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ANNUITY LOANS AND PRIVATE CREDIT IN BRITAIN, 1750-1813

By

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DECLARATION

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This thesis is entirely my own work and has not been submitted for a degree at any other university

Contents

Annuity loans and private credit in Britain, 1750-1813

Abstract

Credit dominated the financial landscape of eighteenth-century Britain. One element, the annuity loan, has been viewed, both in the eighteenth century and subsequently, as on the margins of the financial market, used only by gamblers and spendthrifts, and professional moneylenders. This thesis challenges this preconception. It relocates annuity loans more centrally within the contemporary financial market to reflect their importance in credit provision and investment. It presents annuity loans as a response to the market's structural deficiencies and institutional inadequacies.

This first detailed study of annuity loans draws on a previously overlooked documentary record of borrowers and lenders established by the Annuity Act, 1777 to create a database of 47,000 transactions and to present a picture of individual lending and borrowing in Britain between 1750 and 1813. The use of annuity loans by diverse borrowers and lenders, whose profiles and motivations are explored, shows how extensive was the practice of money lending in late Georgian Britain. The annuity loan market demonstrated remote, impersonal features, particularly the use of advertising and the activity of intermediaries. Yet the nature of the borrower/lender relationships evidenced in these records demonstrates how credit continued to be constructed, negotiated and maintained in personal terms.

During this period the state sought finance for its political and military ambitions in competition with the needs of industry, commerce and individuals in a growing economy. Whilst historians have considered the consequences of this

contest for the form and function of the financial markets, the diffuse nature of documentary sources has held back consideration of its impact on private credit. Tracing the pattern of activity in the annuity loan market allows the interaction between the two markets to be explored to consider the extent to which public debt issuance periodically curtailed the availability of private credit.

List of Tables

List of Charts

List of Images

List of Appendices

Abbreviations

Annuity Act	An Act for Registering the Grants of Life Annuities; and for the better Protection of Infants against such grants (17 Geo. 3. c.26) (1777)
BL	British Library
BHO	*British History Online*
CCEd	The Clergy of the Church of England Database 1540–1835. All records relating to an individual quote their unique CCEd ID.
ER	*English Reports* Citations take the following form: case name/date/nominative citation *e.g. ER* Symmons v. Mortimer (1793) 5 T. R. 139.
GPO	*Georgian Papers Online*
HOP	History of Parliament
LL	London Lives
NWHH	NatWest Heritage Hub
OBP	Old Bailey Proceedings Online
ODNB	*Oxford Dictionary of National Biography*
OED	*Oxford English Dictionary*
PP	*Parliamentary Papers*
TNA	The National Archives

References to annuity loans

References to the memorials of individual annuity loans recorded in the close rolls at The National Archives (‘TNA’) take the following form throughout this thesis:

Close roll number/number on roll, borrower/lender, date

For example: TNA, C54/6831/27, Harward/ Carpenter, 9 March 1787.

Where the number on the close roll has not been established, the reference is to the close roll number cited in the Indexes to Memorials of Annuities and Rent Charges (grantors).

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Chapter 1: Introduction

In March 1787 George Harward, one of the paymasters of Exchequer bills in the Exchequer Office, borrowed £300 from William Carpenter, a London watchmaker. In return for the loan Harward agreed to pay a £50 annuity to Carpenter for as long as he lived.[1] Many aspects of this transaction are intriguing. Why did Harward need to borrow £300 and why was he prepared to pay so much to do so? How did Harward and Carpenter encounter each other? How could Carpenter be sure that the annuity would continue to be paid? This loan was just one of a multitude of financial dealings which took place each year in an economy sustained by credit.[2] Unlike many other financial transactions, its details are known because it was one of tens of thousands of similar loans captured in the public record created by the Annuity Act, 1777.[3] These 'annuity loans' have received little attention from historians. There has been a preconception, both in the eighteenth century and in subsequent histories, that they were on the margins of the financial market, used only by gamblers and spendthrifts, and that funds were provided by a clique of professional moneylenders.[4] This thesis, the first detailed study of annuity loans, challenges that view. It argues that, far from being on the fringe, annuity loans can be re-located much more centrally within the contemporary financial market. They played an important, but otherwise overlooked, role in credit provision and investment and provided a solution to some of the financial market's structural deficiencies and institutional inadequacies. Participation in the annuity loan market

[1] TNA, C54/6831/27, Harward/ Carpenter, 9 March 1787.
[2] Paul Langford, *A polite and commercial people: England, 1727-1783* (Oxford 1989), pp.76-77.
[3] An act for Registering the Grants of Life Annuities; and for the better Protection of Infants against such grants (17 Geo. 3. c.26), (the 'Annuity Act').
[4] Hrothgar John Habakkuk, *Marriage, debt and the estates system: English landownership, 1650-1950* (Oxford, 1994), pp.263-266.

extended beyond punters and speculators and included army officers, merchants, spinsters, widows and members of parliament whose engagement with annuity loans was motivated by many reasons other than a need for ready money or a desire for easy profits.

Until now, annuity loans have been largely ignored in studies of the credit apparatus of the eighteenth-century financial market. This thesis reinstates them into that world. It draws on the personal and financial information provided in the records of more than 47,000 transactions enrolled between 1777 and 1813 in accordance with the Annuity Act. In its comprehensive recovery and analysis of these records, this thesis represents the first systematic investigation of annuity loans as an expression of private credit. In doing so it repositions annuity loans as a significant element of the contemporary credit market. Its examination of the engagement of borrowers and lenders with annuity loans contributes new dimensions to the understanding of private credit in the mid- to late-Georgian period.

The approach taken here is to examine annuity loans on both a macro and a micro level. The enrolment records created by the Act are used to establish the scale of annuity loan activity and to investigate the position and significance of annuity loans within the eighteenth-century financial market. The thesis then uses these records to recover the practice of annuity loans and the individual experience of participants. It considers how borrowers and lenders engaged with the market, who they were and what their motivations were for doing so. It then examines the basis on which credit was agreed and the subsequent management of credit relationships once the course of transactions was established.

The thesis proceeds by considering, in individual chapters, the characteristics of the annuity loan market, from the evolution of the legislation to the establishment, and subsequent progress of, individual transactions. By considering how annuity loans were debated and experienced, the place of annuity loans in the credit market and who participated, this process provides new perspectives on the interface between legislation and economic activity, the nature of the contemporary financial environment and how personal credit relationships were constituted and managed.

Contemporary perspectives and the experience of annuity loans shaped the initiation of legislation, helped to fashion its form and, subsequently, its effectiveness. The records of loans created by the Annuity Act provide the basis for calculating a measured picture of credit activity for the first time, information not available elsewhere due to the private and dispersed nature of personal credit. Over time, credit provision fluctuated reflecting changes in economic conditions and activity in the wider financial market, particularly the interface with public debt.

Borrowers and lenders increasingly had new ways to engage with the market. Newspaper advertising was adopted by intermediaries to promote annuity loans as a means of credit and as an investment. Using the annuity loan market is an opportunity to consider the extent to which this had the potential to transform the credit relationship into impersonal, more financially motivated exchange.

Annuity loans were more expensive than interest-bearing credit and carried greater risk for the lender. Despite these disadvantages, this thesis establishes that they were used by a broad range of participants to meet a range of financial needs.

The use of annuity loans points to structural deficiencies in the credit market that restricted borrowers' access to credit and limited lenders' investment opportunities.

As the annuity related to the borrower's life, the relationship between the parties to an annuity loan was potentially long-term. The stages in the lending process are examined here to consider how credit was established and negotiated, what measures were taken by lenders to assess creditworthiness and the nature of the continuing lender-borrower relationship. What this thesis demonstrates is that, for the individual borrower and lender, neither the establishment of the credit relationship nor its subsequent management could yet be anonymous. The credit process remained anchored in individual, personal relationships.

1.1 What was an annuity loan?

The use of annuity structures as a means of credit has been traced back to the pre-Roman period. There are examples from across Europe of their use in raising money for local communities since the fourteenth century.[5] By the seventeenth century the purchase of an annuity had developed as one of several personal credit transactions developed to avoid usury restrictions.[6] By making the annuity payments conditional on the continued life of the borrower the lender risked not receiving sufficient payments to recover the capital sum they had lent. This was deemed to put the

[5] Edwin W. Kopf, 'The early history of the annuity' in *Proceedings of the Casualty Actuarial Society* Vol. 13 (1927), pp. 225-266 accessed via https://www.casact.org/pubs/proceed/proceed26/26225.pdf [accessed 10 March 2022]; Marc Boone, Karel Davids and Paul Janssens, 'Urban public debts from the 14th to the 18th century: a new approach' in Marc Boone, Karel Davids and Paul Janssens (eds.), *Urban public debts: urban government and the market for annuities in western Europe (14th–18th centuries)* (Turnhout, 2003), pp.3-11; Bruce G. Carruthers, *City of capital: politics and markets in the English financial revolution* (Princeton, 1996), pp.73-76; Geoffrey Poitras, *The early history of financial economics, 1478-1776: from commercial arithmetic to life annuities and joint stocks* (Cheltenham, UK and Northampton, USA, 2000), pp.54-55.

[6] Norman Jones, *God and the moneylenders: usury and law in early modern England* (Oxford, 1989), pp.136-137.

capital sum 'in hazard' and, as will be further discussed in Chapters 2 and 3, enabled annuity loans to avoid the usury laws which, at this time, otherwise placed a limit on interest rates of five per cent. per annum. In practice lenders were able to reduce their risk of capital loss using life insurance which paid out on the death of the borrower, discussed in Chapter 3.

The example given in the opening paragraph of this chapter illustrates how a transaction worked. George Harward, the borrower (the 'grantor' of the annuity), agreed to make an annual payment, in this case £50, for his life to the lender (the recipient of the annuity or 'grantee'), in this case William Carpenter, in return for a capital sum, here £300.[7] There was no requirement for the borrower to repay the capital although they had an option to do so. As a contemporary commentator remarked, calculating the cost of an annuity loan was 'seldom regulated by any simple rules of arithmetic'.[8] Borrowers contracted to pay the regular annuity for their life which could mean continuing to make payments to the lender's heirs. Payment of the annuity stopped on the death of the borrower, or if the borrower chose to repay, so the lender had no idea for how long they might receive income and this made calculating the return on their loan investment problematic. The cost of an annuity loan was conventionally expressed in terms of 'years purchase', rather than as an interest rate, drawing on a concept customarily used in the property market in relation to rental income, where the capital amount was a multiple of the annuity.[9]

[7] The person granting or paying the annuity was known as the 'grantor' and the person in receipt of the annuity in return for paying a capital sum, the 'grantee.' In this thesis grantors are generally described as borrowers and grantees as lenders.
[8] Frederick Blayney, *A practical treatise on life annuities: including the annuity acts of the seventeenth and fifty-third Geo. III; also a synopsis of all the principal adjudged cases under the first act, together with select modern and useful precedents* (London, 1817), p.28.
[9] Robert C. Allen, 'The price of freehold land and the interest rate in the seventeenth- and eighteenth-centuries', *Economic History Review*, Vol. 41 (1) (1988), pp.33-50; William Deringer, 'Pricing the future in the seventeenth century: calculating technologies in competition', *Technology and Culture*,

The loan between Harward and Carpenter represented six years' purchase.[10] The choice of multiplier reflected a lender's assessment of a borrower's circumstances, age and health but, in practice, and as demonstrated in Chapter 3, in the annuity loan market there was little differentiation and the multiplier for most loans fell within a limited range of between six and eight years' purchase. For the purposes of comparison with other financial instruments, in this thesis the cost of an annuity loan is also expressed as an interest rate equivalent. On this basis the annuity paid to Carpenter represented an interest rate of 16 per cent.[11]

1.2 Historiography

This thesis is the first systematic study of annuity loans in early modern England with a specific focus, framed by legislation, on the later eighteenth and early nineteenth centuries. Consideration here of the context and operation of annuity loans contributes to several strands of the historiography of the period. Examination of how annuity loans were perceived and experienced provides an opportunity to consider why they became subject to legislative regulation, why regulation took the form it did and to consider the nature of the interface between private credit and public debt. The records created by the Annuity Act are a source for the study of personal credit relations. The study of annuity loans adds another perspective to investigation of how the credit market operated, who was involved and their motivations for doing so. After, firstly, considering how historians have previously engaged with annuity loans, each of these issues is addressed in turn.

Vol. 58 (2) (2017), p.511; Ian Hacking, *The emergence of probability: a philosophical study of early ideas about probability induction and statistical inference* (2nd edition, Cambridge, 2006), p.112; Jones, *God and the moneylenders*, p.68.

[10] £300/£50 represents a multiple of 6.

[11] The equivalent simple interest rate is calculated by dividing the annuity by the capital amount.

In the only studies dedicated to annuity loans, published in 1928 and 1933, Sybil Campbell described the format of the records and noted their accessibility at the Public Record Office (now The National Archives) but her investigation of their content was, she admitted, limited to 'the early years of registration'.[12] Campbell's interest in the law as one of the first women barristers was reflected in the focus of her studies. These centred on the technicalities of how annuity loans allowed lenders to defeat the legal restrictions on usury.[13] The use of annuity loans in inheritance planning was also discussed, briefly, in John Habakkuk's investigation of strict settlement of aristocratic estates.[14] He acknowledged that annuity loans were a necessary source of funds during 'periods of credit stringency' but concluded that their use contributed to the subsequent financial difficulties encountered by élite families. In his characterisation of the borrowers as being 'desperate for money' with the funds provided by 'unscrupulous and avaricious' lenders, Habakkuk mirrored the moral disapprobation he had encountered in early nineteenth century reports and commentaries which are considered in Chapter 2.[15] Other studies of aristocratic debt have demonstrated how individuals made use of annuity loans but without making reference to the details of these loans in the public records.[16] Whilst this thesis does

[12] Sybil Campbell, 'Usury and annuities of the eighteenth century', *Law Quarterly Review*, Vol. 44 (1928), p. 473; Sybil Campbell, 'The economic and social effect of usury laws in the eighteenth century', *Transactions of the Royal Historical Society*, Vol. 16 (1933), pp.197-210.
[13] Sybil Oldfield, 'Campbell, Sybil (1889–1977), barrister and first woman stipendiary magistrate', *ODNB* [accessed 1 March 2022].
[14] Hrothgar John Habakkuk, 'Marriage settlements in the eighteenth century', *Transactions of the Royal Historical Society*, Vol. 32 (1950), pp.15-30; Habakkuk, *Marriage, debt and the estates system: English landownership,* p.265.
[15] Habakkuk, *Marriage, debt and the estates system,* pp.265-268.
[16] David Cannadine, 'Aristocratic indebtedness in the nineteenth century: the case re-opened', *Economic History Review*, Vol. 30 (4) (1977), pp.624-650; Habakkuk, *Marriage, debt and the estates system*; John Beckett, *The rise and fall of the Grenvilles: the dukes of Buckingham and Chandos, 1710 to 1921* (Manchester, 1994), pp.151-152; Mary Soames, *The profligate duke: George Spencer Churchill, fifth Duke of Marlborough and his duchess* (London, 1987); Wendy Moore, *Wedlock* (London, 2009), p.134; Christopher Clay, 'Property settlements, financial provision for the family, and the sale of land by the greater landowners, 1660-1790', *Journal of British Studies*, Vol. 21 (1) (1981), pp.18-38; Richard Colyer, The Hafod Estate under Thomas Johnes and Henry Pelham, fourth

not necessarily engage with all the borrowers covered by these studies, it seeks to add to their stories by identifying the types of lenders with whom they dealt and by describing the process they encountered.

It is thanks to a piece of legislation, the Annuity Act, that this thesis has been able to draw on an organised record of private credit transactions extending for more than 30 years. As an intervention in the credit market, the Annuity Act was unusual. Thousands of pieces of legislation affecting economic life were enacted in the eighteenth century but, other than those relating to mechanisms for debt recovery and occasional reviews of the usury laws, few applied so directly to credit.[17] Where there have been studies of legislation in the financial markets, it has been the activities of brokers which have been the principal subject of investigation, by L. K. Davison, Huw Bowen, Stuart Banner and Anne Murphy.[18] These studies are applicable here as they have demonstrated how the impact of contradictory economic, social and political pressures prompted legislation but also limited its effectiveness. The activities of brokers were perceived to undermine social and political stability but this was tempered by their crucial role in helping the state sell

Duke of Newcastle, *Welsh History Review*, Vol. 8 (1976-7), pp.257-284; John Beckett and Sheila Aley, *Byron and Newstead: the aristocrat and the abbey* (Newark and London, 2001), p.118 and p.35.

[17] Julian Hoppit, *Britain's political economies: parliament and economic life, 1660-1800* (Cambridge, 2017), p.55; Peter Temin and Hans-Joachim Voth, *Prometheus shackled: goldsmith banks and England's financial revolution after 1700* (Oxford, 2013), pp.73-75; Margot C. Finn, *The character of credit: personal debt in English culture, 1740-1914* (Cambridge, 2003), pp.197-202.

[18] L. K. Davison, 'Public policy in an age of economic expansion: the search for commercial accountability, 1690-1750' (unpublished PhD dissertation, Harvard University, 1990), pp.124-131; H. V. Bowen, 'The pests of human society: stockbrokers, jobbers and speculators in mid-eighteenth-century Britain', *History*, Vol. 78 (1993), pp.38-53; Stuart Banner, *Anglo-American securities regulation* (Cambridge, 1998), Chapter 3; Anne L. Murphy, 'Financial markets: the limits of economic regulation in early modern England' in Carl Wennerlind and Philip J. Stern (eds.), *Mercantilism reimagined: political economy in early modern Britain and its empire*, (Oxford, 2013), pp.263-281.

its debt.[19] As Julian Hoppit and others have argued, the study of legislative activity needs to take into account the role played by contemporary concerns and extra-parliamentary interests as well as the state.[20] The circumstances in which the Annuity Act became law present an opportunity to examine what lay behind the parliamentary legislation and what was its intention. As a longitudinal study this thesis is also able to address the effectiveness of the Act.

Annuity loans were one element of a private credit market operating within a wider economy where the British state periodically sought finance for its own political and military ambitions. The state's funding needs were largely met by raising debt in competition with the requirements of commerce, individuals and, occasionally, industry and infrastructure. Historians have long discussed the impact of the raising of this 'public debt' on the availability and cost of funds for private investment. Thomas Ashton first put forward the idea that 'capital was deflected from private to public uses' so reducing the funds available for early industrialisation, in 1948.[21] Jeffrey Williamson termed the phrase 'crowding out' in reopening this question in 1984. He argued that the amount of public debt and its relative cost made investment in private credit unattractive. This 'crowding out' debate has taken several turns. Carol Heim and Philip Mirowski put forward a counter argument that the capital market was not integrated and investment in, and

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19 Murphy, 'Financial markets: the limits of economic regulation', p.276; Anne L. Murphy, 'The financial revolution and its consequences' in Roderick Floud, Jane Humphries and Paul A. Johnson, (eds.), *The Cambridge economic history of modern Britain. volume 1:1700-1870* (Cambridge, 2014), p.334.

20 D. North and B. Weingast, 'Constitutions and commitment: the evolution of institutions governing public choice in seventeenth-century England', *Journal of Economic History*, Vol. 49 (1989), pp.803-832; Hoppit, *Britain's political economies,* pp.33-34; Joanna Innes, 'Parliament and the shaping of eighteenth-century English social policy', *Transactions of the Royal Historical Society* Vol. 40 (1990), pp.63-92; Perry Gauci, 'Introduction' in Perry Gauci (ed.), *Regulating the British economy, 1660-1850* (Farnham, 2011), pp.1-23.

21 T. S. Ashton, *The Industrial Revolution, 1760-1830* (London and New York, 1948), pp.103-104.

rates of return for, personal or industrial purposes were unaffected by the government's debt management programme.[22] Pat Hudson and others have considered that the needs of industry were, in any case, adequately met from retained profits and did not require external funds.[23] One of the challenges that studies of this issue have faced has been how to assess the effect of public debt on private credit. Peter Temin and Hans-Joachim Voth have argued, convincingly, that measurement of changes in interest rates compared with the return on private assets, on which the debate has largely focussed, is methodologically flawed.[24] This thesis offers a novel, alternative approach based on measuring the size of the annuity loan market over time and drawing a comparison with the pattern of public debt issuance.

Men and women of all social groups were drawn into the exchange of personal credit in the eighteenth century (and earlier) as a consequence of structural weaknesses in the economy, particularly shortage of specie, seasonal cycles of trade and employment, and an insufficiently developed banking system.[25] The ubiquity of credit has attracted the attention of historians. Many of their studies have focussed on the informally agreed credit that arose either from personal lending between

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[22] Jeffery G. Williamson, 'Why was British growth so slow during the Industrial Revolution?' *Journal of Economic History*, Vol. 44 (3) (1984), pp.687-712; C. E. Heim and Philip Mirowski, 'Interest rates and crowding-out during Britain's industrial revolution', *Journal of Economic History*, Vol. 47 (1987), pp.117-139; R. A. Black and C. G. Gilmore, 'Crowding out during Britain's industrial revolution', *Journal of Economic History*, Vol. 50 (1990), pp.109-131;C. E. Heim and Philip Mirowski, 'Crowding out: a response to Black and Gilmore', *Journal of Economic History*, Vol. 51 (3) (1991), pp.701-706; Gregory Clark, 'Debt, deficits and crowding out: England, 1727-1840', *European Review of Economic History*, Vol. 5 (3) (2001), pp.403-436.

[23] Pat Hudson, *The genesis of industrial capital: a study of the West Riding wool textile industry c.1750-1850, (*Cambridge, 1986), p.19; Murphy, 'The financial revolution and its consequences', p.334.

[24] Temin and Voth, *Prometheus shackled*, pp.158-159.

[25] K. Tawny Wadsworth Paul, 'Credit and social relations amongst artisans and tradesmen in Edinburgh and Philadelphia, c. 1710-1770' (unpublished PhD thesis, University of Edinburgh, 2011), p.1; Liam Brunt, 'Rediscovering risk: country banks as venture capital firms in the first Industrial Revolution', *Journal of Economic History*, Vol. 66 (1) (2006), pp.74-75; D. M. Joslin, 'London private bankers, 1720-1785', *Economic History Review*, Vol. 7 (1954-5), p.186.

individuals and households or sales credit extended in daily commercial life.[26] This has left a gap in the historiography. There has been a lack of consideration of more contractual forms of credit. Informal credit, arising in the conditions outlined above, was necessary to enable individuals or tradesmen to sell or buy their goods and maintain their households in an economy where little cash circulated. Although they were still interpersonal credit, annuity loans were explicitly negotiated. Examining the process by which these credit relationships were established may demonstrate differences in how borrowers and lenders connected with each other.

Consideration of the nature of credit relationships owes much to the work of Craig Muldrew. He argues that the trust underpinning credit relationships was established according to an individual's social and economic worth and their reputation and standing in the community. 'Creditworthiness' drew on social customs and rules based on mutual trust and obligation in what he described as a 'moral economy'.[27] Although he was cautious about its extent and pace, Muldrew suggested that the economic and financial developments of the eighteenth century might mark a change in conduct of credit. In this he was reflecting what the sociologist Karl Polanyi had described as a 'great transformation' when economic development and impersonal price driven market exchange replaced this more socially centred system.[28] The extent to which this change occurred in the eighteenth

[26] K. Tawny Paul, *The poverty of disaster: debt and insecurity in eighteenth-century Britain* (Cambridge, 2019), p.7.
[27] Craig Muldrew, *The economy of obligation: the culture of credit and social relations in early modern England*, (London, 1998), p.5 and pp.123-147; Craig Muldrew, 'Interpreting the market: the ethics of credit and community relations in early modern England', *Social History,* Vol.18 (1993), p.163.
[28] Muldrew, *The economy of obligation*, p.5; Muldrew, 'Interpreting the market', pp.180-181; Alessandro Vercelli, 'Financialisation in a long-run perspective', *International Journal of Political Economy*, Vol. 43 (4) (2013-4), pp.19-46; Karl Polanyi, *The great transformation: the political and economic origins of our time* (New York, NY., 1944; reprinted Boston, Mass., 2001), p.121.

century is questioned by Margot Finn, who maintains that judgments about credit remained tied to personal qualities until later in the nineteenth century.[29] The chronology of this thesis, between 1750 and 1813, is a further opportunity to consider the nature of credit exchange, to consider how credit relationships were establish and to test the extent to which the market in this period demonstrated more impersonal characteristics.

Finn acknowledges that the methods for evaluating individual creditworthiness did undergo adjustment. The culturally and socially conditioned factors identified by Muldrew were replaced by what she describes as 'character'. Finn defines this as how creditors interpreted a multiplicity of outward signs of personal credit, which were themselves subject to change.[30] This mutability made considerable demands on creditors who had to try 'constantly and unsuccessfully to read debtors' personal worth and character from their clothing, their marital relations, their spending patterns and their perceived social status'.[31] More recent studies of credit relations by Alexandra Shepard and Tawny Paul have reinforced the idea of a continuing personal basis for credit relations. They suggest that the process of establishing trust and creditworthiness was even more complex than Finn allows.[32] It became more difficult to appraise material signs of wealth, partly due to investment in less visible assets including credit and financial instruments. This led to greater emphasis being placed on occupational identity. What people 'did for a

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[29] Margot C. Finn, *The character of credit: personal debt in English culture, 1740-1914* (Cambridge, 2003), p.19 and p.327.
[30] Finn, *The character of credit,* pp.18-19.
[31] Finn, *The character of credit,* p.21.
[32] Alexandra Shepard, *Accounting for oneself: worth, status, and the social order in early modern England* (Oxford, 2015), p.313; Tawny K. Paul, 'Credit, reputation, and masculinity in British urban commerce: Edinburgh, c.1710-70', *Economic History Review*, Vol. 66 (1) (2013), p.246.

living as opposed to what they had' became important.[33] Individuals sought to portray themselves as dependable and honest and to use their reputation to support their access to credit.[34] Financial credit and personal reputation were, in Paul's words, 'bound together'.[35] By now reputation was personally rather than 'socially' constructed as Muldrew had suggested.[36] It was less reliant on an individual's standing within the community. Paul, and also Hannah Barker and Sarah Green, have extended Finn's argument to suggest the multifaceted nature of the credit relationships and how assessing credit drew on a multitude of often changing forms.[37] The credit relationships examined in this thesis represent explicitly negotiated agreements, potentially a long-term commitment. Its examination of how they were established and managed provides a further perspective on how credit was constructed and its underlying nature.

Barker and Green are amongst those historians who have drawn on sociological definitions of trust to help explain how credit might operate in different economic circumstances. The terms 'thick' or 'particularised' trust are used in sociology to describe the nature of the trust within the close family and local credit networks identified by Muldrew. Trust within a much larger circle of more diverse relationships is established on a broader and shallower basis, more applicable to the circumstances described by Finn and Paul, and here the terms 'thin' or 'generalised'

[33] Shepard, *Accounting for oneself*, p.301.
[34] Shepard, *Accounting for oneself*, p 302, Paul, *The poverty of disaster*, p.163.
[35] Paul, 'Credit and social relations', p.174.
[36] Muldrew, *The economy of obligation*, p.152; Paul, *The poverty of disaster*, p.163; Paul, 'Credit, reputation, and masculinity', p.246.
[37] Paul, *The poverty of disaster*, p.139; Hannah Barker and Sarah Green, 'Taking money from strangers: traders' responses to banknotes and the risks of forgery in late Georgian London', *Journal of British Studies*, Vol.60 (3) (2021), p.608.

trust have been applied.[38] The distinction between these two forms was not always clear and both could operate together in what James Taylor has suggested might be called a 'complex trust environment'.[39] In its examination of the role of intermediaries this thesis examines the interplay between forms of trust to show how they worked together.

Tawny Paul describes how reputation also played a role in intermediation. Where people did not otherwise know one another, they relied on the reputation of others, whom they did know, to mediate credit for them.[40] Intermediaries used their knowledge about who needed to borrow and who had funds to lend to bring the two parties together. They could assure the participants that the counterparty would perform their element of the transaction and overcome what economic sociologists call the 'fundamental problem of exchange'.[41] The activity of intermediation is often absent from documentary records and this has precluded study of how it operated in the past.[42] Philip Hoffman and his colleagues have investigated the activities of

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[38] D. Gambetta, 'Can we trust trust?' in D. Gambetta (ed.), *Trust: making and breaking co-operative relations* (Oxford, 1988), p.218; Richard Swedberg, 'The role of confidence in finance' in Karin Knorr Cetina and Alex Preda (eds.), *The Oxford handbook of the sociology of finance* (Oxford, 2012), pp.538-542; Eric M. Uslaner, 'The moral foundations of trust', a paper prepared for the Symposium, 'Trust in the Knowledge Society,' University of Jyvaskyla, Jyvaskyla, Finland, 20 September 2002 and for presentation at Nuffield College, Oxford University, 14 February 2003 [accessed via http://gvptsites.umd.edu/uslaner/uslanermoralfoundations.pdf 22 November 2020]; Mark Granovetter, 'Economic action and social structure: the problem of embeddedness', *American Journal of Sociology*, Vol. 91 (3) (1985), p.490.

[39] James Taylor, 'Trust, friends, and investment in late Victorian England', *Historical Journal*, Vol. 64 (5) (2021), p.1331.

[40] Paul, 'Credit and social relations', p.251.

[41] Avner Greif, 'The fundamental problem of exchange: a research agenda in historical institutional analysis', *European Review of Economic History*, Vol. 4 (3) (2000), pp.253-254; Philip T. Hoffman, Gilles Postel-Vinay and Jean-Laurent Rosenthal, 'What do notaries do? overcoming asymmetric information in financial markets: the case of Paris, 1751', *Journal of Institutional and Theoretical Economics (JITE) / Zeitschrift für diegesamte Staatswissenschaft*, Vol. 154 (3) (1998), pp.499-501.

[42] P. G. M. Dickson, *The financial revolution in England: a study in the development of public credit 1688-1756* (London, 1967), p.495; Laurence Fontaine, *The moral economy: poverty, credit and trust in early modern Europe* (Cambridge, 2014), p.101.

Parisian notaries acting as intermediaries.[43] Their approach has suggested useful questions which are tested in this thesis in the context of a different financial and social environment. The importance of client relationships and the use of contacts between intermediaries observed by Hoffman in his Parisian examples can also be seen in Michael Miles' work on West Yorkshire attorneys.[44] Intermediaries often attracted critical attention as they were perceived to promote transactional activity for profit without participating in the associated risk. The resulting attempts to regulate them have been the subject of several studies.[45] Anne Murphy's discussion of the activities of upholsterer turned stockbroker Charles Blunt has been an exception in its more considered examination of how Blunt operated.[46] Both Miles and Murphy have identified the importance of trust in successful intermediation but also noted the importance of factors relating to the intermediary's capabilities, access to information and market contacts which are also considered here.[47] A particular feature of the annuity loan market was the newspaper advertising of intermediary services. This thesis draws on these, and information drawn from loan agreements, to address the nature of intermediaries' activity and their involvement in credit

[43] Philip T. Hoffman, Gilles Postel-Vinay and Jean-Laurent Rosenthal, 'Information and economic history: how the credit market in old regime Paris forces us to rethink the transition to capitalism', *American Historical Review*, Vol. 104 (1) (1999), pp.69-94.Philip T. Hoffman, Gilles Postel-Vinay and Jean-Laurent Rosenthal, *Dark matter credit: the development of peer to peer lending and banking in France* (Princeton, 2019)

[44] Stephen Quinn, 'Money, finance and capital markets' in Roderick Floud and Paul A. Johnson (eds.), *The Cambridge economic history of modern Britain, volume 1: industrialisation, 1700-1860,* (Cambridge, 2004), p.159; M. Miles, 'The money market in the early Industrial Revolution: the evidence from West Riding attorneys, c.1750–1800', *Business History*, Vol. 23 (2) (1981), pp.127-146; Albert J. Schmidt, 'The country attorney in late eighteenth-century England: Benjamin Smith of Horbling', *Law and History Review,* Vol. 8 (2) (1990), pp.237-271; Albert J. Schmidt, 'From provincial to professional: attorney Robert Kelham (1717–1808) in eighteenth-century London', *London Journal*, Vol. 25 (2) (2000), pp.96-109.

[45] Murphy, 'Financial markets: the limits of economic regulation', p.274; Bowen, 'The pests of human society'; Julian Hoppit, 'Attitudes to credit in Britain, 1680-1790', *Historical Journal*, Vol. 33 (1990), pp.309-310; Davison, 'Public policy', pp.124-125.

[46] Anne L. Murphy, *The origins of the English financial markets* (Cambridge, 2009), p.136.

[47] Murphy*, The origins of the English financial markets,* p.133; Michael Miles, ''Eminent attorneys': some aspects of West Riding attorneyship, c.1750-1800' (unpublished PhD thesis, University of Birmingham, 1982), p.136.

relationships. It identifies how they used advertisements to help establish their credibility and reputation. Success in doing so enabled them to extend their role in the market beyond the origination of loans as participants trusted them to undertake credit assessment and provide money transmission services.

The documentary record of borrowers and lenders created by the Annuity Act is used here to build on the many other studies of participants in the credit market. Peter Earle in London, Marjorie McIntosh in Essex and Amy Froide in Southampton, as well as other research on north-west England, Yorkshire and Sheffield have all suggested that the lending of money was an acceptable and relatively commonplace activity throughout eighteenth-century England, not confined to any one gender, economic or social group.[48] Merchants made loans and, sometimes, used the wealth generated from commercial enterprise to establish themselves as bankers.[49] The gentry and clergy were lenders.[50] The financial strategies of single women and widows across a broad social spectrum, considered

[48] Peter Earle, *A city full of people: men and women of London, 1650-1750* (London, 1994), p.100; Marjorie McIntosh, 'Money lending in the periphery of London, 1300-1600', *Albion*, Vol. 20 (1988), pp.557-571; B. A. Holderness, 'Elizabeth Parkin and her investments, 1733–66: aspects of the Sheffield money market in the eighteenth century', *Transactions of the Hunter Archaeological Society of Sheffield*, Vol. 10 (1973), pp.81–87; Amy M. Froide, *Never married: single women in early modern England* (Oxford, 2005), p.130; Judith Spicksley, 'Women, 'usury' and credit in early modern England: the case of the maiden investor', *Gender & History*, Vol. 27, (2) (2015), pp.263-292; B. L. Anderson, 'Money and the structure of credit in the 18th century', *Business History*, Vol. 12 (1970), pp.85-101; B. A. Holderness, 'Credit in English rural society before the nineteenth century, with special reference to the period 1650-1720', *Agricultural History Review*, Vol. 24 (2) (1976), pp.97-109; Miles, 'The Money Market in the Early Industrial Revolution'.
[49] C. W. Munn, 'Scottish provincial banking companies: an assessment', *Business History*, Vol. 23 (1) (1981), pp.24-25; L.S. Pressnell, *Country banking in the industrial revolution* (Oxford, 1956); Peter Mathias, 'Capital, credit and enterprise in the Industrial Revolution', *Journal of European Economic History*, Vol. 2 (1), (1973), pp.133-134; Naomi R. Lamoreaux, *Insider lending: banks, personal connections and economic development in industrial New England* (Cambridge, 1996), Chapter 1; David Hancock, *Citizens of the world: London merchants and the integration of the British Atlantic community, 1735-1785* (Cambridge, 1995), p.252; S. R. Cope, 'Bird, Savage and Bird of London, merchants and bankers, 1782-1803', *Guildhall studies in London history*, Vol. 4 (1981), pp.202-217.
[50] Holderness, 'Credit in English rural society'; B. A. Holderness, 'The clergy as moneylenders in England, 1550-1700', in Rosemary O' Day and Felicity Heal (eds.), *Princes and paupers in the English Church, 1500-1800* (Leicester, 1981), p.207.

by B. A. Holderness, Froide and Judith Spicksley, have shown how they invested their wealth in loans.[51]

In these studies primacy is given to lenders and, as a consequence, there has been less consideration about the identity of the borrowers, possibly because there has been little evidence of them in lenders' records.[52] Miles' study of West Yorkshire attorneys mentions borrowing by local tradesmen to meet pressing bills, to buy necessities or to cover shortfalls in merchants' cashflows.[53] Studies of aristocratic families have identified that they borrowed to finance 'electoral extravagance, the expense of house-building, and the high living of the Regency period' but, as Jon Stobart and Mark Rothery discovered in the case of the Dryden family, not all did so.[54] This thesis is one of only a few studies to consider the borrower. It seeks to bring borrowers back into the picture by using the records of annuity loans to plot borrowers' profiles over time and to examine their motivations for borrowing. It argues that many borrowers were poorly served by the structures of the financial market and often lacked opportunities to access credit.

John Habakkuk characterised those who borrowed annuity loans as 'desperate for money' and the providers of loans as 'unscrupulous and avaricious'.[55] Recovering the reasons and motivations behind financial decisions historically is

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[51] Froide, *Never married*, p.130; Spicksley, 'Women, 'usury' and credit in early modern England'; Holderness, 'Elizabeth Parkin and her investments'.
[52] McIntosh, 'Money lending in the periphery of London'; Alexandra Shepard, 'Minding their own business: married women and credit in early eighteenth-century London', *Transactions of the Royal Historical Society*, Vol. 25 (2015), p.62.
[53] Miles, 'Eminent attorneys', pp.204-205.
[54] Hrothgar John Habakkuk, 'Marriage settlements in the eighteenth century'; Cannadine, 'Aristocratic indebtedness', p.627 and p.624; Fontaine, *The moral economy*, p.77; Jon Stobart and Mark Rothery, *Consumption and the country house* (Oxford, 2016), p.1.
[55] Habakkuk, *Marriage, debt and the estates system*, p.266.

challenging as direct evidence is only occasionally available in source material.[56] David Green and Holderness suggested that the provision of loans were considered as a means of sustaining or increasing lenders' wealth and making provision for themselves and family members.[57] Investors in public debt sought to obtain a regular and secure income stream.[58] In its analysis of individual annuity loan transactions and consideration of the social and economic circumstances of the lenders and borrowers, this thesis argues that Habakkuk underestimated the complexity of motives that underlay credit decisions.

The return to the lender of an annuity loan was dependent not only on a borrower's ability to service the debt, as with any form of credit, but also on the life of the borrower who might die before the lender had received sufficient annuity payments to cover their capital outlay. This risk profile distinguished annuity loans from other forms of credit. It has recently been suggested that, rather than being averse to risk as earlier studies had suggested, lending and investing strategies in the eighteenth century reflected a broader range of risk profiles.[59] This thesis builds on studies of lotteries and tontines by Murphy, Bob Harris and Green, and of mercantile enterprises investigated by Haggerty. The analysis in this thesis builds on this recent work to show how investors in annuity loans adopted strategies to manage the

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56 Amy M. Froide, *Silent partners: women as public investors during Britain's financial revolution 1690-1750* (Oxford, 2017), p.210; Richard Grassby, *Kinship and capitalism: marriage, family, and business in the English-speaking world, 1580-1740* (Cambridge, 2001), p.27; Hoffman, Postel-Vinay and Rosenthal, *Dark matter credit*, p.34.

57 D. Green, 'To do the right thing: gender, wealth, inheritance and the London middle class' in Anne Laurence, Josephine Maltby and Janette Rutterford (eds.), *Women and their money, 1700-1950: essays on women and finance* (London, 2009), p.145; Holderness, 'Elizabeth Parkin and her investments', p.81; Judith Spicksley, '"Fly with a duck in thy mouth": single women as sources of credit in seventeenth century England', *Social History*, Vol. 32 (2007), pp.187–207.

58 Murphy, *The origins of the English financial markets*, pp.193-219; H. V. Bowen, *The business of empire: the East India Company and imperial Britain, 1756-1833* (Cambridge, 2006), p.85.

59 Bowen, *The business of empire*, p.85.

perceived risks and so sought to reduce any speculative element.[60]

This thesis challenges traditional assumptions about annuity loans. It establishes an important position for them in the eighteenth-century financial market and counters the idea that they were just the tool of spendthrifts and gamblers. In doing so it considers the nature of credit exchange, who participated in credit and why and how borrowers and lenders negotiated and managed credit.

1.3 Sources

1.3.1 The records created by the Annuity Act

The basis of this thesis is a database of annuity loan transactions enrolled between 1777 and July 1813 taken from the records created by the Annuity Act and now held at The National Archives at Kew. The total number of recorded transactions in this period was 47,315. The Act came into effect in May, 1777 but its provisions were retrospective and required enrolment of all loans executed after October 1776. Over one thousand loans contracted before October 1776 were also enrolled. The earliest of these pre-1777 transactions dated from March 1753. In 1813 the Annuity Act was repealed and replaced by legislation that amended the procedures for enrolment.[61] The introduction of this revised legislation marks the end point of this thesis

[60] Anne L. Murphy, 'Lotteries in the 1690s: investment or gamble?', *Financial History Review*, Vol. 12 (2) (2005), pp.227-246; Bob Harris, 'Lottery adventuring in Britain, c.1710-1760', *English Historical Review*, Vol. 133 (561) (2018), pp.308-314; Bob Harris, 'Fantasy, speculation, and the British state lottery in the eighteenth century' in Elaine Chalus and Perry Gauci (eds.), *Revisiting the polite and commercial people : essays in Georgian politics, society, and culture in honour of Professor Paul Langford* (Oxford, 2019), pp.119-135; David R. Green, 'Tontines, annuities and civic improvements in Georgian Britain', *Urban History*, Vol. 46 (4) (2018), pp.649-694; Hannah Barker, *Family and business during the Industrial Revolution* (Oxford, 2017), p.17 and p.48; Sheryllynne Haggerty, 'Risk and management in the Liverpool slave trade', *Business History*, Vol. 51 (6) (2009) pp.817-834; D. Green, 'To do the right thing', p. 134; Diane Clements, 'Invested in identity: the Freemasons' Tontine of 1775' (unpublished MRes dissertation, University of London, School of Advanced Study, 2018).

[61] Inrolment of grants of annuities Act (1813) (53 Geo. 3 c.141).

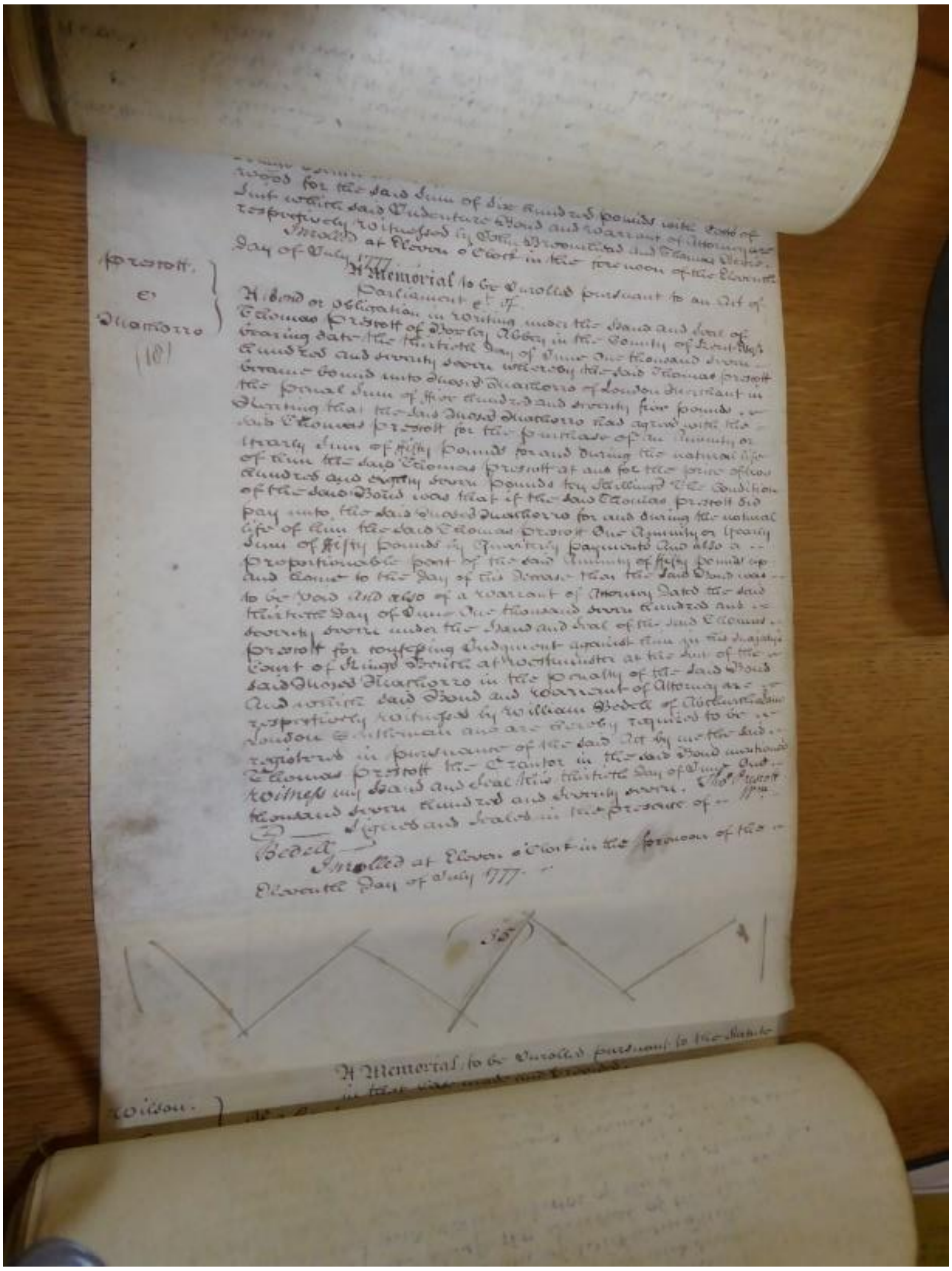
although the registration of annuity loans continued until the abolition of the usury laws in 1854.[62] This section begins by describing how records were compiled and the nature of the information they contain before addressing the issues encountered when attempting to extract and use this in a systematic manner.

The Annuity Act established a procedure for the public enrolment of annuity loans. As originally drafted the legislation had envisaged a central role for the legal system in adjudicating value, to be discussed in Chapter 2, thus the administration of enrolment was located within the Enrolment Office at the Court of Chancery.[63] The Enrolment Office was long established and practiced in enrolling a variety of documents including deeds, bankruptcies and patents of invention.[64] Grants of annuities were incorporated into its administrative and record-keeping system. The Act set out what information needed to be recorded for each loan: the date of the transaction, the names and locations of the parties, the person or persons for whose life or lives the annuity was granted, the names and addresses of the witnesses, the amount of the annuity and the amount of the consideration.[65] A copy of the loan document, known as a 'memorial', containing the particulars of the transaction, was recorded by the clerks in the Enrolment Office on parchment sheets known as membranes. Fifty or so of these at a time were then, periodically, sewn together in order of enrolment and stored as a roll (a 'close roll'), then the standard form of document recording and retention.[66] The individual membranes were not numbered but each memorial was numbered consecutively. The names of the parties to the

[62] Usury Laws Repeal Act (1854) (17 & 18 Vict. c.90).
[63] Annuity Act, section 1.
[64] TNA, https://discovery.nationalarchives.gov.uk/details/r/C593 [accessed 27 November 2020].
[65] Annuity Act, section 1.
[66] *PP, Reports from the select committee, appointed to inquire into the state of the public records of the Kingdom etc*., House of Commons Papers, Vol. 133 (1800), p.109.

agreement were also recorded in the margins of the memorial. An example of a memorial, numbered 18, is shown in Image 1.1 below

Image 1.1: Example of an annuity loan memorial within a close roll: Thomas Prescott (borrower) and Moses Machorro (lender) (TNA, C54/6483/18, 30 June 1777)



The Annuity Act specified that deeds relating to transactions in accordance with the Act were to be enrolled separately on to a distinct series of rolls. The records of annuity loans enrolled between 1777 and 1813 comprise 1,598 close rolls, the number created each year being determined by the number of transactions and the length of each memorial.[67]

The Act set a scale of fees to be paid for enrolment which was determined by the number of words in the memorial. The standard fee was one shilling for the first two hundred words and then six pence for every additional one hundred words.[68] When the Annuity Act first came into force, a typical transaction, based on the evidence of the memorials, comprised a short loan agreement supplemented by a warrant of attorney. The latter was a requirement of the Annuity Act. It was a standard legal procedure which allowed the lender to obtain summary judgment against the creditor, if the latter defaulted.[69] The execution of an associated warrant of attorney was noted in a loan memorial but the warrant was enrolled separately at the Court of Common Pleas. Memorials became longer as more loan documentation was recorded. As discussed in Chapter 2, the Annuity Act specified that a record of every deed, bond or other instrument relevant to the transaction, had to be enrolled and this was reinforced by subsequent legal decisions which overturned transactions where this was not the case. As a precaution against potential legal challenge, memorials increasingly recorded not just the loan agreement but also associated documents. The clerks in the Enrolment Office relied for their income on the various

[67] TNA. See Appendix 3 for details of the close roll series, located between C54/6483 and C54/9497.
[68] William Hunt, *Collection of cases on the Annuity Act, with an epitome of the practice relative to the enrolment of memorials* (London, 1794), p.269.
[69] Paul H. Haagen, 'Eighteenth-century English society and the debt law' in Stanley Cohen and Andrew Scull (eds.), *Social control and the state* (Oxford, 1983), p.229.

fees they could levy so the recording of more extensive documentation was in their financial interests.[70] Whether as a direct consequence or not, the number of close rolls created in each year increased disproportionately to the number of transactions. For example, there were nine close rolls for 1,015 transactions enrolled in 1778, 16 for 1,347 transactions in 1788 but 27 in 1798 for only 818 transactions and 150 close rolls for 2,362 transactions in 1810.[71]

It was standard practice in the Enrolment Office to create indexes and calendars to the close rolls when the rolls themselves were compiled, or soon afterwards.[72] In the case of annuity loans these took the form of two series of bound indexes. One was an alphabetical index of lenders (grantees), the other an alphabetical index of borrowers (grantors), both were listed by year in order of the date enrolled.[73] The two series used different indexing systems. The indexes of grantees were a record of lenders and the entries record their names and the dates of transactions but with no details of the loan or annuity amounts. Initially the names of those to whom the loans were made were not recorded, although this changed in later years. The indexes of grantors were more comprehensive. These listed the names of the borrower and the lender, the date of transaction and the amount of the loan and annuity. They have formed the primary documentary source for the database compiled for this thesis.

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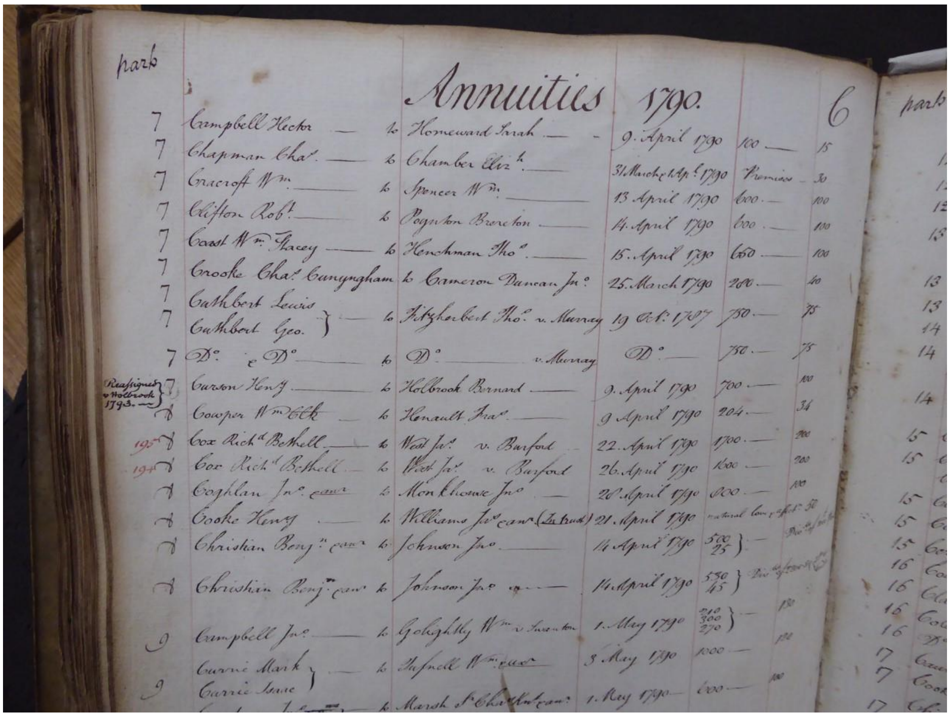
[70] *PP*, *Reports from the select committee, appointed to inquire into the state of the public records*, p.109; Henry Horwitz, 'Record-keepers in the court of chancery and their "record" of accomplishment in the seventeenth and eighteenth centuries', *Historical Research*, Vol. 70 (1997), p.44; Earle, *A city full of people*, p.87.
[71] See Appendix 3.
[72] *PP, Reports from the select committee, appointed to inquire into the state of the public records* p.109.
[73] TNA, Indexes to Memorials of Annuities and Rent Charges, C275/220-C275/222 (grantees) and C275/212–C275/219 (grantors).

For entries made before July 1799 in these indexes of grantors, each entry included a number representing the position of the memorial in the close roll series for that year. This enabled contemporaries to locate individual transaction details to specific close rolls. This system has also proved invaluable for the research for this thesis. An example page showing this is shown in Image 1.2 below. The relevant close roll number is shown in the column on the left-hand side, referring to rolls 7, 8 and 9 that year.

Image 1.2: Example page from Indexes to Memorials of Annuities and Rent Charges (Grantors), Letter C, 1790 (TNA, C275/213)



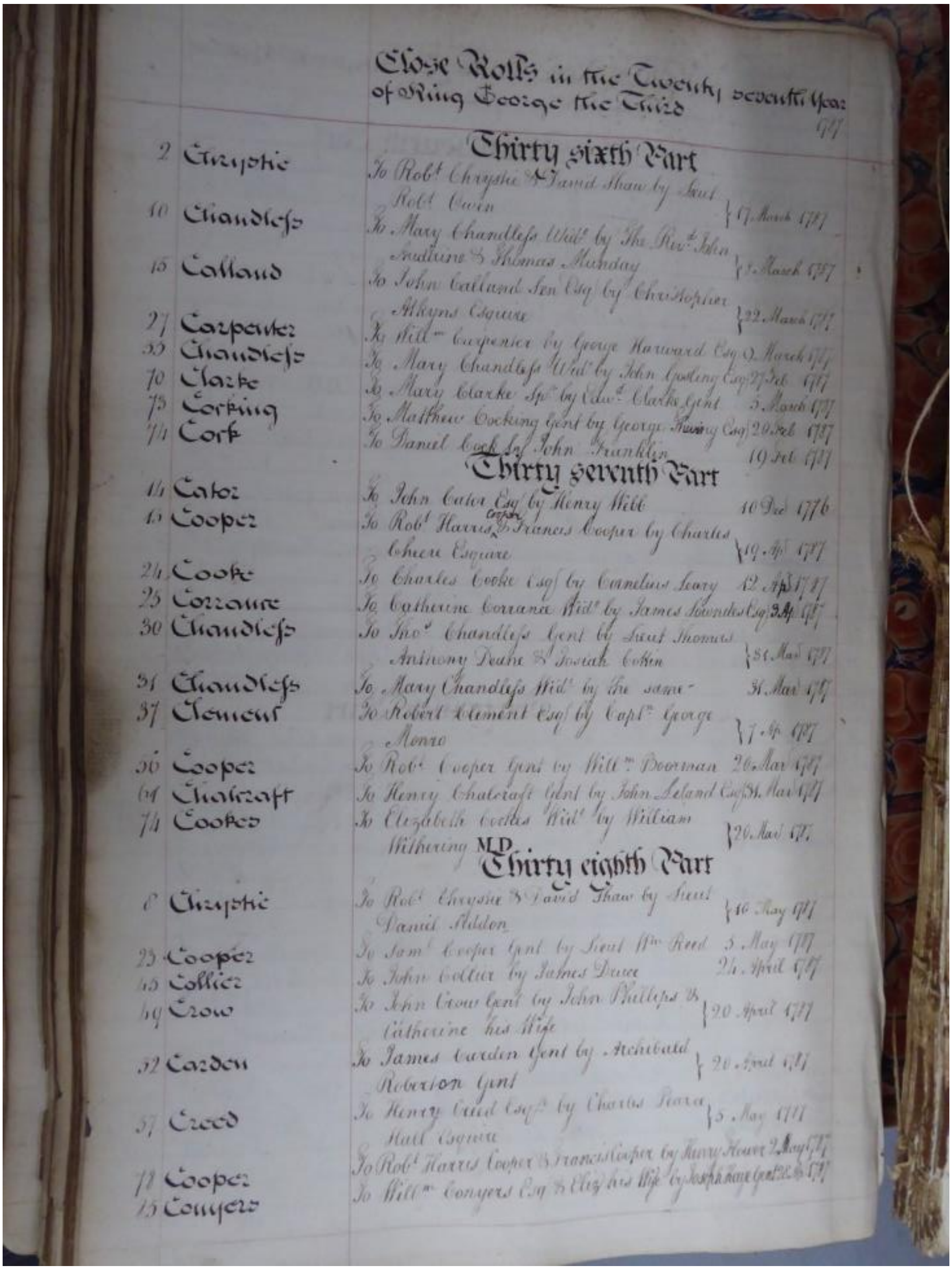
This cross referencing was discontinued after the summer of 1799 and no replacement system has been identified. No contemporary explanation for this discontinuation has been discovered. It may have been due to the increasing recording burden imposed on clerical staff as the amount of documentation increased as described above. The cessation of this indexing system coincided with a greater focus by the government on administrative efficiency and concern about the cost of bureaucracy which may have limited the availability of clerical resources to prepare indexes.[74]

A form of cross referencing to the close rolls was, however, maintained throughout the period in the other indexes, of grantees. This was a different system which referred to the number of the close roll within the annual series, rather than the subset for annuity loans. This is shown in Image 1.3 below. It was not possible within the time constraints of this thesis to add this information to the database. Locating the entries for individual transactions in the close rolls after mid 1799 has relied on their chronological organisation and an estimate of the likely number of transactions recorded on each roll.

On occasional index pages additional entries have been inserted between the lines of other entries which suggests that there was a contemporary quality assurance system to check that the indexes were a complete record of the transactions recorded in the close rolls. Amendments to the indexes were probably made when the roll was compiled to correct any omissions. The accuracy of the entries in the indexes to grantors has been tested for this thesis by undertaking a survey of the cross-references between the indexes and those individual close rolls examined, prior to mid-1799. No inconsistencies have been found.

[74] John Torrance, 'Social class and bureaucratic innovation: the Commissioners for examining the public accounts, 1780-1787', *Past & Present*, No. 78 (1978), p.57.

Image 1.3: Example page from Indexes to Memorials of Annuities and Rent Charges (Grantees), Letter C, 1787 (TNA, C275/220)



The indexes and close roll memorials recorded not just annuity loans but also other transactions which involved an annuity payment and which were not covered by the Act's exemptions. Although investigation of these transactions lies outside the scope of this thesis, it was necessary to identify them in order to differentiate them from annuity loans. Identification was based on annotations made in the indexes. Annuities paid as part of family settlements were marked as 'Marriage settlemt'. Transactions where an annuity was paid to the previous owner when a business was transferred were described as 'Business resign'd'. Annuities paid to an officeholder when he assigned his position were indicated with words such as 'A place resign'd'. Index entries were also created for enrolled annuity loan transactions where additional security was negotiated to support the loan or where the transaction was subject to a legal judgment in the event of default, the latter described as 'Judgm't'. For the purposes of compiling the database, reliance has been placed on these annotations in the indexes which have been found to be correct when the details of individual transactions have been examined in the close rolls.

Insurance offices made annuity loans but were also selling annuities for the lives of the grantees or for their family members as an annuity transaction would be understood today. These transactions can be distinguished as the insurer is recorded as the grantor. Appendix 1 gives a description of the different types of transaction identified from the indexes. As shown in Table 1.1 below over 80 per cent. of transactions were for annuity loans. This identification has enabled data about annuity loans, including the volume of lending and the annual pattern of transactions, to be calculated throughout this thesis.

Table 1.1: Type and number of transactions recorded in Indexes to Memorials of Annuities and Rent Charges (Grantors)

Type of transaction (number relates to description category in Appendix 1)	Number of transactions (1753-June 1813)	Number of transactions (1777-June 1813)	Percentage of total transactions (1777-June 1813)
Annuity loan (1)	39,096	37,454	82.2%
Rent charge (6)	1,990	1,978	4.3%
Insurance company /institution counterparty (15)	964	964	2.1%
Transfer of business (5)	616	614	1.3%
Assignment of position (7)	606	603	1.3%
Penal bond (12)	523	509	1.1%
Cancellation, repurchase or release (3)	450	450	1.0%
Family settlement (4)	423	421	0.9%
Further security negotiated; property security granted (9, 14)	375	358	0.8%
Payment in stock or dividends (2)	320	319	0.7%
Reversion (13)	57	57	0.1%
Weekly annuity payment (11)	44	44	0.1%
Incomplete index entry (8,10,16)	1,851	1,778	3.9%
Total	47,315	45,549	

The most common debt structure, accounting for 70 per cent. of transactions, was a loan between a single borrower and a single lender. Where there were two or more borrowers, with each acting as surety for the other, the indexes recorded separate entries, allocating the full amount of the loan and annuity to each although the borrowers were party to a single loan document. Unless all the borrowers' surnames began with the same first letter, the alphabetical organisation of the indexes separated the record of their loan on separate pages according to surname. The entry for the lender was cross referenced to the first named borrower. Consequently, a single transaction and the value of the loan might be recorded several times in the indexes. The nature of individual surety arrangements was set out in the relevant loan memorial. Borrowers' liability might be joint and several with the longest living borrower being liable for the full amount and, in such cases, according the full value of the loan to each borrower was correct. The terms of suretyship could vary, as discussed in Chapter 3, and the survivorship element did not always apply. It has not been practical to examine all the memorials for suretyships recorded in the close rolls. An assumption has been made that they all represented joint and several liability. This may have resulted in an overstatement of the number of transactions and the overall value of the annuity loan market but this is not considered material.

