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The War of the Spanish Succession,
the Financial Revolution, and the
Imperial Loans of 1706 and 1710

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Introduction

The early stages of the financial revolution in England were marked by flux and uncertainty. Only after the conclusion of the War of the Spanish Succession in 1713 was it clear that the Bank of England and its banking monopoly would be preserved, that it would act in turn as a central bank to the burgeoning financial markets centred on Exchange Alley in the City of London, and as the conduit for the flotation of growing amounts of public debt by an increasingly embattled Treasury. This formed the basis for the extraordinary growth of English public and private finance during the eighteenth century, when the reputation of the system reached the stage that it not only handled the domestic public debt but also began to float loans on behalf of other powers in Europe, though it did not replace Amsterdam as the main centre of foreign lending until the 1790s.¹ The War of the Spanish Succession between 1702 and 1713 was therefore a key moment of transition, as the structures and

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¹ P. G. M. Dickson, *The Financial Revolution in England: A Study in the Development of Public Credit, 1688–1756* (London, 1967), 333–4. For studies of further imperial loans see Ernest Mason Satow, *The Silesian Loan and Frederick the Great* (Oxford, 1915); Karl F. Helleiner, *The Imperial Loans: A Study in Financial and Diplomatic History* (Oxford, 1965); S. R. Cope, *Walter Boyd, a Merchant Banker in the Age of Napoleon* (Gloucester, 1983). For

networks that would sustain public credit shifted into their final configurations, shaping the fiscal, military, and strategic options that would be available to subsequent ministries.

This essay examines one manifestation of this process, and how the flotation of loans on behalf of the imperial court in Vienna in 1706 and 1710 became a political as well as financial transaction that eventually embraced the key arms of the British fiscal–military state. The episode was mentioned in passing in P. G. M. Dickson’s definitive study of the early English financial revolution, and examined in more depth by Hanns Leo Mikoletzky in an article of 1954 that drew on diplomatic correspondence in the Austrian State Archives to good effect.² This essay fills out the British side of the story, highlighting the diplomatic complexities of organizing these loans and using the patterns of subscription, agency, and transaction in England to demonstrate the existence of certain key political and financial intermediaries who exercised highly disproportionate influence, and seem to have helped channel the flow of resources into the loans. The capacity to project British power overseas, in this case by subsidizing allied armies, was therefore not merely a matter of bureaucratic elaboration and innovation, but instead reflected the successful operation of informal personal linkages that crossed institutional boundaries to co-ordinate action, helping to entrench this particular way of operating in the wider British fiscal–military state.

‘Secure in their Reimbursement’: Organizing the Imperial Loan of 1706

The fact that a foreign, absolutist, and Catholic Habsburg imperial monarchy could successfully float a loan for £250,000 in 1706 and another for £89,950 in 1710 in London would seem to suggest that English financial markets were already highly impersonal, and thus well placed to support the increasingly bureaucratic and efficient fiscal and military structures of the British state.³ Yet as late as the 1790s the banker Walter Boyd exercised close personal

the loan market in Amsterdam see James C. Riley, *International Government Finance and the Amsterdam Capital Market, 1740–1815* (Cambridge, 1980).

² Dickson, *Financial Revolution*, 333; Hanns Leo Mikoletzky, ‘Die große Anleihe von 1706: Ein Beitrag zur österreichischen Finanzgeschichte’, *Mitteilungen des Österreichischen Staatsarchivs*, 7 (1954), 268–93. I am indebted to Rebecca Friedman and Caleb Karges for translating this key article for me.

³ For the financial revolution see Dickson, *Financial Revolution*, and Larry Neal, *The*

influence over the imperial loans floated in London, and this is even more evident in 1706 and 1710. In fact, although the loans did not originate with the British ministry, its leaders—John Churchill, first duke of Marlborough, and the Lord Treasurer, Sidney Godolphin, first earl Godolphin—soon became convinced that to grant the loan application would ultimately serve British strategic interests, and for this reason it became an instrument of public policy. The success of the loan therefore reflected the intense diplomatic, political, and financial assistance offered by the ministry and its sympathizers in London, transmitted mainly through informal networks and connections that can only occasionally be glimpsed through patterns of subscription and sale. This section demonstrates how the diplomatic framework for the imperial loan of 1706 was put in place, and incorporated measures demanded by subscribers to protect the collateral that the emperor offered. The next section will show how these informal networks were then mobilized to draw in further investors, while the final section assesses whether the later imperial loan of 1710 was floated under the same circumstances.

The first imperial loan was raised between January and June 1706 in relatively desperate strategic and financial conditions. Despite victory at Blenheim in 1704, the position of the allied armies was not promising, particularly in north-west Italy, where the imperial army under Prince Eugene of Savoy had been defeated by French forces in August 1705, threatening imperial power in the region and the allegiance of the duke of Savoy.⁴ Military reinforcements were urgently needed but the Habsburg monarchy had difficulty raising the necessary cash. The new Habsburg monarch, Joseph I, had instituted a crash programme of financial reform in 1703 to address this problem, but the British ambassador at Vienna, George Stepney, noted in November 1705 that expedients such as the new Vienna City Bank had failed to answer their unrealistic

Rise of Financial Capitalism: International Capital Markets in the Age of Reason (Cambridge, 1990); and for bureaucratic reform see John Brewer, *The Sinews of Power: War, Money and the English State, 1688–1783* (London, 1989), and Roger Morriss, *The Foundations of British Maritime Ascendancy: Resources, Logistics and the State, 1755–1815* (Cambridge, 2011). For an alternative interpretation, which questions the narrative of bureaucratization, see Aaron Graham, *Corruption, Party and Government in Britain, 1702–13* (Oxford, 2015), 1–45.

⁴ Mikoletzky, 'Die große Anleihe', 268–70, 276–7; Charles W. Ingrao, *In Quest and Crisis: Emperor Joseph I and the Habsburg Monarchy* (West Lafayette, Ind., 1979), 76–83; Joachim Whaley, *Germany and the Holy Roman Empire*, 2 vols. (Oxford, 2012–13), ii, 111–16.

