

James Logan and the Bailout Debate of 1722

Thomas Borawski

<http://www.generaltelegraph.com>
chiefoperator@generaltelegraph.com

©2013 Thomas Borawski. This work released for free distribution under terms of the Creative Commons Public License.

The author is an engineer who lives in Montgomery County, Pennsylvania. This paper was first released in 2009 on www.GeneralTelegraph.com under the title, "From Pennsylvania Pounds to Surveillance Money: The Bailout Debate of 1722."

Prologue: The Collapse of the Continental Dollar

Many Americans do not know that the Dollar has existed in many forms,‡ before the Federal Reserve Note (F\$). The first national paper currency bearing the Dollar “brand” was the Continental Dollar (c\$), the currency of the Revolutionary War. It died in the year 1781.¹

When a nation’s money dies through hyper-inflation, it enters an economic netherworld. If we could go back to the year 1781 we could enter a barber shop in Philadelphia with the walls papered with Continental Dollars— cheaper than paint.² The next day we could witness that a tavern of 1781 offered a choice in payment to settle the bill for Breakfast— c\$500 or 50¢ in silver.³ We could hear what a recently discharged Revolutionary war soldier bought with his c\$200 windfall: a pair of shoes and a sleigh ride.⁴ We could see a group of Sailors who took their pay in bundles of Continental Paper money and fashioned makeshift clothing out of it— parading down the street in “Thousand Dollar” suits.⁵ We could see a fife and drum corps pass by— “The Spirit of ’81”— with the drum decorated with a jacket of worthless Continental Paper Dollars. At night we could see a bundle of Continental Dollar bills used to light a candle at a tavern.⁶

We could read a proclamation issued by the Continental Congress— “that all bills of credit emitted by Congress, ought to pass current in all payments, trade and dealings and be deemed in value equal to the Spanish (silver) dollar; and it is recommended to the Legislatures of these States to pass laws inflicting forfeitures and other penalties on all who do not sell their lands, houses, goods, &c, for Continental Bills at specie value”.⁷ We could then witness the after-effect of this proclamation— the law used to steal the house at 2nd and Pine Streets in Philadelphia for the Continental Paper price of a barrel of rum⁸ his meat⁹ the and inventory seized and sold “at the limited legal prices.”¹⁰

But despite the Legal Tender mayhem, we can see that prices keep rising: c\$100 for a single yard of silk¹¹ handkerchiefs¹³

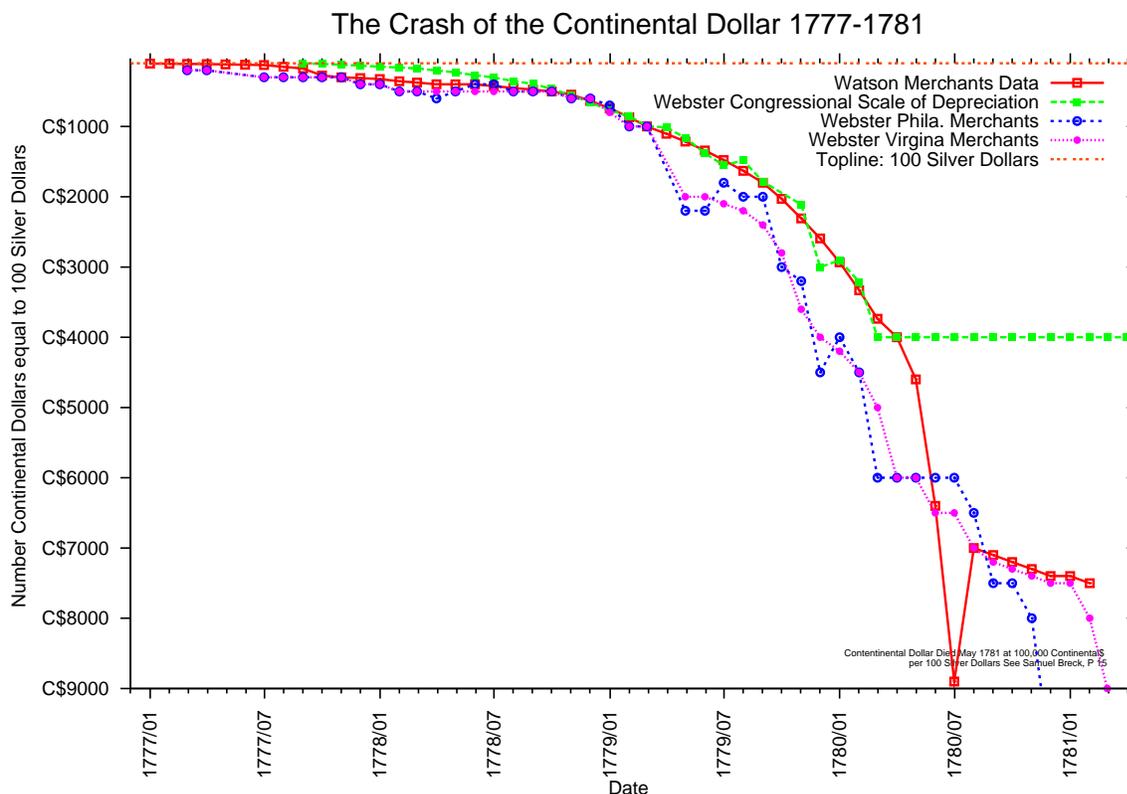
Finally, the allied French Army of Rochambeau throws away over *a million and a half Continental Dollars*, c\$1,661,872. An army official writes on the bundle of bills, “This paper being at present valueless, the loss must be charged to the King.”¹⁴

Some have argued that the Revolutionary War was won because of Continental Dollars. These arguments were usually made before the Civil War. A defense of the proposition that the Continental Dollar was a factor in Revolution War victory must explain why the Confederate Dollar failed to gain victory for the South.

‡To avoid confusion among currencies, the following currency symbols will be used throughout this paper: Continental Dollar: c\$, Federal Reserve Note: F\$, British Pound: £ and Pennsylvania Pound: £.

Shortly after the war was over, the man whose words had launched the Revolution, Thomas Paine, said:

It was horrid to see, and hurtful to recollect, how loose the principles of justice were let, by means of the paper emissions during the war. The experience then had, should be a warning to any assembly how they venture to open such a dangerous door again.¹⁵



The Continental Dollar did not evolve in a vacuum. In each colony, there was a predecessor money that conditioned the population in the use of paper instead of coins. In effect, the paper money of each colony served as opening act for the Continental Dollar. In Pennsylvania, the money of the Colony was the *Pennsylvania Pound*.

Pennsylvania was late to the paper money system. At the time the Continental Dollar crashed, an elderly shopper in the Philadelphia marketplace might remember a time when there were only coins in Pennsylvania. He might ask himself— *Where did all this paper come from ?*

Chart Data Notes: Watson,¹⁶ Webster¹⁷

William Penn: Pennsylvania's Landlord

The various English colonies in North America were one of three types: Provincial governments created directly by the English Crown; Charter governments which were similar to corporations and Proprietary governments which were equivalent to an English estate—a feudal lord reigning over his subjects.¹⁸

When William Penn founded the colony of Pennsylvania, he formed a Proprietary Government with himself the Proprietor. Although William Penn was the Proprietor, that did not mean he had an undisputed hold on the colony. He found soon after he arrived in Pennsylvania that elements of the home government were maneuvering to take his colony back. So, instead of retiring to Pennsylvania, Penn returned to London to fight for it. In 1701 he left Pennsylvania and never returned.¹⁹

As the Proprietor of the Colony of Pennsylvania, William Penn was entitled to collect in perpetuity from each property owner a rental payment called a Quit-Rent.²⁰ There was no uniform schedule of rents. They varied with each title. Generally, the Quit-Rents in undeveloped areas were priced in commodities of the land. Some rural lands whose rent was owed in money paid at a rate of several shillings per a hundred acres.²¹ Rural Quit-Rents were paid in a variety of commodities. Some of these rents were symbolic payments made to reinforce the rights of the proprietor more than to extract value. Rural Quit-Rent payments included “one beaver skin per 12,000 acres,” “a Red Rose per 10,000 acres,”²² a pepper corn, an Indian Arrow, a buck's foot or bushels of wheat.²³ Rural owners who paid their Quit-Rents in wheat had to deliver them “of good merchantable quality, at some convenient mill within a mile of navigable water.”²⁴ In the City of Philadelphia, Quit-Rents were priced in Pounds Sterling. The average city lot rent ranged from £2 to £5.²⁵ City lots along the river were a special case since access to the river was of greater value in a maritime trading economy. These properties commanded a higher rent than normal city lots, but after 50 years rent ballooned: the property would be appraised and *one-third of the value would be paid perpetually as a rent*—this rent became known as *Proprietary Thirds* and would become a large source of Penn's revenue.²⁶

While the rates and payment type of rent varied greatly, there was also variation in the number of owners who actually paid it. Generally, owners in the city paid the rent since both the rent office and courts were located there. Because of a boundary dispute with Lord Baltimore, rents in the lower counties (present day Delaware) were never collected.²⁷ Generally, the Penn's collected only one third of the rent they were entitled to.²⁸

One reason for the rent collection inefficiency was that for many years the entire colony had one rent collector—William Penn's Colonial Secretary James Logan. Apparently, neither Penn nor Logan considered a “rent farming system,” similar to the Farmers-General tax farming system in France.²⁹

The combination of poor rent revenue back in the colony and high expenses in the battle to keep control of the colony had debt collectors knocking on Penn's door. On November 4, 1707/8,† bailiffs attempted to arrest William Penn at Grace Church Street meeting. The attempt failed, but Penn turned himself in a few hours later to the Fleet debtors' prison. The creditor who threw Penn into prison, Philip Ford, attempted to have himself named proprietor of the colony.³⁰ In the fall of 1708, Penn was released from the Fleet after paying the original debt from the proceeds of a new mortgage.³¹

While William Penn was working to stay out of debtor's prison in London, political factions opposed to him as the Landlord of the colony were boiling over in Pennsylvania. An *anti-proprietary political party* formed that at times controlled the Pennsylvania Assembly. The speaker of the Pennsylvania Assembly, David Lloyd, was the leader of this faction. The focus of his attacks was Penn's Secretary, James Logan.

