

3. FINANCE and ADMINISTRATION

The later Stuart monarchy was chronically short of cash, and this shortage either often provoked or deepened political crises.

Methods of financing and administering government were forced by circumstances.

The most important of these before the 1680s was Charles II's penury.

Money, or rather the lack of it, lay at the root of most of their problems.

Despite the good intentions of parliament in the early 1660s, Charles II's ordinary revenue did not come up to expectations.

Heavily dependent upon trade and consumption, the ordinary revenue was subject to serious fluctuations, particularly in wartime.

It averaged about £700,000 yearly in the 1660s and just over £1,000,000 in the 1670s but did not reach its intended level of £1,200,000 annually until 1681–2.

Ordinary expenditure was a good deal higher

The most notable of these crises came in the winter of 1671–2, when Charles was preparing for war against the Dutch, a war which he had to begin without asking parliament for additional revenues.

Facing debt repayments about equal to his ordinary revenue, the king issued an Order in Council known as the Stop of the Exchequer (20 January 1672).

In other words, he simply stopped paying most of his debts.

This met Charles's immediate needs, but could not be a basis for the financial policy of a government desperately in need of credit, and it was not repeated.

More obvious solutions were attempted. As with modern governments, the favoured solution was to raise more taxes.

Parliament was fairly generous, both in peace and war, mainly through direct, special taxes of which assessments on lands owned were the most productive.

In 1662 parliament added the Hearth Tax, essentially a tax on dwellings, to the ordinary revenue.

Such generosity, however, might come at a price.

The voting of additional supplies was sometimes accompanied by demands for concessions from the crown.

Moreover, parliament increasingly used the device of appropriation by which subsidies were granted for particular purposes.

In any case, because they were granted for prescribed purposes and were temporary, parliamentary subsidies did not solve the central problem, which was the distance between ordinary peacetime revenue and ordinary peacetime expenditure.

Charles could still, to be sure, raise money independently of parliament.

Such methods included the sale of Dunkirk and of crown lands which had the disadvantage of eating into his capital.

The most notorious non-parliamentary revenue, of course, was the 'foreign aid' which Charles received from Louis XIV of France, first in return for his pledges in the Treaty of Dover, 1670 and later for various other services.

The French subsidies totalled about £750,000 during the 1670s and £325,000 between 1681 and 1685.

In a purely financial sense, they eased Charles through the 1670s and helped to put his government (nearly) in the black in the 1680s.

Like parliamentary subsidies, they carried a price; and none of these revenue expedients was sufficient to solve the underlying problem.

Finally, Charles occasionally toyed with the idea of cutting expenditure, but these 'retrenchment' schemes ran against his grain and were usually adopted as much for political as for fiscal reasons.

Whatever their public relations effect on an increasingly suspicious parliament, retrenchments had an insignificant bearing on royal finances.

Besides hoping that the king might spend less or that his officers might be more honest, parliament contributed a partial solution by legislating for more effective tax collection, particularly of customs.

The Statute of Frauds (1662) attacked this problem directly and there can be little doubt that MPs considered fiscal as well as mercantilist aims in passing the Staple Act (1663) and the Plantations Act (1673).

Both of these, among other things, tightened up the system whereby the colonial trades, which provided a rich yield for the customs, were funnelled through English ports and customs houses.

By 1676 Charles was collecting £100,000 per year in tobacco customs alone, thus making more money from tobacco than the Virginian planters did.!

This last class of legislation indicated that many MPs' believed the government was not as well-run as it might be.

But parliament did not interfere with the machinery of government and would have got short shrift from the king had it tried to do so.

Pressure for administrative change came more effectively from within the government.

At the outset, Restoration government was neither well equipped for, nor particularly inclined towards, administrative reform.

This was partly because the desperate significance of the fiscal problem was not at first appreciated, but partly also because the political and constitutional archaism in the settlement of 1660 was expressed by the manner in which the government itself was constructed.

The Earl of Clarendon, who, as architect of the settlement, had done so much to restore the nation to what he termed 'its old good humour', also did much to return government to its old ways. Clarendon disliked not only the usurpations but also the innovations of the Interregnum.

Under Clarendon

government –
the royal household,
the great departments of state, and
the lesser offices –
resembled nothing so much as a federated collection of fiefdoms, each under the control of a magnate or gentleman whose dignity was appropriate to the office, and
all in theory under the direct oversight of the king and his Privy Council.

There was nothing inherently unworkable about this system, but it did not work well in practice.

The Earl of Southampton, for instance, proved that great nobles did not necessarily make good Lord Treasurers.

As for the Privy Council, Clarendon gave it too much to do by trying to make it omnicompetent.

The Council's very size increased its inefficiency and rendered it vulnerable to faction and intrigue.

Impatience with the style of Clarendon's government may have been an important underlying cause of the general enthusiasm for war with the Dutch in 1664–5.

Whether or not historians say that the war itself loaded Clarendon's government to its breaking point, it was natural for contemporaries to think so.

