

## **LOWNDES, William (1652-1724)**

William Lowndes was born 1 Nov. 1652 at Winslow, Buckinghamshire to Elizabeth Fitz-William and Robert Lowndes (1619-1683). He died 20 Jan. 1724 and was buried in the family vault at Winslow on 3 Feb. 1724. His father was a descendant of the Lowndes family that traces ancestry back to Guillaume, Seigneur de Lounde, who came to England with William the Conqueror and married the daughter of Maurice, Lord of Ogwell and Kidwelly. By the fourteenth century, the Lowndes family had settled at Legh Hall, Cheshire. It was Robert Lowndes, the great-grandfather of William Lowndes, that initially moved to Winslow, Buckinghamshire in the early sixteenth century. William Lowndes married four times and had twenty-three children. In 1687, Lowndes purchased the Bury Estate in Chesham and, in 1697, he purchased Winslow manor. In 1723, Lowndes purchased from the Exchequer the reversion in fee for properties owned in St. James's and at Knightbridge.

William Lowndes was educated at the free school in Buckingham and in 1679, at the age of 27, entered the service of the Treasury. This began the slow progression of Lowndes through the ranks of public servants that were forming the permanent staff of the Treasury. Following passage of the Treasury Commission by Charles II in 1667 and the subsequent Order in Council of 31 Jan. 1668, the Treasury was increasingly able to exert primary control over government revenues, expenditures and borrowing. This required the development of a clerical establishment characterized by a hierarchy of senior clerks, under-clerks and other officials responsible for the preparation of reports and accounts related to government financial activities. By the accession of Queen Anne in 1702, the Treasury had supplanted Exchequer officials as the source of authoritative reports on government revenue and expenditure. In addition, the Treasury had acquired authority over a range of professional revenue boards, such as the Office of Taxes and the Commissioners of Excise, responsible for securing government revenues.

The emergence of Treasury control over government financial matters was a key step in the revolution in English government finance that began with the Glorious Revolution of 1688 (Dickson 1967). Though under the direction of the Secretary of the Treasury, the development of Treasury control relied on the emergence of a permanent professional staff with tenures independent of the Secretary. William Lowndes epitomized these early developments. Having already risen to the position of chief clerk, Lowndes was appointed Secretary of the Treasury on 24 April 1695 replacing Henry Guy, a position he held until his death in 1724. In 1694, after a fourteen year career at the Treasury, Guy had been proved to have accepted a bribe and was sentenced to the Tower. On 12 Nov. 1695 Lowndes was elected to the Commons from Seaford, one of the Cinque ports, a seat he held until the end of Anne's reign in 1714. During the first parliament of George II, Lowndes represented St. Mawes, Cornwall. On 27 Oct. 1722 he was returned from East Looe, Cornwall.

During his almost forty five years of public service at the Treasury, Lowndes participated in key financial developments associated with the revolution in English government finance. Included in the list of developments are: the origination of the English government funding system following the Glorious Revolution; the creation of the Bank of England in 1694; the recoinage of 1696-99; the alliance of the two English East India Companies in 1701; the creation of the sinking fund in 1717; and, the South Seas Company fiasco of 1720-1. During his tenure as Secretary, Lowndes was responsible for drawing up annual plans for financial legislation and guiding these plans through the

Committee of Ways and Means. Lowndes is often credited with originating the phrase 'ways and means' and he incorporated this expression into the family coat of arms. The connection of the Lowndes family with the Treasury extended beyond the role of William to include nine Lowndes family members in all that worked in various capacities at the Treasury from 1674 to 1798. These nine include Charles, William's second son by his fourth wife, who rose to the position of Secretary from 1765-7.

The precise role played by William Lowndes in the various aspects of the English financial revolution is not easily discerned. Lowndes did not engage in publishing activities outside the responsibilities of his position as a civil servant and member of Parliament. His contributions are scattered piecemeal through primary sources such as the *Parliamentary Papers* and the *Calendar of Treasury Books*. Consider the role of Lowndes in the creation of the funding system. Edmund Burke, among others, claims "the nation is indebted [to Lowndes] for originating the funding system". Though there is some support for this position in documents such as Lowndes (1691), various aspects of the funding system were adopted from methods developed by the Dutch. The English funding system that emerged after 1688 was due to contributions from numerous individuals. The process of deliberating, formulating and drafting the relevant legislation does not permit the contribution of one individual to be identified. Yet, as holder of the important position of chief clerk during the period when the rudiments of the funding system emerged, Lowndes likely did make a substantive contribution, even if the precise role cannot be identified.

The primary contribution to economics made by Lowndes that can be specifically identified came shortly after assuming the position of Secretary in 1695. Lowndes (12 Sept. 1695) (*Report*) was prepared in response to the House of Commons actions on a Bill dealing with the counterfeiting and clipping of coins that received Royal Assent on 3 May 1695. Though not unlike Bills that had been previously passed on this issue, on March 12 the House of Commons committee investigating this issue had recommended, and the Commons accepted, that a recoinage be undertaken. A key recommendation of the *Report* was that recoinage be carried out in conjunction with a 20% devaluation in the silver standard from 62 shillings per pound of silver to 77½ shillings. The amount of the devaluation was designed to bring the Mint price of silver more in line with the market price of silver bullion, to cushion the losses of those holding clipped coins, and to reduce the impact of a reduction in the circulating coinage. In the argument in support of devaluation, Lowndes examined the history of English coinage and claimed that it had been a policy "constantly practiced in the mints of England to raise the value of coin in its extrinsic denomination from time to time as any exigence or occasion required."