On October 1, 1706, the assembly drew up 14 articles of impeachment against Logan.³² On November 25, 1709—just as Logan was to set sail to England to meet with Penn—Speaker Lloyd signed an arrest warrant for Logan, “for his offense in reflecting upon sundry members of this House in particular, and the whole House in general.”³³ The Governor intervened and Logan was able to depart. Back in England Logan was able to have Penn intervene to nullify the arrest warrant.

Along with his financial problems, William Penn had another problem: his son, William Penn Jr. (stepson to Hannah Penn). At one point William Penn Jr. was charged with assaulting a constable after the officer attempted to arrest him in a “disreputable resort.” It is said that he decided to renounce his Quaker religion and return to England, where he joined the Church of England.³⁴ Now the presumed heir to the

†Note that England did not adopt the Gregorian Calendar until 1752. Dates between March 25th and January 1st fell into two different years under the old new systems. These “double dates” are copied as they are rendered in the original texts.

proprietorship of the homeland for the Quakers was a member of the Church of England. William Penn would leave the Colony to his wife Hannah. It would take nine years for his will to be recognized.³⁵

The next year William Penn, in one of his last communications to the colony wrote the following letter

My Old Friends,— It is a mournful consideration, and the cause of deep affliction to me that I am forced, by the oppression and disappointments which have fallen to my share in this life, to speak to the people of that Province in a language I once hoped I should never have had occasion to use. But the many troubles and oppositions that I have met with from thence oblige me in plainness and freedom, to expostulate with you concerning the causes of them.....

The many combats I have engaged, in, the great pains and incredible expense for your welfare and ease, to the decay of my former estate, of which (however some there would represent it), I too sensibly feel the effects, with the undeserved opposition I have met with from thence, sink me into sorrow, that, if not supported by a superior hand, might have overwhelmed me long ago. And I cannot but think it hard measure, that, while that has proved a land of freedom and flourishing, it should become to me, by whose means it was principally made a country, the cause of grief, trouble, and poverty.³⁶

Finally Penn had had enough: he entered into negotiations with Queen Anne for the sale of Pennsylvania to the Crown. Penn asked £20,000.³⁷ After negotiations between the Penns and the Crown, the Crown made its offer: £12,000 for surrender of the proprietorship. While disappointing, debtors cannot be choosers and Penn acquiesced to the terms and signed a warrant for the sale to begin. The only remaining document Penn had to sign was a formal surrender turning the colony over to the Queen.³⁸

In January 1712/13, William Penn suffered a stroke that left him permanently incapacitated. In April of 1714, the other party to the agreement, Queen Anne, died. The deal to sell Pennsylvania was off.³⁹

So of the problems of William Penn—the hostile Pennsylvania Assembly and the new Government in London—fell on the shoulders of his wife, Hannah Penn: this in addition to the problem of caring for her husband. William Penn died six years later, on July 30, 1718.⁴⁰

William Penn Jr. immediately challenged the will and fought to take over as Proprietor. Hannah Penn fought for the will that had left her in control. The litigation was stopped by the death of William Penn Jr. of consumption on June 23, 1720.⁴¹ So Hannah Penn was granted relief from the legal wrangling over her husband's will. But the relief was short-lived.

A crisis was developing in London that would induce an economic shock in Pennsylvania: the first world-wide financial panic⁴²—*The South Sea Bubble*. Shortly after the bubble popped Hannah Penn suffered an attack of paralysis.⁴³ With Penn Family control suspended and the economy in a shambles, the stage was set for the Pennsylvania Assembly to create the first paper money in the colony—*the Pennsylvania Pound*, a currency partly designed to swindle Widow Penn.⁴⁴

Philadelphia's American Weekly Mercury reports the South Sea Bubble

Economist Murray Rothbard has observed that the American Political Establishment requires that all political assassinations must be committed by a *lone nut*.⁴⁵ When we are dealing with large financial scandals the *lone nut* is called a *Rogue Trader*. Both “Lone Nuts” and “rogue traders” form a system of *public myths*.⁴⁶

The credit expansion that fuelled the inevitable collapse of the South Sea Company was the British National Debt of £30,981,712.⁴⁷ Both the Bank of England and the South Sea Company were lobbying to finance this debt. The South Sea finally won Parliament over and was given the royal assent.⁴⁸ While the entire South Sea Company would take the blame for the inevitable results of high-level corruption, the appointed *Rogue Trader* would be South Sea Company Treasurer, Robert Knight.⁴⁹

The South Sea Bubble may have been the first time that English financial *coup de whiskey* wrecked the American Economy— but it would not be the last.⁵⁰

The *American Weekly Mercury* was the first newspaper printed in Philadelphia. It began operations in 1719—⁵¹ just in time to report on the South Sea Bubble. The following time-line contains extracts from the newspaper. The dates are the newspaper publication dates.

Philadelphia's American Weekly Mercury reports on the South Sea Bubble

December 27, 1720

London: *There was again yesterday a very numerous court of the South Sea Company...the third and fourth subscriptions were declared and approved of, and the Payments made more easily; particularly that in respect they will take their bonds which had been at 20 percent discount, instead of money and likewise in respect to time the receipts of the two last subscriptions were agreed to be delivered out on the floor of 400 instead of 1,000, by which means all our gains for the said subscriptions at high prices, are supposed to be made void.*

There was a great deal said on this head, because of the ruin which seemed to threaten for many people. Two of the directors expressed themselves in this manner; namely, one that he had sold none, but if he had he thought in Conscience he ought to relinquish his bargain. And the other, that he had sold only 1,000 pounds subscription, and that he was ready to make the bargain void.

Philadelphia's American Weekly Mercury reports on the South Sea Bubble

	<p><i>Mr. Craiggisen. Whole speech was much approved of, said on this subject, that he thought it would be requisite to appoint a Commission to determine those differences, in the same manner as after the Fire of London, and observe, that he thought it incumbent on all those who had gotten great Sums of Money, to lay it all out in the Support of the Publick Credit</i></p> <p><i>Sir Gilbert Heathcote said, he was an old man and had lived to see many Storms, and all of them passed over; and he doubted not but to see the like with respect to this, as soon as People are rid of this infatuation. To which Cause, he imputed this present calamity.</i></p> <p><i>There are diverse Clamors against the Directors, and one Person was so hot as to move for a Resolution to address the Parliament to inquire into the Matter, and to bring Justice the Betrayers of their Country, as he expressed it. But several of the directors said, they were ready to submit to any examination, and others said, it was an improper place, and hereafter there might be an opportunity; but for the present it was more consistent to be unanimous in their proceedings.</i></p> <p><i>The Prince of Wales subscribed this day 50,000 pounds in the bank, towards supporting public credit. Which has let some other noble example to others to imitate. South Sea is about 300. Bank 200. India 200.⁵²</i></p>
<p>Jan 3, 1721</p>	<p>London: <i>The prodigious fall of the South Sea Stock has ruined thousands: several Gentlemen who kept their Coaches before they dipped into South Sea, are now forced to walk on Foot. By the same turn of fortune's wheel, Footmen and Cook Maids lull in their gilded Chariots and smile at the Fate of their quendam[sic] masters.⁵³</i></p>
<p>Jan 16, 1721</p>	<p>On the fall of the South Sea stock</p> <p><i>When Moses and Israel had crossed the Red Sea, Dangers nor fears the Egyptian's dismay: How rashly they ventured, to waves then surrounded, And the proud troops in an instant was drowned.</i></p> <p><i>Thus thousands of late have passed the South Seas, As safe as in water not up to their knees, Whilst those that came after, without whit or fear, Like Pharaoh's great host are now nicked in the rear.⁵⁴</i></p>

Philadelphia's American Weekly Mercury reports on the South Sea Bubble

Jan 31, 1721

London: *In the beginning of the extravagant assembly of those interested in the annuities and of the South Sea Company, Mess. Budget, Girdler, and others, made several Speeches to demonstrate, that the Managers had transgressed on the act of parliament and the grants that they both contain.*

quarrelsome, the Sheriff Belliers took the Proclamation against Riotous Assembling out of his Pocket, and threatened to read it, if they did not instantly depart; whereupon they departed.

This difference will without doubt cause a great Trouble to the Parliament, who will sit in November, because great parts of the Members are interested either in the Annuities, or the actions of the company.

Yesterday Mr. Ambrose Page, one of the Managers of the South Sea Company, was lamentably beaten by a Officer, who had sold his real and personal estate, and lost all in the South Sea Stock, that if some good People had not stepped between, he would have killed him on the spot.⁵⁵

Philadelphia:

NOTICE

We whose names are hereinto subscribed, do for the Encouragement of Trade and Commerce, promise to receive in Payments for all Goods, sold after the date hereof, dollars called Lyon dollars, at the rate of Five Shillings, The English Crown at Seven Shillings and Six Pence. The half crown at three shillings and nine pence, the English shilling at eighteen pence, and the English sixpence at nine pence, proclamation money.

John Cadwalader, Richard Clymar, Henry Hodge, John Hyatt, Edward Roberts, Thomas Treffe, Andrew Bradford, Oliver Galltery, John Copson, William Howell, Robert Ellis, George Calvert, Charles Reed, John Brooks, David Breintnall, Benjamin Paschal.

N.B. any other traders who are willing thus to encourage Trade, may have their names inserted in the next paper.

ADVERTISEMENT

Mr Joseph Redman, Merchant in Philadelphia, gives this publick Notice, That he will, in all Payments, receive the Dollars, commonly called Lyon Dollars, at Five Shillings each, Proclamation Money.