The indexes and the close rolls to which they relate may not be a complete record of all the annuity loan transactions in this period. The Annuity Act only required enrolment where the annuity exceeded ten pounds. Annuities created by wills and marriage settlements did not require to be enrolled, although, as noted above, some were. Other exemptions were applied to annuity loans secured on land of at least equal value to the loan and where the borrower was the freeholder, and to loans secured by stock in the public funds where the dividends due on the stock were at least equal in value to the annuity.[75] There was no external regulator of compliance and the indexes only record those transactions where the parties complied with the law. If the parties to a loan chose to ignore the law then details of their transaction will not have been captured. This thesis contends that one result of the Annuity Act was that it gave annuity loans legitimacy. Annuity loans that fell within the terms of the legislation and which were not enrolled were liable to be

[75] Annuity Act, section 8.

declared legally null and void if challenged in legal proceedings. This acted as an incentive for enrolment. Whilst it is not possible to determine the extent to which transactions were not enrolled, the number of loans which were recorded has provided sufficient evidence for an analysis of the annuity loan market.

The information in the indexes and close rolls represents the beginning of an annuity loan. The Clerk of the Enrolments was not authorised to cancel any enrolments or to delete any names so there was little incentive on the part of lenders or borrowers to notify the Enrolment Office when an annuity ceased to be payable on the death of the borrower, nor for the Office to mark the indexes if they were so advised. The Annuity Act made no specific provision for recording information about redemptions, repurchases, cancellations and assignments of loans but, according to a contemporary practitioner, the indexes might be annotated against the original entry, 'by way of notifying that the transaction was at an end'.[76] As shown in Table 1.1 only a small number, 450, of the 47,315 transactions are annotated as being repaid, redeemed or cancelled in some way but, as there was no legal requirement to record them, this is likely to be an understatement.[77] The only secondary transaction where enrolment was required was assignment, where a loan was transferred from one lender to another. In such cases a note was made alongside the original assigned loan and a new transaction entered for the incoming lender. Assignments risked being declared invalid if not enrolled.[78] Assignments are discussed in Chapter 3.

[76] Hunt, *Collection of cases*, p.271.
[77] Contemporary legal opinion considered there was little difference in meaning between the use of the terms redemption and repurchase. Plowden, *A treatise upon the law of usury and annuities*, p.268.
[78] Hunt, *Collection of cases*, p.36.

An index entry captured some but not all of the information contained in the associated memorial. The index recorded the date of the transaction, the names of the parties, the amount of the annuity and the consideration paid for it. It captured some status information. Senior aristocratic titles were recorded and the professions of clergyman and doctor were specifically noted, the former usually marked with the letter 'C', the latter 'M.D.'. The indexes also specified whether women were widows or spinsters. This was an important distinction as the legal and financial standing of married women was more limited and restricted the extent to which they could enter into contracts in their own right, although there were ways in which this could be circumvented.[79] Where there were subsequent entries for the same person in the indexes, status information was not always repeated. Where a second individual with the same name was included in the indexes, a further identifier was added, usually their location.

The layout of each memorial was formulaic. Each began with a formal opening statement that the memorial was being enrolled pursuant to the Annuity Act and ended with the date and timing of enrolment. This was important because the Annuity Act required enrolment to take place within twenty days of the execution of a transaction. The text recited the name and location of the borrower and the lender. An indication of rank or status was provided with the nobility, knights and baronets given their rank and the terms 'esquire' or 'gentleman' used for others. Military rank and affiliation were also given. A professional or trade description was an alternative

[79] Anne Laurence, Josephine Maltby and Janette Rutterford, 'Introduction' in Anne Laurence, Josephine Maltby and Janette Rutterford (eds.), *Women and their money, 1700-1950: essays on women and finance* (London, 2009), pp.7-10; Margot C. Finn, 'Women, consumption and coverture in England, c.1760-1860', *Historical Journal,* Vol. 39 (1996), p.704; Amy L. Erickson, *Women and property in early modern England* (London and New York, 1993), pp.150-151.

to a status descriptor. The detail of location varied. Street addresses in the City of London and Westminster were usually given but less detail was given for outlying areas such as Marylebone or Brompton. It was usual for just the town locations of participants outside of London to be given. The memorial recited the terms of the transaction and might also refer to other documents deemed relevant to the transaction including details of wills and bequests, and property leases. The names of the witnesses to the execution of the loan agreement were recorded.

The procedures implemented for the recording of annuity loan transactions were robust and in compliance with the legislative requirements of the Annuity Act. They were consistently applied during the period studied for this thesis. The index of borrowers (grantors), the primary source for the data in this thesis, is an accurate record of the memorials recorded in the close rolls. Over the course of the data gathering exercises, carried out as part of this thesis, only a handful of errors in the transcriptions from the memorials into the indexes have been discovered. The data extracted from the indexes can be used as evidence for the existence of the transactions being described. Notwithstanding the issues outlined above, the indexes and the close roll memorials represent a comprehensive picture of the annuity loans market and its participants.

1.3.2 Other sources

Genealogical sources including parish records, wills and trade directories and digital databases of members of parliament and clergy of the Church of England are used in this thesis to supplement information on the socio-economic status of borrowers and lenders and to populate the database, particularly where the profiles of borrowers and lenders for five sample years, 1779, 1783, 1793, 1803 and 1809 are developed in Chapter 5. The nature of these sources has favoured those participants who left a documentary trail or whose positions, such as members of parliament, have generated biographical records. Wills have been easier to locate for lenders than for borrowers perhaps because they were more likely to have assets. The digital search facility of the *London Gazette* was a useful source for occupational details of those borrowers, and occasionally lenders, who became bankrupt.[80] The most active individual lenders and borrowers were identified by interrogating the database. Details of their involvement with annuity loans were traced in biographies, where these were available, and in archive material held in public collections. Other documents generated during the course of annuity loan transactions are likely to have survived, particularly in the papers of élite families, and may provide corroborative evidence or supplementary details. They have not been used here but the database compiled for this thesis may help future researchers to identify transactions.

A search for 'annuity' was undertaken in the published collections of judgments recorded by court reporters (the 'English Reports'), now available digitally. These reports of legal cases provided additional information about how loans were arranged and sometimes revealed connections between borrowers and lenders which were not apparent in other records.[81] They were not a comprehensive record of all cases involving annuity loans as there was no systematic reporting of legal cases and the compilers gave priority to those legal cases where there was a question of law likely to be of interest to the wider profession.[82]

[80] Accessed via https://www.thegazette.co.uk/.
[81] Accessed using https://home.heinonline.org/.
[82] James Oldham, 'Law reporting in London newspapers, 1756-1786', *American Journal of Legal History*, Vol. 31 (3) (1987), p.181.

The period covered by this thesis was marked by an expansion in the number of newspaper publications.[83] A particular feature of the annuity loan market was the use of newspaper advertisements, considered particularly in Chapter 4. Three databases of digitised newspapers: the Burney Newspapers Collection, *the Times* Digital Archive and the British Newspaper Archive were searched for advertisements.[84] Searches used two phrases specifically associated with annuity loans, 'for the sellers lives' and 'by way of annuity' and generated over 2,000 examples. Limiting the search in this way avoided capturing references to annuities relating to public debt but it is unlikely that all annuity loan advertisements were identified. Nevertheless, the amount and chronological range of material collected has provided sufficient evidence for analysis.

Annuity loans were the subject of a small number of contemporary pamphlets published in 1776 and 1777 which were identified by Sybil Campbell in her articles published in 1927 and 1933. Other publications were identified from the British Library catalogue and in *Eighteenth Century Collections Online.*[85] These included William Hunt's *Collection of cases on the Annuity Act*, first published in 1794, the first of several manuals using legal precedents as the basis for a guide for practitioners, and Francis Plowden's *A treatise upon the law of usury and annuities*, published in 1797.[86]

[83] Jeremy Black, *The English Press, 1621-1861* (Stroud, 2001), p.74 and p.100.
[84] Accessed via https://www.gale.com/intl/c/17th-and-18th-century-burney-newspapers-collection; https://www.gale.com/intl/c/the-times-digital-archive; https://www.britishnewspaperarchive.co.uk/.
[85] Accessed via https://www.gale.com/intl/primary-sources/eighteenth-century-collections-online.
[86] Hunt, *Collection of cases*; William Hunt, *Collection of cases on the Annuity Act, with an epitome of the practice relative to the enrolment of memorials* (Birmingham, 1796); Plowden *A treatise upon the law of usury and annuities*.

1.4 Methodology

The basis of this thesis is a database created from the records of all the transactions enrolled during the currency of the Annuity Act. This represents the first systematic consideration of these records and the creation of a database, based on a comprehensive transcription of all the index entries, represents a legacy which can be exploited beyond the scope of this thesis as it is intended that this data be made available to the academic community. As a database of all 47,315 transactions recorded over a period of 36 years, it forms the basis for a longitudinal study of private debt. This allows for analysis of its development, consideration of the extent of change and enables a fuller picture of the market's participants, their social status and economic profile to be established.

For each transaction transcribed from the index and recorded in the database a set of up to 25 pieces of information was prepared. The procedure for the derivation of each data point is described in Appendix 2. Data was derived from three sources. The surname and forename of each borrower (grantor) and lender (grantee), ranks for peers, knights and baronets, the date of the transaction, the amount of the consideration, the amount of the annuity and the year of enrolment were all transcribed from the indexes of borrowers (grantors). The amount of the consideration and of the annuity was generally stated in whole pounds but where these were given as pounds and shillings or guineas, the amounts were rounded upwards to the nearest whole pound. Gender was derived from the forename data where possible and added as a separate field. Occupation and status, where given, was added either from the indexes which signified clergy and doctors, from the associated close roll memorials or occasionally from the record of the original transaction where this was located in a local record office digital catalogue and was more comprehensive. Location, where stated, was added from the close roll memorial or from the record of the original transaction. It was recorded as country (if not England) and then by English county and then town or street address if located in London. Clergy details were checked against the Clergy of the Church of England database. Of the 2,700 transactions in which clergy are known to have participated, fewer than twenty identified as such in the indexes could not be located in this database. One of these names was subsequently identified as a non-conformist minister. Annotations in the indexes and transaction details in the close rolls were used to identify sixteen types of transaction as discussed and shown in Table 1.1 above and specified in Appendix 1, one of which was applied to each transaction as a separate field. Each transaction was also categorised accordingly to the number of borrowers (grantors) and lenders (grantees) involved using a numerical code as shown in Appendix 2.

Due to the large number of individual close rolls and periodic restrictions on access to the National Archives as a result of the pandemic, it was only possible to survey four per cent. of them. Rolls from 21 different years were examined, representing the memorials for 1,950 transactions. Choosing examples from different years provided a picture of the extent to which the enrolment of memorials followed a pattern and identified changes in the recording of additional documents described above. Close rolls were otherwise selected to collect data for five sample years to populate the database, as further described below, or to support individual case studies of borrowers and lenders, discussed principally in Chapters 4 and 6.

The scale of the data is measured not only in the number of transactions. Over 17,000 unique names appear as lenders and more than 19,000 unique names as borrowers. This scale of participation precluded any attempt to populate the database with details of occupation, status and location for all records at this stage. Accordingly, the addition of this information was focussed on five individual sample years. These years are used in the analysis of the role of annuity loans in the financial market in Chapter 3 and to establish the profiles of borrowers and lenders discussed in Chapter 5. The first of these years is 1779, a date chosen to provide a picture of activity in the early part of the period shortly after the provisions for enrolment of transactions in accordance with the provisions of the Annuity Act had been established. 1783 marked a significant external event, the end of the war in North America and the beginning of a period of significant growth in the number of annuity loans recorded. This ended in 1793, as the war with France began to impact on the market, and this year is the third one for which a profile of participants has been compiled. A further profile has been established ten years later in 1803 after several years of war when the demands of the public debt market were placing upward pressure on interest rates in the financial markets. The final year, 1809, was chosen as a year towards the end of the period under consideration here.

1.5. Chapter structure

The approach taken in this thesis is, firstly, to consider the annuity loan market at a macro level and examine its structures and processes in relation to the contemporary political and economic situation. Secondly, at a micro level, the focus is on the actors in the market, the nature of the credit relationships and progress of a loan transaction as a continuing association between lender and borrower.

The social and political context which gave rise to legislation is the subject of Chapter 2. It identifies what influenced the passing of the Annuity Act. Contemporary concerns about usury, corruption and challenges to social stability all played their part but the timing of the legislation was also a response to more immediate issues such as credit crises and the effect of war. The chapter discusses how these issues were addressed during the legislative process and how they were, or were not, reflected in the legislation before, finally, assessing the Act's effectiveness and the factors contributing to legislative change in 1813.

Chapter 3 addresses, firstly, the question of where annuity loans fitted in the financial market of late Georgian England. It uses the database of annuity loan transactions as the basis for an analysis of the size and pattern of activity of the annuity loan market over time. Activity was influenced by external factors such as war and credit crises and comparisons are drawn with activity in the public debt market. This chapter assesses, secondly, how annuity loans were positioned within the credit market and the extent to which they were distinctive and set apart from other credit instruments. Annuity loans were an expensive form of debt but provided a necessary alternative when usury restrictions distorted the provision of credit. They were a financial asset which offered lenders the opportunity to achieve greater returns than on many other forms of interest-bearing credit but with significant contingent risk. This was managed with a combination of life insurance and established credit mechanisms such as assessment of debt service ability and suretyship.

Chapter 4 marks the point when the market and its participants are brought together. Annuity loans were widely advertised in newspapers as intermediaries promoted their use. Using advertisements and the records of annuity loans creates a profile of individual intermediaries and a picture of their working practices leading to a discussion of the role they played in the origination and management of credit relationships.

Borrowers and lenders are the subject of Chapter 5. Profiles of each group are established as the basis for discussion of changes in their status, occupation and gender over time using data from five sample years. Examples of individual participants are then explored to suggest reasons why they were motivated to use annuity loans. It suggests that earlier assumptions made about borrowers and lenders need to be reconsidered. Annuity loans were not a peripheral market, used by desperate borrowers and avaricious lenders. This chapter identifies structural deficiencies in the wider market which, it is argued, obliged different types of borrowers to use annuity loans. They also provided an alternative investment for an economically and socially diverse group of lenders who were not only driven by financial return but also sought to make provision for family members.

Chapter 6 considers how the relationship between borrower and lender was established. It finds that this was assessed according to a range of factors dependent on the personal character of the borrower and their financial position. It follows borrowers and lenders as they navigated their relationship including what happened when loan arrangements failed. The loan process from initial negotiation to final settlement was still dependent on interpersonal relationships, despite the legislative and legal infrastructure represented by the Act. Neither the establishment of the credit relationship nor its subsequent management were anonymous.

In these six chapters this thesis presents the first systematic consideration of the annuity loan market in mid- to late-Georgian Britain. It shows how it was the cost of an annuity loan that most obviously differentiated it from other sources of credit and how that cost contributed to the concern that prompted legislative intervention, making private debt public. Notwithstanding this distinctive position, examining the place of annuity loans in the financial market adds to understanding of eighteenth-century credit. It remained a market in which individual borrowers, lenders and intermediaries predominated. The credit process remained anchored in personal relationships having due regard to individual status, income and reputation.

Chapter 2: Annuity loans in their social and political context

The documentary record of borrowers and lenders, on which this thesis draws, was created as the result of legislation, the Annuity Act 1777, which required that the terms of each annuity loan and the identities of the counterparties be made a matter of public record. The background to, and progress of, this legislation is the principal subject of this chapter. The Annuity Act was one element of extensive legislative activity in the eighteenth century. Parliament met more frequently, and to a regular timetable, as the government required its oversight and consent to the measures required as Britain established itself as a 'fiscal military state'. The availability of parliament meant that statute law became an increasingly important framework within which government operated.[1] It also allowed other interested parties the opportunity to shape law as recent studies of legislative activity by Julian Hoppit, Joanna Innes and Perry Gauci have shown.[2] Issues could be brought to public notice in several ways: directly via members of parliament, by articles in the increasing number of newspapers, in the form of printed publications or by petitions submitted to parliament by interest groups.[3] Consequently the idea and substance of regulatory activity was not always driven by the demands of the state and owed as much to the interplay between issues of contemporary concern and extra-parliamentary interests.

[1] John Brewer, *The sinews of power: war, money and the English state, 1688-1783*, (London, 1989), p.250; D. North and B. Weingast, 'Constitutions and commitment: the evolution of institutions governing public choice in seventeenth-century England', *Journal of Economic History,* Vol. 49 (1989), pp.803-832.
[2] Julian Hoppit, *Britain's political economies: parliament and economic life, 1660-1800* (Cambridge, 2017); Joanna Innes, *Inferior politics: social problems and social policies in eighteenth-century Britain* (Oxford, 2009); Perry Gauci, 'Introduction' in Perry Gauci, (ed.), *Regulating the British economy, 1660-1850* (Farnham, 2011), pp.1-23.
[3] Hoppit, *Britain's political economies,* pp.150-172; Richard Huzzey and Henry Miller, 'Parliaments, petitions and political culture, petitioning the House of Commons, 1780-1918', *Past & Present,* No. 248 (1) (2020), pp.123-164.

The issue of credit was the subject of debate throughout the eighteenth century.[4] Credit played a welcome role in promoting national wealth but could still evoke concern when purposed for what were perceived as more morally questionable uses. Interest-bearing investment and the payment of interest had become socially acceptable but unease remained about iniquitous exploitation by credit providers and the charging of excessive interest.[5]

This chapter examines why one particular form of credit, annuity loans, became subject to legislation. It considers the role of the state and the effect of other interests on the need for legislation and why the terms of the Annuity Act were framed in the way they were. It first discusses the moral and social concerns about annuity loans that contributed to the perception that legislation was required whilst Section 2.2 considers the role played by economic factors in the timing of the Annuity Act. Section 2.3 addresses how the legislative process was managed and how the Act was framed to deal with the issues identified as requiring solution. These are considered consecutively starting with the question of adjudicating the value of annuity loans, then accountability, redemption of loans, the protection of young borrowers and, finally, brokerage fees. The final section considers the application of the legislation and how far it achieved its aims. It concludes that there

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[4] Julian Hoppit, 'Attitudes to credit in Britain, 1680-1790', *Historical Journal*, Vol. 33 (1990), pp.306-308.
[5] Judith Spicksley, 'Usury legislation, cash and credit: the development of the female investor in the late Tudor and Stuart periods', *Economic History Review*, Vol. 61 (2) (2008), p.287; Alistair Mutch, 'The business of religion: lending and the Church of Scotland in the eighteenth century', *Journal of Scottish Historical Studies*, Vol. 37 (2) (2017), pp.142-148; Patricia Wyllie, 'Reassessing the English 'Financial Revolution': credit transferability in probate records of Sedbergh and Maidstone, 1610-1790' in Trevor Dean, Glyn Parry, Edward Vallance and Margaret Spufford (eds.), *Faith, place and people in early modern England: essays in honour of Margaret Spufford* (Martlesham, 2018), p.133; Norman Jones, *God and the moneylenders; usury and law in early modern England* (Oxford, 1989), p.70; Constant J. Mews and Ibrahim Abraham, 'Usury and just compensation: religious and financial ethics in historical perspective', *Journal of Business Ethics*, Vol. 72 (2007), p.1.

were both moral and economic grounds for regulating annuity loans and these became particularly significant in the wartime conditions of the late 1770s. Legislation initially attempted to regulate the cost of annuity loan credit but, when this was unsuccessful, reliance was then placed on the creation of a public register intended to promote self-regulation by market participants. This publicity deterred neither borrowers nor lenders and instead the Annuity Act helped to promote the legitimacy and acceptability of annuity loans within the wider financial market.

2.1 Annuity loans and the moral debate about credit

Julian Hoppit has described a 'well-organised and pervasive pattern of credit' which existed in the eighteenth century.[6] The state was itself a significant debtor and many individuals were drawn into the exchange of personal credit as a result of structural weaknesses in the economy, particularly shortage of specie, seasonal cycles of trade and employment, and an insufficiently developed banking system.[7] These developments were not accepted uncritically. Opponents of credit argued that it allowed people to buy what they could not otherwise afford, creating an illusion of substance and, by over- extending their resources, borrowers risked economic ruin, threatened the continuity of property ownership and, consequently, social dislocation.[8] These social anxieties were encompassed in the imprecise term, 'luxury', which was used in the eighteenth century as shorthand for the damage that

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[6] Hoppit, 'Attitudes to credit', p.307.
[7] K. Tawny Wadsworth Paul, 'Credit and social relations amongst artisans and tradesmen in Edinburgh and Philadelphia, c. 1710-1770' (unpublished PhD thesis, University of Edinburgh, 2011), p.1; Liam Brunt, 'Rediscovering risk: country banks as venture capital firms in the first Industrial Revolution', *Journal of Economic History*, Vol. 66 (1) (2006), pp.74-75; D. M. Joslin, 'London private bankers, 1720-1785', *Economic History Review*, Vol. 7 (1954-5), p.186.
[8] David Spadafora, *The idea of progress in eighteenth-century Britain* (New Haven, 1990), p.15; Paul H. Haagen, 'Eighteenth-century English society and the debt law' in Stanley Cohen and Andrew Scull (eds.), *Social control and the state* (Oxford, 1983), p.231.

wealth and private interest could cause to the individual and to society.[9] By the 1770s luxury was beginning to lose these associations with societal damage and excess. An alternative, 'modern' view, that luxury was a progressive social force and instead played a positive role in promoting trade and national wealth, was being put forward, but acceptance of this took some time.[10] In particular, as the progress of the Annuity Act shows, 'endorsements of luxury' and the benefits of credit continued to be challenged, particularly in times of war and economic dislocation.[11]

Debate about the role of credit was conducted in polemical pamphlets, poetry, ballads, newspapers and novels as authors drew public attention to their concern about the moral aspects of economic life.[12] Whilst occasional newspaper articles had been disapproving of the use of annuity loans, there was little direct criticism of them until the last months of 1776.[13] In November that year a pamphlet entitled *Reflections on gaming, annuities and usurious contracts* (hereafter *'Reflections'*) was published.[14] Its arguments drew on many of the contemporary concerns about credit but they were focussed into a sustained attack on one of its

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[9] C. J. Berry, *The idea of luxury* (Cambridge, 1994), p.142; Dena Goodman, 'Furnishing discourses' in Maxine Berg and Elizabeth Eger (eds.), *Luxury in the eighteenth century* (Basingstoke, 2003), p.74; Hoppit, 'Attitudes to credit', p.315.
[10] Berry, *The idea of luxury*, p.173; Maxine Berg and Elizabeth Eger, 'The rise and fall of the luxury debates' in Berg and Eger (eds.), *Luxury in the eighteenth century*, pp.10-12; Spadafora, *The idea of progress*, p.17.
[11] James Raven, *Judging new wealth*: *popular publishing and responses to commerce in England, 1750-1800* (Oxford, 1992), pp.168-169; Berg and Eger, 'The rise and fall of the luxury debates', p.14; Spadafora, *The idea of progress*, p.15.
[12] Paul Langford, *A polite and commercial people: England, 1727-1783* (Oxford 1989) p.143; David Lemmings, 'Introduction: law and order, moral panics and early modern England' in David Lemmings and Clare Walker (eds.), *Moral panics, the media and the law in early modern England* (Basingstoke, 2009), p.3; Julian Hoppit and Joanna Innes, 'Introduction' in Julian Hoppit (ed.), *Failed legislation, 1660-1800: extracted from the Commons and Lords Journals* (London and Rio Grande, Ohio, 1997), p.21.
[13] Donna T. Andrew, '"How frail are lovers' vows, and dicers' oaths": gaming, governing and moral panic in Britain, 1781-1782' in Lemmings and Walker (eds.), *Moral panics*, p.179.
[14] Anonymous [Thomas Erskine], *Reflections on gaming, annuities and usurious contracts* (London, 1776).

forms, annuity loans. *Reflections* provides a useful means to consider the moral and social concerns which they engendered.

The 'imminent' publication of *Reflections* was advertised in the *Gazetteer and New Daily Advertiser* in November 1776.[15] Originally published anonymously, the author was subsequently revealed to be Thomas Erskine.[16] He was later to become a prominent, successful and wealthy advocate, a member of parliament and, eventually, Lord Chancellor but, in 1776, he was an aspiring lawyer from a distinguished Scottish family seeking to advance his career. It is likely that he was acquainted with fellow members of prominent Scottish families then in London, including the equally ambitious Solicitor-General, Alexander Wedderburn, who was to be responsible for introducing the legislation on annuity loans in the House of Commons.[17] The likely connection between Erskine and Wedderburn allows for the possibility that *Reflections* was prompted by Wedderburn. Erskine referred, in the closing passages of *Reflections,* to a 'great Personage' who had expressed a desire that 'some immediate step' be taken to reduce the use of annuity loans.[18] A Scottish connection is also apparent in the publication of *Reflections.* The first edition was printed by Thomas Davies, a well-connected Scottish actor, author and publisher, in association with John Bew and T. Walter.[19] Its publication was given prominence in leading London newspapers. Lengthy extracts were published in the *London Chronicle* and in John Bew's own *General Evening Post* in December 1776.[20] This

[15] *Gazetteer and New Daily Advertiser*, 26 November 1776.
[16] Francis Plowden *A treatise upon the law of usury and annuities* (London, 1797), preface.
[17] David Lemmings, 'Erskine, Thomas, first Baron Erskine (1750–1823), lord chancellor'; Alexander Murdoch, 'Wedderburn, Alexander, first earl of Rosslyn (1733–1805), lord chancellor', both *ODNB* [accessed 31 May 2021].
[18] *Reflections,* p.55.
[19] O. M. Brack, 'Davies, Thomas (c. 1712–1785), bookseller and actor', *ODNB* [accessed 3 April 2022].
[20] *London Chronicle*, 7-10 December 1776; *General Evening Post*, 12-14 December 1776.

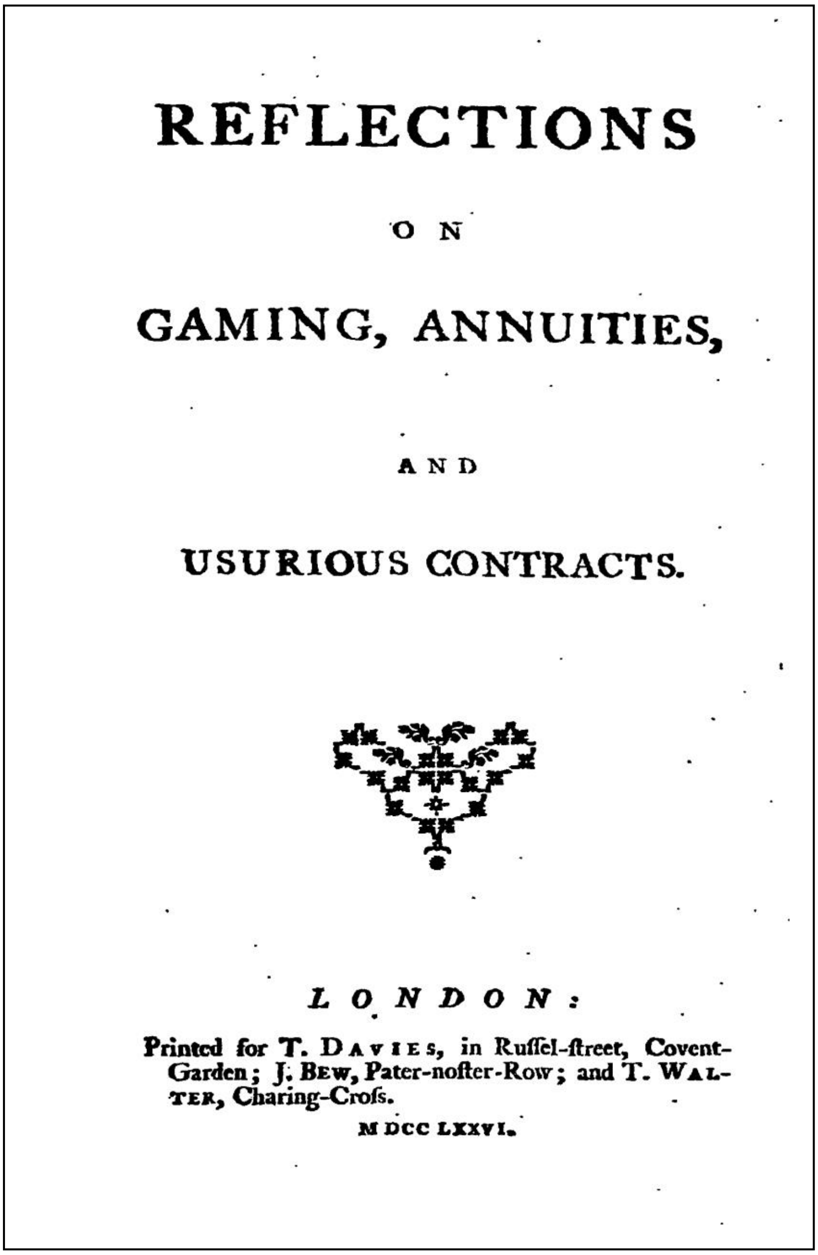
publicity spurred interest in it and two further editions were published in 1777 with a later edition in 1778.[21]

Reflections was not generally critical of credit. Erskine recognised the legitimacy of interest payments, describing legal interest as ‘the life and spirit of commerce’, without which ‘there must be a total stagnation of trade’.[22] He even acknowledged that there were financial structures on which interest could be earned above the legal maximum of five per cent., particularly respondentia and bottomry bonds, both used in connection with maritime cargoes, arguing that these could be justified on commercial grounds as a form of insurance.[23]

Erskine’s criticisms of annuity loans were of their cost and the purposes for which they were used, particularly how they encouraged gambling. His pamphlet described how annuity structures worked, making clear that the author considered these ‘evasions of the statute of usury’.[24] The title of the pamphlet drew further attention to this. Without acknowledging it, the author’s case against annuity loans mirrored the concern of the leading economist Adam Smith in his recently published *Wealth of Nations*, that high interest rates drew money away from industry in favour of spendthrifts and speculators. In *Reflections* this was expressed as a question, ‘Who will lend money to industry for 5 per cent. if folly will give 30?’[25]

[21] The second and third editions, both dated 1777, were also printed by Davies, Bew and Walter. The 1778 edition was printed by John Ireland.
[22] *Reflections,* p.30.
[23] *Reflections,* p.22.
[24] *Reflections,* p.24.
[25] *Reflections,* p.30; Joseph Persky, ‘Retrospectives: From Usury to Interest’, *Journal of Economic Perspectives*, Vol. 21 (1) (2007), p.231.

Image 2.1.: Title page of the first edition of *Reflections on gaming, annuities and usurious contracts* (1776)



REFLECTIONS

ON

GAMING, ANNUITIES,

AND

USURIOUS CONTRACTS.

LONDON:

Printed for T. DAVIES, in Ruffel-ftreet, Covent-Garden; J. BEW, Pater-nofter-Row; and T. WALTER, Charing-Crofs.

MDCC LXXVI.

Erskine also drew attention to the link between annuity loans and gambling. He described gambling as a 'sordid, dishonest, ungenerous passion'.[26] Annuity loans encouraged this dishonesty as they allowed gamblers ready access to the cash they required to pay associated debts.[27] His indirect attack on the dissolute habits of the

[26] *Reflections,* p.6.
[27] *Reflections,* pp.13-14.

fashionable élite reflected a renewed, more general criticism of their activities prevalent at this time.[28]

Reflections emphasised how the lenders of annuity loans took advantage of borrowers' financial distress. This was particularly to be deplored because it did not always result from extravagance. Borrowers were not always 'careless spendthrifts' but army and navy officers and public servants, whom Erskine, who had spent time in the army and the navy, described as 'the most useful and laborious servants of the public'. They were driven to borrow because their remuneration, provided by the state, was inadequate. Annuity loans had cumulative effects as borrowers took out further loans to meet annuity payments and 'immense incomes are melted away'. There was a consequent risk of social disruption as wealth was transferred from 'respectable' borrowers to lenders who were described as 'the very dregs of the community who are tied by no bonds to the public happiness'.[29] Erskine's argument here used a recurring criticism of luxury as being the cause of breakdowns in traditional patterns of social hierarchy.[30] Borrowers were laid open to undue influence and made vulnerable to corruption as personal gain and greed were preferred above the national interest.[31] This was particularly significant when the 'ruined peer' continued to be a legislator. Erskine dramatically described this as, 'Every man incumbered with the consequences of his vices or his follies, who comes into parliament, [being] a mill-stone about the neck of his country'. The pressure on the debtor to put his own interests first was likely to be overwhelming. *Reflections*

[28] Paul Langford, *Public life and the propertied Englishman, 1689-1798* (Oxford, 1991), pp.540-558.
[29] *Reflections,* pp.27-29.
[30] Hoppit, 'Attitudes to credit', p.315; Richard Whatmore, 'Luxury, commerce, and the rise of political economy' in James A. Harris (ed.), *The Oxford handbook of British philosophy in the eighteenth century* (Oxford, 2013) p.583.
[31] *Reflections*, p.27, p.6 and p.8.

noted that ‘the man who has dismembered his fortune, will dismember the empire to recover it’.[32] In expressing his anxiety about the exploitation of official positions and sinecures Erskine was recycling frequently stated contemporary criticism evoked by a coalition of social and political groups. They had become increasingly concerned about the number of official positions created to support the government’s fiscal and military objectives.[33]

Reflections was concerned not only to raise moral concerns about annuity loans and to increase public anxiety about their potential deleterious effects. Erskine also suggested that legislation could provide a solution. He proposed that annuity loans be abolished. This would represent a way of regulating or suppressing gambling as this would remove the gambler’s source of funds as well as the lenders’ ability to exploit borrowers.[34] Newspaper comment supported the idea that something should be done. In January 1777 an article in the *Gazetteer and New Daily Advertiser* suggested that ‘the importance of the subject…is sufficient to merit the attention of the Legislature’.[35] The possible links between the author and a government minister suggest that the publication of *Reflections* a few months ahead of parliamentary moves to regulate annuity loans was not a coincidence. The next section will discuss how *Reflections* provided a wider moral context within which the state could act to resolve its own, more practical, concerns about annuity loans.

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[32] *Reflections*, pp.7-8.

[33] Bob Harris, *Politics and the nation: Britain in the mid-eighteenth century* (Oxford, 2002), p. 70; Brewer, *The sinews of power*, p.74.

[34] *Reflections*, pp.13-14 and p.34; Bob Harris, ‘The 1782 Gaming Act and Lottery Regulation Acts (1782 and 1787): gambling and the law in later Georgian Britain’, *Parliamentary History*, Vol. 40 (2) (2021), p.467.

[35] *Gazetteer and New Daily Advertiser*, 9 January 1777.

2.2 The introduction of legislation

The Annuity Act became law on 16 May 1777.[36] It replaced a bill first introduced in the House of Commons on 26 February 1777 (referred to here as the 'February bill'). This February bill, and the final legislation, were both government initiatives. Several newspapers referred to the February bill being sponsored by Alexander Wedderburn. According to the *Newcastle Courant* Wedderburn described how 'several circumstances …proved the necessity…for the interference of the legislature' when he introduced it into the House of Commons.[37] What they chose to report in particular were his references to the use of annuity loans by young borrowers and the pressure that these lifelong commitments placed on their future income.[38] Amendments to this February bill were proposed in both the House of Commons and the House of Lords, as discussed in Section 2.3 below, whereupon Wedderburn abandoned it and, on 25 April 1777, introduced a new bill, retaining some elements of the February bill but now with a different emphasis. This second bill became the Annuity Act.

Whilst the language of parliamentary bills is not necessarily any guide to the motivations behind them, in this case the title of, and the preamble to, the February bill provide an indication of what may have influenced the government's interest in this aspect of the private credit market at this time. The title of the February bill was 'to restrain the raising of money by the sale of annuities for the life of the grantor'. The wording of the bill's preamble drew on many of the issues which Erskine had raised in *Reflections*,

[36] *Journals of the House of Commons*, Vol. 36 (1776-1778), p.512.
[37] *Newcastle Courant*, 15 March 1777.
[38] *Newcastle Courant*, 15 March 1777; *Derby Mercury*, 28 February 1777.

> Whereas the Practice of raising Money by the Sale of Annuities hath, of late years, greatly increased, whereby not only Many Persons, having anticipated their Income, are reduced to early Ruin, but the fair Loan of Money, at moderate Interest, to Persons engaged in the various pursuits of useful Industry, is and must be greatly obstructed.[39]

The mention of borrowers being 'reduced to early ruin' was a direct reference to Erskine's concerns about economic distress and consequent social dislocation. The contrast between the high cost of annuity loans and interest-bearing credit, and the consequent danger that funds would be diverted away from productive use, was made by reference to the 'fair Loan of Money' at 'moderate' interest rates to those sectors significant for national wealth ('useful Industry'). The wording of the preamble also suggested that it was not just these moral concerns which had prompted the legislation. Another factor was the perception that there had been a recent increase in the use of annuity loans which had 'of late years, greatly increased'. The state had its own concerns about annuity loans which related to its own role as a debtor and the following section will proceed to examine what these were.

Annuity loans were not a new form of finance but had evolved as a means of private credit from their earlier use by civic entities and governments.[40] In the

[39] *Bill to restrain the raising of money by the sale of annuities for the life of the grantor*, (the 'February bill'). This thesis has used the text of the bill published in the *Public Advertiser*, 12 March, 1777. It was also reproduced in Plowden, *A treatise upon the law of usury and annuities*, pp.512-521.
[40] R. H. Tawney, 'Introduction' in Thomas Wilson, *A discourse upon usury* [1572] (London, 1925), p.34; Bruce G. Carruthers, *City of capital: politics and markets in the English financial revolution* (Princeton, 1996), p.73; P. G. M. Dickson, *The financial revolution in England: a study in the*

eighteenth century the widespread adoption of strict settlement of landed estates had fostered their use by landed families. It was a necessary part of such settlements to create life interests but, as mortgage finance was generally only available to borrowers who had outright ownership, if they needed funds they turned instead to annuity loans.[41] The outbreak of war in North America in early 1775 changed the financial landscape. The government needed to ensure it had access to affordable credit to finance its expenditure on a war largely funded by increased borrowing.[42] Temin and Voth have argued that the usury laws allowed the government to regulate the cost of private credit to its benefit. Breaches of the maximum permitted interest rate of five per cent. per annum were subject to heavy penalties and policed by the legal system.[43] Evidence from the banking sector suggests that this usury ceiling was observed.[44] Public debt was not limited by the usury laws as the government could choose to issue its debt at a price below its face value, effectively yielding more than the five per cent. maximum, and so could make public debt a relatively more financially attractive investment than private credit when it needed to borrow. The use of annuity loans was a threat to the availability and cost of public debt. As their

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development of public credit, 1688-1756 (London, 1967), pp.53-54; Edwin W. Kopf, 'The early history of the annuity' in *Proceedings of the Casualty Actuarial Society* Vol. 13 (1927), pp.225-266 accessed via https://www.casact.org/pubs/proceed/proceed26/26225.pdf [accessed 4 May 2020]; John H. Munro, 'Usury, Calvinism, and credit in Protestant England: from the sixteenth century to the Industrial Revolution',Working Papers, tecipa-439, University of Toronto, Department of Economics [accessed via https://ideas.repec.org/p/tor/tecipa/tecipa-439.html 4 May 2020], pp.20-29; Jones, *God and the moneylenders*, p.137; Craig Muldrew, *The economy of obligation: the culture of credit and social relations in early modern England*, (London, 1998), p.102.

41 Hrothgar John Habakkuk, *Marriage, debt and the estates system: English landownership, 1650-1950* (Oxford, 1994), p.263; Christopher Clay, 'Property settlements, financial provision for the family, and the sale of land by the greater landowners, 1660-1790', *Journal of British Studies*, Vol. 21 (1) (1981), p.25; John Beckett and Sheila Aley, *Byron and Newstead: the aristocrat and the abbey* (Newark and London, 2001), p.55.

42 Stephen Conway, *The British Isles and the war of American Independence* (Oxford, 2000), p.55.

43 Peter Temin and Hans-Joachim Voth, *Prometheus shackled*, p. 74; the legal author Francis Plowden cited several contemporary legal cases of prosecutions for usury in his *A treatise upon the law of usury and annuities*, pp.152-166.

44 Temin and Voth, *Prometheus shackled*, pp.76-78; Tyler Beck Goodspeed, *Legislating instability: Adam Smith, free banking and the financial crisis of 1772* (Cambridge, Mass. and London, 2016), p.120.

structure placed them outside the usury laws and left their terms unregulated the return to the lender was not subject to any maximum limit.[45] Annuity loans potentially undermined the relative attractiveness of public debt and, if funds available for investment were directed towards them, the government might have to increase its cost of borrowing substantially to raise the funds it needed. If the government had to offer a higher yield on its debt the price of its outstanding debt was likely to fall, leading to capital losses for investors which might further undermine confidence in public credit. This all suggests that the government might seek to regulate the cost of annuity loans to maintain its own access to credit and to keep its borrowing costs as low as possible.

Concern about the effect of annuity loans on the market for public debt was reinforced as the government knew by this time that any remaining judicial uncertainty about the legality of annuity loans had been removed. In 1745 Lord Chancellor Hardwicke had questioned the extent to which annuity loans fell outside of the usury laws opining that 'ninety-nine in one hundred cases of these bargains are nothing but loans put into this shape to avoid the statute of usury'.[46] This ambivalence was removed by the judgment in the case of *Murray v. Harding* in 1773 which ruled that annuity loans were not usurious contracts. Making the annual payment contingent on the borrower's life put the capital sum 'in hazard', using the contemporary expression, and this uncertainty about whether the lender would receive payments sufficient to recover the capital sum meant that the transaction was

[45] Larry Neal, 'How it all began: the monetary and financial architecture of Europe during the first global capital markets, 1648–1815', *Financial History Review*, Vol. 7 (2000), p.119.
[46] Charles R. Geisst, *Beggar thy neighbour: a history of usury and debt* (Philadelphia, 2013), p.113.

considered as the sale and purchase of an annuity rather than a loan.[47]

This would have been less significant if the annuity loan market had been peripheral and limited to occasional transactions amongst landed families but its more extensive capacity had become apparent in 1772 when the Scottish bank, Douglas, Heron & Co., commonly known as the Ayr Bank, collapsed. In the following year this Bank raised £450,000 in annuity loans at effective interest rates of between 12 per cent. and 14 per cent. as it attempted to resolve its financial difficulties.[48] When this cost proved to be unsustainable the Bank ceased operations and successfully sought parliamentary approval to a rescue plan involving an issue of bonds to be used to repay these annuity loans.[49] As a consequence the lenders recovered their capital, an outcome which disguised the extent of the risk they had taken. This use of annuity loans had demonstrated the depth of credit available from that source. It was equivalent to one third of the value of new public debt issued in the peacetime conditions of 1773.[50] It also revealed an appetite for annuity loans amongst those investors who were also likely to be buyers of public debt including gentlemen and merchants. The committee established by the annuitants to monitor the rescue plan was composed of five members of parliament. Meetings of annuitants were held in a City of London tavern suggesting the involvement of the mercantile community.[51] Wedderburn had seen the impact of the Ayr Bank's failure

[47] Habakkuk, *Marriage, debt and the estates system*, p.63; Sybil Campbell, 'Usury and annuities of the eighteenth century', *Law Quarterly Review*, Vol. 44 (1928), pp.474-475.
[48] *The Scots Magazine* 34 (July 1772), p.395 cited in Goodspeed, *Legislating instability*, p.102; Paul Kosmetatos, *The 1772-73 British credit crisis* (Basingstoke, 2018), p.204.
[49] Paul Kosmetatos, 'The winding-up of the Ayr Bank, 1772–1827', *Financial History Review*, Vol. 21 (2) (2014), pp.179-180.
[50] In 1773 net public debt sales were £1.37m. Gregory Clark, 'Debt, deficits and crowding out: England, 1727-1840', *European Review of Economic History*, Vol. 5 (3) (2001), p.435.
[51] Anne L. Murphy, 'Performing public credit at the eighteenth-century Bank of England', *Journal of British Studies*, Vol. 58 (1) (2019), p.61; Richard Glover, *A speech introductory to the proposals laid*

at close quarters. He was an important figure in the Scottish community in London and, as the member of parliament for Ayr in the 1760s, it is likely that he knew the Bank's local shareholders, many of whom became insolvent as a result of the Bank's collapse.[52] He was also involved with monitoring the rescue plan. The potential competition from an annuity loan market paying substantially higher interest rates would have been only too clear just as the government sought to borrow increasing amounts to finance its military campaigns after 1775.[53]

The buoyancy of the annuity loan market in the years after the Ayr Bank rescue was further demonstrated by the increasing number of newspaper advertisements offering borrowers 'a temporary and speedy supply of MONEY' and attracting lenders by describing how straightforward it was to invest in an annuity loan.[54] Using two specific phrases associated with annuity loans: 'for the sellers lives' and 'by way of annuity', this thesis has located 2,165 newspaper advertisements for them published between 1735 and 1813.[55] Advertisements were published regularly after 1750. The frequency of advertisements increased from the occasional, with six in 1770, to the prolific, 304 in 1776, as shown in Table 2.1. In some newspaper editions there were numerous advertisements. Charles Whitehead, a former West Indies merchant who became a critic of contemporary financial

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before the annuitants of Messrs. Douglas, Heron and Co. at the King's-Arms Tavern, Cornhill, on the ninth of February 1774 (London, 1774).

[52] *Journals of the House of Commons*, Vol. 34 (1772-1774), p.494, 25 February 1774; Kosmetatos, 'The winding-up of the Ayr Bank', p.169; Goodspeed, *Legislating instability*, p.105; Henry Hamilton, 'The Failure of the Ayr Bank, 1772', *Economic History Review*, Vol. 8 (3) (1956), p.415; HOP, https://www.historyofparliamentonline.org/volume/1754-1790/member/wedderburn-alexander-1733-1805 [accessed 29 May 2020].

[53] Conway, *The British Isles and the war of American Independence*, p.54.

[54] T. B. in the *Morning Post*, 27 May 1776; R. T. in the *Daily Advertiser*, 6 June 1776.

[55] Retrieved from searches of three databases of digitised newspapers: the Seventeenth and Eighteenth Century Burney Newspapers Collection ('Burney Collection'), the Times Digital Archive (the 'Times') and the British Newspaper Archive ('BNA').

practice, observed ‘the long list of advertisements from Money-procurers, sometimes upwards of twenty in one paper’.[56] The passing of the legislation in 1777 had an immediate impact on the amount of advertising with only 89 advertisements recorded in that year, 29 in 1778 and none at all in 1779. This proved to be only a temporary cessation. Newspaper advertising was a feature of the annuity loan market thereafter and is discussed more fully in Chapter 4.

Table 2.1: The number of newspaper advertisements for annuity loans, 1770-1780

Year	Number of advertisements
1770	6
1771	23
1772	63
1773	15
1774	44
1775	89
1776	304
1777	97
1778	29
1779	0
1780	10

Alongside these economic and financial issues, which potentially had the ability to undermine the government’s ability to finance its military and political objectives, the war in North America reinvigorated the continuing and wide-ranging campaign for ‘economical reform’ with its demands for reduction in government expenditure, abolition of sinecures and greater administrative efficiency.[57] Calls for reform were a

[56] Charles Whitehead, *Observations and reflections on swindled bills and the method of discounting them* (London, 1777), p.12.
[57] Earl A. Reitan, *Politics, finance and the people: economical reform in the age of the American Revolution, 1770-1792*, (Basingstoke, 2007), p.1; Eckhart Hellmuth, ‘Why does corruption matter? Reforms and reform movements in Britain and Germany in the second half of the eighteenth century’, *Proceedings of the British Academy*, Vol. 100 (1999), p.20; Innes, *Inferior politics*, pp.180-182; Paul Seaward, ‘Sleaze, ‘Old Corruption’ and parliamentary reform: an historical perspective on the current crisis’, *Political Quarterly*, Vol. 81 (1) (2010), p.42; Boyd Hilton, *A mad, bad, and dangerous people? England,1783-1846* (Oxford, 2006), pp.45-46; Conway, *The British Isles and the war of American Independence*, p.117; Brewer, *The sinews of power*, p.85.

response to the perception of failing political and military leadership, government financial mismanagement and profiteering by government contractors.[58] When *Reflections* linked annuity loans with the exploitation of official positions and sinecures by borrowers for their own purposes as a means of meeting annuity commitments it fed into this general anxiety over corruption. For the purposes of this thesis, the most significant government response to these demands was the initiation of a series of audits and administrative reforms intended to improve the accountability and efficiency of branches of the government.[59] Accountability could equally be applied in the financial markets as a defence against corruption.[60]

Erskine's pamphlet drew on longstanding issues of moral concern and applied them to annuity loans. Its publication during the war in North America reflected renewed concern about credit which tended to be intensified in times of war and economic crisis.[61] Erskine argued that annuity loans fostered morally questionable behaviour, particularly gambling, and that their use encouraged corruption and had the potential to cause social dislocation. The preamble to the February bill, and Wedderburn's introductory comments, both drew on issues that Erskine had raised. Whilst moral concern influenced the vocabulary of the February bill, economic and financial factors were significant in the decision to introduce legislation to regulate annuity loans in the early months of 1777. The use of annuity loans by the Ayr Bank had demonstrated that they could attract a significant amount

[58] Reitan, *Politics, finance and the people,* pp.22-23.
[59] John Torrance, 'Social class and bureaucratic innovation: The Commissioners for examining the public accounts, 1780-1787', *Past & Present*, No. 78 (1978), p.57; Mark Knights, *Trust and distrust: corruption in office in Britain and its empire, 1600-1850* (Oxford, 2021), p.210.
[60] L. K. Davison, 'Public policy in an age of economic expansion: the search for commercial accountability, 1690-1750' (unpublished PhD dissertation, Harvard University, 1990), p.195.
[61] Raven, *Judging new wealth,* p.188.

of investment especially once their legal ambiguity had been decisively removed. This was reinforced by the onslaught of newspaper advertising which brought annuity loans from the fringes of the financial market to wider public attention. These events may not have led to regulation in peacetime but, after 1775, the increasing use of annuity loans was perceived to be a challenge to the government's ability to access funds and their cost. The next section will consider how the legislation was taken forward and how it addressed these economic and moral issues.

2.3 The progress of legislation

It might be expected that the apparent risk that annuity loans posed to the issuance and cost of public debt, coupled with the moral concerns about their use, could have been resolved by the simple solution of a ban. Indeed, this was what Erskine's pamphlet had advocated.[62] The intention of the February bill, as set out in its title, was more limited. It sought only to restrain the raising of money by the sale of annuities and not to stop their use altogether. Erskine had described how the cumulative effects of annuity payments could undermine borrowers' wealth and lead to social dislocation.[63] However it was not realistic to ban annuity loans because they played an important role within the system adopted for the settlement of landed estates and which was itself intended to preserve the integrity of landholding. Annuity loans provided access to credit for borrowers with life interests, created as a consequence of strict settlement arrangements, who were unable to use mortgage finance, as well as for estate owners themselves if mortgage finance was unavailable.[64] Concern about the effect of any legislative limitation on this system

[62] *Reflections,* p.34.
[63] *Reflections,* pp.27-29.
[64] Habakkuk, *Marriage, debt and the estates system,* p.265.

was raised by ‘Cato’, in a letter to the *St James’ Chronicle* in March 1777, who questioned how the tenant for life was to raise money on his estate without using annuity loans. These sentiments were reinforced by another anonymous commentator, ‘Heartfree’, who argued that legislation was likely to preclude ‘the lifeholder’ from raising money and that such borrowers had ‘no other mode’.[65] A fifth of members of parliament were the sons of peers for whom the repercussions of strict settlement were a financial reality.[66] While taking away one means of credit was unlikely to gain their support, reforming its abuses and reducing its cost was more likely to be perceived as to their benefit. Instead of abolition, the February bill proposed to limit the use of annuity loans by introducing a judicial mechanism to adjudicate their value. The terms of annuity loans were to be a matter of public record so that the courts had the appropriate information on which to base their judgment. The legislative process also considered three further issues: the repayment or redemption of loans, the protection of borrowers who were minors, and the limitation on brokerage fees. These issues will now be considered in turn.

2.3.1 The question of value

The February bill recognised that raising money by way of annuities disrupted the cost of credit elsewhere and made it difficult to obtain funds at what it described as ‘moderate Interest’. The solution proposed was to devolve consideration of what was an appropriate cost onto the judiciary and ask the courts to ‘examine and enquire into the just and true value’ of the annuity.[67] If the court then judged that the

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[65] *St James’ Chronicle*, 18 March 1777; *Morning Post*, 18 March 1777.
[66] HOP, https://www.historyofparliamentonline.org/volume/1754-1790/survey/iii-members [accessed 30 November 2021]; Peter J. Jupp, ‘The landed elite and political authority in Britain, c.1760-1850’, *Journal of British Studies*, Vol. 29 (1) (1990), p.57.
[67] February bill, Clause C; Plowden, *A treatise upon the law of usury and annuities*, p. 519.

consideration was inadequate, meaning that the annuity was undervalued and the borrower had not received an adequate capital sum, it would be for the court to decide how this was to be resolved. The bill lacked any powers to enforce this use of judicial process. Compliance relied instead on the individual counterparties being prepared to take potentially costly legal action to challenge transactions without any certainty that they would be successful.

Contemporary legal precedents had already been seeking to determine what constituted adequacy or fairness so proposing to involve the judiciary here acknowledged that 'fair dealing' was a recognised, if ill-defined, concept.[68] Not surprisingly, given the attendance of senior members of the judiciary, this section of the bill was the focus of debate when the legislation proceeded to the House of Lords. The Lord Chancellor, Lord Mansfield, admitted that legislation was required as 'the excess and injuries from the present mode of granting annuities became everyday more extensive and called more loudly for redress'.[69] Despite his sympathy for the intention of the legislation, he was opposed to the concept of adjudicating value as he questioned how this could be decided objectively. He argued that value could be determined by any number of factors. Some were specific to the individual himself. These included 'a man's state of health, his manner of living, the company he keeps, the hours at which he goes to bed, his age'. Others, however, were more general, among them 'the very price of stocks, their general state of fluctuation, the number of buyers and sellers at market'.[70] Accordingly, the House of Lords proposed amendments to the February bill which removed the concept of assessing value and

[68] Hoppit, 'Attitudes to credit', p. 318; Warren Swain, 'Reshaping contractual unfairness in England 1670–1900', *Journal of Legal History*, Vol. 35 (2) (2014), pp. 123-125.
[69] *Parliamentary Register*, House of Lords debates, Vol. 7 (1777), p. 51, 24 March 1777.
[70] *Parliamentary Register*, House of Lords debates, Vol. 7 (1777), p.55, 24 March 1777.

proposed instead that the courts should consider whether the annuity had been fraudulently obtained. This brought the February bill more in line with prevailing judicial opinion which was moving towards setting aside transactions when inadequacy of price was combined with some other factor such as fraud or other criminality.[71]

Once the House of Lords had rejected the idea that the courts could determine objective valuation, as set out in the February bill, the issue of regulation was taken up in the lower house where it was marked by a change of emphasis and a much more direct focus on the cost of loans in the context of usury legislation. On 25 April, the House of Commons appointed a committee 'to take into consideration and report upon the Laws in being against Usury and the present Practice of purchasing Annuities for the life of the grantor' (hereafter the 'Usury committee').[72] This Usury committee had two ambitions. It sought information on how the annuity loans market worked, how lives were insured and the price at which loans were transacted and, secondly, it sought to explore whether the real value of annuities could be determined.[73] Eighteenth-century parliaments also played the role of an investigating body by interrogating witnesses with appropriate subject knowledge.[74] The Usury committee called on two sets of witnesses. The first had interests in the annuity loan market and the second in the insurance industry. How these witnesses were chosen is

[71] Swain, 'Reshaping contractual unfairness', p.126; Helen Ruth Saunders, ''Corrupt bargains and unconscionable practices': the expectant heir in the seventeenth-century Chancery', (unpublished PhD thesis, University of Cambridge, 2019), pp.117-118.
[72] *Journals of the House of Commons*, Vol. 36 (1776-1778), p.440, 25 April 1777; Plowden, *A treatise upon the law of usury and annuities*, p.321.
[73] *PP*, *Report from the committee appointed to take into consideration the laws now in being against usury, and the present practice of purchasing annuities for the life of the grantor*, House of Commons Papers, (Vol. 31) (1775-1780), (the 'Usury committee report'), p.3.
[74] Joanna Innes, *Inferior politics*, p.59; Philip Rawlings, 'Bubbles, taxes, and interests: another history of insurance law', *Oxford Journal of Legal Studies*, Vol. 36 (4) (2016), p.800.

unknown. Several members of parliament would have been familiar with how the annuity loan market worked, some such as John Dewar, as borrowers, others including John Cator, as lenders, but they were not publicly involved.[75] The committee's stated desire was not to disclose information about particular transactions or 'disclose the Affairs of Individuals to public view'.[76] The publication of Erskine's pamphlet and the publicity given to the February bill had renewed the opprobrium attached to the lenders of annuity loans. References to the 'iniquitous practice of Money-lenders' and the involvement of a 'tribe of Jews, Turks and Infidels' in annuity loans may have adversely influenced the extent to which market practitioners were willing to give evidence.[77] Only one of the four witnesses who gave evidence about the operation of the annuity loan market, Richard Brown, a lawyer with an address in Golden Square in the west end of London, admitted to being involved in the origination of transactions. He stated that loans had previously been contracted on the basis of eight years' purchase, terms which were more generous to the borrower than the six years' purchase which currently prevailed.[78] Three other witnesses all claimed knowledge but only because of their involvement in unwinding transactions and repaying annuity loans where they all claimed to act on behalf of borrowers rather than lenders. They placed themselves in the position of observers rather than participants. The evidence of these witnesses established that the current market price was six years' purchase and that terms did not vary according to the age of person on whose life the annuity was contingent.[79]

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[75] HOP, https://www.historyofparliamentonline.org/volume/1754-1790/member/dewar-john-1746-95; https://www.historyofparliamentonline.org/volume/1754-1790/member/cator-john-1728-1806 [both accessed 8 December 2021].
[76] Usury committee report, p.4.
[77] Usury committee report, p.4; *Derby Mercury*, 28 February 1777; *Caledonian Mercury,* 8 March 1777.
[78] Richard Brown is recorded on the annuity loan database as the lender of 23 loans between 1770 and 1776, recorded retrospectively. He continued to make loans until 1784.
[79] Usury committee report, p.4.

