-28, R1-2019, b, c, and R119-3, 8, 9, 13, 14.
12. PH 20:1304–5.
13. *Robinson Papers*, British Library, Add MSS 37,837, f. 77.
14. The range of Shelburne's interests can be seen in the 170 volumes of the *Shelburne Papers* at the W. L. Clements Library, Ann Arbor, Michigan.
15. PH 20:1289.
16. PH 20:1293.
17. WWM, *Burke Papers*, Notes and Drafts, No. 14 a,b.
18. *Correspondence of Edmund Burke*, 4:198.
19. *Correspondence of Edmund Burke*, 4:198–9.
20. WWM, *Burke Papers*, No. 862.
21. PH 21:1–72. The text of the bill is in PH 21:111–35. The competition for seats in the gallery was so great that William ('Memory') Woodfall, the famous reporter, was unable to get in. A. Aspinall, 'The Reporting and Publishing of the House of Commons' Debates, 1771–1834,' in *Essays Presented to Sir Lewis Namier*, ed. Richard Pares and A. J. P. Taylor (London, 1956), 234.
22. Bucholz and Sainty calculate that the government had 'about 90–100 of the most desirable household posts at its disposal.' *Office Holders in Modern Britain 1660–1870: Officials of the Royal Household, 1660–1837. Part I: Department of the Lord Chamberlain and Associated offices. Part II. Departments of the Lord Steward and the Master of the Horse*, ed. J. C. Sainty and R. O. Bucholz (1997), 1:xxxvii.
23. From 1760–79 the board of works cost £884,000, almost entirely for salaries, allowances, and operating expenses. Whitshed Keene, surveyor general, had a salary of £525 and the use of a house. Henry Fane, keeper of the King's roads and bridges, had a salary of £918. George Selwyn, wit and *bon vivant*, received a salary as paymaster of £400 plus a poundage of 1 percent of all funds issued to the board of works. Joseph M. Crook, *The History of the King's Works: Vol. VI, 1782–1851* (H. M. Stationery Office, 1973), 6–7.
24. PH 21:72.
25. *Life and Letters of Sir Gilbert Elliot, First Earl of Minto, from 1751 to 1806*, ed. Countess of Minto (3 vols. 1874) 1:74–5. Later in the session he disapproved of the reliance of the Opposition on public pressure and supported the administration.
26. Wraxall, *Memoirs*, 2:26–7.
27. Stanhope, *Pitt*, 1:38.

28. *The Last Journals of Horace Walpole during the Reign of George III, from 1771–1783*, ed. A. Francis Stewart (2 vols., 1910), 2:367.
29. PH 21:72–3. Later North stated that the King's consent had never been given. *Ibid.*, 187.
30. PH 21:75–7.
31. PH 21:74–7.
32. PH 20:1319–20.
33. PH 20:1328–31.
34. PH 20:1318.
35. PH 20:1331; division list and protest 1364–70.
36. Stanhope, *Pitt*, 1:37.
37. Ian R. Christie, *The End of North's Ministry, 1780–1782* (London, 1958), 190–218. John R. Brehans offers calculations slightly more favorable to the Opposition in 'The Constitutional Consequences of Defeat: Economical Reform and the Politics of the 1780s.' Paper read at the annual meeting of the American Historical Association, 28 Dec. 1983. My thanks to Prof. Breihan for making this paper available to me.
38. *Jenkinson Papers*, Add MSS 38,567, f. 32.
39. *Jenkinson Papers*, Add MSS 38,567, f. 30.
40. PH 21:150–4.
41. *Portland Papers*, University Library, University of Nottingham, 7758.
42. *Robinson Papers*, British Library, Add MSS 37,835, f. 101.
43. See Reitan, 'Civil List in Eighteenth-Century Politics,' 318–37.
44. PH 21:173–4.
45. PH 21:201–3.
46. PH 21:184.
47. PH 21:216.
48. PH 21:193.
49. PH 21:193–217.
50. *Correspondence of George III*, 5:30–31. For the origins and demise of this office, see Marion M. Spector, *The American Department of the British Government, 1768–1782* (New York, 1940).
51. Wyvill, *Political Papers*, 4:129–30.
52. PH 21:233–5, 240–3. A few weeks earlier Eden had asked North to appoint him 'to some less useless situation than that which I now fill.' *Correspondence and Papers, Political and Private, of William Eden, 1st Lord Auckland*. Add MSS 34,412–71, f. 278.
53. PH 21:238–9.
54. Arthur H. Bayse, *The Lords Commissioners of Trade and Plantations: Commonly Known as the Board of Trade, 1748–1782* (New Haven, CT, 1925), 206. Burke's speech spurred the board into activity, some of which was valuable. *Ibid.*, 209–11.
55. PH 21:278.
56. Stanhope, *Pitt*, 1:38.
57. PH 21:262, 267–9.
58. PH 21:261–5.
59. PH 21:302–9.
60. *Correspondence of Edmund Burke*, 4:219–20.
61. Butterfield, 181.

62. Black, *Association*, 46–8.
63. Stanhope, *Pitt*, 1:36.
64. Horace Walpole, *Last Journals*, 2:373.
65. N. C. Phillips, 'Edmund Burke and the County Movement, 1779–1780,' *English Historical Review* (April, 1961), 76:254–78. Petitions printed in *JHC* 37, see index 'Public Economy.'
66. PH 20:1371–4.
67. PH 20:1374–7.
68. PH 21:83–6.
69. PH 21:104. The accounts that North submitted showed £72,521 for the pensions paid publicly at the exchequer, but the pensions paid privately by the paymaster of the pensions were shown only in gross amounts. From 1769 to 1779 these totaled between £55,000 and £60,000 per year. *The Parliamentary Register*. Ser. 1 [1774–80], ed. John Almon (17 vols.), 17:214–8.
70. *Correspondence of George III*, 5:20.
71. Stanhope, *Pitt*, 1:37.
72. *Correspondence of Edmund Burke*, 4:196–8, 208, 211.
73. Wyvill, *Political Papers*, 1:158–9.
74. Wyvill, *Political Papers*, 1:130–5.
75. Wyvill, *Political Papers*, 1:170–3.
76. Wyvill, *Political Papers*, 1:185–8.
77. Stanhope, *Pitt*, 1:40.
78. PH 21:285–7.
79. Wyvill, *Political Papers*, 1:209–11.
80. *Jenkinson Papers*, Add MSS 38,307, f. 127.
81. Ian R. Christie, *Wilkes, Wyvill, and Reform: The Parliamentary Reform Movement in British Politics, 1760–1785* (London, 1962), 77–81.
82. Black, *Association*, 193.
83. Wyvill, *Political Papers*, 1:111–5.
84. Wyvill, *Political Papers*, 3:180.
85. Wyvill, *Political Papers*, 1:427–61.
86. John Sainsbury, *Disaffected Patriots: London Supporters of Revolutionary America, 1769–82* (Kingston, ONT, 1987), 154.
87. Christie, *Wilkes, Wyvill and Reform*, 101. See report to Eden in *Eden Papers*, Add MSS 34,417, f. 43.
88. Sainsbury, *Disaffected Patriots*, 154.
89. WWM, *Rockingham Papers*, R1-1882.
90. WWM, *Rockingham Papers*, R1-1881.
91. WWM, *Rockingham Papers*, R1-1881.
92. Christie, *Wilkes, Wyvill, and Reform*, 97.
93. Butterfield, 310–5, Christie, 107.
94. *HMC Reports*, 14th Rep. App. 7, Ser. 24 (Rutland), 26.
95. PH 21:340–68. Division list 368–74.
96. *Correspondence of George III*, 5:39–40.
97. PH 21:374–86. Dunning's resolutions were defeated in committee on 26 May. PH 21:628.
98. *Correspondence of George III*, 5:41–2.
99. PH 21:492–4.
100. Wyvill, *Political Papers*, 3:210–11.
101. PH 21:494–533.