[1] Confirm no recto/verso designation in the reference to fo. 47?

expectations.⁵ When Marlborough arrived in Vienna that October to make arrangements for the 1706 campaign, he came under pressure to secure a loan of 300,000 crowns or roughly £75,000 from the English and Dutch governments.⁶ Particular pressure came from Eugene himself as president of the Council of War or Hofkriegsrat, and also from Philip Ludwig von Sinzendorff as court chancellor, the prince de Salms as the emperor's first minister, Count Starhemberg as president of the chamber of audit or Hofkammer, and Count Wratislaw as Bohemian chancellor.⁷ Using his influence in London and at The Hague, Marlborough was able to secure the loan from both governments, which Stepney estimated would cover about a quarter of the total funds required to keep the imperial armies in the field in northern Italy.⁸

Beyond the immediate need for the cash, which suffered numerous delays on its way to the imperial troops in Italy, the Habsburg court seems already to have had further ends in view. Stepney noted to Robert Harley, one of the secretaries of state, on 21 October that Starhemberg had taken particular measures to assure him that the money would be used only for the imperial troops in Italy: 'he is an honest and punctual man', he wrote, 'and I believe will have a particular care to be exact on this occasion, in hopes of establishing by that means some degree of credit in England and Holland for the future.'⁹ In November the idea was raised of offering a private loan in both places that would provide further support for the hard-pressed imperial forces, and which would be secured against the revenues arising from Habsburg rents and silver taxes in the province of Silesia. Marlborough floated the idea at The Hague on his way back to Britain from Vienna in December, but very cautiously, '[parce que] ne voulant pas presser la'dessus que l'autre ne soit fini', he told de Salms on 21 December, and he noted to Wratislaw the same day that there was no enthusiasm for the loan among the members of the States-General or the mercantile community.¹⁰ In fact the

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⁵ The National Archives, Kew (hereafter TNA), SP 80/27, fo. 113': Stepney to Harley, 14 Nov. 1705 (NS). (Letters sent from Europe are dated in the Gregorian calendar or 'New Style' (NS), and from Britain in the Julian or 'Old Style' (OS). The latter was eleven days behind the former.) For the Habsburg reforms see Ingrao, *In Quest and Crisis*, 23–9.

⁶ Ibid. 82–3.

⁷ Mikoletzky, 'Die große Anleihe', 272; Ingrao, *In Quest and Crisis*, 12–20.

⁸ TNA, SP 80/28, fo. 15': Stepney to Harley, 11 Nov. 1706 (NS).

⁹ TNA, SP 80/27, fo. 47: Stepney to Harley, 21 Nov. 1706 (NS).

¹⁰ Marlborough to de Salm, 21 Dec. 1705; Marlborough to Wratislaw, 21 Dec. 1705,

States-General was already dragging its feet in the matter of the public loan for 300,000 crowns, and Marlborough was forced to fall back on the plan he had first noted to Godolphin from Vienna in November of raising the money in London. '[It will not] be possible to get any part of the loan of £250,000 here, notwithstanding that the security offered is the best in Germany', he noted from The Hague on 18 December, 'so that if you can't find a way that the Bank of England may lend it I am afraid the Emperor will be necessitated to recall the remainder of his troops in Italy.'¹¹

When he returned to London in late December, Marlborough therefore brought with him proposals for the loan, and although there are very few letters that survive from this crucial period, it is clear that he was working behind the scenes with Godolphin and various Whig ministers and their allies in the City of London to lay the necessary groundwork. The imperial ambassador Johann Phillip Hoffman reported back that Marlborough had met with Godolphin, the earl of Sunderland, and the earl of Halifax on 15 January, along with eight financiers and bankers, to discuss the terms of the loan. The last of these had drawn up a set of proposals for Godolphin as a basis for discussion, requiring that repayment of the loan be made in pounds sterling 'to prevent all manner of disputes relating to exchange or difference', and particularly requiring that for their security the emperor 'make a solemn and irrevocable grant or assignment of such part of his said revenue in Silesia as will be sufficient to discharge the whole debt', with a further explicit declaration from the city of Breslau confirming their obligation to pay their share of the loan 'as a corroborative security'.¹² Hoffman had been instructed to offer 7 per cent interest, and the proposals that Marlborough brought with him had been

in *The Letters and Dispatches of John Churchill, First Duke of Marlborough, from 1702–1712*, ed. John Murray, 5 vols. (London, 1845), ii. 350, 352.

¹¹ Marlborough to Godolphin, 18 Nov. 1705 (NS), 21 Nov. 1705 (NS), 15 Dec. 1705 (NS), 18 Dec. 1705 (NS), in *The Marlborough–Godolphin Correspondence*, ed. Henry Leonard Snyder, 3 vols. (Oxford, 1975), ii. 508, 509, 511–13; Mikoletzky, 'Die große Anleihe', 277–8.

¹² Mikoletzky, 'Die große Anleihe', 279–80, based on a letter from Hoffman to Joseph I of 26 Jan. 1706 (apparently dated New Style, since the meeting was held on 15 January Old Style); British Library, London [hereafter BL], Add. MS 61330, fo. 17^v: 'Proposals humbly offered to the most Hon. the Lord High Treasurer of England, by which according to the opinion of several eminent merchants a Loan of £250,000 may be procured in this City for supporting the Emperor's army under Prince Eugene, and carrying on the war in Italy with vigour', c. Jan. 1705/6. See also the copy in *Letters and Dispatches*, ed. Murray, ii. 385–8.

drawn up on that basis, but Marlborough warned Sinzendorf that ‘qu’on y a ajoute un percent d’interet, ce qu’on n’a pas refuser, puisque nous avons plusieurs fonds en Angleterre qui donnent le meme interet de huit per cent’.¹³ The loan might therefore have been crowded out of the market entirely had the Treasury not tested the water informally beforehand and persuaded Hoffman to offer more generous terms: ‘we have added one percent to the interest’, Marlborough told Stepney, ‘without which it is thought by those that are most knowing in these matters [that] it would be very difficult, if not impossible, to get so great a sum subscribed’.¹⁴ This preliminary groundwork materially improved the prospects of success, and Marlborough felt enabled to reassure Wratistlaw that the loan was already ‘en bon train’.¹⁵

The eventual success of the loan would depend not only on making terms that investors in London could accept but also on persuading the imperial court in Vienna to agree to them, drawing Stepney back into the process. ‘The merchants and others who lend this money have an entire reliance on you in this affair, that they may be secure of their reimbursement’, Marlborough told him on 15 January, when he sent the final set of terms for confirmation, ‘and I have assured them you will use all the precautions a matter of so great concern requires.’¹⁶ Stepney replied on 17 February that ‘I shall endeavour to serve them to the best of my power.’¹⁷ He immediately transmitted the terms to the Habsburg court to be laid before the Silesian Estates for ratification, taking the opportunity to insert the several further amendments noted below in the light of further developments. Imperial influence sped the new proposal through the Estates, which accordingly agreed on 21 February and passed an instrument of obligation that ‘own[ed] ourselves indispensably bound and obliged with all humble respect, dutifully and cheerfully to accomplish the desire of His Imperial Majesty in this matter’ by paying the principal and interest loaned in London

¹³ Marlborough to Sinzendorf, 15 Jan. 1705/6, in *Letters and Dispatches*, ed. Murray, ii. 383–4. For Hoffman see Mikoletzky, ‘Die große Anleihe’, 272–3.

¹⁴ Marlborough to Stepney, 15 Jan. 1705/6, in *Letters and Dispatches*, ed. Murray, ii. 385; Mikoletzky, ‘Die große Anleihe’, 278–9.

¹⁵ Marlborough to Sinzendorf, 11 Jan. 1705/6; Marlborough to Wratistlaw, 11 Jan. 1705/6, in *Letters and Dispatches*, ed. Murray, ii. 388, 389.