The contrast between the witnesses on market practice and those who gave evidence designed to discover 'the exact Value of an Annuity for a given Life by Calculation' was telling.[80] Three witnesses gave detailed evidence about the valuation of annuities. Their evidence was supported by mathematically calculated tables and a slew of figures. A Mr Mavor provided calculations of the value of a life annuity for different ages based on mortality tables he had drawn up himself. In doing so he drew attention to the prevailing lack of uniformity in the preparation of mortality tables despite them being critical to the accurate calculation of annuity and insurance values.[81] His conclusion was that the prevailing cost of six years' purchase was the price of an annuity for a person aged 70 and thus represented an excessive cost for anyone younger. Mr Baldwyn of the long-established Amicable Society for a perpetual Insurance Office described his Society's premium and benefit arrangements for life insurance but made it clear that the Amicable did not calculate premiums on an age-related basis.[82] William Morgan, the recently appointed chief actuary of the Equitable Assurance Society, a competitor of the Amicable, gave details of the Society's life insurance premiums which were similarly not age-related.[83]

From the variety of methodologies employed by the witnesses, the Usury committee grasped the idea that life expectancy could be calibrated to age. It recommended that annuity loans should be regulated and suggested that the means of doing so was to separate the cost of the contingent risk on the borrower's life from

[80] Usury committee report, p.3.
[81] Usury committee report, p.6.
[82] D. R. Bellhouse, *Leases for lives: life contingent contracts and the emergence of actuarial science in eighteenth-century England* (Cambridge, 2017), p.182.
[83] Usury committee report, p. 8; D. L. Thomas and Robin Pearson, 'William Morgan (1750–1833), actuary', *ODNB*, [accessed 17 May 2020]; Bellhouse, *Leases for lives*, p.111.

the cost of borrowing. The genesis of these recommendations remains obscure. They were publicly endorsed by William Dale, the author of an earlier book on annuities, as 'a plain method of distinguishing between money paid for rate of interest, and that paid for risk of life' who may have been involved in their development.[84] The committee's report included a scale for this 'Compensation for Risk' which set out age differentials. The return for the risk of an annuity loan made to a person aged between 21 and 25 years old was set at four per cent. and this increased with age to a maximum of six and a half per cent. for a person aged between 45 and 50 years old.[85] This cost would then be added to the cost of borrowing so, if that was at the maximum of five per cent., an annuity loan to a borrower aged 25 would cost nine per cent. per annum in total. Whilst relatively unsophisticated this was an attempt to relate the cost of a loan to the age of the borrower; but in doing so it formalised an effective cost of borrowing above the maximum permitted by the usury laws. The findings and recommendations of the Usury committee were published as a separate report probably intended to bring the committee's work to the attention of a wider public.[86] A new bill, 'to regulate annuities for lives', based on the committee's recommendations, was presented in the House of Commons by one of the committee members, Mr Bacon. Despite this publicity, and Bacon's legislative initiative, the committee's proposals did not proceed further. Wedderburn had already pushed

[84] Cornelius Walford, *The insurance cyclopaedia: being a dictionary of the definitions of terms used in connexion with the theory and practice of insurance in all its branches: a biographical summary ... a bibliographical repertory of all works written upon the subject ... an historical treasury of events and circumstances connected with the origin and progress of insurance, part 1* (London and New York, 1871-1880), p**.**139; Bellhouse, *Leases for lives,* p. 149; William Dale, *Calculations deduced from first principles in the most familiar manner, by plain arithmetic, for the use of societies instituted for the benefit of old age* (London, 1772); *Gentleman's Magazine*, 1777, pp.318-320.
[85] Usury committee report, pp.10-11.
[86] Joanna Innes, 'Legislation and public participation 1760-1830' in David Lemmings (ed.), *The British and their laws in the eighteenth century*, (Woodbridge, 2005), p.110.

ahead with a revised bill which now avoided any reference to the idea of an objective determination of value or to a risk premium related to age.[87]

The February bill sought to find a means to establish fair value for annuity loans as a way of containing their cost. It proposed that the courts should arbitrate on the question of value but this would only apply where the participants took their case to court. How far this was intended to be a deterrent rather than a practical solution must remain unanswered as the judiciary rejected the role. An alternative approach, proposed by the Usury committee, which differentiated the cost of an annuity loan according to the age of the borrower, was important, although it did not proceed. This demonstrated that the committee had an understanding that life expectancy might be calibrated to age, a concept which Lorraine Daston's study of probability has suggested was not fully appreciated at this period.[88] At the same time the committee's simple formulae were a recognition that the witness evidence had shown there was no consistent empirical basis for the preparation of mortality tables on which any calculations might rely. This was prescient. The later experience of the government when it issued public debt in the form of life annuities in 1808 demonstrated the difficulty of establishing an accurate statistical basis for the computation of annuities. It was an expensive experience as the returns were calculated on the basis of mortality tables used by the insurance industry which exaggerated mortality rates.[89] The Usury committee's solution failed to proceed for

[87] Hoppit (ed.), *Failed legislation,* p.444. It is unclear whether the relevant member of parliament was Anthony Bacon or Edward Bacon; the terms of Bacon's bill were set out in Plowden, *A treatise upon the law of usury and annuities*, p.527.
[88] Lorraine Daston, *Classical probability in the Enlightenment* (Princeton, 1988), p.169; Geoffrey Wilson Clark, 'Betting on lives: life insurance in English society and culture, 1695-1775' (unpublished PhD thesis, Princeton University, 1993), p.306.
[89] Charlotte Mitchell and Charles Mitchell, 'Wordsworth and the old men', *Journal of Legal History,* Vol. 25 (1) (2004), pp.36-40; Casey G. Rothschild, 'Adverse selection in annuity markets: evidence from the British Life Annuity Act of 1808', *Journal of Public Economics*, Vol. 93 (2009),

the simple reason that its form and implementation would have resulted in a cost of private debt higher than the government was prepared to contemplate.

2.3.2 Accountability

Once the House of Lords had rejected the attempt to control the cost of annuity loans by adjudicating their value, as described above, the creation of a public register of annuity loans became the principal regulatory element of the legislation. The February bill had provisions requiring details of each annuity loan transaction including the names of the borrower and lender, the capital amount and the annuity to be enrolled at the court of Chancery within 20 days after execution of a loan agreement.[90] In the February bill this enrolment process played a supporting role. The original purpose of enrolment had been to create a comprehensive and timely record of the details of a loan on which the courts could base any judgment if they were called upon to assess value. The ability to apply to the courts for the assessment of value was an incentive for enrolment as cases could only be considered if the details of an annuity loan had been enrolled. In Wedderburn's second parliamentary bill enrolment was promoted into the title, which then became a bill for 'registering the Grants of Life Annuities; and for the better Protection of Infants against such Grants'.[91] The protection of minors had been a clause in the February bill and was the issue to which Wedderburn had drawn particular attention. This was now given greater prominence and is considered in Section 2.3.4 below. The emphasis of the preamble shifted from the economic interests of the counterparties to the moral. The

pp.776-777; Ian Hacking, *The emergence of probability: a philosophical study of early ideas about probability induction and statistical inference* (2nd edition, Cambridge, 2006), p.114.

[90] February bill, Section 1; Plowden, *A treatise upon the law of usury and annuities*, pp.512-513.

[91] *Journals of the House of Commons*, Vol. 36 (1776-1778), p.451, 29 April 1777.

practice of raising money by way of annuity was now described as ‘pernicious’, a word which had connotations of being likely to cause harm and being evil,[92]

> Whereas the pernicious practice of raising Money by the sale of life annuities hath of late years greatly increased, and is much promoted by the secrecy with which such transactions are conducted.[93]

Moreover, the preamble suggested that activity was fostered by being concealed from public view. Transactions were now to be made public with the details of each enrolled at the Court of Chancery and available for public inspection.[94] This claim that annuity loans were somehow particularly covert was something of a fiction. Most private credit was negotiated and managed confidentially. Rather than being clandestine, the annuity loan market was becoming increasingly visible due to extensive newspaper advertising, as noted above. In many cases, advertisers published their business addresses and used public spaces to conduct meetings with clients.[95]

The concept of enrolment or registration of information to create a public record was not a new idea. The registration of property deeds had been operating in Ireland, Yorkshire and Middlesex since the early eighteenth century.[96] Nationally applicable legislation in 1763 had introduced local, public registration of monetary

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92 *OED* [accessed 9 April 2022].
93 Annuity Act, preamble.
94 Annuity Act, sections 1 and 5.
95 The use of advertising is discussed further in Chapter 4.
96 Peter Roebuck, ‘The Irish registry of deeds: a comparative study’, *Irish Historical Studies*, Vol. 18 (69) (1972), pp.61-73; F. Sheppard and V. Belcher, ‘The Deeds Registries of Yorkshire and Middlesex’, *Journal of the Society of Archives*, Vol. 6 (5) (1980), pp.274-286.

qualifications for voting rights.[97] The Bank of England maintained registers of the ownership of public debt which could be inspected by investors or their agents.[98] There had been earlier proposals for registering stock exchange transactions.[99] In the Low Countries, whose financial innovations had inspired earlier developments in the British debt markets, registers of private debts had been established.[100] A contemporary pamphlet had suggested that the lack of 'a register of annuities' had been 'long regretted' and welcomed the idea that it would expose the identity of lenders.[101] Registration was conceived as a means of reducing opportunities for fraud by preventing the parties to a transaction retaining their anonymity and keeping its terms private.[102] It introduced accountability. The structure and process of enrolment established in the February bill was enacted unchallenged in the final legislation. One commentator subsequently described the process as encouraging 'a full, clear, and true disclosure of the whole transaction'.[103] The extent to which enrolment fulfilled these aims will be considered in Section 2.4 below.

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97 An Act to prevent fraudulent and occasional votes in the elections of Knights of the Shire and Members for Cities and Towns which are counties of themselves as far as relates to the right of voting by virtue of an annuity or rent charge, (1763) (3 Geo. 3, c.24). Registers were maintained locally. Langford, *Public life and the propertied Englishman,* p.273.

98 Anne L. Murphy, 'The financial revolution and its consequences' in Roderick Floud, Jane Humphries and Paul A. Johnson, (eds.), *The Cambridge economic history of modern Britain, volume 1:1700-1870* (Cambridge, 2014), p.333.

99 Davison, 'Public policy', p.134 and p.313; Jean Howell, 'Deeds registration in England: a complete failure?', *Cambridge Law Journal*, Vol. 58 (2), p.367; Kosmetatos, *The 1772-73 British credit crisis,* pp.287-289.

100 Dickson, *The financial revolution*, p.41; Oscar Gelderblom, Mark Hup and Joost Jonker, 'Public functions, private markets: credit registration by aldermen and notaries in the Low Countries, 1500-1800' in Marcella Lorenzini, Cinzia Lorandini and D'Maris Coffman (eds.), *Financing in Europe* (London, 2018), p.182.

101 [Anonymous], *Reflections on usury, containing an account of those usurious contracts carried on under the mode of undervalued annuities* (London, 1777), p.32.

102 Davison, 'Public policy', p.6.

103 William Hunt, *Collection of cases on the Annuity Act, with an epitome of the practice relative to the enrolment of memorials* (London, 1794), p.80.

2.3.3 Provisions for redeeming annuity loans

There was a sound argument for allowing borrowers to repay annuity loans as this would allow them to extricate themselves from what might otherwise prove to be an expensive, long-term commitment. The witnesses to the Usury committee who were practitioners in the annuity loan market gave evidence that repayment or redemption of an annuity loan was market practice. There were standard terms for doing so based on the repayment of the principal amount, any arrears and a premium equivalent to the cost of six months' annuity.[104] On the basis of their evidence, the committee had recommended making all annuity loans redeemable.[105] This issue of repayment was complicated by legal precedent which had ruled that the inclusion of terms for repayment or redemption in annuity loan contracts took away the concept of hazard and jeopardised a loan's exclusion from the usury laws, potentially undermining the concept of an annuity loan and making lenders liable to prosecution.[106] The February bill recognised this obstacle. It did not set terms for repayment but tried to encourage it by prohibiting the inclusion of any clause which stated that a loan was irredeemable, or which imposed any conditions on redemption. This approach was nevertheless resisted by the House of Lords and, in its final form, the Annuity Act made no specific reference to redemption.[107] In practice, as discussed in the next chapter, borrowers continued to have the ability to redeem loans.

[104] Usury committee report, p.5.
[105] Usury committee report, p.11.
[106] Geisst, *Beggar thy neighbour*, p.113.
[107] The amendments made by the House of Lords published on 27 March 1777 removed this clause. *PP*, *A Bill [With the Amendments made by the Lords] Intituled An Act to restrain the raising of Money by the Sale of Life Annuities*, House of Commons Papers, Vol. 28 (1777).

2.3.4 The protection of young borrowers

The use of annuity loans by young borrowers was amongst the 'extensive and enormous mischiefs' associated with annuity loans to which Wedderburn referred when introducing the February bill to the House of Commons.[108] Annuity loans in these circumstances were potentially very lucrative for the lenders because they could expect to receive an extended stream of annuity payments. Consequently, annuity loans were a long term, expensive commitment for the borrowers. Heirs to estates might expect to be able to pay off annuity loans when they inherited. However, as the author of *Reflections on usury,* a pamphlet critical of annuity loans, warned, heirs had often borrowed so much that the family fortune was insufficient to allow repayment.[109] Thus borrowing by minors in expectation of inheritance carried the risk that they might lose their social status.[110] Contemporary newspaper reports brought the apparent exploitation of young borrowers to public attention.[111] One widely reported case concerned Sir John St Aubyn who had contracted annuity loans whilst still a pupil at Westminster School.[112] This prompted Lord Chancellor Mansfield to add his critical voice which was duly reported in newspapers,

> …it was lately becoming a growing evil for bankers, and other monied men, from motives of avarice and selfishness, to draw young men, or even boys at school or college, to make foolish bargains, by advancing them sums of money to spend, not for their necessities, their present accommodation or

[108] *Newcastle Courant,* 15 March 1777; *Derby Mercury*, 28 February 1777.
[109] Anonymous, *Reflections on usury,* p.20.
[110] Jones, *God and the moneylenders,* p.69.
[111] *Newcastle Courant,* 15 March 1777.
[112] *Ipswich Journal*, 15 March 1777.

> future benefit, but merely to supply their vices, their follies and pernicious pursuits, to their utter ruin.[113]

The opinions expressed by Wedderburn and Mansfield reflected changing contemporary assumptions about the capacity of minors to act on their own behalf in situations when they might lack the ability to comprehend the consequences. Judicial and legislative activity in contract law and marriage agreements were moving in the same direction.[114] The introduction of age-specific qualifications in the February bill, by outlawing annuity loans contracted with borrowers under the age of 21 years, represented another expression of this concern. The clause passed unchanged into the final legislation.[115]

2.3.5 Limiting brokerage fees

Commissions were charged for many financial transactions including buying and selling public debt and the provision of bank loans. Objections to the activities of brokers and intermediaries charging such commissions were longstanding. They were accused of manipulating financial markets for their own benefit and profit, encouraging speculation and diverting capital from trade.[116] In 1777 The *Kentish Gazette* criticised annuity brokers for living in ‘great splendour’.[117] Numerous,

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[113] *Leeds Intelligencer*, 13 May 1777.
[114] Holly Brewer, *By birth or consent: children, law and the Anglo-American revolution in authority* (Chapel Hill and London, 2005), p.9; Swain, ‘Reshaping contractual unfairness’, pp.126-131; David Lemmings, ‘Marriage and the Law in the Eighteenth Century: Hardwicke's Marriage Act of 1753’, *Historical Journal*, Vol. 39 (2) (1996), pp.339-360.
[115] Annuity Act, section 6.
[116] Munro, ‘Usury, Calvinism, and credit in Protestant England’, p.561; Dickson, *The financial revolution*, p.33; Anne L. Murphy, ‘Financial markets: the limits of economic regulation in early modern England’ in Carl Wennerlind and Philip J. Stern (eds.), *Mercantilism reimagined: political economy in early modern Britain and its empire* (Oxford, 2013), p.272; H. V. Bowen, ‘The pests of human society: stockbrokers, jobbers and speculators in mid-eighteenth-century Britain’, *History*, Vol. 78 (1993), p.49.
[117] *Kentish Gazette*, 7 May 1777.

largely unsuccessful, attempts had been made to regulate broking activities and limit brokerage fees.[118] The limit on commissions proposed in the February bill thus represented a further attempt to regulate an issue which had long been a cause of concern. The role of intermediaries in arranging annuity loans was apparent from the extensive use of newspaper advertising and the Usury committee had been keen to seek evidence as to what commissions were charged. According to the lawyer (and lender), Richard Brown, the transaction charge paid by the borrower was five per cent. of the capital amount. This included the costs of preparing loan documents. However, another witness, Robert Taylor, believed that other intermediaries had charged more, citing 'great Abuses' elsewhere.[119] In light of this inconclusive evidence, the clause included in the final legislation imposed a maximum commission of ten shillings for each £100 lent or half of one per cent.[120] This was intended to bring the rate of commission into line with the limit imposed in the 1660 Usury legislation and with the brokerage commission charged on public debt transactions.[121]

The provisions of the Annuity Act as enacted were much more limited in scope than the original legislation framed in the February bill. The attempt to restrict the cost of annuity loans had to be abandoned as the judiciary declined to play a role in adjudicating value. Nevertheless, the legislation had ambition. It was intended to act as an indirect restraint on annuity loan activity by removing the secrecy with

[118] Dickson, *The financial revolution*, p.33; Murphy, 'Financial markets: the limits of economic regulation', pp.274-275; Jackson Tait, 'Speculation and the English common law courts, 1697-1845', *Libertarian Papers*, Vol. 10 (1) (2018), p.7; Langford, *Public life and the propertied Englishman*, p.311.
[119] Usury committee report, p.5.
[120] Annuity Act, section 7.
[121] Munro, 'Usury, Calvinism, and credit in Protestant England', p. 561; Larry Neal and Lance Davis, 'The evolution of the structure and performance of the London Stock Exchange in the first global financial market, 1812-1914', *European Review of Economic History*, Vol. 10 (3) (2006), pp.295-296.

which loans were perceived to be transacted and it promoted accountability through the creation of a public register of loans. The Act also sought to address longstanding concerns about the financial exploitation of minors and profiteering and fraud by market participants. How far it achieved these more limited aims is considered in the following section looking at the effectiveness of the legislation and its consequences.

2.4 Outcomes

The Annuity Act was one of several attempts by the British parliament to regulate the financial markets during the eighteenth century. The relationship between legislative intention and outcome could be complicated. The laws intending to limit stock market speculation were an illustration of this. They might be considered ineffective because they lacked enforcement provisions and could be circumvented.[122] In practice those involved in the market often regulated themselves and their activities provided essential liquidity, outcomes which rather suited a government keen to encourage investment in its debt.[123] This section considers how far the Annuity Act fulfilled its central purpose of 'registering … Grants of Life Annuities' and how effectively it achieved its aims.

In 1812 Edward Burtenshaw Sugden, a successful lawyer and author who later became Lord Chancellor, published *A cursory inquiry into the expediency of repealing the annuity act and raising the legal rate of interest*.[124] The conclusion of

[122] Murphy, 'Financial markets: the limits of economic regulation', p.276; Davison, 'Public policy', p.10; Stuart Banner, *Anglo-American securities regulation* (Cambridge, 1998) p.107.
[123] Tait, 'Speculation and the English common law courts', p. 15; S. R. Cope, 'The stock exchange revisited: a new look at the market in securities in London in the eighteenth century', *Economica*, Vol. 45 (1978), pp.8-14; Murphy, 'The financial revolution and its consequences', p.336.
[124] Joshua S. Getzler, 'Sugden, Edward Burtenshaw, Baron St Leonards (1781–1875), lord chancellor', *ODNB* [accessed 16 October 2021].

his assessment of the effectiveness of the legislation was that the Act had 'totally failed'.[125] Sugden's enquiry drew on his expertise in property transactions. As he noted in his evidence to a later parliamentary committee, he was well placed to witness how the usury laws had limited property owners' access to mortgage credit and how this had encouraged the use of annuity loans as an alternative means of credit.[126] The basis of his evaluation of the success or otherwise of the Act was whether the publicity inherent in enrolment had been successful in restraining annuity loan transactions and whether the use of annuity loans had 'been crushed or lessened by the publicity given to them'.[127] He argued that the reverse was the case. Enrolment records helped promote market activity because they enabled lenders and intermediaries to 'search for needy men' and identify who might be looking to borrow.[128] Lenders could also gain information about what other debts might be outstanding and so be in a better position to appraise a borrower's credit. Enrolment demonstrated how many people were lending, described by Sugden as an 'immense number of lenders' and, rather than acting as a deterrent, it had 'prevent[ed] any stigma from attaching to any particular individual' and encouraged more lenders to become involved.[129]

Differences in interpretations of the Act's administrative provisions and ambiguities in the wording of the legislation enabled the parties to an annuity loan transaction, often the borrowers, to challenge a loan's validity because of perceived

[125] Edward Burtenshaw Sugden, *A cursory inquiry into the expediency of repealing the annuity act and raising the legal rate of interest; in a series of letters (London, 1812)*, p.28.
[126] *PP, Report from the Select Committee on the usury laws,* House of Commons Papers, Vol. 6 (1818), pp.11-12.
[127] Sugden, *A cursory inquiry*, p.28.
[128] Sugden, *A cursory inquiry*, p.18.
[129] Sugden, *A cursory inquiry*, p.19.

non-compliance with enrolment procedures or documentation.[130] The outcomes of these encounters varied and were not always in the borrower's favour. A senior judge, Lord Ellenborough, commented on 'the variety of contradictory determinations which have taken place upon this Act', and the amount of litigation it had caused.[131] Sugden described the substance of many of these lawsuits more critically and succinctly as fostering 'legal niceties'.[132] Publishers of advice literature capitalised on the uncertainties of how the legislation might be interpreted. Guides for annuity loan practitioners drew on the legal precedents established by litigation.[133] The legal author William Hunt first compiled his *Collection of cases on the Annuity Act* in 1794 and produced a second, enlarged edition two years later. His work was a commentary on the issues arising from each section of the Act illustrated with summaries of relevant legal cases. His second edition included references to over one hundred cases.[134] Robert Withy published his *Practical treatise upon the law of annuities* in 1800. It was an indication of how the legislation had fostered complexity that Withy's book included precedents for fifty different ways of structuring annuity loan transactions.[135] Sugden was critical of how the greater complexity of loan agreements and the more extensive involvement of lawyers had added to borrowers' arrangement costs. He also noted that the costs of enrolment, calculated with reference to the length of the memorial, and usually paid by the

[130] *Report from the Select Committee on the usury laws*, p. 13; Frederick Blayney, *A practical treatise on life annuities: including the annuity acts of the seventeenth and fifty-third Geo. III; also a synopsis of all the principal adjudged cases under the first act, together with select modern and useful precedents* (London, 1817), p.59.
[131] *Times*, 20 December 1802.
[132] Sugden, *A cursory inquiry*, p.21.
[133] Natasha Glaisyer, '"Due Circulation in the Veins of the Publick": imagining credit in late seventeenth- and early eighteenth-century England', *Eighteenth Century*, Vol. 46 (3) (2005), pp.277–297.
[134] Hunt, *Collection of cases*; William Hunt, *Collection of cases on the Annuity Act, with an epitome of the practice relative to the enrolment of memorials* (Birmingham, 1796).
[135] Withy, *A practical treatise upon the law of annuities,* p.viii.

borrower, increased, as more ancillary documents were recorded as a precaution against legal dispute.[136]

What Sugden identified was that the prescriptive nature of the Annuity Act had unintended consequences. It specified what details of an annuity loan were to be enrolled and how and when it was to be registered. Borrowers and lenders could be confident that, provided their loan documentation met the requirements of the Act and was enrolled within the necessary time limit, the loan contract was valid. Enrolment acted as an implicit acceptance of the loan terms. Uncertainty over legal interpretation could be a cause of concern in economic and financial activities but the Act gave annuity loans legitimacy and helped to remove any remaining concerns about their legality and risk of prosecution under the usury laws.[137] Annuity loans were expensive, not just because of the contingent risk of annuity payments dependent on a borrower's life, but also because lenders demanded compensation for the risk that a loan might be declared invalid following a legal challenge by a borrower.

Sugden made no particular reference to the provisions of the Act regarding loans to minors and restricting brokerage fees. The experience of George Gordon, Lord Byron, suggests that some lenders exercised a degree of self-regulation when dealing with young borrowers. Byron had approached John King, a well-known moneylender, in 1805, at the age of 17, seeking a loan. He was advised by King that 'his minority prevented all money transactions' without additional security, meaning

[136] Sugden, *A cursory inquiry,* p.24.
[137] Sheryllynne Haggerty, *'Merely for money'? business culture in the British Atlantic, 1750-1815* (Liverpool, 2012), p.86.

sureties. Whilst King refrained from involvement himself, he introduced Byron to other, more willing, lenders.[138] There were clearly limits to voluntary compliance which suggest a need to be cautious about the Act's effectiveness in curbing borrowing by minors. The Act was less successful in regulating brokerage fees. Borrowers did protest when charges were levied in excess of the statutory maximum but, as considered in Chapter 4, intermediaries often found ways to avoid the provisions of the Act.

Compliance with enrolment provisions relied on the parties to a loan wishing to protect their ability to take subsequent legal action as, at that point, they would need to provide evidence of timely enrolment.[139] The Annuity Act contained no provisions to enforce enrolment. As a process enrolment followed long-established procedures at the court of Chancery for the recording of other documents such as private deeds and patents. It is likely that many of the participants in the annuity loan market, particularly lawyers, would have been familiar with this process and this may have encouraged compliance. Reference to enrolment was occasionally made in loan documents. On 3 May 1779 Edward Auger, the borrower, and Jane Newman, the lender, both of Eastbourne in Sussex, acknowledged that their agreement was 'required to be registered' and enrolment was recorded on 7 May.[140] The infrequency with which similar references occur suggest that enrolment was routine. The only reported contemporary case where enrolment was avoided was in 1793 when Hans

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[138] Richard Lansdown, *Byron's letters and journals: a new selection* (Oxford, 2015), p.98.
[139] In Anonymous, *The trial of James Gillham, an attorney, for demanding and receiving of Lord Falkland, Henry Speed, Esq. and D. Broughton, Esq. the sum of three hundred twenty two pounds, ten shillings, for procuring them the loan of two thousand, four hundred and fifty pounds, contrary to an act passed in the seventeenth year of his present Majesty. Tried in the court of the King's Bench, Westminster on the 20th February 1795 before Lord Kenyon and a special jury* (London, n.d.), p.59, William Huckston produced 'the memorials of the Enrollment Office' in court.
[140] TNA, C54/6556/30, Auger/Newman, 3 May 1779.

Winthrop Mortimer defaulted on the payment of an annuity of £200 due to John Symmons from whom he had borrowed £1,200. The loan had been made to help Mortimer cover the cost of maintaining his parliamentary seat. He was keen to avoid drawing publicity to his debt and arranged for the loan to be renewed every twenty days for six months to avoid the need to enrol it. Mortimer tried, unsuccessfully, to avoid his obligation by claiming that the enrolment procedures had not been properly followed.[141]

Sugden helped to frame a bill which was introduced into parliament in March 1813 to repeal the 1777 Annuity Act and substitute revised provisions. This legislation became known as Sugden's Act.[142] The preamble to this bill made reference to the conclusions of his enquiry, 'many of the Provisions contained in the [Annuity] Act [1777]…have not been found to answer the purposes for which they were passed'.[143] Detailed consideration of how Sugden's 1813 Act affected the continuing market for annuity loans lies outside the scope of this thesis but enrolment remained its principal regulatory mechanism. There were cosmetic adjustments to the procedures for enrolment and the form of the documents to be enrolled which were intended to reduce the opportunities for litigation on procedural grounds and to reduce the cost of enrolment for the borrower.[144] The most significant clause of his Act was not anticipated in Sugden's original enquiry. It gave blanket

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[141] Hunt, *Collection of cases*, pp.108-110; *ER*, Symmons v. Mortimer (1793) 5 T. R. 139; HOP, https://www.historyofparliamentonline.org/volume/1754-1790/member/mortimer-hans-winthrop-1734-1807 [accessed 30 October 2021].
[142] *Inrolment of grants of annuities* (53 Geo 3 c.141.), (the '1813 Act').
[143] A bill to repeal an act of the seventeenth year of the reign of His present Majesty, intitled, 'An act for registering the grants of life annuities, and for the better protection of infants against such grants' and to substitute other provisions in lieu thereof, *Journals of the House of Commons*, Vol. 68 (1812-1813), p.301.
[144] 1813 Act, sections 2 and 5.

authorisation to institutions such as insurance companies to make annuity loans.[145] This followed a period when several had already petitioned for specific parliamentary approval to do so as they sought additional uses for, and higher returns from, their investment funds.[146] The Westminster Society for insurance on lives and survivorships, and for granting annuities, began making loans in 1793. Royal Exchange Assurance began making loans in 1802 and loans by the Albion Fire and Life Insurance, made in the name of Warner Phipps, as secretary of Company, were first recorded in 1809. The pressure from institutional lenders to participate in making annuity loans was partly an economic decision but it also reflected an acceptance of annuity loans as legitimate by the wider financial community. Annuity loans remained a feature of the credit market until the usury laws were abolished in 1854.[147]

2.5 Conclusion

The Annuity Act represented an intervention by the state in the private credit market. This chapter has argued that legislation was introduced when the government perceived a challenge to its access to, and cost of, credit. It suggests that the government deliberately drew on long-standing concerns about the social and moral effects of credit to ensure support for its action. Framing a regulatory solution was far from straightforward as it could not risk disrupting the financial arrangements of the landed élite nor undermine confidence in the credit market. As a consequence,

[145] 1813 Act, section 3.
[146] Dickson, *The Sun Insurance Office*, p.258; Clive Trebilcock, *Phoenix Assurance and the development of British insurance, Vol. 1:1782-1870* (Cambridge, 1985), p.526. One example was for the Pelican Life Insurance Company (47 Geo. 3 c.88).
[147] Usury Laws Repeal Act (1854) (17 & 18 Vict. c.90). Compliance with the administrative procedures of the 1813 Act proved problematic and further clarifications were legislated in 1822 in the Memorials of Grants of Annuities Act (1822) (3 Geo 4 c.92); and in 1826 in the Memorials of Grants of Annuities Act (1826) (7 Geo 4 c.75).

the Annuity Act was something of a compromise when it emerged from the legislative process. It sought to restrain the use of annuity loans indirectly by creating a public record of transactions as a means of making participants more accountable. Contemporaries considered the Act unsuccessful in limiting annuity loans. Indeed, they suggested that it might have encouraged greater activity as the records of transactions gave lenders information about borrowers, which encouraged them to lend or helped them better manage their risk. The documentation template and registration process for annuity loans helped to reinforce their legality and legitimacy. This attracted new lenders and eventually encouraged institutional participation which ensured that annuity loans remained an element of the credit market for a further forty years.

Attempting to control the cost of credit by maintaining the usury laws was a mainstay of the state's regulation of the financial markets and was driven by concern about how competition from private credit might impact on the cost and availability of public debt. It has been argued that the consequent credit rationing acted as a brake on the development of private credit.[148] This hypothesis can be addressed using the extensive documentary record of borrowers and lenders created by the Annuity Act. The next chapter uses a longitudinal study of the annuity loans market to consider the extent to which it responded to changes in the public debt market. Later chapters will use the documentary record of borrowers and lenders created by the Annuity Act to consider the nature and motivations of borrowers and lenders and how credit relationships were initiated and maintained.

[148] Peter Temin and Hans-Joachim Voth, *Prometheus shackled*, p.77; Murphy, 'The financial revolution and its consequences', p.336.

Chapter 3: Annuity loans in the eighteenth-century financial market

The eighteenth-century financial market was dominated by the needs of the British state and its requirement to fund the costs of war and the maintenance of British interests abroad.[1] The state met its financial needs largely by way of borrowing, principally from British investors, and so competed with other borrowers for the funds held by investors and lenders.[2] Whether this was to the detriment of the economy was an issue which was debated at the time and has since been extensively considered by historians.[3] Over the course of the eighteenth century the state's debt requirements had also encouraged financial innovation so that, together with merchants' need to finance trade, a variety of credit instruments had become available to borrowers and lenders helping to establish the pre-eminence of Britain's financial market.[4] This chapter examines the position of annuity loans in this eighteenth-century financial world from two perspectives. Section 1, 'Annuity loans and the wider economy', uses a longitudinal record of activity in the annuity loan market between 1777 and 1813 to consider, for the first time, how a private credit market responded over an extended period to the economic circumstances and financial conditions of the later eighteenth century. It seeks to discover what effect the state's requirement for funds had on the availability of private credit. It also

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[1] Julian Hoppit, *Risk and failure in English business 1700-1800* (Cambridge, 1987), p.122; Anne L. Murphy, 'The financial revolution and its consequences' in Roderick Floud, Jane Humphries and Paul A. Johnson, (eds.), *The Cambridge economic history of modern Britain, volume 1:1700-1870* (Cambridge, 2014), p.321.

[2] Patrick O'Brien, 'Central government and the economy, 1688-1815' in Roderick Floud and Donald McCloskey (eds.), *The economic history of Britain since 1700* (Cambridge, 1994) p.213.

[3] Murphy, 'The financial revolution and its consequences' p.334.

[4] Stephen Quinn, 'Money, finance and capital markets' in Roderick Floud and Paul A. Johnson, *The Cambridge economic history of modern Britain, volume 1: industrialisation, 1700-1860* (Cambridge, 2004), pp.150-151; Larry Neal, 'The finance of business during the industrial revolution' in Floud and McCloskey (eds.), *The economic history of Britain since 1700*, pp.159-164.

considers what activity in the annuity loan market demonstrates about how financial actors responded to the impact of war and economic crisis. Periodic increases in the demands made by the government on the credit market can be seen reflected in a decline in the availability of private credit. Increased issuance of public debt often coincided with economic crisis or war which undermined lenders' confidence in the financial markets and made them more cautious in their willingness to lend.

Section 2 assesses how annuity loans were positioned within the credit market, an element of the wider financial market. It considers, firstly, what made annuity loans distinctive and set them apart from other credit instruments. Most significantly, borrowing using annuity loans was relatively expensive. This section argues that, as usury restrictions distorted the credit market and limited the accessibility of interest-bearing loans, annuity loans provided borrowers with alternative access to credit. They were also a financial asset offering lenders the opportunity to achieve greater returns than on many other forms of investment but with significant contingent risk. Developments in the market for life insurance provided an opportunity to manage this. Alongside these distinctive features the annuity loan market shared characteristics with conventional credit structures. Borrowers calculated how much they could afford to pay for credit to avoid the possible consequences of over-indebtedness. Lenders assessed and monitored the availability and certainty of income required to service the debt and used annuity loans as a mechanism for family provision and intergenerational transfer. This combination of novel features and established credit mechanisms supported activity in the market for annuity loans.

Section 1

3.1 Annuity loans and the wider economy

For much of the period considered by this thesis, and particularly between 1777 and 1813, 'wars and financial crises ravaged England'.[5] The threat of war, war itself and the negotiation of peace created uncertainty, disrupted trade and undermined confidence in the financial market. By drawing on contemporary commentary and analysing economic indices historians have identified the occurrence and constituents of financial crises. When the banker William Forbes described 1778 as a time when 'trade of every kind seems to be at a perfect stand owing to an uncommon great and general scarcity of money', this coincided with a rising level of bankruptcies and higher yields on public debt.[6] This pattern was repeated when the wars with France began in 1793. The British government largely financed its wars by borrowing and its debt increased fourfold from £136 million in 1777 to over £650 million in 1813.[7] Public debt competed with private finance for access to the limited credit market.[8] One of the ways in which it did so was by offering investors higher returns. The average yield on public debt rose from 4.5 per cent. in the 1780s to 4.9 per cent. in first decade of the nineteenth century and the yield on the benchmark government debt issue, the 3 per cent. Consols, touched 6 per cent. on occasion.[9] As interest rates on private debt were otherwise restricted to 5 per cent. by the prevailing usury laws, public debt became an increasingly financially attractive investment. The

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[5] Hoppit, *Risk and failure*, p.122.
[6] Hoppit, *Risk and failure*, p.132; Julian Hoppit, 'Financial crises in eighteenth-century England', *Economic History Review*, Vol. 39 (1) (1986), pp.40-41 and p.45; Stephen Conway, *The British Isles and the war of American Independence* (Oxford, 2000), pp.54-55; T. S. Ashton, *Economic fluctuations in England, 1700-1800* (Oxford, 1959), p.130.
[7] B. R. Mitchell and Phyllis Deane, *Abstract of British historical statistics (*Cambridge, 1962), pp.401-402.
[8] Hoppit, *Risk and failure*, p.123.
[9] Mitchell and Deane, *Abstract*, p.455.

appeal of public debt was further enhanced by its liquidity as there was an active stock market in which debt could be readily bought and sold.[10] Investors enjoyed a certainty of income as public debt paid interest regularly to a known timetable and there were straightforward administrative arrangements for claiming it.[11] By 1815 there were an estimated 250,000 investors compared with 60,000 fifty years earlier.[12] The extent to which investment in public debt affected the availability and cost of private credit has been much debated.[13] Joslin and Temin and Voth have all posited a direct relationship between the two. Hoare's Bank lost one sixth of its deposits between 1777 and 1780, in the first years of the war in North America, as clients withdrew their deposits to invest in public debt on which they could achieve a higher return. The bank had to reduce the amount it could lend to its private clients.[14] In a later war, Peter Dickson described how, in 1795, the Sun Insurance Office stopped lending its investment funds by way of mortgage and instead invested in public debt because the return was higher.[15] Until now there has been no attempt to assess whether these individual examples were typical of how private credit responded to war and financial crisis. Here data from the registers of annuity loans is used to

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[10] Anne L. Murphy, 'Performing public credit at the eighteenth-century Bank of England', *Journal of British Studies*, Vol. 58 (1) (2019), p.62.
[11] Murphy, 'The financial revolution and its consequences', pp.332-333.
[12] P. G. M. Dickson, *The financial revolution in England: a study in the development of public credit 1688-1756* (London, 1967), p.285; Ranald C. Michie, *The Global Securities Market: A History* (Oxford, 2006), p.53.
[13] Jeffery G. Williamson, 'Why Was British growth so slow during the Industrial Revolution?', *Journal of Economic History*, Vol. 44 (3) (1984), pp.687-712; C. E. Heim and Philip Mirowski, 'Interest rates and crowding-out during Britain's industrial revolution', *Journal of Economic History*, Vol. 47 (1987), pp.117-139; R. A. Black and C. G. Gilmore, 'Crowding out during Britain's industrial revolution', *Journal of Economic History*, Vol. 50 (1990), pp.109-131;C. E. Heim and Philip Mirowski, 'Crowding out: a response to Black and Gilmore', *Journal of Economic History*, Vol. 51 (3) (1991), pp.701-706; Gregory Clark, 'Debt, deficits and crowding out: England, 1727-1840', *European Review of Economic History,* Vol. 5 (3) (2001), pp.403-436; Murphy, 'The financial revolution and its consequences', p.334.
[14] D. M. Joslin, 'London bankers in wartime, 1739-84' in L. S. Pressnell (ed.), *Studies in the industrial revolution presented to T. S Ashton* (London, 1960), pp.172-173; Peter Temin and Hans-Joachim Voth, 'Credit rationing and crowding out during the industrial revolution: evidence from Hoare's Bank, 1702-1862', *Explorations in Economic History*, Vol. 42 (3) (2005), p.336.
[15] P. G. M. Dickson, *The Sun Insurance Office, 1710-1960* (Oxford, 1960) p.247.

determine the pattern of activity in that market between 1777 and 1813 to enable an assessment to be made. The first section (3.1.1) assesses the size of the annuity loan market in the context of other credit provision. Having established that it formed a significant element of the credit market, the next section (3.1.2) looks, firstly, at how the size of the annuity loan market changed during this period. The following section (3.1.3) considers the cost of credit. The section ends by drawing the amount and cost of annuity loan provision together to consider the extent to which annuity loans, as a form of private credit, were affected by activity in the public debt market.

3.1.1 The comparative significance of annuity loans as a source of credit

The previous chapter suggested that the Annuity Act was a response by the government to concerns that investment in annuity loans might threaten its own access to, and cost of, finance. The use of annuity loans as a means of funding for the troubled Ayr Bank had demonstrated a market size of at least £450,000 in 1773.[16] Annuity loans formed only one element of an extensive and dispersed credit market, many aspects of which defy measurement. Accordingly, the attempt here to measure the size of the annuity loan market relative to other forms of credit can only be tentative. The data captured for this thesis is based on loans which were enrolled in accordance with the Annuity Act. Other annuity loans may have been made where the participants chose not to comply with the Act. Details of redemptions were not recorded so it is not possible to ascertain the extent to which the total annual capital amount of annuity loans represented the commitment of new money or the refinancing of earlier loans nor to measure how much annuity loan credit was

[16] Paul Kosmetatos, *The 1772-73 British credit crisis* (Basingstoke, 2018), p.204.

outstanding at any time. From the data an average amount lent by way of annuity loans each year can be calculated, giving a figure was £714,000. This can be compared with three other sources of credit for which estimates of scale can be made: loans made by scrivener attorneys, institutional lending by insurance companies and lending by banks.

Michael Miles' study of the activities of attorneys in the West Riding of Yorkshire noted their lending activity. In one example John Howarth was lending an average of £3,914 each year between 1780 and 1796.[17] Whilst there are too few studies to judge whether Howarth was exceptional, his activity can be used to suggest a scale of lending activity. There were over 3,600 attorneys in England and Wales in 1780.[18] If they were all lending on Howarth's scale, which is unlikely, that would represent over £14 million of loans each year. Even if only ten per cent. of them were as active, their total annual lending would be more than £1.4 million. This represents double the average amount lent by way of annuity loans. It is also considerably larger than the credit provided by insurance companies. The Sun Insurance Office was one of the most active and deployed its investment funds in making short term loans and lending by way of mortgage. Its aggregate mortgage lending increased from £98,000 in 1750 to £345,000 in 1780.[19] By 1800, two of the largest insurance companies, the Equitable Assurance and Sun Insurance, together, held mortgage loans amounting to £775,805.[20] In comparison with the average

[17] Michael Miles, ''Eminent attorneys': some aspects of West Riding attorneyship, c.1750-1800' (unpublished PhD thesis, University of Birmingham, 1982), p.211.
[18] Penelope J. Corfield, *Power and the professions in Britain, 1700-1850* (London and New York, 1995), p.82.
[19] A. H. John, 'Insurance Investment and the London Money Market of the 18th Century', *Economica*, Vol. 20 (78) (1953), p.155; Dickson, *The Sun Insurance Office*, pp.245-251.
[20] These figures are balance sheet totals, representing cumulative amounts lent, rather than the amounts lent annually. John, 'Insurance Investment', p.155.

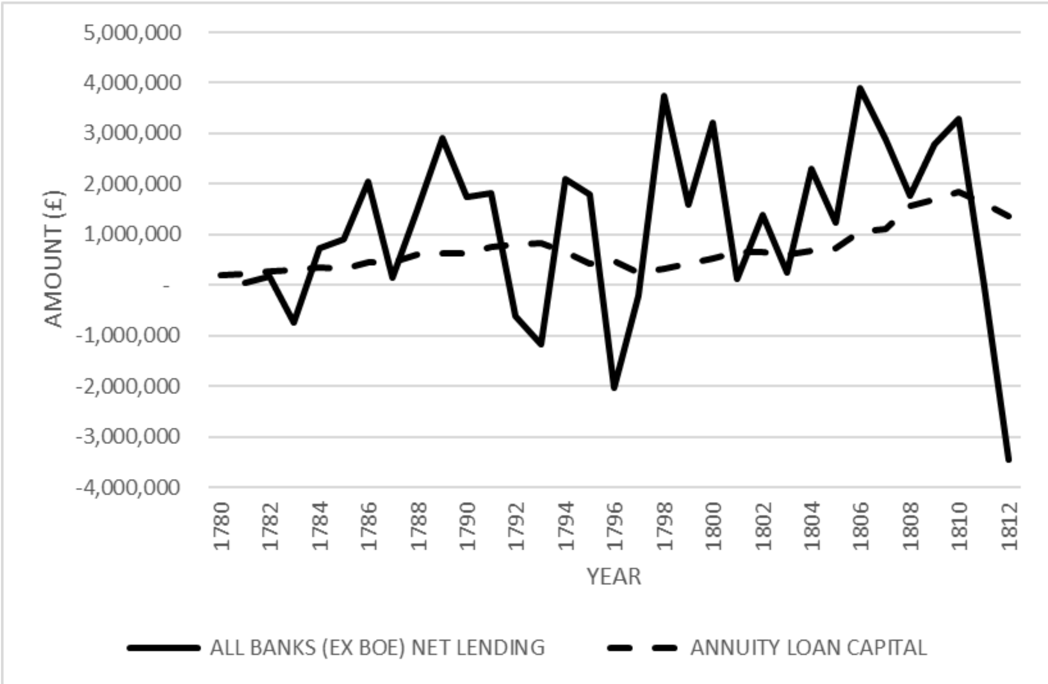
annual lending of £714,000 by way of annuity loans, the commitment of insurance companies to the provision of credit was relatively modest.

The later eighteenth century was marked both by an increase in the number of banks and an increase in banking activity, particularly following the Bank Restriction Act in 1797 until the economic crisis of 1810, resulting in an increase in bank assets. In his 2016 thesis, John Gent analysed the balance sheets of London and country banks between 1780 and 1845.[21] He attributed much of this asset growth to incremental lending. His conclusions, that banks made credit available both as loans made on a secured, probably longer-term, basis and, particularly after 1797, by discounting bills, representing short term lending, has recently been reaffirmed by Carolyn Sissoko.[22] Whereas the figures given above for lending by attorneys and insurance companies provide comparisons at a point in time, Gent's analysis provides a longitudinal picture of bank lending for comparison with annuity loan activity. Chart 3.1 below shows the amount of new lending each year by banks, excluding the Bank of England ('BOE'), using Gent's figures, compared with the capital value of annuity loans. The fluctuations in bank lending were more marked, reflecting its short-term nature. In periods of crisis, particularly in the early 1790s and after 1810, banks withdrew from the provision of credit. The general monetary easing after 1797 saw an increase in banks' activity. The annuity loans market

[21] John A. Gent, 'Abundance and scarcity: classical theories of money, bank balance sheets and business models, and the British Restriction of 1797-1818' (unpublished PhD thesis, London School of Economics, London, 2016). I am grateful to John Gent for supplying his data to me and for his permission to use it here. The methodology applied to this data and the conclusions drawn here are both solely the responsibility of the author of this thesis.
[22] Gent, 'Abundance and scarcity', pp.117-130; Carolyn Sissoko, 'Becoming a central bank: the development of the Bank of England's private sector lending policies during the Restriction', *Economic History Review*, Vol. 75 (2) (2022), p.610.

appears much less volatile. This was partly because the figure does not represent net lending but also reflects the longer-term nature of an annuity loan.

Chart 3.1: Comparison between the amount of bank lending and annuity loans, 1780-1812



An alternative method of assessing the significance of annuity loans compared with bank finance is to measure average lending. As Gent discussed in his thesis, the volume and nature of bank lending changed markedly in this period. The years following the Bank Restriction Act in 1797 were marked by a 'credit boom' and an expansion in bank lending.[23] This makes it difficult to draw comparisons between the amount of lending by banks and the amount lent by way of annuity loans over the period as a whole. Table 3.1 compares the annual average for new

[23] Gent, 'Abundance and scarcity', p.330.

bank lending with an annual average of annuity loans dividing the period into four to reflect the changing nature of bank lending.

Table 3.1: Comparison between average lending by banks and by way of annuity loans, 1780-1812

	Average net new bank lending	**Average annual annuity loan capital**
1780-1787	£1,355,150	£336,838
1788-1797	£1,210,176	£606,971
1798-1807	£4,146,654	£672,430
1808-1812	£1,661,257	£1,615,882

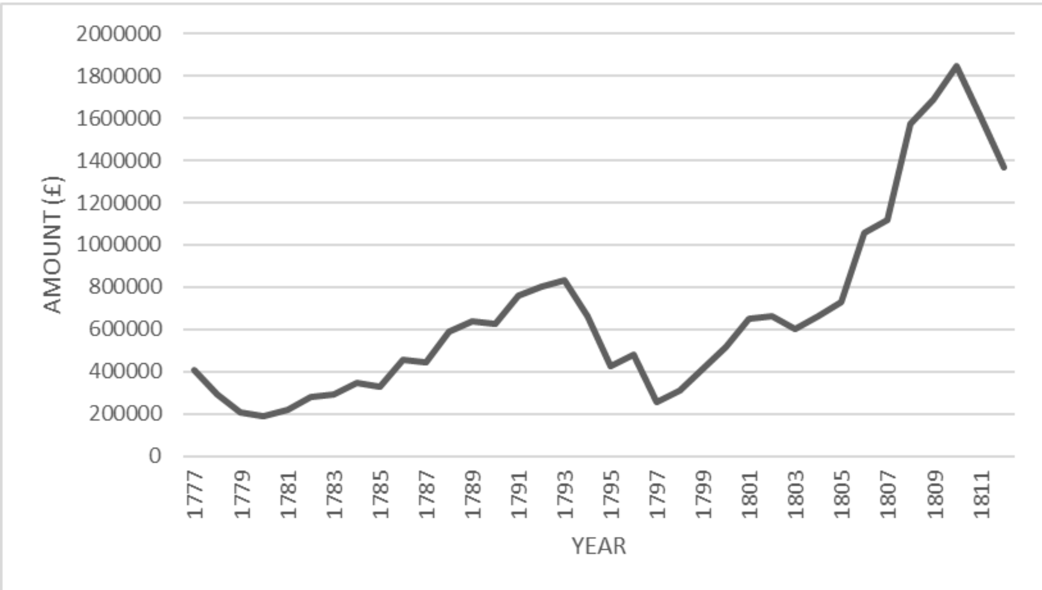
In the first period shown here annuity loans represented 25 per cent. of net new bank lending. As credit conditions deteriorated in the early 1790s this rose to 50 per cent. After 1797 banks became more involved in the provision of short-term finance by discounting bills and were able to lend more. In this period annuity loans represented less than 20 per cent. of bank lending. Once banks began to draw back from this market after 1810 annuity loans provided almost as much credit as the banks.

Whilst conclusions about the extent of credit activity in this period must necessarily be speculative, these comparative figures suggest that annuity loans represented a significant element of the market. Moreover, the availability of credit by way of annuity loans appears to have been much less volatile than the credit available from banks and other institutional lenders.

3.1.2 The size of the annuity loan market

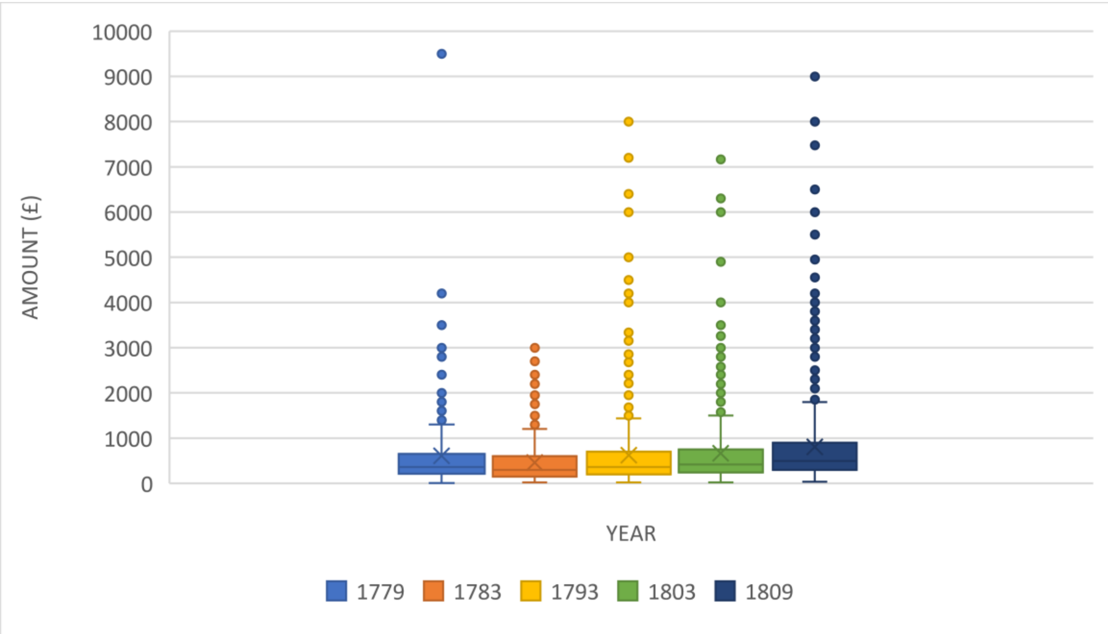
Chart 3.2 below shows the annual capital value of annuity loan transactions each year using data from enrolment registers. This was a record of new loans only. It is not possible to measure the amount of outstanding debt at any one time as there are few details of repayments and redemptions and there is no data at all on when individual loans were repaid or terminated by the death of the borrower. The chart shows an upward trend in the annual value of annuity loans during the period but with fluctuations. The volume of lending fell slightly between 1779 and 1781 and then again, more sharply, after 1793. Although lending resumed on an almost continuous upward trend from 1797, the annual value of loans did not recover to levels seen in the early 1790s until 1802. After that date the amount of lending continued to increase and reached a peak of £1.84 million in 1810.

Chart 3.2: The annual capital value of annuity loans, 1777-1812



An alternative approach is to analyse individual loan values and see how these might vary over time. The profile of individual loan size has been established for five sample years. The first year, 1779, provided a picture of activity in the early part of the period shortly after the Annuity Act had come into effect. The second year, 1783, marked a significant external event, the end of the war in North America and the beginning of a period of economic stability which saw significant growth in the number of annuity loans recorded. This ended in 1793, as the war with France began to impact on the market, and this year is the third one considered here. A further profile has been established ten years later in 1803 after several years of war when the demands of the public debt market were placing upward pressure on interest rates in the financial markets. The final year, 1809, was chosen as a year towards the end of the period. Chart 3.3 below analyses individual loan values in each of these years considered in this thesis. Most loan values fell within a limited range, represented by the boxes on this chart, but there were individual loans for larger amounts represented by the dots.

Chart 3.3: Distribution of individual loan values for five sample years



Note: Loans for more than £9,999 are not included. The number of these loans in each year was: 1779: nil; 1783: nil; 1793: 5: 1803: nil; 1809:18.

The numbers relating to the boxes on this chart are given in Table 3.2 below. In each year, except 1809, half of the loan values each year fell within a range between £150 and £750 represented by the first and third quartile figures (1st Q and 3rd Q), the upper and lower limits of the coloured boxes. Only a quarter of loan values were greater than the third quartile value, £650 in 1779, and a further quarter were smaller than the first quartile value, £215 in 1779. The mean value in each year is calculated by dividing the total capital value of the loans in that year by the number of transactions. The median loan value represents the mid-point of all loan values ranked according to size. This reduces the possible distorting effect of atypical large or small loans. The median loan size remained in a range between £300 and £400 until 1809 when it rose to £499.

Table 3.2: Size of individual annuity loans in five sample years

	1779	**1783**	**1793**	**1803**	**1809**
Mean	£609	£457	£681	£663	£912
Median	£360	£300	£364	£416	£499
1st Q	£215	£150	£200	£240	£300
3rd Q	£650	£600	£700	£750	£990
Number of loans	314	614	1,201	909	1,849

The pattern of lending in the annuity loans market demonstrated in these charts and in Table 3.2 can be related to the broader economic activity of the period. The amount of lending in the annuity loan market fluctuated from year to year as shown in Chart 3.2 above. The pattern of lending in the 1780s broadly reflects the financial crisis identified by Ashton which he located between 1780 and 1784 and which he associated with cash shortages due to hoarding and overseas remittances.[24] It also coincided with a rise in the government's demand for credit. Over £23 million of new public debt was sold in each of 1781 and 1782 and issuance remained at a high

[24] Ashton, *Economic fluctuations in England*, p.110 and pp.130-131.

level until 1784.[25] In this period the volume of annuity loans fell as shown in Chart 3.2 although the market did not collapse entirely. The median loan size as shown in Table 3.2 fell from £360 to £300 and the loan sizes were smaller, represented by the first quartile figure falling from £215 to £150. This suggests that those lenders who remained active responded to the crisis by being more cautious in the amount they were prepared to lend in a single transaction. After the war ended in 1783, credit conditions eased until the early 1790s although the median loan size only recovered to its 1779 level in 1793.[26]

The 1790s saw the most serious financial crisis of the century.[27] Between 1793 when France declared war on Britain, and 1797, the economy experienced a general contraction of credit due to the export of gold bullion to pay for the war, changes in the Bank of England's discount policy and failures amongst country banks.[28] On average £19.6 million of new public debt was sold each year between 1792 and 1802, compared with an annual average of £1.3 million in the preceding ten years of peace.[29] The annuity loan market responded in several ways. The size of the market contracted. As shown in Chart 3.2 the annual volume of new annuity loans fell by two thirds between 1793 and 1797, from £833,000 in 1793 to £253,000 in 1797. There is also evidence that some lenders sought to withdraw funds from annuity loans by assigning, effectively selling, their loans and recovering their capital. 1,026 assignments and redemptions are recorded between 1777 and 1813, of

[25] Conway, *The British Isles and the War of American Independence*, p.1; Ashton, *Economic fluctuations in England,* p. 131; Clark, 'Debt, deficits and crowding out', p.435.
[26] Ashton, *Economic fluctuations in England,* p.133.
[27] Hoppit, 'Financial crises', pp.54-56.
[28] John A. James, 'Panics, payments disruptions and the Bank of England before 1826', *Financial History Review,* Vol.19 (3) (2012), p.292; R. G. Hawtrey, *Currency and credit* (London, 1923), p.265.
[29] Figures calculated from Clark, 'Debt, deficits and crowding out', p.435.

which 60 per cent. occurred between 1789 and 1795. A further strategy for a concerned lender was to withdraw from new lending and several of the most active lenders did so. One lawyer, Thomas Chandless, the most active lender in the period considered by this thesis, had been lending an average of £5,000 a year in the early 1790s. Between 1793 and 1799 his lending fell to less than £800 a year. Another prolific lender, James West, made no loans at all in 1797 and 1798. A final indication of a reduction in lending capacity was the reduction in the number of newspaper advertisements seeking borrowers. Whereas there had been an average of three advertisements every month in 1792 only three advertisements in total appeared in 1796.[30] Financial crisis had prompted a sharp and temporarily sustained reduction in the availability of annuity loans, but the market did not close completely.

Credit conditions eased in the early years of the new century. Public debt issuance, whilst still substantial, fell relative to its levels in the 1790s. The annual average of new public debt sold each year between 1803 and 1812 was £13.6 million.[31] This presented a reduction of about £6 million a year. The Bank Restriction Act of 1797 removed the requirement for the Bank of England to convert banknotes into gold.[32] As noted above this had the effect of increasing note issuance and bank lending.[33] The annuity loan market also saw growth in this decade and an increase in the number and value of loans. The number of loans increased by 120 per cent. between 1803 and 1809. The total amount lent each year increased by five

[30] The advertising of annuity loans is discussed further in Chapter 4.
[31] Figures calculated from Clark, 'Debt, deficits and crowding out', p.435.
[32] Bank Restriction Act (1797) (37 Geo. III. c. 45).
[33] Ranald C. Michie, *British banking: continuity and change from 1694 to the present* (Oxford, 2016), p.62; John A. Gent, 'Abundance and scarcity', p.254.

times over the same period. Lenders became increasingly confident and made larger loans. The median loan size increased from £416 to £499 between 1803 and 1809. Three further factors lay behind this increase in activity and loan size. There was a greater demand for annuity loans by a new cadre of borrowers who had previously used mortgage finance. Mortgage loans, limited by the usury laws to a maximum interest rate of five per cent., became much less attractive for lenders compared with the returns they could achieve from investment in public debt. As lending by way of mortgage contracted, borrowers sought other means of credit.[34] By 1799 the lawyer Ambrose Weston was describing annuity loans as 'the only expedient by which landowners can borrow'.[35] Warner Phipps of the Albion Fire and Life Insurance Company later observed that the use of the term mortgage had become almost obsolete in this period.[36] These observations were later endorsed by the property lawyer, Edward Burtenshaw Sugden, whose interest in the annuity loan market was noted in the previous chapter. In his evidence to a parliamentary select committee on the usury laws in 1818, he noted that 'within the last few years many persons have borrowed money by way of annuity, who, in former times, did not engage in such transactions'.[37] Another property lawyer, the member of parliament, Richard Preston, blamed what he considered to be the poor condition of the land and agricultural interests on lack of access to mortgage finance and the much higher cost of annuity loans which were used instead.[38] The size of individual annuity loans

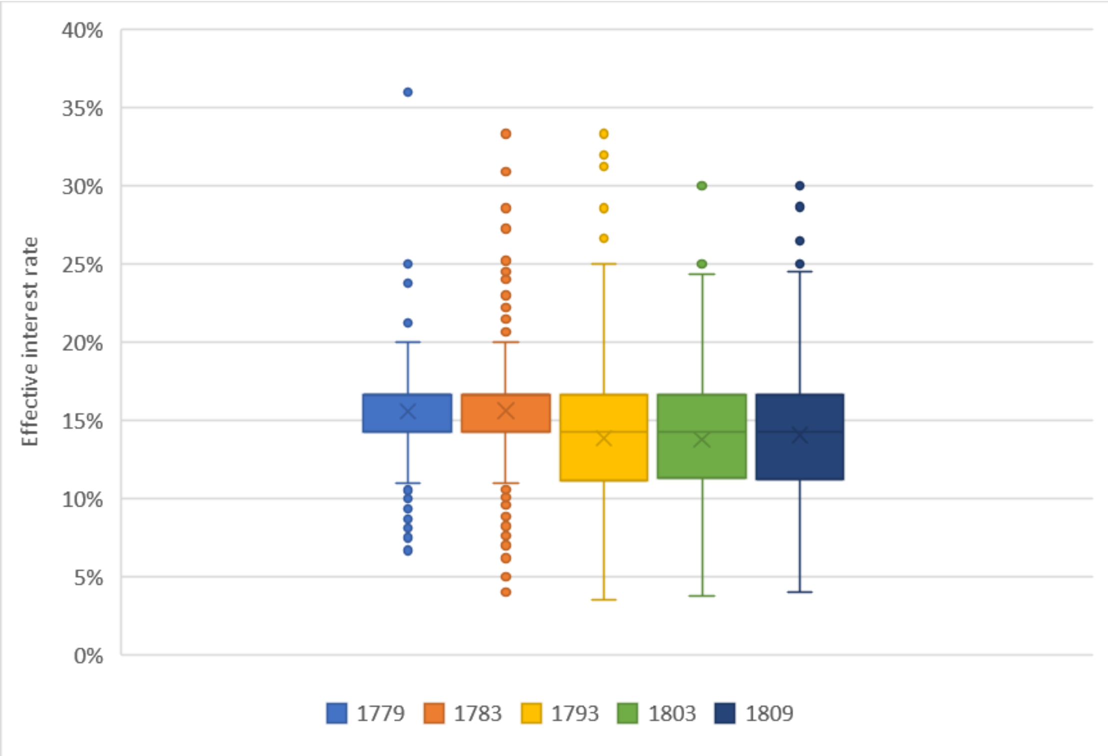
[34] Dickson, *The Sun Insurance Office*, p.247.
[35] Ambrose Weston, *Two letters, describing a method of increasing the quantity of circulating money: upon a new and solid principle* (London, 1799), Letter 2, p.7.
[36] *PP*, *Report from the Select Committee on the usury laws*, House of Commons Papers, Vol. 6 (1818), p.21.
[37] Joshua S. Getzler, 'Sugden, Edward Burtenshaw, Baron St Leonards (1781–1875), lord chancellor', *ODNB* [accessed 28 February 2021]; *Select Committee on the usury laws*, p.11.
[38] J. M. Rigg and Eric Metcalfe, 'Preston, Richard (1768–1850), writer', *ODNB* [accessed 28 February 2021]; Richard Preston, *A review of the present ruined condition of the landed and agricultural interests* (London, 1816), p.16; *Select Committee on the usury laws,* p.9.

increased as lenders were encouraged to make larger loans because they perceived these new borrowers to be more creditworthy. They had assets which they could otherwise have pledged as collateral for mortgages. As noted in the previous chapter, a third factor was a step-change in credit availability as institutional capital, principally from insurance company investment funds, began to be invested in making annuity loans. Although the total amount of annuity loans made by insurance companies before 1813 represented only between one and two per cent. of the total each year, the capacity of their investment funds enabled them to make relatively large individual loans. Royal Exchange Assurance made a single loan of £30,000 to Lord Southampton in 1808 and several other loans of between £4,000 and £8,000. These loans were much larger than the typical or median loan of around £500 in 1809.