102. *Correspondence of George III*, 5:52.
103. PH 21:538–52.
104. PH 21:616–7, 621, 714.
105. PH 21:550–1.
106. PH 21:874.
107. Text of bill H.C. 1780 (Bills), 11:354.
108. See *History of Parliament: The House of Commons, 1754–1790*, 1:134–6.
109. *Correspondence of Edmund Burke*, 4:219.
110. PH 21:414–57. Protest 457–9.
111. PH 21:403–14. Text of bill H.C. 1780 (Bills), 11:349.
112. *Correspondence of George III*, 5:68.
113. WWM, *Rockingham Papers*, R1-1892, 1896, 1897.
114. Wyvill, *Political Papers*, 3:195.
115. *Correspondence of Edmund Burke*, 4:199.
116. *Correspondence of Edmund Burke*, 4:240.

5 Lord North, 1780–82

1. For the extent of British mobilization, see Stephen Conway, *The British Isles and the War of American Independence* (2002), 11–29.
2. See Daniel Baugh, ‘Why Did Britain Lose Command of the Sea during the War for America?’ Black and Woodfine, eds, *Use of Naval Power*, 149–69.
3. Mackesy, *War for America*, 524–5.
4. *Annual Register* (1780), 308–20. PH 21:154–71.
5. *Correspondence of George III*, 5:27.
6. *Annual Register* (1780), 310.
7. PH 21:570–88. Division 123–81.
8. Complaints concerning emoluments of office, PH 20:1260; balances of land tax collectors, PH 20:1184–87; balances held for military expenditures, PH 21:179–80.
9. PH 21:179–80.
10. PH 21:75–7.
11. *Jenkinson Papers*, Add MSS 38,346, fos. 258–62.
12. *Jenkinson Papers*, Add MSS 38,307, f. 153.
13. PH 21:145–7.
14. PH 21:278–9.
15. PH 21:280, 284.
16. *Correspondence of Edmund Burke*, 4:222.
17. PH 21:147–49, 279–80.
18. Wyvill, *Political Papers*, 4:132.
19. PH 21:284–7.
20. PH 21:552–70.
21. *Correspondence of George III*, 5:56.
22. See J. Torrance, ‘Social Class and Bureaucratic Innovation,’ 56–81.
23. Molleson edited the first volume of *The Reports of the Commissioners . . . with the Appendixes Complete* (3 vols., London, 1786–87).
24. 21 Geo. III, c. 45, 22 Geo. III, c. 50, 23 Geo. III, c. 68, 24 Geo. III, c. 13, 25 Geo. III, c. 68.

25. Torrance, 'Social Class and Bureaucratic Innovation,' 58. Henry Parris, *Constitutional Bureaucracy: The Development of British Central Administration Since the Eighteenth Century* (1969).
26. T. 29/49:226–9.
27. T. 29/49:159, 178, 215, 229, 310–11, 556; T. 29/50:72.
28. T. 29/50:343–4, 380.
29. T. 29/49:29, 334, 341, 367, 429, 446–6.
30. *Jenkinson Papers*, Add MSS 38,309, f. 1.
31. T. 29/50:91, 144, 338, 432.
32. *Eden Papers*, Add MSS 34,418, f. 20.
33. WWM, *Rockingham Papers*, R1-1910a, R166-26. Ian R. Christie, 'The Marquis of Rockingham and Lord North's Offer of a Coalition, June–July, 1780,' in *Myth and Reality*, 109–32.
34. *Correspondence of George III*, 5:95–8.
35. WWM, *Rockingham Papers*, R1-1910.
36. Christie, 'Lord North's Offer of a Coalition,' 131–2.
37. WWM, *Rockingham Papers*, R1-1906, 1909.
38. Norris, *Shelburne*, 132–37, 143.
39. WWM, *Rockingham Papers*, R1-1919, 1917.
40. H. T. Dickinson summarizes current scholarship on loyalism and popular conservatism in *The Politics of the People*, 260–83.
41. *The Parliamentary Papers of John Robinson, 1771–1784*, ed. William Thomas Laprade. Royal Historical Society, 1922, 31–41. Christie, *End of North's Ministry*, 32–8.
42. Christie, *End of North's Ministry*, 116–8. The American War was an issue in about one half of the 69 contested seats in England and Wales. Frank O'Gorman, *Voters, Patrons, and Parties: The Unreformed Electoral System of Hanoverian England, 1734–1822* (Oxford, 1980), 293.
43. Christie, *End of North's Ministry*, 101–2.
44. *History of Parliament: The House of Commons, 1754–1790*, 1:80–7. Christie, *End of North's Ministry*, 102, 157–63.
45. *Jenkinson Papers*, Add MSS 38,567, fos. 36–7.
46. *Jenkinson Papers*, Add MSS 38,308, f. 19.
47. *Jenkinson Papers*, Add MSS 38,307, fos. 152–3.
48. *Correspondence of George III*, 5:184–5.
49. *Annual Register* (1781), 268–72.
50. Sutherland, *East India Company*, 353–64.
51. PH 21:1332.
52. Wraxall, *Memoirs*, 2:90–9.
53. PH 21:1333.
54. PH 21:1367.
55. PH 22:208.
56. PH 21:1223–92.
57. Wraxall, *Memoirs*, 2:75.
58. PH 21:1261–6.
59. Wraxall, *Memoirs*, 2:78.
60. PH 21:1270–4.
61. Christie, *End of North's Ministry*, 252–6.
62. Norris, *Shelburne*, 138–40.

63. PH 21:1387–96.
64. *Eden Papers*, Add MSS 34,417, f. 325.
65. Wyvill, *Political Papers*, 1:328–30.
66. CPA, First Report (27 Nov. 1780), *JHC*, 38:74–85.
67. *Jenkinson Papers*, Add MSS 38,567, f. 89.
68. *Abergavenny Papers*, British Library Facsimiles, 340, I:210.
69. CPA, Second Report (31 Jan. 1781), *JHC* 38:141–3.
70. T. 29/50:6–8.
71. T. 42/4A, 4B.
72. CPA, Third Report (7 Mar. 1781), *JHC* 38:247–51.
73. CPA, Fourth Report (9 Apr. 1781), *JHC* 38:379–82.
74. T. 29/50:155.
75. PH 21:1328–9.
76. PH 22:204–7.
77. PH 22:207–12.
78. PH 22:212–3.
79. PH 22:421–5.
80. PH 22:425–6. A year later it became clear why Fox was so insistent on getting a full quietus. When the account finally came to audit, it was revealed that a sum of £114,736 had been concealed from the Commissioners.
81. PH 22:431.
82. PH 22:214–5.
83. PH 22:217.
84. PH 22:362–70.
85. Stanhope, *Pitt*, 1:59–60.
86. Wraxall, *Memoirs*, 2:379–80.
87. CPA, Fifth Report (28 Nov. 1781), *JHC* 38:572–7.
88. T. 29/50:472–3, 476.
89. *Jenkinson Papers*, Add MSS 38,308, fos. 155–6.
90. T. 29/50:46.
91. T. 29/49:573; T. 29/50:341–3, 431–2.
92. *Robinson Papers*, Add MSS 37,833, f. 147.
93. *Robinson Papers*, Add MSS 37,836, *passim*.
94. *Correspondence of George III*, 5:59–61, 170–1, 196–8.
95. Wraxall, *Memoirs*, 2:139.
96. PH 22:707, 731–5.
97. PH 22:634–6, 716. For an authoritative, detailed account of the politics involved, see Ian R. Christie, *End of North's Ministry*, 267ff.
98. *Abergavenny Papers*, British Library Facsimiles No. 340, 4:118.
99. *Correspondence of George III*, 5:313–4, 334–5.
100. Breihan, 'Economical Reform and the Politics of the 1780s,' 6.
101. Christie, *Wilkes, Wyvill, and Reform*, 131–6.
102. Wyvill, *Political Papers*, 1:355–80.
103. S. Maccoby, *English Radicalism, 1762–1785: The Origins* (London, 1955), 356–7. Christie, *Wilkes, Wyvill and Reform*, 137. See also John Sainsbury, *Disaffected Patriots*, 160–1.
104. *Annual Register* (1782), 288.
105. PH 22:802–3.
106. PH 22:809–11.