¹⁶ Marlborough to Stepney, 15 Jan. 1705/6, in *Letters and Dispatches*, ed. Murray, ii. 385.

¹⁷ TNA, SP 80/28, fo. 66r: Stepney to Harley, 17 Feb. 1706 (NS).

within the five years specified.¹⁸ The ratification was then returned to Vienna, where Stepney and the key figures in the imperial court met to hammer out the remaining arrangements to make the loan a practical proposition.

‘It may not be necessary to trouble Your Grace with a recital of what passed at this meeting, since the result will best appear from the Instruments themselves’, Stepney wrote to Marlborough several days later, ‘and I hope both Your Grace and others concerned in the Loan will be satisfied I have done my part, having neglected no circumstances that might prove of advantage to them, nor suffered any of the clauses or conditions which had been recommended to me to be either altered or omitted’.¹⁹ For example, he had tried to have the city of Breslau explicitly named in the instrument as part of the collateral—‘on which particular I insisted very heartily’, he reported, ‘because some stress seems to be laid on it in the 3rd Article of the Proposals’—but was persuaded by the court that it was both unnecessary and impolitic. ‘For these reasons I let fall that demand’, Stepney noted, ‘and in lieu of it proposed another condition which may appear of better security’, specifically that a clause be inserted guaranteeing British investors priority over all other imperial creditors whose loans were secured on the Silesian revenues.²⁰ He also successfully pressed for the funds to be used specifically for the payment of Prince Eugene and the imperial army in Italy, ‘since I humbly conceived the Prince’s name and reputation may have gone a good way towards encouraging subscriptions to the Loan’, even though the imperial court initially objected that this breached the new administrative practice of routing all payments through the Hofkammer in Vienna.²¹

The main point of contention was who should send the money from London to north Italy, which Starhemberg insisted should be done by imperial agents in London.²² Stepney thought that he hoped to profit from the advantage of exchange, but the main aim was probably to avoid the delays that had marked the previous loan

¹⁸ Bank of England Archives, London (hereafter BEA), M1/20, fos. 4^r–5^r; Mikoletzky, ‘Die große Anleihe’, 278–9, 281–2. Mikoletzky notes that unfortunately the limited surviving documents do not allow a more detailed study of these negotiations between the imperial court and the Silesian Estates.

¹⁹ BL, Add. MS 61144, fos. 49^r–54^r: Stepney to Marlborough, 27 Feb. 1706 (NS).

²⁰ Ibid. fos. 50^v–51^r.

²¹ Ibid., fos. 51^v–52^r. See also Mikoletzky, ‘Die große Anleihe’, 284–5.

²² BL, Add. MS 61144, fo. 52^{r-v}; Mikoletzky, ‘Die große Anleihe’, 281–2.

of 300,000 crowns.²³ The imperial court therefore tried to insist on this point, '[but] I was obliged to represent to him that the parties concerned in the Loans secured by their subscription have settled the care of the remittances in their Trustees', Stepney reported, 'who, being bankers, may probably expect some moderate profit in return for the trouble they are likely to have', and this persuaded the Habsburg court to give way. Starhemberg also tried to pin down arrangements for remitting interest and repayments from Silesia back to London, 'whether it may be more for the Emperor's advantage to undertake it by his own agents or agree at a certain rate with some of our merchants, who should engage to receive the money as it becomes due at Breslau and be at the trouble and risk of remitting the same to the Bank of England'.²⁴ Stepney was able to head off this question and persuade the court to refer back to London the issue of repayment and the exact exchange rates to be adopted, to be ratified formally once these had been agreed. Diplomatic pressure was therefore crucial in securing the terms required by financial interests in London before they would commit to the loan.

'Pour exciter les marchands': Subscription and Remittance, 1706–1711

In June 1706 an imperial instrument was finally signed and sealed confirming the terms of the loan, the pledge of the Silesian Estates, and the promise 'that all our cameral, provincial revenues, rents and possessions belonging to us in Silesia . . . we make over and engage, by way of special hypothec [sic], pledge and security', with the further guarantee that 'we do likewise deliberately renounce forever . . . all and every matter anyways tending to the weakening or impairing of the same'.²⁵ In fact the loan itself had already been in train since January, in anticipation of the final settlement of its terms, and the flotation was shepherded through the City by a small clique of bankers and financiers who were interested in more than just private profit, and used their networks to find the necessary investors. Of course, motives were not entirely selfless. As noted above, the financiers insisted from the outset on a higher rate of

²³ TNA, SP 80/27, fo. 191^v: Stepney to Harley, 2 Nov. 1705 (NS); TNA, SP 80/28, fos. 33^r, 56^v: Stepney to Harley, 21 Jan. 1706 (NS), 6 Feb. 1706 (NS).

²⁴ BL, Add MS 61144, fo. 53^v: Stepney to Marlborough, 27 Feb. 1706 (NS); Mikoletzky, 'Die große Anleihe', 282–4.

²⁵ BEA, M1/20, fos. 5^r–6^r.

interest and sufficient collateral to secure their investment, and in March Stepney received a petition from the textile merchants of south-west England repeating their request that he get the ban on the import of their serges to Austria lifted. He promised in return to ‘once more endeavour to get [it] revoked, on occasion of the Loan . . . in hopes that argument may be more prevalent than several others I used in my last memorial 15 months ago, to which I have not been able to obtain the least answer’.²⁶ Yet the element of public interest was also strong, since the loan would support British and imperial policy in northern Italy, and for this reason sympathetic financial elites in London worked to make it a success.

Three days after the informal meeting between Marlborough, Godolphin, and key political and financial interests on 15 January, Marlborough was able to write to Wratislaw that ‘je compte cela pour une affaire faite’. The following week the London diarist Narcissus Luttrell reported that an informal subscription had opened on the Royal Exchange. At the meeting it had been agreed that a royal warrant would publicly be issued to the Lord Mayor of the City of London encouraging the wider financial community to subscribe to the loan—‘pour exciter les marchands et autres’, Marlborough wrote to Sinzendorff that night, ‘a preter leur argent’—although the actual formal instrument setting out the purposes, terms, and security of the loan and appointing 58 trustees to accept subscriptions did not pass the privy seal until 26 February.²⁷ It rehearsed the wider strategic and financial arguments for the support of the imperial army in Italy, ‘most earnestly . . . recommend[ed]’ the loan, and pledged that ‘by our minister at the imperial Court and otherwise [we shall] take all possible care that the principal money and also the interest thereof shall be punctually paid’. Hoffman had earlier reported a degree of suspicion that the emperor was prioritizing the conflict with the Ottoman Empire in Hungary over British strategic interests in northern Italy—an English merchant had told him that he would not make any subscription unless he could be assured it would go to Eugene’s army—and the declaration was therefore of no small importance.²⁸ ‘Nous attendons avec impatience le retour du courier avec la ratification des conditions,

²⁶ TNA, SP 80/28, fo. 111^r: Stepney to Harley, 24 Mar. 1706 (NS).