3.1.3 The cost of annuity loans

How did the cost of an annuity loan respond to changes in economic conditions? Annuity loans did not state an interest rate. The parties to a loan agreed a capital amount and an annuity. For the purposes of comparison with interest-bearing credit, an effective interest rate for an annuity loan can be derived by dividing the annuity amount by the capital sum of each loan. This represented the return on the lender’s capital for as long as the annuity was paid. As the payment of the annuity was dependent on the life of the borrower, the term of the loan was highly variable and unpredictable. The consequent difficulty faced by the lender in calculating their return is likely to have been a factor in keeping the cost of annuity loans high and within a narrow range. The evidence given by the lender Richard Brown to the House of Commons committee in 1777 suggested that there was little differential in the costs charged by lenders. Six years purchase, equivalent to an interest rate of 16.6 per cent. per annum, was said to be the prevailing 'Market Price' for an annuity on the life of any borrower aged between 21 and 50.[39] As shown in Chart 3.4 below, representing the cost of annuity loans in each of the sample years, loans were contracted on various interest rate terms but the effective interest rate on most loans fell within a limited range of between 14 and 17 per cent. per annum throughout the period, shown in detail in Table 3.3 below.

Chart 3.4: Distribution of annuity loan effective interest rates for five sample years



[39] *PP*, *Report from the committee appointed to take into consideration the laws now in being against usury, and the present practice of purchasing annuities for the life of the grantor*, House of Commons Papers, (Vol. 31) (1775-1780), p.4.

Table 3.3: Effective interest rates on annuity loans in five sample years

	1779	1783	1793	1803	1809
Mean	15.58%	15.63%	13.86%	13.78%	14.05%
Median	16.67%	16.67%	14.28%	14.28%	14.28%
1st Q	14.29%	14.28%	11.10%	11.30%	11.23%
3rd Q	16.67%	16.67%	16.67%	16.67%	16.67%
Number of loans	314	614	1,201	909	1,849

The mean effective interest rate each year is calculated by dividing the aggregate of the annuity amounts by the aggregate capital sum in that year. A median interest rate has also been derived representing the mid-point of all interest rates ranked according to value. This reduces the effect of particularly high or low rates, which may not be typical. Both these values show that annuity loans became less expensive. Both the mean and the median interest rates fell, the latter from 16.67 per cent. in 1779 to 14.28 per cent. in 1809. A quarter of interest rates were greater than the third quartile rate (3rd Q), 16.67 per cent. in 1779, and a further quarter were smaller than the first quartile rate (1st Q), 14.29 per cent. in that year.

The third quartile rate was consistent throughout the period which suggests that there was an effective ceiling to the interest rate that most borrowers were prepared to pay. It corresponded with the figure given in Richard Brown's evidence to the House of Commons Usury committee. The cost of half of the loans contracted in each year fell in a range between the first quartile and third quartile rates. In 1779 this range was 2.38 per cent. At its widest in 1793 it was 5.57 per cent. and by 1809 it narrowed slightly to 5.44 per cent. If the terms of an annuity loan are assumed to reflect the lender's assessment of the borrower's creditworthiness, this suggests that lenders allowed for a greater variation in this at the end of the period than at the beginning. The fall in the median interest rate and the widening of this range over the period is consistent with the greater use of annuity loans by apparently more creditworthy borrowers by the end of the period whose credit was supported by more substantial assets, as noted above.

Making an annuity loan was an alternative to investing in other financial instruments. Of these, the investment returns on public debt and mortgages are the most readily and consistently measurable.[40] Chart 3.5 below plots the mean interest rate paid on annuity loans against the yield on public debt and mortgages. It shows how the yield on public debt increased above five per cent. in the mid-1790s and the interest rate on mortgages was thereafter limited to five per cent. by usury restrictions. The interest rate payable on annuity loans showed a gradual downward trend but was always substantially higher than the returns available from public debt or mortgages. As will be discussed in Section 2 below it was also difficult for lenders to realise their capital to allow them to reallocate their funds. Although this demonstrates that there appeared to be little financial incentive to switch investment from annuity loans to public debt, investors would also have considered other factors. Public debt and mortgages carried less risk to the investor, were more liquid and easier to buy and sell, and their returns were more predictable.

[40] See Clark, 'Debt, deficits and crowding out', p.416 for the returns available on other assets including land which have not been considered here.

Chart 3.5: The return on annuity loans, public debt and mortgages, 1777-1812

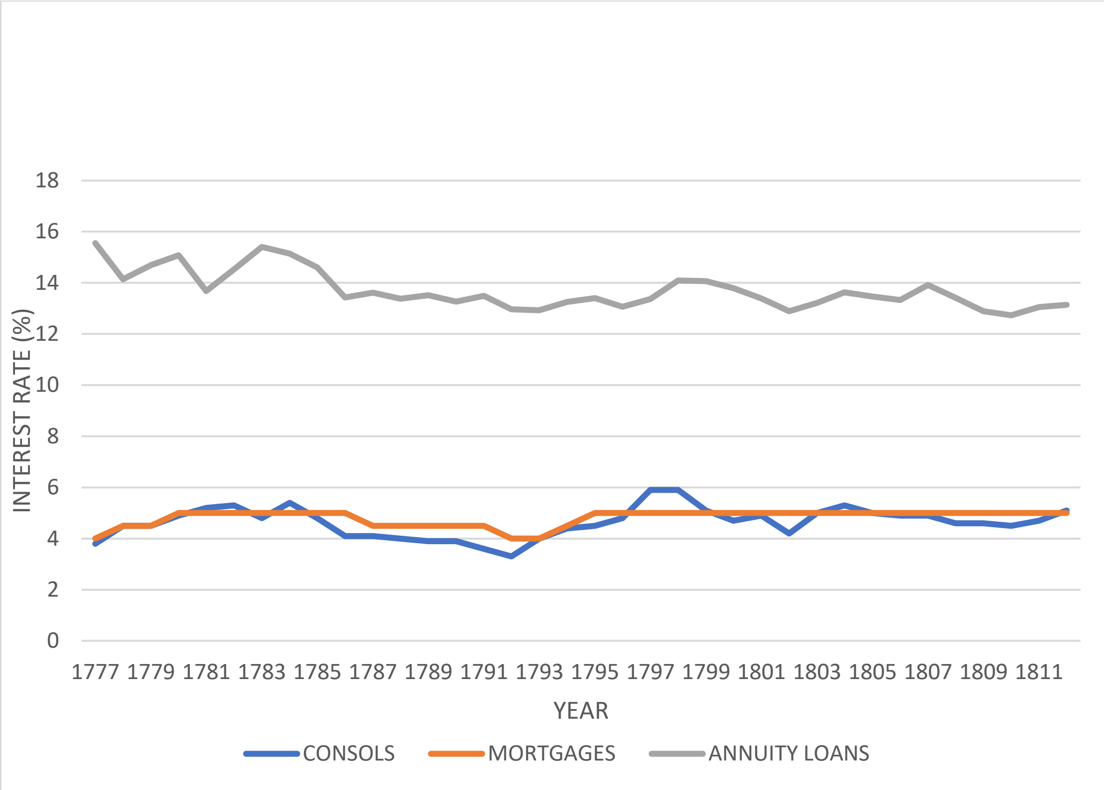


Table 3.4 below shows how the annual capital value of annuity loans compared with the annual capital value of public debt issuance. In periods when little public debt was issued, the amount lent in the annuity loan market rose. This was particularly the case in the late 1780s and early 1790s. In 1792 redemption of public debt outweighed new issuance to the extent of over £2 million. In that year a total of £801,000 of annuity loans were made. When net public debt issuance rose, particularly between 1795 and 1797, the volume of annuity loans fell. Although the characteristics of annuity loans did not readily allow lenders to take money out of that market and invest elsewhere these periodic reductions in new lending, particularly evident in the later 1790s, suggest that funds that might have been lent by way of annuity loans were instead either held as cash or were otherwise deployed.

Table 3.4: Comparison between the annual capital value of public debt issuance (net), and the annual capital value of annuity loans, 1777-1812

Year	Net public debt issuance (£m)[41]	Capital value of annuity loans (£m)
1777	4.30	0.41
1778	5.98	0.29
1779	7.90	0.21
1780	11.30	0.19
1781	12.20	0.22
1782	15.15	0.28
1783	11.37	0.29
1784	4.87	0.34
1785	1.06	0.33
1786	0.51	0.46
1787	(1.36)	0.44
1788	0.10	0.59
1789	(0.41)	0.64
1790	(0.48)	0.62
1791	(0.13)	0.76
1792	(2.07)	0.80
1793	6.70	0.83
1794	12.40	0.66
1795	22.80	0.42
1796	32.00	0.48
1797	28.30	0.25
1798	15.30	0.31
1799	19.70	0.42
1800	23.50	0.52
1801	22.60	0.65
1802	13.00	0.66
1803	10.60	0.60
1804	14.80	0.66
1805	17.70	0.73
1806	11.00	1.06
1807	11.20	1.11
1808	12.50	1.57
1809	11.60	1.69
1810	9.80	1.84
1811	14.80	1.61
1812	22.10	1.37

[41] Table 3.4 uses Gregory Clark's figures for net public debt sales based on the sale of debt minus redemptions. Clark, 'Debt, deficits and crowding out', p.435.

The data from the annuity loans market discussed here has enabled a picture of activity in a private debt market in the later eighteenth century to be created for the first time. Credit provision fluctuated. There were variations in the number of annual transactions and the amount of capital committed to annuity loans. Increasing numbers of loans were made in the 1780s but, in the mid-1790s, lenders appear to have reduced the individual size of their loans or even to have withdrawn from the market altogether. In the first decade of the nineteenth century, the number and value of annuity loans recovered. This pattern of activity does suggest a correlation with changes in economic conditions, particularly the war-related economic crises identified by Ashton, Hoppit and others, and confirms their observations that crises undermined confidence and led credit providers to be more cautious. War required to be financed and these crises often also coincided with increases in the amount of public debt issued. As public debt issuance pushed interest rates to the usury ceiling, annuity loans replaced mortgages as a form of credit. The consequent growth in the size of the annuity loan market was the result of increased credit capacity and a changing profile of borrowers. Activity in the annuity loan market in the period between 1777 and 1813 provides support for the argument that private credit provision was impacted by increases in the issuance of public debt and that the government's demand for funding crowded out private lending.

Consideration of the relationship between annuity loans, the wider economy and the public debt market has drawn attention to the characteristics of annuity loans, particularly their cost relative to other forms of debt and their relative illiquidity. These characteristics are considered further in the next section on the place of annuity loans in the credit market.

Section 2

3.2. Annuity loans and the credit market

In 1800 Robert Withy published his *Practical Treatise upon the Law of Annuities,* a collection of fifty templates for annuity loan agreements, variously structured depending on the nature of the borrower and the source of annuity payments. His handbook was intended to be used by his fellow lawyers to encourage good practice in the preparation of annuity loan agreements and ensure compliance with the provisions of the Annuity Act. In his introduction Withy described annuity loans as 'the mode of obtaining money for such …clients as are under any pecuniary pressure, and are necessitated to procure relief otherwise than by common loan'.[42] His description recognised that the eighteenth-century credit market provided various ways of obtaining money and that borrowers and lenders could use a variety of financial instruments.[43] Withy's *Treatise* was projected as a demonstration of his knowledge of the documentation of one particular form of credit. He differentiated annuity loans from 'common' loans to reinforce his individual expertise but how different were annuity loans?

Was Withy right to draw this distinction? This section will consider how annuity loans were positioned in the eighteenth-century credit market. It will consider what annuity loans offered that set them apart from other credit instruments and what characteristics they had in common to determine how distinctive annuity loans were as a financial instrument. As demonstrated in the previous section annuity

[42] Robert Withy, *A practical treatise upon the law of annuities: wherein the different securities for annuities, and the remedies for the recovery thereof, are exemplified. With the determinations of the courts on the construction of the Annuity Act* (London, 1800), p.viii.
[43] Quinn, 'Money, finance and capital markets', p.150; Hoppit, 'Attitudes to credit', p.306.

loans were a much more expensive means of borrowing than interest-bearing credit (as shown in Chart 3.5). The following section begins by considering annuity loans as a source of credit (3.2.1). It argues that annuity loans were used by borrowers who otherwise had only limited access to other forms of credit. They lacked collateral assets but could demonstrate regular income and were driven by calculations of what debt was affordable. Although annuity loans had no repayment provisions, borrowers had the option to redeem or repay them and were prepared to accept the cost as a means of raising funds on a temporary basis where they had few alternative sources. The next section (3.2.2) examines annuity loans from the lenders' perspective as financial assets. For lenders all debt transactions required the negotiation of an acceptable balance between risk, return and liquidity.[44] These issues are considered in turn. Annuity loans offered a much higher rate of return but with contingent risk. They represented a long-term commitment for the lender who could not recover their capital unless the borrower chose to redeem, or a sale or other disposal could be negotiated. Section 3.2.2 examines the methods adopted to manage these risks. It argues that the conventional view that investors in this period were risk-averse needs to be reconsidered.

The picture that emerges is that annuity loans were a distinctive high-cost, high-risk credit market. Activity was sustainable because borrowers' income supported annuity payments and because lenders could significantly reduce their risk using insurance. The market also drew on conventional credit structures and procedures. This use of familiar credit concepts was significant in encouraging the

[44] Holderness, 'Elizabeth Parkin and her investments', p.82; Amy M. Froide, *Silent partners: women as public investors during Britain's financial revolution 1690-1750* (Oxford, 2017), p.128.

participation of diverse borrowers and lenders whose participation is considered further in Chapter 5.

3.2.1 Annuity loans as a source of credit

The most obvious way in which annuity loans were distinguished from what Withy called 'common loans' was their cost. Access to credit using annuity loans came at a price as shown in Table 3.3 above. With an effective annual interest rate of between 14 and 17 per cent. they were far more expensive than other forms of debt whose interest rates were subject to the provisions of the usury laws which set a maximum legally permissible interest rate of five per cent. This usury limit appears to have been generally observed as breaches of usury laws left lenders open to prosecution and the imposition of financial penalties, but usury restrictions distorted the provision of credit.[45] They allowed lenders little opportunity to differentiate between borrowers on the basis of cost once the level of interest rates reached the maximum permissible. As interest rates coalesced at the maximum lenders would favour those borrowers who were perceived to be the most creditworthy or who could offer collateral. The widespread use of mortgage finance was evidence of this preference.[46] As a consequence of what Temin and Voth describe as credit rationing, borrowers without collateral or considered less creditworthy were likely to have more limited access to sources of interest-bearing credit.[47] They had to consider other means of raising funds. Annuity loans provided an alternative source of credit

[45] Norman Jones, *God and the moneylenders*: *usury and law in early modern England* (Oxford, 1989), p.144; Ashton, *Economic fluctuations in England,* pp.86-87; Temin and Voth, *Prometheus shackled,* p.75; Peter Mathias, 'Capital, credit and enterprise in the Industrial Revolution', *Journal of European Economic History*, Vol. 2 (1) (1973), p.132.

[46] B. L. Anderson, 'Provincial aspects of the Financial Revolution of the eighteenth century', *Business History,* Vol. 11 (1), (1969), p.12 and p.18; Albert J. Schmidt, 'The country attorney in late eighteenth-century England: Benjamin Smith of Horbling', *Law and History Review,* Vol. 8 (2) (1990), p.242.

[47] Temin and Voth, *Prometheus shackled,* pp.76-78.

for them.[48]

Annuity loans required the payment of a fixed amount, the annuity, for life but did not require the repayment of the capital amount so they were a form of credit for borrowers who had income to pay the annuity but did not have assets which might be utilised or even, *in extremis*, sold, to meet a lump sum repayment. This credit structure suited landowners who held only life interests in their estates. They had only limited access to land and property assets for use as collateral but had the benefit of the income generated by those assets, including rents. The widespread application of a form of inheritance arrangement known as strict settlement, which sought to preserve a landed estate intact for future generations, had created a significant group sharing these characteristics. They could use income from their estates to service annuity payments.[49] Newspaper articles published whilst the Annuity Act was being considered were at pains to point out how difficult it was for this group to access credit. The *Morning Post* argued that if 'lifeholder[s]'were precluded from raising money by way of annuity, they had few alternatives, 'he [the holder of a life interest] has no other mode'.[50] Other borrowers were also precluded from using asset-backed credit. Those involved in trade and commerce held their assets in the ongoing value of an income-generating business rather than in any land or property suitable for mortgage.[51] The growth of professional employment and government administration provided the opportunity for those without accumulated

[48] Ashton, *Economic fluctuations in England*, p.86.
[49] Hrothgar John Habakkuk, *Marriage, debt and the estates system: English landownership, 1650-1950* (Oxford, 1994), p.17; Christopher Clay, 'Property settlements, financial provision for the family, and the sale of land by the greater landowners, 1660-1790', *Journal of British Studies*, Vol. 21 (1) (1981), p.25; John Becket and Sheila Aley, *Byron and Newstead: the aristocrat and the abbey* (Newark and London, 2001), p.55.
[50] *Morning Post*, 18 March 1777.
[51] Hannah Barker, *Family and business during the Industrial Revolution* (Oxford, 2017), p.46.

assets to earn a regular income.[52] What all these groups could demonstrate was that they had the ability to service a loan.

The importance of income is demonstrated by examples drawn from individual loans. The use of annuity loan credit was driven by borrowers' assessment of its cost in relation to their income rather than any other measurement of its cost. Borrowers' primary concerns were to make careful calculations of what they could afford.[53] They worried about paying their debts because of the possible consequences of over-indebtedness which could damage their reputation and even lead to imprisonment.[54] In 1786 Cyprian Rondeau Bunce, a future mayor of Canterbury in Kent, and his wife Catherine, made it clear to the lawyer charged with arranging their loan that they had a limit on their annual borrowing cost of £300 because they were using a life annuity of that amount to service any loan. They raised £1,600 from two different lenders for which they paid annuities of £267 in total.[55] William Cullen declared his salary, as Inspector of Seamen's Wills, as evidence of his ability to meet the annuity of £200 on his loan of £1,200 from Robert Stone.[56]

An annuity loan potentially represented a lifelong commitment. Borrowers of annuity loans had no obligation to repay the capital but loan terms could include a redemption clause giving them that option and the flexibility to choose when to do

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[52] Paul Langford, *A polite and commercial people: England, 1727-1783* (Oxford 1989), p.65; Corfield, *Power and the professions,* p.230; John Brewer, *The sinews of power: war, money and the English state, 1688-1783* (London, 1989), p.79; H. M. Boot, 'Real incomes of the British middle class, 1760-1850: the experience of clerks at the East India Company', *Economic History Review,* Vol. 52 (4) (1999), pp.639-640.
[53] Tawny Paul, *The poverty of disaster: debt and insecurity in eighteenth-century Britain* (Cambridge, 2019), p.40.
[54] Paul, *The poverty of disaster*, p.122.
[55] William Hunt, *Collection of cases on the Annuity Act, with an epitome of the practice relative to the enrolment of memorials* (London, 1794), p.74.
[56] TNA, C54/6883/36, Cullen/Stone, 28 April 1788.

so.[57] Advertisements described annuity loans as 'redeemable at the pleasure of the Grantor' and as 'temporary loans' offering borrowers the prospect that any loan might only be short term.[58] Terms were negotiated between the parties to each loan but standard terms evolved which provided for redemption on the basis of the repayment of the capital sum together with any arrears and a premium of half a year's annuity. A borrower's assumption of being able to repay the annuity loan promptly was likely to have been a factor in accepting its relatively high cost initially as other sources of short-term credit were limited and relatively inflexible. Banks focussed more on money transmission rather than on lending.[59] Promissory notes and bills of exchange had fixed repayment dates.[60] It is difficult to assess the extent to which borrowers took advantage of these repayment provisions as the Annuity Act made no specific provision for recording that information. What appears to have been an informal process, according to one practitioner, whereby the clerks responsible for enrolment made notations on the enrolment registers against the original entry, does not provide a comprehensive record.[61] Nevertheless evidence from legal cases and from individual loan agreements indicate that some borrowers intended to repay their loan promptly. Cyprian and Catherine Bunce entered into the annuity loans referred to above on the basis that they would have the ability to repurchase the annuities at any time, a requirement they made clear in their instructions to the lawyer arranging the transaction.[62] The Reverend George Thomas

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[57] *ER*, Lord Irnham v. Child and others (1781) 1 Bro. C. C. 92; Withy, *A practical treatise*, p.13.
[58] *Morning Chronicle*, 17 April 1792; *Morning Herald*, 18 October 1800.
[59] Iain S. Black, 'The London agency system in English banking, 1780-1825', *London Journal*, Vol. 21 (2) (1996), pp.112-130; Iain S. Black, 'Private banking in London's West End, 1750-1830', *London Journal*, Vol. 28 (1) (2003), pp.29-59; Quinn, 'Money, finance and capital markets', p.159.
[60] Quinn, 'Money, finance and capital markets', p.157; Neal, 'The finance of business', p.159.
[61] Hunt, *Collection of cases*, p.271. Only 231 transactions are recorded as being redeemed, repurchased or cancelled between 1777 and 1813, an insignificant number compared with the total of over 47,000 transactions.
[62] Hunt, *Collection of cases*, p.74.

decided that he wanted to redeem his annuity loan three years after contracting it.[63] William Lane, a Westminster drawing master, and his wife Hannah, agreed to borrow £104 on the basis that they could repay the loan after three years, an intention they made clear in the loan agreement.[64]

3.2.2 Annuity loans as a financial asset

Studies of lenders and investors elsewhere in the financial market have identified the importance of three elements in the assessment of financial assets: return, risk, and liquidity.[65] The relative attractiveness of annuity loans for those lenders seeking income is apparent from the associated interest rates discussed above. An annuity loan earned a much higher rate of return than other financial assets. This section will consider firstly the risk and then the liquidity associated with annuity loans. It concludes by examining how annuity loans were used as a means of post-mortem provision for family members.

3.2.2.1 Risk

Granting credit was never risk-free but the return available to lenders of annuity loans recognised that value depended not just on the borrower's ability to pay the annuity, as with an interest-bearing loan, but was contingent on the borrower living at least long enough for the income from annuity payments to cover the capital outlay. The annuity stopped when the borrower died. In this respect annuity loans do not seem to fit with the profile of financial assets with which lenders and investors in

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[63] *True Briton,* 11 July 1794*; Bath Chronicle and Weekly Gazette,* 17 July 1794.
[64] TNA, C54/7282/10, Lane/Thomas, 19 October 1795.
[65] Holderness, 'Elizabeth Parkin and her investments', p.82; Amy M. Froide, *Silent partners: women as public investors during Britain's financial revolution 1690-1750* (Oxford, 2017), p.128.

this period have often been associated. They did not represent a risk-averse investment with a secure return.[66]

Whilst economic growth may have encouraged an element of risk-taking, annuity loans fit more appropriately with the results of more recent studies of lotteries and tontines, and of the involvement of tradesmen and merchants in high-risk enterprises, which suggest that lending and investing strategies reflected a range of risk profiles.[67] Annuity loans were potentially attractive financial assets but were associated with considerable risk unless lenders took measures to mitigate this. The most significant way that risk could be moderated was the use of life insurance. This enabled lenders to recover their capital in the event of the borrower's death. The use of life insurance here was not the first time it had been used in association with debt. Geoffrey Clark has traced examples of creditors insuring the lives of their debtors for part or all of sums owed in the sixteenth century and suggested that moneylenders in the early eighteenth century routinely insured the lives of clients as collateral for loans.[68] The Life Assurance Act, passed in 1774, established that one of the legitimate uses of insurance was for creditors to insure the lives of their debtors.[69]

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[66] Murphy, 'The financial revolution and its consequences', p.325; Bowen, *The business of empire*, p.85; Murphy, 'Performing public credit', pp.58-60; Froide, *Silent partners*, p.128.

[67] Hoppit, *Risk and failure*, Chapter 1; Sheryllynne Haggerty, *'Merely for money'? business culture in the British Atlantic, 1750-1815* (Liverpool, 2012), p.42; Anne L. Murphy, 'Lotteries in the 1690s: investment or gamble?', *Financial History Review*, Vol. 12 (2) (2005), pp.227-246; Bob Harris, 'Lottery adventuring in Britain, c.1710-1760', *English Historical Review*, Vol. 133 (561) (2018), pp.308-314; Bob Harris, 'Fantasy, speculation, and the British state lottery in the eighteenth century' in Elaine Chalus and Perry Gauci (eds.), *Revisiting the polite and commercial people : essays in Georgian politics, society, and culture in honour of Professor Paul Langford* (Oxford, 2019), pp.119-135; David R. Green, 'Tontines, annuities and civic improvements in Georgian Britain', *Urban History*, Vol. 46 (4) (2018), pp.649-694; Barker, *Family and business*, p.17; Sheryllynne Haggerty, 'Risk and management in the Liverpool slave trade', *Business History*, Vol. 51 (6) (2009), pp.817-834.

[68] Geoffrey Clark, 'Life insurance in the society and culture of London, 1700-75', *Urban History*, Vol. 24 (1) (1997), p.27.

[69] *Journals of the House of Commons* Vol. 34 (1772-1774), p.776; Life Assurance Act 1774 (14 Geo. 3. c.48); Timothy Alborn, 'A licence to bet: life insurance and the Gambling Act in the British

The use of insurance in the annuity loan market was facilitated by contemporary developments in the insurance market, particularly the better understanding of how mortality rates might be applied to calculate life insurance premiums. This enabled insurance companies to be established on a more sustainable financial basis, encouraged the introduction of more institutional capacity and encouraged competition in premium rates.[70] A visit to an insurance office to arrange life cover became a routine element of the arrangements for annuity loans. In 1786 Marmaduke Teasdale accompanied William Ross Darby and John Campbell to the offices of the Royal Exchange Assurance Company to arrange insurance.[71] By 1818 the lawyer James Gibbs noted that it was so common for lenders to take out life insurance on borrowers that he and his partner ran an insurance business alongside their legal practice.[72] Lenders retained an option to insure even when they did not do so at the initiation of a loan. In December 1799 the army officer James Rooke borrowed £600 from Francis Willince and agreed that he would appear personally at 'any office or place of insurance within the Cities of London and Westminster' for insurance to be arranged when requested to do so by the lender.[73] Insurance proceeds were sufficiently significant to be referred to in lenders' wills. Jane Eastland, one of the most active women lenders, made arrangements in her will for any 'insurance payouts', relating to her portfolio of loans, to be paid to her daughter.[74]

Courts' in Geoffrey Clark, Gregory Anderson, Christian Thomann, J. Matthias Graf von der Schulenberg (eds.), *The appeal of insurance* (Toronto, 2010), p.108.

[70] Geoffrey Wilson Clark, 'Betting on lives: life insurance in English society and culture, 1695-1775' (unpublished PhD thesis, Princeton University, 1993), pp.39-45; Robin Pearson, 'Thrift or dissipation? the business of life assurance in the early nineteenth century', *Economic History Review,* Vol. 43 (1990), p.238; P. G. M. Dickson, *The Sun Insurance Office,* p.258.

[71] *LL*, ref: LMOBPS450300068, Old Bailey Sessions: Sessions Papers Justices Working Documents 23 January 1786–18 December 1786, 13th June 1786 [accessed 23 August 2020].

[72] *Select Committee on the usury laws,* p.28.

[73] TNA, C54/7551/7, Rooke/Willince, 24 December 1799.

[74] TNA, PROB 11/1597/36, will of Jane Eastland, 1817.

Other risk mitigation measures used structures common to the other forms of debt: the assessment and control of income and the use of sureties. Lenders were reliant on borrowers' servicing their debt and on ensuring, as far as possible, the availability and certainty of income to pay the annuity. They sought borrowers with a regular income as indicated by the newspaper advertisement placed by Cox and Co., army agents, who appealed for 'Nobility, Clergy, Ladies of Distinction and other persons possessed of incomes for life'.[75] Loan agreements occasionally referred to the amount and source of income, perhaps indicating that it was disclosed to the lender as part of the loan negotiations. William Souter stated that his annual pay as a Lieutenant Colonel in the Marines was £290.[76] George Herbert was in receipt of £90 a year as an army major on half pay.[77] The Reverend Philip Bigg Roberts was the Rector of Longford in Derbyshire where the church property was said to generate a yearly income of £180.[78] In the same way that borrowers assessed what they could afford, lenders judged their credit decision according to the borrower's known income and existing commitments. Henrietta Inge made three loans to James Johnson, a major in the Marines based at Portsmouth. An initial loan of £180 in 1777 was followed by a loan of £90 in 1784 and a further £42 in 1785. The associated annuities were £30, £15 and £7. The decreasing size of the second and third loans reflected the extent to which the lender judged Johnson's income was already committed to annuity payments.

[75] *Morning Chronicle*, 12 July 1808.
[76] TNA, C54/6679/28, Souter/Engel, 1 May 1783.
[77] TNA, C54/6683/41, Herbert/Fothergill, 27 October 1783.
[78] TNA, C54/6683/42, Roberts/Hart, 24 October 1783; Philip Bigg Roberts (CCEd Person ID 75164) [accessed 18 April 2022].

Lenders could seek informal agreements or pledges within the annuity loan structure to capture a borrower's income. In 1779 Thomas Fitter assigned his pay as a deputy patent searcher at the Custom House in London to the lender, coal merchant William Willson.[79] Thomas Noel, the rector of Kirkby Mallory and Elmersthorpe in Leicestershire, pledged his income from those parishes to the victualler Francis White in respect of total annuities of £100 due on two loans made in 1800.[80] In other circumstances lenders made more formal arrangements to secure the income required to pay the annuity. This was particularly the case for military personnel. The lawyer, Joseph Neeld, acting for the lender, William Goodwin, was granted power of attorney to apply to the army agents, Cox and Greenwood, to receive £20 a year from the salary of Charles Martyn, an ensign in the 30th Regiment of Foot, as part of the arrangements made for Martyn's annuity loan of £120.[81] William Clayton, a lieutenant in a Highland regiment, agreed that the regiment's agent, Andrew Lawrie, would pay Ann Ougston, as the lender, the annuity of £30 from his half pay to service his loan of £180.[82]

Where a single income was considered insufficient or already committed elsewhere, lenders and borrowers could negotiate the involvement of sureties or co-borrowers as additional support for annuity payments. The advertising intermediary Henry Jackson described this as having the payment 'being guaranteed by some responsible friend'.[83] The concept of suretyship was long-established in the legal

[79] TNA, C54/6556/32, Fitter/Willson, 4 May 1779.
[80] TNA, C54/7551/6, Noel/White, 9 January 1800; Thomas Noel (CCEd Person ID:71600) [accessed 28 February 2021].
[81] TNA, C54/6709/11, Martyn and Pye/Goodwin, 30 March 1784.
[82] TNA, C54/6948/21, Clayton/Ougston, 18 December 1789.
[83] *London Courier and Evening Gazette*, 4 March 1805.

system and in the credit market.[84] The use of sureties reflected lenders' assessment of credit quality both relative to the size of loans and their opinion of the borrower. Sureties were perceived to be an effective tool for ensuring currency of annuity payments or for improving the likelihood of recovery from at least one of the parties in the event of default. The Reverend William Avarne, the curate at Boughton Monchelsea in Kent, wanted to borrow £600. The lender, John Straton, of Carnaby Market in London, was only prepared to advance £575 and to do that required that the surety, another clergyman, the Reverend William Rastall, agree to commit the income from his Nottingham parish to support payment of the annuity.[85]

Two approaches to suretyship are evident in the records of annuity loans. In the first of these, 'co-borrowing', two or more borrowers shared the capital amount paid for the annuity, the loan proceeds, and each became jointly and severally responsible for the payment of the whole annuity until the death of the last surviving borrower, unless the loan was repaid. In the other approach, the surety agreed joint and several liability and to pay the annuity if the borrower did not do so but did not benefit from the loan proceeds. Entries in the enrolment registers enable suretyship arrangements to be identified but do not distinguish between the two forms. Where a loan was made to two or more participants, whether co-borrowers or sureties, each

[84] Robert B. Shoemaker, *Prosecution and punishment: petty crime and the law in London and rural Middlesex, c.1660-1725* (Cambridge, 1991), p.25; Joanne Bailey, *Unquiet lives: marriage and marriage breakdown in England, 1660-1800* (Cambridge, 2003), p.33; Elise Dermineur, 'Trust, norms of co-operation, and the rural credit market in eighteenth century France', *Journal of Interdisciplinary History*, Vol. 45 (4) (2015), p.501; Alexandra Shepard, 'Minding their own business: married women and credit in early eighteenth-century London', *Transactions of the Royal Historical Society*, Vol. 25 (2015), p.59; Oscar Gelderblom, Mark Hup and Joost Jonker, 'Public functions, private markets: credit registration by aldermen and notaries in the Low Countries, 1500-1800' in Marcella Lorenzini, Cinzia Lorandini and D'Maris Coffman (eds.), *Financing in Europe* (London, 2018), pp.187-188.

[85] William Avarne (CCEd Person ID:153054); William Rastall (CCEd Person ID:18845) [both accessed 18 April 2022]; *ER*, Straton v. Rastall and another (1788) 2 T. R. 366.

was listed as a separate entry in the alphabetically ordered registers.[86] The extent to which sureties' own lives were committed to the transactions and the extent to which they shared in loan proceeds is only evident in the detail of the loan documentation recorded in the close rolls.

The use of suretyship in the wider credit market has not previously been capable of measurement. Data from the enrolment registers shows the extent to which sureties were used in annuity loans and how the proportion of loans involving sureties increased over time. As shown in Table 3.5 below, there was a marked increase in the use of sureties, from 11 per cent. of transactions in 1779 to 31 per cent. in 1809. As the size of individual loans also increased in this period, from a median of £360 to £499 (see table 3.2 in Section 1 above) the greater use of sureties suggests that lenders demanded additional support for extending greater amounts of individual credit.

Table 3.5: Transactions involving sureties as a proportion of annual annuity loan transactions

Year	1779	1783	1793	1803	1809
Proportion of loan transactions involving sureties	11%	17%	27%	23%	31%
Number of transactions	314	614	1,201	909	1,849

Acting as a surety was conventionally considered an act of neighbourliness and an element of an individual's social obligations and this is evident in their use in

[86] Where the borrowers share the same initial letter of surname they are grouped on one line against a single entry for the lender.

association with annuity loans.[87] Family members were called on as a source of financial support and sureties could be drawn from a borrower's family.[88] James Bragg Russell, a Fetter Lane hosier and hatter, was joined by his father James, also a hatter, in the loan of £300 they borrowed from the businesswoman Eleanor Coade in 1783.[89] Local neighbours or occupational associates were other sources of sureties. The Reverend Daniel Addison, headmaster of Thirsk Grammar School, acted as surety for Cornelius Cayley, an officer in the 77th regiment, who was the son of a local Thirsk family.[90] Thomas Shiel, an army surgeon in the 46th Regiment, borrowed £150 from London furrier Charles Hinrichs in 1783 with his colleague, George Matthew, a captain in the same regiment, acting as surety.[91]

Neither prudent assessment of a borrower's income, calling on another's better reputation and economic resources nor insurance could mitigate all the risks that lenders faced. In 1778 Henrietta Inge purchased an annuity of £120 from Henry Fanshawe, an army officer, in return for her loan of £720. In 1783 Fanshawe fled abroad to escape his creditors, eventually settling in Russia.[92] All Inge could do was give the details of the loan in her will and urge her family to pursue the debt if it made sense to do so.[93] Charles Cox, who acted as surety for Henry Purchas, died and

[87] Gregory Anderson, 'Honesty, fidelity and insurance in eighteenth- and nineteenth- century England' in Clark, Anderson, Thomann and Graf von der Schulenberg, (eds.), *The appeal of insurance*, p.155; Craig Muldrew, *The economy of obligation: the culture of credit and social relations in early modern England*, (London, 1998), p.160; Paul, *The poverty of disaster*, p.223.
[88] Barker, *Family and Business*, p.125; Amy Harris, *Siblinghood and social relations in Georgian England* (Manchester, 2012), p.73; Margot C. Finn, *The character of credit: personal debt in English culture, 1740-1914* (Cambridge, 2003), p.28.
[89] TNA, C54/6683/32, Russell and Russell/Coade, 17 October 1783.
[90] TNA, C54/6831/11, Addison and Cayley/Thompson, 14 March 1787; Daniel Addison (CCEd Person ID 84052) [accessed 18 April 2022].
[91] TNA, C54/6679/31, Shiel and Matthew/Hinrichs,15 April 1783.
[92] H. C. Fanshawe, *The history of the Fanshawe family* (Newcastle upon Tyne, 1927), pp.280-286. Henry Fanshawe had a distinguished military career in Russia and was rewarded with an estate near Warsaw. He died in February 1828.
[93] TNA, PROB 11/1196/60, will of Henrietta Inge, 1790.

when Purchas was unable to meet his debts, the lender had little option but to commit him to debtors' prison as a means of compelling him to fulfil his agreement to pay the annuity.[94]

3.2.2.2 Liquidity

The ability to buy and sell and the ready availability of price information were important factors in encouraging investment in public debt.[95] The extent to which lenders of private credit instruments could liquidate their investment was more limited.[96] A profitable annuity loan for a long-lived borrower was, at the same time, a long-term commitment for the lender who could not recover his capital unless the borrower chose to redeem, or a sale or other disposal could be negotiated. A lender could not force redemption or repayment. Annuity loans could be assigned, effectively sold, using the same procedures as mortgages, by transferring the debt to a third party, without requiring the agreement of the borrower. A small number of annuity loans were sold at public auctions but liquidity in the market for annuity loans was mainly provided through private negotiation between lenders.[97] In 1789 the lawyer Gregory Bateman was in the process of liquidating his assets as he had overextended himself in building an elegant house in Kentish Town.[98] He assigned eight annuity loans to another lawyer active as a lender, John Symmons, at a price equivalent to the capital amounts he had originally lent.[99] John Hayward, a Treasury

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[94] *London Gazette*, 1 August 1797; Alexander Wakelam, *Credit and debt in eighteenth-century England: an economic history of debtors' prisons* (London, 2020), p.35.
[95] Ranald C. Michie, *The London Stock Exchange: a history* (Oxford, 1999), p.25. Murphy, 'The financial revolution and its consequences', p.332; Neal, 'The finance of business', p.163.
[96] Anderson, 'Provincial Aspects', p.19.
[97] The author has located references to 27 newspaper advertisements for auctions of annuities during the period 1770-1813.
[98] *BHO*, 'Highgate Road and Kentish Town Road, east side' in Percy Lovell and William McB. Marcham (eds.), *Survey of London:* Vol. 19, the Parish of St Pancras Part 2: Old St Pancras and Kentish Town, (London, 1938), pp.33-51 [accessed 28 February 2021].
[99] TNA, C54/6948/6, Bateman/Symmons, 16 December 1789.

official, assigned to his sister and brother the annuity of £50 due to him from co-borrowers George Augustus North and George Douglas in respect of his loan of £350 made in 1782.[100] It is difficult to assess the extent to which lenders assigned their loans. According to the guide written by lawyer William Hunt, assignments were required to be noted in the enrolment registers but the evidence from the records is that not all memorials of assignment deeds were so designated.[101] There are 670 references to assignment in the registers, an insignificant number in the context of 47,000 transactions. Even allowing for under-recording this is an indication that annuity loans were not a readily transferable financial asset but that this issue appeared to be of relatively little concern to the lenders.

3.2.2.3 Provision for family

The death of the lender of an annuity loan did not terminate the loan contract and annuity payments continued to be due to their 'heirs and assigns' until the death of the borrower. This enabled the benefit of annuity loans to be passed on by the original lender to other members of his family or to third parties by making provision in his or her will. This was a significant consideration in any eighteenth-century investment strategy as the death of the principal income provider could result in subsequent financial hardship for his family.[102] Investment in heritable financial assets providing a continuing regular income was one way of addressing this concern. Annuity loans were a vehicle for family provision, a financial asset suitable

[100] TNA, C54/6677/5, North and Douglas/Hayward, 17 January 1782**.**
[101] Hunt, *Collection of cases,* p.36.
[102] D. Green, 'To do the right thing: gender, wealth, inheritance and the London middle class' in Anne Laurence, Josephine Maltby and Janette Rutterford (eds.), *Women and their money, 1700-1950: essays on women and finance* (London, 2009), p.134; Barker, *Family and business*, p.48; Alastair Owens, 'Property, gender and the life course: inheritance and family welfare provision in nineteenth-century England', *Social History*, Vol. 26 (3) (2002), p.316; Geoffrey Clark, *Betting on lives: the culture of life assurance in England 1695-1775* (Manchester, 1999), p.168.

for intergenerational transfer, a characteristic they shared with other widely held financial assets including mortgages and public debt.[103] A.M., an otherwise anonymous broker, advertised in 1778 that annuity loans were suitable for 'Any person desirous of providing for children by way of annuity'.[104] Ann Scurfield, a milliner whose business was located in fashionable Berkeley Square in London, used her portfolio of annuity loans to provide for her family in County Durham. She had made seven loans between 1780 and 1790 to a select group of borrowers including members of parliament, aristocrats, clergymen and an army officer. In her will, proved in December 1790, she left an annuity of £50 due from the loan made to an army officer, John Flory Howard, to her brother George. Her brother Robert Scurfield was to receive the annuity of £40 due from the Honourable Thomas Parker for which she had paid £240 in June 1789. The distribution of her annuity loan portfolio indicates that loans were considered suitable investment assets for both genders as another annuity, of £14, due from John Spencer Smith, she left to her sister Sarah.[105]

Any assessment of the usefulness and value of annuity loans for intergenerational transfer is complicated as little is known about the progress of most transactions. The Chancery records of annuity loans did not include any information about their subsequent performance once the initial transaction was recorded. No particulars were given there about the deaths of borrowers nor any comprehensive details of when loans were repaid. The variable longevity of annuity loans was

[103] Murphy, 'Performing public credit', p.77.
[104] *General Advertiser and Morning Intelligencer*, 30 May 1778.
[105] TNA, PROB 11/1199/110, will of Ann Scurfield, 1790*;*
HOP, https://www.historyofparliamentonline.org/volume/1790-1820/member/smith-john-spencer-1769-1845 [accessed 15 July 2021].

demonstrated in the case of James Milbourn of Green Street, Grosvenor Square in London. Between 1791 and 1812 Milbourn made twenty loans. When he died in 1826, he left his son Robert two annuities, one for £100 and the other for £40, both due from Thomas Fleming, in respect of loans contracted in 1802 and 1803, over twenty years earlier. Milbourn continued to lend after the period considered by this thesis. His will includes references to another loan, contracted in 1814, and six others dated between 1818 and 1820, which he left to his other sons. The borrowers of his other eighteen loans made before 1813 had either died or repaid and the loans were no longer current. In the case of another lender, Henrietta Inge who died in 1790, payments were still being made on six of her fifteen outstanding annuity loans in 1793 when an account of her estate was prepared. One of these, an annuity of £36 due from Colonel Duncan Campbell of the Marines, in respect of a loan contracted in June 1778, continued to be paid to her estate until 1805.[106] Other borrowers undoubtedly took advantage of the death of the lender to stop payment. William Maxwell paid the annuity of £20 due in respect of his loan from John Broomhead for six years after Broomhead's death in 1794. He then stopped and sought, unsuccessfully, to avoid paying any longer by asking for the transaction to be set aside.[107]

Annuity loans were financial assets that potentially offered lenders substantially higher returns than other forms of credit. They also involved risk of capital loss and a lack of liquidity. Lenders sought to manage these risks with a combination of insurance, assessment of income and the use of sureties.

[106] TNA, C101/4394, Chancery Masters' Account Books, Inge v. Inge (1801-1811).
[107] *ER*, Maxwell, ex parte (1801) 2 East, 85.

3.3 Conclusion

The activity of the annuity loans market has enabled a longitudinal picture of activity in a private debt market in the later eighteenth century to be created for the first time. Credit provision fluctuated and the pattern of activity suggests a correlation with changes in economic conditions. War-related economic crises undermined lenders' confidence and reduced the amount of money they were prepared to commit to new loans. Annuity loans were difficult for lenders to transfer or liquidate and their high effective interest rate provided little financial incentive to switch into other financial assets. Tracing the extent to which new capital was committed to annuity loans shows a pattern whereby, in periods of increased issuance of public debt, less money was directed towards annuity loans. This suggests that funds that might have been committed to annuity loans were placed elsewhere and that government demand for funding periodically crowded out private credit. The returns available from annuity loans were attractive to lenders as long as they could manage their risk using sureties and life insurance.

How far were annuity loans differentiated from other sources of credit or what Robert Withy called 'common loans'? Annuity loans were distinctive in several ways. They offered an alternative to collateral-reliant finance and were driven instead by borrowers' income: credit relied on the borrower's life, and capacity to generate income to service the loan, rather than his assets. Their structure enabled lenders to achieve a higher rate of return than that available from usury-restricted credit. The use of life insurance was critical as a means of limiting lenders' risk. At the same time there were several elements which would have been familiar from elsewhere in the credit market. Annuity loans provided a regular income. The assessment of the borrower's income represented the adoption of conventional lending procedures. Lenders also relied on established methods of suretyship. As annuity loans had no set repayment date, lenders had to rely on techniques of assignability, as used in other forms of credit, to manage their liquidity. The long-term commitment inherent in an annuity loan made them suitable as a means of family provision particularly for those lenders who relied on income rather than assets. Annuity loans combined the innovative and the conventional which encouraged the participation of a diversity of borrowers and lenders whose involvement will be examined in Chapter 5.

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Chapter 4: Intermediation in the annuity loan market

In March 1805 the following advertisement appeared in a London newspaper,

> ANNUITY LOANS.
>
> THE Power of Mr. H. JACKSON, in effecting the most capital, or less important ANNUITY LOANS, and on superior Terms, being now, from so many years professional Practice, and the extent and opulence of his Connections, become pre-eminently distinguished (doing utterly away the risk of unavailing negotiation in other channels), he presumes it is irrequisite for him, henceforth, to otherwise than briefly remind the Nobility, Persons of Fashion or Fortune, the Clergy, Ladies, and all others possessing LIFE-INCOMES, or having Estates in ABSOLUTE RIGHT, giving Security thereon, and paying ANNUITY-INTEREST, until it suits them to re-pay the PRINCIPAL; or giving only PERSONAL security, the Interest (not the Principal), in that case, being guaranteed by some responsible friend; that they will ALWAYS experience in HIS Mediation, an accommodation of any Sum, from 150l. to 20,000l. or more; and the accomplishment prompt and secret, as just, gentlemanly, and certain.
>
> Letters, with real names and address, and the postage paid, directed to Mr. H. Jackson, to be left, as usual, at the Bar of the New Chapter Coffee House, Duke's Court, Long Acre, will find every due respect, and a confidential appointment at the author's house, the West end of the Town.[1]

[1] *London Courier and Evening Gazette*, 4 March 1805.

Henry Jackson's newspaper advertisement was one of over two thousand advertisements for annuity loans published between 1735 and 1813. His offer mirrored the proposals made by hundreds of other advertisers. Two-thirds of those advertisements referring to annuity loans also offered other financial facilities and services such as mortgages, the discounting of personal bills, stockbroking and conveyancing but Jackson chose to focus on the attractions of annuity loans. What set his advertisement apart was Jackson's explicit reference to his role of 'Mediation'. In James Barclay's popular *Complete and Universal English Dictionary,* with its emphasis on technical terms, mediation was defined as interposition or intervention.[2] Jackson was not offering to lend money himself but to connect borrowers with those who had funds. Whilst the contemporary audience might have been familiar with how intermediation worked in their local credit markets, Jackson provided them with the opportunity to make contacts beyond the limits of their personal connections.[3] He made his offer through the impersonal medium of a newspaper advertisement. This chapter examines the role of Jackson and other intermediaries in the annuity loan market.

The financial system in which Jackson participated grew increasingly more sophisticated and complex in the late eighteenth century.[4] The use of bills of exchange, paper money and other financial instruments enabled transactions to be completed at a distance.[5] Lenders and investors who had once based their decision to

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[2] James Barclay, *A Complete and Universal English Dictionary* (London, 1774).
[3] Craig Muldrew, *The economy of obligation: the culture of credit and social relations in early modern England*, (London, 1998), p.112; Alexandra Shepard, 'Minding their own business: married women and credit in early eighteenth-century London', *Transactions of the Royal Historical Society*, Vol. 25 (2015), p.56.
[4] Julian Hoppit, 'Financial crises in eighteenth-century England', *Economic History Review,* Vol. 39 (1) (1986), p.40.
[5] T. S. Ashton, 'The bill of exchange and private banks in Lancashire, 1790-1830', *Economic History Review*, Vol. 15 (1/2) (1945), pp.25-35.

provide credit on the integrity of a borrower they knew personally now relied on the reputation of others, whom they did know, to mediate credit for them.[6] Intermediaries had two roles in this more distanced and impersonal financial world. They used their knowledge about who needed to borrow and who had funds to lend to bring the two parties together. With the benefit of being trusted by both sides, they played a role in helping assure each of the participants that the counterparty would perform their element of the transaction. The borrower needed to know that funds would be made available and the lender needed to be confident that the borrower would pay the annuity. With the trust of both parties, intermediation could help overcome what economic sociologists call this fundamental problem of exchange.[7] In these circumstances trust had to be established on a broad basis to which sociologists have ascribed the terms 'thin' or 'generalised' trust.[8] Studying intermediation in the annuity loan market demonstrates that it can be difficult to distinguish detached, impersonal credit exchange from elements of personal trustworthiness, reputation and credibility that had long characterised credit relationships. An effective process of intermediation needed to combine both elements.

[6] K. Tawny Wadsworth Paul, 'Credit and social relations amongst artisans and tradesmen in Edinburgh and Philadelphia, c.1710-1770' (unpublished PhD thesis, University of Edinburgh, 2011), p.251.
[7] Avner Greif, 'The fundamental problem of exchange: a research agenda in historical institutional analysis', *European Review of Economic History*, Vol. 4 (3) (2000), pp. 253-254.
[8] D. Gambetta, 'Can we trust trust?' in D. Gambetta (ed.), *Trust: making and breaking co-operative relations* (Oxford, 1988), p. 218; Richard Swedberg, 'The role of confidence in finance' in Karin Knorr Cetina and Alex Preda (eds.), *The Oxford handbook of the sociology of finance* (Oxford, 2012), pp. 538-542; Eric M. Uslaner, 'The moral foundations of trust', a paper prepared for the Symposium, 'Trust in the Knowledge Society,' University of Jyvaskyla, Jyvaskyla, Finland, 20 September 2002 and for presentation at Nuffield College, Oxford University, 14 February 2003 [accessed via http://gvptsites.umd.edu/uslaner/uslanermoralfoundations.pdf 22 November 2020].

Intermediaries in the eighteenth-century financial markets have been little studied. Peter Dickson discussed how the growth of public debt encouraged the development of intermediaries acting for purchasers and sellers but did not attempt to identify them other than as merchants and goldsmith bankers.[9] Michael Miles and others have looked at the activities of attorneys in the provision of personal credit.[10] Anne Murphy's study of the upholsterer turned stockbroker Charles Blunt has helped to identify the value that intermediaries brought to the financial market and the difficulties which might arise. As well as using their knowledge to bring together the counterparties to a transaction, intermediaries helped to explain the workings of a market to encourage participation by those borrowers and lenders who were new to it. The relationship between intermediary and client was complex. Both borrowers and lenders might expect to benefit from an intermediary's market knowledge and network of contacts but had to recognise the potential for conflicts of interest where one side might be favoured over the other. Intermediation could also be expensive when brokerage costs were taken into account.[11] Both Murphy and Miles identified that trust was important in successful intermediation but also noted other factors, relating to the intermediary's capabilities, access to information and market contacts, issues which are also considered here.[12]

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[9] P. G. M. Dickson, *The financial revolution in England: a study in the development of public credit 1688 - 1756* (London, 1967), pp.502-503.

[10] M. Miles, 'The money market in the early Industrial Revolution: the evidence from West Riding Attorneys c.1750–1800', *Business History*, Vol. 23 (2) (1981); Victor Belcher, 'A London attorney of the eighteenth century: Robert Andrews', *London Journal*, Vol. 12 (1) (1986), pp.41-47; Philip T. Hoffman, Gilles Postel-Vinay and Jean-Laurent Rosenthal, 'Information and economic history: how the credit market in old regime Paris forces us to rethink the transition to capitalism', *American Historical Review*, Vol. 104 (1) (1999), pp.69-94.

[11] Anne L. Murphy, *The origins of the English financial markets* (Cambridge, 2009), pp. 19-20 and pp.114-136.

[12] Murphy, *The origins of the English financial markets,* p.136; Michael Miles, ''Eminent attorneys': some aspects of West Riding attorneyship, c.1750-1800' (unpublished PhD thesis, University of Birmingham, 1982), p.136.

The use of advertisements in promoting financial services in the eighteenth century has received little consideration apart from the references to the use of newspaper advertisements by the West Yorkshire attorneys studied by Michael Miles.[13] By contrast, studies by Hannah Barker and, more recently, by Alan Mackintosh, of the role that advertising played in developing trust in patent medicines, have demonstrated how the purveyors of these medicines effectively used the impersonal medium of newspaper advertising to persuade the public to trust that their remedies would cure or alleviate health issues.[14] In his advertisement quoted above Henry Jackson wanted borrowers to trust that he could source money for them as a solution to a financial problem. This chapter considers how intermediaries used advertisements as a means of conveying the important qualities of trustworthiness, reputation and credibility to borrowers and lenders.

In addition to advertisements, annuity loan transactions increase the visibility of the activities of intermediaries for historical study in two other ways. Firstly, the Annuity Act established the need to register annuity loans, creating a record of borrowers and lenders, and it demanded a standard of documentation of individual loans which required the disclosure of payments to intermediaries where such payments were deducted from the amount of the loan. Secondly, failure to meet the Annuity Act's requisite standard of disclosure, and disputes about transactions, could result in litigation and these legal records provide evidence of intermediary activity. In drawing on advertisements, on the records created by the Annuity Act, and on legal records, what follows will consider the role of intermediaries and their business

[13] Michael Miles, ''Eminent attorneys', pp.183-187.
[14] Hannah Barker, 'Medical advertising and trust in late Georgian England', *Urban History*, Vol. 36 (3) (2009), pp.379-398; Alan Mackintosh, *The patent medicines industry in Georgian England* (2018).

practices and how they presented themselves and annuity loans so as to persuade borrowers and lenders to participate in the annuity loans market. It also examines who these intermediaries were and the extent to which intermediation in annuity loans represented a structural change in credit practice by facilitating the conduct of less personal, more remote transactions.

4.1 Structures of intermediation

There was little need for intermediation where demand for credit could be satisfied within family groups or local communities and counterparties knew each other. Increasing demand for credit created a role for actors who could bring together those who needed to borrow with those who had funds to lend. Lawyers had long had a role in doing this as their involvement in conveyancing, drafting property related documents, mortgages, settlements and wills gave them privileged knowledge of their clients' assets and liabilities and an awareness of their clients' financial needs.[15] Their personal and business dealings within and outside their locality enabled them to develop as intermediaries using networks of contacts. In 1779 Bradford lawyer John Eagle used his contacts in Wakefield and Pontefract to provide funds for one of his clients. The relationship between Robert Parker, a Halifax lawyer, and Oliver Farrer in London encouraged the latter to finance mortgages in Yorkshire in 1778.[16] By 1817 the principal business of the London lawyer George Diggles was described as negotiating annuities and loans of money.[17] Successful relationships between client and lawyer could be long-lasting. When the lawyer James Gillham was accused of breaching the terms of the Annuity Act, his client, the London coal

[15] Muldrew, *The economy of obligation* p.113; Belcher, 'A London attorney'; Norman Jones, *God and the moneylenders* (Oxford, 1989), pp.80-87.
[16] Miles, 'The money market', pp.131-132.
[17] *ER*, Hurd v. Brydges and another (1817) Holt, 654.

merchant Stephen Phillips, came to his defence in a newspaper letter claiming to have known him professionally for twenty years.[18]

The terms of the Annuity Act recognised the activities of intermediaries in annuity loans. Its description of the 'solicitors, scriveners, brokers and others' who received payment for 'soliciting or procuring' annuity loans was an acknowledgement that those involved extended beyond the legal profession.[19] Amongst these other participants were army and navy agents who became ever more active in the annuity loans market as intermediaries as their activities expanded beyond their role as collecting agents for the military pay of individual clients into the management and investment of those funds. They took advantage of knowledge acquired about their clients to bring together those who had funds to invest with those who needed to borrow. The business of some of them, such as Holt & Co., eventually evolved into banking.[20] In 1811 the navy agent Richard Creed of Marsh and Creed, acting as an intermediary, wrote to his client John Howden suggesting that he make an annuity loan to another of Marsh and Creed's clients, Joshua Rowe. Marsh and Creed were already investing in government stock for Howden and offered annuity loans as an alternative. Creed's letter suggested how an intermediary might persuade his client to invest. He firstly endorsed the creditworthiness of the borrower by advising Howden that 'the party granting the annuity is in receipt of a clear unencumbered income'. He then promised Howden an enhanced return on his investment, 'I have the opportunity of employing your remaining property in the

[18] *Oracle*, 9 July 1795.
[19] Annuity Act, section 7.
[20] Martin Howard Wilcox, 'The 'Mystery and Business' of Navy Agents, c.1700-1820', *International Journal of Maritime History*, Vol. 23 (2) (2011), pp.41-68;
NWHH, https://www.natwestgroup.com/heritage/companies/holt-and-co.html [accessed 20 August 2020].

stocks for three or four years in a way that will double, or nearly so, the income you derive from that source'.[21]

The involvement of institutional intermediaries in the annuity loan market before 1813 was limited and, as such, does not form part of this thesis. The number of private banks in London and outside London increased, particularly in the period after 1770, but their lending activities were focussed on short-term trade finance and discounting of bills of exchange.[22] Banks were thinly capitalised partnerships which relied on the personal credit of the individual partners. Annuity loans represented a long-term commitment which did not readily suit the liquidity requirements of this capital structure. Bankers such as Thomas Coutts and Thomas Hankey are recorded in the annuity loan registers as lenders but their activity was limited, in the case of Coutts to four loans whilst Hankey made five, whereas the most active lenders made hundreds of loans.[23] Insurance companies only became significant lenders of annuity loans after 1813.[24]

Where existing professional and personal contacts were insufficient to meet borrowers' demands for loans or where they could not generate sufficient investment opportunities for lenders, intermediaries needed other strategies to further business.

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[21] *ER*, Sandilands v. Marsh (1819) 2 B. & Ald. 673.
[22] D. M. Joslin, 'London private bankers, 1720-1785', *Economic History Review*, Vol. 7 (1954-5), pp.167-186; I. S. Black, 'The London agency system in English banking, 1780-1825', *London Journal*, Vol. 21 (2) (1996), p.115; Iain S. Black, 'Private banking in London's West End, 1750-1830', *London Journal*, Vol. 28 (1) (2003) p.37; Peter Temin and Hans-Joachim Voth, 'Private borrowing during the Financial Revolution: Hoare's Bank and its customers, 1702-24', *Economic History Review*, Vol. 61 (3) (2008), pp.541-564; L. S. Pressnell, *Country banking in the industrial revolution* (Oxford, 1956), pp.6-11.
[23] Edna Healey, 'Coutts, Thomas (1735–1822), banker', *ODNB* [accessed 8 September 2020]; NWHH, https://www.natwestgroup.com/heritage/companies/hankey-and-co.html [accessed 8 September 2020].
[24] Robin Pearson, *Insuring the industrial revolution: fire insurance in Great Britain, 1700-1850* (Aldershot, 2004), p.337.

The growth in the number of newspapers and their readership made newspaper advertisements an effective means of appealing for new clients.[25] Michael Miles identified over seventy advertisements for borrowers or lenders in the *Leeds Intelligencer* between 1754 and 1800.[26] In his study of country banks, Pressnell noted that the lawyers Thomas Hollins of Stratford upon Avon and Richard Bignell of Banbury advertised for borrowers and lenders in *Jackson's Oxford Journal* in 1784.[27] The next two sections will consider how intermediaries used advertisements for annuity loans to connect with borrowers and lenders.