107. PH 22:818.
108. PH 22:802–31. The same arguments were repeated in a debate on the army estimates. PH 22:831–53. See Christie, *End of North's Ministry*, 271–3.
109. PH 22:831–53.
110. *Correspondence of George III*, 5:313–4.
111. PH 22:878–932. In 1779, George III had listed Howe as among the Opposition. *Correspondence of George III*, 4:302.
112. In a long memo to the King, Sandwich vigorously defended his stewardship of the navy. *Correspondence of George III*, 5:342–58, 365.
113. PH 22:1028–47.
114. *Annual Register* (1782), 287–9. Thomas, *North*, 103.
115. PH 22:1055–9; 1150–66.
116. *Correspondence of George III*, 5:373.
117. PH 22:1064–85. Christie, *End of North's Ministry*, 319–21. Christie points out that Conway's motion did not define the way in which the war should be ended, and reviews the disputes within the ministry on that point, 321–7.
118. Christie, *End of North's Ministry*, 327–40.
119. *Correspondence of George III*, 5:374–6.
120. WWM, *Rockingham Papers*, R1-1976.
121. PH 22:1114ff.
122. PH 22:1141–2.
123. PH 22:1150.
124. PH 22:1170–200.
125. Christie, *End of North's Ministry*, 352–63.
126. *Correspondence of George III*, 5:394–7.
127. PH 22:1214–5.
128. PH 22:1225–6.
129. WWM, *Rockingham Papers*, R1-2064. See also R119–8.
130. *Correspondence of Edmund Burke*, 4:424.
131. *Correspondence of George III*, 5:377–8.
132. *Correspondence of George III* 5:380–1.
133. WWM, *Rockingham Papers*, R1-1992.
134. *Correspondence of George III*, 5:392–3.
135. WWM, *Rockingham Papers*, R1-2003; *Correspondence of George III*, 5:407–8.
136. *Correspondence of George III*, 5:453.
137. WWM, *Rockingham Papers*, R1:2004, 2006.
138. *Correspondence of George III*, 5:412.
139. *Correspondence of George III*, 5:443–4.
140. John Ehrman, *The Younger Pitt: The Years of Acclaim* (New York, 1969), 80–1.
141. *Correspondence of George III*, 5:421.

6 The Rockingham ministry, 1782

1. Wraxall, *Memoirs*, 2:43.
2. Charles R. Middleton, *The Administration of British Foreign Policy, 1782–1846* (Durham, NC, 1977). R. R. Nelson, *The Home Office, 1782–1801* (Durham, NC, 1969). Shelburne used the opportunity to pass legislation that required each officer of the Crown in the colonies to discharge the duties of his office in person (22 Geo. III, c. 75).

3. Richard B. Morris, *The Peacemakers: The Great Powers and American Independence* (New York, 1965). See also L. G. Mitchell, *Charles James Fox* (Oxford, 1992), 48–50. Norris, *Shelburne*, 164–70.
4. Norris, *Shelburne*, 154–5.
5. *Eden Papers*, Add MSS 34,418, f. 427.
6. WWM, *Rockingham Papers*, R1-2061, 2068.
7. *Correspondence of George III*, 6:1, 2.
8. *Correspondence of George III*, 5:503–4.
9. *Correspondence of Edmund Burke*, 4:446.
10. Historical Manuscripts Commission, *Reports*, Ser. 42 (Carlisle), 631.
11. *Correspondence of Edmund Burke*, 4:449.
12. Norris, *Shelburne*, 153.
13. WWM, *Rockingham Papers*, R 119–9, 2019 b,c.
14. Burke's draft plans for Civil List reform are in WWM, *Rockingham Papers*, R-18. R-14 is a plan for reform of the household. R-18 is a clear abstract of the plan. R-98, 6 is a list of offices to be abolished by Burke's Bill, with the names of the holders. R-218 is a detailed account of Civil List expenditure.
15. *Correspondence of George III*, 5:451.
16. *Correspondence of George III*, 5:463–4.
17. *Correspondence of George III*, 5:452–5.
18. *Correspondence of George III*, 5:504.
19. *Correspondence of George III*, 5:496–502. WWM, *Rockingham Papers*, R1-2063.
20. John Brooke, *King George III* (London, 1972), 369.
21. *Correspondence of George III*, 5:497–502.
22. *Memoirs of the Marquis of Rockingham and His Contemporaries*, ed. Marquis of Albemarle. 2 vols. (London, 1852), 2:477–8.
23. *Correspondence of George III*, 6:54.
24. *Correspondence of George III*, 5:494.
25. *Correspondence of George III*, 5:473–4.
26. When preparing his plan of economical reform in early 1780, Burke omitted the privy purse on the advice of George Dempster, who wrote that it was needless to be concerned with 'the little purchases of a prince of this country.' WWM, *Burke Papers*, No. 858.
27. *Correspondence of Edmund Burke*, 4:433–4.
28. PH 22:1269–75.
29. *Memorials of Fox*, 1:318.
30. PH 23:121–7.
31. *Correspondence of George III*, 5:453–4.
32. Table of offices in Crook, *King's Works*, 6:13–21.
33. Crook, *King's Works*, 6:27–30.
34. JHC 38:971. The message also listed subordinate offices to be abolished. An account in WWM, *Rockingham Papers* shows that expenditure in the previous two years had averaged £927,781 per year. R-18.
35. PH 22:1395–6.
36. PH 22:1412–6; 23:121.
37. PH 23:122, 126.
38. PH 23:122–5. Rockingham took advantage of the opportunity to appoint Lord Effingham to the post of master-general.
39. PH 23:123–4, 126.
40. Historical Manuscripts Commission, *Reports*, Ser. 42 (Carlisle), 631.

41. PH 23:141–4.
42. *Correspondence of Edmund Burke*, 4:446.
43. WWM, *Rockingham Papers*, R-18, R-98-6, R-218, R-219. *Burke Papers*, Nos. 1096, 1097–1, 1097–2, 1098.
44. WWM, *Burke Papers*, No. 1115.
45. *Office Holders in Modern Britain, 1660–1870: Royal Household*, ed. Sainty and Bucholz, 1:lxvii–iii
46. PH 22:1211–3, 1333–36.
47. T. 29/52:216.
48. PH 22:1336–44.
49. PH 23:96.
50. PH 23:101–2. An estimate in the *Rockingham Papers* stated that revenue officers were important in the election of 112 members in 50 boroughs that were principal outports and six smaller ports, a total of 10,000 revenue officers who would be disqualified. WWM, R. 98–7.
51. Betty Kemp, 'Crewe's Act, 1782,' *English Historical Review* (1953), 68:258–63.
52. Ian R. Christie, 'Economical Reform and the Influence of the Crown.' *Myth and Reality*, 296–310. His conclusions are summarized in *Wilkes, Wyvill, and Reform*, 150–3.
53. Horace Walpole, *Last Journals*, 2:529.
54. *Eden Papers* 1:12.
55. *Jenkinson Papers*, Add MSS 38,309, f. 82.
56. PH 22:1395–6.
57. WWM, *Rockingham Papers*, R119-9; R1-219 b, c.; R1-2065.
58. *Hardwicke Papers*, Add MSS 35,619, f. 141. I am indebted to Henry Roseveare for bringing Beldam's letters to my attention.
59. *Hardwicke Papers*, Add MSS 35,619, f. 108.
60. *Hardwicke Papers*, Add MSS 35,619, f. 180; *Jenkinson Papers*, Add MSS 38,567, f. 95.
61. *Annual Register* (1782), 287–90.
62. PH 23:57–9, 117.
63. CPA, Sixth Report (11 Feb. 1782), *JHC* 38:702–78.
64. PH 23:115–7.
65. PH 22:1415–6.
66. PH 23:119–21.
67. PH 23:119–21. A draft in the *Rockingham Papers* proposes salaries (after the deaths of the holders) of £3000 for the auditor of receipt, £2000 for the auditors of the imprest, £1500 for the tellers, and £2000 for the clerk of the pells. The office of usher of the exchequer would be abolished. WWM, R1-2065.
68. PH 23:123.
69. *Correspondence of Edmund Burke*, 4:430.
70. PH 23:134–5.
71. WWM, *Rockingham Papers*, R-119, No. 10.
72. PH 22:1350–4.
73. 'Report from the Committee, Appointed to Enquire into the Amount of Sums Raised, by Annuities, toward the Supply granted to His Majesty between 5 January 1776 and 5 April 1782 (5 July 1782).' *RCHC* 11:3–37. [Thomas Pitt Committee.]

