'The mystery of the new fashioned goldsmiths or bankers: their rise, growth, state, and decay, discovered in a merchant's letter to a country gent who desired to bind his son apprentice to a goldsmith'. This anonymous pamphlet is often cited as evidence for the transition, between about 1640 and 1670, of goldsmiths from trade in plate to private banking, and to support the argument that banking in England evolved from the goldsmith trade. Many prominent English banks indeed traced their origins back to goldsmiths, though economic historians caution against such a simplistic explanation.

Sir, Since you are pleased to demand my advice in the disposal of your Son to the Goldsmiths Trade, and my opinion of the Trade itself; I must trouble you more than I was willing to set down what I have observed of the Goldsmiths since I have Traded, and the steps of their Rise and Progress, and leave the judgement of the whole to your Self; tis but fit that a Son should owe the good choice of his employement and way to his fortunes to the prudence and love of his Father.

If I could now discourse you, I ought to be satisfied whether you have thoughts to put your Son to a Goldsmith of the Old or New Fashion, those of the profession having of late years wholly changed their way of Trading. In my time their whole imployment was to make and sell Plate, to buy forreign Coyns and Gold and Silver imported to melt and cull them, and cause some to be coyned at the Mint, and with the rest to furnish the Refiners, Plate-makers, and Merchants, as they found the price of gold and silver to vary, and as the Merchants had occasion for Forreign Coyns.

But about Thirty years since, the Civil Wars giving opportunity to Apprentices to leave their Masters at will, and the old way having been for Merchants to trust their Cash in one of their Servants custody, many such Cashiers left their Masters in the lurch and went to the Army, and Merchants knew not how to confide in their Apprentices; then did some Merchants begin to put their Cash into Goldsmiths hands to receive and pay for them, (thinking it more secure) and the trade of Plate being then but little worth, most of the Nobility and Gentry, and others melting down their old Plate rather than buying new, and few daring to use or own Plate, the Goldsmiths sought to be Merchants Cash-Keepers to receive and pay for nothing, few observing or conjecturing their profit they had for their pains.

It happened about that time that the then Parliament had coyned out of Plate, and otherwise seven Millions in Half-Crowns, and no Mills being then used in the Mint, the Money was of a very unequal weight, sometimes two pence or three pence in an ounce difference, & the French and others then changing the value of their Coins often, which made silver and gold of much greater value abroad than at our English Mint: The Goldsmiths found a new Mischievous trade to send all the money trusted in their hands into their Cocklofts, where they had Scales and various Weights adapted for their pourpose, and servants constantly weighed every half-crown (at least) and sorted them to
melt for Two pence or three pence, or sometimes less gain by the ounce, and sometimes
their advantage greater by the accidents of the rise or fall of the exchange, those heaviest
Coins were sent away in specie, several French men and other Merchants making it their
whole and only business to transport the gold and silver so culled, either melted down or
in specie; and from hence the Goldsmiths set up another new Trade of buying old English
gold coin at a rate much above its Lawful coyned value, buying and selling it at five,
seven, eight and ten pounds in the hundred more than it was coyned for, still sending it
away so fast, or supplying those with it whose business was to Transport it, that by a
modest computation eight parts of ten of the coyn’d Gold was suddenly consumed, and
two shillings a piece was commonly given for gold, when a penny a piece was often given
before to exchange gold into silver; the Seven Millions also of silver new Coyned was
apparently reduced to less than one Million, and the people so abused in their money, that
there was little Coin passed in trade but overworn, washed, and clipt, to the great vexation and loss of the Traders.

These unlawful practices and profits of the Goldsmiths, made them greedy to ingross all
the Cash they could, and to combine with all mens servants who continued to keep any
Cash, to bring their moneys to them to be culled, and to remain with them at four pence
the day interest per centum without the Master privity: And having thus got Money into
their hand, they presumed upon some to come as fast as others was paid away; and upon
that confidence of a running Cash (as they call it) they begun to accommodate men with
moneys for Weeks and Months upon extraordinary gratuities, and supply all necessitous
Merchants that over traded their Stock, with present Money for their Bills of Exchange,
discounting sometimes double, perhaps treble interest for the time as they found the
Merchant more or less pinched.