4.2 The advertising of intermediation

The analysis of advertising by intermediaries in this chapter is based on an examination of 2,165 newspaper advertisements published between 1735 and 1813 retrieved from searches of three databases of digitised newspapers: the Burney Newspapers Collection ('Burney Collection'), the Times Digital Archive (the 'Times') and the British Newspaper Archive ('BNA') chosen to provide the most extensive coverage of the press in the eighteenth and early nineteenth centuries.[28] As this thesis is focussed on annuity loans, the search was conducted initially using two specific phrases associated with such loans: 'for the sellers lives' and 'by way of annuity'. The use of phrases instead of the single word 'annuity' was intended to avoid numerous references to annuities in articles about public debt but this will have meant that advertisements using different formulations of words will not have

[25] Jeremy Black, *The English Press, 1621-1861* (Stroud, 2001), p.62.
[26] Miles, 'The Money Market', p.131.
[27] Pressnell, *Country banking*, p.39.
[28] Andrew Prescott, 'Searching for Dr. Johnson: The Digitisation of the Burney Newspaper Collection' in Siv Gøril Brandtzæg, Paul Goring and Christine Watson (eds.), *Travelling chronicles: news and newspapers from the early modern period to the eighteenth century* (Leiden and Boston, 2018), p.61.

been captured. Despite this, the number and date range of retrieved examples has provided a sufficient basis and chronological breadth for analysis. The earliest advertisement for an annuity loan appeared in 1735 and advertisements for them appeared consistently from 1750. Table 4.1 below shows the number of advertisements and the years of publication grouped in consecutive five-year periods.

Table 4.1: Newspaper advertisements for annuity loans, 1735-1813

Period	Number of advertisements during period	Number of newspaper titles with annuity loan advertisements (London)**	Number of newspaper titles with annuity loan advertisements (outside London)***
1735-1739	9	3	
1740-1744	14	3	
1745-1749	7	3	
1750-1754	60	4	
1755-1759	20	4	
1760-1764	35	4	
1765-1769	47	4	
1770-1774	153	6	4
1775-1779*	519	7	5
1780-1784	108	6	9
1785-1789	68	4	
1790-1794	176	7	
1795-1799	62	7	1
1800-1804	177	7	3
1805-1809	324	9	6
1810-1813	386	9	10
TOTAL	2,165		

*1775-89; 1776-304; 1777-97; 1778-29; 1779-0
**A list of all the titles in which advertisements appeared is given in Appendix 4
***A list of all the titles in which advertisements appeared is given in Appendix 5.

Note: The annual number of advertisements includes repeated advertisements by the same advertiser.

The number of advertisements grew steadily until the early 1770s when the judgment in the case of *Murray v. Harding* in 1773, which ruled that annuity loans were not usurious, appears to have prompted more advertisements.[29] The number of advertisements reached a peak in 1776, the year before the Annuity Act was passed, when over 300 advertisements appeared. This increase in advertising was apparent to contemporaries. The anonymous author of a pamphlet critical of annuity loans published in 1777 claimed to have studied the newspapers for the previous fifteen years and noted how there had been a gradual progress from a single advertisement to two or three each week until there were ‘a score in a day’.[30] As discussed further below, most advertisements sought borrowers and so, in economic circumstances where lenders were cautious about lending, there was little reason to advertise. The passing of the Annuity Act in 1777 and the detrimental impact of the war in North America on economic confidence was marked by fewer advertisements but loans then began to be advertised regularly in the 1780s and early 1790s as economic confidence improved. The introduction of a tax on newspaper advertisements in 1797 coincided with the financial crisis described in Chapter 3 which restricted the availability of credit and together these two elements led to a temporary fall in the volume of advertising.[31] Easier credit conditions after 1800 were reflected in a sharp increase in the number of advertisements.

The increase in the number of newspaper titles during this period created more opportunity for advertising. By 1790 there were fourteen daily newspapers published in London alone and the number of provincial titles doubled to over one

[29] Discussed in Chapter 2.
[30] Anonymous, *Reflections on usury, containing an account of those usurious contracts carried on under the mode of undervalued annuities* (London, 1777), p.13.
[31] Ivon Asquith, ‘Advertising and the press in the late eighteenth and early nineteenth century: James Perry and the *Morning Chronicle*, 1790-1821’, *Historical Journal*, Vol. 18 (4) (1975), p.709; John Strachan, *Advertising and satirical culture in the Romantic period*, (Cambridge, 2007), p.23.

hundred between 1782 and 1808.[32] Advertisements for annuity loans appeared in 60 different newspaper titles between 1735 and 1813, 34 of which were from London. Advertisements for annuity loans were published in all the major London daily and evening newspapers including those with the largest circulations, the *Daily Advertiser* and the *Gazetteer and New Daily Advertiser*, the *Morning Chronicle* and the *Morning Post*.[33] These London newspapers circulated outside the capital reaching a readership throughout the country.[34] Although their content included financial information, the audience for these newspapers and their advertisements was drawn from the general population whom David Lemmings has described as 'respectable people of property and commerce'.[35] They were not intended only to appeal to the financially literate or to those already involved in the financial market. Michael Miles' study of West Yorkshire attorneys demonstrated that provincial newspapers advertised financial services but only 87 annuity loan advertisements from 26 newspaper titles published outside London, including the *Bath Chronicle*, the *Leeds Intelligencer*, the *Cumberland Paquet* and the *Kentish Gazette*, were located in this survey. Any underrepresentation of provincial advertisements here may reflect the progress made on the digitisation of provincial newspapers as not all titles were yet available to be searched when the research was undertaken.[36] A more general issue is that any search of digital records is likely to result in only partial recovery of the original material. Digital collections of newspapers suffer from the incompleteness of the underlying collections prior to digitisation and problems with

[32] Black, *The English Press,* p.74 and p.100.
[33] Black, *The English Press*, p.62; Asquith, 'Advertising and the press', p.703.
[34] Hannah Barker, 'Medical advertising', p.384; Black, *The English Press*, p.76.
[35] David Lemmings, 'Introduction: law and order, moral panics and early modern England' in David Lemmings and Clare Walker (eds.), *Moral panics, the media and the law in early modern England* (Basingstoke, 2009), p.2.
[36] https://www.britishnewspaperarchive.co.uk/content/a_unique_archive [accessed 20 February 2022].

optical character recognition software which impinges on the comprehensiveness of search results.[37]

The cost of an advertisement was determined by its position within the newspaper and its size. In a typical newspaper such as the *Morning Herald*, a paper comprising four pages with four columns to a page, advertisements occupied the first page and much of the last.[38] Advertisements were charged by line at the rate of six pence per line and the most expensive advertisements were on the front page.[39] Many of the advertisements considered in this chapter were in prominent positions on the front page and extended for 20 to 30 lines. Each one cost between 10 and 15 shillings.[40] As they were expensive, advertising intermediaries must have found them effective as otherwise it would not have been economic to use them. In the *World* dated 19 March 1791 Smethurst and Teasdale advertised annuity loans on the front page and King advertised on the back page. In the *Morning Chronicle* for 3 July 1801, four advertisers, Dell, Jackson, Melville and Co. and the Knightsbridge Bank, all paid for space on the front page, which is illustrated as Image 4.1, with their advertisements co-located in the lower left-hand column (Image 4.2). Individual advertisers repeated their text on multiple occasions. Marmaduke Teasdale placed 65 advertisements in a single year, 1791, in four different newspapers. Robert Withy placed over 40 advertisements between 1771 and 1803 and Graham Wilkinson's advertisements appeared on over 70 occasions between 1792 and 1805. As Alan

[37] Prescott, 'Searching for Dr. Johnson', pp.60-61.
[38] Bonnie Ferrero, 'The Morning Herald and its first three editors', *Media History*, Vol. 11 (3) (2005), p.165.
[39] Black, *The English Press*, p.50 and p.62; Asquith, 'Advertising and the press' p.714; Mackintosh, *The patent medicines industry*, p.199.
[40] Patent medicine advertisements cost a similar amount. Mackintosh, *The patent medicines industry* p.199.

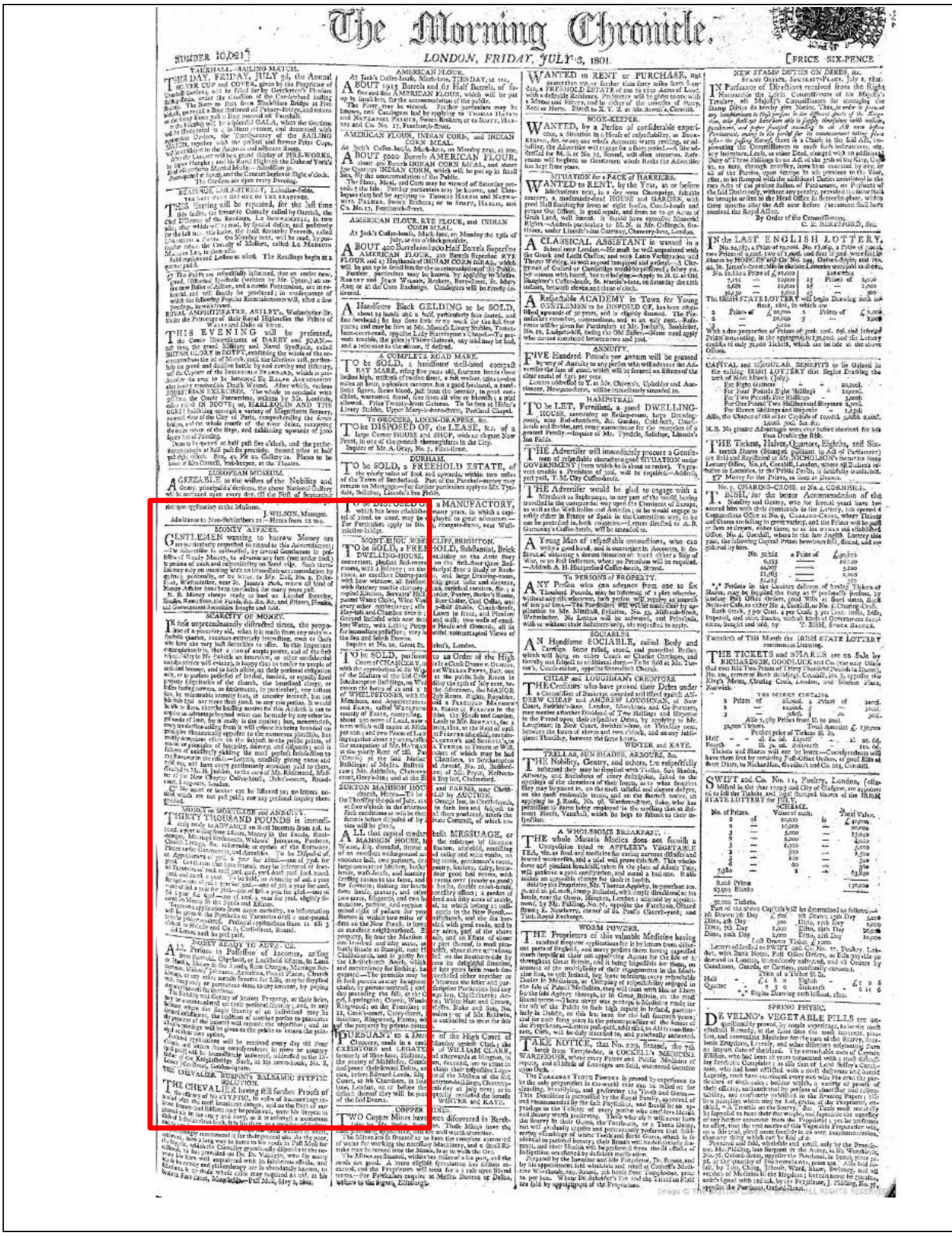
Mackintosh has argued in the context of the market for patent medicines, the number and frequency of advertisements encouraged a sense of familiarity with the product or service being promoted, in this case annuity loans as a financial instrument, and with the names of individual advertisers. The repetition of advertisements gave potential borrowers and lenders time to assimilate the information in them and numerous opportunities to make contact with advertisers and engage with the market.[41]

Newspaper printing technology limited the style of advertising and attention was primarily drawn to advertisers' copy using eye-catching text headlines in bold type, although the heading was not always at the choice of the advertiser and could be added by the printer.[42] In most cases the headings were factual. Henry Jackson's advertisement quoted at the beginning of this chapter used ANNUITY LOANS as his headline. In another of his advertisements illustrated in Image 4.2, the headline used was SCARCITY OF MONEY. As with the headlines for annuity loans used in the other advertisements: MONEY AFFAIRS, MONEY READY TO ADVANCE, and MONEY ON MORTGAGE AND ANNUITY, all made clear their subject matter. As the illustration from the *Morning Chronicle* shows, the format of annuity loan advertising conformed to that of the many other products and services also being promoted. Although their co-location added a degree of visual impact, annuity loan advertisements did not particularly stand out on the page. This was an approach also shared with patent medicines and with a common intention. Advertisers were

[41] Mackintosh, *The patent medicines industry*, pp. 207-208; James Taylor, 'Inside and outside the London Stock Exchange: stockbrokers and speculation in late Victorian Britain', *Enterprise and Society*, Vol. 22 (3) (2021), p.861.
[42] Black, *The English Press*, p.79; Mackintosh, *The patent medicines industry*, p.242.

keen to give the impression that annuity loans were not out of the ordinary but were commonplace, a means of creating trust in their use.[43]

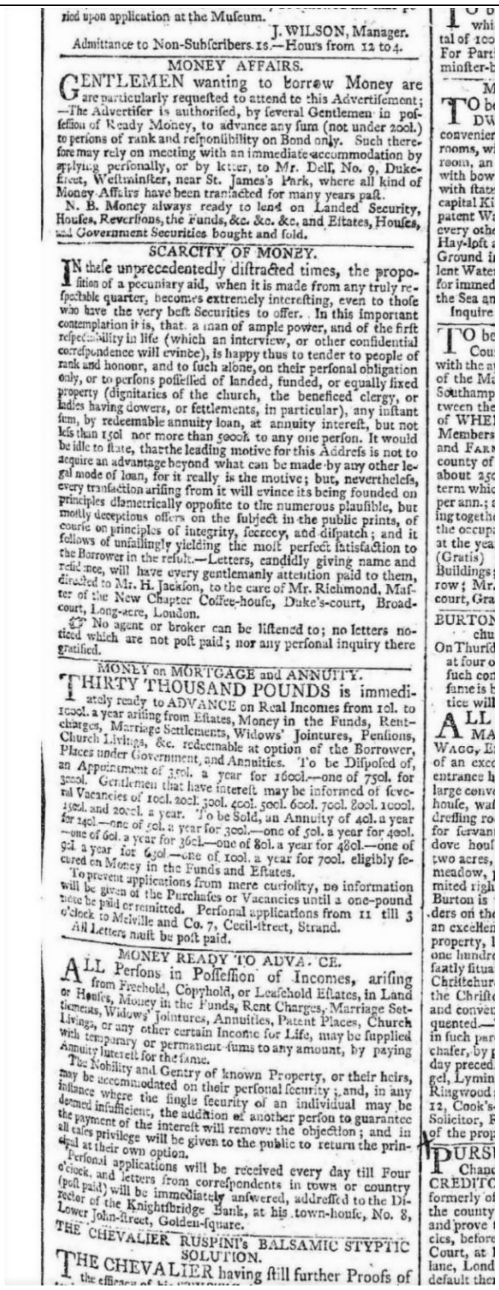
Image 4.1: Front page of the *Morning Chronicle,* 3 July 1801


The Morning Chronicle.

NUMBER 10,021 LONDON, FRIDAY, JULY 3, 1801. PRICE SIX-PENCE

[43] Mackintosh, *The patent medicines industry*, pp.207-208.

Image 4.2: Detail from the front page of the *Morning Chronicle,* 3 July 1801 showing four advertisements for annuity loans



riod upon application at the Muſeum.

J. WILSON, Manager.

Admittance to Non-Subſcribers 1s.—Hours from 12 to 4.

MONEY AFFAIRS.

GENTLEMEN wanting to borrow Money are are particularly requeſted to attend to this Advertiſement; —The Advertiſer is authoriſed, by ſeveral Gentlemen in poſ-ſeſſion of Ready Money, to advance any ſum (not under 200l.) to perſons of rank and reſponſibility on Bond only. Such therefore may rely on meeting with an immediate accommodation by applying perſonally, or by letter, to Mr. Dell, No. 9, Duke-ſtreet, Weſtminſter, near St. James's Park, where all kind of Money Affairs have been tranſacted for many years paſt.

N. B. Money always ready to lend on Landed Security, Houſes, Reverſions, the Funds, &c. &c. &c. and Eſtates, Houſes, and Government Securities bought and ſold.

SCARCITY OF MONEY.

IN theſe unprecedentedly diſtracted times, the propoſition of a pecuniary aid, when it is made from any truly reſpectable quarter, becomes extremely intereſting, even to thoſe who have the very beſt Securities to offer. In this important contemplation it is, that a man of ample power, and of the firſt reſpectability in life (which an interview, or other confidential correſpondence will evince), is happy thus to tender to people of rank and honour, and to ſuch alone, on their perſonal obligation only, or to perſons poſſeſſed of landed, funded, or equally fixed property (dignitaries of the church, the beneficed clergy, or ladies having dowers, or ſettlements, in particular), any inſtant ſum, by redeemable annuity loan, at annuity intereſt, but not leſs than 150l nor more than 5000l. to any one perſon. It would be idle to ſtate, that the leading motive for this Addreſs is not to acquire an advantage beyond what can be made by any other legal mode of loan, for it really is the motive; but, nevertheleſs, every tranſaction ariſing from it will evince its being founded on principles diametrically oppoſite to the numerous plauſible, but moſtly deceptious offers on the ſubject in the public prints, of courſe on principles of integrity, ſecrecy, and diſpatch; and it follows of unfailingly yielding the moſt perfect ſatisfaction to the Borrower in the reſult.—Letters, candidly giving name and reſidence, will have every gentlemanly attention paid to them, directed to Mr. H. Jackſon, to the care of Mr. Richmond, Maſter of the New Chapter Coffee-houſe, Duke's-court, Broad-court, Long-acre, London.

☞ No agent or broker can be liſtened to; no letters noticed which are not poſt paid; nor any perſonal inquiry there gratified.

MONEY on MORTGAGE and ANNUITY.

THIRTY THOUSAND POUNDS is immediately ready to ADVANCE on Real Incomes from 10l. to 1000l. a year ariſing from Eſtates, Money in the Funds, Rent-charges, Marriage Settlements, Widows' Jointures, Penſions, Church Livings, &c. redeemable at option of the Borrower, Places under Government, and Annuities. To be Diſpoſed of, an Appointment of 350l. a year for 1600l.—one of 750l. for 3000l. Gentlemen that have intereſt may be informed of ſeveral Vacancies of 100l. 200l. 300l. 400l. 500l. 600l. 700l. 800l. 1000l. 1500l. and 2000l. a year. To be Sold, an Annuity of 40l. a year for 240l.—one of 50l. a year for 300l.—one of 50l. a year for 400l. —one of 60l. a year for 360l.—one of 80l. a year for 480l.—one of 90l. a year for 630l.—one of 100l. a year for 700l. eligibly ſecured on Money in the Funds and Eſtates.

To prevent applications from mere curioſity, no information will be given of the Purchaſes or Vacancies until a one-pound note be paid or remitted. Perſonal applications from 11 till 3 o'clock to Melville and Co. 7, Cecil-ſtreet, Strand.

All Letters muſt be poſt paid.

MONEY READY TO ADVA. CE.

ALL Perſons in Poſſeſſion of Incomes, ariſing from Freehold, Copyhold, or Leaſehold Eſtates, in Land or Houſes, Money in the Funds, Rent Charges, Marriage Settlements, Widows' Jointures, Annuities, Patent Places, Church Livings, or any other certain Income for Life, may be ſupplied with temporary or permanent ſums to any amount, by paying Annuity Intereſt for the ſame.

The Nobility and Gentry of known Property, or their heirs, may be accommodated on their perſonal ſecurity; and, in any inſtance where the ſingle ſecurity of an individual may be deemed inſufficient, the addition of another perſon to guarantee the payment of the intereſt will remove the objection; and in all caſes privilege will be given to the public to return the principal at their own option.

Perſonal applications will be received every day till Four o'clock, and letters from correſpondents in town or country (poſt paid) will be immediately anſwered, addreſſed to the Director of the Knightſbridge Bank, at his town-houſe, No. 8, Lower John-ſtreet, Golden-ſquare.

THE CHEVALIER RUSPINI's BALSAMIC STYPTIC SOLUTION.

THE CHEVALIER having ſtill further Proofs of

The consistent advertising of annuity loans suggests that intermediaries considered advertisements an effective means of generating contact with borrowers and lenders as they were prepared to pay for expensive advertisements on a regular basis and over an extended period. The response of other intermediaries, who claimed they had not previously advertised, speaks to the perceived effectiveness of advertising. They responded with advertisements of their own or otherwise risked losing business. Mr Free, declaring himself to be a long-established business, noted, in his own advertisement in 1776, that 'the great increase in Advertisements obliges the Proprietors of this undertaking to address the public in this manner'.[44] Despite this profusion of advertisements only a few examples of transactions arranged in response to advertisements have proved to be historically recoverable. Testimony in a legal dispute revealed that, in April 1777, Sir Alexander Leith, the member of parliament for Tregony, had responded to an advertisement placed in the *Morning Post* newspaper by a Mr Andrews of Suffolk Street in London offering 'MONEY…for Bills or Notes of long dates, Bonds, Mortgages, Reversions, Annuities'. Mr Andrews then arranged for Leith to borrow £1,200 from Benjamin Pope in return for an annuity for £200.[45] In 1792 Isaac Henry Cabanes, Clerk of the Roads at the Post Office, was one of a group of borrowers who contacted an intermediary, J. Harvey, having first seen his advertisement.[46] Harvey arranged a loan of £210 for them from James Poole. The first enquiries about annuity loans made by George Gordon, Lord Byron, were in response to one of John King's newspaper advertisements.[47] As these borrowers demonstrated, advertisements

[44] *Gazetteer and New Daily Advertiser*, 24 December 1776.
[45] *Leeds Intelligencer*, 13 July 1779.
[46] *ER*, Poole v. Cabanes and others (1799) 8 T. R. 328.
[47] George Gordon, Lord Byron, '[A memorandum on Annuities and Loans and Mrs Massingberd]' in Richard Lansdown, *Byron's letters and journals: a new selection* (Oxford, 2015), p.98.

enabled intermediaries to generate business. The next section considers the content of the advertisements and the messages the advertisers were seeking to convey.

4.3 Advertisements and the self-representation of intermediaries

Differences between advertisements framed to appeal to borrowers and those aimed at lenders demonstrate how advertisers adopted different strategies depending on their audience. Most advertisements were, like that of Henry Jackson, in the former category. Lenders were the focus of only ten per cent. of the 2,165 advertisements with a further ten per cent. appealing to both borrowers and lenders. An example of the latter was used by Mr Sangster of Duke Street, London in 1791 which began, 'MONEY MATTERS. For those who have money and those who want it'.[48] Whereas advertisements for borrowers were framed generically, making no reference to the cost of a loan for example, those for lenders gave an indication of the returns available. Mr Sangster's advertisement offered lenders 'a variety of unexceptionable securities by which they may make twelve or thirteen per cent.'.[49] Other advertisements appealing to lenders offered specific transactions. In 1793 John Phillips, a lawyer with an address in Aldermanbury, advertised on behalf of 'a gentleman in the country [who] wishes to raise £4,000 by way of annuity and for which ten per cent. will be given'.[50] These more focussed advertisements were repeated much less frequently, if at all. The difference in style may simply represent a variation in advertising language designed to attract readers' attention but this lack of repetition may also indicate that these advertisements related to actual transactions which were subsequently completed. Borrowers were equally likely to see these

[48] Mr Sangster, *Morning Post*, 20 April 1791.
[49] *Morning Post*, 20 April 1791.
[50] *Morning Herald*, 26 February 1793.

advertisements and to be aware of the costs of loans, whilst the publication of advertisers' addresses enabled both borrowers and lenders to make contact regardless of the target of the advertisement. Nevertheless, this marked imbalance in the focus of advertising suggests that intermediaries had a greater requirement to locate borrowers rather than lenders. A borrower's use of annuity loans was likely to be singular or more episodic as few borrowers needed to make frequent use of the market. This created a more transactional relationship between intermediary and borrower and a need for intermediaries to advertise continually to identify new borrowers. As further discussed towards the end of this chapter, intermediaries had the opportunity to develop a more sustained involvement with a lender and had less need to advertise for them. The following discussion of advertisement texts draws mainly on advertisements targeted towards borrowers as these comprised the largest number.

Advertisements sought to replace personal introductions and existing professional relationships by presenting the intermediary to the borrower or the lender in the public forum of a newspaper. Having captured readers' attention, an advertisement then had to convey the intermediary's message and, as advertisers were limited by printing technology to the use of text, this had to be communicated using language. Writers of business letters took a similar approach in the words they used to establish effective working relationships and maintain business confidence at a distance.[51] An intermediary needed to establish a credible reputation with both parties and so used words and phrases to encourage potential clients to trust them to

[51] Pat Hudson, 'Correspondence and commitment', *Cultural and Social History*, Vol. 11 (4) (2014), pp.527-553; John Smail, 'Credit, risk, and honor in eighteenth-century commerce', *Journal of British Studies*, Vol. 44 (2005), p.439.

act as a go-between.[52] Analysis of advertisement texts suggests that there were three ways in which an intermediary sought to establish himself in a position of trust. Firstly, advertisements sought to demonstrate transactional credibility and reliability. This was, secondly, enhanced by reference to the personal qualities of the intermediary. Thirdly, the intermediary had to define the rules and norms of behaviour for the annuity loan market for those unfamiliar with them to give the borrower or lender confidence to participate. These will now be considered in turn.

A sample of the texts of retrieved newspaper advertisements has been used to allow analysis of the words and phrases used. Four five-year periods, 1765-1769, 1780-1784, 1790-1794 and 1800-1804 have been chosen to reflect different circumstances: 1765-1769 was before the passing of the Annuity Act and 1780-1784 was just after the Act came into force. The two later periods, 1790-1794 and 1800-1804, enable any changes in the use of words and phrases to be considered over a longer period. As noted above advertisers repeated their text on multiple occasions. As this analysis was intended to examine the distinct approaches taken by individual advertisers, any repeated advertisements by the same advertiser within each period have been eliminated, leaving a total of 141 advertisements.

The number of advertisements analysed in each period is shown in Table 4.2 below.

[52] Taylor, 'Inside and outside the London Stock Exchange', p.860.

Table 4.2: Chronological distribution of analysed advertisements

	1765-1769	1780-1784	1790-1794	1800-1804	Total
Number of retrieved advertisements	47	99	141	130	417
Number of advertisements adjusted for duplication	30	33	21	57	141

The introduction of the Annuity Act in 1777 marked a change in advertisers' strategies. The Act had removed concerns about the legality of annuity loans and about potential prosecution of lenders for usury. Advertisers felt more confident to offer annuity loans as a form of finance suitable for a more diverse audience. In the 1760s references to borrowers had been framed generically. Typical wording appeared in the *Gazetteer and New Daily Advertiser* in 1767 as 'Persons wanting to raise money, by granting annuities for their own lives, payable out of lands, houses, monies in the funds, pensions, places or other government securities'.[53] After 1777 advertisements were framed more overtly according to social status. An example in the *Morning Chronicle* was addressed to 'Noblemen, gentlemen, Merchants &c.'.[54] References to the nobility are found in only seven per cent. of the sampled advertisements between 1765 and 1769 compared with 36 per cent. of advertisements published between 1780 and 1784 and 33 per cent. between 1790 and 1794. The difference was more marked for gentry where there are references in only ten per cent. of advertisements in the 1760s but in 52 per cent. of advertisements between 1780 and 1784. Whereas there were no references to the use of annuity

[53] T.C. at Stewart's Coffee House, 24 February 1767.
[54] *Morning Chronicle*, 14 September 1780.

loans by merchants in the 1760s, appeals to this audience appear in 24 per cent. of advertisements between 1780 and 1784 and 14 per cent. in the 1790s.

Advertisements sought to persuade potential participants to trust the advertiser on account of his credibility and reliability. In the annuity loan market these attributes were expressed in terms of the speed with which loans could be arranged and the amounts of money available. Borrowers' urgent need for funds was often given as a reason for their choice of an annuity loan. In legal proceedings in connection with their loans George Tower was described in court as being 'desirous instantly to raise money' and Sir Alexander Leith as being 'distressed for ready money'.[55] Common terms used to express speed were 'expedition' or 'despatch' and over half of all the sampled advertisements used these terms.[56] Other expressions included, in 1767, the advertiser R.S., who promised any amount available 'on the shortest notice' and, in 1803, Mr Harris who mentioned 'a speedy market'.[57] The otherwise anonymous 'T' based in Middle Scotland Yard, probably Marmaduke Teasdale, offered 'Six thousand pounds ready…and the whole business completed in a few hours' in 1784.[58] Graham Wilkinson promised 'large sums of money …immediately ready for the Purchase of Annuities'.[59] He kept a sum of money at his bankers so that it could be 'immediately advanced'.[60] Advertisers vied to claim to have increasingly large amounts available to lend. In 1768 Mr Miles at the Salopian Coffee House claimed to have 'MONEY from £50 to £5,000 ready to be advanced

[55] *ER*, Cheek v. Tower (1808) 1 Taunt. 372; Leith v. Pope (1780) 2 Black. W. 1327.
[56] Barclay, *Dictionary* defined both as 'quickness', adding 'to perform business expeditiously' for the meaning of 'despatch'.
[57] *Gazetteer and New Daily Advertiser*, 21 July 1767; *Morning Chronicle*, 12 December 1803.
[58] *Morning Herald*, 13 October 1784.
[59] *Morning Chronicle*, 5 December 1792.
[60] *Morning Chronicle*, 3 February 1792.

on the shortest notice', by 1801 Melville and Co. advertised £50,000 'immediately ready'.[61]

'Secrecy' was frequently twinned with terms for immediacy in advertising wording such as Messrs. Chapman and Dickenson's 'secrecy and expedition'.[62] A contemporary definition of secrecy encompassed the state of being concealed or hidden or being preserved from discovery.[63] The use of this term may appear perverse in view of the requirement for annuity loans to be enrolled on a public register. Its usage steadily declined over the period from 40 per cent. of sampled advertisements in 1765 to 1769, before the introduction of the register, to 19 per cent. between 1800 and 1804. It appears to have been applied particularly to the initial period when loans were being negotiated. Borrowers were assured by advertisers that their names would not be 'hawked about' according to A. B. in 1800.[64] Mr Masson described 'the inconveniences too frequently arising from application to those advertisers who…expose and abuse the confidence of those who instruct them'.[65]

Attention was also drawn to the intermediary's expertise and experience to reinforce claims of reliability. In common with the prevailing business culture, past behaviour was an important basis for establishing an individual's reputation.[66] Henry Jackson's claim to 'many years professional Practice' at the opening of this chapter

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[61] *Gazetteer and New Daily Advertiser*, 15 January 1768; *London Courier and Evening Gazette*, 17 September 1801.
[62] *Hereford Journal*, 16 September 1784.
[63] Barclay, *Dictionary*.
[64] *Morning Chronicle*, 1 December 1800.
[65] *Morning Herald*, 10 November 1783.
[66] Sheryllynne Haggerty, *'Merely for money'? business culture in the British Atlantic, 1750-1815* (Liverpool, 2012), p.110; Perry Gauci, *Emporium of the world* (London and New York, 2007), p.120.

was one example. Marmaduke Teasdale, who had been involved in the annuity loans market since the late 1770s, used his advertisement in 1791 to let readers know ‘that he still continues to transact the MONEY and CONVEYANCING business as he has done for many years past’ [author’s emphasis].[67] Robert Withy, who had been active since the 1760s, hoped, in 1790, that his conduct ‘during the many years of his continuance in this business’ would appeal to borrowers.[68]

The provision of an address where the intermediary could be contacted and the maintenance of regular business hours, both accepted norms of commercial behaviour, were further indicators of reliability.[69] In 1765 Richard Sharpe operated from the Admiralty Coffee House from twelve o’clock to one o’clock every day and then at the State Lottery Office in Hatton Garden.[70] In 1787 the stockbroker Robert Withy was available at Bakers Coffee House in Exchange Alley, which was also a centre for stock exchange business, or at his house in Craven Street in the Strand.[71] A quarter of advertisers used coffee houses as their address. This was not uncommon. It was likely that an advertiser such as Withy and the proprietor of the coffee house were acquainted and that gave some assurance of his trustworthiness to the reader of the advertisement.[72] Coffee houses offered private spaces convenient for meetings with borrowers and lenders but also functioned as sufficiently well-known and public spaces to remove any personal security concerns about visiting them.[73] Where advertisers, such as Henry Jackson, offered the opportunity to meet in

67 *Gazetteer and New Daily Advertiser*, 27 January 1791.
68 *The World*, 15 May 1790.
69 Haggerty, *‘Merely for money’?*, p.110.
70 *Gazetteer and New Daily Advertiser,* 14 March 1765.
71 *The World*, 1 January 1787.
72 Anna Brinkman-Schwartz, ‘The heart of the maritime world: London’s mercantile coffee houses in the Seven Years War and the War of Independence’, *Historical Research,* Vol. 94 (2021), p.517.
73 Brian Cowan, ‘Publicity and privacy in the history of the British coffee house’, *History Compass,* Vol. 5 (4) (2007), p.1194.

a private location there was also an emphasis on its respectability. He described his own house as being in the 'West end of the Town' suggesting an area both suitable and convenient for clients of similar respectability.[74]

Advertisers also provided the facility to contact the intermediary by letter. This was a standard feature of most advertisements and offered in 41 per cent. of all those sampled. This made access to annuity loans available to those who were geographically distant from the intermediary. It also enabled the participation of those for whom visiting a coffee house or the advertiser's premises might be considered socially unacceptable, such as women.[75] The element of anonymity may have been a further attraction although, as required by Henry Jackson, respondents were still urged to provide their real name and address. K. L. at Smyrna Coffee House in 1780 asked that any correspondent should sign 'with real name and place of abode'.[76] Intermediaries promised a prompt response. K.L. undertook to ensure that such letters would meet 'with due attention' and Harris and Co. promised that 'letters from correspondents in town and country will be immediately answered'.[77]

Whilst advertisements emphasised intermediaries' reliability, the vocabulary of advertisements also included words that intermediaries used to describe themselves and their business methods to reinforce their personal reputation, an important factor in commercial transactions.[78] They used what John Smail has described as the 'language of honor' to show that they understood, and conformed

[74] *London Courier and Evening Gazette*, 4 March 1805.
[75] Helen Berry, *Gender, society and print culture in late-Stuart England* (Aldershot, 2003), p.56.
[76] *Morning Chronicle*, 14 September 1780.
[77] *Morning Chronicle*, 14 September 1780; *Morning Chronicle*, 25 December 1800.
[78] Haggerty, *'Merely for money'?*, p.106.

to, accepted standards of proper behaviour.[79] Tracing the texts of their advertisements over time shows how this vocabulary evolved. The most frequently used reputational word used in the sample of advertisements was ‘integrity’, found in 17 per cent. of them. It would have been understood by an eighteenth-century audience as encompassing the concepts of honesty and incorruptibility.[80] Few advertisers used this term before 1777 and it featured in only seven per cent. of advertisements between 1765 and 1769. In one of them Robert Garnett, a lawyer of Clements Inn, in 1766, committed to act ‘with the utmost integrity’.[81] Its usage increased between 1780 and 1784 when it appeared in a third of the advertisements before falling to between 12 and 14 per cent. of advertisements in the two later periods. K. L. at the Smyrna Coffee House in Pall Mall in 1780 declared himself a ‘Person of Integrity’ and in 1800 A.B. based in Surrey Street in London promised to conduct his business with integrity.[82]

A similar pattern of lower usage in the earlier period is seen with other words. ‘Fidelity’ was not used at all before 1780 but was then used in nine per cent. of the sampled advertisements, falling to five per cent. after 1790. Barclay’s *Dictionary* defined fidelity as ‘honesty in dealing; veracity’. In 1782 C. Preston based at Nando’s Coffee House in Fleet Street gave his assurance that business would be conducted ‘with fidelity’.[83] The words ‘honour and ‘honourable’ were not used at all between 1765 and 1769 but appeared in nine per cent. of advertisements between 1780 and 1784, 14 per cent. of advertisements between 1790 and 1794 and

[79] Smail, ‘Credit, risk, and honor’, p.449.
[80] The definition in Barclay, *Dictionary* was ‘purity of mind, free from any undue bias or principle of dishonesty; entireness’.
[81] *St James’ Chronicle*, 8-10 May 1766.
[82] *Morning Chronicle*, 14 September 1780; *Morning Chronicle*, 1 December 1800.
[83] *Derby Mercury*, 25 July 1782; Barclay, *Dictionary* defined fidelity as ‘honesty in dealing; veracity’.

four per cent. thereafter. Borrowers were assured of ‘honourable treatment’ by Marmaduke Teasdale in 1791 and the lawyer Graham Wilkinson in 1800 promised to conduct negotiations with honour.[84] At the New Agency Office in Basing Lane in 1782 ‘all pecuniary matters [are] executed here on honourable as well as reasonable terms’.[85] Honourable was another term which incorporated honesty within its contemporary definition. In this case Barclay’s *Dictionary* defined it as ‘honest, worthy of respect’. ‘Respectability’ as a specific term was a concept not claimed at all by advertisers between 1765 and 1769 but which was increasingly used thereafter, seen in six per cent. of advertisements between 1780 and 1784, and ten per cent. of advertisements after 1790. The lawyer Graham Wilkinson claimed to be a gentleman of ‘the first respectability’ in 1792 and Harris and Co. put themselves forward as a ‘respectable channel for those wishing to borrow’ in 1800.[86] Their choice of vocabulary suggests that advertisers were appealing to participants familiar with the terminology of politeness.[87]

To support these self-generated declarations of their personal reputations, advertisers occasionally adopted more traditional forms of endorsement by laying claim to references or testimonials from third parties. This was a practice seen in the advertising of patent medicines and its use allowed the advertiser to suggest that they enjoyed the support or trust of an external authority.[88] This was made explicit in the advertisement placed by George Scott of Leicester Street in 1792. He offered to provide a ‘reference…of such respectability as to lay aside any doubt of his integrity

[84] *Gazetteer and New Daily Advertiser*, 27 January 1791; *Morning Herald*, 18 October 1800.
[85] *Morning Chronicle*, 22 October 1782.
[86] *Morning Chronicle*, 2 February 1792; *Morning Chronicle*, 25 December 1800.
[87] Paul Langford, *A polite and commercial people: England, 1727-1783* (Oxford 1989), p.71.
[88] Barker, ‘Medical advertising’; Mackintosh, *The patent medicines industry*, p.247.

and responsibleness for any trust reposed in him'.[89] There are no examples of endorsements in the period between 1765 and 1769 but they were a particular feature in the period between 1780 and 1784 when they were used in 12 per cent. of advertisements. R. Stanhope of Oxford Street, London, advertising in 1782 in the *Hampshire Chronicle*, claimed to have 'references to the first characters in the kingdom' who would vouch for the rectitude of his conduct.[90] He may have copied the wording from another London advertiser, Preston, who had used the same phrase in the *Derby Mercury* earlier in the year. This duplication of wording was possible because, unlike medical advertising where names and addresses of referees were given, the terms with which references were cited in annuity loans advertisements were generic in their phrasing and the referees were anonymous.[91] This anonymity might be expected as few borrowers or lenders were likely to have been willing to have details of their financial transactions disclosed but it allows for the possibility that testimonials might be fabricated. The suggestion in the case of medicines is that they were not but here, without any identifiable source, that is impossible to verify.[92] An alternative approach was the inclusion of a profession as an indicator of the intermediary's conduct.[93] The most common profession claimed by intermediaries was the law which was claimed in 12 per cent. of all the sampled advertisements. Advertising lawyers were found in each of the sampled periods but particularly between 1790 and 1794 when the legal profession was claimed by 19 per cent. of advertisers. Robert Garnett, active in the 1760s, was a solicitor, and AB described

[89] *The World*, 11 August 1792.
[90] *Hampshire Chronicle*, 30 December 1782; *Derby Mercury*, 25 July 1782.
[91] Mackintosh, *The patent medicines industry*, p.239.
[92] Lisa Forman Cody, '"No cure, no money", or the invisible hand of quackery: the language of commerce, credit and cash in eighteenth-century British medical advertisements', *Studies in Eighteenth-Century Culture*, Vol. 28 (1999), p.123; Mackintosh, *The patent medicines industry*, p.239.
[93] Langford, *A polite and commercial people*, p.73.

himself as ‘a solicitor of eminence’ in 1790.[94] The other most frequently cited occupation was broker, used in five per cent. of all the sampled advertisements. The words used by Robert Withy, a frequent advertiser, who described himself as ‘a legal Broker and as such responsible at all times for his conduct’ makes the claim for a link between professional status and responsibility explicit.[95]

For those borrowers and lenders to whom annuity loans were unfamiliar, intermediaries used advertisements to encourage their participation by defining both the parameters within which the market operated and the norms of behaviour for both advertisers and participants. The commitment to pay an annuity required a regular income which could be met from what R. S., advertising in 1767, summarised as ‘yearly incomes during life’.[96] What constituted acceptable lifetime incomes changed over time. ‘Gentlemen in the Army or Navy’ were mentioned in 47 per cent. advertisements in the 1760s but references to them were much reduced thereafter, particularly after 1800 when they featured in only two per cent. of advertisements, as war and overseas postings undermined the certainty of a long-term income from a service career. In parallel with the way in which advertisers defined themselves, the language of honour was also applied to borrowers who were expected to be ‘respectable persons’ and ‘persons of rank and responsibility’.[97] Advertisers referenced social status as a proxy for income and as an indicator of respectability. The list of potential borrowers given in T’s advertisement in the *Morning Herald* was typical, ‘The Nobility, Gentry, Clergy, Officers on full or half

[94] *St James’ Chronicle*, 8-10 May 1766; *The World*, 11 March 1790.
[95] *St James' Chronicle or the British Evening Post,* 28-31 May 1774.
[96] *Gazetteer and New Daily Advertiser*, 21 July 1767.
[97] *Morning Post*, 4 March 1801; *Morning Post*, 14 December 1804.

pay, Ladies possessed with incomes for life'.[98] Annuity loans were available to women, described as 'Ladies of Character' or 'Ladies of Fortune', who were mentioned in ten per cent. of advertisements, as long as they could demonstrate that they were in receipt of a regular income.[99] Respectability was explicitly referenced further down the social scale and potential borrowers from a commercial background were expected to be 'Merchants and Tradesmen of Respectability'.[100] The measures that intermediaries took to verify participants' credentials are examined in the final section of this chapter.

The provisions of the Annuity Act, in seeking to limit the amount that could be charged for arranging annuity loans, reflected long-standing criticism of intermediaries' avarice, profiteering, self-interest and, more generally, corruption in the financial markets.[101] The idea that intermediaries, such as stockbrokers, were deceitful was widely held and reinforced by popular publications such as Thomas Mortimer's 'definitive' guide to the stock market, *Every Man His Own Broker*, and reports of their activities in newspapers.[102] Robert Withy, a conveyancer and intermediary active in the annuity loans market, acknowledged the 'many Frauds daily committed by advertising Money-Lenders' and 'the prejudice against advertising money-lenders' in his advertisements.[103] Other advertisers sought to demonstrate that they were not the ones responsible for bad behaviour by contrasting

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98 *Morning Herald*, 13 October 1784.
99 *Morning Post*, 20 April 1791; *Morning Herald*, 6 November 1790.
100 *Oxford Journal*, 31 July 1782.
101 Dickson, *Financial Revolution*, p.33; H.V. Bowen, 'The pests of human society: stockbrokers, jobbers and speculators in mid- eighteenth-century Britain', *History*, Vol. 78 (1993), pp.46-48; Julian Hoppit, 'Attitudes to credit in Britain, 1680-1790', *Historical Journal*, Vol. 33 (1990), pp.309-310.
102 T. Mortimer, *Every Man His Own Broker: Or a Guide to Exchange Alley* (London, 13 editions, 1761-1801); Stuart Banner, *Anglo-American securities regulation* (Cambridge, 1998), p.89; Bowen, 'The pests of human society', p.46.
103 *The World*, 9 January 1789; *Morning Herald*, 23 October 1799.

their own apparently exemplary conduct, and, at the same time, disparaging their competitors. George Scott of Leicester Street in London observed in 1782 that certain advertisers were ‘a disgrace to respectable characters’ being careful, of course, to stress his own ‘integrity and responsibleness’.[104] Birch and Co., in 1802, asked that ‘this address may be distinguished from the specious daily publications on money concerns as he pledges himself to act with the utmost candour and fairness in every transaction’.[105]

Whilst it is necessary to question the extent to which readers trusted what they read in newspapers, the evidence put forward here suggests that they did to some extent.[106] The persistent use of expensive, prominent advertisements by intermediaries indicates that they were of value to them in securing the participation of borrowing and lending clients. Intermediaries understood the need to establish a basis of trust as shown by their advertisement texts which identified their reliability, credibility and expertise. Advertisers did little to differentiate between themselves and their advertisements demonstrated a similarity of style, vocabulary and approach. This may have also reinforced trust in what the advertisements offered. The next section analyses these advertisements to establish a profile of intermediaries before the final section considers their methods of intermediation and whether these were consistent with the claims of their advertisements.

[104] *The World*, 11 August 1782.
[105] *Morning Post*, 3 February 1803.
[106] William Warner, ‘Truth and trust and the eighteenth-century anglophone newspaper’ in Brandtzæg, Goring and Watson (eds.), *Travelling chronicles*, pp.34-38.

4.4 Intermediaries: profile

This section uses the content of newspaper advertisements to assess the number of intermediaries involved in the annuity loan market and then as the basis for an investigation of their identities. Evidence for the activities of intermediaries can also be found in litigation and details of legal cases have been taken from contemporary publications and newspapers. The principal compilation of reports of legal cases for this period, the *English Reports* series, now digitised, was searched for references to annuity loan cases. The proceedings of the Old Bailey were also used.[107] These sources provide only a selective view of intermediaries. There was no systematic reporting of trials so only those cases where there was a question of law were likely to be of interest to compilers of case reports which were intended to be used by the legal profession.[108] As noted above, newspapers attitudes towards intermediaries were critical and often negative. Their reports were likely to favour cases where there was evidence of intermediaries being at fault. Details from legal proceedings have been used in this section for the evidence they provide of how intermediaries operated in bringing together borrowers and lenders and in managing transactions. It is recognised the extent to which they provide an accurate representation of business practice may be limited as the testimony of claimants and defendants might be compromised by their desire to present themselves favourably. A third source for this section is a publication entitled *Authentic memoirs, memorandums and confessions taken from the journal of his predatorial majesty the king of the swindlers*.[109] The authorship and veracity of this publication is uncertain. It claimed

[107] Accessed via www.londonlives.org/.
[108] James Oldham, 'Law reporting in London newspapers, 1756-1786', *American Journal of Legal History*, Vol. 31 (3) (1987), p.181.
[109] [Anonymous], *Authentic memoirs, memorandums and confessions taken from the journal of his predatorial majesty the king of the swindlers* (London, 1800).

to be the exposé of the private life and financial activities of John King, a London money broker whose notoriety was enhanced by a criminal dimension to his activities and his frequent and widely reported court appearances. Its references to King's family and early career can be corroborated from genealogical sources and it has been used as a primary source in the only significant modern assessment of King's career. This suggests that informed reliance may be placed on the details it contains of his financial activities and associates.[110]

Any attempt to establish the number of intermediaries in the annuity loan market and their identities from newspaper advertising is complicated by intermediaries' use of initials, pseudonyms and trade names which shielded their identity. 395 apparently unique individuals have been collated from the contact details given in the 2,165 retrieved advertisements. Of these 32 per cent. (129 examples) gave only initials and used a coffee house or a third-party location such as a retailer as their address. Newspaper readers may have been comfortable with advertisers concealing their identity as the writers of newspaper articles were similarly anonymous or used pseudonyms and over eighty per cent. of all novels were published without identifying an author.[111] Nevertheless, the anonymity sought by these advertisers contrasts with their claims to respectability and fidelity noted above and with contemporary financial manuals where authors' identity was bolstered by the addition of their signature to reinforce their identity and convince

[110] Todd M. Endelman, 'The Checkered Career of "Jew" King: a study in Anglo-Jewish social history', *AJS Review*, Vol. 7/8 (1982/1983), pp.69-100; Todd M. Endelman, 'King, John [formerly Jacob Rey] (c. 1753–1823), moneylender and radical,' *ODNB* [accessed 20 Aug. 2020]; Michael Scrivener, *Jewish representation in British literature, 1780-1840: after Shylock*, (Basingstoke, 2011), p.139.
[111] Robert J. Griffin, 'Introduction' in Robert J. Griffin, *The faces of anonymity: anonymous and pseudonymous publication from the sixteenth to the twentieth centuries* (Basingstoke, 2003), p.1.

readers of the trustworthiness of the publications.[112] There may have been legitimate reasons why one third of advertisers chose anonymity. Advertising lawyers might wish to forestall criticism that money-broking conflicted with their provision of legal advice. Money-broking was the subject of contemporary criticism which advertisers might have been anxious to avoid being attached to them personally.[113] The use of different and, for some, multiple, identities, which disguised common authorship, enabled advertisers to capture more responses and, potentially, more business. Anonymity also enabled less scrupulous advertisers to disguise their activities behind fabricated persona to avoid repercussions of failed transactions. In only a few of these cases is it possible to identify the advertiser from the initials used. Several advertisements in 1769 by 'C.D.' directed enquiries regarding annuity loans to Baker's Coffee House in Exchange Alley. The broker Robert Withy admitted using the same initials and address in an advertisement for an estate sale in 1768 which was investigated as part of a parliamentary enquiry into electoral fraud.[114] Withy subsequently advertised the availability of annuity loans using his own name and the same coffee house address.[115] Otherwise the identities of advertisers using initials remain unknown. Four per cent. of advertisers (14 examples) described themselves as an office, agency or bank and again further identification is rarely possible. At least two of them -- the Annuity Bank in Goodge Street, and the Knightsbridge Bank -- were both revealed in legal proceedings to be façades for the activities of individual intermediaries, respectively Thomas Martin and Thomas Neale, the latter

[112] Natasha Glaisyer, 'Calculating credibility: print culture, trust and economic figures in early eighteenth-century England', *Economic History Review,* Vol. 60 (4) (2007), p.709.
[113] Julian Hoppit, 'Attitudes to credit', pp.313-314; Whitehead, *Observations and reflections on swindled bills;* Griffin, 'Introduction', p.7.
[114] *Journals of the House of Commons*, Vol. 31 (1766-1768), 12 February 1768, p.606.
[115] *St James' Chronicle*, 30 March-1 April 1769; *The World*, 18 November 1791.

described as a moneylender.[116] Neither man advertised using their own name. A third, the Military and Monetary Agency, shared an address in Caddicks Court, off Whitehall, with another individual advertiser, Marmaduke Teasdale.[117] Most advertisements, representing 64 per cent. of advertisers (253 examples), gave individual names but this can only be an approximate indication of the number involved given that individuals are known to have advertised under different names. An advertisement to which the borrower Sir Alexander Leith responded was placed by a Mr Andrews who was subsequently revealed in court to be Marmaduke Teasdale.[118] Although John King, a frequent advertiser, used one of his advertisements to point out that 'he never advertises by any initials', a legal case revealed that he used the fictitious name of Osborne in newspaper advertisements and also operated under the name John Dear and Company.[119] Most of these 253 names gave London addresses but 22 advertisers were located outside London and advertised in provincial newspapers. These issues preclude the accurate identification of the number of active individual intermediaries.

Intermediaries in the annuity loan market did not face any significant barriers to entry. Unlike banks, no capital was required nor was there any other system of regulation, entry fee or election, all of which were gradually introduced in the stock market.[120] Thomas Mortimer drew attention to the ease with which those with a variety of background and experience could become involved, describing

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[116] *Morning Post*, 3 January 1776; *Times*, 20 August 1798.
[117] *Morning Post*, 6 December 1783.
[118] *Leeds Intelligencer*, 13 July 1779. An example of an advertisement by Mr Andrews appeared in the *Morning Post*, 4 July 1777.
[119] *The World*, 19 March 1791; *Authentic memoirs*, p.90; Endelman, 'The Checkered Career of "Jew" King', p.80.
[120] Ranald. C. Michie, *The London Stock Exchange: a history* (Oxford, 1999), p.38.

stockbrokers as a ‘medley of bankers, bakers, shoemakers, plaisterers, and taylors’.[121] The careers of three intermediaries illustrate similar variety. Robert Withy was the son of Hilbourne Withy, a prosperous and respectable City of London upholsterer.[122] Following an apprenticeship with the publisher John Rivington, Withy established a successful business as a printer and bookseller.[123] He sold this business in 1766. By 1768, as described above, he was advertising estate sales and, by 1771, was advertising under his own name buying and selling, ‘estates, mortgages, reversions, life annuities and all kinds of government securities’ by commission.[124] He continued to advertise throughout the 1780s and 1790s and maintained his role as intermediary, there is no evidence from the data on annuity loans that he ventured into lending himself. When he died in 1803 he was living in a substantial house in West Square, Southwark.[125] Another intermediary, Marmaduke Teasdale, was the son and grandson of Yorkshire clergymen.[126] By 1765 he had established a haberdashery business in Covent Garden, latterly in partnership with James Squibb.[127] This failed in 1771 and both Teasdale and his partner were declared bankrupt.[128] By 1777 Teasdale had set himself up as an intermediary using the name Andrews then, in his own name, as an auctioneer and, by 1783, was dealing in military commissions and annuity loans from premises near Whitehall.[129] In trade

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[121] Mortimer, *Every Man* (London, 1st edition, 1761), p.xi quoted in Bowen, ‘The pests of human society’, p.41.
[122] https://bifmo.history.ac.uk/entry/withy-hilborne-1717-80 [accessed 20 August 2020].
[123] Barbara Laning Fitzpatrick, ‘Rivington family (per. c. 1710–c. 1960), printers, publishers, and lawyers’, *ODNB* [accessed 14 Aug. 2020].
[124] *Public Advertiser*, 14 March 1771.
[125] *Gentleman’s Magazine*, (London, 1803), p.891.
[126] Marmaduke Teasdale (d.1742), vicar of Hemingborough (CCEd Person ID 110564); Marmaduke Teasdale (d.1773), curate of Selby (CCEd Person ID 77371) [accessed 28 August 2020].
[127] There are trade cards for his haberdashery business, British Museum: Heal Collection,70.155, 70.156, 70.157.
[128] *London Gazette,* 2 November 1771.
[129] *General Advertiser and Morning Intelligencer,* 8 May 1779; Teasdale advertised the opening of ‘a commodious auction and sale room’ in St Alban’s Street; *Morning Post,* 6 December 1783.

directories he described himself as an agent offering financial brokering services.[130] In 1791 Teasdale began lending himself, probably financed by borrowing as he was party to several annuity loans at this time. He was declared bankrupt again in 1794 and died in the St Martin's Workhouse.[131] The third example, John King, was the son of a street trader. He established himself as a successful money broker and married the Countess of Lanesborough. He ventured into political radicalism, became involved in criminal extortion, and died abroad.[132]

Intermediation could be combined with other roles. As noted earlier, lawyers also facilitated introductions between borrowers and lenders and were active in arranging annuity loans. 12 per cent. of named advertisers (46 examples) described themselves as lawyers, attorneys or solicitors either in their advertisements or can be identified as such from trade directories. John Inge and Thomas Chandless, 'solicitors' of Lower Brook Street, advertised in the *Morning Herald* in 1785 offering to purchase 'for the life of the Grantor, several Annuities, which must be well secured, and an equitable price will be given for the same'.[133] Nine of the advertisers in provincial newspapers were lawyers. In 1784 Browne and Taylor, 'attornies' of Diss in Norfolk, advertised the availability of five hundred pounds 'ready to be sunk at the rate of nine per cent. by way of annuity on the life of a lady aged 55 years'. R. Hart, a Portsmouth solicitor, advertised the availability of £4,000 'by way of annuity on two lives' in the *Hampshire Telegraph* in 1812.[134] Seven advertisers claimed the occupation of law stationer, an occupation closely associated

[130] *Bailey's British Directory; or, Merchant's and Trader's Useful Companion, for the year 1785* (London, 1785); *Lowndes's London Directory* (London, 1786).
[131] *Oracle*, 24 August 1795.
[132] Endelman, 'King, John'.
[133] *Morning Herald,* 3 June 1785.
[134] *Norfolk Chronicle,* 18 December 1784.

with legal practice. Another seven advertisers can be identified as money scriveners from their involvement in bankruptcy proceedings. Amongst these was Davenport Sedley, an associate of John King, who placed a series of advertisements offering annuity loans in the *Morning Herald* in 1782 and had a later career as a blackmailer and extortionist.[135]

Studies by Ann Carlos, Amy Froide and Alexandra Shepard have identified women acting as intermediaries, an involvement in the financial markets otherwise previously overlooked.[136] Whilst the use of initials and fictitious names in annuity loan advertisements makes firm identification of all intermediaries impossible and gender based on honorifics cannot necessarily be taken at face value, there is little evidence here of women advertising as intermediaries. The only example which has been located for this thesis sought to capitalise on this scarcity. In 1804 an advertisement in the *Morning Post* made by a Mrs Lloyd offered to 'procure pecuniary accommodation …by way of annuity'.[137] It promised a 'superior result from female agency' but as the advertiser, 'a lady of character and honour,' did not 'choose to lay herself open to the animadversions of the curious' all contact was to be made through a Mr Cozens. The address given in the advertisement, 38 Paddington Street, was occupied by a Thomas Cozens, described as a poulterer.[138] Advertisers did give retailers' addresses as points of contact so this was not in itself unusual, but whether this was a genuine advertisement or a ruse designed to attract

135 *Morning Herald*, 12 February 1782; Iain McCalman, *Radical underworld: prophets, revolutionaries and pornographers in London, 1795-1840* (Oxford, 1993), pp.34-36.
136 Amy M. Froide, *Silent partners: women as public investors during Britain's financial revolution 1690 - 1750* (Oxford, 2017), p.75 and p.133; Ann M. Carlos and Larry Neal, 'Women investors in early capital markets, 1720-1725', *Financial History Review*, Vol. 11 (2) (2004), pp.205-208; Alexandra Shepard, 'Minding their own business', p.56.
137 *Morning Post*, 28 November 1804.
138 *Post Office Annual Directory* (London, 1808).

the attention of newspaper readers is unknown. Later chapters of this thesis will demonstrate that women were active as lenders of annuity loans. They could have acted as intermediaries but not advertised. In this period women were excluded from activities such as the law which supported the information networks on which much intermediary activity relied and this is likely to have restricted the extent to which they fulfilled that role.[139]

4.5 The practice of intermediation

An effective intermediary needed to establish personal and professional contacts amongst borrowers, lenders and other intermediaries both as sources of business and of market intelligence to enable them to locate opportunities for intermediation. Advertisements were designed to generate contacts but they did not necessarily replace more traditional means of introduction based on personal connections.[140] Intermediaries also sought to develop more personal relationships with borrowers and lenders. This was epitomised most publicly by John King who became known for the dinners and entertainments he hosted. He was 'fond of having men of talent at his table' whom he entertained at his house in a fashionable part of London.[141] His obituary described how he used these social occasions to promote his financial activities, 'he lived in a very splendid style keeping an open table every day, to which such company were invited as were likely to prove profitable either by wanting, or lending, money on annuities'.[142] His social relationship with Lord Falkland was a result of contacts that King had with the Prince of Wales's household

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[139] Penelope J. Corfield, *Power and the professions in Britain, 1700-1850* (London and New York, 1995), p.74.
[140] Muldrew, *The economy of obligation,* p.111.
[141] Endelman, 'King, John'.
[142] *Gentleman's Magazine,* Vol. 94, pt. 1 (1824), p.184.

and it eventually led to Falkland asking him to raise money.[143] Another intermediary, Marmaduke Teasdale, assiduously fostered his relationship with the former Southwark tanner Benjamin Pope and met him frequently. It was worthwhile for him to do so. Pope was an active lender, making 29 annuity loans totalling £18,000 between 1775 and 1789.[144]

Direct knowledge of, and access to, those who needed money and those who had it to lend was supplemented by contact between intermediaries to help effect transactions which has similarities with features identified in business networks of the period.[145] Intermediaries referred to other members of these networks as ‘connections’ using the conventional vocabulary of the time.[146] The existence of these contacts was considered to reinforce reputational standing and to be of interest to potential clients as reference was made to them in advertisements. Henry Jackson noted the ‘extent and opulence of his Connections’ in the advertisement at the beginning of this chapter. K. L. at the Smyrna Coffee House in 1780 claimed well established ‘connexions with the monied line of men’ and Melville and Co. boasted of their ‘long established and longstanding money connection’.[147] Graham Wilkinson and Company described themselves as being ‘Gentlemen of the first respectability, character and connexions’.[148] Networks could be the source of funds

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143 Anonymous, *The trial of James Gillham, an attorney, for demanding and receiving of Lord Falkland, Henry Speed, Esq. and D. Broughton, Esq. the sum of three hundred twenty two pounds, ten shillings, for procuring them the loan of two thousand, four hundred and fifty pounds, contrary to an act passed in the seventeenth year of his present Majesty. Tried in the court of the King’s Bench, Westminster on the 20th February 1795 before Lord Kenyon and a special jury* (London, n.d.), p.13 and p.46.
144 OBP, July 1778, trial of Alexander Leith (t17780715-5) [accessed 5 May 2022].
145 John Haggerty and Sheryllynne Haggerty, ‘The life cycle of a metropolitan business network: Liverpool, 1750-1810’, *Explorations in Economic History*, Vol. 48 (2011), pp.189-206.
146 David Hancock, ‘The trouble with networks: managing the Scots’ early modern madeira trade’, *Business History Review,* Vol. 79 (2005), p.472.
147 *Morning Chronicle*, 14 September 1780; *Sun* (London), 17 August 1802.
148 *Morning Chronicle*, 3 February 1792.

as implied by these last two references or they could be a source of information. John King described using his network to open 'communications' as he shared 'mutual information' with two other intermediaries, Teasdale and 'Roundtree'.[149] To help him arrange an annuity loan for Lord Falkland in 1792 King initially contacted another intermediary, the money scrivener Alexander Livingston, and Livingston, in turn, contacted the lawyer James Gillham whose client was the lender.[150] Teasdale introduced borrowers to his fellow intermediaries. He arranged for John King to meet a borrower called Creagh. When contacted by the Reverend George Thomas, Teasdale introduced him to a lawyer called Cookson, who was acting as an intermediary for a lender, the artist Joseph Barney.[151]

Intermediaries did not just act as go-betweens. The relationship between an intermediary and a lender could be consolidated if the lender relied on the intermediary to assess the creditworthiness of a borrower. This was not an innovation as credit assessment had long been an integral part of lending but, in some cases, it was now being undertaken by intermediaries rather than directly by the lender.[152] Marmaduke Teasdale acted as the intermediary for James Griffiths, landlord of the Horn Tavern in Doctor's Commons, who made 15 loans between 1786 and 1796 representing a total capital investment of £3,000. When he was considering William Ross Darby as a possible borrower for Griffiths, Teasdale

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[149] *Authentic memoirs*, p.25. Roundtree was probably Thomas Rowntree, another lender. His bankruptcy as a 'money scrivener, dealer and chapman' was noted in the *London Gazette*, 22 January 1785.
[150] *The trial of James Gillham,* p.53.
[151] *Authentic memoirs*, p.50; *True Briton,* 11 July 1794; *Bath Chronicle and Weekly Gazette,* 17 July 1794; George Andrew Thomas (CCEd Person ID 2406) [accessed 18 April 2022]; R. J.Cleevely, 'Barney, Joseph (1753–1832?), painter', in *ODNB* [accessed 23 August 2020].
[152] Muldrew, *The economy of obligation,* p.151; Alexandra Shepard, 'Crediting women in the early modern English economy', *History Workshop Journal,* Vol. 79 (1) (2015), p.16; Michael Miles, 'Eminent attorneys', pp.175-177.

investigated details of Darby's property in Lincolnshire which was offered as collateral. Considering this insufficient he then spoke to army contacts and discovered that Darby's army pay was already committed to another lender. He only proceeded when another army officer, John Campbell, was suggested as co-borrower and he could check Campbell's rank and regiment on the Army List.[153] He introduced the borrowers to Griffiths only when he had completed his investigation of their credit.[154] James Gillham, the lawyer for the lender Stephen Phillips, visited Brampton in Huntingdonshire to enquire about the property of Henry Speed, a potential borrower. He also met with Drummond, Speed's banker.[155] As a consequence he was able to satisfy Phillips that Speed was 'a man of fortune' although this was not to be the case as Speed's assets proved to be a fiction.[156] John King had been introduced to Mr Creagh by Teasdale, whom he knew, but nevertheless undertook his own investigation. This included meeting with Gilly McMahon, described as 'the best Irish intelligencer in Great Britain' to ascertain Creagh's family background and information about his worth.[157] King described this process of information gathering as 'learning secret histories'.[158] Credit assessment could be augmented by additional arrangements to enhance the credit of the borrower, particularly life insurance and control over the borrower's income. Teasdale accompanied Darby and Campbell to the offices of the Royal Exchange Assurance to take out life insurance on them for the benefit of the lender and he

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[153] *LL,* ref: LMOBPS450300048, Old Bailey Sessions: Sessions Papers Justices Working Documents 23 January 1786–18 December 1786, 13th June 1786 [accessed 20 August 2020].
[154] *LL,* ref: LMOBPS450300069 Old Bailey Sessions: Sessions Papers Justices Working Documents 23 January 1786–18 December 1786, 13 June 1786 [accessed 23 August 2020].
[155] *The trial of James Gillham,* p.50.
[156] *The trial of James Gillham,* p.10; HOP, https://www.historyofparliamentonline.org/volume/1790-1820/member/speed-henry-de-viry-alias-1766-1820 [accessed 23 August 2020].
[157] *Authentic memoirs*, p.51.
[158] John King, *Fourth Letter from Mr. King to Mr. Thomas Paine at Paris* (London, 1795), p.6 cited in Endelman, 'The Checkered Career of "Jew" King', p.80. The letter was published in the *Morning Post*, 13 March 1795.

liaised with army agents to arrange for Campbell's salary to be committed to pay the annuity.[159]

Not all lenders relied on the apparent competence of their intermediary. Teasdale introduced several lending opportunities to the former Southwark tanner Benjamin Pope, at least some of which were prompted by his newspaper advertisements. Pope, an experienced and successful businessman, had the confidence to make his own judgments about them. When he was asked in court about these borrowers he replied that, in some cases, he had 'never liked them' and in those circumstances preferred instead to lend to them by discounting bills, a shorter term commitment.[160] He relied on Teasdale to establish contact with borrowers but his own commercial background informed his credit judgments.