74. Wyvill, *Political Papers*, 1:402–5.
75. Wyvill, *Political Papers*, 3:353–8.
76. See Richmond to Rockingham, WWM, *Rockingham Papers*, R1-2076.
77. Norris, *Shelburne*, 162–4.
78. PH 22:1416–22; Ehrman, *Pitt*, 1:53–6, 70–2.
79. PH 22:1424.
80. PH 22:1433.
81. Wyvill, *Political Papers*, 1:424–5. Christie, *Wilkes, Wyvill, and Reform*, 142–8.
82. *Correspondence of George III*, 6:69–71.
83. *Correspondence of George III*, 6:71.
84. *Correspondence of Edmund Burke*, 5:20.
85. *Correspondence of George III*, 6:85.
86. *Jenkinson Papers*, Add MSS 38,309, f. 67.
87. Norris, *Shelburne*, 173.
88. PH 23:201–3.
89. John Cannon, *The Fox-North Coalition: Crisis of the Constitution, 1782–4* (Cambridge, 1969), 30.

7 The Shelburne ministry, 1782–83

1. The definitive study of Shelburne is Norris, *Shelburne*.
2. *Correspondence of George the Third*, 6:85. *Jenkinson Papers*, Add MSS 38,309, fos. 75–6.
3. Laprade, *Parliamentary Papers of John Robinson*, 42–8.
4. *Jenkinson Papers*, Add MSS 38,567, f. 101, 103, 107, 118.
5. Norris, *Shelburne*, 223–5.
6. Stanhope, *Pitt*, 1:87–8. *Jenkinson Papers*, Add MSS 38,309, f. 77.
7. Wyvill, *Political Papers*, 3:333–5, 338–62.
8. PH 23:207–10.
9. Ehrman, *Pitt*, 1:87–9.
10. *Hardwicke Papers*, Add MSS 35,619, f. 277, 313.
11. *Annual Register* (1782), 287–90.
12. Wyvill, *Political Papers*, 2:20–22.
13. Wyvill, *Political Papers*, 4:1.
14. *Correspondence of George III*, 5:139–41, 187.
15. *Autobiography and Political Correspondence of August Henry, Third Duke of Grafton*, ed. W. R. Anson (1898), 338.
16. WCL, *Shelburne Papers*, 125:66.
17. WCL, *Shelburne Papers*, 125:25–30.
18. T. 29/52, 297–8.
19. T. 29/52:430–1.
20. T. 29/52:440.
21. *Correspondence of George III*, 5:139–40.
22. T. 29/53:232–6.
23. *Tomlinson Papers*, Essex Record Office, T. 108/39.
24. T. 29/53:214–5, 232–6. Gilbert's report is in T. 38/507, the WCL *Shelburne Papers*, vol. 125, and PRO *Chatham Papers* 30/8 vol. 229.

25. T. 29/53:214–5. For Gilbert's reforms, see Norris, *Shelburne*, 179–85 and *Office Holders in Modern Britain, 1660–1870: Royal Household*, ed. Sainty and Bucholz, 1:lxiv–lxxvii.
26. T. 29/52, 476.
27. Crook, *King's Works*, 6:27–47.
28. *Correspondence of George III*, 6:187.
29. T. 29/52:112, 124–5, 127, 129.
30. *HMC Reports* (Various Collections), 286.
31. T. 29/52:282.
32. Norris, *Shelburne*, 186–95.
33. PH 23:263–4.
34. PH 23:583.
35. Stanhope, *Pitt*, 1:86.
36. Norris, *Shelburne*, 224–5.
37. 'The Business Done in the Treasury,' *Chatham Papers*, PRO 30/8/231.
38. The treasury minutes instituting Shelburne's reform are reprinted in Roseveare, *Treasury*, 182–5.
39. T. 29/52:516–7.
40. T. 29/52:516–24.
41. WCL, *Shelburne Papers*, 168:364–71.
42. See accounts in WCL, *Shelburne Papers*, vol. 124.
43. Norris, *Shelburne*, 204–5.
44. Wraxall, *Memoirs*, 3:104–6.
45. T. 29/52:264.
46. *Chatham Papers*, PRO 30/8/231:166–171, 206–13. See *Shelburne Papers*, vol. 124.
47. Norris, *Shelburne*, 207–10.
48. WCL, *Shelburne Papers*, vol. 151, No. 80.
49. John E. Talbott, *The Pen and Ink Sailor: Charles Middleton and the King's Navy, 1778–1813* (1998).
50. *Letters and Papers of Charles, Lord Barham... 1758–1813*, ed. Sir John Knox Laughton, Navy Records Society (1907–11), 38:154. Norris, *Shelburne*, 208–10.
51. T. 29/52:354.
52. The Garbett report is published in *Sessional Papers* (1837), 16 No. 465 (1837), 215. It is also in the *Shelburne Papers*, vol. 131, together with Garbett's correspondence on the subject.
53. T. 29/52:213.
54. T. 29/52:485–6.
55. *Correspondence of George III*, 6:337.
56. PH 23:824.
57. PH 23:954.
58. PRO *Chatham Papers* 30/8/285, 1–4. Musgrave's reports are published in *Eighteenth Century Documents Relating to the Royal Forests, the Sheriffs, and Smuggling*, ed. Arthur Lyon Cross (New York, 1928) 250–6, 268–82.
59. *Correspondence of George III*, 6:176–80. Also published in Cross, *Eighteenth Century Documents*, 281–3. Musgrave included a list of prominent persons holding well-remunerated patent offices in the customs. PRO *Chatham Papers* 30/285, 5, 6.
60. T. 29/53:107.
61. T. 29/53:172.

62. WCL, *Shelburne Papers*, 114 No. 6.
63. WCL, *Shelburne Papers*, 114 No. 2.
64. Thomas Pitt Committee, RCHC 11:3–9.
65. Cross, *Eighteenth Century Documents*, 237–40. See also pp. 264–7.
66. Cross, *Eighteenth Century Documents*, 289–94.
67. Report of the Board of Excise on Smuggling, 'Cross, *Eighteenth Century Documents*, 308–21.
68. Cross, *Eighteenth Century Documents*, 301.
69. T. 29/52:120, 169.
70. T. 29/53:254–6.
71. T. 29/52:259–60.
72. T. 29/52, 270–1. Printed in *Correspondence of Edmund Burke*, 5:19–20.
73. TM (Aug. 16 1782).
74. T. 29/53:302–6. This minute presents an extended summary of Fordyce's problems.
75. FC, Finance Committee of 1797–98, 8th Report, RCHC 12:225. His successor died in 1795 owing a balance of £75,594.
76. This episode can be followed in the treasury minutes, T. 29/53:89, 152–8, 202, 205–6.
77. T. 29/53:205–6.
78. *Correspondence of George III*, 6:277.
79. CPA, Tenth Report (2 July 1783), *JHC* 39:522–33.
80. CPA, Seventh Report (19 June 1782), *JHC* 38:1066–114. On this topic, see A. Arthur Bowler, *Logistics and the Failure of the British Army in America, 1775–1783* (Princeton, NJ, 1975), 20–35.
81. *Chatham Papers*, PRO 30/8/231:130–4.
82. WCL, *Shelburne Papers*, 136 No. 13.
83. PH 23:824–5.
84. Alison Olson, *The Radical Duke: Career and Correspondence of Charles Lennox, Third Duke of Richmond* (Oxford, 1961), 74–5.
85. PH 23:615–21. Report published in *Sessional Papers* (1783), Reports, 6 No. 54.
86. PH 23:622–35.
87. PH 23:639.
88. PH 23:638.
89. CPA, Twelfth Report (11 June 1784), *JHC* 40:111–23.
90. Thomas Pitt Committee, RCHC 11:3–9.
91. PH 23:816.
92. Republished in *A Select Collection of Scarce and Valuable Tracts on the National Debt and the Sinking Fund*, ed. J. R. McCulloch (London, 1857), 301–58.
93. McCulloch, *Select Tracts*, 314–6.
94. PH 23:816, 771, 941.
95. See Vincent T. Harlow, *The Founding of the Second British Empire*. 2 vols. (London, 1952), 1:Chs. 6–9.
96. Richard B. Morris, *The Peacemakers: The Great Powers and American Independence* (1965).
97. Norris, *Shelburne*, 256–63. See also Cannon, *Fox-North Coalition*, 32–7.
98. *Memorials of Fox*, 1:37–8.
99. *Correspondence of Edmund Burke*, 5:57.
100. PH 23:436–571.