Profit arising by this Trade, some of them who had the highest Credit, undertook to
receive Gentlemens Rents as they were returned to Town, and indeed any Man’s money,
and to allow them some interest for it though it lay for a month only, or less, the Owners
calling for it by a hundred or fifty pounds at a time as their occasions and expenses
wanted it; this new practice giving hopes to everybody to make profit of their money until
the hour they spent it, and the conveniency as they thought, to command their money
when they pleased, which they could not do when lent at interest upon personal or reall
Security; These hopes I say, drew a great Cash into these new Goldsmiths hands, and some
of them stuck to their old Trade, but every of them that had friends and credit, aspired to
this new Mystery to become Bankers or Casheers, and when Cromwell usurped the
Government, the greatest of them began to deal with him to supply his wants of Money
upon great Advantages especially after they had bought these Dollars whereof he robb’d
the Spaniards to about the value of £300,000.

After the King’s return he wanting money, some of these Bankers undertook to lend him
not their own but other mens money, taking barefaced of Him ten pounds for the hundred,
and by private contracts many Bills, Orders, Tallies, and Debts of the King’s, above
twenty, and sometimes thirty in the hundred, to the great dishonor of the Government.

This Prodigious unlawful Gain induced all of them that could be credited with moneys at
interest to become lenders to the King to anticipate all the Revenue, to take every Grant
of the Parliament into pawn as soon as it was given, I had almost said, before the Act was
passed for it, and to outrive each other in buying and taking to pawn, Bills, Orders, and
Tallies, in effect all the King’s revenue passed into their hands, and if Solomon be in the
right, that the Borrower is a Slave to the Lender, the King and Kingdom became Slaves to
these Bankers, and Kingdom gave no small share of their Taxes to them, paying double and
treble Interest, as if they had not been able to raise Money for the publick Service at the
times it was requisite.

But the number of these Bankers increased so fast, and the money at Interest come so
much into their hands, that the King and His Farmers, and all Tallies of Anticipation and
Orders, could not secure all the money they had to lend. Hereupon they sought out
according to the several natural wits and capacities, how to dispose of money for more
than lawful Intrest, either upon Pawns or Bottom, Reason or unreasonable discounts of
Intrest for Bills, or upon notorious usurious Contracts, or upon personal Securities from
Heirs whose Estates are in expectancy, or by sudden advance of money to Projectors, who
drawn into Projects many Responsible Men to the ruin of their Families; These Goldsmiths
however getting 10l. or 15l. per Centum, and sometimes more, only for the present
advance of the money, besides the future Intrest, These and a hundred other practices
they have used and do still continue in contempt of Law and Justice, whereof they are so
conscious to themselves, that most of them do once a year (at least) sue out their general
Pardon to avoid the penalty of those wholsom Laws made to prevent such Frauds,
Oppressions, contempt of Government, and mischeives to the Publick as they are dayly
guilty of: Tis also suspected that their original Trade of culling the heavy Money is not
deserted by some of them; also how come all clipt and washed money to pass so currant
at their Shops, and so little appearance in payments of all the new coyned Money since
the King’s return, so many £100,000’s of the Parliaments Coin, besides Bullion imported
having been new coyned, and how comes Guinies also to be bought and sold by them so
much above the Coynage rate, that upon their account only, and by their means, they pass
currant in payments for more than they are really worth from some of their Shops: I am
sure some Merchants are supplyed with Gold and Silver English Coyn, to transport upon the
advantage of the exchange, or making their present Bargains in France and elsewhere, for
importing Prohibited Goods.