March 16, 1721

London: *Sir Theodore Janssen, Sub Governor of the South Sea Company, is pulling down his Seat at Wimbleton in Surrey, which he formally purchased of the Marquis of Caermathen, it was built by the famous Lord Cecil, in the Reign of Queen Elizabeth, to perpetuate the Memory of the Defeat of the Spanish Armada.*

We hear that Mrs. Barbier, the famous Singer at the New Play House, having gained above 5,000 pound by South Sea Stock, has sung her last Farewell to the Stage.⁵⁶

Philadelphia's American Weekly Mercury reports on the South Sea Bubble

April 20, 1721	<p>London: <i>February 9th, South Sea Stock, first, second, third, and fourth subscription, no price.</i></p> <p>Cowes: <i>February 6th. That his Majesty has been pleased to give orders that all the Directors of the South Sea Company, holding any Employment[sic] under the crown, be discharged.</i>⁵⁷</p>
April 27, 1721	<p>London: <i>January 28th, Robert Sirmond, Deputy Cashier, and John Grigsby, Accountant of the South Sea Company were also ordered into the custody of the Sergeant at Arms.</i></p> <p><i>Last Monday night there was a general counsel at St. James's in which a proclamation was ordered forthwith to be printed and published for apprehending Robert Knight Cashier, or Treasurer of the South Sea Company who after his Examination before the committee, thought fit to fly from Justice. A reward of £2,000 is offered by the government for apprehending him.</i></p> <p><i>It is reported that Mr. Knight drove himself out of Town on Saturday last in a calash, and that he was seen at Gravesend on Sunday Morning, going on board a small vessel, which was towed down the River; he being in too much Haste to wait for the tide. But we hear orders are sent to all the Ports to Stop more of those gentlemen from going off.</i>⁵⁸</p>
May 4, 1721	<p>London: <i>We hear that Mr. Knight, Cashier of the South Sea Company, sold out for himself £90,000 and Mr. Surman, his Deputy £19,000 of the third Subscription; to which sinister practices, and others of the like nature, our Country owes much of its present Ruin. It is said that by the estimate which Mr. Knight drew of his Estate before he fled, he appears to be worth £160,000.</i>⁵⁹</p>
May 18, 1721	<p>London: <i>Yesterday the lords in committee examined several of the Directors of the South Sea Company, namely, Mr. Gibbon, Mr. Haws, Mr. Chester, Sir Theodore Janson, Mr. Sawbridge and Mr. Holditch. The question put to all of them was, Whether they knew or had heard of any Stock to have been taken in promised or given to any person in the administration; or any Member of either House of Parliament ? To which Mr. Gibbon and two or three others answered, that they had heard Mr. Knight say, that 50,000 pounds was taken for a certain Lord in high Station, whose Name we presume not to mention; and Holditch particularly said he heard Mr. Knight further relate that 20,000 pounds was taken in for some persons near the K—; i.e., the King. Likewise, 10,000 or 12,000 pounds for another deserving person, and 2,000 pounds for a certain G---l.</i></p> <p><i>According to these Dispositions, Mr. Knight seems to have acted in relation to the parties aforementioned, at his own Discretion, and without any Orders from the Directors.</i>⁶⁰</p>
June 8, 1721	<p>London: <i>We hear that yesterday that papers of Mr. Clerk, Solicitor of the South Sea Company were seized by the Master of the Black Rod attending the House of Lords.</i>⁶¹</p>

Philadelphia's American Weekly Mercury reports on the South Sea Bubble

July 6, 1721

London: *On the second February, the Lords and a grand Committee examined Mr. Hawes one of the late Directors of the South Sea Company, and some of the Brokers, after which their Lordships came to the following resolutions: viz. One. That the directors, etc. buying the midsummer dividend about the 4th of January 1719, 20 and paying five shillings down and three pounds after the receipt of the said dividend was a fraud to the persons with whom they contracted.*

Two. That the giving a premium for the refusal of stock at higher prices they knew the value was, was a fraudulent artifice to raise the price of stock.

Three. That promoting the third subscription at 1,000 percent, was to answer a particular end, and cheat the Publick.

Four. That the declaring 30 percent dividend for a half year, and 50 percent per annum and for no less than Twelve Years after, was a Villainous Artifice to elude and defraud his Majesty's good subjects.

Five. That the declaring the midsummer dividend to be paid in Stock, which they had money by them to answer the same, was a notorious fraud, and was one Occasion of the misfortunes that ensued.

July 6, 1721

London: *Two days after, the lords designed to have examined Sir John Blunt, the grand projector of the South Sea Scheme, who had been summoned to appear before them, and it was generally expected that he would make great capital Discoveries: but instead of that, he would not so much as be sworn to answer to such interrogatories as should be put to him. Alleging that he had already been examined before the Secret Committee of the House of Commons, and to such Extent of Affairs that unless he had a copy of his former examination, he could not remember every particular, and as no man is obliged to accuse himself, he would not run the Hazard of Prevaricating. The Lords were much surprised at this extraordinary proceeding, but upon a surmise that Sir John Blunt might thereby deign to break the harmony that here hitherto had been preserved in this nice affair between the two houses their lordships thought fit not to throw immediately their indignation against his obstinacy.*

After he had been ordered to withdraw their lordships debated, how they should proceed in this unprecedented case. And unluckily fell out that some ungracious reflections were made against those in power by a noble duke, who observed that the government of the best of princes was sometimes made intolerable to their subjects by ill ministers, which his Grace illustrated by the example of Sejanus who made a division in the imperial family and rendered the reign of the Emperor Claudius odious to the Romans. This tone reflection was highly resented by the Earl of Stanhope, who took upon him to vindicate his Colleagues: and though in several instances from the Roman history particularly that of the great patriot Brutus who in order to assert the Liberty of Rome, and free it from tyrants, sacrifice his own degenerate son. My Lord Stanhope spoke to great vehemence, that finding himself taken suddenly with a violent headache, he went home and was cupp'd, which eased him a little.

Philadelphia's American Weekly Mercury reports on the South Sea Bubble

<ul style="list-style-type: none"> • • 	<p><i>The next morning he was let Blood, and continued pretty well 'til about 6:00 in the evening when falling into a drowziness, his physicians thought fit to order him a glyster, but as he was turning himself to receive it, he fell on his Face and was instantly suffocated. The news of his death being brought to the King, his majesty was sensibly touched with it, that he could not eat his supper and his majesty retired for two hours into his closet, to lament the loss of so able and so faithful a minister, of whose service his Majesty had so great need, at this critical juncture.</i></p> <p><i>take notice that two days after being February 7th Mr. Secretary Craggs was taken ill of the smallpox, with for days was unattended with any ill symptom, but whether the strict inquiry into the mismanagement of this South Sea Scheme, and the apprehension of his fathers or himself, being involved in that odious affair, struck a fatal damp upon his spirits, he died on Thursday the 16th February, about 4:00 in the afternoon, at the very time that the report of the Secret Sea committee was reading in the house of commons. Thus in the space of 11 days England lost two Secretaries of State.⁶²</i></p>
<p>July 13, 1721</p>	<p>London: <i>The same day February 9th a noble Earl took notice in the house of peers of the report of Mr. Knight's being taken in custody, which being a matter in which the public is highly concerned he desired those in the administration to acquaint the house whether there was any grounds for the report. The Earl of S—d having upon this informed the house in what manner Mr. Knight had been apprehended and a motion was made to address his Majesty, to order his ministers abroad to use the most effectual instances to have him delivered up and sent over hereupon the Lord, (or Earl of St—d,) who spoke first represented, that the person who at present took care of his majesty's affairs at Brussels, being a foreigner, it was therefore proper for the house either to send a messenger of their own, or so desire his Majesty, to send a Special Messenger to bring over Mr. Knight, who was so material in evidence in the present inquiry into the villainous frauds committed by the late South Sea Directors and their abettors.</i></p> <p><i>The Lord Viscount Townshend who, the day before, was declared Principle Secretary of State, (in the Room of the Earl Stanhope) said thereupon that either of their would be so far disrespectful, as it should imply a distrust of his Majesty's care in this affair, which they had all the reason in the world to be satisfied in.⁶³</i></p>
<p>July 27, 1721</p>	<p>London: <i>In the close of the report, the Committee of Secrecy took notice, that in the course of their inquiry they found mention made of great quantities of South Sea Stock taken in for members of both Houses of Parliament, but that the committee did not think fit to name the persons nor to proceed further in the affair of so nice a nature without the direction of the house.</i></p> <p><i>February 18th. Those resolutions were reported by Mr. Farrer, and agreed to by the house: and it was thereupon ordered, that it be in instruction to the committee of the whole house, to whom the engrafting bill was committed, that they have power to receive a cause or causes pursuant to the said resolutions. After this the Sergeant at Arms was ordered to summon the members in the places adjacent to attend the service of the house, who then proceeded to take the report from the Committee of Secrecy into consideration: and after some speeches on the several parts of it, the House came unanimously to the several following resolutions.</i></p>

Philadelphia's American Weekly Mercury reports on the South Sea Bubble

- **One.** *That the late Sub Governor, Deputy Governor, and Directors of the South Sea Company and their Officers and their Aides and Abettors, in lending out the company's money upon stock and subscriptions, without making sufficient Security for Repayment thereof, had been guilty of a notorious breach of trust, and have thereby occasion great loss to the company for which they ought to make satisfaction out of their own estate.*

Two. *That the selling or disposing of stock, or subscriptions transferred or deposited as a security for the repayment for the money to let was a notorious breach of the trust reposed in the said Sub Governor Deputy Governor, Directors, and their Officers on a fraud on the proprietors, in order to enrich themselves, for which they ought to make satisfaction out of their own estates.*
- **Three.** *That the taking in or holding of Stock by the South Sea Company, for the benefit of any member of either house of parliament, or person concerned in the administration, (during the time that the company's proposals, or the bill thereto relating, or depending in parliament) without any valuable Consideration paid, or sufficient security given for the Appearance of, or Payment for such stock: and the Company's paying or allowing such Person the difference arising by such advance Price of the Stocks, were corrupt infamous and dangerous practices, highly reflecting on the Honor and Justice of parliament, and destitute of the interests of his majesty's government.*