Intermediaries' advertisements promising to expedite transactions quickly were facilitated when an intermediary was already in contact with lenders and could anticipate what loans were of interest to them. William Ross Darby first called at Marmaduke Teasdale's premises in Caddick's Row, off Whitehall on 30 May 1786, seeking a loan on his own account on the security of his commission as ensign in the 60th Regiment of Foot. Teasdale declined to arrange the loan until Darby introduced an army colleague, John Campbell, using the latter's pay to support joint borrowing. Within two days Teasdale had completed his credit assessment and introduced Darby and Campbell to the lender, James Griffiths, reportedly saying to him 'I have got an annuity as you requested'. Whilst Darby and Campbell arranged the life insurance,

[159] *LL*, ref: LMOBPS450300049 Old Bailey Sessions: Sessions Papers Justices Working Documents 23 January 1786–18 December 1786, 13th June 1786 [accessed 23 August 2020].
[160] OBP, July 1778, trial of Alexander Leith (t17780715-5) [accessed 5 May 2022].

Griffiths asked his lawyers to draw up the loan documents, intending to complete the transaction on 3 June, within four days of the original approach to Teasdale.[161] The loan between Stephen Phillips and Lord Falkland was arranged even more quickly as the terms were negotiated by Phillips' intermediary, James Gillham, the loan documents were completed and the money was paid all within a few hours.[162]

Intermediaries might also play a role in the administration of loans, making the initial capital payment to the borrower and handling the regular annuity payments. The establishment of a continuing relationship with a borrower or lender placed the intermediary in a privileged position for further transactions. Some lenders made use of intermediaries in concluding transactions where their direct involvement might have challenged social acceptability or raised issues of security.[163] Mary Brice, a London spinster and lender, employed several agents, George Adams, a Haymarket coachmaker, the lawyer George Diggles, and Charles Eley, to act for her in making the initial capital payments to borrowers for loans she made in 1809.[164] Henrietta Inge, a London based widow from a Staffordshire gentry family, used her lawyer Thomas Chandless to pay £300 to the borrower Sir Charles Sturt in 1789 in respect of a loan where she provided the capital for her sister, Frances Wilkes.[165]

[161] *LL*, ref: LMOBPS450300048-LMOBPS450300069 Old Bailey Sessions: Sessions Papers Justices Working Documents 23 January 1786–18 December 1786 [accessed 25 August 2020].
[162] *The trial of James Gillham,* pp.10-16.
[163] B. A. Holderness, 'Elizabeth Parkin and her investments, 1733–66: aspects of the Sheffield money market in the eighteenth century', *Transactions of the Hunter Archaeological Society of Sheffield*, Vol. 10 (1973), p.87.
[164] TNA C54/8676/6, Swete/Brice, 5 December 1809; C54/8676/3, Powell and others/Brice, 8 December 1809; C54/8676/4, Surgey and Bissell/Brice, 9 December 1809.
[165] TNA, C54/6948/42, Sturt/Wilkes, 28 November 1789.

Where borrower and lender were geographically distant, it was more convenient to use an intermediary. In December 1809 the Chichester doctor William Silver used Joseph Sparkes, a London lawyer, as his agent to make the payment of £2,400 to the Reverend Augustus Beevor whose parish was in Norfolk.[166] John Broomhead in London collected the £50 annuity due from the Reverend Joseph Matthew in Sussex each year and paid it to the lender, William Gibbons, from King's Lynn in Norfolk.[167] Intermediaries could help to keep transactions confidential. The Reverend George Thomas borrowed £280 from Joseph Barney in 1791 in return for an annuity of £40, a transaction arranged by Marmaduke Teasdale. Both borrower and lender were located in Woolwich but Thomas sent the regular annuity payments to Teasdale for him to pay on to the lender. Notwithstanding the need for enrolment, he did this so that he might avoid his parishioners or his uncle, the Bishop of Rochester, becoming aware of the loan.[168]

Intermediaries charged for undertaking this administration. The commission charged for handling annuity payments by the lawyer George Diggles was described as one of his principal sources of income.[169] When the navy agent Richard Creed offered to manage a loan for John Howden and to collect the half yearly annuity payments, he expected a commission of five per cent. 'for our trouble'.[170] The Annuity Act had acknowledged that intermediaries expected to be remunerated for their role and it imposed a limit on their commission of half of one per cent. of the capital sum for arranging loans. It did not attempt to regulate any other charges.

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166 TNA C54/8677/5, Beevor/Silver, 3 December 1809; https://history.rcplondon.ac.uk/inspiring-physicians/william-silver [accessed 27 September 2020].
167 TNA C54/6615/4, Mathew/Gibbons, 14 March 1781.
168 *True Briton*, 11 July 1794; *Bath Chronicle and Weekly Gazette*, 17 July 1794.
169 Hurd v. Brydges and another (1817) Holt, 654.
170 Sandilands v. Marsh (1819) 2 B. & Ald. 673.

Where advertisers made reference to commissions or brokerage they did so in imprecise terms or claimed not to charge at all. In an advertisement, published shortly after the Act came into force, Robert Withy referred to his practice of buying and selling 'by commission' although without specifying its rate.[171] In 1790 'AB', 'a solicitor of eminence' only charged 'his regular bill' with 'no larger sum on account of brokerage' and in 1804 Hemming and Co. claimed that they would not submit the borrower to 'any charge for commission fees'.[172] In practice, as Robert Withy Junior, the author of one of the practical treatises about the Annuity Act and the son of the advertising broker, noted, the limitation on commission was infringed 'with impunity' but legal action was rarely taken against intermediaries.[173] The widely reported prosecution of the lawyer James Gillham in 1795 was an exception and it was only brought as a defensive countermeasure by the borrowers following their failure to meet the terms of the loan. Gillham had charged £322 which represented a commission of 13 per cent. of the amount raised and he was found to be in breach of the Annuity Act.[174] In another case Thomas Thompson, the member of parliament for Evesham, contested the payment of £140 paid to Marmaduke Teasdale who had 'negotiated the business' of a £1,200 annuity loan for him in 1792. He was unsuccessful because he had waited two years before bringing his case and the court suspected that it was an attempt to renege on the loan.[175] One way in which intermediaries were able to circumvent the limit on commission was to claim that their charge included the cost of the loan documents. This had been James Gillham's defence. In another example, when James Rooke borrowed £600 from Francis

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[171] *Morning Post*, 15 October 1777.
[172] *Gazetteer and New Daily Advertiser*, 4 April 1768; *The World*, 11 March 1790; *Sun (London)*, 12 December 1804.
[173] Withy, *A practical treatise*, p.77.
[174] Hunt, *Collection of cases*, p.292; *The trial of James Gillham*, p.113.
[175] *True Briton*, 13 June 1795.

Willince in 1799, he agreed to pay George Thomas of Hanover Street, described as 'gentleman and attorney', £35, representing a commission of six per cent., for his costs as intermediary and the associated paperwork.[176] The intermediary's risk was that charging commission above the permitted level could void the loan transaction but this was balanced by borrowers wanting to avoid the publicity likely to attach to the necessary legal process to challenge illegal commissions.[177] Where an intermediary's commission was deducted from the capital amount paid to the borrower, the lender had little incentive to act as the amount of the annuity he received was unaffected. The lender in the Gillham case, Stephen Phillips, publicly defended Gillham, a sign of his indifference to the illegal level of commission claimed by his intermediary.[178]

When John King was questioned about his role during the trial of James Gillham, his response indicated how the roles of intermediary and lender might be combined, 'I acted as agent formerly, and lately I have lent my own money, and not received any commissions as broker'.[179] Lending as principal offered intermediaries the prospect of a continuing income from an annuity loan instead of a single transaction fee but it also increased the risk of financial failure if the borrower defaulted. Where intermediaries were also lenders there was opportunity for possible conflicts of interest and for the less scrupulous to contract loans on better terms for themselves.[180] Conversely by lending themselves intermediaries could be considered to demonstrate confidence in their credit assessment of the borrower to their lending

[176] TNA, C54/7551/7, Rooke/Willince, 24 December 1799.
[177] Withy, *A practical treatise,* p.78.
[178] *Oracle,* 9 July 1795.
[179] *The trial of James Gillham,* p.42.
[180] This was a concern of Elizabeth Parkin. Holderness, 'Elizabeth Parkin and her investments', p.87.

clients. One example of this is the case of John Lemoine, a lieutenant in the Royal Artillery, who contracted ten annuity loans for a total of £2,000 between 1789 and 1791 from seven different lenders. The lawyer Thomas Chandless arranged two of these loans for Frances Wilkes in September 1789 and March 1790 and made one loan himself in April 1790. Marmaduke Teasdale arranged for his client James Griffiths to lend Lemoine £150 in March 1791 and then lent a further £120 himself in April.

Intermediaries could also act as sureties for borrowers and guarantee the annuity payment in return for a fee. Graham Wilkinson, operating from premises near Hanover Square, was both a lender of 12 annuity loans in the 1790s and surety on a further nine loans. Apart from two loans, all these transactions involved different borrowers. Lending was capital intensive but acting as surety potentially gave Wilkinson additional fee income without the need to commit his capital. He could use his own reputation to support his suretyships. Several intermediaries acted as surety for loans made to the entrepreneur William Alexander Madocks to support his development project in Wales.[181] Amongst them was the lawyer Samuel Girdlestone who acted as surety for nineteen loans made between 1810 and 1812 on which the total of annuity payments was £3,126. When Madocks failed to meet these Girdlestone was called upon as surety. His liabilities forced him into bankruptcy.[182]

[181] D. L. Thomas and H. C. G. Matthew, 'Madocks, William Alexander (1773–1828), property developer and politician,' *ODNB* [accessed 22 February 2022].
[182] *London Gazette*, 5 April 1814.

4.6 Conclusion

The annuity loan market supported considerable intermediary activity. Intermediation required neither capital nor any particular degree of specialisation and many of the participants offered annuity loans alongside other forms of finance, broking or legal services. What intermediaries did purport to offer was their ability to connect borrowers and lenders. Henry Jackson promised ‘accommodation’ and ‘accomplishment’. They used the impersonal medium of newspaper advertisements to extend their connections. Analysing the text used in these advertisements over time has shown that it was language relating to intermediaries’ credibility, reliability and transactional competence that was used most frequently and consistently as they sought to establish trust in their reputation and professional capability. They may not have had to try too hard. The offer of immediately available money to borrowers in need and lenders keen to earn a high rate of interest may have made readers of the advertisements willing to be persuaded. If this were so it also helps to explain why participants were prepared to accept intermediaries’ more questionable practices such as excessive commissions and multiple identities.

Behind the anonymity of newspaper advertisements, there is evidence of the continuing role of the personal in credit exchange. Social relationships were an important element of intermediation. The establishment of continuing relationships between intermediary and client, especially lenders, supported by an element of social interaction, helped to expedite timely transactions and facilitate future deals, to the benefit of both. Intermediaries created and relied on networks of personal contacts to generate business and share information. Intermediation extended beyond the initial exchange. Maintaining contact with borrowers and lenders helped generate additional transactions and income for the intermediary and was convenient for participants.

The elements of intermediation identified by Miles and Murphy discussed at the beginning of this chapter have been demonstrated in the annuity loans market. By establishing their credibility and reliability intermediaries encouraged borrowers and lenders to have trust in them and this was reinforced by claims to transactional competence and access to information and market contacts. The extensive and persistent use of newspaper advertising is evidence that this initial contact was made through an impersonal medium, but the content of the advertisements demonstrates the continuing importance of the personal qualities of the intermediary in the intermediary/client relationship, albeit often conveyed using a standardised vocabulary. There may have been a shift in the character of credit exchange but personal connection remained important.

Intermediation was a means by which borrowers and lenders could access the market for annuity loans, the features of which have been considered in the previous two chapters. In the remaining two chapters this thesis turns to focus on individual engagement with that market. The next chapter considers the nature of the participants and what motivated their use of annuity loans. The final chapter considers how the credit relationships between borrowers and lenders was sustained.

Chapter 5: Participants and their use of annuity loans

In his critique of annuity loans published in 1776, Thomas Erskine made much of the plight of the ‘infatuated gamester’ and the ‘careless spendthrift’ who used annuity loans to settle their debts or support an extravagant and profligate lifestyle. He acknowledged that there were other borrowers and was more sympathetic to the military and naval officers and public servants who were driven to use them by what he considered to be inadequate pay.[1] Other contemporary critics, including the former West India merchant Charles Whitehead, deplored the ‘rage for lending’ as he described it, and the involvement of London merchants, the squirearchy, tradesmen, women and the clergy who were all making annuity loans.[2] In 1818 when the lawyer James Gibbs gave evidence to a parliamentary select committee, he described the borrowers as including both those in ‘very opulent situations’ and ‘persons in all situations’. His lending clients were ‘gentlemen, tradesmen, men who have been tradesmen and retired from business, and females’.[3] These descriptions appear to present a picture of the participants in the annuity loan market at the beginning and at the end of the period covered by this thesis. By 1818 borrowers appeared to be less disreputable and lenders comprised solid, dependable citizens. This chapter takes these descriptions as its starting point to ask who the borrowers and lenders in the annuity loan market were, and to consider whether the profile of participants changed over the period. These contemporary portrayals were coloured

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[1] Anonymous, [Thomas Erskine], *Reflections on gaming, annuities and usurious contracts* (London, 1776), pp.28-29.
[2] Charles Whitehead, *Observations and reflections on swindled bills and the method of discounting them* (London, 1777), p.13; Anonymous, *Reflections on usury, containing an account of those usurious contracts carried on under the mode of undervalued annuities* (London, 1777), p.2.
[3] *PP, Report from the Select Committee on the usury laws*, House of Commons Papers, Vol. 6 (1818), pp.26-28.

by the standpoints of the commentator. Erskine and Whitehead had both put forward moral arguments for restricting the use of annuity loans. There were many more reasons for using annuity loans than they suggested. Gibbs was called as a witness because it was his business to arrange loans. The market was not always as reputable as he implied. The second part of this chapter draws on this profile of borrowers and lenders to consider what motivated participants to use annuity loans. It elaborates on the characteristics of annuity loans identified in Chapter 3 to examine the reasons for individual involvement.

Studies of borrowers historically have often focussed on the informal debts they accumulated from the ubiquitous extension of sales credit which supported everyday commerce in an expanding economy.[4] There has been little analysis of the accumulation of formal debt by borrowers outside of industrial development and the aristocracy.[5] The nature and activities of individual lenders and groups of lenders has been better served but, even so, conclusions about who was lending have drawn on surveys comprising individual, gendered or regional examples.[6] This chapter seeks to

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[4] Tawny Paul, *The poverty of disaster: debt and insecurity in eighteenth-century Britain* (Cambridge, 2019); Craig Muldrew, *The economy of obligation: the culture of credit and social relations in early modern England*, (London, 1998).

[5] Pat Hudson, *The genesis of industrial capital: a study of the West Riding wool textile industry c.1750-1850 (*Cambridge, 1986); David Cannadine, 'Aristocratic indebtedness in the nineteenth century: the case re-opened', *Economic History Review*, Vol. 30 (4) (1977), pp.624-650; Nicola Phillips, *The Profligate Son* (Oxford, 2013); John Beckett, *The rise and fall of the Grenvilles: the dukes of Buckingham and Chandos, 1710 to 1921* (Manchester, 1994); Mary Soames, *The profligate duke: George Spencer Churchill, fifth Duke of Marlborough and his duchess* (London, 1987); Wendy Moore, *Wedlock* (London, 2009);Richard Colyer, The Hafod Estate under Thomas Johnes and Henry Pelham, fourth Duke of Newcastle, *Welsh History Review*, Vol. 8 (1976-7), pp.257-284; John Beckett and Sheila Aley, *Byron and Newstead: the aristocrat and the abbey* (Newark and London, 2001.

[6] B. A. Holderness, 'Elizabeth Parkin and her investments, 1733–66: aspects of the Sheffield money market in the eighteenth century', *Transactions of the Hunter Archaeological Society of Sheffield*, Vol. 10 (1973), pp. 81–87; M. Miles, 'The money market in the early Industrial Revolution: the evidence from West Riding attorneys c. 1750–1800', *Business History*, Vol. 23 (2) (1981), pp. 127-146; Amy M. Froide, *Never married: single women in early modern England* (Oxford, 2005; Judith Spicksley, 'Women, 'usury' and credit in early modern England: the case of the maiden investor', *Gender & History*, Vol. 27 (2) (2015), pp. 263-292; Alexandra Shepard, 'Minding their own business: married women and credit in early eighteenth-century London', *Transactions of the Royal Historical Society*, Vol. 25 (2015), pp.53-74.

establish a broader picture of the borrowers and lenders of mid- to late-Georgian England by examining their use of annuity loans. Whilst acknowledging that it can be challenging to identify the reasons for borrowing or lending, this chapter also seeks to establish what motivated their financial decisions.[7] Source material only occasionally states motivations for borrowing and, even more rarely, any reason for lending. The approach taken here is firstly, in Section 5.1, to establish profiles of borrowers and lenders at different points during the period between 1777 and 1813 and then to establish variations in the extent of their participation. The second part of this chapter (5.2 onwards) develops these profiles to suggest reasons for participation. It does so by reconstructing the decisions behind individual transactions. Here loan documentation is supplemented by details of social and economic circumstances drawn from legal cases, newspaper reports and wills. This inevitably favours those participants who left a documentary trail or whose positions, such as members of parliament, have generated biographical records.

The longitudinal approach taken in this chapter establishes that, over the period, there were variations in the use of the market by certain groups of borrowers, particularly the military and the aristocracy. Notwithstanding these developments, the chapter concludes that the annuity loan market was used extensively by the commercial and professional classes, both as borrowers and lenders. Women formed a significant proportion of lenders. For those with rank and title, annuity loans were often a supplementary means of credit. Other borrowers were compelled to use them

[7] Amy M. Froide, *Silent partners: women as public investors during Britain's financial revolution 1690 - 1750* (Oxford, 2017), p.210; Richard Grassby, *Kinship and capitalism: marriage, family, and business in the English-speaking world, 1580-1740* (Cambridge, 2001), p.27.

either because they found themselves excluded from alternative forms of credit due to their lifestyle or social status, or because the structure of the financial market was insufficiently developed to meet their needs.

5.1 Profile of participants in the annuity loan market

The profiles of borrowers and lenders have been developed using data from the five sample years examined in this thesis: 1779, 1783, 1793, 1803 and 1809. A total of 4,887 loans were transacted during these years. Given this number of transactions, each involving at least two participants, it proved impractical to verify the social and economic status of all individual borrowers and lenders from sources outside of the annuity loan records. The basis for categorising participants according to status or occupation has, therefore, been the terms they used to identify themselves, or evidence from the loan documentation recorded in the close rolls. Occupational self-identity was important in the creation and maintenance of credit as a basis of reputation and status.[8] Lenders and borrowers were likely to have been keen to ensure that a public record accurately captured this. Participants, whether borrowers or lenders, have been categorised as one of: aristocrat, knight or baronet, gentleman or esquire, female, clergy, military personnel, merchant or tradesman or doctor, all of which terms were used in loan records. Where there were joint or multiple borrowers or lenders, status has been categorised according to that of the first named participant. Certain of these categories were specified in the enrolment registers where senior aristocratic titles, knights and baronets, clergymen and doctors were noted. Why the enrolment registers were annotated with the initials ‘M.D.’, when the borrower or lender claimed to be a doctor, is unclear. The designation as a ‘doctor’

[8] Paul, *The poverty of disaster*, p.165.

was a term which was applied with a fluid meaning in this period. It may have been to differentiate them from men with academic status.[9] Women have been identified, as far as possible, from forename evidence and from the registers' notation recording their status as 'widows' or 'spinsters'. There were 192 transactions involving women as borrowers, representing four per cent. of the total. Women as lenders accounted for 797 transactions, 16 per cent. of the total. The identification of women by their marital status was common in other civic records including parish registers and probate documents.[10] It was an important distinction as the legal and financial standing of married women was more limited than that of single women and widows and the extent to which they could enter into contracts in their own right was restricted. In practice, there were ways in which married women could exercise more economic agency than the law permitted.[11] How women participated in the annuity loans market alongside their husbands is considered below. Women did work outside the home but the brevity of information about women participants in the annuity loan market has made it difficult to identify any occupational status and, as a consequence, this has been ignored for the purposes of this analysis. Junior aristocratic ranks have been identified by the author on the basis of their family name. The identification of esquires and gentlemen, merchants, tradesmen and military personnel has relied on what is recorded in the close rolls.

[9] P. J. Corfield, 'From poison peddlers to civic worthies: the reputation of the apothecaries in Georgian England', *Social History of Medicine*, Vol. 22 (1) (2009), p.2.
[10] Amy Louise Erickson, 'Married women's occupations in eighteenth-century London', *Continuity and Change*, Vol. 23 (2) (2008), p.267.
[11] Anne Laurence, Josephine Maltby and Janette Rutterford, 'Introduction' in Anne Laurence, Josephine Maltby and Janette Rutterford (eds.), *Women and their money, 1700-1950: essays on women and finance* (London, 2009), pp.7-10; Margot C. Finn, 'Women, consumption and coverture in England, c.1760-1860', *Historical Journal*, Vol. 39 (1996), p.704; Amy L. Erickson, *Women and property in early modern England* (London and New York, 1993), p.226.

The identification of status has been limited by two factors. The number of close rolls has precluded individual inspection of all the close rolls for each sample year. There were 42 individual close rolls for 1803 and 124 for 1809 so it was impractical to examine each one.[12] In any case, the memorials of transactions do not always record status information. It has, however, been possible to identify some individual participants from close rolls in other years. Status has been determined for an average of 69 per cent. of male borrowers and 72 per cent. of male lenders, which is considered a sufficient basis for analysis. The figures for participants whose status is undetermined are given for each year in Tables 5.1 and 5.2.

The extent of social change and varying attitudes towards status confuses the ability to categorise individuals by the mid- to late-eighteenth century. The terms 'esquire' and 'gentleman' had acquired a fluidity which disguised professional status, office holding and commercial activity.[13] Reliance on an individual's description of their own status recognises that occupational self-descriptions were often generalised and could vary according to the circumstances in which the description was given or to stages in an individual life cycle.[14] In the 1780s one of the partners in Barclays Bank still described himself as a merchant.[15] Those involved in trade, commerce, office-holding or the military might adjust their self-description on retirement from economic activity or from active military service.

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[12] See Appendix 3.
[13] Paul Langford, *A polite and commercial people: England, 1727-1783* (Oxford 1989), p.65; P. J. Corfield, 'Class by name and number in eighteenth-century Britain', *History*, Vol. 72 (234) (1987), pp.47-50; John Vincent Beckett, *The aristocracy in England, 1660-1914* (Oxford, 1986), p.34.
[14] Penelope J. Corfield, *Power and the professions in Britain, 1700-1850* (London and New York, 1995), pp.227-228; Paul, *The poverty of disaster*, p.167 and p.184.
[15] Margaret Ackrill and Leslie Hannah, *Barclays: the business of banking* (Cambridge, 2009), p.34.

The identification of the status of lenders is further complicated by the increasing use of syndicates of lenders organised as a quasi-trust or partnership managed by a nominated individual, whose position was shown in the enrolment registers as being ‘in trust’. This structure was little used in the 1780s but by 1793 represented over 5 per cent. of transactions. The individual ‘trustee’ acted as the manager for the capital of several lenders. This allowed lenders with more limited capital to participate and enabled borrowers to access larger loans without dealing individually with several lenders. It also provided some anonymity for lenders. Only the name of the trustee was shown in the indexes of grantors, the primary source for the database for this thesis, although the names of all the lenders were given, recorded under the name of the trustee, in the indexes of grantees. All the lenders and their individual loan commitments were given in the memorials recorded in the close rolls. These loans have been classified according to the status of the individual trustee. They were nearly always men and often lawyers who self-identified as gentlemen or esquires.

5.1.1 Borrowers

The social and gender status of borrowers in each of the five sample years is shown in Table 5.1 on the next page.

Table 5.1: Number and percentage of loans according to social/gender status of borrowers

Social/gender status	1779		1783		1793		1803		1809	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Gent/esquire	78	24.8%	134	21.8%	344	28.6%	308	33.9%	441	23.9%
Aristocrat	62	19.7%	75	12.2%	162	13.5%	118	13.0%	145	7.8%
Clergy	27	8.6%	41	6.7%	105	8.7%	102	11.2%	84	4.5%
Knight/baronet	20	6.4%	26	4.2%	56	4.7%	23	2.5%	68	3.7%
Merchant/tradesman	15	4.8%	23	3.7%	56	4.7%	47	5.2%	199	10.8%
Spinster/widow	8	2.5%	27	4.4%	35	2.9%	21	2.3%	41	2.2%
Female status undetermined	7	2.2%	2	0.3%	10	0.8%	14	1.5%	27	1.5%
Military	6	1.9%	82	13.4%	37	3.1%	40	4.4%	86	4.7%
Doctor	4	1.3%	8	1.3%	12	1.0%	6	0.7%	16	0.9%
Male status undetermined	87	27.7%	196	31.9%	384	32.0%	230	25.3%	742	40.1%
Number of transactions	314	100%	614	100%	1,201	100%	909	100%	1,849	100%

Extensive use of debt by the aristocratic and landed classes to address 'the problem of making ends meet' and reconcile fluctuating expenditure and income has long been recognised.[16] House building, the purchase of luxury items, political influence and providing for family were common elements of their expenditure.[17] Although there were only two hundred or so peers, members of the aristocracy were amongst the most significant borrowers of annuity loans representing 19.7 per cent. of borrowing transactions in 1779.[18] The distinction between knights and baronets and the more senior aristocratic titles reflected in the enrolment registers has been maintained in this analysis but the definition between the two groups was not always distinct. Members of aristocratic families were also entitled to use lesser titles. Knights and baronets shared characteristics with the aristocracy. They also owned land and property as the basis of their wealth and income and demonstrated similar patterns of expenditure.[19] Knights and baronets were numerically larger than the peerage as there were around 850 of them in 1800 but they represented only a small and declining proportion of transactions during the period, between 4 and 7 per cent. of the total each year.[20] The number of borrowing transactions by these two élite groups gradually increased over the period but their relative significance declined. By 1809 they accounted for 11.5 per cent. of borrowing transactions, compared with 26.1 per cent., in 1779. As discussed in the previous chapter, annuity loans were a means by which landowners who held only life interests in their estates could borrow and this is likely to account for at least some of their representation here.[21] A further

[16] Beckett, *The aristocracy in England,* p.294; Laurence Fontaine, *The moral economy: poverty, credit and trust in early modern Europe* (Cambridge, 2014), p.77.
[17] Beckett, *The aristocracy in England,* p.295; David Cannadine, 'Aristocratic indebtedness', p.624.
[18] John Ashton Cannon, *Aristocratic century: the peerage of eighteenth-century England (Cambridge, 1984),* p.15.
[19] Jon Stobart and Mark Rothery, *Consumption and the country house* (Oxford, 2016), p.1.
[20] Cannon, *Aristocratic century,* p.32.
[21] Hrothgar John Habakkuk, *Marriage, debt and the estates system: English landownership, 1650-1950* (Oxford, 1994), p.17; Becket and Aley, *Byron and Newstead,* p.55.

factor was the effective closure of access to mortgage finance as fewer lenders were prepared to make mortgage loans once returns on public debt regularly matched the five per cent. usury limit.[22] The increase in the number of loans made to aristocratic borrowers and to knights and baronets after 1803 appears to confirm the contemporary perception noted in Chapter 3 that landowners used annuity loans as an alternative to mortgages as a source of funds.[23]

The eighteenth century saw a significant shift in the social origins of the clergy as the church was increasingly regarded as a respectable profession and this encouraged the younger sons of aristocratic and gentry families to pursue clerical careers.[24] Many clergy relied on the income generated from their livings and this did not always meet a level which reflected their élite social background and expectations.[25] Loans gave them access to capital to improve their lifestyle. Clergy use of annuity loans is perhaps surprising given the contemporary criticism of them as usurious but the regular income from the parish glebes and tithes to which clergy were entitled appears to have been used to meet annuity payments. Borrowing by the clergy represented 8.6 per cent. of all transactions in 1779, rising to 11.2 per cent. in 1803. By the early nineteenth century evidence suggests that clerical incomes were starting to improve as better management of the clerical estate, improvements in

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[22] P. G. M. Dickson, *The Sun Insurance Office, 1710-1960* (Oxford, 1960), p.247.

[23] Ambrose Weston, *Two letters, describing a method of increasing the quantity of circulating money: upon a new and solid principle* (London, 1799), Letter 2, p.7; Richard Preston, *A review of the present ruined condition of the landed and agricultural interests* (London, 1816), p.16.

[24] Viviane Barrie, 'The Church of England in the diocese of London in the eighteenth century' in Jeremy Gregory and Jeffrey S. Chamberlain (eds.), *The national church in local perspective: the Church of England and the regions, 1660-1800*, (Woodbridge, 2003), p.57; William Gibson, *A social history of the domestic chaplain, 1530-1840* (Leicester, 1997), p.64, Sara Slinn, *The education of the Anglican clergy, 1780-1839* (Woodbridge, 2017), p.36.

[25] Francis Godwin James, 'Clerical incomes in eighteenth century England', *Historical Magazine of the Protestant Episcopal Church*, Vol. 18 (3) (1949), pp.311-325; W. M. Jacob, *The clerical profession in the long eighteenth century, 1680-1840 (*Oxford, 2007), p.114.

agricultural practice and increases in corn prices during the wars with France increased the revenue from livings.[26] The clergy remained persistent borrowers, which suggests that there were variations in the extent to which they benefitted from increased incomes, but their use of annuity loans more than halved between 1803 and 1809 and by the end of the period transactions by clergy borrowers represented 4.5 per cent. of the total.

Women were the sole borrowers in only a small number of transactions with their loans representing between 3 and 5 per cent. in each of the sample years. The participation of women as borrowers in this market was limited by their exclusion from employment and office-holding which denied them regular income to support annuity payments. The most active women borrowers of annuity loans were single women from aristocratic families, widows of aristocrats or widows of wealthy husbands all of whom might be expected to have an income to service their loans from family assets or inheritance. Bridget, Lady Tollemache, the widow of a naval captain who had died in 1777, was the most active female borrower in the period. She borrowed £22,000 in 19 loans between 1782 and 1794. Frances Heseltine raised £9,800 in nine loans jointly with her son in 1806. She was the widow of James Heseltine, a lawyer said to be worth £200,000 when he died in 1804.[27]

Amy Erickson has argued that marriage was often an economic partnership in terms of financial assets.[28] The evidence from the annuity loan markets supports this.

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[26] Barrie, 'The Church of England', pp.54-55; Corfield, *Power and the professions,* p.235; David James Cummins, 'Ecclesiastical property in the dioceses of York and Bath and Wells: a reassessment of church and society, 1730-1800' (unpublished PhD thesis, University of Reading, 2011), p.247.
[27] *Gentleman's Magazine*, Vol.74, Part 1 (June 1804), p.600.
[28] A. L. Erickson, 'The marital economy in comparative perspective' in Maria Ågren and A. L. Erickson (eds.), *The marital economy in Scandinavia and Britain, 1400-1900* (Aldershot, 2005),

Where married women participated as borrowers of annuity loans they did so alongside their husbands. Entries in the indexes of grantors gave the husband's name and the words 'and uxor', the Latin word for wife, to indicate this. From the details given in loan memoranda, where they were named, wives were, on occasion, the provider of the financial asset used to support the annuity payment. Loans made to married couples represented between 1 and 3 per cent. of transactions each year. Wives were co-borrowers, jointly and severally responsible for annuity payments. William Hooker and his wife Mary, living in Shoreditch, borrowed £120 from Ann Norris, an Oxford Street widow, in 1783, citing a life annuity of £23 due to Mary from the will of her uncle, William Clary, as their income.[29] Charles Smith, a confectioner, and his wife Mary, borrowed £200 from the retired actress Henrietta Kelfe in 1809 intending to pay the £30 annuity from the income earned from government stock Mary had inherited from her grandfather.[30]

The nature of commercial actors in the annuity loan market was broadly based. As the examples discussed in the second part of this chapter will illustrate, this group encompassed those involved in large scale mining and property development as well as individual artisans with smaller enterprises. The analysis in Table 5.1 shows that borrowing by merchants and tradesmen represented between 4 and 5 per cent. of all transactions in each year for most of the period. By 1809 their proportion of annuity loans had increased sharply to 10.8 per cent. Historians have debated the extent to which commercial and industrial activity required funds from

p.3-22; Alexandra Shepard, 'Crediting women in the early modern English economy', *History Workshop Journal*, Vol. 79 (1) (2015), pp.1-24.

[29] TNA, C54/6683/35, Hooker/Norris, 11 October 1783; TNA, PROB 11/1074/193, will of William Clary, 1781.

[30] TNA, C54/8615/7, Smith/Kelfe, 14 June 1809.

external sources in this period. The capital requirements of industrial concerns were, it has been argued, relatively low and could often be met from reinvested profits. Where borrowing did occur, it was often short term and could be met by bills of exchange or was provided by banks whose numbers grew considerably in this period.[31] The use of annuity loans suggests that there remained a gap in this financial provision. This is even more apparent in the increased use of loans by this group in 1809 after a period which had seen an increase in the availability of bank credit following the Bank Restriction of 1797.[32] The use of funds by individual commercial enterprises is discussed in the next section.

Army officers tended to be drawn from the aristocracy, landed classes or from well-to-do commercial families who had the funds to purchase army commissions and promotions and pay for expensive equipment and uniforms.[33] Whilst officers in the Navy were drawn from less socially prominent groups, officer status in the military implied a certain social standard which it was not always possible to maintain within prevailing pay structures. Debt was often the means used to finance these social aspirations.[34] Thomas Erskine had published a pamphlet in 1775 advocating increases in military pay and had pursued this in his critique of

[31] M. M. Postan, 'Recent trends in the accumulation of capital', *Economic History Review*, Vol. 6 (1) (1935), pp.1-12; S. D. Chapman, 'Financial restraints on the growth of firms in the cotton industry', *Economic History Review*, Vol. 32 (1) (1979), p.52; Hudson, *The genesis of industrial capital*, p.19; Martin J. Daunton, *Progress and poverty: an economic and social history of Britain 1700-1850* (Oxford, 1995), p.252; Anne L. Murphy, 'The financial revolution and its consequences' in Roderick Floud, Jane Humphries and Paul A. Johnson (eds.), *The Cambridge economic history of modern Britain, volume 1:1700-1870* (Cambridge, 2014), pp.335-337; L.S. Pressnell, *Country banking in the industrial revolution* (Oxford, 1956), pp.5-7; John A. Gent, 'Abundance and scarcity: classical theories of money, bank balance sheets and business models, and the British Restriction of 1797-1818' (unpublished PhD thesis, London School of Economics, London, 2016), p.15.
[32] Gent, 'Abundance and scarcity', p.330; Ranald C. Michie, *British banking: continuity and change from 1694 to the present* (Oxford, 2016), p.62.
[33] H. V Bowen, *War and British society, 1688-1815* (Cambridge, 1998), p.48.
[34] Anthony P. C. Bruce, *The purchase system in the British Army, 1660-1871* (London, 1980), pp.66-73; Evan Wilson, 'Social background and promotion prospects in the Royal Navy, 1775-1815', *English Historical Review*, Vol.131 (550) (2016), p.585.

annuity loans where he commented on the necessary use of the annuity loan market by army and navy officers which he attributed to their insufficient annual income.[35] The use of annuity loans by military personnel can also be related to external circumstances. In 1783 the number of loans borrowed by this group rose to 82, representing over 13 per cent. of transactions that year. This coincided with demobilisation at the end of the war in North America, leaving many officers on half pay, and which may have prompted a requirement to borrow to sustain their standard of living.[36] Only successfully negotiated loans were enrolled. Transactions by military borrowers consistently represented between three and five per cent. of the total after 1793 but this data does not reflect the extent to which borrowers sought credit when lenders were unwilling to provide it. Military incomes rose only gradually but the wars later in the century drew more men into military service.[37] As noted in the previous chapter, considerably fewer advertisements seeking borrowers in the army or navy appeared after 1800, as war and overseas postings undermined their creditworthiness. The extent to which military personnel were borrowers in later years may underrepresent their demand for credit.

Gentleman and esquires formed the largest category of borrowers throughout the period, representing over 20 per cent. of the total transactions each year. The diverse composition of this category is a factor in its relatively large share of transactions. To the extent that those in the professions claimed the designation of gentleman or esquire, Penelope Corfield has identified the precariousness of their

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[35] Thomas Erskine, *Observations on the prevailing abuses of the British army, arising from the corruption of civil government* (London, 1775); Anonymous, *Reflections on gaming*, pp.28-29.
[36] Bowen, *War and British society*, p.35.
[37] Corfield, *Power and the professions*, p.235.

financial position. Professional fee income could be irregular and uncertain. This made it difficult to sustain the lifestyle expected for the position and to accumulate assets.[38] As discussed in Chapter 3, borrowers without collateral assets but with income found annuity loans to be a more suitable means of credit.

During the period between 1777 and 1813 gentlemen and esquires consistently represented around a quarter of borrowers. Increased borrowing by military personnel in 1783 was not sustained, possibly because lenders were more reluctant to advance credit to them. By the end of the period the ‘very opulent’ borrowers, in James Gibbs’ expression, were less prominent than they had been in 1779.[39]

5.1.2 Lenders

Lenders were drawn from three principal groups: merchants and tradesmen, women and gentlemen and esquires, as shown in Table 5.2 below. The participation of other groups was insignificant. The landed classes did lend to each other but, on the evidence of the enrolment records, few used annuity loans to do so.[40] Aristocratic and knightly lenders represented only around one per cent. of the total.

[38] Corfield, *Power and the professions*, p.232.
[39] *PP*, *Report from the Select Committee on the usury laws*, pp.26-28.
[40] Beckett, *The aristocracy in England*, pp.309-310.

Table 5.2: Number and percentage of loans according to social/gender status of lenders

Social/gender status	1779		1783		1793		1803		1809	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage
Gent/esquire	147	46.8%	263	42.8%	475	39.6%	369	40.6%	586	31.7%
Aristocrat	0	0.0%	3	0.5%	8	0.7%	3	0.3%	3	0.2%
Clergy	5	1.6%	25	4.1%	43	3.6%	33	3.6%	16	0.9%
Knight/baronet	1	0.3%	3	0.5%	18	1.5%	4	0.4%	4	0.2%
Merchant/tradesman	32	10.2%	77	12.5%	89	7.4%	82	9.0%	156	8.4%
Spinster/widow	26	8.3%	77	12.5%	91	7.6%	50	5.5%	258	14.0%
Female status undetermined	15	4.8%	21	3.4%	98	8.2%	110	12.1%	51	2.8%
Military	1	0.3%	14	2.3%	16	1.3%	31	3.4%	15	0.8%
Doctor	4	1.3%	5	0.8%	9	0.7%	3	0.3%	20	1.1%
Male status undetermined	83	26.4%	126	20.5%	354	29.5%	224	24.6%	740	40.0%
Number of transactions	314	100%	614	100%	1,201	100%	909	100%	1,849	100%

The primary concern for eighteenth-century merchants and tradesmen was to ensure adequate investment in their own business and, although it has been suggested that many were cautious about making loans not directly related to their trade, this was not the case for all those engaged in commerce.[41] Some merchants embraced lending and used the wealth generated from commercial enterprise to establish themselves as bankers or to provide capital to a bank by buying a partnership.[42] The extent to which merchants and tradesmen were active in the annuity loans market suggests that they found lending an appropriate use of their surplus capital. They enjoyed the higher returns offered by annuity loans and were comfortable with managing the associated risks, noted in Chapter 3. As lenders, merchants were involved in between eight and ten per cent. of transactions, and over 12 per cent. of all transactions in 1783. Many of the most active of these were based in the London, the principal centre of economic activity, but they were drawn from a range of trades. Philip Godsal made loans using the profits of his successful Covent Garden coachbuilding business.[43] Richard Dartnall had owned a stationery business near Charing Cross in London for many years before he decided to invest in annuity loans.[44] John Cator was a Southwark timber merchant with political ambitions.[45] George Healey, a tobacconist with premises at 229 Piccadilly in London, made 37 loans between 1783 and 1801.

[41] David Hancock, ''Domestic bubbling': eighteenth-century London merchants and individual investment in the funds', *Economic History Review*, Vol. 47 (4) (1994), p.683; Perry Gauci, *Emporium of the world*, (London and New York, 2007), p.162; R. G. Wilson, *Gentleman merchants: the merchant community in Leeds, 1700-1830* (Manchester, 1971), p.223.
[42] C. W. Munn, 'Scottish provincial banking companies: an assessment', *Business History*, Vol. 23(1) (1981), pp.24-25; Pressnell, *Country banking*, pp.334-337; Peter Mathias, 'Capital, credit and enterprise in the Industrial Revolution', *Journal of European Economic History*, Vol. 2 (1), (1973), pp.133-134; Naomi R. Lamoreaux, *Insider lending: banks, personal connections and economic development in industrial New England* (Cambridge, 1996), Chapter 1.
[43] John Ford, 'Godsal, Philip (1747–1826), coach builder', *ODNB* [accessed 16 June 2022].
[44] *St James' Chronicle*, 26 February 1822.
[45] HOP, http://www.historyofparliamentonline.org/volume/1754-1790/member/cator-john-1728-1806 [accessed 16 June 2022].

By the eighteenth century it had become socially acceptable for women to invest their money to provide themselves with an income.[46] The activity of women lenders in the annuity loans market challenges the view that women preferred more passive investment and sought to avoid the risk of default and administrative trials of chasing individual creditors.[47] Their loans represented between 12 and 17 per cent. of annual transactions throughout the period. As with their male counterparts, few aristocratic women participated and only 30 transactions in total between 1777 and 1813 involved such lenders. Several of these were loans made to other family members. One example was a loan of £1,750 made by Mary, Countess Ligonier to her sister, Lady Bridget Tollemache.[48] Henrietta Inge, a widow from Staffordshire gentry, was an unusual representative of that group in the extent of her loan activity. She made 27 loans between 1777 and 1786. To the extent it has been possible to identify women beyond their marital status they demonstrate a range of backgrounds. Bridget Law, a widow living in St James's Street in London, and who provided loan funds for 15 transactions between 1808 and 1812, was probably the landlady of the Smyrna Coffee House for which she took out fire insurance.[49] The investments of Mary Barwell, the spinster sister of a senior East India Company administrator, included several annuity loans.[50] Henrietta Kelfe, a former actress, began making annuity loans after the death of her husband, a London engraver.[51] Jane Eastland, the

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46 Peter Earle, *A city full of people: men and women of London, 1650-1750* (London, 1994), pp.150-154; Marjorie McIntosh, 'Money lending in the periphery of London, 1300-1600', *Albion*, Vol. 20 (1988), p.562; Holderness, 'Elizabeth Parkin and her investments', p.81-87; Amy M. Froide, *Never married*, Chapter 5; Judith Spicksley, 'Women, 'usury' and credit'; Shepard, 'Minding their own business'.
47 Froide, *Silent partners*, pp.120-121; Leonore Davidoff and Catherine Hall, *Family fortunes: men and women of the English middle class, 1780-1850* (London, 1987), p.211.
48 TNA, C54/6680, Tollemache/Ligonier, 20 June 1783.
49 London Metropolitan Archives, Records of the Royal and Sun Alliance Insurance Group, CLC/B/192/F/001/MS11936/445/816446, 28 April 1808.
50 Froide, *Silent Partners*, pp.107-117.
51 https://georgianera.wordpress.com/2014/03/20/henrietta-and-caroline-ambrose/ [accessed 15 July 2021].

most active woman lender, who made 39 loans between 1796 and 1805, representing an investment of more than £20,000, was the daughter of a professional money lender. Mary Chandless, a lender on 26 occasions in the 1780s, was the widow of a lawyer. She managed the money lending element of his business before handing it on to her son.[52]

Gentleman and esquires formed by far the largest category of lenders each year throughout the period, accounting for between 30 per cent. and 46 per cent. of lenders. The diverse composition of this category, discussed above, is a factor in its relatively large share of transactions. As with the borrowers in this category, self-identification as gentleman or esquire encompassed those in professional occupations and included many who can be identified from trade directories as lawyers.[53] Thomas Chandless described himself as a gentleman. In 1785, an advertisement placed him as a solicitor in partnership with John Inge in the west end of London.[54] He was the most prolific lender during this period making 325 loans between 1786 and 1813, a capital commitment of £48,800. This category also covers lending by army and navy agents and banks. The former managed funds for military units and individual officers and became increasingly active as lenders of annuity loans after 1793. Andrew Lawrie established his business as an army agent in 1794 but was a lender before that date.[55] He described himself as 'esquire'. Gentlemen lenders who can be identified as bankers included Thomas Coutts, a lender on four

[52] TNA, PROB 11/1264/166, will of Mary Chandless, 1795
[53] M. Miles, 'The money market'; Stephen Quinn, 'Money, finance and capital markets' in Roderick Floud and Paul A. Johnson, *The Cambridge economic history of modern Britain, volume 1: industrialisation, 1700-1860*, (Cambridge, 2004), p.159.
[54] *Morning Herald*, 3 June 1785.
[55] NWHH, https://www.natwestgroup.com/heritage/companies/lawrie-and-co.html [accessed 15 July 2021].

loans in total, and Thomas Hankey who made five loans in the 1780s. [56] Nathaniel Vye Lee, who made four loans, was the founder of a bank in Ilfracombe in Devon.[57]

Annuity loans were not a market in which greedy merchants took advantage of profligate aristocracy or underpaid army lieutenants as contemporary commentators such as Erskine and Whitehead might have implied.[58] Instead, as James Gibbs noted, participants in the annuity loan market were drawn from diverse social groups. Those who described themselves as gentlemen and esquires consistently formed both the largest category of borrowers and of lenders but élite groups, clergy, military personnel and the commercial classes were also represented. The aristocracy were much more likely to be borrowers than lenders. Women did borrow, despite their limited access to income to meet annuity payments. They were more significant as lenders. As with other credit markets in Britain in this period there was no distinct group of moneylenders: the providers of annuity loans were socially and occupationally diverse.[59] Moreover, the lenders of annuity loans shared their economic, social, occupational and gender profiles with what is known about investors in public debt. Anne Murphy has described these as citizen creditors comprising clergy, the military, the professions and merchants, along with artisans, tradesmen and women.[60] This should not be a surprise as annuity loans shared some

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[56] NWHH, https://www.natwestgroup.com/heritage/people/thomas-coutts.html; https://www.natwestgroup.com/heritage/companies/hankey-and-co.html [both accessed 15 July 2021].
[57] NWHH, https://www.natwestgroup.com/heritage/companies/vye-and-harris.html [accessed 15 July 2021].
[58] Anonymous, *Reflections on gaming, annuities and usurious contracts*, pp. 28-29; Whitehead, *Observations and reflections*, p.13.
[59] Holderness, 'Elizabeth Parkin and her investments', p.81; Judith Spicksley, 'The business and household accounts of Joyce Jeffreys, spinster of Hereford, 1638-1648', *Records of Social and Economic History*, 41 (Oxford, 2012), p.23.
[60] P. G. M. Dickson, *The financial revolution in England: a study in the development of public credit 1688-1756* (London, 1967), p.302; Anne L. Murphy, 'Performing public credit at the eighteenth-century Bank of England', *Journal of British Studies*, Vol. 58 (1) (2019), p.61.

investment characteristics with public debt as identified in Chapter 3. Both were income generating assets which could also be used as a store of family wealth, transferable by inheritance. The following section considers why the participants identified in this analysis chose to use annuity loans.

5.2 Understanding motivations

Chapter 3 discussed the characteristics that differentiated annuity loans from other forms of credit: their relatively high cost, how they provided access to credit for income-dependent borrowers lacking collateral and how, as long-term assets, they were suitable for intergenerational transfer. This section approaches the use of annuity loans from the perspective of the borrowers and lenders and considers why they chose to use annuity loans rather than other forms of credit. The reasons for individual borrowing and lending choices are rarely explicitly given and this analysis recognises that the motives for any actions, including financial decisions, reflect a combination of individual circumstance and available opportunity unlikely to be capable of being fully recovered historically. The following examination of the motives behind individual transactions is drawn from the social and economic circumstances of borrowers and lenders described in annuity loan documentation, evidence from legal cases, and from newspaper reports, wills, biographies and secondary sources. Five categories of motive are considered. The first was where the financial market was insufficiently developed either for borrowers to be able to access the credit they required or to allow lenders to achieve their financial objectives. The second considers borrowers who were forced to use annuity loans as the only available remaining source of credit because they had exhausted other means. A third category has identified borrowers who were excluded from conventional credit. Fourthly were those participants who made a conscious choice to use annuity loans to meet their individual circumstances and investment strategies. Other motives, including non-financial reasons, are considered in the fifth, and final category.

5.2.1 Deficiencies of the financial market

The number of banks in London doubled between 1770 and 1800.[61] Outside of London the growth of banks was even more dramatic. By 1810 there were over 700 banks, seven times as many as in 1770.[62] Despite this relative institutional sophistication, the eighteenth-century financial market was dominated by the needs of the British state which allowed its funding arm, the Bank of England, privileges that restricted the development of the banking system. Banks were prevented from having more than six partners. This limited the capital base of their business and, as a consequence, although the number of banks increased, they remained locally focussed and were constrained in the extent to which they could lend.[63] The capital constraints which held back bank lending meant that industrial and commercial concerns could often access external finance from banks only where they could draw on relationships based on common shareholdings.[64] Outside of the market for public debt, the securities market was also constrained in the extent of funding it could supply. The 'Bubble' Act of 1720 had made it necessary to obtain specific parliamentary authorisation to establish a company and sell its shares and this

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[61] Gent, 'Abundance and scarcity', pp.14-15.
[62] Gent, 'Abundance and scarcity', p.301.
[63] Gent, 'Abundance and scarcity', p.15; I. S. Black, 'The London agency system in English banking, 1780-1825', *London Journal*, Vol. 21 (2) (1996), p.113.
[64] Lamoreaux, *Insider lending*, pp.13-17; Pressnell, *Country Banking*, pp.334-337; Liam Brunt, 'Rediscovering Risk: Country Banks as Venture Capital Firms in the First Industrial Revolution', *Journal of Economic History*, Vol. 66 (1) (2006), pp.74-102.

restricted capital raising by private enterprise.[65] There has been debate about the extent to which industrial concerns required external capital in the period covered by this thesis. It has been argued that their capital requirements were limited and could be met from retained profits or finance from family resources.[66] Studies by Julian Hoppit and David Hancock have shown how such resources might be supplemented by credit provided by others including merchants, gentlemen, widows and spinsters.[67] The extent of participation in the annuity loan market by mercantile and commercial borrowers is a further indication that credit from banks and the securities markets was not necessarily adequate and that there was a need for additional credit.

One example of this was the loan negotiated by Edward Thomas Jones of Newport in 1809. He was one of four partners in a consortium granted the right to establish coal mines on the Tredegar property of Sir Charles Morgan, the member of parliament for Monmouthshire. Jones and his partners borrowed £9,000 from John Larton, a gentleman from Alderley in Gloucestershire, in return for an annuity of £1,200 to be payable from the income generated by the mining operation.[68] The annuity loan structure had attractions for both the borrowers and the lender here. Mortgage finance was unlikely to be available to Jones and his partners as they did not own the mine and could not use it as a collateral asset. An annuity loan provided

[65] Murphy, 'The financial revolution and its consequences', pp.335-337; Mark Freeman, Robin Pearson and James Taylor, 'Law, politics and the governance of English and Scottish joint-stock companies, 1600-1850', *Business History*, Vol. 55 (4) (2013), pp.640; Peter Temin and Hans-Joachim Voth, *Prometheus shackled: Goldsmith banks and England's financial revolution after 1700* (Oxford, 2013), pp.37-38; Ron Harris, 'Political economy, interest groups, legal institutions, and the repeal of the Bubble Act in 1825', *Economic History Review*, Vol. 50 (4) (1997), p.675.
[66] Mathias, 'Capital, credit and enterprise in the Industrial Revolution', pp.122-125; Hudson, *The genesis of industrial capital*, p.211; Daunton, *Progress and poverty*, p.252; Hannah Barker, *Family and business during the Industrial Revolution* (Oxford, 2017), p.123.
[67] Julian Hoppit, *Risk and failure in English business 1700-1800* (Cambridge, 1987), p.150; David Hancock, *Citizens of the world: London merchants and the integration of the British Atlantic community, 1735-1785* (Cambridge, 1995), pp.253-254.
[68] TNA, C54/8615/2, Jones and others/Larton, 10 June 1809.

capital which did not need to be repaid. It may also have been preferred because it allowed the borrowers to retain more of the profits. If they had brought in additional partners to provide more capital, the income and profits from the venture would have had to be shared more widely. Using an annuity loan enabled Jones and his partners to retain any income once they had made the fixed annuity payment. It also provided Larton, as the lender, with a significantly greater return than he could have achieved from a loan where the interest rate was limited by usury restrictions. This encouraged him to make credit available to a business with substantial risk.

The most extensive use of annuity loans for commercial purposes was by the property developer William Alexander Madocks who used them to finance his coastal reclamation scheme and the construction of Tremadoc in north-west Wales.[69] The cost of this project and the full details of how it was financed remain obscure.[70] Madocks contracted 124 annuity loans between 1806, when the most ambitious phase of his reclamation scheme began, and 1812, raising a total of £229,000. This represented the largest amount raised using annuity loans by any individual borrower before 1813. His use of annuity loans possibly reflects how his access to funding, outside of his own resources, was otherwise limited. By raising annuity loans Madocks effectively mimicked the joint-stock concept as it enabled him to raise funds from a series of individual lenders, each of whom lent a relatively modest sum. Amongst the lenders were a Worcestershire clergyman, Charles Sandby, who lent £995, a London baker, Peter Christie, who lent £700 and the family of a Wapping tallow chandler, William Thurlby, who lent £3,150.[71] The complexity of

[69] D.L. Thomas and H. C. G. Matthew, 'Madocks, William Alexander (1773–1828), property developer and politician', *ODNB* [accessed 6 July 2021].
[70] Elisabeth Beazley, *Madocks and the wonder of Wales* (London, 1985), pp.135-137.
[71] Charles Sandby (CCEd Person ID 19678) [accessed 18 April 2022].

administering numerous individual loans each with their own annuity amount and payment arrangements added to the challenges of an already ambitious project and by 1813 Madocks was in financial difficulty. The extent to which his annuity lenders were ever repaid is unclear.[72]

Many commercial borrowers were individual tradesmen. Their requirement was often for working capital rather than for long term investment. Ranald Michie has suggested that much of the credit-driven growth in trade in the first decade of the nineteenth century was the result of banks increasing their short-term credit provision but the increased use of annuity loans by merchants and tradesmen after 1800 suggests that bank finance may not have suited, or been available, to all borrowers.[73] Thomas Knight was a thread manufacturer, 'having occasion for money for his trade and business' who arranged an annuity loan of £500 from Welles Orton in 1797.[74] Another case was Joseph Snow of Banbury, a manufacturer of shag, a plush material made of worsted with hair or silk. He had accumulated a debt of £4,275 to Charles Jackson of Wanstead in Essex, possibly a supplier. Jackson supported Snow's enterprise and, in 1789, out of his 'regard and friendship' for him waived part of the debt and converted a lesser sum of £3,000 into the form of an annuity loan in return for an annuity of £150.[75] Snow's business in Banbury appears to have prospered. In his will he left £3,100 of government stock to be divided between his wife and daughters.[76]

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[72] Beazley, *Madocks*, p. 235; HOP, https://www.historyofparliamentonline.org/volume/1790-1820/member/madocks-william-alexander-1773-1828 [accessed 15 July 2021].
[73] Michie, *British banking*, p.62.
[74] *The Times*, 23 February 1803.
[75] TNA, C54/6932/16, Snow/Jackson, 6 February 1789.
[76] TNA, PROB 11/1456/234, will of Joseph Snow, 1807.