As part of the process determining details for the recoinage, the *Report* of 12 Sept 1695 was prepared. While favorably received by the Lords Commissioners, the *Report* was not palatable to key members of the Government, particularly Montagu, Chancellor of the Exchequer. As a consequence, the Lords Justice, acting as the Council of Regency in the absence of the King in Flanders, requested comment on the *Report* from a number of prominent individuals including: John Locke; Sir Christopher Wren; Isaac Newton, later to be appointed warden of the mint in 1696 and master of the mint in 1699; Sir John Houblon, Governor of the Bank of England; John Wallis; and Gilbert Heathcote. With the exception of Newton, these contributors argued against devaluation. A heated debate in Parliament followed the introduction on 17 Dec. 1695 of a Bill for recoinage. One faction

in this debate, the Court party, forcefully argued the position of Locke against devaluation. The other main faction, the Country party, adopted the position that Lowndes advanced in the *Report*. In the end, those in favor of recoinage without devaluation carried the day. The Recoinage Act was passed and received Royal assent on 21 Jan. 1696.

The problem of clipping, counterfeiting, melting, exporting, and minting the coins of the realm had received substantial Parliamentary attention since the Restoration of 1660. At least six significant pieces of legislation on monetary issues were passed between 1660 and 1666, laying the foundation for the usage of silver and gold English coins during the period up to 1717 when the value of gold guineas was fixed by proclamation at 21 shillings per guinea and England assumed, *de facto* if not in law, the gold standard (Fay 1935). Prior to 1663 when the Mint introduced milling of coins with serrated edges to prevent clipping, English coins were ‘hammered’. The minting technology of hammering coins was little changed from Roman times. The process produced imperfect coins, not milled at the edges, that were only approximately equal in size, weight and imprint making altered coins difficult to identify (Sargent and Velde 2002, ch.4). Such coins were susceptible to clipping, resulting in circulating coins that were usually under the nominal Mint weight. Despite a number of legislative attempts at remedying the situation, circa 1695 the bulk of the circulating coins in England were still hammered silver.

The problem of clipping became acute during the Nine Years War (1689-97). By weighing a random sample of £100 bags of silver coins submitted for tax payments, Lowndes estimated the silver content of circulating coins to be 51% of the nominal Mint weight. This was down sharply from estimates of 85% circa 1688. The Recoinage Act of 1696 resolved the problem of ‘the ill state of the coin’ by demonetizing hammered silver coins. For a brief period following passage of the Act, hammered silver coins submitted for payment of taxes or government loan subscriptions were accepted. These coins were then melted and reminted as milled coins of Mint weight. Holders of hammered coins that did not have taxes to pay or sufficient funds to invest in government loans, or some other connection needed to pass the coins to those government officials able to submit such coins to the Mint, had to bargain with those willing to accept such coins. The predictable disruption to the circulating coinage was exacerbated by the inability of the London Mint, and six smaller temporary Mints opened around the country, to keep pace with the receipt of hammered coins. The process of recoinage was not completed until 1699.

Fay (1933) refers to the debate between Lowndes and Locke as “the most famous” of the three great monetary controversies in English history, the other two being the debate over the Report of the Bullion Committee in 1810 and the Currency School versus Banking School debate in the early 1840's. In each of these debates, the position of “sound” money prevailed. Yet, the Lowndes versus Locke debate extended beyond assessing the implications of devaluation. The Recoinage Act of 1696 raised a range of economic, political and social issues. For example, the Act is a reflection of the political situation in England at the end of the 17<sup>th</sup> century. The costs of the recoinage were borne primarily by the poorer and working classes. The landed gentry, merchants, tax-collectors, bankers and urban middle classes were able to pass losses along to the Exchequer by presenting hammered coin for payment of property taxes, customs and excise taxes, loan subscriptions and the like. These losses were substantial. The cost to the government of accepting hammered coin during the allowable period up to 24 June 1696 is estimated at £2.2 million. This can be compared with a total

government tax revenue for 1696-7 of £3,2 million. By comparison, from July 1696 to July 1697, the coin received by weight was recoined at a loss of £1.6 million to coin holders.

Upon death of William Lowndes, the position of Secretary to the Treasury was assumed by John Scrope who served until his death in April 1752. During the period that Lowndes served at the Treasury, English government finances underwent a remarkable revolution. Though the precise role of Lowndes in the course of events is difficult to discern, there is sufficient anecdotal and indirect evidence that his efforts and insights contributed in a significant fashion to the financial and administrative innovations that are now referred to as “The Financial Revolution” (e.g., Dickson 1967; Roseveare 1991). Robert Walpole, in announcing his death provided an apt description of his life: “the House has lost a very useful member and the public as able and honest a servant as ever the Crown had.” In addition to being credited for coining the phrase ‘ways and means’, Lord Chesterton also credited Lowndes with the saying: “Take care of the pence and the pounds will take care of themselves”.

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