The deplorable state of British currency during the Napoleonic Wars is a matter of common knowledge, but the conditions are worth recalling in order to provide a background for an account of the illegal importation of bullion and specie—particularly Spanish dollars—into England from Spain and South America.

In 1792, gold was less plentiful in England than it had been early in George III's reign. A great amount had left the country during the American War (1773–83), but in the following years of peace supplies had increased somewhat, enabling the Mint to issue plenty of guineas. The silver currency was in a disgraceful state; large denominations (crowns and half-crowns) had long since disappeared from circulation and the coins in general use consisted of old and worn shillings and sixpences far below their proper weight, mixed with foreign silver and a few forgeries.

The outbreak of war with France in 1793 meant that once again gold had to be sent out of the country to subsidize our Austrian and Prussian allies. By 1797 the gold balance had dwindled to just over a million pounds, causing a panic and a run on the Bank of England, which had to suspend cash payments. This was the beginning of an important experiment in which the bi-metallic currency was largely abandoned for one of paper. Lack of small change—caused by the difficulty of getting silver at the Mint—had already led to the issue of private tokens, and in an emergency the Government had to counter-stamp great numbers of Spanish dollars as the best silver available.

These dollars—mostly from the mints of Mexico and Peru—had long been in unofficial circulation amongst the British public, and Lord Liverpool, writing in 1805, remarked that: "The justification of this measure [the counter-stamping of dollars] rests singly on the absolute necessity there was for these silver tokens to pay the seamen of the Royal Navy, and the artificers in the great docks of the Kingdom, from the want of coins of lower denominations which are necessary for that service." The popularity of Spanish dollars was emphasized by the emergencies of 1793 and 1797, when everyone wanted to change paper money into coin. When the bullion-value of these dollars exceeded their face-value they were thrown into the


2 v. the Darlington hoard of 1912: B.N.J. ix (1912), p. 417. This was composed of forgeries imitating worn silver currency. The exact date of deposit is uncertain.

3 Philips, op. cit., pp. 9 ff.

4 Liverpool, op. cit., p. 194.
melting-pot: under these circumstances it is not surprising that forgery was rampant. The recoining of counter-stamped pieces into Bank dollars had not the least effect in checking these activities, which continued as long as the war lasted. French prisoners of war were particularly troublesome in this respect. At Dartmoor in 1813 they collected Spanish dollars and made them into shillings. They were able to coin eight full-weight shillings out of every four dollars.\footnote{Abell, *Prisoners of War in Britain, 1756-1815* (Oxford, 1914), p. 250. Many other instances of forgery are recorded, notably at Valleyfield near Edinburgh.}

As the war dragged on the need for gold and silver bullion became acute. One of Napoleon's aims in imposing his continental blockade was to drain Britain of gold reserves by preventing her from trading with Europe and so forcing her to use up her supplies of gold at home in order to pay interest on the national debt. Eventually he hoped to produce bankruptcy by making the country's gold-balance fall disastrously low, as it had in 1793 and 1797. He failed in the end but he upset British finance on more than one occasion. Imports of bullion—which averaged £2 million a year before 1800—fell very heavily, while the gold reserve dropped from £8 million in 1808 to £2 million in 1815. However, the continental blockade was not entirely responsible, the chief cause being a serious depreciation at home and abroad of the British paper currency.\footnote{For an account of the continental blockade in relation to Britain, see J. M. Thompson, *Napoleon Bonaparte* (Oxford, 1951), chap. ix, pp. 224-6 and 237-40.}

A fair proportion of bullion—especially dollars—came into the country as a result of government action abroad: in 1808 agents were sent to the West Indies to buy dollars from Mexico.

They were not very successful for they had to wait interminably at Jamaica while frigates were sent to Vera Cruz to fetch the money. These often returned empty owing to the high prices demanded by the Spanish authorities, who were not in the least anxious to open the resources of their American possessions—jealously guarded since the days of Hawkins and Drake—to their new allies.\footnote{*Op. cit.,* ch. viii, p. 164.}

This attitude was modified as time went on and by 1815 gold and silver bullion had become one of the principal exports of the Spanish West Indies: more dollars were forthcoming from Spanish prize-vessels during the early part of the war, and from 1804 to 1808—after which date England and Spain became allies.\footnote{Details of the captures mentioned will be found in the *Naval Chronicle*, vols. ii, xiii, and xiv (1799, 1804, and 1805) where both the official Gazette letters and the Portsmouth and Plymouth newspaper reports are printed.}

