

CHAPTER XIX

GEORGE I., AND THE ADMINISTRATION OF SIR ROBERT WALPOLE.

QUEEN ANNE died in 1714, soon after the famous treaty of Utrecht was made, and by which the war of the Spanish Succession was closed. She was succeeded by George I., Elector of Hanover. He was grandson of Elizabeth, only daughter of James I., who had married Frederic, the King of Bohemia. He was fifty-four years of age when he ascended the English throne, and imperfectly understood the language of the nation whom he was called upon to govern.

George I. was not a sovereign who materially affected the interests or destiny of England; nor was he one of those interesting characters that historians love to delineate. It is generally admitted that he was respectable, prudent, judicious, and moral; amiable in his temper, sincere in his intercourse, and simple in his habits, — qualities which command respect, but not those which dazzle the people. It is supposed that he tolerably understood the English Constitution, and was willing to be fettered by the restraints which the parliaments imposed. He supported the Whigs, — the dominant party of the time, — and sympathized with liberal principles, so far as a monarch can be supposed to advance the interests of the people, and the power of a class ever hostile to the prerogatives of royalty. He acquiesced in the rule of his ministers — just what was expected of him, and just what was wanted of him; and became — what every King of England, when popular, has since been — the gilded puppet of a powerful aristocracy. His social and constitutional influence was not, indeed, annihilated; he had the choice of ministers, and collected around his throne the great and proud, who looked to him as the fountain of all honor and dignity. But, still, from the accession of the house of Hanover the political history of England is a history of the acts of parliaments, and of those ministers who represented the dominant

parties of the nation. Few nobles were as great as some under the Tudor and Stuart princes; but the power of the aristocracy, as a class, was increased. From the time of George I. to Queen Victoria, the ascendancy of the parliaments has been most marked, composed chiefly of nobles, great landed proprietors, and gigantic commercial monopolists. The people have not been, indeed, unheard or unrepresented; but, literally speaking, have had but a feeble influence, compared with the aristocracy. Parliaments and ministers, therefore, may be not unjustly said to be the representatives of the aristocracy — of the wise, the mighty, and the noble.

When power passes from kings to nobles, then the acts of nobles constitute the genius of political history, as fully as the acts of kings constitute history when kings are absolute, and the acts of the people constitute history where the people are all-powerful.

A notice, therefore, of that great minister who headed the Whig party of aristocrats, and who, as their organ, swayed the councils of England for nearly forty years, demands our attention. His political career commenced during the reign of Anne, and continued during the reign of George I., and part of the reign of George II. George I., as a man or as a king, dwindled into insignificance, when compared with his prime minister, Sir Robert Walpole. And he is great, chiefly, as the representative of the Whigs; that is, of the dominant party of rich and great men who sat in parliament; a party of politicians who professed more liberal principles than the Tories, but who were equally aristocratic in the social sympathies, and powerful from aristocratic connections. What did the great Dukes of Devonshire or Bedford care for the poor people, who, politically, composed no part of the nation? But they were Whigs, and King George himself was a Whig.

Sir Robert belonged to an ancient, wealthy, and honorable family; was born 1676, and received his first degree at King's College, Cambridge, in 1700. He entered parliament almost immediately after, became an active member, sat on several committees, and soon distinguished himself for his industry and ability. He was not eloquent, but acquired considerable skill as a debater. In 1705, Lord Godolphin, the prime minister of Anne, made him

one of the council to Prince George of Denmark; in 1706, Marlborough selected him as secretary of war; in 1709, he was made treasurer of the navy; and in 1710, he was the acknowledged leader of the House of Commons. He lost office, however, when the Whigs lost power, in 1710; was subjected to civil political persecution, and even impeached, and imprisoned in the Tower. This period is memorable for the intense bitterness and several conflicts between the Whigs and Tories; not so much on account of difference of opinion on great political principles, as the struggle for the possession of place and power.

On the accession of George I., Walpole became paymaster of the forces, one of the most lucrative offices in the kingdom. Townshend was made secretary of state. The other great official dignities were the Lords Cowper, Marlborough, Wharton, Sunderland, Devonshire, Oxford, and Somerset; but Townshend and Walpole were the most influential. They impeached their great political enemies, Ormond and Bolingbroke, the most distinguished leaders of the Tory party. Bolingbroke, in genius and learning, had no equal in parliament, and was a rival of Walpole at Eton.