²⁷ Marlborough to Sinzendorff, 15 Jan. 1705/6, in *Letters and Dispatches*, ed. Murray, ii. 383–4; BL, Harleian MS 2262, fo. 168^r.

²⁸ Mikoletzky, ‘Die große Anleihe’, 270–1.

[2] Confirm spelling
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sans quoi on ne peut prendre leur souscriptions', Marlborough told Wratislaw on 19 February, nearly two weeks after the treaty had in fact been signed, 'mais d'abord que cela sera arrive, vous pouvez compter qu'on commencera incessamment a faire les remises'.²⁹

The actual instrument did not arrive until early March with Count Johann Wenzel Gallas, the imperial envoy, and it was not until 7 March that Luttrell reported that the subscription had at last formally opened, though he noted that £160,000 had already been underwritten by a large number of political and financial figures.³⁰ Payments were staggered between March and July, and Marlborough and Godolphin wasted no time laying the instrument on 15 March before the seven trustees elected by the subscribers a few days before to manage their interests.³¹ 'Demain Monsr le Comte de Gallas doit les communiquer en conference avec les interesses', Marlborough told de Salm on 15 March, 'et je ne doute auncunement que le tout ne soit regle pour commencer les remises aujourd'hui en huit', promising, as Stepney had assured Starhemberg in February, that the imperial court would not suffer from the rate of exchange that was arranged.³² He also repeated Stepney's assurance that the trustees could be depended on not to profit unduly from either the subscription or the remittance, noting that Starhemberg 'might repose an entire confidence in those gentlemen, who would infallibly discharge their trust with the greatest integrity, being persons of known zeal to the common cause and above the temptations of mean interests'.³³

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The subscription therefore anticipated the final confirmation of the terms of collateral and repayment, and shows how the subscribers were prepared to make exceptions in order to serve the public interest and dispatch the cash to Prince Eugene. The trustees released the first tranche of £50,000 within a few days for the merchant and financier Sir Theodore Janssen, himself an investor, to

²⁹ Murray, *Letters and Dispatches*, ii. 429, 434; Marlborough to Wratislaw, 19 Feb. 1705/6; Marlborough to Prince Eugene, 22 Feb. 1705/6.

³⁰ Narcissus Luttrell, *A Brief Historical Relation of State Affairs from September 1678 to April 1714*, 6 vols. (Oxford, 1857), iv. 24, 25. For Gallas see Mikoletzky, 'Die große Anleihe', 272–3; and Aaron Graham, 'Public Service and Private Profit: British Fiscal–Military Entrepreneurship Overseas, 1707–12', in Jeff Fynn-Paul (ed.), *War, Entrepreneurs and the State in Europe and the Mediterranean, 1300–1800* (Leiden, 2014), 87–110, at 104–5.

³¹ Luttrell, *Brief Relation*, ii. 25; BEA, M1/20, fos. 3^r, 32^r.

³² Marlborough to Sinzendorff, 15 Mar. 1705/6, in *Letters and Dispatches*, ed. Murray, ii. 45¹.

³³ BL, Add. MS 61144, fo. 52^v; Stepney to Marlborough, 27 Feb. 1706 (NS).

remit to his agents Messrs Thomas and Samuel Williams in Venice, who had also handled remittances for the loan of 300,000 crowns in February.³⁴ Further tranches of £50,000 followed on 9 April, 10 May, 7 June—though the Bank of England was forced to lend some £15,970 until it was received from subscribers the next day—and 9 July, making a total of some £243,000 or 1,028,155 Venetian ducats once around £7,000 had been deducted as commission and charges for Janssen, the Bank of England, and Messrs Williams in Venice.³⁵ Stepney kept a close eye on the process, reporting that the funds had indeed been sent over to the imperial commissary in northern Italy to purchase provisions.³⁶ These then arrived at a crucial moment in the allied campaigns, enabling Prince Eugene to break the French siege of Turin and complete the destruction of French power in northern Italy, thereby decisively establishing Habsburg control of the region. When his aide-de-camp Baron Hohendorff appeared in London in October with news of the victory, he was wined and dined by the trustees of the loan to mark the victory, suggesting that for them at least the loan had always been about more than mere financial profit.³⁷

The pattern of subscriptions also suggests that the loan was actively promoted and not simply left to the vagaries of the market. Marlborough, Godolphin, Sunderland, and Halifax all agreed at the meeting on 15 January to subscribe between £6,000 and £10,000 each to get the ball rolling, though Godolphin had to sell off his stock in the Bank of England to do so.³⁸ This had the desired effect, and Luttrell particularly remarked that they and ‘several others of the nobility and citizens have also subscribed largely [to the loan]

³⁴ BEA, M1/20, fos. 32^r–36^r, esp. 35^r; TNA, SP 80/28, fo. 71^r: Stepney to Harley, 20 Feb. 1706 (NS). Messrs Williams later noted that they had managed to raise the necessary cash in Venice ‘at a time when credit was difficult to be obtained’, albeit in the context of a claim for repayments due for errors in accounts: TNA, SP 34/17, fo. 121^r: ‘Petition of Thomas Williams to His Majesty the King’, 1 Dec. 1715 (NS) [but misdated as 1712].

³⁵ BEA, M1/20, fo. 35^r; Mikoletzky, ‘Die große Anleihe’, 285–6.

³⁶ TNA, SP 80/28, fo. 111^{r-v}: Stepney to Harley, 24 Mar. 1706 (NS).

³⁷ Luttrell, *Brief Relation*, vi. 94.

³⁸ Mikoletzky, ‘Die große Anleihe’, 279–80. This paragraph is based on the list of subscribers in BEA, M1/20, fos. 9^r–24^r, and reprinted with only minor changes as *A List of the Names of All the Subscribers to the Loan of 250,000l. to the Emperor of Germany, for Support of the Army, under his Highness Prince Eugene of Savoy, in Italy, and Payable to His Order: Begun the 7th, and Ended the 12th of March, 1705* (London, 1706). For Godolphin see Godolphin to Duchess of Marlborough, 6 Mar. 1706, in *Correspondence*, ed. Snyder, ii. 518–19.

and 'tis believed will be full in a short time'.³⁹ Marlborough had also agreed on 15 January to persuade senior officials and politicians to invest, and subscriptions for sums between £500 and £2,000 were made by the secretary at war Henry St John and the secretaries of state Robert Harley and Charles Hedges, as well as £20,000 from the queen's consort, Prince George of Denmark, through his treasurer Sir Edward Nicholas. Military treasurers such as James Brydges, John Howe, and William Whitfield—paymasters of the army and marine regiments—all subscribed, as did Marlborough's quartermaster general William Cadogan. Stepney arranged from Vienna to invest at least £1,000 through Marlborough's secretary Adam Cardonnel, who also subscribed no less than £2,000 of his own money in addition.⁴⁰ The loan was also filled by government contractors such as Moses de Medina, who subscribed £1,000, and the army clothiers Richard Harnage and Henry Cornish, who subscribed £2,000 on their own account and £3,500 on behalf of others.⁴¹

By far the largest amount, though, came through the money markets of the City of London, in some cases through brokers, agents, and goldsmith-bankers investing sums on behalf of clients.⁴² The broker Moses Hart subscribed £700 on his own account, for example, but £3,500 for others, including £2,000 for the trustee Sir William Gore. Although reconstructing the intentions behind these decisions is often impossible, it seems clear that many agents helped to direct money under their control into the loan, or else smoothed the path for contacts who wanted to invest. For instance, the trustee Francis Eyles invested £2,000 on his own behalf and £2,500 for his brother-in-law, the Whig merchant John Haskin Styles, while Sir William Scawen and his brother Thomas subscribed £8,000 in total on their own account and on behalf of John Herman Louis.⁴³ Another trustee, Sir Gilbert Heathcote, invested £4,000 of his own

³⁹ Marlborough to Wratistaw, 18 Jan. 1705/6, in *Letters and Dispatches*, ed. Murray, ii. 404; Luttrell, *Brief Relation*, vi. 9.