Four. *That any of the directors of the South Sea Company selling their own stock at high prices to the company or others, at the same time that they gave orders for buying stock upon account of the company, under pretense of keeping up the Nominal Value of said stock, was a scandalous practice, tending to enrich themselves to the great Loss and Detriment of the company, and of others his majesty's Subjects for which they ought to make satisfaction out of their own estates.*
- **Five.** *That the declaring a Dividend of Thirty-five percent for Christmas last, and not less than 50 per Cent per annum for not less than Twelve Years after, was an infamous contrivance to give His Majesty's Subjects false notions of the value of said stock, that the late Directors might more easily dispose of their own Stock at exorbitant prices.*

Six. *That the selling the Stock of the South-Sea Company to Sale by Subscription at high Prices above the intrinsic value of the same, by the late Sub-Governor, Deputy-Governor, and Directors of the said Company, was a gross and notorious fraud and has been one great cause of the sinking of the publick credit, and bringing upon the nation the distress it at present labors under.*

Philadelphia's American Weekly Mercury reports on the South Sea Bubble

<p>.</p> <p>.</p>	<p>Seven. <i>That the advising the late Sub Governor, Deputy Governor and Directors of the South Sea Company, to set the stock of the said company to sale by subscription at high and extravagant Prices, or to declare the high and extravagant dividends for Christmas last, the Twelve Years after, by any persons in the administration, was a notorious Breach of the Trust repositied in them to the Prejudice of His Majesty's government and the interest of this kingdom.</i></p> <p>Eight. <i>That the entry in the cash book of the South Sea Company of £574,500 stock pretended to be sold for £1,213,575, between the 4th of February 1719 and the 12th of April following was carried with a design to conceal the Names of Persons for whom Benefits Stock was taken in by said company.</i></p> <p>Nine. <i>That every person for whom Stock was taken in or held, such Stock being part of the £574,500 pretending to be sold be the South Sea Company from the 4th day of February 1719 to the 11th day of April following without Money paid or a sufficient security given, for the Acceptance of, and payment for, such Stock be obliged to the said company all such sums of money as have been received by way of difference or otherwise for such stock taken in or held as foresaid.</i></p> <p>Ten. <i>That the addition of £250,000 to the first money subscription after it had been declared to have been open for 2 millions, and the addition of £500,000 to the second money subscription after it had been declared to be open for 1 million was fraudulently contrived to give corrupt Advantages to particular persons and was injurious to public credit.</i></p> <p>Eleven. <i>That a bill be bought in for the Relief of the unhappy Sufferers in the South Sea Company.</i></p> <p><i>His majesty having received a petition from the court of directors of the South Sea Company, relating to the payment of the money due to the public from the said company has thought fit to transmit the said petition to the House of Commons and at the same time to acquaint them that his majesty has no objection to the Parliament's giving to the South Sea Company such ease and relief in the times of making the payments due to the public as the House of Commons shall think fit and reasonable.⁶⁴</i></p>
<p>August 24, 1721</p>	<p>London: <i>That the report of a secret committee contains a surprising account of the alterations made in the names, sums, loans erasures, tearing out of leaves, and a large scene of other horrid villainies, chiefly transacted by Mr. Knight, or his directions: and it's said the report concludes in these words, viz.</i></p> <p><i>And now the Committee find themselves under a necessity to close their inquiry, by reason of the absence of Mr. Knight, who appears to have been principally and in many instances solely entrusted in the execution of this black and destruction South Sea Scheme.⁶⁵</i></p>
<p>Jan 2, 1722</p>	<p>Philadelphia: <i>Our general assembly are now sitting, and we have great expectations from them at this juncture that they will find some effectual remedy to revive the dying credit of this province and restore us to our former happy circumstances.⁶⁶</i></p>

Francis Rawle: Father of the Pennsylvania Pound

After the South Sea Bubble crash, an anonymous pamphlet entitled “*Some Remedies proposed for the Restoring the sunk credit of the Province of Pennsylvania*” was circulated in Philadelphia. It was a call for the Assembly to — “To make Money by Publick Authority, which shall pass by virtue of a Stamp impress'd on something there to be had⁶⁷ easily to be counterfeited, expressing the Value it shall pass for...”⁶⁸ At a time when freedom of the press was tenuous, the author took great risks. The author was listed on the pamphlet as “*a lover of this country*”, historians have attributed the work to Francis Rawle of Philadelphia.⁶⁹

Thomas Paine wrote after the Revolutionary War that those who agitate for paper money schemes:

“...are a set of men who go about making purchases upon credit, and buying estates they have not wherewithal to pay for; and having done this, their next step is to fill the newspapers with paragraphs of the scarcity of money and the necessity of a paper emission, then to have a legal tender under the pretence of supporting its credit, and when out, to depreciate it as fast as they can; get a deal of it for a little price and cheat their creditors; and this is the concise history of paper money schemes.”⁷⁰

The problem with testing Paine's assertion in the case of Francis Rawle is the lack of information regarding his financial and business life. In his study comparing upper-class Philadelphia and Boston, Sociologist E. Digby Baltzell complained specifically about Rawle— comparing his sparse record against the rich paper trail left by the wealthy Puritans of Boston.⁷¹ While the trail is rather cold after nearly 300 years, there is some information available.

After suffering fines and imprisonment for following his Quaker beliefs, Francis Rawle purchased 2500 acres from William Penn and emigrated to Pennsylvania with his father in 1686.⁷² Originally, Francis Rawle and his father settled on rural land in Plymouth Township; however, the son soon moved into Philadelphia.⁷³ Rawle married Martha Turner, the daughter of Robert Turner, a wealthy linen draper from Dublin on October 18, 1689. The wedding was a high society event with the governor in attendance. Rawle married into one of the most powerful families in Pennsylvania. He settled on the Turner estate which, “took up the whole lot from Second Street to the Delaware, between Arch Street and McComb's Alley.”⁷⁴ This parcel of land, being located within Philadelphia with waterfront exposure, might have made Francis Rawle responsible for paying *Proprietary Thirds*, the heaviest Quit-Rent rate, to the Penn Family.⁷⁵ This would help explain Rawle's motivation for a leadership position in the anti-proprietary (anti-Penn) party.⁷⁶

In the Rawle Family Papers of the Historical Society of Pennsylvania, there exists a ledger book of Francis Rawle's son, William. This ledger coincides with the post-South Sea Bubble period in Pennsylvania. It contains numerous references to maritime related expenses for example:

- September 1725— A month's advanced wages of £5 against the *Sloop Adventure*
- February 1726— Cash paid seamen £60.2.5.⁷⁷
- 1723—(Sloop) *Adventure* to Barbados Consigned to Jos. Rich of D (Delaware ?)
- December 1724— sales off the Brigantine *Hope* Capt. James Oswald Master
- April 1724—Sales of Rum from Barbados off the *Dove* Captain Anderson⁷⁸
- 1725 Isaac Miranda his allo (allocation ?) Sales of Sundry Merchandise by the ship *Charming Medley* Capt John Richardson at London⁷⁹

It also appears that there was a family partnership to outfit the *Sloop Adventure* “now a building by Rich Allen” in 1725. William Rawle names his brothers “Robert (£11 8“ 9') and Francis Jr. (£83.2.5.) The total amount for the project (debit or credit unknown) was listed as £391.6.5.⁸⁰ Interestingly, there was an entry in his son's ledger book (debit or credit unknown) of £32 13s 5d to “My Hon. Father.”⁸¹

Besides evidence of extensive maritime activity, it is thought that Francis Rawle was a part owner of an early iron works, Pool Forge, near Rutter's at Manatawny, which was built around 1725.⁸² But Rawle's primary vocation was politics. In 1688 he was commissioned a Philadelphia County Judge, In 1691 he was named as one of the first Aldermen of Philadelphia.⁸³ According to the family scrapbook, Rawle was elected a member of the Pennsylvania Assembly in 1704, 1706, 1719 until his death in 1726/7.⁸⁴

Looking at his words, in “*Some Remedies...*,” Rawle uses *post hoc ergo propter hoc* reasoning to describe the after-effects of the South Sea Bubble: “*Money now wanting is the cause of this decay: The common Necessaries for [unreadable] brought to the Market are not to be bought, because Change (as Silver and Copper is commonly called) is not to be had; and our Domestick Trade is become nothing but Discount, A miserable Makeshift good for Nought, but to enrich Knaves and beggar Fools.*”⁸⁵

While the general tone of Rawle's paper money proposal is understated, the threats of legal tender compulsion are not far under the surface. For example in this discussion of a nearby paper money failure:

It is to be confessed, That one of our Neighbouring Provinces hath met with ill Success in their making Paper-Money; it sunk in its Value: and the Publick Authority rather encouraging this Misfortune, than putting any Stop to it, its Value entirely vanished, and the whole Country was greatly injured by this Misfortune, particularly Barbadoes. But this proceeded not from any Evil entailed on Paper-Money, but the bad managing of it: For, in the first place, they allowed it not to be (as it ought) a lawful Tender in all Payments; which thing will ever render Paper, or any other Money, inferior to that which is unlimited in its Payments.

Besides, Governor Granwill immediately after being called Home, and having a large Quantity of Paper Money by him, offered it at some discount for Silver-Money. Had none been over-look'd in this wrong Proceeding, none but His Excellency would have been a Loser, those that bought of him would have got by it: But, like Men as ignorant of their own Interest, as of the Nature of the Money they had made, every one strove who could most undervalue it, till at last, almost every one had a worthless Paper left in his Pocket, with the Title of Pounds, though not worth one Farthing.

And this is no other than will happen in Matters of higher Nature, if Laws are made not to be obeyed. Had the Magistracy timely punished such Persons as offered to buy or sell at a lower Value than what the Legislators had authorized the Bills to pass for, all the ill Consequences would have been prevented, and they might have done as much Good to the Country in general, as any money not a sufficient Tender in all Payments could have done.⁸⁶
{emphasis added}

Rawle proposed that Pennsylvania's paper money supply be distributed through mortgages, “A real Security given for a certain Quantity of Bills, at an Office appointed by Publick Authority for that Purpose.”⁸⁷

Lotteries were much more common than Rawle's proposed government-run loan offices. Pennsylvania paper money could have been distributed as lottery cash prizes which— if the tickets were sold for specie— would have been a literal implementation Gresham's Law.