The first event of importance, under the new ministry, was the invasion of Great Britain by the Pretender—the Prince James Frederic Edward Stuart, only son of James II. His early days were spent at St. Germain's, the palace which the dethroned monarch enjoyed by the hospitality of Louis XIV. He was educated under influences entirely unfavorable to the recovery of his natural inheritance, and was a devotee to the pope and the interests of absolutism. But he had his adherents, who were called *Jacobites* and who were chiefly to be found in the Highlands of Scotland. In 1705, an unsuccessful effort had been made to regain the throne of his father, but the disasters attending it prevented him from making any renewed effort until the death of Anne.

When she died, many discontented Tories fanned the spirit of rebellion; and Bishop Atterbury, a distinguished divine, advocated the claims of the Pretender. Scotland was ripe for revolt. Alarming riots took place in England. William III. was burned in effigy at Smithfield. The Oxford students pulled down a Presbyterian meeting-house, and the sprig of oak was publicly displayed on the 29th of May. The Earl of Mar hurried into Scotland to fan the

spirit of insurrection; while the gifted, brilliant, and banished Bolingbroke joined the standard of the chevalier. The venerable and popular Duke of Ormond also assisted him with his counsels.

Advised by these great nobles, assisted by the King of France, and flattered by the Jacobite faction, the Pretender made preparations to recover his rights. His prospects were apparently better than were those of William, when he landed in England. The Earl of Mar was at the head of ten thousand men; but the chevalier was no general, and was unequal to his circumstances. When he landed in Scotland, he surrendered himself to melancholy and inaction. His sadness and pusillanimity dispirited his devoted band of followers. He retreated before inferior forces, and finally fled from the country which he had invaded. The French king was obliged to desert his cause, and the Pretender retreated to Italy, and died at the advanced age of seventy-nine, after witnessing the defeat of his son, Charles Edward, whose romantic career and misfortunes cannot now be mentioned. By the flight of the Pretender from Scotland, in 1715, the insurrection was easily suppressed, and the country was not molested by the intrigues of the Stuart princes for thirty years.

The year which followed the invasion of Scotland was signalized by the passage of a great bill in parliament, which is one of the most important events in parliamentary history. In 1716, the famous Septennial Act, which prolonged parliament from three to seven years, was passed. So many evils, practically, resulted from frequent elections, that the Whigs resolved to make a change; and the change contributed greatly to the tranquillity of the country, and the establishment of the House of Brunswick. The duration of the English parliament has ever since, constitutionally, been extended to seven years, but the average duration of parliaments has been six years—the term of office of the senators of the United States.

After the passage of the Septennial Act, the efforts of Walpole were directed to a reduction of the national debt. He was then secretary of the treasury. But before he could complete his financial reforms, he was driven from office by the cabals of his colleagues, and the influence of the king's German favorites and mistresses. The Earl of Sunderland, who had married a daughter

of the Duke of Marlborough, was at the head of the cabal party, and was much endeared to the Whigs by his steady attachment to their principles. He had expected, and probably deserved, to be placed at the head of the administration. When disappointed, he bent all his energies to undermine Townsend and Walpole, and succeeded for a while. But Walpole's opposition to the new administration was so powerful, that it did not last long. Sunderland had persuaded the king to renounce his constitutional prerogative of creating peers; and a bill, called the *Peerage Bill*, was proposed, which limited the House of Lords to its actual existing number, the tendency of which was to increase the power and rank of the existing peers, and to raise an eternal bar to the aspirations of all commoners to the peerage, and thus widen the gulf between the aristocracy and the people. Walpole presented these consequences so forcibly, and showed so clearly that the proposed bill would diminish the consequence of the landed gentry, and prove a grave to honorable merit, that the Commons were alarmed, and rejected the bill by a large and triumphant majority of two hundred and sixty-nine to one hundred and seventy-seven.

The defeat of this bill, and the great financial embarrassments of the country, led to the restoration of Walpole to office. His genius was eminently financial, and his talents were precisely those which have ever since been required of a minister—those which characterized Sir Robert Peel and William Pitt. The great problem of any government is, how to raise money for its great necessities; and the more complicated the relations of society are, the more difficult becomes the problem.

At that period, the English nation were intoxicated and led astray by one of those great commercial delusions which so often take place in all civilized countries. No mania ever was more marked, more universal, and more fatal than that of the South Sea Company. The bubble had turned the heads of politicians, merchants, and farmers; all classes, who had money to invest, took stock in the South Sea Company. The delusion, however, passed away; England was left on the brink of bankruptcy, and a master financier was demanded by the nation, to extricate it from the effects of folly and madness. All eyes looked to Sir Robert Walpole, and

he did all that financial skill could do, to repair the evils which speculation and gambling had caused.