⁴⁰ Mikoletzky, 'Die große Anleihe', 284.

⁴¹ For Medina, Harnage, and Cornish see Graham, *Corruption, Party and Government*, 76, 91, 93, 145–8, 160–2.

⁴² This paragraph is based on the subscription list in BEA, M1/20, fos. 9^r–24^r. It includes details of subscriptions made by agents and attorneys on behalf of others. For more on agents and brokers for English and overseas investors see Dickson, *Financial Revolution*, 251–3, 307–8, 317–19; C. H. Wilson, *Anglo-Dutch Commerce and Finance in the Eighteenth Century* (Cambridge, 1941), 95–103.

⁴³ Graham, *Corruption, Party and Government*, 67, 68, 80.

money and £4,500 for the duke of Newcastle and earl of Orford, and his brothers put in a further £3,000. The trustee Sir Henry Furnese invested £4,000 himself and £1,000 for his correspondents in Amsterdam, Messrs George and Isaac Clifford, and Sir Theodore Janssen invested £5,000 for himself and others.⁴⁴ As Harley noted to Stepney on 12 March, the success of the loan was proof of the queen's 'zeal' for the imperial court and its interests, 'and also of her good subjects, to make such a loan at a time when near three million is to be taken upon annuities, besides the loans upon the land tax and malt [tax], and also a very great East India sale', amounting in total to no less than six million pounds sterling.⁴⁵

The imperial loan of 1706 therefore resembled most closely the domestic public loans of the same period, in which political and financial elites were expected to contribute as a matter of public service as well as private profit.⁴⁶ It therefore proved possible to fulfil both at a time when there were many other tempting opportunities available to investors with money to subscribe. Yet this powerful overlap of factors came under strain after March 1706 as events in Europe pushed the two out of alignment, as can be seen from the patterns of trade in the stock of the imperial loan recorded in the transfer book at the Bank of England.⁴⁷ Between March 1706 and the repayment of the loan in 1711 trades took place worth about £120,000 or nearly half the total loan, though this figure includes stock traded two or more times. The trades were concentrated in a specific moment of crisis that occurred in July 1706 when the Swedish troops of Charles XII occupied Silesia itself as part of his campaigns in the Great Northern War.⁴⁸ Reluctant concessions by the imperial court prevented the conflict from escalating, but Luttrell noted that the news had driven down the price of the stock by 5 per cent, and between July and December about fifty people disposed of stock worth £27,600 or about 10 per cent of the loan.⁴⁹ For example, the Huguenot widow Susanna Hugetan had invested £8,000 through the merchant Stephen Seignoret, who also subscribed £1,000 of his own money, but on 15 September she withdrew £3,200—no less

⁴⁴ Ibid. 68

⁴⁵ BL, Add. MS 7059: Harley to Stepney, 12 Mar. 1705/6.

⁴⁶ See e.g. Graham, *Corruption, Party and Government*, 65–9.

⁴⁷ BEA, AC 27/3325 (Stock Ledger of Imperial Loan, 1706–11). The following paragraphs are based on this record.

⁴⁸ Whaley, *Holy Roman Empire*, ii. 116; Ingraio, *In Quest and Crisis*, 54–66.

⁴⁹ Luttrell, *Brief Relation*, vi. 90.

than £15,900 changed hands in this single month—and sold it on to the Huguenot merchant Rene Rane.⁵⁰

This turnover persisted throughout until the (second) Treaty of Altranstadt was signed in August, which granted religious concessions to the region's Protestants in return for the withdrawal of Swedish forces from Silesia. There were on average about eight transactions worth just over £7,000 per month between January and August, including key figures such as Prince George of Denmark, who transferred his stock to John and William de Hertoghe in June 1707. Charles Hedges and Robert Harley had sold off their holdings by December 1707, and Moses de Medina sold his stock of £1,000 on 5 September. Although he then received £500 from Edward Pauncefort the next month on 30 October, this was assigned to Sir James Bateman only four days later, leaving de Medina with no further holdings by the end of the year. By contrast, after news arrived of the Treaty of Altranstadt the turnover fell to three sales of about £1,700 per month from September to December, and then halved again in 1708 and continued to decline. The news from Europe and the high volume of sales had the effect, however, of pushing down the value of the stock even further, and Marlborough noted in December 1707 that it had lost 20 per cent of its face value.⁵¹ This not only undermined the prestige of the stock, which was to some extent an index of public confidence in the imperial court, but also, as noted below, made it unlikely that further loans could be raised with equal facility. The sale of stock therefore had to be arrested or managed, and the pattern of turnover reveals some hints of this.

Sir Henry Furnese was already one of the largest subscribers in March 1706, committing some £4,000 to the loan, but by the end of January 1707 he had virtually doubled his holdings by accepting stock worth £4,250 from six separate sellers, including several government officials. This stock accounted for nearly a third of the £13,650 traded in these months. Either Furnese had lent them the money to make their initial subscriptions, or he was accepting the stock in order to prevent it circulating in the open market and

⁵⁰ Rane immediately disposed of it to Daniel Hayes, a London merchant trading with Hamburg who managed to triple his holdings in this period from £2,700 to £7,700 by 1711 from various sources. For example, in May 1709 Rane sold on to Claude Desmaretz a block of stock worth £500 he had received three years earlier from Moses Barrow, which Desmaretz then sold again in turn to Hayes only three months later.

⁵¹ Marlborough to Pensioner Heinsius, 5 Dec. 1707, in *Letters and Dispatches*, ed. Murray, iii. 651

undermining the price further. Over the next two years Furnese received a further £5,450 in stock from eight people, including Sunderland's holdings of £2,500 in January 1710, and by the time the loan was liquidated in 1711 his portfolio had therefore tripled to £13,700. Sir Theodore Janssen, who was an investor and remitter but not a trustee, also tripled his holdings over this period. Between them, these two men controlled by 1711 about 10 per cent of the entire loan. Three other men controlled a further 5 per cent. The merchant William Baron increased his holdings from £500 to £3,500 in the early months in 1707, probably as a speculator, while the Russia merchant William Dawson steadily bought up about £2,750, and the Hamburg merchant Daniel Hayes likewise steadily tripled his investment from £2,500 to £7,700.⁵² All four men were therefore acting as investors, presumably buying stock at low prices in the hope of realizing capital gains when it rose.