Lotteries in England that were used to raise money for public purposes date back to 1569 when a lottery sold forty thousand chances at ten shillings each to raise money for the maintenance of harbors.⁸⁸ In Philadelphia, a 1723 advertisement offered, “a new brick house and lot with a good kitchen wash house, oven, half of a well, necessary house and a handsome garden, valued at 230 pounds” to be won by lottery— “460 tickets of 10 shillings each.”⁸⁹ So why the expense and bother of a loan office— with the tracking of payments, recording of deeds, hiring of clerks and officials— when money could have been distributed in cheaper

ways ?

One possible answer: Indentured Servitude. The year 1722 marks the beginning of the “Redemptioner system” where “Palatines”(Germans) without money to pay their passage to America had agreed to become temporary slaves to the owner or master of the ship that brought them over. The master of the ship would then sell this time. One advertisement offered “One hundred Palatines for five years at £10 a head.”⁹⁰ Indentured servants could also be created from the domestic population— the law of the colony set the term of servitude for unpaid debts to seven years for an unmarried debtor and five years for a married debtor.⁹¹

Shortly after he died, Francis Rawle's widow advertised that an indentured servant named Charles Muggleway, “*an Irish Man of middle Stature,*” had run away from the Rawle estate. She offered forty shillings reward for his return.⁹² It is reasonable to assume that Mr Muggleway— and other servants— were present on the estate while Francis Rawle was alive, and that the need to keep his type “down on the farm” may have been the inspiration for the mortgage-based, rather than lottery-based, paper money distribution scheme.

While circulating broadsides is important work in forcing government to act, the real work of seeing his paper money scheme through to reality required a powerful political ally. James Logan, representing the Penn Family, would fight the introduction of paper money. Logan understood that worthless paper would be the first money that people would use to pay their quit-rents in.

There were basically three power centers in Pennsylvania Colonial Government: **1)** The Proprietary (Penn Family represented by their Secretary James Logan and the Provincial Council), **2)** The elected Assembly and, **3)** the Governor. One of the checks and balances of Pennsylvania colonial government was that the Governor was appointed by the Penn Family and under bond to them, but his salary was paid by the Pennsylvania Assembly.⁹³ So when a governor would resist the assembly and refuse to sign off a law, the assembly would “starve him into compliance” and refuse to pay his salary.⁹⁴ The Pennsylvania colonial structure ensured that the Assembly and the Governor would gang up against the Penns.

In 1722 the Governor of Pennsylvania was Sir William Keith, Baronet, who, despite his instructions from the Penns, took a strong pro-paper money stand.⁹⁵ The Rawle-Keith Alliance would be victorious against the Penns and their Secretary James Logan thanks to the South Sea Bubble. The law creating the Pennsylvania Pound passed on March 3, 1722/3.⁹⁶

The law authorized a total of £,15,000.⁹⁷ It may come as a surprise that *in colonial times the size of the money supply was set by elected officials passing publicly debated laws.*

The law creating the Pennsylvania Pound gave birth to a money control bureaucracy that consisted of:

- **Money Signers:** The persons entrusted with signing and numbering the money blanks making them legal for circulation. Francis Rawle was one of the signers along with Charles Read, Benjamin Vining and Anthony Morris.⁹⁸

- **Loan Office Trustees:** The persons who decide who gets the money. Officially they are charged with ensuring that the assets the loans are written against have clear title. Samuel Carpenter, Jeremiah Langhorne, William Fishbourn and Nathaniel Newlin were appointed trustees.⁹⁹

- **The General Loan Office of Pennsylvania:** The General Loan Office was a kind of Colonial Fannie Mae®. On Tuesdays and Wednesdays the Trustees would meet with the public and issue Pennsylvania Pounds.¹⁰⁰

The *political advantage* section of the law lay in Section 8, the legal tender provision for existing debts. It provided that:

*if any person or persons at any time during the said eight yearsrefuse to accept or receive the said bills of credit in discharge of the said debts credit as aforesaid, shall lose the said debt or debts, sum or sums of money so refused; and they and every of them or their action for the recovery of the said debt or debts, sum or sums of money so refused as aforesaid*¹⁰¹
{emphasis added}

Counterfeiters of Pennsylvania Pounds were not given a slap on the wrist— they were to be “*set upon the pillory in some open public place, and there have both his or her ears cut off, and be publicly whipped on his or her bare back with thirty-one lashes, well laid on.*”¹⁰² Surprisingly, thirty-one lashes and losing one’s ears was not enough deterrent: In 1723 the *American Weekly Mercury* carried this item:

Philadelphia, Novem. 29.

*Whereas several of our Bills of Credit have been of late found Counterfeited (that is the One and Two Shillings turned into Ten) There are therefore to desire all Persons that receive any Bills to take particular Care by Reason the Heads of each sort of Bills differ.*¹⁰³

With his success in creating the Pennsylvania Pound, in 1725, Rawle published a more expansive tract, *Ways and Means for the Inhabitants of Delaware to become Rich*,¹⁰⁴ which, in addition to descriptions of the advantages of paper money also included:

A call for Government Crop Subsidies

*We humbly propose....that a Bounty per Bushel be paid for all Wheat which shall be exported to any Parts of the Continent of Europe By this Means Encouragement will be given to find out new Markets: The Bounty to be raised by a Land-Tax, or a Duty on Rum*¹⁰⁵

A “Labor” Theory of Value

*As it must be acknowledg’d that the more Species of Growth or Products our Lands are employ’d in, the more will it raise the Value of Lands and Labour of our Servants or Slaves, in which the Riches of America chiefly consists*¹⁰⁶

A call for Trade Barriers

*The more England vends of India Goods, the more of their Bullion must be exported to buy it; whereas if these Parts of America which are proper for raising Flax fall in with the Use of such Linens and the Disuse of Callicoets, &c. (as observ’d above) we are in the better Condition to take off the Manufacture and Growth of England, whereby our Christian Brethren there will be employ’d, and our Silver and Gold which goes to ballance our Trade, will stop in England, amongst the several Tradesmen, instead of going to the Indies to employ Mahumetans and Pagans.*¹⁰⁷

A call for Free Trade

*Carolina is very ungenerous in this Case, for tho' we impose nothing on their Rice, Pitch, Tarr, &c. but all comes free into this River; yet they clogg our Beer and Flour with exorbitant Duties. For these Reasons it would not be amiss for us to endeavour the making of Rice here, unless they will permit the Produce of our Province exported among 'em to be free, as we do their Imports here. And it were to be wish'd, that as the Government at home have past Acts for the universal Rates of Silver in America; so if all the Ports in America were free to all British Subjects, we conceive it would very much advance Trade and Navigation in general.*¹⁰⁸

A call for Government Guaranteed Maritime Insurance

Having thus far discours'd of most of the Branches of Trade we are capable of, there is yet one great Encouragement, to adventure in the Discovery and Prosecution of new Markets; more safe to the industrious Adventurer; namely an Insurance Office in one or more of these Colonies ; which is the interesting of divers in the Loss or Profit of a Voyage, and is now become so much the Practice of England, that Insurance may be had in divers Cases as well against the Hazards at Land, as Casualties at Sea, which must be acknowledged not only to be safe, but a great Encouragement to adventure

*Now whereas there has been some Attempts made at Philadelphia, which dropt and prov'd abortive, (for what Reasons we never could learn) we humbly propose to the Legislature that an Office be created and supported by a Fund arising out of the Interest of the Loan-Office. This will be a good and safe Bottom, and cannot be easily over-set by a few Losses; and we conceive will contribute to keep up the Value of our Paper-Credit by promoting of Trade, Navigation and Building of Ships, and in Consequence, of great Advantage to this River*¹⁰⁹

Rawle was successful in securing state subsidies for hemp (for rope). Hemp subsidies were passed 1722.¹¹⁰ The call for Marine Insurance underwritten by the state did not succeed. The reference to the failed private marine insurance underwriter in Philadelphia was a business started by John Copson:

Advertisement

<p><i>Assurances from losses happening at sea, etc. being found to be very much for the Ease and Benefit of the Merchants and Traders in general and whereas the Merchants of this City of Philadelphia and other Parts, had been obliged to send to London for such assurance, which has not only been tedious and troublesome, but even very precarious. For remedying of which, an Office of Publick Insurance on vessels, Goods, and Merchandizes will, on Monday next, be Opened and books kept by John Copson of this city, at his House in the High Street, where all Persons willing to be Insured may apply: And Cares shall be taken by the said J. Copson That the assurers or underwriters be persons of undoubted Worth and Reputation and of considerable interest in this City and Province.</i>¹¹¹</p>

Apparently Mr. Copson did not succeed and Rawle felt that the State should provide this risky product. One may not feel too sorry for John Copson's failed insurance business considering some of the other enterprises he was engaged in:

Advertisement

<p><i>To be sold by John Copson, merchant in the Market Street, Philadelphia, a very likely young Negro woman.</i>¹¹²</p>
--

Paper money was one of tools that Governor Keith employed to build popularity and strengthen the alliance between himself and the Assembly. The Governor might have been aiming towards an effective coup d'état against the Penns. He attempted to undermine James Logan by insinuating that he (Logan) was cooking the Penn's books, but an audit in 1723 found everything in order.¹¹³ His whispering campaign against Logan backfired and he was rebuked by Hannah Penn who ordered him, to "return no bills to the House, without the advice of the Council, nor pass any whatever into a law, without the consent of a majority of the board."¹¹⁴

After Hannah Penn's rebuke, Keith knew his days as governor were numbered. In January 1724/25, Keith invited the members of the Assembly to the court house for a post-recess glass of wine and pipe. Stung by the rebuke, Keith made the following speech:

Whose property have I at any time wronged ? or whose petition have I refused ? What part of the public service have I neglected ? And at what time has our Sovereign Lord the King, the Proprietary, or the Country suffered by any action or misconduct of mine ? Is it to be charged as a crime for the Governor to concur with your Sentiments, and pass reasonable bills from your House into laws ? To maintain the King's legal prerogative, and to support the Proprietary's just rights, consistent with those privileges which he has been pleased to grant you by charter ? Is it a crime to commiserate the distress of the poor, and to provide for their relief ?¹¹⁵