Making provision for family members was a significant consideration in any eighteenth-century investment strategy but the banking system and limited securities market restricted opportunities to do so.[77] Chapter 3 discussed how annuity loans were used as a post-mortem means of providing for family but they could also be used to provide a pension for the lender by exchanging a capital sum for an income stream. Annuity loans provided lenders with a regular income which suited many investors and yielded a much higher return than that available from other interest-bearing investments or public debt. Dinah Eland made two loans of £400 in total to her brother George, a Northamptonshire banker, in return for two annuities of £36 in total. This gave her an income equivalent to an interest rate of nine per cent.[78] An alternative form of provision was to provide the capital to make loans. Henrietta Inge provided the funds for four annuity loans where her sister, Frances Wilkes, was to receive the annuity payments.[79]

5.2.2 Annuity loans: the last resort for credit

No other borrower matched the number of annuity loans contracted by Lord Arundell who raised 195 loans with a capital value of £115,000 between 1777 and 1801. His extensive use of annuity loans is perhaps surprising. He was one of the largest landowners in Georgian England possessing more than 35,000 acres of land in seven counties from which his annual income was in the region of £35,000. His expenditure on the building of a new house on his principal estate at Wardour in

[77] D. Green, ‘To do the right thing: gender, wealth, inheritance and the London middle class’ in Anne Laurence, Josephine Maltby and Janette Rutterford (eds.), *Women and their money, 1700-1950: essays on women and finance* (London, 2009), p.134; Barker, *Family and business*, p.48; David. R Green, ‘Tontines, annuities and civic improvements in Georgian Britain’, *Urban History*, Vol. 46 (4) (2018), p.671; C. G. Lewin, *Pensions and insurance before 1800* (East Linton, 2003), pp.399-400.
[78] TNA, C54/7175, Eland/Eland, 7 September 1793.
[79] TNA, Chancery Masters’ Account Books C101/4419, Inge v. Inge (1793-1801), f.7; C54/6944, Lemoine/Wilkes, 23 September 1789; C54/6946, Smith/Wilkes, 22 October 1781; C54/6948/42, Sturt/Wilkes, 28 November 1789; C54/6992, Lemoine and Lemoine/Wilkes, 19 March 1790.

Wiltshire and the landscaping of its grounds was only one of the many similar projects undertaken by the eighteenth-century aristocracy, none of whom used annuity loans to the same degree.[80] Arundell's status and landed wealth was more than enough to facilitate his access to credit and he was able to raise thirty nine mortgage loans from insurance companies and other lenders. [81] Unlike mortgages, annuity loans did not place Arundell under any requirement to repay the capital. Annuity lenders were not concerned with the value of his property assets but placed reliance on their annuities being serviced from his annual income. Arundell also used annuity loans to access credit from a range of individual lenders rather than institutions. He may even have been better able to exert influence over some of them. Using his estate managers as credit brokers, he obtained loans from lenders located near his estates in Cornwall and Devon. John Gould, a Truro doctor, made three loans, each of £1,000, in 1783 and 1784.[82] Arundell, a prominent Roman Catholic, also borrowed £500 from Edward Baptist Newton, a Jesuit chaplain active on Arundell's property in eastern England.[83] Failure to control his expenditure meant that, by the time of his death in 1808, Arundell had accumulated annuity commitments of more than £11,000 which, combined with his other debts, led eventually to the sale of the family's estates.[84] The extent to which his annuity loans were repaid is unknown.

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[80] Cannadine, 'Aristocratic indebtedness', p.628.
[81] Cannadine, 'Aristocratic indebtedness', p.627; Beckett, *The aristocracy in England*, p.301; Barry Williamson, 'The ruin of a great Wiltshire estate: Wardour and the eighth Lord Arundell', *Wiltshire Archaeological and Natural History Magazine*, Vol. 94 (2002), pp.56-67.
[82] Williamson 'The ruin of a great Wiltshire estate', p.58; TNA, C54/6682/12, Arundell/Gould 11 September 1783; C54/6709/56, Arundell/Gould, 6 March 1784.
[83] Williamson 'The ruin of a great Wiltshire estate', p.58; TNA C54/6615/30, Arundell/Newton, 1 February 1781; https://taking-stock.org.uk/building/lawshall-our-lady-immaculate-and-st-joseph/ [accessed 15 July 2021].
[84] Williamson 'The ruin of a great Wiltshire estate', p.65.

Arundell's use of annuity loans was exceptional but they were also a source of funds for other landowners whose expenditure exceeded the credit available to them from other sources. Thomas Johnes invested in the improvement of the agricultural and forestry assets of his estate at Hafod, near Aberystwyth, and also purchased libraries, paintings and statuary for the house there. Like Lord Arundell he initially raised money to do so from family members and on mortgage.[85] When he needed further funds he raised over £13,000 from three lenders in the annuity loan market between 1794 and 1802.[86] Another borrower was Ralph, Lord Verney, one of the largest landowners in Buckinghamshire with an annual income of £10,000. He spent money on building at his Claydon estate and on art and books.[87] He is recorded as the borrower of twelve annuity loans raising more than £16,000 and requiring the payment of more than £3,000 of annuities. Eventually Verney was forced to flee abroad and had to sell much of his land to finance his lifestyle.[88] A third borrower, Sir Ralph Milbanke, owned agricultural land and collieries in Durham and Northumberland. He had political ambitions and spent £15,000 securing a parliamentary seat in the 1790 election.[89] He could only raise a limited amount of money to meet this expense by additional mortgages on his property and used annuity loans to supplement this. In 1793 he borrowed £1,800 by way of two annuity loans from another member of parliament, the Southwark timber merchant, John

[85] Richard Colyer, 'The Hafod Estate under Thomas Johnes and Henry Pelham, fourth Duke of Newcastle', *Welsh History Review*, Vol. 8 (1976-7), pp.271-272.
[86] TNA, C54/7226 Johnes/ Turing, 22 May 1794; C54/7269 Johnes/Giles, 19 February 1795; Johnes/ Mackintosh, 24 April 1802 (close roll not identified).
[87] HOP, https://www.historyofparliamentonline.org/volume/1754-1790/member/verney-ralph-1714-91 [accessed 15 July 2021].
[88] Lawrence Stone and Jeanne C. Fawtier Stone, *An open élite?: England 1540-1880* (abridged edition) (Oxford, 1986), p.248.
[89] HOP, https://www.historyofparliamentonline.org/volume/1790-1820/member/milbanke-ralph-1747-1825 [accessed 15 July 2021].

Cator.[90] He then obtained a further loan of £600 from Joseph Dalmer, a London moneylender in 1795.[91]

Struggling businesses were often forced to seek credit and annuity loans were one of the sources used when other financial resources had been exhausted.[92] Simon Temple came from a family of ship builders in north-east England. He opened a new shipyard in Jarrow in 1805 to build ships for the Royal Navy. A failure to cost work accurately and meet deadlines for delivery put his business under financial pressure and he was unsuccessful in obtaining any compensation from the Admiralty.[93] Between 1809 and 1810 Temple contracted over forty annuity loans raising £112,500. He was unable to sustain the annuity costs of over £10,000 a year and this contributed to his bankruptcy in 1811.[94]

5.2.3 Exclusion from other forms of credit

The ability of men like Arundell to raise credit was anchored by rank, title and access to income-generating assets. They used annuity loans to supplement mortgages and banking facilities. As discussed in Chapter 3, borrowers without assets to offer as collateral found it difficult to access the banking facilities available to Arundell and his peers. Temin and Voth noted that Hoare's Bank preferred to lend to a select group of well-known customers.[95] London banks tended to specialise with the banks in the West End providing facilities for aristocratic clients and banks in the

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[90] HOP, https://www.historyofparliamentonline.org/volume/1754-1790/member/cator-john-1728-1806 [accessed 15 July 2021]; TNA C54/7169/4, Milbanke/Cator, 31 May 1793.
[91] TNA, C54/7284, Milbanke/Dalmer, 28 November 1795.
[92] Hoppit, *Risk and failure*, pp.150-160.
[93] National Maritime Museum (Caird Library), Navy Board out letters ADM 354/230/225 29 March 1808 [accessed via TNA Discovery catalogue].
[94] http://www.tynebuiltships.co.uk/TempleS.html [accessed 15 July 2021].
[95] Temin and Voth, *Prometheus shackled*, p.79; D. M. Joslin, 'London private bankers, 1720-1785', *Economic History Review*, Vol. 7 (1954-5), p.171.

City focussing on credit for commercial customers.[96] There is little published information about the identity of bank clients and the nature of their business in this period but, if this selectivity and specialisation applied widely, then it is perhaps no surprise that borrowers who fell outside these acceptable groups, particularly gentlemen and esquires, turned to annuity loans to raise funds.

Other borrowers found themselves excluded from conventional forms of credit due to their lifestyle or social status. They had little alternative other than to use annuity loans. Dame Seymour Dorothy Worsley was an heiress and the daughter of a baronet who married Sir Richard Worsley. She separated from her husband after a series of adulterous affairs but he remained in control of her inheritance leaving her in financial difficulties. Despite her élite status, her notoriety following a well-publicised divorce closed her access to conventional credit channels. She wrote that she was 'quite ruined and without a penny'. In October 1798 she arranged an annuity loan of £1,600 from William Skrine in return for a £200 annuity.[97] Courtesans were also excluded from conventional financial networks. Charlotte Hayes ran a financially successful business with several fashionable brothels in the West End of London. The profits enabled her to purchase property in London and country estates with her partner, the gambler and horse race owner, Dennis O'Kelly. Between 1793 and 1796, she used annuity loans to borrow £2,200.[98] The actress and courtesan

[96] Joslin, 'London private bankers', p.175 and p.179.
[97] TNA, C54/7435, Worsley/Skrine, 6 October 1798; Hallie Rubenhold, *The scandalous Lady W* (London, 2008), p.247; N. Aston, 'Worsley, Sir Richard, seventh baronet (1751–1805), antiquary and politician', *ODNB* [accessed 30 March 2022].
[98] Hallie Rubenhold, *The Covent Garden ladies* (London, 2005), pp.308-320; TNA, C54/7214/14, Hayes/Beever, 31 December 1793; C54/7230, Hayes/Beever, 8 July 1794; C54/7234, Hayes/Bowers, 14 October 1794; C54/7268, Hayes/Ord, 28 January 1795; C54/7320, Hayes/Wilson, 28 January 1796.

Margaret Cuyler, borrowed £400 between 1799 and 1802.[99] Another actress, Gertrude Mahon, chose the life of a courtesan despite benefitting from an inheritance from her mother and her sister. As her career declined she supported her financial situation by borrowing £700 from Daniel Birkett in 1793.[100] Following the end of her relationship with the Duke of Clarence, the actress and royal mistress Dorothea Jordan found her access to credit curtailed. She borrowed £1,100 from William Lewis Davies, a London linen draper, in 1809 and a further £1,020 from Henry Berry in 1812.[101]

Thomas Erskine had drawn attention in his 1776 pamphlet to the use of annuity loans as a means of meeting gambling debts.[102] As the previous sections have made clear, this was not the only reason to use annuity loans but other sources of credit were often closed to gamblers. Scrope Berdmore Davies was a compulsive gambler and dandy, best known today as one of Byron's closest associates.[103] As the son of a Gloucestershire clergyman, Davies had a respectable background but no family financial resources or expectation of inheritance. He was entitled to an income of £150 as a Fellow of King's College, Cambridge but otherwise supported himself by gambling. Davies maintained accounts with several different banks and manipulated his cash resources between them. His principal bankers, John Mortlock

[99] Rubenhold, *The Covent Garden ladies*, p.161; TNA, Cuyler/Rance, 24 August 1799, (no close roll identified); Cuyler/Rance, 11 August 1802, (no close roll identified); Peter Thomson, 'Cuyler [married name Rice], Margaret (1758–1814), actress and courtesan', *ODNB* [accessed 12 July 2021].
[100] Susan Gardner, 'Mahon [née Tilson], Gertrude (b. 1752, d. in or after 1808), courtesan and actress', *ODNB* [accessed 25 November 2021]; TNA, C54/7181, Mahon and Godfrey/Birkett, 23 November 1793.
[101] TNA, Jordan alias Bland/ Davies, 7 April 1809, (no close roll identified); Jordan/Berry, 4 September 1812, (no close roll identified); Claire Tomalin, *Mrs Jordan's profession* (London, 1994), p.289.
[102] Anonymous, *Reflections on gaming*, pp.13-14.
[103] Fiona MacCarthy, *Byron: life and legend* (London, 2002), p.65; Annette Peach, 'Davies, Scrope Berdmore (1782–1852), dandy and friend of Lord Byron', *ODNB* [accessed 14 July 2021].

of Cambridge, made it clear that, as a gambler, Davies would be unable to borrow from them, letting him know that 'cash advances are contrary to our rules of business, particularly with you Gentleman of the Turf.'[104] Between 1807 and 1809 Davies was party to thirty annuity loans, representing borrowing of more than £14,000 and annuity commitments of £2,400.[105] Part of this money may have been passed to his friend Byron but the concentrated pattern of Davies' loans suggests a periodic need for substantial funds indicative of a requirement to settle substantial gambling debts quickly.[106] Eight loans were executed on 8 March 1808, raising £2,700, and another four, for a total of £1,500, on 13 May that year. Another borrower, Colonel William Shipley, sold his army commission to follow a parliamentary career which he pursued alongside gambling. He contracted over £37,000 of annuity loan debt between 1806 and 1811.[107] Peter Delme, who squandered his inherited wealth on his passion for horse racing, was another gambling borrower, raising £2,400 in the 1770s.[108] At least two members of parliament made their fortunes gambling and it was possible for gamblers to make spectacular gains to enable them to repay loans.[109] Davies estimated his worth as £22,000 at one stage, and this must have encouraged lenders to advance credit.[110] In many cases their confidence was misplaced. Both Davies and Shipley fled abroad to

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[104] T. A. J. Burnett, *The rise and fall of a Regency dandy: the life and times of Scrope Berdmore Davies* (London, 1981), pp.73-74.
[105] Burnett, *Regency dandy*, p.72.
[106] Burnett, *Regency dandy*, pp.74-75; Fontaine, *The moral economy*, p.113.
[107] HOP, https://www.historyofparliamentonline.org/volume/1790-1820/member/shipley-william-1778-1820 [accessed 15 July 2021].
[108] HOP, https://www.historyofparliamentonline.org/volume/1754-1790/member/delmeacute-peter-1748-89 [accessed 15 July 2021].
[109] John Scott and Richard Vernon, HOP, https://www.historyofparliamentonline.org/volume/1754-1790/survey/iii-members [accessed 30 November 2021]. Neither appear to have used annuity loans.
[110] Burnett, *Regency dandy*, p.71.

avoid their creditors. Joseph Asbee, who lent £6,050 to Shipley in 1811, was still pursuing repayment of this debt with Shipley's family in 1822.[111]

5.2.4 An appropriate means of finance

A borrower of annuity loans had no obligation to repay the capital but redemption or repurchase clauses gave them the option to do so. Annuity loans suited those borrowers who anticipated inheritance that would eventually provide them with the funds for repayment. Aubrey Beauclerk, Earl of Burford, the son and heir of the Duke of St Albans, borrowed £25,000 by way of 33 loans between 1788 and 1802, when he succeeded to his title and the family estates and was able to repay.[112] Ralph Skinner Gowland expected to inherit a 'considerable' estate on the death of his mother and borrowed £1,500 from the London merchant Miguel De Faria in 1783 in anticipation of this.[113] In June 1809, George Gordon, 6th Lord Byron, borrowed a total of £2,900 from five different lenders. He did not intend to pay the regular annuities but instead meant to let them accumulate and then pay off the outstanding loans and accrued annuities by raising a mortgage when he inherited the family estates in Nottinghamshire.[114] In these circumstances lenders faced the risk that the borrower might die before they could recover the debt but they could insure against this. The willingness of lenders to make loans in these circumstances suggests that, in many cases, the loans were successfully redeemed from inheritance or from other resources, but this was not necessarily the case. John Dewar was the eldest son of a wealthy West Indian planter of Scottish descent who was elected as the member of

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[111] *ER*, Asbee v. Shipley (1822) 6 Madd. 296.
[112] HOP, http://www.historyofparliamentonline.org/volume/1790-1820/member/beauclerk-aubrey-1765-1815 [accessed 11 January 2022].
[113] *ER*, Gowland v. De Faria (1810) 17 Ves. Jun. 20.
[114] Beckett and Aley, *Byron and Newstead*, p.149.

parliament for Cricklade in 1776. He had already used an annuity of £400 paid to him by his father to service annuity loans for £2,400 made by John Cator. He anticipated repaying these, and other loans of £1,200 from Benjamin Pope, when he inherited the family estates in the West Indies and Hampshire. His intentions were undermined when his father complained of his 'continued series of imprudences and extravagances' creating 'difficulties without the remotest prospect of future reformation' and disinherited him in favour of his younger brother.[115] Dewar was forced to leave parliament and how he subsequently managed his debt is unknown. Byron's financial plans were also disrupted when he found himself unable to raise money on mortgage and his annuity loans were only repaid in November 1818 from the proceeds of the sale of his Newstead property.[116]

Annuity loans also played a role in restructuring debts where their use suited both borrowers and lenders. If lenders faced little prospect of repayment of their principal but considered that borrowers had sufficient income, restructuring their debts as annuity loans offered them the prospect of the debt being serviced at a higher effective interest rate as compensation for the non-recovery of their capital. Edward Smith had lent the goldsmith Joseph Preedy £500 of which £400 was still outstanding when he died. In 1789 Smith's widow Alice arranged with Preedy to restructure this loan as an annuity of £40. This gave her a regular income which may have better suited her circumstances.[117] The Barber family of Clerkenwell already owed Henry Malpas of Knightsbridge £90. In 1809 Malpas agreed to increase his loan by £210 on the basis that all the debt was treated as an annuity loan, providing

[115] HOP, https://www.historyofparliamentonline.org/volume/1754-1790/member/dewar-john-1746-95 [accessed 18 August 2021].
[116] Beckett and Aley, *Byron and Newstead*, p.229.
[117] TNA, C54/6948/20, Preedy/Smith, 16 December 1789.

him with an annual income of £36.[118] An Essex vicar, William Cowling, had owed John Faber £89 12 shillings for which he had given a promissory note. When Cowling failed to pay this note when it fell due, Faber was forced to sell some Bank of England stock at a loss. In 1799 the two men agreed to increase the debt to £240 to cover Faber's stock losses and Cowling agreed to pay an annuity of £40.[119] A comprehensive refinancing of the loans owed by Bridget, Lady Tollemache was undertaken in 1793 with her 'privity, consent and approbation' by Dame Gertrude Alston, the widow of Sir Rowland Alston, a Bedfordshire baronet. Six annuity loans were redeemed from the proceeds of a new loan of £10,000 made by Alston. As this new loan was on more generous terms it reduced Tollemache's annuity commitments whilst raising an additional £3,000 of capital for her.[120]

Royal princes were some of the most extravagant consumers and their consequent indebtedness gave rise to considerable political and public discontent.[121] Their use of annuity loans represented an attempt to assuage creditors and control expenditure. Although no annuity loan commitments by the Prince of Wales are recorded, his brothers the dukes of Clarence, Cumberland, Kent, Sussex and York were all borrowers. The Duke of York contracted over £68,000 of loans, mainly in 1792 and 1793. Many of the lenders were suppliers of goods and services to his household and there appears to have been a sustained attempt to convert debts owed to them into loans with scheduled annuity payments. Amongst these transactions

[118] TNA, C54/8580/14, Barber and others/Malpas, 1 March 1809.
[119] TNA, C54/7478/12, Cowling/Faber, 25 January 1799; William Cowling (CCEd Person ID 53726) [accessed 18 April 2022].
[120] TNA, C54/7164/11, Tollemache/Alston, 12 March 1793; C54/7164/11, Brooks/Tollemache, 12 March 1793 (assignment to Brooks prior to repayment).
[121] Marilyn Morris, 'Princely debt, public credit, and commercial values in late Georgian Britain', *Journal of British Studies*, Vol. 43 (3) (2004), pp.339-365.

were loans from Joseph White, breeches maker, of £320, Durrs Egg, gunmaker, of £400, and Richard Ovey, linen draper, of £615.[122] In August 1792, Joseph Thackeray and Thomas Lloyd, wine merchants in St James's Street, agreed to accept two annuities in respect of the Duke's debt to them of £1,400.[123] The loan agreement for one of these loans has survived in the Royal Archives recording the quarterly annuity payments of £7 in respect of a debt to them of £350. These payments continued until the Duke of York died in January 1827, representing a cost to him of over £950 in total.[124] Thackeray and Lloyd were fortunate to recover considerably more than their original debt. Although there is no direct evidence of coercion in the negotiations with any of these suppliers they may have felt obligated to convert their debts into loans or otherwise risk losing royal patronage.

5.2.5 Other motives

The provision of credit was embedded in individual social and economic reputation, with knowledge of personal character and behaviour critical in establishing and maintaining a credit relationship.[125] Studies of early banking activity have drawn attention to the importance of personal relationships between lenders and borrowers to establish reliability. This encouraged repeated transactions.[126] Annuity loans, as

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[122] TNA, C54/7161, York/White, 20 February 1793; *GPO,* GPP/GEO/MAIN/29303-29303A (White); TNA, C54/7118, York/Egg, 27 August 1792; *GPO*, GPP GEO/MAIN/29096-29096A (Egg); TNA, C54/7124, York/Ovey, 13 December 1792; *GPO*, GPP/GEO/MAIN/25083-25085 (Ovey) [all *GPO* accessed 15 July 2021].
[123] TNA, C54/7117, York/Thackeray and Lloyd, 17 August 1792.
[124] *GPO,* GPP/GEO/ADD/6/145 [accessed 15 July 2021].
[125] Craig Muldrew, 'Interpreting the market: the ethics of credit and community relations in early modern England', *Social History,* Vol. 18 (1993), p.177.
[126] Anne Laurence, 'The emergence of a private clientele for banks in the early eighteenth century: Hoare's Bank and some women customers', *Economic History Review,* Vol. 61 (3) (2008), p.566; Peter Temin and Hans-Joachim Voth, 'Banking as an emerging technology: Hoare's Bank, 1702-1742', *Financial History Review,* Vol. 13 (2) (2006), p.151; L. Newton, 'Trust and virtue in English banking: the assessment of borrowers by bank managements at the turn of the nineteenth century', *Financial History Review,* Vol. 7 (2000), p.180.

Thomas Erskine had pointed out in his criticism of them, could have cumulative effects as borrowers took out further loans to pay off earlier debts or meet annuity payments.[127] There are several examples where borrowers returned repeatedly to the same lender although it is difficult to distinguish whether these represented refinancing or raising new money. William, Lord Byron, borrowed on four occasions from Jacob Kirkman between 1780 and 1789.[128] Aubrey Beauclerk, whose extensive use of annuity loans was discussed earlier in this chapter, borrowed on six occasions within two years, between 1788 and 1790, from the same lender, a surgeon, Charles Eastland. The credit relationship continued with Eastland's widow who made a further loan in 1799. Henrietta Inge made three loans to James Johnson, a major in the Marines based at Portsmouth. Terrick Haultain, a clerk in the Army Pay Office, borrowed four loans from Thomas Chandless between 1801 and 1803. Other factors may have encouraged a borrower to return to the same lender. There may have some benefit from lower legal fees if the same document template was used. It was also administratively easier to make a series of annuity payments to the same person. Lending to the same borrower on several occasions may have helped a lender better assess, or even attempt to control, a borrower's credit liabilities. Many lenders, however, had only limited capital and they were likely to be cautious about the extent of their commitment to any one borrower, limiting their willingness to undertake repeated transactions.

Annuity loans suited those borrowers who had urgent needs for funds, including the gamblers considered above. Chapter 4 discussed how advertisements

[127] Anonymous, *Reflections on gaming*, pp.27-29.
[128] Beckett and Aley, *Byron and Newstead*, p.77.

for annuity loans made much of the speed with which money could be provided. In legal proceedings in 1808, John Mosley Cheek, a solicitor from Evesham in Worcestershire, was described as seeking an annuity loan as he wanted to raise money ‘instantly’.[129] In another case, the Scottish baronet Sir Alexander Leith arranged an annuity loan from Benjamin Pope because he was apparently distressed for ready money.[130] William, Lord Byron used annuity loans as a source of ready cash.[131] Annuity loans could be arranged quickly. Documenting them was relatively straightforward as loan agreements could be drawn up using standard templates whose form and content were defined by the provisions of the Annuity Act. As loans were usually made available on the personal credit standing of the borrower, the lender did not have to complete title searches and check the ownership of collateral as was the case with a mortgage. In the case of Lord Falkland’s loan from Stephen Phillips the transaction could, as a consequence, be arranged within a few hours. The paperwork and insurance arrangements for James Griffith’s loan to William Ross Darby and John Campbell were completed within four days.[132]

Despite the requirement to enrol the details on a public register, annuity loans were sought by borrowers who wanted to conceal their use of credit from their family and close associates. In his evidence to the House of Commons select committee in 1818, James Gibbs described how borrowers chose to use annuity

[129] Cheek v. Tower (1808) 1 Taunt. 372.
[130] Leith v. Pope (1780) 2 Black. W. 1327.
[131] Beckett and Aley, *Byron and Newstead*, p.55.
[132] *LL*, ref: LMOBPS450300048-LMOBPS450300069 Old Bailey Sessions: Sessions Papers Justices Working Documents 23 January 1786–18 December 1786 [accessed 25 August 2020]; Anonymous, *The trial of James Gillham, an attorney, for demanding and receiving of Lord Falkland, Henry Speed, Esq. and D. Broughton, Esq. the sum of three hundred twenty two pounds, ten shillings, for procuring them the loan of two thousand, four hundred and fifty pounds, contrary to an act passed in the seventeenth year of his present Majesty. Tried in the court of the King’s Bench, Westminster on the 20th February 1795 before Lord Kenyon and a special jury* (London, n.d.), pp.10-16.

loans from what he described as 'motives of delicacy' in circumstances when they preferred not to approach their own solicitor, family or friends for credit.[133] The Reverend George Thomas was keen to avoid his parishioners or his uncle, the Bishop of Rochester, becoming aware of the loan of £240 he had borrowed from Joseph Barney.[134] Hans Winthrop Mortimer delayed enrolling his loan to avoid drawing publicity to his debt.[135] Sir John Turner Dryden and his wife Elizabeth borrowed from local contacts and their banker in Bond Street when the income from their Northamptonshire estate was insufficient to meet their outgoings but they then raised a further £1,200 from three annuity loans provided by Edward Metcalf, a London hairdresser with whom there was no family connection.[136]

The provision of any credit created a relationship of mutual dependence.[137] Lending was also a way in which an individual might increase his involvement with another in the hope of achieving a non-financial benefit. Craig Muldrew has described how Samuel Pepys lent money to his patron, the Earl of Sandwich, to make their relationship more 'binding' and despite Pepys' concerns about whether the debt would be repaid. David Hancock's London merchants made loans to place themselves in positions of influence with their fellow merchants. [138] The provision of credit was a basis for what Elaine Chalus has described as 'socio-political action', a

[133] *PP*, *Report from the Select Committee on the usury laws*. pp.28-29.
[134] *True Briton*, 11 July 1794; *Bath Chronicle and Weekly Gazette*, 17 July 1794.
[135] William Hunt, *Collection of cases on the Annuity Act*, *with an epitome of the practice relative to the enrolment of memorials* (London, 1794), pp.108-110; Symmons v. Mortimer (1793) 5 T. R. 139; HOP, https://www.historyofparliamentonline.org/volume/1754-1790/member/mortimer-hans-winthrop-1734-1807 [accessed 30 October 2021].
[136] Stobart and Rothery, *Consumption and the country house*, pp.158-162; TNA, C54/7282/15, Dryden/Metcalf, 13 October 1795; TNA, C54/7318, Dryden/Metcalf, 11 June 1796; TNA, C54/7329, Dryden/Bennett, 30 December 1795; PROB 11/1467/137, will of Edward Metcalf, 1807.
[137] Muldrew, *The economy of obligation*, pp.123-124.
[138] Muldrew, *The economy of obligation*, p.170; Hancock, *Citizens of the world*, p.250.

means of wielding influence.[139] Arguably annuity loans were a more effective way of doing this than other forms of credit as the structure of regular payments, often quarterly or half yearly, gave the lender an excuse for frequent and direct access to the borrower. Louis Bazalgette established himself as tailor to the Prince of Wales and used the frequent access to the royal household this allowed him to accumulate a portfolio of loans to its members. He used these loans to gain more influence.[140] The opportunity to exert pressure on political figures may have encouraged William Denison in his use of annuity loans. He was the senior partner in one of the largest firms of woollen merchants in Leeds. As one of the most important groupings within that industry Leeds merchants sought to influence the effect of government economic policies on their industry. They did so via their local members of parliament and through their own individual political contacts.[141] Denison was financially cautious. His investment choices were conservative and were focussed on investing in public debt, purchasing landed estates in Nottinghamshire and Yorkshire and reinvesting in his business.[142] This made him an unlikely investor in riskier assets such as annuity loans but, between 1774 and 1779, he lent on six occasions. All his borrowers were either members of the aristocracy or members of parliament. Two loans, for a total of £4,800, were made to the Earl of Chesterfield. He lent £1,200 to Thomas Brand in June 1775 and £700 to Francis Eyre in 1776, perhaps hoping to take advantage of the latter's financial difficulties to influence his parliamentary votes.[143] Other loans were made to Richard Fitzpatrick and the Earl of

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[139] Elaine Chalus, 'Elite women, social politics, and the political world of late eighteenth-century England', *Historical Journal*, Vol. 43 (3) (2000), p.670.
[140] Charles Bazalgette, *Prinny's taylor: the life and times of Louis Bazalgette (1750-1830)*, (Salmo, Canada, 2015), p.63.
[141] Wilson, *Gentleman merchants*, pp.166-167.
[142] Wilson, *Gentleman merchants*, p.223.
[143] HOP, https://www.historyofparliamentonline.org/volume/1754-1790/member/brand-thomas-1749-94; https://www.historyofparliamentonline.org/volume/1754-1790/member/eyre-francis-1722-97 [both accessed 17 July 2021].

Seaforth.[144] In 1780 Denison noted that there was 'little money to be made in the annuity business' with the implication that his motives for lending were not primarily financial.[145] The nature of his borrowers suggests that he was seeking contact and influence with them rather than profit. Denison's success in business was an indication of his effective financial capabilities yet, after his death, executors commented on the laxity with which his annuity loans were managed.[146] Perhaps Denison chose not to demand prompt payment of these annuities so as to maintain amicable relationships with the borrowers in order to achieve greater political and economic ends.

Another lender, John Cator, was a wealthy Southwark timber merchant with political ambitions. He was elected to parliament for Wallingford in 1772 and when he lost this seat in 1780 he tried repeatedly to be elected elsewhere.[147] He deployed his wealth in lending money and was active in the annuity loan market for over 30 years. A third of the 68 loans recorded in his name were made to fellow members of parliament, members of the aristocracy or those associated with the royal court. He made four loans for a total of £3,000 to John Dewar, the member of parliament for Cricklade, between 1775 and 1777, two loans, each for £900, to Sir Ralph Milbanke in 1793 and two loans to Sir Charles Farnaby, for a total of £1,800, between 1780 and 1781.[148] In 1791 he lent £3,000 to Thomas Pelham who later served as Home

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[144] HOP, https://www.historyofparliamentonline.org/volume/1754-1790/member/fitzpatrick-hon-richard-1748-1813; https://www.historyofparliamentonline.org/volume/1754-1790/member/mackenzie-kenneth-1744-81 [both accessed 17 July 2021].
[145] Wilson, *Gentleman merchants,* p. 223.
[146] Wilson, *Gentleman merchants,* p. 223.
[147] HOP, https://www.historyofparliamentonline.org/volume/1754-1790/member/cator-john-1728-1806 [accessed 15 July 2021].
[148] HOP, https://www.historyofparliamentonline.org/volume/1754-1790/member/dewar-john-1746-95; https://www.historyofparliamentonline.org/search/node/milbanke; https://www.historyofparliamentonline.org/volume/1754-1790/member/farnaby-%28afterwards-farnaby-radcliffe%29-sir-charles-1740-98 [all accessed 15 July 2021].

Secretary.[149] Edward Disbrowe, who held a senior position in Queen Charlotte's household, received a loan of £400.[150] As with William Denison it is not possible to trace any direct non-financial benefit from these loans but Cator's choice of counterparties suggest that he was using loans to advance his parliamentary ambitions.

5.3 Conclusion

This chapter has established profiles of the borrowers and lenders of annuity loans and suggested reasons why participants used them. The view of contemporaries, which has been largely unchallenged by historians, has been that annuity loans were a financial instrument which had appeal for borrowers whose funding requirements were on the periphery of social acceptability, including the finance of gambling debts, or whose expenditure was excessive even by the standards of the age. Whilst acknowledging the use of annuity loans by these borrowers, this chapter has posited a number of other reasons why annuity loans were used. In particular it suggests that annuity loans provided both a means of finance and of investment, where the structure of the financial market was otherwise insufficiently developed to do so.

This chapter has provided evidence of the broad base of credit provision in the eighteenth-century economy which other regional or individual studies have only suggested. The lending of money was an acceptable and relatively commonplace activity. It was not confined to any one economic or social group. Merchants and tradesmen and the professions were all involved as lenders of annuity loans. Their

[149] https://www.historyofparliamentonline.org/volume/1754-1790/member/pelham-thomas-1728-1805 [accessed 15 July 2021].
[150] HOP, https://www.historyofparliamentonline.org/volume/1790-1820/member/disbrowe-edward-1754-1818 [accessed 17 July 2021].

economic, social, occupational and gender profile had much in common with what is known about investors in public debt. Women lenders can be readily identified from the records of annuity loans. They were not exceptions in this credit market but instead consistently represented the second largest category of lenders throughout the period. Studies of women's participation in the financial markets have suggested that their investment preferences were shifting away from the collection of interest and annuities from private individuals towards more 'impersonal' investment in government debt and public companies.[151] Their significance as lenders here suggests that the extent and pace of this shift might need to be reconsidered.

Whilst the sources of credit remained broadly consistent over the period with funds provided by gentlemen and esquires, women and the mercantile and commercial classes, annuity loans demonstrate fluctuations in the pattern of credit market activity as the equilibrium between borrowers and lenders adjusted. This is apparent in the extent of borrowing by military personnel where lenders appear to have become less willing to lend in wartime conditions after 1793. Difficulties in raising mortgage finance after 1800 led to an increase in borrowing by those with land and property assets as annuity loans provided an alternative source of credit.

Annuity loans were not a peripheral, 'fringe' market, used by problematic borrowers and exploitative lenders. They were an important funding source particularly given the inadequacy of the contemporary banking and securities markets. They represented an alternative investment for an economically and socially diverse group of lenders. This chapter has established who the lenders and

[151] Froide, *Silent partners*, pp.206-207.

borrowers were and the reasons for their credit transactions. The next chapter considers the nature of the credit relationship between borrowers and lenders.

Chapter 6: The process of lending

In July 1790 John Walford, a London apothecary and surgeon, borrowed £2,000 from Ann Cooke, an Essex widow, and agreed to pay her an annuity of £252 for as long as he lived. The loan was duly enrolled at the Court of Chancery in accordance with the Annuity Act. A warrant of attorney, also a requirement of the Act, was drawn up and enrolled separately at the Court of Common Pleas.[1] A record, or 'memorial' in contemporary terms, of the loan agreement between them, framed in accordance with the requirements of the Act, was noted in the close rolls and the transaction duly indexed. Here the public record stopped. The Court of Chancery kept no comprehensive details of annuity payments, and thus made no record of when they ceased, due either to the death of the borrower or their default, or of any repayment of the capital. Enrolment was, however, only the beginning of the association between Walford, as the borrower, and Cooke, as the lender. Walford had committed to pay her the annuity for his life. Despite their limitations, the records created by the Annuity Act, both in themselves and when read in conjunction with other sources, can reveal a bigger picture. This chapter considers how a credit relationship was established, the progress of a loan transaction and the nature of the continuing association between lender and borrower.

The example of the loan between Walford and Cooke provides an insight into this process of lending. The memorial recorded that Cooke appointed an 'agent', Brooke Allen Bridges, to make the payment of the capital sum to Walford. Bridges

[1] TNA, C54/7001/39, Walford/Cooke, 28 July 1790; Annuity Act, section 1 and section 2.

was Cooke's son-in-law and subsequently mentioned in her will.[2] By profession he was a London lawyer, based at Staples Inn, and it is likely that, in common with others in the legal profession, as discussed in Chapter 4, Bridges had acted as an intermediary and had arranged the loan for his mother-in-law. The memorial also gives an indication of how Cooke sought to establish Walford's creditworthiness. It gave his occupation. This acted as both an indication of his income-earning capacity as an apothecary and surgeon and conferred status and reputation.[3] Property rents and dividends from trust funds, to which Walford was entitled under his marriage settlement, were also mentioned as being available to support the annuity payments. Evidence given in a later legal case showed how Cooke acted to mitigate her risk of loss. In an exchange of correspondence between her and Walford they discussed the possibility that she might assign to him the insurance policy she had taken out on his life, if the loan were later to be redeemed.[4] Walford stopped making annuity payments after 1794. His default then prompted Cooke to exercise her rights under her warrant of attorney and obtain judgment against him. She gained possession of Walford's assets and used the income to meet the annuity due to her.[5] Walford was subsequently declared bankrupt.[6] Although her actions were later challenged by Walford's other creditors, the procedures set in place by the Annuity Act allowed Ann Cooke to recover her investment despite Walford's failure.

Annuity loans represented that part of the credit market in which debt was explicitly negotiated and formally documented. In contrast to studies of informal,

[2] TNA, PROB 11/1633/33, will of Ann Cooke, 1820.
[3] Tawny Paul, *The poverty of disaster: debt and insecurity in eighteenth-century Britain* (Cambridge, 2019), pp.163-165.
[4] ER, Hoffman v. Cooke (1800) 5 Ves. Jun. 623
[5] ER, Hoffman v. Cooke (1800) 5 Ves. Jun. 623.
[6] *London Gazette*, 2 May 1797.

interpersonal credit arising from quotidian commercial activity, there has been little consideration of the basis of formal credit transactions in this period.[7] One reason for this, to which B. A. Holderness drew attention, is the limited survival of archival records.[8] David Hancock considered the lending activities of London merchants whilst Amy Froide and Judith Spicksley have studied women who made loans.[9] It has often been difficult to look beyond the initial loan transaction to assess how the credit relationship subsequently developed.[10] As the loan between Ann Cooke and John Walford described at the beginning of this chapter has demonstrated, examining formal credit relationships through the lens of annuity loans and associated records allows for a more extensive consideration of the lending process. The approach taken here is firstly, in section 6.1, to consider how credit was established and negotiated and what measures were taken by lenders to assess creditworthiness. The next section (6.2) considers how loans were managed and the nature of the continuing lender-borrower relationship. Finally, section 6.3 assesses how participants in the annuity loan market responded to the legal sanctions available to them when loans went wrong. The procedures prescribed in the Annuity Act played a role in all these processes of lending. The Act made a formal contract a mandatory requirement of a valid loan and set out the legal basis on which loans had to be structured.

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[7] Amongst the studies drawing on informal credit transactions are: Craig Muldrew, *The economy of obligation: the culture of credit and social relations in early modern England* (London, 1998); Paul, *The poverty of disaster: debt and insecurity in eighteenth-century Britain* (Cambridge, 2019); Alexander Wakelam, *Credit and debt in eighteenth-century England: an economic history of debtors' prisons* (London, 2020).
[8] B. A. Holderness, 'Elizabeth Parkin and her investments, 1733–66: aspects of the Sheffield money market in the eighteenth century', *Transactions of the Hunter Archaeological Society of Sheffield*, Vol. 10 (1973), pp.86.
[9] David Hancock, *Citizens of the world: London merchants and the integration of the British Atlantic community, 1735-1785* (Cambridge, 1995), p.252; Amy M. Froide, *Never married: single women in early modern England* (Oxford, 2005), Chapter 5 ; Judith Spicksley, '"Fly with a Duck in thy Mouth": Single Women as Sources of Credit in Seventeenth Century England', *Social History*, Vol. 32 (2007), pp.187-207; Judith Spicksley, 'The business and household accounts of Joyce Jeffreys, spinster of Hereford, 1638-1648', *Records of Social and Economic History*, 41 (Oxford, 2012), p.33.
[10] Holderness, 'Elizabeth Parkin and her investments', p.82.

Nonetheless lenders and borrowers were still left to negotiate between themselves how the loan arrangements worked in practice. The solutions they found, together with the shortcomings of the legislation, which are discussed here, demonstrate the continuing importance of personal interaction in credit transactions.

6.1 Establishing the credit relationship

Studies of lenders by other historians have suggested that lenders often preferred to advance credit where they had personal knowledge of the borrower.[11] When Elizabeth Parkin in Sheffield lent money on interest-bearing terms her loans were to borrowers within her local area, probably to businessmen she knew personally.[12] Amy Froide identified how women were active in using loans to provide credit to borrowers and institutions in their localities.[13] The London merchants in David Hancock's study only made formal loans to people they knew.[14] To the extent that they can be measured, personal and local associations appear to have been less significant in the annuity loan market.

One way of measuring this is to consider the extent to which there were transactions where the borrower and lender shared the same surname, as an indicator of a family relationship. This occurs in between one per cent. and three per cent. of the 4,887 transactions recorded in the five sample years used throughout this thesis.[15] Although this methodology does not take account of more extended family relationships via marriage, nor the wider contemporary application of the 'household

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[11] Richard Grassby, *Kinship and capitalism: marriage, family, and business in the English-speaking world, 1580-1740* (Cambridge, 2001), p.235.
[12] Holderness, 'Elizabeth Parkin and her investments', pp.82-84.
[13] Froide, *Never married*, p.130.
[14] Hancock, *Citizens of the world*, pp.249-252.
[15] The years are 1779, 1783, 1793, 1803 and 1809.

family', the insignificance of inter-family annuity loan transactions is perhaps not surprising.[16] Why use annuity loans at all in private, family transactions when the legislation required enrolment and the loan details then became a matter of public record? A small number of examples indicate that, on occasion, the annuity structure might suit family circumstances making enrolment a necessary corollary. Elizabeth Allen of Westwood in Kent lent her son John £200 in 1791 in return for an annuity of £15 to be paid to her during her lifetime. A written agreement formalised the arrangement and could be used as evidence of her son's commitment if this were later to be required.[17] In other circumstances an annuity loan provided an alternative route for the management of interfamily debt. Joshua Wafforn, a Surrey farmer, was owed £300 by his son, George Thomas Wafforn, who farmed nearby. In 1809, as an alternative to initiating legal proceedings to recover the debt, Joshua agreed with George a schedule of annuities as a means of repayment.[18]

Consideration of the extent of local connections in loans made in the sample years is complicated by the substantial proportion of transactions where both the borrower and lender were located in London. Participants co-located in either the City of London or Westminster represented an average of 25 per cent. of loans. Given the size of its population and geographical extent, it would be difficult to be sure that counterparties with London addresses had personal knowledge of each other.[19] In addition, many élite participants had addresses both in London and elsewhere giving rise to uncertainty about where the transaction was concluded.

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[16] Naomi Tadmor, 'The concept of the household-family in eighteenth-century England', *Past & Present,* No. 151 (1996), p.140; Geoffrey Clark, 'Life insurance in the society and culture of London, 1700-75', *Urban History*, Vol. 24 (1) (1997), pp.17-36.
[17] Froide, *Never married,* p.134.
[18] TNA, C54/8581/2, Wafforn/Wafforn, 11 March 1809.
[19] E. A Wrigley, *People, cities and wealth* (Oxford, 1987), p.160.

Elsewhere, a local connection, where the lender and borrower were both located in the same town or county, has been found in between 8 and 12 per cent. of transactions in these sample years. Amongst the examples of provincial transactions was the loan of £300 made by Frances Carter, a Norwich spinster, to local brewer, Jehosaphat Postle.[20] Maria Heaton, an Essex spinster, made a loan of £200 to local clergyman and inventor, Loder Allen.[21] William Akers, a butcher, lent £270 to fellow Uttoxeter resident Thomas Flint.[22] In a loan between two Buckinghamshire farmers in 1789, John Perkins lent William Jessop £196 in return for an annuity of £24.[23] Despite its limitations, this quantitative analysis has suggested that credit relationships in the annuity loan market were not primarily based on personal or local relationships. The largest proportion of transactions were between borrowers and lenders apparently otherwise unknown to each other. Participants could not rely on personal acquaintance but adopted other means as the basis for their credit relationship.

Tradesmen were able to use their customer base as a means of locating borrowers. As demonstrated in Chapter 5, merchants and tradesmen were active as lenders of annuity loans and participated in between 7 and 12 per cent. of annual transactions throughout the period.[24] Success in business depended on the effectiveness of a tradesman's networks of information and knowledge of their customers.[25] Julian Hoppit has noted that who to sell to was a key critical judgment

[20] TNA, C54/6556/77, Postle/Carter, 1 April 1779.
[21] TNA, C54/6556/64, Allen/Heaton, 7 May 1779; Loder Allen (CCEd Person ID 110777*)* [accessed 1 September 2021].
[22] TNA, C54/7166/13, Flint/Akers, 22 April 1793.
[23] TNA, C54/6932/5, Jessop/Perkins, 6 February 1789.
[24] See Table 5.2 in Chapter 5.
[25] Perry Gauci, *Emporium of the world: the merchants of London, 1660-1800* (London, 2007), p.121; Sheryllynne Haggerty, *'Merely for money'? business culture in the British Atlantic, 1750-1815* (Liverpool, 2012), p.67; Hancock, *Citizens of the world* p.89.

in business and Margot Finn has described how traders undertook ‘continuous valuation and revaluation of their customers’ status and social connections’.[26] Benjamin Pope, a successful Southwark tanner who became an active lender in the 1770s and 1780s, explained in legal proceedings how he made his own judgments about potential borrowers introduced to him by an intermediary.[27] He drew on his own commercial experience in assessing their creditworthiness. Moreover the shops and business premises of merchants and tradesmen were potential sites for sociability and interaction with borrowers as shopping became a leisure activity for middle and upper-class social groups.[28] As tailor to the Prince of Wales, Louis Bazalgette had frequent access to royal premises and accumulated a portfolio of loans to members of the royal household whom he would have encountered there, including the member of parliament John MacMahon, the lawyer and poet William Battine, and the courtiers Warwick Lane and Lord Southampton, the Groom of the Stole.[29] There is less direct evidence for other merchant lenders but their choice of borrowers suggests a connection with their business and that they used a relationship established through commerce for a new purpose. Richard Ovey was a successful linen draper who supplied royalty with furnishing fabric from his shop in Covent Garden.[30] He made nine loans to borrowers who include several members of

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[26] Julian Hoppit, *Risk and failure in English business 1700-1800* (Cambridge, 1987), p.160; Margot C. Finn, *The character of credit: personal debt in English culture, 1740-1914* (Cambridge, 2003), p.47.
[27] OBP, July 1778, trial of Alexander Leith (t17780715-5) [accessed 5 May 2022].
[28] Helen Berry, ‘Polite consumption: shopping in eighteenth-century England’, *Transactions of the Royal Historical Society*, Vol. 12 (2002), p.377 and p.388; Christopher Breward, ‘Masculine pleasures: metropolitan identities and the commercial sites of dandyism, 1790–1840’, *London Journal*, Vol. 28 (1) (2003), p.64; Claire Walsh, ‘Shop design and the display of goods in eighteenth-century London’, *Journal of Design History*, Vol. 8 (3) (1995), pp.157-176.
[29] Charles Bazalgette, *Prinny’s taylor: the life and times of Louis Bazalgette (1750-1830)*, (Salmo, Canada, 2015), p.88; HOP, https://www.historyofparliamentonline.org/volume/1790-1820/member/mcmahon-john-1754-1817 [accessed 4 September 2021]; Sidney Lee and Jonathan Harris, ‘Battine, William (1765–1836), lawyer and poet’, *ODNB,* [accessed 4 September 2021].
[30] British Museum, Heal Collection of trade cards 80.253.

parliament and the aristocracy. The loans made by Jacob Kirkman, harpsichord maker and prolific lender, with premises in Broad Street in London, demonstrated a similar profile.[31] Ann Scurfield, who made seven loans between 1780 and 1790, was a milliner with premises in Berkeley Square.[32] François Mouys, a hatter in St James's Street, made over 20 loans.[33] George Healey, a tobacconist with premises in Piccadilly made 37 loans between 1783 and 1801. Amongst his borrowers were Sir John Ingilby, the member of parliament for East Retford, and the Kent landowner Thomas Lane.[34] The proprietors of taverns and coffee houses were also lenders. James Griffiths, the proprietor of the Horn Tavern in Doctor's Commons, who made 15 loans, used his tavern as a space where he could meet borrowers.[35] These merchants and tradesmen extended the contacts made in their commercial activities as the basis for credit provision. Their businesses gave them the opportunity for repeated mercantile transactions with their customers from which they built confidence to support lending on a longer-term basis.[36]

Lenders might also be encouraged to participate in the annuity loans market on the basis of recommendations made by others. This gave them access to knowledge and information about borrowers held by a wider group. Such introductions created a network based on what the sociologist Mark Granovetter has

[31] Charles Mould, 'Kirkman [Kirckman, Kirchmann], Jacob (1710–1792), harpsichord maker', *ODNB*, [accessed 4 September 2021]; Hannah Greig, *The beau monde: fashionable society in Georgian London* (Oxford, 2013), p.11.
[32] *Public Advertiser*, 11 September 1770.
[33] *The Universal British directory of trade and commerce* (London, 1790), p.175.
[34] HOP, http://www.historyofparliamentonline.org/volume/1790-1820/member/ingilby-sir-john-1758-1815 [accessed 4 September 2021].
[35] *LL*, ref: LMOBPS450300071 Old Bailey Sessions: Sessions Papers Justices Working Documents 23 January 1786–18 December 1786 [accessed 25 August 2020].
[36] Haggerty, *'Merely for money'?*, p.52.

called 'weak ties', or more distant connections.[37] John Elcum, a corn factor, and Thomas Longmore, a former assistant surgeon in the navy, were both residents of Southwark. When he died in 1814 Elcum named Longmore as one of his executors and, a year or so after his death, Longmore married Elcum's daughter, indicating a close relationship between the two men.[38] Longmore had been the first of them to start making annuity loans, in 1806, and he may have encouraged Elcum to participate as his first loan was made in 1807. The two men appear to have introduced borrowers to each other. In July 1808 Elcum lent £600 to Thomas Grigges, a Poplar coachmaker. Longmore lent him a further £400 in January 1809. In November that year Elcum lent William Cook £210 whilst Longmore lent him a further £147 nine months later in August 1810. Longmore made two loans to Thomas Eely and his brother-in-law David Mason, the first in 1811 and the second in January 1812. On the second occasion Elcum also lent directly to David Mason. A similar relationship can be surmised in the pattern of lending of two Soho neighbours Jonathan Buttall, an ironmonger, and John Girdler, a gentleman. Buttall appointed Girdler as one of the executors to his will.[39] He made several loans to clerical co-borrowers Thomas Speidell, at the time a fellow of St John's College, Oxford, and Richard Cooke, in 1802 and 1803. He then introduced both borrowers to Girdler who made a further loan to them in 1804.[40]

[37] Mark S. Granovetter, 'The strength of weak ties', *American Journal of Sociology*, Vol. 78 (6) (1973), pp.1377-1378; Hancock, *Citizens of the world*, p.244; Haggerty, '*Merely for money'?*, p.163.
[38] TNA, PROB 11/1558/156, will of John Elcum, 1814.
[39] TNA, PROB 11/1442/221, will of Jonathan Buttall, 1806.
[40] Speidell and Cooke/ Buttall, 30 March 1802; Speidell and Cooke/Buttall, 1 March, 1803; Speidell and Cooke/Buttall, 20 October 1803; Speidell and Cooke/Girdler, 11 May 1804 (close rolls not identified); Thomas Speidell (CCEd Person ID 21633); Richard Cooke (CCEd Person ID 116797) [both accessed 18 April 2022].

Recommendations did not always result in a successful credit relationship. Richard Dartnall ran a successful stationery business in St Martin's Court near Charing Cross in London for forty years. When he sought ways to invest his accumulated wealth in 1812 two lawyers, Edward Howard and James Gibbs, were recommended to him as men 'possessed of great skill in getting large annuities well secured'.[41] It was to prove an unhappy relationship. Loans were made on Dartnall's behalf to borrowers who subsequently defaulted in their annuity obligations and Howard and Gibbs misappropriated his money. They were eventually prosecuted for conspiracy to defraud him. Dartnall heard himself described in court as one of the 'great numbers of persons who had the misfortune to trust them'.[42]

Credit relationships might initially be established by personal, local or business connections, or by recommendations, giving the lender confidence about the creditworthiness of the borrower, an arrangement Sheryllynne Haggerty has described as 'reputation by association'.[43] Nevertheless, a prudent lender might still want to undertake their own assessment of the borrower and the extent of their creditworthiness and not just rely on a reputable introduction. The evidence here is that lenders drew on several different measures, a complex mixture of indicators including status, lifestyle and financial credibility, as other studies have also shown.[44] Margot Finn and Tawny Paul have both described how credit terms were differentiated according to social standing which acted as a proxy for the reputation

[41] *St James' Chronicle*, 26 February 1822.
[42] *Sun (London)*, 25 October 1822.
[43] Haggerty, *'Merely for money'?*, p.104.
[44] Finn, *The character of credit*, pp.9-10; Paul, *The poverty of disaster*, p.163; Alexandra Shepard, *Accounting for oneself: worth, status, and the social order in early modern England* (Oxford, 2015), p.312, Hannah Barker and Sarah Green, 'Taking money from strangers: traders' responses to banknotes and the risks of forgery in late Georgian London', *Journal of British Studies*, Vol.60 (3) (2021), p.608.

and creditworthiness which lenders sought.[45] Lucy Newton has considered how these indicators remained an important constituent of banks' lending decisions.[46]

The Annuity Act only required the names of the parties to the loan and the names of the lives on which the loan was contingent to be stated in the loan agreement but in almost all cases the borrower's rank, status or occupation were recorded.[47] This suggests that these issues were considered during loan negotiations. In the loan he obtained from Charles Eastland in 1788 Aubrey Beauclerk was given his title, the Earl of Burford, but also described as 'the eldest son of the Duke of St Albans'. The implication of this second descriptor was that Beauclerk was the heir to the Duke and likely to inherit his wealth. This status was important for the lender as it promised a future source of repayment.[48] Thomas James Twisleton's lesser social, and less financially certain, status was noted in his description as 'one of the children of Lord Saye and Sele'.[49] The regiment in which Joseph Blewett Evans served was given but the loan agreement also noted that he was one of the children, and residuary legatee, of Kingsmill Evans of Lydale, Monmouthshire.[50] Borrowers were regularly described as 'esquire' or 'gentleman'. All these references were an indication of the lender's concern to confirm the borrower's social standing. High status, or wealthy, relatives enhanced a borrower's reputation and status and supported their creditworthiness.[51] Lenders did not only rely on what they were told by borrowers. They, or their agents, made further checks on status using independent

[45] Finn, *The character of credit*, pp.9-10; Paul, *The poverty of disaster*, p.163.
[46] L. Newton, 'Trust and virtue in English banking: the assessment of borrowers by bank managements at the turn of the nineteenth century', *Financial History Review*, Vol. 7 (2000), p.177.
[47] Annuity Act, section 1.
[48] TNA, C54/6883/29, Burford/Eastland, 5 May 1788.
[49] TNA, C54/7170/28, Twisleton/Roden, 22 June 1793.
[50] TNA, C54/8617/6, Evans/Abbott, 9 June 1809.
[51] Newton, 'Trust and virtue', p.189; Shepard, *Accounting for oneself*, p.271.

sources. Tradesman were listed in local directories and military ranks could be checked in published army and navy lists. Marmaduke Teasdale checked John Campbell's rank and regiment before introducing him to the lender, James Griffiths.[52] James Gillham, acting for Stephen Phillips, visited Brampton in Huntingdonshire to enquire about the property of a borrower, Henry Speed.[53]

Chapter 3 distinguished annuity loans as a form of credit suitable for a borrower who had income rather than assets and further demonstrated how the source and amount of a borrower's income influenced the lender's decision on how much to lend. References in loan agreements to a borrower's income and its source are an indication that this information was disclosed by borrowers during the loan negotiations to support their financial credibility. It enabled the lender to have confidence that the annuity could be paid.[54] When the Plymouth lawyer John Bicknell lent George Hanger £360 in 1793, their agreement recorded that the annuity of £60 was to be met from Hanger's salary of £300 due to him as equerry to the Prince of Wales.[55] Johanna Townsend lent Otho Hamilton Amiel of Cheltenham and his wife Frances £500. The annuity of £50 was to be paid out of the income derived from a legacy of £5,000 due to Frances, described as one of the daughters of Francis Tyssen.[56]

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[52] *LL,* LMOBPS450300048 [accessed 13 September 2021].
[53] Anonymous, *The trial of James Gillham, an attorney, for demanding and receiving of Lord Falkland, Henry Speed, Esq. and D. Broughton, Esq. the sum of three hundred twenty two pounds, ten shillings, for procuring them the loan of two thousand, four hundred and fifty pounds, contrary to an act passed in the seventeenth year of his present Majesty. Tried in the court of the King's Bench, Westminster on the 20th February 1795 before Lord Kenyon and a special jury* (London, n.d.), p. 50.
[54] Shepard, *Accounting for oneself,* p.301.
[55] TNA, C54/7165/4, Hanger/Bicknell, 5 April 1793; Stuart Reid, 'Hanger, George, fourth Baron Coleraine (1751–1824), army officer and writer', *ODNB* [accessed 4 September 2021].
[56] TNA, C54/7169/15, Amiel/Townsend, 6 June 1793**.**

The parties to, and terms of, annuity loans enrolled in accordance with the Annuity Act were matters of public record and could be inspected at the Court of Chancery on payment of a fee.[57] As discussed in Chapter 2, the intention of this provision was to discourage the use of annuity loans but, as Edward Burtenshaw Sugden pointed out in his critique of the Act, published in 1812, lenders could use these records to gain information about what other annuity commitments a borrower might have outstanding.[58] The indexes to borrowers, described in Chapter 1, gave ready access to details of their loan amounts and annuity commitments. Using this knowledge potentially placed lenders in a better position to appraise creditworthiness although it was not necessarily a comprehensive picture of indebtedness. The extent to which the enrolment records were used in this way is difficult to assess. Only one explicit reference has been traced. In his evidence at the trial of the lawyer James Gilham in 1795, Alexander Livingston, a money scrivener, described how he had successfully searched the records for details of a loan made by Stephen Phillips to Lord Falkland. In this case he claimed not to be assessing credit but that he merely wanted to find out how much had been lent.[59] Enrolment and inspection were well established procedures, familiar to many of the participants in the annuity loan market, particularly lawyers. The infrequency with which references occur suggest that examining the records to assist with credit assessment may have been standard practice and thus not considered worthy of comment.

Lenders also took account of a borrower's past behaviour as an indication of their trustworthiness. In the same way that merchants built up trust between

[57] Annuity Act, sections 1 and 5.
[58] Edward Burtenshaw Sugden, *A cursory inquiry into the expediency of repealing the annuity act and raising the legal rate of interest; in a series of letters* (London, 1812), p.19.
[59] Anonymous, *The trial of James Gillham*, p.52.

themselves by a series of successful transactions, borrowers might hope that establishing a reputation for punctual payment of annuities would enable them to obtain further funds from a lender.[60] A contemporary commentator, Frederick Blayney, considered that 'punctuality in payment is a material consideration' for lenders.[61] This approach was not always available to borrowers as only lenders who made large numbers of loans would be able to accommodate substantial repeat business whilst maintaining a loan portfolio diversified between several borrowers. William, Lord Byron borrowed four loans from Jacob Kirkman but, as Kirkman made over fifty recorded loans, this represented less than ten per cent. of his portfolio.[62] Emperor John Alexander Woodford, who held the position of Inspector-General of Foreign Forces and was a bibliophile and botanist, borrowed six annuity loans of which four were from Thomas Chandless, who made hundreds of loans over a twenty-year career as a lender. Where lenders were not able to make further loans themselves, their knowledge of a borrower's good reputation could be the basis of introductions and recommendations to other lenders. The lawyer Robert Stone lent £150 to James Scrimgeour in July 1792 and then introduced him to a Sussex clergyman, Anthony Nott, who lent him a further £120 nine months later. Stone witnessed their loan agreement.[63]

In many cases annuity loans were contracted between borrowers and lenders who had no prior personal knowledge of each other. Credit relationships were

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[60] Haggerty, *'Merely for money'?*, p.53; Newton, 'Trust and virtue', p.180.
[61] Frederick Blayney, *A practical treatise on life annuities: including the annuity acts of the seventeenth and fifty-third Geo.III; also a synopsis of all the principal adjudged cases under the first act, together with select modern and useful precedents* (London, 1817), p.18.
[62] John Beckett and Sheila Aley, *Byron and Newstead: the aristocrat and the abbey* (Newark and London, 2001), p.77.
[63] Anthony Nott (CCEd Person ID 18411) [accessed 18 April 2022]; TNA, C54/7166/16, Scrimgeour/Nott, 12 April 1793.

established on the basis of recommendations by others in whom the lender had confidence. Assessment of a borrower's income was critical to successful investment in an annuity loan but financial considerations alone were not the only element in their assessment of creditworthiness. Other measures involving status and personal character reflected the continuing importance of a personal element in the process of lending. The next section considers how loans were managed and how personal factors here shaped the relationships between borrowers and lenders.