A number of other stockbrokers and goldsmith-bankers, such as Moses Hart, Rene Rane, and John Marke, also subscribed or bought large amounts of stock for themselves and others, but just as quickly sold it on. For instance, Hart invested £700 in March 1706, then sold this on to the goldsmith-banker Richard Hoare in December, then brokered the sale of other stock to Daniel Hayes and assigned about £1,000 he had received from Hoare to Dawson in June and July 1707. Other stock he sold to Janssen and the goldsmith-banker John Marke.⁵³ Marke received about £1,000 before June 1707, and reassigned it to William Baron and Janssen.⁵⁴ Rene Rane handled the sale of Susanna Hugetan's bloc of £3,200 stock to Daniel Hayes in September 1706, then sold further stock for £500 to Claude Desmaretz in May 1709, who then assigned it to Hayes three months later. A set of interlocking financial networks and connections therefore managed the trade in the stock of the imperial loan, part of the wider stock markets that Anne Murphy and others have described which had emerged in London during the financial revolution, and helped to hold up the price of stock even as it fell by ensuring that a buyer could always be found for it.⁵⁵

⁵² See above, n. 50.

⁵³ For Hart see Graham, *Corruption, Party and Government*, 106, 199.

⁵⁴ Gary S. Shea, 'Sir George Caswall vs. the Duke of Portland: Financial Contracts and Litigation in the Wake of the South Sea Bubble', in Jeremy Atack and Larry Neal (eds.), *The Origin and Development of Financial Markets and Institutions: From the Seventeenth Century to the Present* (Cambridge, 2009), 121–60, at 135.

⁵⁵ See Anne Murphy, *The Origins of English Financial Markets: Investment and Speculation*

Yet Furnese stands out as exceptional, accumulating large amounts of stock at a moment when it was important that the price of the stock be held up, and this suggests that at least some of the trustees helped to preserve the public interest even at the risk of their own private profit.

'For the Honour of Our Country': The 1710 Imperial Loan

The most immediate result of the imperial loan of 1706 was that both the British and imperial states were enabled to punch well above their weight, and win a decisive strategic victory in northern Italy. Its success encouraged imitation. The British ambassador in Prussia reported that the duke of Saxony proposed to raise 2 million crowns in Holland and England, and urged that it be blocked, since the money would end up with the Swedish forces.⁵⁶ Stepney reported in 1707 that the Dutch hoped to mortgage the customs revenues of Ghent and Ostend in return for a loan of 700,000 fl or £70,000, but Marlborough poured cold water on this plan in December. 'When it is considered that what was lent on the security of Silesia is now near twenty percent under the principal sum advanced', he noted, 'no such thing can be expected from hence.'⁵⁷ He also received a 'Project pour d'emprunt d'une million d'ecus a 6 pct' dating from 1709, where the Swedish court proposed to mortgage the revenues of the duchies of Bremen and Verden as security for a loan.⁵⁸ The most concrete outcome, though, was a further imperial loan in 1710, to support the imperial forces in the Low Countries, and analysing this episode in the same way reveals a very familiar set of diplomatic, political, and financial links in London and Vienna.⁵⁹ These networks helped the imperial court to push through this important transaction in the very brief window

before the South Sea Bubble (Cambridge, 2012), 132–6, 162–91, 207–9; Dickson, *Financial Revolution*, 490–501; S. R. Cope, 'The Stock Exchange Revisited: A New Look at the Market in Securities in London in the Eighteenth Century', *Economica*, ns 45 (1978), 1–21, at 2–5.

⁵⁶ TNA, SP 90/4, fo. 341^r: Raby to Harley, 5 Feb. 1707 (NS).

⁵⁷ TNA, SP 87/2, fos. 711^r, 712^r: Stepney to Cardonnel, 10 Aug. 1707 (NS), 13 Aug. 1707; Marlborough to Pensioner Heinsius, 5 Dec. 1707, in *Letters and Dispatches*, ed. Murray, iii. 651.

⁵⁸ BL, Add MS 61330, fo. 146^r: 'Project pour d'emprunt d'une million d'ecus a 6 pct' [1709].

⁵⁹ For the strategic context see Mikoletzky, 'Die große Anleihe', 288–9; Whaley, *Holy Roman Empire*, ii. 116–18.

available before a political and financial crisis in August 1710 cut off even the possibility of further supplies.

'Monsr le Comte de Gallas m'a entretenu sur la difficulté où on est à Vienne de trouver l'argent nécessaire pour les frais de la guerre', Marlborough wrote to Prince Eugene and Sinzendorff in January 1710 from London, acknowledging the urgent need for cash but noting that it would be impossible to delay or defer the planned repayment of the 1706 loan, 'puisque la moindre mention serait capable de ruiner tout le crédit'.⁶⁰ A new loan was therefore the only option, and he agreed to use his leverage to persuade the merchants who had already advanced the emperor money to provide 'une nouvelle avance' of £100,000, 'et pour les encourager, je m'offrirai de souscrire le premier'. Two weeks later he confirmed that it had been necessary to delay making any moves until the lottery floated by the Treasury was out of the way 'de peur de nuire à l'un et à l'autre', but he promised he would now do what he could to push the loan forward, 'mais vous pouvez bien juger que quand cette lotterie donne un intérêt plus avantageux que l'emprunt sur la Silésie, il ne sera pas fort facile de trouver plus d'argent à ce prix-là sur un fonds étranger'.⁶¹ The loan would therefore face more difficult conditions than it had in March 1706, and it would risk being crowded out of a market that was glutted with eight years of wartime loans that offered investors in London better security and a higher rate of return on their investment.⁶²

Although Narcissus Luttrell reported in his diary on 21 March 1710 that commissioners would shortly be appointed to raise the necessary funds, it was not until April that Godolphin was able to report to Marlborough that, 'to give you some comfort after these melancholy reflections . . . we have this day begun the subscription for the £100,000 upon the Silesia fonds'.⁶³ A further set of letters patent were issued by the crown on 13 March 1710, appointing commissioners and encouraging subscriptions on much the same basis as before. The money was to be used by the emperor solely to support his troops in the Low Countries, and 'we are persuaded that divers of our loving subjects, when they consider of what

⁶⁰ Marlborough to Prince Eugene, 10 Jan. 1709/10; Marlborough to Sinzendorff, 10 Jan. 1709/10, in *Letters and Dispatches*, ed. Murray, iv. 679, 680.

⁶¹ Marlborough to Sinzendorff, 24 Jan. 1709/10, *ibid.* iv. 683.

⁶² Dickson, *Financial Revolution*, 59–75.