Sir William Keith provided some very harsh relief:

Advertisement

Run away the 13th of this instant from Fountain Low, Sir William Keith's plantation in Philadelphia County, in the province of Pennsylvania. Two Negro slaves, the one a squat fellow, he has the sear of a bullet in his left cheek, and is pretty much marked with the smallpox. The other of middle stature, has sharp shins with bumps upon them. They are both clothed in new double breasted jackets, white stockings, new shoes, they took with them a gun and a fowling piece, two white horses with saddles and furniture. Whoever shall seize and secure the said two Negroes for their master Sir William Keith, Bart. shall be very well rewarded and all charges allowed.¹¹⁶

Sir William's plans were crashing to the ground. After Keith's attempt to smear Logan backfired, Logan struck back with “ambiguous expressions” that Keith was cheating on his wife. Rumors were also spread that Keith's business ventures were losing money.¹¹⁷ Francis Rawle was part of a committee that on March 16, 1725/6, drew up a formal protest to Hannah Penn's rebuke.¹¹⁸ But, the die was cast: Sir William Keith was fired. A new Governor had arrived with the following letter from Hannah Penn:

I am better pleased that this attempt upon the rights of our family, and your privileges, has proved unsuccessful and, without saying any more of that piece of management, I hope, we shall, all of us, learn to cultivate and maintain so entire an agreement, and mutual good understanding, as may preserve us from ever becoming a prey to designing men; who, it is evident (notwithstanding their fair pretences) consider none of us in any other light, than to serve their own ends and purposes, even, though at the expense of all that is valuable to us. My age, and low state of health make it tedious and difficult for me to apply my thoughts to business; and therefore I shall add no more.¹¹⁹

Now Ex-Governor Keith ran successfully for Assembly representing Philadelphia County.¹²⁰ He was linked with city mobs that burned the pillory stand (hopefully empty of any counterfeiters serving time under his paper money statute) and some market stalls on election day.¹²¹ But Assemblyman Keith was losing allies and influence. In the Summer of 1726, Former Speaker of the Assembly, David Lloyd was reported to be angry with Keith¹²² Keith's key ally, Francis Rawle, Father of the Pennsylvania Pound, died on March 5, 1726/27 at age 64.¹²³

Since leaving the Governorship, Keith had lost his salary. His businesses were losing even more money. The clock was ticking. Then the alarm— in March 1727/28 Sir William Keith, Baronet, departed from Pennsylvania in a hurry — the Governor who brought paper money to Pennsylvania was running out on his

creditors.¹²⁴ With his creditors ready to imprison him if he set foot in the colony, Sir William Keith, Bart., never returned to Pennsylvania.

Sir William forgot something— his wife, Lady Keith. She never reunited with him. Perhaps James Logan was right. Lady Keith died in Philadelphia on July, 31, 1740 and was buried in Christ Church Graveyard.¹²⁵

Sir William Keith was not finished with America. If Francis Rawle was the Father of the Pennsylvania Pound, Sir William Keith sired a similar offspring. This offspring would help ignite the American Revolution: The Stamp Tax. On December 28, 1728, Sir William Keith presented a plan for colonial government reform which recommended that the Stamp Tax should be “be extended by Act of Parliament to all the American plantations.”¹²⁶ He repeated the Stamp Tax recommendation in 1739 in a document from a “Club of American Merchants.”¹²⁷ After being imprisoned several times for debt, Sir William Keith, Baronet died in London in 1749.¹²⁸

Like his Father before him, Francis Rawle Jr., would serve Pennsylvania as a “signer” of Pennsylvania Pound notes.¹²⁹ It is curious that while some of the bills he signed may still have been in circulation, he negotiated a mortgage with a Mr. Johannes Schneizer that contained the following provision:

*Yielding & Paying therefore yearly unto the said Francis Rawle & Rebecca his wife & their assigns the Rent or sum of Ten Spanish mill'd Pieces of Eight and an half of fine Silver weighing Seveenteen Pennyweight & Six grains each or as much current Money as will purchase the same.*¹³⁰

James Logan: Colonial Defender of Honest Money

In response to Francis Rawle's *Ways and Means for the Inhabitants of Delaware to become Rich*, James Logan (with the possible collaboration of Issac Norris and others)¹³¹ published *A Dialogue Betwixt Simon and Timothy, Shewing, What's therein to be Found*. The *Logan Dialogue* may have been a rejoinder to an anonymous pamphlet that has been lost titled: *A Dialogue betwixt R. Rich and R. Plowman*.¹³²

Logan's *Dialogue* is a conversation between two colonial Philadelphians: Simon and Timothy as they discuss the paper money question. The conversation contains a tone of cynicism familiar to any Philadelphia resident nearly 300 years later. As Simon says, "*Projectors indeed under the pretences of publick Spiritedness and Promotion of Trade Secretly carry on their private Interest, and too often sacrifice the Publick to great Damage, if not Ruin.*"¹³³

In addressing the relief brought by the creation of the Pennsylvania Pound Timothy says:

Timothy: *To instance first, the Paper-Currency; some say it has been advantagious, relieved the necessitous, and quickened trade at home and abroad; and many of these are for more [money] (for can we have too much of a good thing ?) Others conceive, that the Relief given to one, was by oppressing, if not defrauding another; That as to trade, they allow it to have at first view such an appearance; but is a flash and Deception. They doubt it will have such an effect as the Virginia Plant upon humane bodies, create a false joy, a Levalto in the Brain, but end in sickness, pain and perhaps death.*

These urge, That the Building of Vessels and other late pushes in trade are owing to the apprehensions men were under, who must receive their dues in such a Specie as in time would sink in value, (according to presidents) and were willing to lay it out in vessels and goods, while the project was young, and before the value or prices altered; and conclude, that all will subside again, and for the future be governed by proportion, and the encouragement or discouragement which may arise from freights and markets &c. That as foreign goods rise in disproportion to our own produce, as may reasonably be expected, and is in part already seen, the burden which at first seem'd to be thrown on others will fall upon the Planter and tradesman.

*Besides, I cannot but observe the many inconsistencies in the Opinions not only of divers, but the same persons. At first some were positive the value of the currency would not fall; now they see it, 'tis the Trick of Traders, and the Paper don't fall, but the Silver and Gold rises because it is scarce. Strange Position ! By what do these people measure it ? or by what scale, judge of the benefits or profits by trade or ballancing[sic] with other countries ? Is our imaginary Stuff the criterion ? The same person will tell us in one place it was far short, in another, that excess of it will inevitably debase the value; that the expedient had relieved from engagements with honor and justice. Again, that its value ought to be kept up, otherwise it will probe an injury to the creditors, and be an injustice in the debtors to pay what is not the value it ought. Was not, and is not this already done with a witness ? Further, an impost is proposed on foreign liquors: and a few pages after, 'tis wish'd the government at home, would make all free.*¹³⁴

Simon: *These, I think, may not all be inconsistencies; to say Enough is necessary, and of Utility, and too much, hurtful and ruinous, seems not inconsistent.*

Timothy *True, as to that Part: but this may be designing; for unless the **Quantum Sufficit** be fix'd and agreed, there may be room to couch the worst consequence under a visor, until the point is gained as too late to be undone, as sees to be very much the case already, taking it in the whole; and thus well intending honest men may be led step by step hoodwink'd to a precipice.*

Simon: *Fix the Sum ! That appears difficult to do: However the legislators are the best judges, or ought to be. they began with one sum, and finding that not enough, doubled it; and so perhaps will go from time to time as necessity and experience shall induce them.*

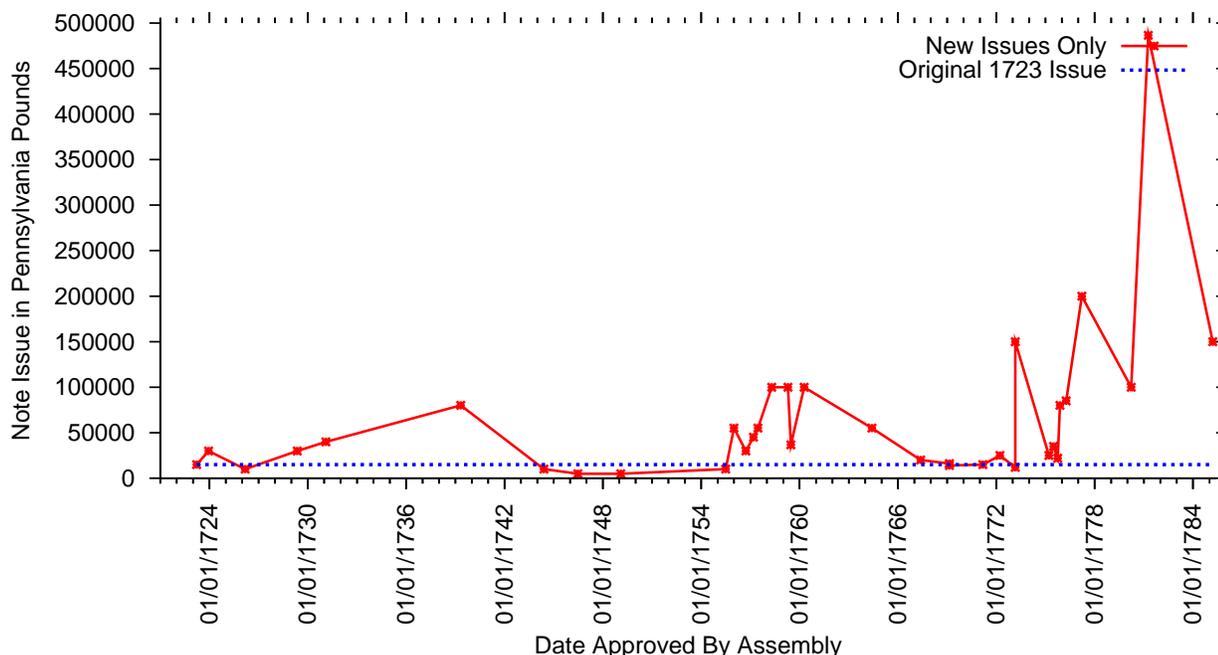
Timothy *How ! **In a Progressive Geometrical Proportion !** That indeed will in time be enough for the purpose of even the most zealous promoters. And by the Way, many will be pushers and complainers until a **NOTHING** can pay a **SOMETHING**.¹³⁵*