The desire for sudden wealth is one of the most common passions of our nature, and has given rise to more delusions than religious fanaticism, or passion for military glory. The South Sea bubble was kindred to that of John Law, who was the author of the Mississippi Scheme, which nearly ruined France in the reign of Louis XV., and which was encouraged by the Duke of Orleans, as a means of paying off the national debt.

The wars of England had created a national debt, under the administration of Godolphin and Marlborough; but which was not so large but that hopes were entertained of redeeming it. Walpole proposed to pay it off by a sinking fund; but this idea, not very popular, was abandoned. It was then the custom for government to borrow of corporations, rather than of bankers, because the science of brokerage was not then understood, and because no individuals were sufficiently rich to aid materially an embarrassed administration. As a remuneration, companies were indulged with certain commercial advantages. As these advantages enabled companies to become rich, the nation always found it easy to borrow. During the war of the Spanish Succession, the prime minister, Harley, afterwards Earl of Oxford, in order to raise money, projected the South Sea Company. This was in 1710, and the public debt was ten million pounds sterling, thought at that time to be insupportable. The interest on that debt was six per cent. In order to liquidate the debt, Oxford made the duties on wines, tobacco, India goods, silks, and a few other articles, permanent. And, to allure the public creditor, great advantages were given to the new company, and money was borrowed of it at five per cent. This gain of one per cent., by money borrowed from the company, was to constitute a sinking fund to pay the debt.

But the necessities of the nation increased so rapidly, that a leading politician of the day, Sir John Blount, proposed that the South Sea Company should become the sole national creditor, and should loan to the government new sums, at an interest of four per cent. New monopolies were to be given to the company: and it on the other hand, offered to give a bonus of three million pounds to the government. The Bank of England, jealous of the pro-

sal, offered five millions. The directors of the company then bid seven millions for a charter, nearly enough to pay off the whole redeemable debt of the nation; which, however, could not be redeemed, so long as there were, in addition, irredeemable annuities to the amount of eight hundred thousand pounds yearly. It became, therefore, an object of the government to get rid, in the first place, of these irredeemable annuities; and this could be effected, if the national creditor could be induced to accept of shares in the South Sea Company, instead of his irredeemable annuities, or, as they are now variously called, consols, stocks, and national funds. The capital was not desired; only the interest on capital. So many monopolies and advantages were granted to the company, that the stock rose, and the national creditor was willing to part with his annuities for stock in the company. The offer was, therefore, accepted, and the government got rid of irredeemable annuities, and obtained seven millions besides, but became debtor to the company. A company which could apparently afford to pay so large a bonus to government for its charter, and loan such large sums as the nation needed, in addition, at four per cent., was supposed to be making most enormous profits. Its stock rose rapidly in value. The national creditor hastened to get rid of irredeemable annuities — a national stock which paid five per cent. — in order to buy shares which might pay ten per cent.

Walpole, then paymaster of the forces, opposed the scheme of Blount with all his might, showed that the acceptance of the company's proposal would countenance stockjobbing, would divert industry from its customary channels, and would hold out a dangerous lure to the unsuspecting to part with real for imaginary property. He showed the misery and confusion which existed in France from the adoption of similar measures, and proved that the whole success of the scheme must depend on the rise of the company's stock; that, if there were no rise, the company could not afford the bonus, and would fail, and the obligation of the nation remain as before. But his reasonings were of no avail. All classes were infatuated. All people speculated in the South Sea stock. And, for a while, all people rejoiced; for, as long as the stock continued to rise, all people were gainers.

And the stock rose rapidly. It soon reached three hundred per

cent. above the original par value, and this in consequence of the promise of great dividends. All hastened to buy such lucrative property. The public creditor willingly gave up three hundred pounds of irredeemable stock for one hundred pounds of the company's stock.

And this would have been well, had there been a moral certainty of the stockholder receiving a dividend of twenty per cent. But there was not this certainty, nor even a chance of it. Still, in consequence of the great dividends promised, even as high as fifty per cent., the stock gradually rose to one thousand per cent. Such was the general mania. And such was the extent of it, that thirty-seven millions of pounds sterling were subscribed on the company's books.