The disappointments of the war, coupled as they were with the Great Plague of 1665 and the Fire of London in 1666, worked together to discredit the Lord Chancellor's administration.

This was hard on Clarendon, who had opposed the war, and it is also necessary to point out that no conciliar system worked well during the whole period.

The Privy Council tended to devolve into committees responsible for particular sorts of business - foreign affairs and trade and plantations, for example.

Some committees became more important than others, and historians used to see in this development early signs of cabinet government.

But these committees were much more the product of court intrigue, a devious king and an uncertain constitutional relationship between crown and parliament.

The measure of collective responsibility essential to a cabinet system did not evolve during the Restoration period.

These problems were exacerbated by the king himself.

Neither Charles's virtues nor his vices suited him for the administrative role which Clarendon expected him to fulfil.

His quickness of mind made hard work seem irksome to him, and he was further drawn away from labour by his taste for leisure and for excitements which were both vigorous and varied.

His affability made him careless in distributing patronage, and his cynicism and confidence in his ability to manipulate others led him to toy with intrigue and favouritism.

Charles played at matters which, in a personal system of government, he should have taken more seriously.

An energetic king who delighted in hard, detailed work, and encouraged and rewarded it in others, might have made Clarendon's government work or even have seen its failings and set about correcting them.

But Charles II was no Louis XIV.

Failure at the centre moved the search for solutions downwards and outwards, into the departments.

Only the rise to prominence of Sir Thomas Osborne, appointed Lord Treasurer in 1673 and created Earl of Danby in 1674, made good administration a matter of concern at the centre of power.

Given the central importance of money, it is not surprising that even before Danby's period of office the most significant administrative advances began in the Treasury.

This was particularly so after Lord Treasurer Southampton's death in 1667, when the king turned the Treasury over to a commission of five.

Significantly, Clarendon disapproved of this on the grounds that both the device and the personnel lessened the dignity of the office.

There was some truth in this, but the new commissioners - Albemarle and Ashley - and the commoners - Sir William Coventry, Sir Thomas Clifford and Sir John Duncombe - confounded it by working hard and making the Treasury a centre of real administrative power.

They checked and supervised the spending departments and began to assert Treasury control over revenue collection.

They were supported by Secretary, Sir George Downing, who had introduced important reforms in the Exchequer and now pursued order and accountability.

The increased importance of the Treasury in this period is noted as both the Chancellor and the Prime Minister (First Lord of the Treasury) are located in Downing Street!

To understand the problems of Restoration administrators we must also consider the difficulties faced by the Treasury commissioners within their own department.

Reforms were difficult to enforce because so many of the minor functionaries who would have to be involved either in implementing the reforms or carrying them out had received their posts from the crown and they were difficult to control..

Interestingly they also saw their work as part of historical tradition

1. One disputing a new procedure, claimed that the rights of his office descended 'from the time of King Stephen'
2. Another defended privileges of his post as granted by 'Harry the 7th'.

These were not new problems and such disputes would continue well beyond the Restoration period.

It was a question of circumventing the issues. It is clear that, Ashley, for instance, commissioned one Richard Sherwin as his trouble-shooter in the Exchequer and probably paid him personally.

Another obstacle in the way of the Treasury's achieving control in its own back yard was the system of 'farming' revenue collection.

Revenue farmers bought (for example) the customs of particular ports from the king in return for the right to collect them over a term of years.

Naturally, they hoped to show a comfortable profit.

The system had some advantages, notably its ability to raise ready cash, and it was not necessarily inefficient.

But it was widely unpopular, not least in parliament which intended that the king himself should get the money it voted.

Farmers intensified suspicion in many ways, for instance by suing the king (for 'defalcations') when their collections ran short of expectations for any reason which might plausibly be blamed on the government.

There was no doubt that it was inefficient in the administrative sense, because farmers proved as resistant as patentees to administrative checks from the Treasury.

Hostility against the system grew and when in 1671 eleventh-hour difficulties were encountered in negotiating a new farm of the customs, it was decided to put collection into the hands of commissioners.

Significantly, one of the new Customs Commissioners was Sir George Downing, and Ashley's old lieutenant Richard Sherwin became secretary.

Other farmed revenues were brought under commission during this period (the Excise as late as 1683), each time with improvement in total revenue which was due in part to greater efficiency.

Much else could be said about administrative changes during this period, within and without the Treasury.

Lord Treasurer Danby may not have been as innovative as the Treasury commissioners of 1667-72, but his meticulous management showed that their ideas had taken root.

Efficiency and effort were the qualities in subordinate officers which deserved reward and advancement.

Other government departments improved their administrative procedures.

Treasury reforms and revenue collection along with new methods of improved confidence in the government contributed to what has sometimes been referred to as a financial revolution.

While by no means apolitical the men who operated the system and the system itself now rose above partisanship -they could – and did serve different masters They served Charles II and their efficiency was recognised by William III when he kept so many of them in their posts after 1689.

Their efforts ensured that *'throughout the 1670s and 1680s, the core of the government was growing both stronger and more efficient in spite of the wild conflicts of political life'* (J.H. Plumb).