⁶³ Luttrell, *Brief Relation*, vi. 559, 580. The list of subscribers and agents, and the dates of subscription, are from BEA, M1/20, fols. 37^r–51^r.

importance the supply of the said money is for carrying on the war in Flanders, [and] with what effect may be to the common cause', would thereby be persuaded to contribute the necessary funds, though once again the imperial letters patent confirming the security were not formally signed by the emperor until October that year.⁶⁴ Yet although Luttrell noted on 9 May that at least £60,000 had already been subscribed, Furnese wrote confidentially to Marlborough two weeks later that virtually no money had been received, and that those who had subscribed had done so out of patriotism rather than for profit. 'I can assure Your Grace that this loan is at this time a greater virtue in us', he noted, 'for there are several good Parliamentary funds by which people may make ten percent of their money.'⁶⁵

By June the need became even more urgent. 'Prince Eugene has desired me to press you to get the subscription perfected', Marlborough noted to Godolphin from the Low Countries, 'it being the only money they have for the subsisting the Imperial troops in this country.'⁶⁶ Godolphin replied that the loan had almost been completed, but Furnese reported gloomily the next day that 'the present situation of affairs has very much retarded that loan, and 'tis with the greatest difficulty that we have got it up to £80,000'.⁶⁷ This had involved direct effort by Godolphin and the financial elites. Furnese reported to Marlborough on 28 May that 'my Lord Treasurer's great care has overcome the difficulties that seemed insuperable in relation to the imperial loan'.⁶⁸ Yet only £750 was subscribed between 1 and 7 June, and more than half of the £30,000 invested on 8 and 9 June came from figures who had already subscribed large sums but were now persuaded to increase them. For example, Sir James Bateman had already subscribed £2,000 when the books opened on 28 April but now contributed another £3,000, while William Dawsonne doubled his holdings from £1,000 to £2,000. Undoubtedly under pressure from

⁶⁴ BEA, M1/20, fos. 56^r–57^r: Letters Patent of HM Queen Anne, 13 Mar. 1710; and fos. 52^r–55^r: Letters Patent of Joseph I, 29 Oct. 1710 (NS).

⁶⁵ Luttrell, *Brief Relation*, vi. 580; BL, Add. MS 61135, fo. 113^r: Furnese to Marlborough, 28 May 1710.

⁶⁶ Marlborough to Godolphin, 2 June 1710 (NS), in *Correspondence*, ed. Snyder, iii. 1515–16.

⁶⁷ Luttrell, *Brief Relation*, vi. 591; Godolphin to Marlborough, 8 June 1710, in *Correspondence*, ed. Snyder, iii. 1520–1; BL, Add. MS 61135, fo. 115^r: Furnese to Marlborough, 9 June 1710.

⁶⁸ BL, Add. MS 61135, fo. 113^r: Furnese to Marlborough, 28 May 1710.

the ministry, the Court of Directors of the Bank of England agreed on 8 June to loosen its discount policy for bills of exchange 'with such persons as they shall approve . . . in order to be subscribed to the Imperial Loan', thereby ensuring that those who wanted to subscribe had money to do so.⁶⁹

Once again, the trustees and commissioners acted as agents and brokers for others, helping to channel funds into the loan. Francis Eyles subscribed £2,000 for himself and £1,000 for his brother-in-law John Haskin Styles.⁷⁰ Sir William Scawen invested £4,600 of his own money and £3,000 for Messrs Thomas Scawen & Robert Stockdale, as well as £500 for the Whig clothier and army contractor John Elwill of Devon.⁷¹ Marlborough and Godolphin led by example, investing at least £6,000 in April to encourage subscriptions. 'I am very glad you have had so good success in the loan of Silesia, for without that money the imperial troops of this army could not have subsisted but with great difficulties', Marlborough noted, '[and] you might be sure there was no need of your giving yourself the trouble of an excuse for the subscription you make for me, for not only in money matters but in everything else you may command your humble servant.'⁷²

Further sums came from politicians, public officials, and contractors. For example, at least £3,000 was subscribed by William Sloper, the deputy paymaster of the army and head of the Pay Office, who contributed only £300 on his own account but about £1,000 from his employer James Brydges, Paymaster of the Forces Abroad, and £500 from Marlborough's senior general William Cadogan.⁷³ Both men had co-operated with Sloper since 1706 to profit from the war and invest the proceeds, with Cadogan writing to Brydges earlier in 1710 that the recent failure of peace negotiations 'will, I am persuaded, occasion the falling of the best funds and in my opinion that will be the time to employ one's money'.⁷⁴ Sloper also invested £200 on behalf of the London goldsmith-banker John Campbell,

⁶⁹ BEA, G4/7 (Board of Directors, Minute Book 'F'), p. 69.

⁷⁰ He also invested £1,000 for the earl of Portland.

⁷¹ For Scawen see Graham, *Corruption, Party and Government*, 93. For Elwill see E. Cruickshanks, S. Handley, and D. W. Hayton (eds.), *History of Parliament: The Commons, 1690–1715*, 5 vols. (Cambridge, 2002), iii. 974–5.

⁷² Godolphin to Marlborough, 28 Apr. 1710; Marlborough to Godolphin, 19 May 1710, in *Correspondence*, ed. Snyder, iii. 1475–6, 1487.

⁷³ Graham, *Corruption, Party and Government*, esp. 97–109, 127–36.

⁷⁴ Henry E. Huntington Library, San Marino, CA, Stowe MS, ST58, vol. v. 127, 174; Cadogan to Brydges, 17 Feb. 1710 (NS), 26 Mar. 1710 (NS).

who handled private accounts for Sloper himself and his colleague in Lisbon, William Morrice, who received a letter from Campbell in May noting that he still held large balances that he was seeking to invest.⁷⁵ 'I should [have] been willing to put it on the land tax had I known your mind', Campbell wrote, 'and shall still if you desire it.' It seems likely that the £200 which Sloper invested for him was either on his own account or that of clients such as Morrice. Private interest and the public profit had converged once more.

The same was true in the commercial sphere. The Whig merchant Sir Lambert Blackwell had subscribed £1,000 in 1706 and bought a further £500 in September 1706, and although he did not now invest any of his own money he acted as agent for others investing at least £3,250, including £2,500 from the merchant Sir William Hodges and his family, who subscribed at least £4,000 in total either directly or through Blackwell and Lionel Herne, a senior official at the Treasury and Exchequer, who also invested £500 for himself and £900 for others.⁷⁶ On the other hand, some agents continued to act merely as brokers or intermediaries: for example, Moses Hart made no investment at all, either on his own account or for others, but the Dutch broker and banker Conrad de Gols subscribed about £850 for various clients and the London banker Thomas Glegg handled subscriptions for no less than £3,600 for three separate clients.⁷⁷ Most impressively, although Furnese subscribed only £2,000 directly and £800 on behalf of two others, his agent and factotum Moses Berenger, 'Sir Harry's head clerk, that doth all his affairs', handled further subscriptions for £5,800, including £1,000 from the East India merchant Elihu Yale and £1,000 from the Whig naval commander Sir Charles Wager on 10 June, in addition to the £1,000 he had already subscribed one month before.⁷⁸ By 10 June Furnese had therefore directly or indirectly subscribed at least £8,600 in total, nearly 10 per cent of the entire loan.