And the rage for speculation extended to all other kinds of property; and all sorts of companies were formed, some of the shares of which were at a premium of two thousand per cent. There were companies formed for fisheries, companies for making salt, for making oil, for smelting metals, for improving the breed of horses, for the planting of madder, for building ships against pirates, for the importation of jackasses, for fattening hogs, for wheels of perpetual motion, for insuring masters against losses from servants. There was one company for carrying on an undertaking of great advantage, but no one knew for what. The subscriber, by paying two guineas as a deposit, was to have one hundred pounds per annum for every hundred subscribed. It was declared, that, in a month, the particulars were to be laid open, and the remainder of the subscription money was then to be paid. Notwithstanding this barefaced, swindling scheme, two thousand pounds were received one morning as a deposit. The next day, the proprietor was not to be found.

Now, in order to stop these absurd speculations, and yet to monopolize all the gambling in the kingdom, the directors of the South Sea Company obtained an act from parliament, empowering them to prosecute all the various bubble companies that were projected. In a few days, all these bubbles burst. None were found to be buyers. Stock fell to nothing.

But the South Sea Company made a blunder. The moral effect of the bursting of so many bubbles was to open the eyes of the

Opposition of Walpole to the Scheme of Blount.

Mania for Speculation.

nation to the greatest bubble of all. The credit of the South Sea Company declined. Stocks fell from one thousand per cent. to two hundred in a few days. All wanted to sell, nobody to buy. Bankers and merchants failed, and nobles and country gentlemen became impoverished.

In this general distress, Walpole was summoned to power, in order to extricate the nation, on the eve of bankruptcy. He proposed a plan, which was adopted, and which saved the credit of the nation. He ingrafted nine millions of the South Sea stock into the Bank of England, and nine millions more into the East India Company; and government gave up the seven millions of bonus which the company had promised.

By this assistance, the company was able to fulfil its engagements, although all who purchased stock when it had arisen beyond one hundred per cent. of its original value, lost money. It is strange that the stock, after all, remained at a premium of one hundred per cent.; of course, the original proprietors gained one hundred per cent., and those who paid one hundred per cent. premium lost nothing. But these constituted a small fraction of the people who had speculated, and who paid from one hundred to nine hundred per cent. premium. Government, too, gained by reducing interest on irredeemable bonds from five to four per cent., although it lost the promised bonus of seven millions.

The South Sea bubble did not destroy the rage for speculation, although it taught many useful truths—that national prosperity is not advanced by stockjobbing; that financiers, however great their genius, generally overreach themselves; that great dividends are connected with great risk; that circumstances beyond human control will defeat the best-laid plan; that it is better to repose upon the operation of the ordinary laws of trade; and that nothing but strict integrity and industry will succeed in the end. From the time of Sir Robert Walpole, money has seldom been worth, in England, over five per cent., and larger dividends on vested property have generally been succeeded by heavy losses, however plausible the promises and clear the statements of stockjobbers and speculators.

After the explosion of the South Sea Company, Walpole became possessed of almost unlimited power. And one of the first objects

to which he directed attention, after settling the finances, was the removal of petty restrictions on commerce. He abolished the export duties on one hundred and six articles of British manufacture and allowed thirty-eight articles of raw material to be imported duty free. This regulation was made to facilitate trade with the colonies, and prevent them from manufacturing; and this regulation accomplished the end desired. Both England and the colonies were enriched. It was doubtless the true policy of British statesmen then, as now, to advance the commercial, manufacturing, and agricultural interests of Great Britain, rather than meddle with foreign wars, or seek glory on the field of battle. The principles of Sir Robert Walpole were essentially pacific; and under his administration, England made a great advance in substantial prosperity. In this policy he surpassed all the statesmen who preceded or succeeded him, and this constituted his glory and originality.

But liberal and enlightened as was the general course of Walpole, he still made blunders, and showed occasional illiberality. He caused a fine of one hundred thousand pounds to be inflicted on the Catholics, on the plea that they were a disaffected body. He persecuted Bishop Atterbury, and permitted Bolingbroke, with his restless spirit of intrigue, to return to his country, and to be reinstated in his property and titles. He flattered the Duchess of Kendall, the mistress of the king, and stooped to all the arts of corruption and bribery. There never was a period of greater political corruption than during the administration of this minister. Sycophancy, meanness, and hypocrisy were resorted to by the statesmen of the age, who generally sought their own interests rather than the welfare of the nation. There were, however, exceptions. Townsend, the great rival and coadjutor of Walpole, retired from office with an unsullied fame for integrity and disinterestedness; and Walpole, while he bribed others, did not enrich himself.

King George I. died on the 11th of June, 1727, suddenly, by apoplexy, and was succeeded by his son George II., a man who resembled his father in disposition and character, and was superior to him in knowledge of the English constitution, though both were inclined to steer the British bark by the Hanoverian rudder. Like his father, he was reserved, phlegmatic, cautious, sincere, fond of