Sir, I Have given you my Remarques upon the Rise and growth of these new kind of
Goldsmiths, and I take them to have been in their highest Ascendant or States about the
time that our Ships were burnt at Chatham by the Dutch: that cold Storm of the Peoples
fears that their money was not safe in the Bankers hands blighted them, and since being in
their declension, the Famous stop upon the Exchequer almost blasted their very root, men
being unwilling to trust money in their hands to lend to his Majesty, so long as they hear
the deplorable Cryes of the Widdow and Fatherless, whose money they say at Feasts,
they lent the King, and cannot repay them, no nor their Intrest to nuy them Bread.

Now admitting that all the Creditors of the Bankers can no more think it safe that their
money should be lent to the King since Tallies, Orders, and the Great Seal itself, are found
to be no security, I cannot imagine how Bread should be got by their trade of borrowing
money upon lawful Intrest to lend upon unlawful to private persons, though they can
silence their consciences and forget Christianity, and neither regard their neighbours
welfare, nor the good of the whole Kingdom, but seek by Usurious unlawful Bargains, and
oppressive Exactions from the needy and men in streights, and by hook and by crook to
make most of their Cash.

I dare take it for granted that the men now of that Trade are not men of greater natural
Abilities nor acquired parts, than other Tradesmen of their age and degree, nor are they
better instructed than others to imploy greater Stocks in an advantageous Trade, nor have
they greater Stocks of their own to hazzard to remote places, from whence most profit
may be hoped for; Neither have these men greater skill in Law than other Citizens, to judg
of Securities to be taken for Money, nor have they more knowledge of Men to guess at the
value of their Bonds; how then should they be able to make more Intrest of money than other Traders; yet the most profit that may satisfy other Traders, cannot be sufficient for them to keep open their Shops; they must have a great dead stock of Cash to answer all Payments, and be always ready occasionally to advance great Summs; their Servants and Shops must be maintained for no use but Payments and Receipts, and deducting dead Stock and Charges, if they do not take nine per Cent. intrest for what they Lend and dispose of, they cannot make one of one, much less subsist. Besides there must be allowance for Charges to defend themselves against Informers for their usurious Contracts, and procuring frequent Pardons, and for hazard of loss of their Money lent upon unlawful Intrest, every borrower having it in his power to plead their usury against them in lieu of their Debts. All these things, and many more being duly considered, I suppose people will suddenly come to their wits, and begin to examine why a Goldsmith-banker should be better Security than another man, or fitter to be trusted for ten times more than he is worth: They give only personal Security, and many times their Notes for £500, £1000 or more, when they owe before they give that Note, twenty times the value of their own Estates, and yet these free Lenders will scarce be satisfied with two or three Mens Bonds £1000 that are known to be worth £5000 a Man; doubtless I say, People will think at last that a Banker ought to give as good Security for money he borrows as another man, especially since he runs the greatest hazards in his disposing of Money for excessive gain or intrest.

I leave it then to your self to judge whether Banking be like to continue half your Son’s Apprenticeship, and whether all the Arts that they can teach him can be worth one of the £200 you design to give with him; I presume upon your Pardon for my plainness and tediousness; Yet I am prompted to say something more in point of Conscience, doubting whether it be Lawful to exercise any Trade in a constant avowed breach of the Laws of the Kingdom, as all Bankers do, these Laws being made for the good of the Society, to which the Scripture commands obedience for Conscience sake, where they are met contrary to the Laws of God.

Perhaps it is worth the inquiry upon that account, whether any man that hath exercised the Mystery of Banking, hath living or dying, gone off the stage with a clear good Estate, all his Creditors being paid, fully paid. But I judge no Man. I submit these thoughts and my Self to Your Prudent Censure, and remain, Sir, Your Humble Servant J. R.

Source: Martin, 1892, pp. 285-293; Anderson and Cotterell, eds., 1974, no. 17, pp. 159-165; Thirsk and Cooper, 1972, no. 6.56, pp. 684-687.