6.2 The management of annuity loans

The execution of the formal loan contract was the start of a continuing credit relationship. Lenders' assessment of a borrower might have led them to believe that annuity payments would be forthcoming. If these expectations were not met, they had to rely on being able to ascertain current knowledge about borrowers so they could be sure the borrower was still alive and to pursue payments when loans fell into arrears. In other circumstances the most effective means of obtaining annuity payments might involve placing trust in a third party. This section draws on the activities of one lender, Henrietta Inge. The records of her loans can be used to reconstruct how a portfolio of annuity loans was managed and the issues which needed to be addressed in doing so.

Henrietta Inge was the third of five daughters of Sir John Wrottesley, head of a long-established Staffordshire family.[64] In 1735 at the age of 20 she married Theodore William Inge (1711-1753) of Thorpe Constantine, a member of another

[64] HOP, https://www.historyofparliamentonline.org/volume/1690-1715/member/wrottesley-john-1682-1726 [accessed 26 October 2019]; George Wrottesley, *History of the family Wrottesley of Wrottesley, Co. Stafford* (Exeter, 1903), pp.343-346.

prominent local family.[65] After her husband died of smallpox in December 1753 Inge was named as one of his executors and the guardian of their son who was still a minor. Family papers are evidence that she took over the management of the family estate and its financial interests.[66] When Inge herself died in 1790 she was living in Welbeck Street in London. She left her estate to her grandson, William Phillips Inge, then aged 17. It was to be held by trustees until he reached the age of 28 with her daughter-in-law, Ann Inge, William Phillip's mother, appointed sole executrix. Ann died in 1792 and, as William Phillips Inge was not yet old enough to inherit, the Court of Chancery appointed a receiver, the lawyer Thomas Chandless, to manage Inge's estate. He obtained access to her financial records, which he described as her 'accounts' and, as receiver, made regular reports to the court which have survived in the Chancery Masters' account books.[67] Inge's financial assets included mortgage loans, shares in a canal company and annuity loans. The issues she faced in the management of her loans can be reconstructed from these receiver's accounts.

The importance of keeping financial records was well established as a means of preventing 'ruine and poverty'.[68] In 'an increasingly numerate and quantitative' society it was no longer appropriate to rely on memory, or trust that payments would be met.[69] Accounting was critical for successful business enterprise but was adopted

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[65] His father was briefly member of parliament for Tamworth; HOP, https://www.historyofparliamentonline.org/volume/1715-1754/member/inge-william-1669-1731 [accessed 26 October 2019].
[66] *Gentleman's Magazine*, Vol. 23 (1753), p.590; TNA, PROB 11/808/470, will of Theodore William Inge, 1754; Staffordshire Record Office, D1263, Records of Thorpe Constantine, St Constantine (Church of England).
[67] TNA, Chancery Masters' Account Books C101/4419, Inge v. Inge (1793-1801); C101/4394 Inge v. Inge (1801-1811).
[68] Margaret Hunt, 'Time management, writing and accounting in the eighteenth-century English trading family: a bourgeois enlightenment', *Business and Economic History,* Vol. 18 (1989), p.155; Nicola Phillips, *Women in business, 1750-1800* (Woodbridge, 2006), p.114.
[69] Beverley Lemire, *The business of everyday life* (Manchester, 2005), p.205.

more widely as essential for managing everyday income and expenditure.[70] Amy Froide's survey of accounts kept by genteel women showed the comparability of their accounting skills and style with the accounts of men of similar rank and social status.[71] Other lenders active in this market also kept records. The account books of the tailor and lender Thomas Williams showed loans made and payments received but these were intermingled with his other business activities including selling horses and jewellery.[72] James Menetone, a Limehouse shipbuilder with a portfolio of over fifty loans, left his estate to his wife Sarah with the details of his loans to be 'found in a book for that purpose kept', but this does not appear to have survived.[73] The references to Henrietta Inge's accounts represent a rare example given the general paucity of surviving financial records for shopkeepers, merchants and tradesmen, many of whom were active lenders.[74]

Henrietta Inge made 27 loans between 1777 and 1786 with a capital value of £6,000, making her the second most active female lender. She also provided the funds for four loans where her sister, Frances Wilkes, was to have the benefit of the related annuities. Inge made loans of different capital amounts to a range of borrowers. This would have helped to protect her annuity income stream even if one

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[70] Amanda Vickery, *The gentleman's daughter* (New Haven and London, 1999), p.127 and p.165; David Hancock, ''Domestic bubbling': eighteenth-century London merchants and individual investment in the funds', *Economic History Review*, Vol. 47 (4) (1994), pp.679-702.
[71] Keith Thomas, 'Numeracy in early modern England', *Transactions of the Royal Historical Society*, Vol. 37 (1987), pp. 103-132; Christine Wiskin, 'Women, finance and credit in England, 1780-1826' (unpublished PhD dissertation, University of Warwick, 2000), p.259; Amy M. Froide, 'Learning to invest: women's education in arithmetic and accounting in early modern England', *Early Modern Women*, Vol. 10 (1) (2015) p.21.
[72] East Sussex Record Office, ACC 3427/22, Papers in Lane v. Williams in Chancery.
[73] TNA, PROB 11/1292/133, will of James Menetone, 1797.
[74] David A. Kent, 'Small businessmen and their credit transactions in early nineteenth-century Britain', *Business History*, Vol. 36 (2), 1994, p.47; H. Mui and L. Mui, *Shops and shopkeeping in eighteenth-century England* (London, 1989), p.201; Phillips, *Women in business.* p.98; Hancock, *Citizens of the world*, p.240.

or two borrowers defaulted. Loan values ranged in amount from £720 to Henry Fanshawe, an army officer, in 1778, to £42 for a third loan to James Johnson, an officer in the Marines, in 1785. The largest proportion of her loans (43 per cent.) were made to borrowers who were either officers in the army, navy or marines, clergy or held an official position. This was a conservative investment policy as this type of borrower benefitted from a steady income. Nevertheless, the management of a portfolio of loans, each with a different annuity amount, due from a different borrower and payable on different dates, represented an administrative challenge. In Inge's case she was due to receive annuities which varied in size from £7 to £120. Chandless had an involvement with Inge's lending activities before her death and had arranged transactions for her. In one transaction she described him as her attorney.[75] He was an active lender himself. Although this may have given him knowledge of loan transactions aside from the details in Inge's own records, his references to Inge's 'accounts' and the details which he was able to assemble from them suggest that Inge involved herself in the day-to-day administration of her investments including her annuity loans.

The frequency of annuity payments, usually quarterly or half yearly, and the dates on which they were to be paid, was agreed between borrower and lender for each individual loan and enabled a lender to set their own schedule for the receipt of income. Other types of investment benefitted from a more defined timetable. Property rents were usually paid on quarter days and public debt dividends were declared according to a set schedule. The principal concern of a lender was to monitor the timely and correct payment of annuities. In this respect there was little

[75] TNA, C54/6948/42, Sturt/Wilkes, 28 November 1789.

difference between annuity loans and mortgage lending as both required the lender or investor to collect money and monitor its receipt.[76] The details of annuity loans were not left to memory but listed in Inge's accounts according to the date of the original transaction and whether payments were current or not.[77] She recorded payments when received. Chandless noted, in respect of one loan that, 'the arrears [were] paid up to 24th July 1782 as appears by Mrs Inge's accounts' and for another, 'No arrears have been received …nor does Mrs Inge in her Accounts state to what time it is paid'.[78] Another way in which borrowers and lenders might have made a record of annuity payments was by annotating the loan agreement. This appears to have been the practice in the Duke of York's household where one such agreement between the Duke and his wine merchants, Joseph Thackeray and Thomas Lloyd, has survived.[79]

Whilst it was mandatory to state the amount of the annuity in the loan agreement, there was no requirement to include any details regarding the arrangements for making payment. There was no hub for annuity loan payments in the way that the Bank of England acted as the principal site for transactions involving public debt.[80] Lenders and borrowers had to make individual provision. Payments might be made in person at a particular location. The annuity of £17 due from Dr Samuel Hunt of Great Yarmouth was paid to Priscilla Alpe in two equal half yearly instalments in the church porch of East Dereham, her parish church.[81] Sir

[76] Amy M. Froide, *Silent partners: women as public investors during Britain's financial revolution 1690-1750* (Oxford, 2017), pp.120-121.
[77] TNA, C101/4419 f. 5.
[78] TNA, C101/4419 f. 10.
[79] *GPO*, GEO/ADD/6/145 [accessed 14 September 2021].
[80] Anne L. Murphy, 'The financial revolution and its consequences' in Roderick Floud, Jane Humphries and Paul A. Johnson, (eds.), *The Cambridge economic history of modern Britain, volume 1:1700-1870* (Cambridge, 2014), p.332.
[81] TNA, C54/6556/87, Hunt/Alpe, 3 April 1779.

Narborough D'Aeth was required to pay Herbert Brace his annuity in quarterly instalments in the Common Dining Hall of the Middle Temple.[82] John Hercy agreed with Isaac Clamtree that the annuity payments on his loan were to be paid quarterly in the Dining Hall of Lincoln's Inn.[83] Public or semi-public locations may have been preferred sites as they were places where there were likely to be witnesses to the payments in the event of any subsequent dispute. In other examples payments were made privately. The £80 annuity due to Joshua Sampson and Thomas Terry of Beverley in Yorkshire from William Dade, a local clergyman, was paid to them 'at their usual place or places of abode'.[84] Where military borrowers assigned their pay, arrangements were often made for the lender to collect the annuity payment directly from the appropriate army agent. William Clayton, a lieutenant in one of the Highland Regiments, agreed with the lender, Ann Ougston, that she should collect his pay from the regiment's agent, Andrew Lawrie.[85]

The transaction details for Inge's loans are silent on any mechanism she adopted to collect annuity payments. Her servant James Bradburn was witness to at least one of her transactions and she may have delegated collection of the payments to him or another trusted employee, an approach taken by other financiers.[86] At a time when individual use of personal bank accounts was still limited, individuals acting as intermediaries assisted with the collection of annuity payments by

[82] TNA, C54/6709/60, D'Eath/Brace, 20 February 1784.
[83] TNA, C54/ 8677/7, Hercy/Clamtree, 12 December 1809.
[84] TNA, C54/6948/2, Dade/Sampson and Terry, 12 December 1789; William Dade (CCEd Person ID 88746) [accessed 18 April 2022].
[85] TNA, C54/6948/21, Clayton/Ougston, 18 December 1789**.**
[86] TNA, C54/6679/17, Inge/Hollis, 30 April 1783; Christine Wiskin, 'Businesswomen and financial management: three eighteenth-century case studies', *Financial History*, Vol. 16 (2) (2006) p.154.

effectively providing banking services for lenders.[87] Edward Howard, as agent for Sarah Read, collected the £600 annuity due to her from George 'Beau' Brummell in the Dining Hall of Lincoln's Inn.[88] Where lender and borrower were distant from each other, using an agent to collect annuity payments and pass them on was a practical solution. John Broomhead in London collected the £50 annuity due from the Reverend Joseph Matthew in Sussex each year and paid it to the lender, William Gibbons, whose address was given as King's Lynn in Norfolk.[89] Both the lender and the borrower had to have trust in the intermediary that funds would be transmitted appropriately. The Reverend George Thomas sent his annuity payments to Marmaduke Teasdale's house for him to pay on to the lender. After three years he sent money to Teasdale to redeem the loan but Teasdale did not do so. This came to light only when Teasdale was declared bankrupt. When Thomas took his case to court he was denied compensation and told that he had to 'suffer the consequences of his misplaced confidence'.[90]

Maintaining contact between lender and borrower was another aspect where the formal contract required by the Annuity Act did not address all the contingencies that might arise. In transactions where the borrower and lender knew each other personally or were both located in the same district, it was easier for the lender to keep in touch with the borrower to be able to chase annuity payments if they were overdue and to monitor the borrower's survival. Where transactions took place between more distant parties this became difficult. It was already accepted practice

[87] Quinn, 'Money, finance and capital markets', p.159; Peter Temin and Hans-Joachim Voth, 'Banking as an emerging technology: Hoare's Bank, 1702-1742', *Financial History Review*, Vol. 13 (2) (2006), pp.149-178.
[88] TNA, C54/8675/2, Brummell/Read, 5 December 1809.
[89] TNA, C54/6615/4, Matthew/Gibbons, 14 March 1781.
[90] *True Briton*, 11 July 1794; *Bath Chronicle and Weekly Gazette*, 17 July 1794.

elsewhere in the financial markets to hold records of investors. Ledgers were maintained at the Bank of England with addresses of the holders of public debt.[91] A contemporary private tontine maintained a register with details of its subscribers.[92] In these examples it was in investors' interest to ensure that records were accurate and up-to-date as they were beneficiaries of payments due to them from their investment.

Borrowers perhaps had less financial incentive than these investors to ensure lenders could contact them. Most annuity loan contracts did not contain any provision requiring the borrower to keep in contact with the lender other than making regular annuity payments. The onus was on the lender to take the time and effort required to maintain up-to-date information about the borrower as this was intrinsic to successful investment.[93] In situations where there was the possibility that the borrower might go abroad the lender could require to be notified so that insurance either could be taken out or the premiums on an existing policy adjusted. John Beaumont Swete from a Devonshire family was advised that he 'should not at any time during the continuance of the said annuity go on the seas or in parts beyond the seas or enter into the army or hold any military capacity or situation' without giving the lender, Mary Brice, notice in writing.[94]

Transactions must have relied on trust between the parties that some form of communication would be maintained. Inge's loan portfolio provides evidence that

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[91] P. G. M. Dickson, *The financial revolution in England: a study in the development of public credit, 1688-1756* (London, 1967), p.460.
[92] Diane Clements, 'Invested in identity: the Freemasons' Tontine of 1775' (unpublished MRes dissertation, University of London, School of Advanced Study, 2018), p.81.
[93] Anne L. Murphy, 'Dealing with uncertainty: managing personal investment in the early English national debt', *History*, Vol. 91 (302) (2006), p.217.
[94] TNA, C54/8676/6, Swete/Brice, 5 December 1809.

this did happen. In 1781 she lent Thomas Vaughan £300. He continued to pay the annuity of £50 until 1796, respecting his commitment in their loan agreement to pay her and then her heirs and assigns after her death.[95] An officer in the Marines, Duncan Campbell, borrowed £216 from her in 1778. He continued paying the annuity of £36 to her and her estate until 1805 by which time he was a Major-General.[96] Inge's borrowers were geographically dispersed. She would have been unable to rely on local knowledge as other lenders, such as Elizabeth Parkin, could.[97] Inge lent to James Johnson of the Marines based in Portsmouth, William Ogle from Northumberland and Henry Martin Creswicke of Gloucestershire.[98] She might have relied on keeping in touch with clergymen borrowers via their parishes, if they were resident there. Clerical preferments could be tracked through references in the monthly periodical, *The Gentleman's Magazine*. John Petvin, to whom Inge lent £300 in 1779, held two livings in Essex, at Burnham and Braintree.[99] Peter Thomas Burford, to whom she lent £300 in 1786, was Vicar of Braughing in Hertfordshire from 1781 until his death in 1794.[100]

Inge did not lend to Scrope Berdmore Davies but his surviving papers illustrate the efforts that lenders had to make to keep in touch with borrowers. Davies

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[95] TNA, Chancery Masters' Account Books C101/4419, Inge v. Inge (1793-1801), f.13; C54/ 6618, Vaughan/Inge, 25 September 1781.

[96] TNA, Chancery Masters' Account Books C101/4419, Inge v. Inge (1793-1801), f.5; C101/4394, Chancery Masters' Account Books, Inge v. Inge (1801-1811); C54/6522, Campbell/Inge, 3 June 1778.

[97] Holderness, 'Elizabeth Parkin and her investments', p.84.

[98] TNA, C54/6486/85, Johnson/Inge, 25 October 1777; C54/6713, Johnson/Inge, 19 July 1784; C54/6746/8, Johnson/Inge, 10 March 1785; C54/6645, Ogle/Inge, 30 January 1782; C54/6558, Creswicke/Inge, 12 August 1779.

[99] TNA, Chancery Masters' Account Books C101/4419, Inge v. Inge (1793-1801), f.5; C54/6557, Petvin/Inge, 5 June 1779; *Gentleman's Magazine* Vol. 66 (1796) p. 70; John Petvin (CCEd Person ID 121007) [accessed 8 November 2019].

[100] TNA, Chancery Masters' Account Books C101/4419, Inge v. Inge (1793-1801), f.5; C54/6786, Burford/Inge, 21 February 1786; Peter Thomas Burford (CCEd Person ID 10321) [accessed 28 November 2019].

used annuity loans to support his lifestyle as a gambler and dandy. His was not a landed family and he had no country estate. He led a peripatetic existence. In London he had rooms in lodging houses, at Cambridge he had rooms at King's College, where he was a fellow, and he spent time at racecourses and fashionable resorts. Letters from lenders' representatives were sent to him variously at Limmer's Hotel in Conduit Street in London, at Mr Smallman's, one of the racehorse trainers in Newmarket, and to Cambridge and Harrogate.[101]

It was in a borrower's interest to maintain contact and the currency of annuity payments in order to avoid legal proceedings and lenders must have had confidence that this would happen. Errant borrowers could be pursued with reminders of annuity payments due. There are no instances relating to Inge's loans but examples survive elsewhere. In 1798 Peter Jennings of Somers Town wrote to remind Colonel William Lee that his annuity payment of £50 was due in respect of a loan of £315.[102] The London lawyer George Ballachey contacted Scrope Berdmore Davies on several occasions in respect of annuity arrears. In 1809 he wrote, 'I have to request you will be so good as to remit me the Amount as the parties are extremely pressing'.[103] Two years later he wrote seeking to claim further arrears on behalf of four other lenders.[104]

Where borrowers could not be traced the annuity effectively had to be written off. Chandless reported that 'no arrears whatever' had been received in respect of the

[101] BL, Miscellaneous papers and correspondence of Scrope Berdmore Davies ('SBD papers') Loan MS70/3, f.47; MS70/4, f.159.
[102] Lambeth Archives IV/27/114, 14 July 1798.
[103] BL, SBD papers, Loan MS 70/4, f.155, 19 October 1809.
[104] BL, SBD papers, Loan MS 70/3, f.38, 28 October 1811.

annuity of £40 due to Inge from Walter Roberts of Dean Street, Southwark, 'nor is it known where the Grantor is gone or what has become of him'.[105] Problems could also occur when borrowers were unable to locate lenders. Lady Bridget Tollemache borrowed £900 from Eleanora Woolaston in 1787. In 1793 she sought to redeem this from the proceeds of another loan. By then the original lender had died. It took the lawyer acting for Tollemache two years to track down who had inherited Woolaston's loan and annuity payments accumulated until he could do so.[106]

How lenders such as Inge were able to monitor the survival of their borrowers is unclear. Compulsory, centralised civic registration of deaths was not introduced in Britain until 1837. Prior to that date records were maintained in parish registers, held locally and with varying levels of completeness.[107] It would not have been practical for individual lenders to access these. Lenders needed to know when a borrower died as that terminated the annuity and, if insurance was in place, they had to provide evidence of death in order to claim under any insurance policy. It is likely that a borrower's family would notify the lender as death would end the liability to pay the annuity. Newspapers and periodicals were another possible source of information. Much of the content of the popular, monthly, *Gentleman's Magazine* consisted of obituaries.[108] Henry Fanshawe, an army officer, fled abroad to escape his creditors, one of whom was Inge.[109] His eventual destination was Russia as reported in a London newspaper in July 1789. Inge noted this particular loan and its

[105] TNA, C54/6520, Roberts/Inge, 31 March 1778; Chancery Masters' Account Books C101/4419, Inge v. Inge (1793-1801), f.9.
[106] TNA, C54/7164/11, Brooks/Tollemache, 12 March 1793.
[107] Edward Higgs, *Identifying the English: a history of personal identification 1500 to the present* (London and New York, 2011), p.100; Gwyneth Wilkie, 'Some reactions to the introduction of civil registration', *Genealogists' Magazine*, Vol. 32 (6) (2017), p.232.
[108] William Stafford, 'Gentlemanly masculinities as represented by the late Georgian *Gentleman's Magazine*', *History,* Vol. 93 (1) (2008), p.49.
[109] H. C. Fanshawe, *The history of the Fanshawe family* (Newcastle upon Tyne, 1927), pp.280-286.

fortunes in her will, ‘I have purchased an annuity of £120 pa of Fanshawe Esq., late of the 83rd Regiment of Foot…I received the said sum for three years after I purchased it but ever since the month of June 1780 I have never received any further part of the said annuity’. She noted, accurately, that he was ‘now reported to be gone into the Russian Service’.[110] In the absence of information lenders may have chosen to write off the debts when faced with the apparent disappearance of a borrower especially if they had received sufficient annuity payments to recover their capital.

Whilst Inge’s loans were straightforward with annuity payments determined by the life of the borrower, loans could be linked to other lives. Henrietta Kelfe, a former actress, lent £250 to Thomas Palmer of Marylebone in 1809 with the annuity of £28 linked to the lives of two public figures, both members of the royal family, the young Princess Charlotte and the Duke of Gloucester.[111] The annuity for James West’s loan to the Earl of Carysfoot in 1788 was payable on the life of the longest lived of Carysfoot and the prime minister, William Pitt.[112] The lives of public figures were reported in newspapers so it was relatively easy to monitor their lives to claim the annuity. Subscribers to tontines also nominated members of the royal family as their nominees for similar reasons.[113] Public figures were likely to have the benefit of high-quality care and be long-lived and the prospect of receiving the annuity for many years might have encouraged lenders to agree more generous terms. In other loans the annuity was payable on the lives of third parties who were not public

[110] TNA, PROB 11/1196/60, will of Henrietta Inge, 1790; Chancery Masters’ Account Books C101/4419, Inge v. Inge (1793-1801), f.10; C54/ 6523, Fanshawe/Inge, 20 June 1778; *The World*, 29 July 1789.
[111] TNA, C54/8615/6, Palmer/Kelfe, 9 June 1809.
[112] TNA, C54/6883/28, Carysfoot/West, 7 May 1788.
[113] David R. Green, ‘Tontines, annuities and civic improvements in Georgian Britain’, *Urban History*, Vol. 46 (4) (2018), p. 655; Clements, ‘Invested in identity’, p.60.

figures.[114] The annuity of £550 in respect of a loan made to John Bowater and John Long in 1809 by the lawyer John Moore, as trustee for a group of lenders, was payable during the lives of three of Moore's clerks.[115] When George Blount lent to Richard Myddelton, the member of parliament for Denbigh, in 1787, the annuity of £300 was payable during the longest of two lives, Edward John Anderson Halsey, 'an infant, of Henly Park in Surrey' and John Hollist of Farnham, Surrey, 'a gent. aged 30'. Who nominated these lives is not known and whether they were, in some way, related to either Blount or Myddelton was not specified in the loan documentation.[116] They might have represented a compromise between the parties. Lenders were likely to favour young lives with a potential for the annuity to be paid over many years whilst the borrower would have preferred an older life. Regardless of the reasons for this choice, the potential difficulties of keeping track of these other, indirectly associated, lives appear to be considerable and how they were managed remains unknown. Did the lender rely on trust that they would be kept informed or did this type of loan reflect an unstated understanding that it would be redeemed promptly to avoid the nuisance of monitoring?

The example of Henrietta Inge demonstrates the challenges that a lender faced in managing investment in annuity loans. The contractual arrangements between the lender and the borrower did not address all the issues which were likely to arise. Monitoring the receipt of income was an aspect of investment annuity loans shared with other financial instruments but keeping track of borrowers required

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[114] P.G. M. Dickson, *The Sun Insurance Office, 1710-1960* (Oxford, 1960), p.260.
[115] TNA, C54/8675/8, Bowater and Long/Moore, 9 December 1809.
[116] TNA, C54/6831/19, Myddelton/Blount, 22 March 1787;
HOP, https://www.historyofparliamentonline.org/volume/1754-1790/member/myddelton-richard-1726-95 [accessed 4 September 2021].

organisation and consistent commitment to record keeping and information gathering. It is difficult to see how the stream of annuity payments could be managed effectively without a considerable degree of interpersonal trust. Where this failed it made collecting payments and chasing arrears difficult. In the nineteenth century these were the problems cited by institutional lenders as amongst the reasons why they eventually withdrew from making annuity loans. Collecting annuity payments often proved to be 'a wearisome, if not impossible, business'.[117] For those involved in the annuity loan market, the experience of credit remained as rooted in personal interaction as those borrowers and lenders identified by Finn and Paul.[118]

6.3 The interface with the law

Alongside a formal loan agreement, the Annuity Act required the contemporaneous execution of a warrant of attorney.[119] Under the terms of this warrant, lawyers were appointed who could obtain judgment against a defaulting borrower without the borrower being allowed to contest it. It was a process intended to be cost effective, straightforward and timely and available to be used by lenders when debts were not paid.[120] The use of warrants of attorney was a process weighted in favour of the lender.[121]

As with the case of John Walford at the beginning of this chapter whose bankruptcy resulted, at least indirectly, from his failure to pay Ann Cooke her

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[117] Robin Pearson, *Insuring the industrial revolution: fire insurance in Great Britain*, 1700-1850 (Aldershot, 2004), p.338; Clive Trebilcock, *Phoenix Assurance and the development of British insurance, Vol. 1: 1782-1870* (Cambridge, 1985), pp.637-638 and p.736.
[118] Finn, *The character of credit*, p.327; Paul, *The poverty of disaster*, p.247.
[119] Annuity Act, section 2
[120] Clinton W. Francis, 'Practice, strategy, and institution: debt collection in the English common-law courts, 1740-1840', *Northwestern University Law Review*, Vol. 80 (4) (1985-1986), p.827.
[121] Paul H. Haagen, 'Eighteenth-century English society and the debt law' in Stanley Cohen and Andrew Scull (eds.), *Social control and the state* (Oxford, 1983), p.229.

annuity, default on annuity payments, as with other debt defaults in this period, could have considerable personal repercussions for the borrower. Sanctions could involve loss of their assets and even their liberty if lenders chose to arrest them and hold them in prison.[122] Graham Wilkinson claimed to have been the proprietor of a bank in Spalding in Lincolnshire.[123] He acted as surety for six loans and was made bankrupt in 1805 when he was unable to meet his obligations as surety to pay the related annuities.[124] Samuel Girdlestone was bankrupted for standing as surety for annuity loans borrowed by William Alexander Madocks.[125] Charles Demages, a Covent Garden apothecary and surety for a loan made to Zachariah Brown, was arrested by the lender.[126] Elizabeth Massingberd, who stood surety for several annuity loans made to Byron which fell into arrears, was held in a spunging house, a form of quasi-debtors' prison.[127] The experience of these borrowers shows how lenders used the legal process as a means of debt recovery. But not all lenders pursued default through the courts. As Muldrew and others have observed, there remained an emphasis on informal settlement and, as the following examples illustrate, a reluctance to employ litigation.[128]

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[122] Paul, *The poverty of disaster,* chapter 1; Alexander Wakelam, *Credit and debt in eighteenth-century England: an economic history of debtors' prisons* (London, 2020), p.35.
[123] *Morning Chronicle*, 5 December 1792; *Morning Post,* 30 December 1801.
[124] *London Gazette,* 2 March 1805.
[125] *London Gazette,* 5 April 1814.
[126] *ER,* Dearle v. Hall (1823) 3 Russ. 48.
[127] Doris Langley Moore, *Lord Byron: accounts rendered* (London, 1974), p.159; Haagen, 'Debt law', p.223.
[128] Craig Muldrew, 'The culture of reconciliation: community and the settlement of economic disputes in early modern England', *Historical Journal*, Vol. 39 (4) (1996), p.919; Finn, *The character of credit*, p.98; Joanna Innes, *Inferior politics: social problems and social policies in eighteenth-century Britain* (Oxford, 2009), p.231.

The Reverend Samuel Greathead was a lender who chose not to pursue legal sanctions. He was a non-conformist minister at the Newport Pagnell Academy.[129] He made only two loans, both to clergymen. This status, apparently reputable and comparable to his own, may have been a factor in his lending decision. In May 1788 Greathead lent £600 to the Reverend Robert Anthony Bromley. The annuity of £100 was to be paid from the income of Bromley's rectories of St Mildred and St Mary Colechurch in London. Bromley used half of the proceeds to redeem two other loans contracted in 1787 but also to meet expenditure on building his own well-appointed chapel near Fitzroy Square in London.[130] By 1792 annuity payments in respect of this loan had fallen into arrears. Greathead chose not to pursue these arrears but instead assigned the loan to Thomas Peacock for around £500, a value which reflected its non-performing status.[131] A number of reasons might be suggested for his decision to forgo the legal claim his loan agreement and warrant of attorney conferred on him and, instead, to sell his loan at a loss. Bromley's default may have undermined Greathead's confidence in the creditworthiness of a fellow clergyman. His relative lack of financial and legal experience may have caused him to question the effectiveness of any legal process. He may also have been concerned that public litigation against Bromley would have drawn unwanted attention to his role as lender, leading to censure and damage to his own reputation. Nonconformists considered it proper to live within one's means, a practice that Greathead had supported by advocating that his students at the Academy should demonstrate

[129] Marilyn Lewis, 'The Newport Pagnell Academy, 1782-1850', *Journal of the United Reformed Church History Society*, Vol. 5 (5) (1994), p.277.
[130] Robert Anthony Bromley (CCEd Person ID 116550) [accessed 18 April 2022]; *BHO,* 'Maple Street' in J. R. Howard Roberts and Walter H. Godfrey (eds.), *Survey of London:* Vol. 21, the Parish of St Pancras Part 3: Tottenham Court Road and Neighbourhood, (London, 1949), pp.47-48 [accessed 2 September 2021].
[131] Hunt, *Collection of cases on the Annuity Act* (London, 1794), pp.45-46.

'genuine piety'.[132] His lending had enabled the borrower to go into debt and contradicted the teachings of his religion. Other lenders obtained judgment but also stopped short of implementing any further action. Henrietta Inge obtained judgment in respect of her loan of £300 to another clergyman, William Henry Vivian, and his surety George Haywood. Although, as Muldrew's study demonstrated, the instigation of litigation was often enough to regularise arrears, in this case Inge chose to sell the loan to a lawyer, Thomas Rainbott.[133] She received the capital value and £29 of arrears suggesting that the Rainbott was confident that the borrowers were likely to resume payment. Inge was an elderly lady from the Staffordshire gentry whose brother had been Dean of Worcester. A sympathy for the clerical profession may have encouraged her to transfer the loan rather than pursue a member of that profession any further.[134]

Other lenders may have refrained from pursuing default for personal reasons. The instigation of legal procedures could have repercussions for a lender's own carefully safeguarded personal and business reputation. If a lender pursued debts too vigorously they risked being perceived as in financial difficulties themselves. This might undermine the confidence of other clients.[135] This was critical for a banker such as Sir Charles Raymond. He made two loans, for a total of £1,400, to Peniston Lamb, Viscount Melbourne, in 1767 and 1768. Lamb's financial position had deteriorated by the 1780s and Raymond obtained judgment in respect of these two

[132] Lewis, 'The Newport Pagnell Academy', p.277; Leonore Davidoff and Catherine Hall, *Family fortunes* (London and New York, 2019), p.203.
[133] Muldrew, *The economy of obligation*, p.274; TNA, C54/6586, Vivian and Haywood/Inge, 13 May 1779; William Henry Vivian (CCEd Person ID 116550) [accessed 18 April 2022].
[134] TNA, C54/6619/34, Inge/Rainbott, 15 December 1791.
[135] Paul, *The poverty of disaster*, p.93; Francis, 'Practice, strategy and institution', p.834; Haggerty, *'Merely for money'?*, p.132; Naomi R Lamoreaux, *Insider lending: banks, personal connections and economic development in industrial New England* (Cambridge, 1996), p.75.

loans in 1788. He chose not pursue the available legal remedy but instead assigned the loans and the judgment to a Southwark wharfinger William Dowson whose payment for the loans was sufficient to enable Raymond to recover his capital.[136]

The failure to pursue legal remedies also reflected shortcomings of the Annuity Act itself. The application of the Act sometimes undermined confidence in the efficacy of the legal procedures it established. The Act was innovative in describing a credit procedure, the terms of the necessary documentation and a process of enrolment within a specified timeframe. Lord Kenyon, a member of the judiciary, emphasised the importance of adhering to the wording of the legislation, 'the Court ought to give effect to every word of it in order to meet the mischiefs intended to be remedied'.[137] This led to the details of the Act being subject to various legal interpretations which were not always consistent. Another senior judge, Lord Ellenborough, later commented on 'the variety of contradictory determinations which have taken place upon this Act, and the litigation it has occasioned'.[138] These differing interpretations threw up what one critic, Edward Burtenshaw Sugden, described as 'legal niceties'.[139] Borrowers had a broad understanding of what they might be able to achieve using the law and used the provisions of the Annuity Act to question the validity of loan agreements as a means of evading their obligations, at least temporarily.[140] The courts could halt debt recovery proceedings whilst these

[136] BL, Lamb Papers, Add MS 82988, f.59-60.
[137] *ER*, Rumball v. Murray and another (1789) 3 T. R. 298.
[138] *The Times*, 20 December 1802.
[139] Edward Burtenshaw Sugden, *A cursory inquiry into the expediency of repealing the annuity act and raising the legal rate of interest* (London, 1812), p.21; C. W Brooks, 'Interpersonal conflict and social tension: civil litigation in England, 1640-1830' in A. L. Beier, David Cannadine and James Rosenheim (eds.), *The first modern society: essays in English history in honour of Lawrence Stone* (Cambridge, 1989), p.359; Francis, 'Practice, strategy and institution', p.824.
[140] Craig Muldrew, 'Credit and the courts: debt litigation in a seventeenth-century urban community', *Economic History Review*, Vol. 46 (1) (1993), pp.23-38; Innes, *Inferior politics*, p.231.

questions were considered. At the very least counter proceedings and litigation by borrowers created uncertainty, delayed recovery of the debt and caused lenders to incur legal costs which might be sufficient to dissuade them from proceeding.[141]

Almost every aspect of the Annuity Act was used by borrowers to challenge their debt obligations. In 1786 Cyprian Rondeau Bunce and his wife Catherine agreed two loans for a total of £1,600 in return for one annuity of £167 and another of £100. Bunce made it clear during the negotiations that it was ‘a material part of the granting of such annuities’ that he and his wife were to be allowed to repurchase the annuities for an agreed sum. When the clauses allowing for the redemption of their loans were omitted and Bunce took legal action, the court’s decision ruled in their favour allowing the loan to be repaid. In this case the loan agreement had proved to be defective enabling Bunce and his wife to use the legal system to effect a compromise and unwind the transaction.[142] In a similar example the widow of Charles Cox, who had acted as surety for a loan of £240 to Henry Purchas, one of the clerks at the Bank of England, in 1793, argued that not all the terms of the loan documentation had been recorded in the close roll memorial, as required by the Act, and that her husband’s obligation should be set aside.[143] An attempt by two other lenders, Daniel Giles and Samuel Sharman, to recover annuity loan debts from an army officer, Richard Harris Lovelace, failed when the court ruled that the witnesses to the loan agreements were not sufficiently identified.[144]

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[141] Christine Churches, ‘Business at law: retrieving commercial disputes from eighteenth-century Chancery’, *Historical Journal*, Vol. 43 (4) (2000), pp.939-940; Hancock, *Citizens of the world*, pp.248-249; Grassby, *Kinship and capitalism,* p.300.
[142] Hunt, *Collection of cases*, pp.74-79.
[143] *ER*, Steadman v. Purchas and Cox (1796) 6 T. R. 737.
[144] *ER*, Hart v. Lovelace (1795) 6 T. R. 471; Hunt, *Collection of cases,* p.169.

A more common cause of dispute was the failure to refer to the deduction of fees and expenses from the sum payable to the borrowers in the loan agreement. The Annuity Act required that the flow of funds within a transaction be fully described. This provision enabled the Reverend Bromley to try to get his loan from Greathead, now taken over by Peacock, to be set aside on the basis that he had not received all of the £600 capital payment due from Greathead because intermediaries and lawyers had deducted their fees before it was paid to him.[145] In another case two army officers, Edward Vincent Eyre and Henry Gore Wade, objected to the unexpected and undocumented deduction of nearly £50 from their loan proceeds to meet the legal costs and fees of the intermediary Robert Woodgate.[146]

Information about these legal cases was disseminated in newspaper reports of court proceedings and in guides for practitioners, the first of which was published by William Hunt in 1794.[147] These deficiencies in the legislation threatened to undermine trust in it. According to Sugden this led to borrowers paying more to borrow money to compensate lenders for the risk of transactions being overturned.[148] Lenders responded by requiring that any document referred to in the transaction, however seemingly peripheral, including reports on title to property and transcripts of wills, be incorporated within the enrolled memorial to avoid any allegations of missing documents.[149] The cost of enrolment was related to the length of the documents and was borne by the borrower so this added further to borrowers' costs.[150] One of the reasons why Sugden proposed to amend the Annuity Act was to

[145] Hunt, *Collection of cases*, pp.45-46.
[146] Hunt, *Collection of cases*, pp.159-162.
[147] Hunt, *Collection of cases*, p.viii.
[148] Sugden, *A cursory inquiry***,** p.21.
[149] Blayney, *A practical treatise on life annuities,* p.59.
[150] Sugden, *A cursory inquiry*, p.27.

increase participants' confidence in the efficacy of the legislation. He argued that revised legislation should 'guard the borrower from oppression, without encouraging him to litigation'.[151]

The Annuity Act provided a legal framework to support the enforcement of the terms of a credit relationship. If lenders and borrowers were to have trust in legal procedures then the process had to be credible.[152] In this case deficiencies in the implementation and interpretation of the Act undermined participants' confidence in the pursuit of legal redress. A reluctance to employ litigation did not necessarily lead to informal settlement, at least as far as it can be observed. An alternative, as demonstrated here, was for lenders to take advantage of what was, apparently, demand on the part of other lenders and to sell their distressed annuity loans. This created a new credit relationship, the nature of which remains to be recovered.

6.4 Conclusion

As discussed in Chapter 2 the Annuity Act gave participants a confidence in the legitimacy of annuity loans as a financial instrument. It made a formal contract a mandatory requirement and set out parameters within which the market could operate. Annuity loans represented a significant element of the mid- to late-Georgian credit market, demonstrated in Chapter 3, and were used by a range of borrowers and lenders as described in Chapter 5. Evidence considered in this chapter shows that annuity loans were transacted between borrowers and lenders apparently otherwise unknown to each other. Despite these indicators of a 'modern' financial relationship,

[151] Sugden, *A cursory inquiry*, p.28.
[152] Haggerty, *'Merely for money'?*, p.86.

in practice, as this chapter has also demonstrated, the process of lending has shown the extent to which credit in the annuity loan market was still dependent on judgments about personal character and interpersonal relationships, despite this legislative and legal infrastructure. Neither the establishment of a credit relationship nor its subsequent management were anonymous.

Although the Annuity Act was prescriptive in what it demanded of the parties to a transaction at the outset of a loan, it failed to provide any structure to support the participants once the loan had been agreed. Borrowers and lenders were left to make their own arrangements for its administration. The regular payment of annuities relied on maintaining contact and communication. When loans went wrong, some lenders did choose legal remedies to pursue delinquent borrowers, but inconsistent legal interpretations of the Act's clauses undermined confidence in its provisions. Others preferred to rely on personal and informal routes to resolution or to pass a problem loan on to another lender.

Successful investment relied on the timely payment of annuities and so borrowers and lenders were concerned with how loans were to be serviced. This was not the only basis for transactions and creditworthiness took into account what Finn has described as 'a constellation of attributes' used elsewhere in credit relations.[153] Lenders probed borrowers' status, reputation, lifestyle and financial standing. Moreover, this was a continuing relationship, potentially over a lifetime or even intergenerationally. A lender needed to reframe and adjust their relationship with a borrower frequently to maintain an effective relationship and be assured of a

[153] Finn, *The character of credit*, p.18.

profitable investment. The credit process remained anchored in individual, personal relationships.

Chapter 7: Conclusion

This thesis began with a loan transaction in 1787 in London between a state employee, George Harward, and a craftsman, the watchmaker William Carpenter. The terms of the loan represented an interest rate of 16 per cent., significantly more expensive for the borrower than the cost of interest-bearing credit. This return was only available to the lender if he was prepared to accept both the credit risk, that Harward would continue to pay the annuity, and the contingent risk on Harward's life. Focus on this cost and on the apparent gamble taken by lenders has caused annuity loans, both at the time and in subsequent histories, to be set apart from other means of credit provision. This thesis does not deny that annuity loans were an expensive form of debt or that their structure presented lenders with a considerable degree of risk, but it does offer an alternative account of the position of annuity loans in the financial market. It has identified how they met the needs of significant groups of borrowers and lenders whose requirement for credit or investment assets could not be satisfied within the wider financial market. As a consequence, annuity loans played an important, but otherwise overlooked, role in credit provision and investment, and provided a solution to some of the market's structural deficiencies and institutional inadequacies.

The workings of the market for annuity loans has been presented here for the first time. Records created by the Annuity Act, together with analysis of associated contemporary literatures, primarily pamphlets, newspaper reports and advertisements, wills and legal records, have been used to build a detailed picture of how the annuity loan market operated. This has shown how that market was debated, practiced and experienced in the late eighteenth century. It has revealed elements of a more remote, impersonal credit market, particularly the use of press advertising and the involvement of professional intermediaries. Nevertheless, the practices of individual participants and how they conducted transactions has demonstrated how credit continued to rely on the assessment of personal attributes and how individual, personal relationships remained critical for successful credit exchange.

This thesis has considered annuity loans from two perspectives. The macro approach in Chapters 2 and 3 considered why annuity loans were subject to legislation in 1777 and how the Annuity Act introduced a system of public registration of loans. This did not deter participation in the annuity loan market but, it is argued, instead gave it a legitimacy. Annuity loans represented a significant element of the financial market as a means of credit and an investment vehicle. Confidence to advance credit fluctuated according to prevailing economic circumstances. In Chapter 4 this perspective shifted from consideration of annuity loans in the financial market to an examination of how individual participants engaged with them and particularly the important role played by intermediaries. This micro approach was consolidated in Chapter 5 with its focus on who the borrowers and lenders were and why they used annuity loans. In the final chapter, Chapter 6, borrowers and lenders were brought together to consider the characteristics of their credit relationships during the different stages of the loan process.

One of the ways in which annuity loans were set apart from other forms of credit was that they were subject to specific legislation. Thomas Erskine's influential critique of annuity loans in 1776 introduced a moral dimension into the discussion about their cost and potential for social disruption but it has been argued in this thesis that it was the perception that annuity loans were a threat to the state's cost of funds that prompted the timing of legislative intervention. The British state competed with the demands of private borrowers for the surplus funds of individuals and institutions to meet the costs of its military operations. To the extent that the financial market was regulated, the nature of regulation was dominated by the need to support the system of public debt.[1] Annuity loans were outside of the usury regulations which otherwise acted as a means of restricting private credit. The terms of the Annuity Act represented a compromise. Mandatory public registration of annuity loans was intended to discourage their use whilst recognising that they had a utility as a means of credit for the propertied classes on whose support effective parliamentary government relied.[2] The unanticipated consequence of the legislation was that it removed any remaining doubt about the legality of annuity loans. This legitimacy encouraged their continued use and drew in a diverse range of borrowers and lenders.[3]

The longitudinal profile of borrowers developed in this thesis has identified more extensive use of annuity loans than other historical studies have appreciated. These have often accepted the critical view of earlier commentators that annuity loans were a financial instrument which only had appeal for borrowers whose funding requirements were on the periphery of social acceptability, including the finance of gambling debts, or whose expenditure was excessive even by the standards of the age. John Habakkuk attributed an important role to annuity loans in

[1] Anne L. Murphy, 'The financial revolution and its consequences' in Roderick Floud, Jane Humphries and Paul A. Johnson (eds.), *The Cambridge economic history of modern Britain, volume 1:1700-1870* (Cambridge, 2014), p.334.
[2] Julian Hoppit, *Britain's political economies: parliament and economic life, 1660-1800* (Cambridge, 2017), p.310.
[3] Hoppit, *Britain's political economies,* p.278.

the financial management of landed estates but his assessment retained an element of moral disapproval.[4] Whilst acknowledging the use of annuity loans by these borrowers, this thesis has identified a more fundamental reason for the use of annuity loans and provides further evidence of how usury restrictions disrupted the credit market. With economic growth, and as the state evolved into a modern, more bureaucratic form, an increasing cadre of professional men (gentlemen and esquires), and merchants, found themselves excluded from access to interest-bearing credit. They had regular income from fees and salaries, or business profits, but few assets. Their involvement identified here supports the argument put forward by Temin and Voth that usury restrictions limited the extent to which lenders could differentiate between borrowers in terms of what they charged for credit. Borrowers without asset collateral were perceived to be higher risk.[5] Annuity loans were an alternative, possibly the only other, source of funds for them. Borrowers had to pay the higher cost of an annuity loan to access credit but carefully weighed this cost against what they felt they could afford. They anticipated that their borrowing would only be temporary and that they would be able to repay. This was possibly a particularly acute problem in the later eighteenth century as the state's demand for funds kept yields on public debt at close to the five per cent. maximum. With interest rates at this level even collateralised lending was less attractive and annuity loans also provided an alternative to mortgage finance.

The providers of credit identified in this thesis had much in common with what is known of the actors elsewhere in the private credit market and investors in

[4] Hrothgar John Habakkuk, *Marriage, debt and the estates system: English landownership, 1650-1950* (Oxford, 1994), pp.263-266.
[5] Peter Temin and Hans-Joachim Voth, *Prometheus shackled: Goldsmith banks and England's financial revolution after 1700* (Oxford, 2013), pp.75-78.

public debt.[6] In common with other historical studies it has been established here that lending money was an activity widely adopted by the professional and commercial classes, and by both men and women. It was an alternative to investment in public debt or property and offered similar attractions as an income-earning asset suitable for inter-generational transfer.

The idea that lenders and investors in this period were risk averse has already been subject to reassessment.[7] To modern eyes an annuity loan involved considerable risk which was not adequately accounted for in the cost of credit. Annuity loans exposed lenders to the risk of capital loss, in the event of premature death of the borrower, and liquidity risk, because they lacked a fixed maturity date and the option to redeem lay with the borrower. Lenders were prepared to accept these risks because the returns available were significantly greater than those offered by many other assets. In common with the practice identified in other studies of eighteenth-century business and financial practice, they took measures to minimise the risks they faced.[8] They assessed a borrower's ability to service the loan and sought sureties to support this. As with other forms of credit it was necessary to consider a variety of other elements comprising creditworthiness including the

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[6] P. G. M. Dickson, *The financial revolution in England: a study in the development of public credit 1688 - 1756* (London, 1967), p. 302; Anne L. Murphy, 'Performing public credit at the eighteenth-century Bank of England', *Journal of British Studies*, Vol. 58 (1) (2019), p.61.
[7] Sheryllynne Haggerty, 'Risk and management in the Liverpool slave trade', *Business History*, Vol. 51, No.6 (2009), p. 818; Anne L. Murphy, 'Lotteries in the 1690s: investment or gamble?, *Financial History Review*, Vol. 12 (2) (2005), pp.227-246; Bob Harris, 'Lottery adventuring in Britain, c.1710-1760', *English Historical Review*, Vol. 133 (561) (2018), pp.308-314; David R. Green, 'Tontines, annuities and civic improvements in Georgian Britain', *Urban History*, Vol. 46 (4) (December 2018), p.674.
[8] Sheryllynne Haggerty, *'Merely for money'? business culture in the British Atlantic, 1750-1815* (Liverpool, 2012), p.64; Hannah Barker and Sarah Green, 'Taking money from strangers: traders' responses to banknotes and the risks of forgery in late Georgian London', *Journal of British Studies*, Vol.60 (3) (2021), p.608.

borrowers' status, reputation and lifestyle.[9] The credit process remained anchored in individual, personal relationships that then had to be maintained and adjusted to reflect the long-term nature of an annuity loan, potentially over a lifetime or even intergenerationally.

Whilst the use of life insurance to collateralise loans was not new, in this market it was crucial to sustaining annuity loans as viable investments.[10] A better understanding of mortality risk was enabling life insurance companies to manage their business on a more financially viable basis. They were thus better able to offer life insurance policies whilst, at the same time, the demand for insurance to support annuity loans provided additional premium-earning business for them. This interdependence between the life insurance companies and the annuity loan market was first posited by Robin Pearson in 1990.[11] The analysis of participation presented here supports his suggestion that the use of annuity loans encouraged a familiarity with life insurance amongst the professional and commercial classes. This was a factor, previously unrecognised, that contributed to the widespread adoption of life insurance in the later nineteenth century.

The relationships between borrowers and lenders considered in this thesis show how transactions were increasingly taking place outside of the 'close circle' of family and business associates.[12] The annuity loan market in the period covered here

[9] Margot C. Finn, *The character of credit: personal debt in English culture, 1740-1914* (Cambridge, 2003), p.18 and p.47.
[10] Geoffrey Clark, 'Life insurance in the society and culture of London, 1700-75', *Urban History*, Vol. 24 (1) (1997), pp.17-36.
[11] Robin Pearson, 'Thrift or dissipation? The business of life assurance in the early nineteenth century', *Economic History Review*, Vol. 43 (1990), pp.236–254.
[12] Stephen Quinn, 'Money, finance and capital markets' in Roderick Floud and Paul A. Johnson, *The Cambridge economic history of modern Britain, volume 1: industrialisation, 1700-1860*, (Cambridge, 2004), p.158.

was still one in which institutional involvement was limited. Loans were contracted directly between a borrower and a lender. They were not anonymous transactions. The proliferation of newspaper advertising of annuity loans, which is considered here for the first time, indicates the extensive involvement of third-party intermediaries, their centrality to the promotion of activity in the annuity loans market, and, necessarily, a move towards more impersonal, financially motivated, transactions. And yet the realities of personal contact in the increasingly fragmented provision of private finance proved more complex. Rather, it has been argued here, the text of these advertisements was just a first step whereby intermediaries sought to turn this initial, impersonal, transactional contact into a more personal relationship. The business model for successful intermediation depended on extracting further commission-earning business either with more lending or an involvement in money transmission or both. Borrowers and lenders had to learn that there were limits to the extent to which they could trust intermediaries and to recognise the potential for conflicts of interest. Nevertheless, lenders and borrowers preferred to deal with someone with whom they felt they had a personal relationship.

The activities of individual lenders and borrowers that can be readily identified from the records of annuity loan transactions provide the basis for further micro studies. These would enable the financial landscape of Georgian England to be more comprehensively populated. Analysis of the relationships between an individual lender, their counterparties and intermediary contacts would shed light on the nature, extent and complexity of an individual credit network. Using these records alongside legal records, newspapers, genealogical records, records of investors in public and other debt and, possibly, personal papers, where available, would build a picture of individual activity and how this was managed in a developing financial market.

Apart from a few years in the 1780s, Britain was at war throughout the period covered by this thesis. Once peace had been established, the state's financial demands were reduced and interest rates fell. It has been argued here that the use of annuity loans was a consequence of the state's need to borrow which disrupted access to interest-bearing credit. The experience of the annuity loans market in different market conditions in the 1820s and 1830s is worthy of further study. This is particularly so as the legislation relating to annuity loans introduced in 1813 allowed for the increasing involvement of institutional capital. Analysis of the public registers of annuity loans after 1813, which were maintained until usury restrictions were abolished in 1854, are an unexplored source for investigating the development of the credit market in the first half of the nineteenth century. Studies of this period have tended to emphasise the development of banking but consideration of activity in annuity loans could provide further evidence of the extent to which lending between individuals remained significant and how far it was replaced by institutional credit.

Annuity loans played a significant role in credit provision and investment in late eighteenth-century Britain, meeting the needs of both borrowers and lenders where the financial system was otherwise lacking. In its use of press advertising and intermediation, the annuity loan market anticipated how credit and investment transactions would slowly become less personal in the nineteenth century. In practice, lenders still had to use a range of techniques based on the assessment of individual lenders, their financial standing, reputation and status to assess creditworthiness. The ways in which participants engaged with and experienced the annuity loan market demonstrated that credit was still constructed, negotiated and managed on the basis of individual personal relationships.

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Appendix 1: Transactions identified in annuity loan index registers

Transaction type	Description
1	Annuity loan
2	Payment of capital sum or annuity in stock or dividends
3	Loan cancelled, repurchased or released
4	Family settlement including dowry, marriage settlement, annuities in respect of 'love and affection' and ‘for services rendered’
5	Transfer of business or dissolution of partnership
6	Rent charge[1]
7	Assignment of office, position or pension
8	No details of consideration given in index; reference made to relevant memorial
9	Further security given; legal judgment
10	No consideration mentioned
11	Weekly annuity payment
12	Penalty bond[2]
13	Reversion[3]
14	Property security given
15	Insurance transaction/other institution
16	Incomplete data

[1] A rent charge was an annual sum paid by a freehold owner of a property to a third party who had no other interest in the property.
[2] A penal bond provided a penalty for failure to perform a contract. Annuity loan contracts contained penalty clauses. An alternative way of recording process subsequent to default.
[3] Reversion refers to the sale of property to a third party in return for a regular income. The income element is usually stated in the index.

Appendix 2: Derivation of database content

Column No.	Column Title	Data definition	Data source	Comment on data source, usage or derivation	Sample data
1	ID	Unique database reference number	Allocated automatically as part of data capture process	Unique database reference number for each row	1406
2	Enrolment year	Year in which loan enrolled	Transcribed from indexes of grantors	Each index covers a period of consecutive years. Comparison with column 19 enables identification of retrospectively enrolled loans	1777
3	Enrolment year order	order in which loan added to each letter of the alphabetical index	Transcribed from indexes of grantors	Transactions recorded alphabetically each year according to surname of grantor. This enables original entry order for each letter for each year to be reconstituted	356
4	Close rolls part	Cross reference to close roll entry	Transcribed from indexes of grantors	Discontinued after mid 1799	1
5	Grantor surname	Surname of borrower (grantor)	Transcribed from indexes of grantors	Where there was more than one grantor and they shared the same surname initial, these were listed on the same index line. This format followed here. Co-grantors with different surnames indexed separately Also includes some status information.	Prescott
6	Grantor forename	Forename of borrower (grantor)	Transcribed from indexes of grantors	Where there was more than one grantor and they shared the same surname initial, their forenames were listed on the same index line.	Thomas
7	Principal grantor gender	Gender of grantor/borrower	Manual input using M/F; derived from forename in	Used as the basis of analysis in Chapters 5 and 6	M

			column 6. Insurance company and institutional grantors separately identified with as I.		
8	Principal grantor status	Description	Royal, aristocratic, clerical and medical status data derived from status surname annotation in Column 5. Insurance company and institutional grantors separately identified with as P. Manual input from data given in associated memorial.	Used as the basis of analysis in Chapters 5 and 6	esquire
9	Grantor type	Number of borrowing parties to a loan	Manual input according to number of grantors listed in column 5. Each grantor is allocated a numerical code: 1: sole borrower; 2: joint borrowers; 3: husband and wife; 4: multiple borrowers	Used as the basis of analysis in Chapter 3	1
10	Grantor location	Location of borrower	Manual input from data given in associated memorial; data entered as county (place)	Used as the basis of analysis in Chapters 5and 6	Kent (Boxley Abbey)
11	Grantee surname	Surname of lender (grantee)	Transcribed from indexes of grantors		Machorro
12	Grantee forename	Forename of lender (grantee)	Transcribed from indexes of grantors		Moses
13	Principal grantee gender	Gender of grantee/lender	Manual input using M/F; derived from forename in	Used as the basis of analysis in Chapters 5 and 6	M

			column 12. Insurance company and institutional lenders separately identified with as I		
14	Principal grantee status	Description	Royal, aristocratic, clerical and medical status data derived from status annotation in Column 11. Insurance company and institutional grantors separately identified with as P. Manual input from data given in associated memorial.	Used as the basis of analysis in Chapters 5 and 6	merchant
15	Grantee type	Number of lending parties to a loan	Manual input according to number of grantors listed in column 11. Each grantee is allocated a numerical code: 1: sole lender; 2: joint lenders; 3: husband and wife as lenders; 4: multiple lenders; 5: lender to multiple borrowers listed separately.	Used as the basis of analysis in Chapter 3	1
16	Grantee location	Location of lender	Manual input from data given in associated memorial; data entered as county (place)	Used as the basis of analysis in Chapter 6	London
17	Day	Day of month of transaction	Transcribed from indexes of grantors	Each index covered a period of consecutive years.	30
18	Month	Month of transaction	Transcribed from indexes of grantors	Each index covered a period of consecutive years.	June

19	Year	Year of transaction	Transcribed from indexes of grantors	Each index covered a period of consecutive years. Comparison with column 2 enables identification of retrospectively enrolled loans	1777
20	Amount	Consideration paid for the annuity	Transcribed from indexes of grantors; rounded up to nearest pound	Used as the basis for analysis in Chapter 3	288 [£287 10s]
21	Annuity	The amount of the annuity	Transcribed from indexes of grantors; rounded up to nearest pound	Used as the basis for analysis in Chapter 3	50
22	Loan multiple	A measure of the cost/return of the loan	Manual input; calculated as the consideration (Column 20) divided by the amount of the annuity (column 21)		5.76
23	Type of transaction	See Appendix 1	Manual input; derived from notes in index of grantors;	Used to identify annuity loans and differentiate other types of transactions	1
24	Notes	Free form text	Annotations and additions transcribed from indexes	Used to identify transactions other than annuity loans including assignments and repurchase	
25	References	Free form text	Manual input. References to close rolls added where memorial inspected; other archive references added where located.		C54/6473/18

Appendix 3: Annual close roll transactions and references

TNA REFERENCE TO INDEX	YEAR	NO. OF TRANSACTIONS PER YEAR	NO. OF ROLLS PER YEAR	NO. OF MEMORIALS PER ROLL	TNA REFERENCE TO ROLL NUMBERS FOR YEAR (C54/)
C275/212	1777	528	5	106	6483-6487
	1778	1,015	9	113	6518-6526
	1779	765	8	96	6554-6561
	1780	561	5	112	6586-6590
	1781	547	5	109	6615-6619
	1782	648	6	108	6645-6650
	1783	865	8	108	6677-6684
C275/213	1784	928	10	93	6708-6717
	1785	1,001	9	111	6745-6753
	1786	1,187	11	108	6785-6795
	1787	1,176	12	98	6829-6840
	1788	1,347	16	84	6878-6893
	1789	1,453	18	81	6931-6948
	1790	1,554	21	74	6987-7007
	1791	1,851	26	71	7039-7064
	1792	1,908	26	73	7099-7124
C275/214	1793	1,547	24	64	7158-7181
	1794	1,287	24	54	7213-7236
	1795	1,083	19	57	7267-7285
	1796	1,071	23	47	7318-7340
	1797	713	19	38	7370-7388
C275/215	1798	818	27	30	7416-7442
	1799	986	34	29	7476-7509
	1800	1,186	42	28	7551-7592
	1801	1,322	43	31	7632-7674
C275/216	1802	1,361	43	32	7712-7754
	1803	1,180	42	28	7791-7832
	1804	1,190	66	18	7878-7944
	1805	1,327	70	19	7994-8063
C275/217	1806	1,645	87	19	8113-8199
	1807	1,807	99	18	8244-8341
	1808	2,267	130	17	8388-8517
C275/218	1809	2,075	124	17	8554-8677
	1810	2,362	150	16	8727-8876
	1811	1,988	142	14	8949-9090
C275/219	1812	1,787	126	14	9166-9291
	1813	979	69	14	9363-9431
TOTAL		47,315	1,598		

Appendix 4: London newspapers with annuity loan advertisements, 1735-1813

	Total number of advertisements 1735-1813
British Press	4
Champion or Evening Advertiser	2
Daily Advertiser	86
Daily Post	1
Express and Evening Chronicle	1
Gazetteer and London Daily Advertiser	25
Gazetteer and New Daily Advertiser	139
General Advertiser	30
General Advertiser and Morning Intelligencer	7
General Evening Post	15
Globe	1
Lloyds Evening Post	4
London Courant	3
London Courier and Evening Gazette	121
London Daily Post and General Advertiser	8
London Evening Post	23
Morning Advertiser	53
Morning Chronicle	193
Morning Herald	111
Morning Post	757
Oracle	9
Public Advertiser	208
Public Ledger	2
Public Ledger and Daily Advertiser	2
St James' Chronicle /St James' Chronicle or the British Evening Post	18
Star (London)	10
Star and Evening Advertiser	3
Statesman (London)	1
Sun (London)	56
Times	29
The World	127
True Briton	8
Whitehall Evening Post	21
	2,078

Appendix 5: Provincial newspapers with annuity loan advertisements, 1735-1813

	Total number of advertisements
Aberdeen Press and Journal	3
Bath Chronicle and Weekly Gazette	1
Bristol Mirror	1
Bury and Norwich Post	2
Caledonian Mercury	4
Cumberland Paquet and Ware's Whitehaven Advertiser	3
Derby Mercury	2
Gloucester Journal	1
Hampshire Chronicle	3
Hampshire Telegraph	3
Hereford Journal	1
Hull Advertiser and Exchange Gazette	1
Hull Packet	2
Kentish Gazette	11
Leeds Intelligencer	5
Leeds Mercury	1
Manchester Mercury	3
Norfolk Chronicle	5
Northampton Mercury	6
Oxford Journal	16
Oxford University and City Herald	6
Reading Mercury	2
Salisbury and Winchester Journal	3
Staffordshire Advertiser	1
Stamford Mercury	1
	87