101. Cannon, *Fox-North Coalition*, 53–6, gives an account and analysis of the voting.
102. Norris, *Shelburne*, 267–9.
103. Ehrman, *Pitt*, 103.
104. *Correspondence of Edmund Burke*, 9:286.
105. *Jenkinson Papers*, Add MSS 38,567, f. 146.
106. PH 23:598. Ian Christie has noted the desperate efforts of the Coalition to find enough places for those who had claims to office. ‘Economical Reform and “The Influence of the Crown”, 1780,’ in *Myth and Reality*, 296–310.
107. *Correspondence of Edmund Burke*, 5:70.
108. For details of the negotiations, see Cannon, *Fox-North Coalition*, 65–81.
109. A brief note to Pitt shows funds needed as £5,511,000 and money available as £1,004,724. WCL, *Shelburne Papers*, 24:13.
110. Cannon, *Fox-North Coalition*, 65–80.
111. *Correspondence of George III*, 6:329–30.
112. Cannon, *Fox-North Coalition*, 56–60.
113. *The Diaries and Correspondence of the Right Hon. George Rose*, ed. Rev. Leveson Vernon Harcourt. 2 vols. (London, 1860), 1:25.
114. Cited in Black, *Association*, 88.

8 The Coalition ministry, 1783

1. David Wilkinson, *The Duke of Portland: Politics and Party in the Age of George III* (New York, 2003).
2. Cannon, *Fox-North Coalition*, 83.
3. Ian Christie, ‘Economical Reform and the Influence of the Crown,’ in *Myth and Reality*, 296–310.
4. John Brooke makes this point in *King George III*, 370.
5. Dennis Large, ‘The Decline of “the Party of the Crown” and the Rise of Parties in the House of Lords, 1783–1837,’ *English Historical Review* (1963), 78:685, 690.
6. *Correspondence of George III*, 6:300.
7. PH 23:695–8.
8. Harlow, *Second British Empire*, 1:476–7.
9. *Annual Register* (1783), 304–9.
10. PH 23:998–1015.
11. T. 29/54:221, 292.
12. W. R. Ward, ‘Some Eighteenth-Century Civil Servants: The English Revenue Commissioners, 1754–98,’ *English Historical Review* (1955), 70:25–54.
13. *JHC* 29:698–9.
14. T. 29/54:221.
15. T. 29/54:298.
16. T. 29/54:311–2.
17. T. 29/54:361–2.
18. T. 29/54:409–10.
19. *Jenkinson Papers*, Add MSS 38,567, f. 162.
20. T. 29/54:441–2.
21. T. 29/54:292–5, 319.

22. PH 23:1060–1.
23. T. 29/54:320–5.
24. Stanhope, *Pitt*, 1:126.
25. *Sessional Papers* (1783), Bills, 13, No. 451.
26. PH 23:952–6.
27. PH 23:946, 950.
28. PH 23:948.
29. PH 23:951.
30. PH 23:263, 958.
31. PH 23:959.
32. PH 23:1110–13.
33. *Correspondence of George III*, 6:411.
34. PRO *Chatham Papers* 30/8/285, 7, 8.
35. Copies of the bill. PRO *Chatham Papers* 30/8/285.
36. Petitions in *JHC* 39:297–300, 302–11.
37. PH 23:926–31.
38. T. 29/54:320–1.
39. Hugh Barty-King, *Her Majesty's Stationery Office: The Story of the First 200 Years, 1786–1925* (H. M. Stationery Office, 1986), 6–7.
40. T. 29/54:321–2.
41. WWM, *Burke Papers*, No. 1278.
42. T. 29/54:451–3.
43. T. 29/54:15, 25–6. Legislation was passed to tighten up enforcement of excise permits and reduce the opportunities to forge them. 23 Geo. III, c. 70.
44. T. 29/54:147.
45. T. 29/54:323–4, 336, 344.
46. T. 29/54:339.
47. PH 23:1062.
48. CPA, Sixth Report (9 Feb. 1782), *JHC* 38:702–78.
49. Two Tellers died in 1786, and the new salaries were introduced for their replacements. Another Teller died in 1813. In that year, the last of the tellers under the old system voluntarily relinquished his fees for a salary of £2700, and paid the rest of his fees into the exchequer. By 1832 he had returned £244,407 to the exchequer, and he lived to 1840. PI&E, 2:378. The tally cutter lived to 1826, when the office was abolished.
50. PH 23:1060–2.
51. PH 23:1067–9.
52. CPA, Sixth Report (11 Feb. 1782), *JHC* 38:708–9.
53. PH 23:1071.
54. PH 23:1061–3.
55. CPA, Sixth Report, 710.
56. CPA, Sixth Report, 711–2.
57. CPA, Eighth Report (20, 1782), *JHC* 39:45–80.
58. *Correspondence of Edmund Burke*, 5:70.
59. T. 29/54, 113–5.
60. WWM, *Burke Papers*, 1245, 1248, 1264.
61. T. 29/54, 449–50. For a detailed account, see Crook, *King's Works*, 6:34–6.
62. T. 29/54, 131.
63. *Papers of Charles James Fox*. Add MSS, 47,561, f. 51.

64. *JHC* 39:676–7.
65. T. 29/54:95.
66. Edward E. Curtis, *The Organization of the British Army in the American Revolution* (New York, 1928), 3–8, 22–4, 34–7.
67. See Burke's draft proposal in WWM, *Rockingham Papers*, R-132, where the statement is made: 'This plan has been examined and approved by the Commissioners of Accts' and by some army officers, agents, and the Secretary at War.' For Burke's association with the Commissioners, see his *Correspondence*, 5:85.
68. Norris, *Shelburne*, 224–5.
69. CPA, Ninth Report (31 Mar. 1783), *JHC* 39:325–33.
70. Curtis, *British Army*, 'Daily Pay of Each Rank in His Majesty's Land Forces on the British Establishment [1776],' 158.
71. A critique of the Fifth Report of the Commissioners, apparently by an official in the Pay Office, commented 'certain Computations relative to the Army Payments are easy and familiar to persons accustomed to the course of Office,' and added 'there may be dangers in disturbing the mode and manner of Army Payments, which now do, and have for many Years, gone on without complaint from any Quarter.' Northamptonshire Record Office, *Fitzwilliam Papers* (Burke) A, 32:29B.
72. CPA, Tenth Report (2 July 1783), *JHC* 39:522–33.
73. As paymaster of Chelsea Hospital, Rigby drew a salary of £365.
74. FC, Nineteenth Report, RCHC 12:357.
75. *Correspondence of Edmund Burke*, 9:287.
76. *Correspondence of Edmund Burke*, 5:88–9.
77. PH 23:803.
78. PH 23:804–5.
79. PH 23:906.
80. PH 23:917.
81. PH 23:803.
82. PH 23:911.
83. PH 23:921–2.
84. PH 23:923.
85. PH 23:924–6. Wraxall, 3:76–8.
86. Thomas W. Copeland, 'Johnson and Burke,' in *Statesmen, Scholars, and Merchants*, ed. J. S. Bromley and P. G. M. Dickson (1973), 289.
87. *Correspondence of Edmund Burke*, 5:170–1. Rigby employed Bembridge to make up his accounts, on which he labored faithfully until they were ready for audit in 1792. *Rigby Papers*, Essex Record Office D/DHw 047.
88. *Correspondence of Edmund Burke*, 5:171.
89. PH 23:1123–4.
90. PH 23:1214–5.
91. *The Journal and Correspondence of William [Eden], Lord Auckland*, ed. George Hogge (4 vols., 1861), 1:64.
92. PH 23:1152. On the effects of war and debt on the British economy, see H. V. Bowen, *War and British Society, 1688–1815* (New Haven, CT, 1998), 17–80, and William J. Hausman, 'The British Economy in Transition, 1742–1789,' in *British Politics and Society*, 76–8.
93. PH 23:771.
94. PH 23:941.