Francis Rawle responded to Logan's *Dialogue* with the last word of the debate, a pamphlet entitled, *A Just Rebuke to a Dialogue Betwixt Simon and Timothy*, where he responded to Logan's prediction:

The 14th Page is spent in Supposition, Conjecture, Imagination and Phantoms, concerning Paper-Money; no otherways intelligible (to that Scantling of Understanding he e'en now allow'd me) than a Scarecrow to frighten the Farmer and Tradesmen; for, says he, on those the Burthen, which at first seem'd to be thrown on others, will fall, meaning the Farmer, &c. But he may see, if he'll please to open his Eyes, that Paper Money will at this Time build Vessels, purchase Goods, and serve the other Uses of Money, as well as while the Project was young (as he terms it,) and the Planter and Tradesman in a concurring Harmony will tell him, that Paper-Money reviv'd Trade, and freed them from great Difficulties. And I think I may place his Prediction of its Downfall amongst some others, that have not yet come to pass, and in all Probability never will.¹³⁶

The actual issuance of the Pennsylvania Pound shows that there were many years when the Penns and James Logan were successful in holding back the day when “a nothing can pay a something.” It was not a geometric series, but if the March 23, 1723 issue of £,15,000 was deposited at a 6% yearly compound interest, the amount in 1781 would be £,440,383. On April 7, 1781, the assembly issued £,486,500.

Colonial Pennsylvania Paper Money Issues



There are some who would cite Pennsylvania's relatively benign experience with paper money as a justification for new monetary experiments— while ignoring James Logan and the Penn Family's bitter fights against inflationary expansion.

The Assembly and the Penns would continue their battles up to the Revolution: the Assembly pushing legal tender paper money issues and attempting to tax empty Penn real estate. With the outbreak of the French and Indian War in 1753,¹³⁸ the Assembly would use the victims of the war, the settlers of Pennsylvania's western frontier, as hostages force their agenda to completion.¹³⁹ The climax of this Penn Family-Assembly struggle occurred when the Indian-fighting Paxton Boys marched into Philadelphia to force the Assembly to grant defenses and stop squabbling with the Penns.¹⁴⁰

So why didn't the Penns set up their own Quit-Rent paper coupon system to compete with the Pennsylvania Pound ? Perhaps it was their anti-debt Quaker values: they didn't want to cheat people and they didn't want to be cheated. It was Timothy of Logan's *Dialogue* who best described the Social Contract of Old Pennsylvania:

Chart Data Source¹³⁷

Timothy: *Let us take a View; let us not be blind to the great Blessings we enjoy; a healthful Climate, and productive Country; neither Soldier, nor mercenary[sic] Bands of any other Denomination, burden or injure us. The Natives, who our Predecessors found in Possession, we have always liv'd peaceably with, and they love us. We have none of those opulent powerful Men, which are in some Parts of the World to oppress or enslave us. If any here arrive to a Figure above their Neighbors, it must be, as 'tis directed, or commanded in another case, by becoming as Servants to common people, may challenge the whole Globe to compare for Ease, Freedom, Sufficiency of Necessaries, and a general Equality.*

*In a Word, Liberty is ours; may it never be call'd Licentiousness!*¹⁴¹

Indian wars were in the future. Traveling back to the year when the infrastructure for waging them, paper money, was introduced in Pennsylvania we find James Logan whose salary was probably no more than £100 per year¹⁴² in this period, doing what any rational hard-money person would do— he took out a loan at the General Loan Office of Pennsylvania and sank the money into something of value. We can only guess as to what he spent the money on, but in a letter to Thomas Story written the next year he states,

“I am much perplexed. about repairs. My wife can no longer be reconciled to the kitchen, which, by reason of its smallness, has ever been inconvenient, but it is now so much decayed that it cannot well be otherwise mended than by a new one, which I would build in another form, and carry the yard beyond the two walnut trees, which it is a pity to cut down, though they now spread so large a top that nothing of a garden can thrive under them. But this would cost at least £100.”

On June 18, 1723, James Logan entered the General Loan Office of Pennsylvania to mortgage his lot in Philadelphia. We do not know which of the Trustees was on duty that day since the first register of mortgages is missing and only a transcription from 1915 exists.¹⁴³ We don't know what pleasantries were exchanged between the Trustee and Logan. We don't know if the scrivener preparing Logan's mortgage took extra pleasure in his work— perhaps thinking that he was in effect preparing a surrender treaty for an opponent of the office. From the distance of nearly three centuries we may question Logan's motives— was he really “selling out”? Was he acting like a politician who said one thing while he did the opposite?

In 1729 Logan sent a letter to John Penn announcing that a party of two hundred men had agreed “to come down out of the country and attack the opponents of a new emission of paper money, in which those of the town were to join.”¹⁴⁴ That didn't stop Logan from fighting that emission and those of the future.

So whether Logan was taking out a loan as currency speculation, “ while the project was young, and before the value or prices altered”¹⁴⁵ or was simply broke, working for the penniless Penns, when he signed his name on page 136 of the General Loan Office of Pennsylvania Register of Mortgages¹⁴⁶ a page was turned in the Colony's history.

We also don't know who signed the Pennsylvania Pound notes that James Logan put in his pocket. There is a fair chance that the bills were signed by his political enemy, Francis Rawle. As Logan put the bills in his pocket, Francis Rawle's victory was complete— and Pennsylvania took the first steps on the road to the Continental Dollar.

References

References

1. Jacob W. Schuckers in *Brief Account of the Finances and Paper Money of the Revolutionary War*, p. 90, John Campbell and Son, Philadelphia (1874). (2009-06-04)<http://books.google.com/books?id=qNIYAAAAYAAJ>.
2. Samuel Breck in *Historical Sketch of Continental Paper Money*, p. 15, A.C. Kline, Philadelphia (1863). (2009-04-25)<http://books.google.com/books?id=TIYuAAAAYAAJ>.
3. Breck, p. 22.
4. John Fannin Watson and Willis P. Hazard in *Annals of Philadelphia and Pennsylvania, In the Olden Time II*, p. 41, Edwin S. Stuart, Philadelphia (1905). <http://GenologyCds.com>.
5. Breck, p. 15.
6. Watson **II**, p. 442.
7. Breck, p. 7.
8. Watson **II**, p. 442.
9. William Pynchon in *The Diary of William Pynchon of Salem*, ed. Fitch Edward Oliver, p. 35, Houghton, Mifflin and Company, New York (1890). (2009-06-28)<http://books.google.com/books?id=UMVD0zcM0iAC>.
10. Breck, p. 20.
11. Watson **II**, p. 442.
12. William M. Davidson in *A History of The United States*, p. 219, Scott, Foresman and Company (1902). (2009-08-01)<http://books.google.com/books?id=G24AAAAYAAJ>.
13. Watson **III**, p. 299.
14. Breck, p. 16.
15. Thomas Paine in *Dissertations on Government, The Affairs of the Bank, and Paper Money*, p. 46, Charles Cist, Philadelphia (1838). (2009-07-19)<http://books.google.com/books?id=onopAAAAYAAJ>.
16. Watson **III**, p. 299.
17. Pelatiah Webster in *Political Essays on the Nature and Operation of Money, Public Finances, and other subjects*, p. 501, Joseph Crukshank, Philadelphia (1789). (2009-08-01)<http://books.google.com/books?id=Cn0BAAAQAQAAJ>.
18. William Robert Shepherd, Phd. in *History of Proprietary Government in Pennsylvania 4*, p. 5, Columbia University, New York (1896). (2009-06-28)<http://books.google.com/books?id=TSkUAAAAYAAJ>.
19. Wilson Armistead in *Memoirs of James Logan*, p. 11, Charles Gilpin, London (1851). (2009-04-28)<http://books.google.com/books?id=5UEBAAAQAQAAJ>.
20. Beverley W. Bond Jr. in *The Quit-Rent System in the American Colonies*, p. 133, Yale University Press, New Haven (1919). (2009-05-04)<http://books.google.com/books?id=rm0aAAAAYAAJ>.
21. Shepherd, p. 37.
22. Bond, p. 134.
23. Shepherd, p. 37.
24. Bond, p. 139.
25. Bond, p. 135.
26. Shepherd, p. 37.
27. Bond, p. 167.
28. Bond, p. 161.
29. James Breck Perkins in *France Under Louis XV 2*, p. 262, The Riverside Press, Cambridge (1899). (2009-06-28) <http://books.google.com/books?id=WyQqAAAAYAAJ>.