The profile of subscribers was therefore heavily weighted towards

⁷⁵ Coutts & Co. Archive, London, Letterbook No. 4, fo. 217^r: Campbell to Morrice, 6 May 1710. For Campbell and Morrice see Graham, *Corruption, Party and Government*, 107, 135.

⁷⁶ Cruickshanks, Handley, and Hayton (eds.), *History of Parliament*, iii. 226–7, iv. 374–6; Graham, *Corruption, Party and Government*, 93.

⁷⁷ For de Gols see Wilson, *Anglo-Dutch Commerce*, 107. For Glegg, see TNA, PROB 11/690/262: Will of Thomas Glegg, goldsmith and banker of Lombard Street, City of London (June 1738).

⁷⁸ For Berenger see Graham, *Corruption, Party and Government*, 88.

larger investors who were more amenable to private pressure. Only about £2,900 was subscribed by thirty-four people in denominations under £100, though these represented a quarter of the total subscribers. On the other hand, roughly the same number each pledged £1,000 or more, accounting for some £65,700 in total. This reflected in part the emergency measures taken at the very end of the subscription. Furnese wrote to Marlborough on 4 July that there remained £13,000 to be subscribed, noting that he and his other commissioners 'are ashamed to let this loan go without being full, [and] we have each of us writ good sums and will still subscribe something rather than not fill it'.⁷⁹ He asked Marlborough to allow further sums to be subscribed in his name, and those of other key figures, 'that we may not want (for the honour of our country) so small a sum as £13,000 to make up £100,000', though in fact only another £2,000 was found before the loan was closed.⁸⁰ In all, by 22 June eleven key figures directly and indirectly controlled stock worth £53,200 or nearly 60 per cent of the total, an average of more than £4,800 each. They included the bankers and merchants noted above such as Bateman (£7,000), Eyles (£4,000), Furnese or Berenger (£9,800), Heathcote (£3,000), Hodges (£3,300), and Scawen (£8,100) with very close links to the Whig ministry and its projects, as well as Godolphin himself (£8,000), and separate figures such as William Dawson (£3,000), Henry Lewis (£2,000), and Robert Vansittart (£2,000). The latter was a German merchant, possibly investing on behalf of others.⁸¹

Intermediaries therefore continued to play an important role in directing the flow of money into the second imperial loan, enabling Furnese to despatch three letters of credit for 750,000 fl or about £75,000 in May, June, and July to Prince Eugene in Italy. This pre-empted both the final subscriptions in London and the confirmation of the terms of the loan by the Silesian Estates and the imperial court on 29 October 1710 (NS), and was at a time when Furnese was himself under enormous financial pressure and had virtually bankrupted himself supporting British armies operating

⁷⁹ BL, Add. MS 61135, fo. 115^r: Furnese to Marlborough, 9 June 1710.

⁸⁰ BL, Add. MS 61135, fo. 117^{r-v}: Furnese to Marlborough, 4 July 1710.

⁸¹ Margrit Schulte Beerbühl, *The Forgotten Majority: German Merchants in London, Naturalization, and Global Trade, 1660–1815* (Oxford, 2015), 41–53, 63–6; Henry Sanders, *The History and Antiquities of Shenstone, in the County of Stafford* (London, 1794), 293.

[3] Is the cross-reference in the footnote OK?

in Europe.⁸² By the time the confirmation was signed, markets in London had collapsed. Furnese had already complained on 28 July of 'this present time, when all else runs counter to what every honest man might reasonably expect', and the fall of Godolphin and the Whigs in August created a financial crisis that ended any chance of further foreign loans. The relative success of the imperial loan of 1710 in raising more than 80 per cent of its total capital at a time of financial stringency, in the very narrow window before any further loans were cut off entirely, therefore reflected a careful process of political and financial management that sought to balance public service and private profit for investors, but went on largely behind the scenes.

QUERY [3]

Conclusion

The flotation of the imperial loans in 1706 and 1710 was as much a political and diplomatic process as a financial one. Although the loans had to conform at some level to the needs of the market by offering sufficient security and a competitive rate of interest, these could be secured only by focused diplomatic efforts, and the actual process of flotation was assisted by political and financial elites who invested for reasons of public service rather than private profit alone. As a result the loans were filled up more quickly than they might otherwise have been, enjoyed smaller falls in value than they might otherwise have suffered, and directly contributed to a major strategic victory in northern Italy. The process was therefore far from impersonal. Though there was no direct connection between Francis Morrogh, a merchant of Portsmouth in Hampshire who subscribed £250 to the imperial loan of 1706 through his fellow merchant Sir Lambert Blackwell, and the imperial paymaster in northern Italy who spent the money when it arrived, or even the burghers of Breslau in Silesia who ultimately provided his reimbursement, a long chain of intermediaries helped to bring all three together.⁸³ Each link in the chain had a form of personal linkage to the next, even if the net result was to bring together parties who had no obvious or direct connection with each other.

⁸² See above, n. 65. For Furnese see Graham, *Corruption, Party and Government*, 187–92.

⁸³ TNA, PROB 11/528/50: Will of Francis Morrogh, merchant of Portsmouth, Hampshire (July 1712).

[4] Is the cross-reference in the footnote OK?

The main change that the ‘financial revolution’ seems to have brought about was that these linkages were now stronger and more extensive than they had been before, and were able to aggregate much larger amounts of capital.

This episode also suggests that, in focusing on the precocious evolution of fiscal and military state structures in Britain and Europe in this period, the continued importance of transnational resource mobilization may well have been overlooked. Within the British Isles itself the process of state formation has often been written from the perspective of London and south-east England, whereas it is now clear that both Ireland and Scotland provided resources such as manpower that supplemented English resources and even allowed the British state to focus more fully and effectively on its core competencies.⁸⁴ In this case the British state was able to project power indirectly and achieve its broader strategic aims by funding the imperial armies in northern Italy, in a period when it lacked the manpower and military resources to deploy troops there directly, while the imperial court was able to satisfy its own overlapping policy objectives by exploiting the surplus capital available in London rather than drawing on its own overstrained money markets in Vienna. States were therefore not autarkic or self-sufficient bureaucratic systems in this period, but embedded within a much wider matrix of transnational exchange that helped both sides to deploy power and created a temporary set of shared interests.⁸⁵ Even as the structures of the British fiscal–military state crystallized during the War of the Spanish Succession, this process of transnational exchange clearly remained important, and successfully served as a model for further transactions throughout the eighteenth century.⁸⁶

QUERY [4]

⁸⁴ Aaron Graham and Patrick Walsh (eds.), *The British Fiscal–Military States, 1660–c.1783* (Farnham, 2015), esp. eid., ‘Introduction’, 1–26.

⁸⁵ I am indebted to Peter Wilson for suggesting this interpretation to me and encouraging me to explore it further.

⁸⁶ See above, n. 2.