95. PH 23:1152–3.
96. CPA, Eleventh Report (5 Dec. 1783), *JHC* 39:771–83.
97. *Chatham Papers*, PRO 30/8, vol. 117, 35–38.
98. Paul Kelly, 'The Pitt-Temple Administration, 19–22 December 1783,' *Historical Journal*. XXVII (1974), 157–61.
99. PH 23:930.
100. *Memorials of Fox*, 2:119.
101. *Fox Papers*, Add MSS, 47,567, p. 12–13, 49.
102. For the politics and principles of Fox's India Bill, see Harlow, *Second British Empire*, 2:124–37.
103. PH 23:1210.
104. *Abergavenny Papers*, B. L. Facsimiles 340, 2:286–7, 290–1.
105. Laprade, *Parliamentary Papers of John Robinson*, 65–129. Ehrman, *Pitt*, 1:124–7.
106. *Memorials of Fox*, 2:220.
107. Fully treated in Cannon, *Fox-North Coalition*, 128–44.
108. Kelly, 'The Pitt-Temple Administration,' 157–61.
109. Ehrman, *Pitt*, 1:127–33.
110. For the importance of the Septennial Act and 'Septennial Convention,' see Betty Kemp, *King and Commons, 1660–1832* (London, 1959), 37–43.
111. Robinson gave much of his attention to the great borough-mongers, who were an important element of the influence of the Crown in elections. Cannon, *The Fox-North Coalition*, 157–62.
112. *The Later Correspondence of George III*, ed. A. Aspinall. 5 vols. (New York, 1962–71), 1:xxxv.
113. C. H. Phillips, 'The India Company "Interest" and the English Government, 1783–5,' *Transactions of the Royal Historical Society*, 4th Ser. (1970), 20:83–101.
114. Cannon, *Fox-North Coalition*, 185–90. See also Dickinson, *The Politics of the People*, 276.
115. For the role of reformers and public opinion in the election, see Paul Kelly, 'British Politics, 1783–4: The Emergence and Triumph of the Younger Pitt's Administration,' *Bulletin of the Institute of Historical Research*, XXV (1972), 73–88.
116. Wyvill, *Political Papers*, 4:9–13. Black, *Association*, 108–9.
117. Wyvill, *Political Papers*, 4:11–13. Christie, *Wilkes Wyvill and Reform*, 203–4; Black, *Association*, 110–8.
118. Cannon, *Fox-North Coalition*, 210–27.
119. *History of Parliament: The House of Commons, 1754–1790*, 1:336–7. Black, *Association*, 112–5.
120. *Later Correspondence*, 1:xxxvii.
121. *Abergavenny Papers*, British Library Facsimiles, 340, 2:443–4.
122. *Correspondence of Edmund Burke*, 5:154–6.

9 William Pitt and fiscal stability, 1783–92

1. PH 24:294.
2. James J. Sack, *From Jacobite to Conservative: Reaction and Orthodoxy in Britain, c. 1760–1832* (Cambridge, 1993), 33–5.

3. Philip Harling, *The Waning of 'Old Corruption': The Politics of Economical Reform in Britain, 1779–1846* (Oxford, 1996), 45–55.
4. *Whig Organization in the General Election of 1790*, ed. Donald E. Ginter (Berkeley, CA, 1967), xx–xxxvii, 24.
5. Mitchell, *Charles James Fox and John W. Derry, Politics in the Age of Fox, Pitt, and Liverpool* (New York, 2001).
6. Cited in Ehrman, *Pitt*, 210.
7. Paul Kelly, 'British Parliamentary Politics, 1784–1786,' *Historical Journal* (1974), 27:733–53. Kelly argues that the politics of Pitt's first decade do not exhibit an identifiable two-party alignment.
8. *Correspondence Between the Right Honble. William Pitt and Charles [Manners] Duke of Rutland* [ed. Earl Stanhope] (1890), 142. Cited in Ehrman, *Pitt*, 210.
9. Quoted in Kelly, 'British Parliamentary Politics, 1784–1786,' 739.
10. PH 25:546.
11. Hausman, 'British Economy in Transition.'
12. George Rose, *A Brief Examination into the Increase of the Revenue, Commerce, and Navigation of Great Britain since the Conclusion of the Peace in 1783* (Manchester, 1792).
13. *Annual Register* (1784), 297–304. PH 24:1018–20.
14. Kelly, 'British Parliamentary Politics, 1784–1786,' 742–3.
15. PH 24:1022.
16. Kelly, 'British Parliamentary Politics, 1784–1786,' 744–7.
17. PH 25:546–56.
18. *Annual Register* (1786), 248–53.
19. PH 24:1016.
20. *The Correspondence of William Wilberforce, Edited by his sons, Robert Isaac Wilberforce and Samuel Wilberforce*. 2 vols. (Philadelphia, 1840), 1:9.
21. Pitt-Rutland Correspondence, *HMC Reports*, 14th Rep., App. 1 Ser. 24 (Rutland), 131–3.
22. *Diary and Correspondence of James Harris, First Earl of Malmesbury*, ed. Third Earl of Malmesbury (4 vols. 1844, repr. 1972), 2:157.
23. PH 25:420–2.
24. PH 25:429.
25. PH 25:492–509.
26. *Eden Papers*, Add MSS 34,420, f. 134.
27. William Morgan, *A Review of Dr. Price's Writings on the Subject of the 4 Finances of this Kingdom: To which are added the Three Plans Communicated by him to Mr. Pitt in the Year 1786* (1792). Morgan was Price's nephew. See *Considerations on the Annual Million Bill, and on the Real and Imaginary Properties of a Sinking Fund* (1787), republished in *A Select Collection of Scarce and Valuable Tracts on the National Debt and the Sinking Fund*, ed. John R. McCulloch (1857).
28. *Eden Papers*, Add MSS 30,420, f. 29. On the influence of Price, see Ehrman, *Pitt*, 258–67.
29. Sir John Sinclair, *Hints Addressed to the Public Calculated to Dispel the Gloomy Ideas which have been Lately Entertained of the State of our Finances* (London, 1783), 59.
30. PH 25:985–6.
31. PH 25:986, 1294.