30. Charles P. Keith in *Chronicles of Pennsylvania* **2**, p. 482, Philadelphia (1917). (2009-06-28)<http://books.google.com/books?id=SOoGAQAIAAJ>.
31. Keith, p. 484.
32. Keith, p. 469.
33. Armistead, p. 30.
34. Keith, p. 299.
35. Howard M. Jenkins in *The Family of William Penn*, p. 130, Philadelphia (1899). (2009-08-08)<http://books.google.com/books?id=ulkBs-vkB3wC>.
36. Armistead, pp. 32-36.
37. Keith, p. 500.
38. Keith, p. 510.
39. Armistead, p. 42.
40. Robert Proud in *The History of Pennsylvania* **2**, p. 105, Poulson, Philadelphia (1798). (2009-06-28)<http://books.google.com/books?id=u4IFAAAAQAAJ>.
41. Keith, p. 652.
42. Charles P. Kindleberger in *Manias, Panics, and Crashes*, p. 122, John Wiley & Sons, Inc., New York (2000).
43. Samuel A. Janney in *Life of William Penn: with Selections from his Correspondence and Autobiography, 2nd Ed.*, p. 549, Lippincott, Grambo and Company, Philadelphia (1852). (2009-08-01)<http://books.google.com/books?id=NL8EAAAAYAAJ>.
44. Winfred Trexler Root, Ph.D. in *The Relations of Pennsylvania with the British Government, 1696-1765*, p. 191, University of Pennsylvania, New York (1912). (2009-05-25)<http://books.google.com/books?id=vh4MAAAAYAAJ>.
45. "Assassination Revisionism Once More," *The Libertarian Forum* **VII**(4), p. 7, Joseph R. Peden (April 1975). (2009-06-29)http://mises.org/journals/lf/1975/1975_04.pdf.
46. William H. McNeill, "The Care and Repair of Public Myth," *Foreign Affairs* (Fall 1982). (2009-06-30) <http://www.foreignaffairs.com/articles/36804/william-h-mcneill/the-care-and-repair-of-public-myth>.
47. Charles Mackay in *Memoirs of Extraordinary Popular Delusions and the Madness of Crowds* **1**, p. 48, Office of the National Illustrated Library, London (1852). (2009-06-29) <http://books.google.com/books?id=NmEOAAAQAAJ>.
48. Mackay, p. 50.
49. Mackay, p. 73.
50. Murray N. Rothbard in *Americas Great Depression*, p. 155, Ludwig von Mises Institute, Auburn, AL (2000).
51. in *Memorial History of the City of Philadelphia*, ed. John Russell Young **I**, p. 199, New York History Company, New York (1895). (2009-08-01)<http://books.google.com/books?id=a-wlAAAAYAAJ>.
52. *The American Weekly Mercury* **2**(54), The Colonial Society of Pennsylvania, Philadelphia (December 27, 1720). (2009-05-18)<http://books.google.com/books?id=7IfQAAAAMAAJ>.
53. *Mercury* **2**(55) (Jan 3, 1721).
54. *Mercury* **2**(58) (Jan 16, 1721).
55. *Mercury* **2**(59) (Jan 31, 1721).
56. *Mercury* **2**(65) (March 16, 1721).
57. *Mercury* **2**(70) (April 20, 1721).
58. *Mercury* **2**(71) (April 27, 1721).
59. *Mercury* **2**(72) (May 4, 1721).
60. *Mercury* **2**(74) (May 18, 1721).

61. *Mercury* 2(77) (June 8, 1721).
62. *Mercury* 2(81) (July 6, 1721).
63. *Mercury* 2(82) (July 13, 1721).
64. *Mercury* 2(84) (July 27, 1721).
65. *Mercury* 2(88) (August 24, 1721).
66. *American Weekly Mercury* 3(107), The Colonial Society of Pennsylvania, Philadelphia (Jan 2, 1722). (2009-05-18)<http://books.google.com/books?id=BIjQAAAAMAAJ>.
67. Francis Rawle, "Restoring the Sunk Credit of the Province of Pennsylvania with Some Remarks on its Trade.," *Early American Imprints, Series I: Evans, 1639-1800*(2287), p. 6, Readex: A Division of News-Bank, Philadelphia (1721).
68. Rawle, *Evans* 2287, p. 9.
69. "Notes and Queries," *The Pennsylvania Magazine of History* 3, p. 119, The Historical Society of Pennsylvania, Philadelphia (1879). (2009-08-01)<http://books.google.com/books?id=IA8XAAAIAAJ>.
70. Paine, p. 46.
71. E. Digby Baltzell in *Puritan Boston and Quaker Philadelphia*, p. 213, Transaction Books, Piscataway, NJ (1996).
72. in *Appleton's Cyclopedia of American Biography*, ed. James Grant Wilson and John Fiske, p. 188, D. Appleton and Company, 1887-1889, New York. (2009-08-01)<http://books.google.com/books?id=gCwEAAAAYAAJ>.
73. in *Dictionary of National Biography*, ed. Sidney Lee, p. 323, Adamant Media Corporation (2001).
74. Thomas Allen Glenn in *Some Colonial Mansions and Those Who Lived in Them*, p. 133, Henry T. Coates, Philadelphia (1900). (2009-03-15)<http://books.google.com/books?id=rmZWAAAAMAAJ>.
75. Shepherd, p. 37.
76. Glenn, p. 134.
77. "Series 1f, William Rawle Ledger Vol. 2," *Rawle Family Papers (Collection 536), The Historical Society of Pennsylvania*, p. 35.
78. *ibid*, p. 39.
79. *ibid*, p. 83.
80. *ibid*, p. 46.
81. *ibid*, p. 35.
82. Young 1, p. 212.
83. Glenn, p. 134.
84. "Rawle Family Scrapbook, Series 7, Vol 32," *Rawle Family Papers (Collection 536), The Historical Society of Pennsylvania*. Francis Rawle: A Keithian Quaker.
85. Rawle, *Evans* 2287, p. 7.
86. Rawle, *Evans* 2287, pp. 12-13.
87. Rawle, *Evans* 2287, p. 14.
88. Albert S. Bolles in *Financial History of the United States from 1774 to 1789, 3rd Ed.*, p. 48, D. Appleton and Company, New York (1892). (2009-07-19)<http://books.google.com/books?id=vu0JAAAIAAJ>.
89. *Mercury* 4(187) (July 18, 1723).
90. Young 1, p. 215.
91. Keith, p. 725.
92. "Rawle Family Scrapbook, Series 7, Vol 32," *Rawle Family Papers (Collection 536), The Historical Society of Pennsylvania* (March 23 1727). Hand Copied Advertisement, *American Weekly Mercury* No. 377.
93. Root, p. 210.

94. Root, p. 153.
95. Proud **2**, p. 151.
96. *The Register of Pennsylvania* **III**(1), p. 8, W. F. Geddes, Philadelphia (1829).
97. "An Act for the Emitting and making Current Fifteen Thousand Pounds in Bills of Credit," *Statutes at Large of Pennsylvania* **3**(Chapter CCLXI § 1), Clarence M. Busch (1896). (2009-08-01)<http://books.google.com/books?id=RMsAAAAAYAAJ>.
98. *Statutes at Large of Pennsylvania* **3**(Chapter CCLXI §1).
99. *Statutes at Large of Pennsylvania* **3**(Chapter CCLXI §2).
100. *Statutes at Large of Pennsylvania* **3**(Chapter CCLXI §4).
101. *Statutes at Large of Pennsylvania* **3**(Chapter CCLXI §8), p. 330.
102. *Statutes at Large of Pennsylvania* **3**(Chapter CCLXI §10), p. 330.
103. *Mercury* **4**(206) (November 28, 1723).
104. *HSP* **3**, p. 118 (1879).
105. Francis Rawle in *Ways and Means for the Inhabitants of Delaware to Become Rich*, p. 22, S. Keimer, Philadelphia (1725). (2009-04-29)<http://books.google.com/books?id=JCsUAAAAAYAAJ>.
106. *ibid*, p. 35.
107. *ibid*, p. 38.
108. *ibid*, p. 45.
109. *ibid*, p. 62.
110. Proud, p. 149.
111. *Mercury* **2**(74) (May 18, 1721).
112. *Mercury* **2**(102) (November 30, 1721).
113. Keith, p. 710.
114. Young, p. 208.
115. Keith, p. 679.
116. *American Weekly Mercury* **4**(174), The Colonial Society of Pennsylvania, Philadelphia (April 18, 1722). (2009-05-18)<http://books.google.com/books?id=KljQAAAAMAAJ>.
117. Keith, p. 682.
118. Keith, p. 681.
119. Proud, p. 187.
120. Keith, p. 688.
121. Keith, p. 689.
122. Keith, p. 681.
123. Glenn, p. 135.
124. Keith, p. 697.
125. Watson **3**, p. 192.
126. Keith, p. 698.
127. Keith, p. 699.
128. Watson **2**, p. 274.
129. "An Act for Striking the Sum of Thirty Thousand Pounds in Bills of Credit," *Statutes at Large of Pennsylvania* **5**(Chapter CCCXII § 2), p. 245, Wm. Stanley Ray (1898). (2009-08-01)<http://books.google.com/books?id=27JduHPRJfGc>.
130. "Series 5 (FF 3) Indenture between Johannes Schneizer and Frances Rawle III/Rebecca Rawle," *Rawle Family Papers (Collection 536), The Historical Society of Pennsylvania* (March 1, 1760).

131. "A Dialogue Shewing What's therein to be found, Series 5, Volume 17," *Rawle Family Papers (Collection 536)*, *The Historical Society of Pennsylvania*, Philadelphia.
132. Francis Rawle, "A Just Rebuke to a Dialogue Betwixt Simon and Timothy," *Early American Imprints, Series I: Evans, 1639-1800*(2807), p. 5, Readex: A Division of NewsBank, Philadelphia (1726).
133. James Logan and Others, "Dialogue Betwixt Simon and Timothy, Shewing, What's therein to be Found.," *Early American Imprints, Series I: Evans, 1639-1800*(2652), p. 5, Readex: A Division of NewsBank, Philadelphia (1725).
134. Logan and Others, *Evans 2652*, pp. 13-16.
135. Logan and Others, *Evans 2652*, pp. 16-17.
136. Francis Rawle, *Evans 2807*, pp. 11-12.
137. Henry Phillips in *An Historical Sketch of The Paper Money issued by Pennsylvania*, pp. 26-40, A.C. Kline, Philadelphia (1862). (2009-08-01)<http://books.google.com/books?id=nEMVYtd9924C>.
138. Root, p. 109.
139. Root, p. 205.
140. Root, p. 216.
141. Logan and Others, *Evans 2652*, p. 37.
142. Armistead, p. 40.
143. James M. Duffin in *Guide to the Mortgages of the General Loan Office of the Province of Pennsylvania 1724-1756*, p. x, Genealogical Society of Pennsylvania, Yardley, PA (1995).
144. Young, p. 227.
145. Logan and Others, *Evans 2652*, pp. 11-.
146. Mrs. William M. Mervine, "Abstracts of General Loan Office Mortgages," *Publications of The Genealogical Society of Pennsylvania* **6**(1), p. 276, Philadelphia (March 1915). (2009-08-01)<http://books.google.com/books?id=mtUUAAAAYAAJ>.