32. *Report from the Select Committee on Accounts and other Papers, relating to the Public Income and Expenditure* (1786), RCHC 11:39–78. Also printed in PH 29:452–68n.
33. The actual military supplies for 1786 were about £4.8 million. *Annual Register* (1786), 248–9.
34. PH 25:1294–309.
35. PH 25:1294–312.
36. Richard Price, *The State of the Public Debts and Finances... with a Plan for raising money by Public Loans and for Redeeming the Public Debts* (London, 1783).
37. Details of Pitt's Sinking Fund are explained in Hargreaves, *National Debt*, 99–107.
38. PH 25:1428–30.
39. William J. Ashworth, *Customs and Excise: Trade, Production, and Consumption in England, 1640–1845* (Oxford, 2003), 9, 176–83. W. A. Cole, 'Trends in Eighteenth-Century Smuggling,' *Economic History Review*, 2nd ser. X (1958), 395–409.
40. Quoted in Ashworth, *Customs and Excise*, 165.
41. *Reports from the Committee appointed to enquire into the Illicit Practices used in Defrauding the Revenue* (1783–4), RCHC 11:228–99 [Eden Committee].
42. Eden Committee, First Report, RCHC 11:228–34.
43. Eden Committee, Second Report, RCHC 11:263–6.
44. Eden Committee, Third Report, RCHC 11:282–6.
45. PH 24:804–05.
46. For the effects of smuggled tea on the powerful interests dealing in legal tea, see Mui and Mui, 'Smuggling and the British Tea Trade,' 44–73.
47. PH 24:1008–11.
48. *Hardwicke Papers*, Add MSS 35,622, f. 296, and Add MSS 35,623, f. 70.
49. PH 24:1402–3.
50. Pitt-Rutland Correspondence, *HMC Reports*, 14th Rep., App. 1 Ser. 24 (Rutland), 113.
51. *An Account of the Actual Receipts of the Window Tax [Sept. 1784–March 1788]. Sessional Papers* (1788) Accounts and Papers, No. 468.
52. *Account of the Quantity of Tea Sold on East India Company Accounts and on Private Accounts Since the Commutation Act. Sessional Papers* (1788) Accounts and Papers 21, No. 476.
53. *Report from the Select Committee on Accounts and other Papers, relating to the Public Income and Expenditure, and to What has been the whole Amount during the last five years, and What may be expected to be the Annual Amounts in Future: and also What Alteration has taken Place in the Amount of the Public Debt, Since the 5th day of January 1786*, RCHC 11:79–118. [Select Committee of 1791.]
54. *Correspondence between the Right Honble. William Pitt and Charles [Manners] Duke of Rutland, [ed. Earl Stanhope]* (1890), 142.
55. PH 25:1300–1, 1432–40.
56. PH 25:1433.
57. PH 26:115–25 and PH 28:747–54. On excise jurisdiction, see Edward Hughes, *Studies in Administration and Finance, 1558–1825* (Manchester, 1934), 328–35.
58. *Select Committee of 1791*, RCHC 11:98.
59. PH 26:386.

60. Ashworth, *Customs and Excise*, 350.
61. *Select Committee of 1791*, RCHC 11:98.
62. Eden Committee, Third Report, RCHC 11:285.
63. PH 28:177–9.
64. PH 28:179–84, 231–61.
65. PH 28:479–83, 649–67.
66. PH 28:667–95, 738–54.
67. Harlow, *Second British Empire*, 1:403–5.
68. *Eden Papers*, Add MSS 34,419 f. 385.
69. *Eden Papers*, Add MSS 34,419 f. 405, 459.
70. Ehrman gives a full account of these negotiations in *Pitt*, 1:483–94.
71. PH 26:384–9.
72. PH 26:396–408 and passim.
73. PH 26:392.
74. CPA, Thirteenth Report (21 Mar. 1785), *JHC* 40:653–747.
75. PH 26:626–36. Wraxall, *Memoirs*, 4:402.
76. PH 26:733–7, 752–62.
77. Pitt also began negotiations for trade treaties with Portugal, Spain, and Russia, but nothing came of them. John Ehrman, *The British Government and Commercial Negotiations with Europe, 1783–1793* (Cambridge, 1963).
78. *Select Committee of 1791*, RCHC 11:88, 90.
79. *Report from the Select Committee on Accounts and other Papers, relating to the Public Income and Expenditure, and to What has been the whole Amount during the last five years, and What may be expected to be the Annual Amounts in Future: and also What Alteration has taken Place in the Amount of the Public Debt, Since the 5th day of January 1786* (1791), RCHC 11:79–118.
80. Only £250,000 was issued from the exchequer to the Commission in 1786. The full payment of £1 million was not issued until 1787. *PI&E*, 2:195, 197.
81. The West Indian trade became more settled with the passage of the Navigation Act of 1786 (26 Geo. III, c. 60).
82. PH 26:1012–7.
83. PH 27:397–410.
84. PH 28:159–64.
85. PH 28:157–62.
86. The Select Committee of 1786 estimated £1.8 million as the normal peacetime establishment of the navy. After an initial burst of naval spending in 1784 and 1785, spending from 1786–92 averaged £2.25 million. In 1786, £600,000 of the appropriation was spent for building and repair of ships. Paul L. C. Webb, 'The Rebuilding and Repair of the Fleet, 1783–93,' *Bulletin of the Institute of Historical Research*, L (1977), 196–9.
87. PH 28:160.
88. PH 28:261–79.
89. PH 28:279–86.
90. PH 28:702–11.
91. PH 28:351–74.
92. PH 28:1003–10.
93. The Bank repaid £500,000. *PI&E*, 2:204.
94. PH 28:921, 29:102–4.

95. *Report from the Select Committee on Accounts and other Papers, relating to the Public Income and Expenditure, and to What has been the whole Amount during the last five years, and What may be expected to be the Annual Amounts in Future: and also What Alteration has taken Place in the Amount of the Public Debt, Since the 5th day of January 1786* (1791), RCHC 11:79–118. Also printed in PH 29:452–88.
96. PH 27:400.
97. The annual accounts of the report on Public Income and Expenditure do not correspond to the exchequer accounts used by the Select Committee. In PI&E the comparable years begin in Oct., 1786 and end in Oct., 1791. They show average annual income for the five-year period, including miscellaneous income, as £17.0 million and average annual expenditure (not including the annual million for the Sinking Fund) as £16.6 million, £400,000 short. The accounts for 1791 state income as £18.5 and expenditure (not including the Sinking Fund) as £17.9, still well short of an annual million. The accounts for 1792 state income as £18.6 and expenditure (not including the Sinking Fund) as £16.9, which confirms Pitt's claim that in 1792 the annual million was in hand. PI&E 2:196–207.
98. PH 29:717–8.
99. *Rose Papers*, Add MSS 42,772, f. 42–3, 46.
100. PH 29:817–23ff. Pitt's claims were bolstered by George Rose's pamphlet, *A Brief Examination into the Increase of the Revenue, Commerce, and Navigation of Great Britain since the Conclusion of the Peace in 1783* (1792).

10 William Pitt and economical reform, 1783–92

1. Stanhope, *Pitt*, 1:xv.
2. Christie, *Wilkes, Wyvill, and Reform*, 206–12.
3. H. T. Dickinson, 'Radicals and Reformers in the Age of Wilkes and Wyvill' in *British Politics and Society*, 127–32.
4. PH 25:432–78. Christie, *Wilkes, Wyvill, and Reform*, 212–9.
5. PH 24:1238, 1241–3. *JHC* 40:327–51.
6. PH 24:1238–41.
7. PH 24:1241–3.
8. PH 25:1348. PI&E 2:191.
9. *JHC* 41:638–46.
10. *JHC* 41:472–8, 540. PH 25:1348–57.
11. PH 25:1349–51.
12. PH 25:1348. *JHC* 41:546, 967–75.
13. *Later Correspondence*, 1:214–15.
14. *Later Correspondence*, 1:233–4.
15. The Civil List from 1786–1804 is covered in Earl A. Reitan, 'The Civil List and the Changing Role of Monarchy in Britain, 1782–1804,' *The Consortium on Revolutionary Europe: Proceedings* (1981), 132–40.
16. The Prince's financial difficulties are ably summarized in Brooke, *King George III*, 504–9.
17. PH 26:1009–10, 1019–21.

18. PH 26:1048–54.
19. PH 26:1051.
20. PH 26:1064–80.
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74. Accomplished in 25 Geo. III, c. 58.
75. Accomplished in 27 Geo. III, c. 13.
76. CPA, Fourteenth Report (27 Jan. 1786), 41:23.
77. FC, Fourth Report, 12:54, 57–8.
78. Their three reports are published in FC, Fourth Report, 79–81. See Elizabeth Hoon, *The Organization of the English Customs System, 1696–1785* (New Haven, CT, 1938), 211–15.
79. FC, Fourth Report, 12:58.
80. John Brewer, *Sinews of Power*, 101–14 presents an excellent summary of the structure and operations of the excise.
81. FC, Fourth Report, 12:54–5.
82. Edward Hughes, *Administration and Finance*, 347–8.
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84. John Brewer, *Sinews of Power*, 214–5 gives additional examples of public resentment of the excise.
85. PH 24:1026–30.
86. Witt Bowden, *Industrial Society in England towards the End of the Eighteenth-Century* (New York, 1925), 195–6.
87. PH 25:475–91. Kennedy, *English Taxation*, 159–60. See also Dickinson, *The Politics of the People*, 74 and Bowden, *Industrial Society*, 169–72.
88. PH 25:279–86.
89. PH 27:666.
90. PH 25:367. The Commission was continued for another two years and then terminated after preparing 10 reports.
91. Renewed 26 Geo. III, c. 66, 27 Geo. III, c. 35. The work of this Commission is discussed in John R. Breihan, 'William Pitt and the Commission on Fees, 1785–1801,' *Historical Journal*, XXVII (1984), 59–81.
92. PH 26:1178.
93. *Reports of Commissioners appointed to inquire into the Fees, Perquisites and Emoluments which are, or have been lately, received in the several Public Offices therein mentioned 1786–88*. *Sessional Papers* (1806), 7. Pitt also appointed Commissioners to investigate the management of the Crown lands and forests (26 Geo. III, c. 87), but most of their work falls outside the purview of this book.

94. PH 25:367–75.
95. CFE, Ninth Report, 7:737.
96. CFE, Fifth Report, 7:187, 218.
97. CFE, Fifth Report, 7:185, 205.
98. CFE, First Report, 7:14.
99. PH 26:1193.
100. FC, Thirty-Third Report, 13:589.
101. John R. Breihan, 'The Abolition of Sinecures, 1780–1836.' *The Consortium on Revolutionary Europe: Proceedings* (1981), 141.
102. CFE, First Report, 7:3–16.
103. The Finance Committee of 1797 concurred, and noted that these unsatisfactory arrangements continued. FC, Sixteenth Report, 12:297–8.
104. FC, Sixteenth Report, 12:298–307.
105. Valerie Cromwell and Zara Steiner, 'The Foreign Office before 1914: A Study in Resistance,' in *Studies in the Growth of Nineteenth Century Government*, ed. Gillian Sutherland (Totowa, NJ, 1972), 167.
106. CFE, Second Report, 7:51–60.
107. FC, Fifteenth Report, 12:286.
108. CFE, Third Report, 95–106.
109. CFE, Fourth Report, 133–41.
110. CFE, Fifth Report, 167–90.
111. The Finance Committee of 1797 found that the admiralty had made no changes, but the navy board had responded to some of the suggestions of the CFE. FC, Seventeenth Report, 12:328–43.
112. CFE, Sixth Report, 7:281–317.
113. CFE, Seventh Report, 7:509–17; Eighth Report, 7:570, 575–6.
114. Middleton's involvements with the CFE are summarized in Breihan, 'William Pitt and the Commission on Fees,' 59–81.
115. Barham, *Letters and Papers*, 2:214–5, 232–4.
116. CFE, Fifth Report, 7:168–72, 183–3.
117. CFE, Eighth Report, 7:553–90; Ninth Report, 7:725–38.
118. Ehrman, *Pitt*, 313–7.
119. Barham, *Letters and Papers*, 3:176–7, 218–9, 224–31, 315–9, 321.
120. Barham, *Letters and Papers*, 3:338.
121. CFE, Fifth Report, 7:167–90, App. 109.
122. Breihan, 'William Pitt and the Commission on Fees,' 74–5.
123. T. 29/54, 519–20, 544.
124. Barty-King, *Stationery Office*, 7–13.
125. FC, Twenty-Ninth Report, 13:427–8.
126. See Kenneth Ellis, *The Post Office in the Eighteenth Century: A Study in Administrative History* (Oxford, 1958), which is mainly a study of Todd.
127. PH 24:1330–2. Howard Robinson, *The British Post Office: A History* (1948), 134–46.
128. Ellis, *Post Office*, 100–1.
129. FC, Seventh Report, 12:187.
130. T. 29/56:14.
131. Ellis, *Post Office*, 104–9.
132. PH 26:1172–7.
133. PH 26:1178–84.

134. PH 26:1184–8.
135. Report of the Committee on the Post Office, *JHC* (May 23, 1787), 42:800–32.
136. Committee on the Post Office, *JHC* 42:824.
137. PH 26:1194–6.
138. PH 26:1190.
139. PH 26:1184–8, 1194–5.
140. CFE, Tenth Report, 7:759–97. See critique of the report in Ellis, *Post Office*, 112–4.
141. FC, Seventh Report, 12:178–89 plus appendices.
142. Breihan, 'William Pitt and the Commission on Fees,' 72.
143. Ehrman provides details of Pitt's income, *Pitt*, 595–8.

Afterword

1. *English Historical Review* (Oct., 1947), 62:484–507.
2. Harling's title doubtless includes a nod to Foord's article.
3. Peter J. Jupp, 'The Landed Elite and Political Authority in Britain, ca. 1760–1850,' *Journal of British Studies* (1990), 29:53–79.
4. Roseveare, *Treasury, 1660–870*.
5. Henry Parris, *Constitutional Bureaucracy: The Development of British Central Administration since the Eighteenth Century* (1969); John R. Torrance, 'Sir George Harrison and the Growth of Bureaucracy in the Early Nineteenth Century,' *English Historical Review* (1968), 83:55–86.
6. Jupp, 'Landed Elite and Political Authority,' 70–1.
7. See Sheila Lambert, 'Guides to Parliamentary Printing, 1696–1834,' *Bulletin of the Institute of Historical Research* (1965), 38:111–7 for an introduction to the vast body of parliamentary reports. Hansard's *Catalogue and Breviate of Parliamentary Papers, 1696–1834*, Sessional Papers (1834), No. 626, 50:1 (reprinted by P. and G. Ford, 1953) is incomplete, but offers a good sampling of the wide range of parliamentary reports, most of which were issued after 1800.
8. Jupp, 'Landed Elite and Political Authority,' 71–2.
9. A. Aspinall, 'Reporting and Publishing of the House of Commons' Debates, 1771–1834,' in *Essays Presented to Sir Lewis Namier*, 227–57. William Cobbett's *Political Register* [1802–35] was the major radical journal of its time. See Harling, *Waning of Old Corruption*, 91–4.

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- 9 Geo. III, c. 33. Pays Civil List debt of £513,511.
- 17 Geo. III, c. 21. Increases Civil List to £900,000 per year.
- 17 Geo. III, c. 47. Grants £618,340 to pay off Civil List debt.
- 19 Geo. III, c. 69. Hovering Act.
- 20 Geo. III, c. 54. Establishes Commission for Accounts for one year; members named.
- 21 Geo. III, c. 3. Land Tax collectors required to pay in balances.
- 21 Geo. III, c. 45. Commission of Accounts appointed for another year.
- 21 Geo. III, c. 48. Former Paymasters and Treasurers directed to pay in their balances, as stated by the Commissioners for Accounts.
- 22 Geo. III, c. 41. Crewe's Revenue Officers Act.
- 22 Geo. III, c. 45. Clerke's Contractors Act.
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- 22 Geo. III, c. 82. Burke's Civil List Act.
- 23 Geo. III, c. 50. Burke's second Paymaster Act.
- 23 Geo. III, c. 68. Commission for Accounts renewed.
- 23 Geo. III, c. 82. Cavendish Exchequer Reform Act.
- 23 Geo. III, c. 84. Appropriation to pay off Civil List debt.
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- 24 Geo. III, Session 2, c. 41. Licenses for persons dealing in excisable commodities.

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 25 Geo. III, c. 52. Abolishes Auditors of the Imprest; establishes Board of Audit.
 25 Geo. III, c. 61. Compensation for loss of office under Burke's Act.
 25 Geo. III, c. 68. Continues Commission for Accounts.
 25 Geo. III, c. 74. Reforms collection of customs and excise.
 26 Geo. III, c. 31. Establishes Pitt's Sinking Fund.
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