In 1799 nearly 3 million dollars were captured in four ships alone, and in 1804 considerably more were taken. Both these estimates are conservative as I have only picked out the more important captures. 1804 was a particularly good year, as can be seen from the following figures: 3,126,950 dollars were taken by British ships of war, and 1,200,000 came from a single vessel seized by H.M.S. *Polyphemus*. Lord Cochrane in H.M.S. *Pallas* took 581,000 dollars, while Nelson's
ships in the Mediterranean collected another million in the course of a month. Many other rich hauls could be recorded if I had space, and in addition, large supplies of specie reached England illegally in British ships; these were usually consigned to merchants, and were presumably either melted for their bullion-value or turned into Bank dollars—genuine or false according to the inclination of their purchasers.

This was not a new traffic: it had been flourishing for many years. In 1786, for instance, a British merchant ship sailed from Corunna laden with dollars. The circumstances are thus described by one of her crew.\(^1\)

"This done [the taking in of ballast], we lay here idle two days, and wondered that our Captain did not put to sea, he being always such a stirring hand for pushing forward; but we soon found out the reason for it. It was to smuggle money; and one night a large boat came alongside with boxes containing 40,000 dollars, which were no sooner on board than we up anchor and put to sea; but had we been caught at this work, we were liable to be made convicts and transported to the Spanish mines for life."

The ship put into Exmouth and the dollars were sent to Exeter, as the property of merchants there.

Only a short time before the outbreak of war with Spain in 1804, H.M.S. Malta arrived at Plymouth from Ferrol with 60,000 dollars on board, all consigned to merchants in London. The local newspaper reported that the money was to be sent there under a strong guard of cavalry and marines.\(^2\)

Bullion smuggling from Spanish ports was a profitable business, especially amongst officers of the Royal Navy, who seem to have treated it as a form of sport and who thoroughly enjoyed outwitting the Spanish customs authorities.

In 1794 J. A. Gardner was serving as a lieutenant in H.M.S. Gorgon. His ship touched at Cadiz and all on board at once became deeply involved in the smuggling of dollars. Many years later Gardner wrote his reminiscences and included in them a spirited account of these risky activities.\(^3\)

"When we arrived at Cadiz to join the convoy and to bring home dollars, the merchants used to smuggle the money off to the ship to avoid paying the duty; and for every hundred [dollars] taken on board, they would give as a premium two dollars and sometimes two and a half."

"It was a dangerous traffic, but very tempting; and some of our officers while lying there made sixty and others eighty pounds."

"On one occasion, my old shipmate Lieutenant Chantrell, fell down in the street with six hundred dollars at his back—a moderate load—and sung out to some of the Spaniards who were looking on, 'Come here you sons of ——, and help me up'. Had they known what he had at his back they would have helped him up to some purpose; imprisonment and slavery would have been the punishment."


\(^2\) *Naval Chronicle*, xii (1805), Plymouth Report, p. 80.

\(^3\) *Recollections of James Anthony Gardner*, printed as vol. xxi (1906) of the Navy Record Society publications, pp. 160 ff.
"The manner in which they [the smugglers] carried the dollars was this. A double piece of canvas made to contain them in rows, fixed to the back inside the waistcoat, and tied before. It was to an English hotel where they were sent to be shipped.

"This house was kept by Mr, or rather Mrs, Young, an infernal vixen, who would make nothing of knocking her husband down with a leg of mutton or any other joint she had in the larder, and he fool enough to put up with it. She used to charge us very high for our entertainment, which is the case with all English houses abroad; and if you have a mind to be treated fairly you must go to a house kept by a native, who will never impose upon you.

"Having got a load of dollars to take off, we found our boat had left the landing place; so we hired a shore boat and it appeared their customs house officers had suspicions, for they gave chase, and it was by uncommon exertion that we escaped, as they were nearly up with us when we got alongside. And yet those very men who would have seized us used to smuggle.

"I saw one of them come alongside and throw into the lower-deck port a bag of dollars containing, as I understood, a thousand, with a label on the bag, and then shove off his boat to row guard and prevent smuggling!"

In 1815 the condition of the British coinage was still extremely bad. Banknotes were the main currency, though gold was beginning to come back into the country. The guinea had fallen from 27s. and 28s. to 21s. again, while Bank dollars were intrinsically worth much less than their nominal value, 5s. 6d. The Spanish dollar was worth only 4s. 6d. and was available in large quantities; forgers took advantage of its being in common use to alter it so as to resemble the Bank dollar.

It was then that the Liverpool Ministry introduced their bold reform—the idea of "monometallism" which the first Lord Liverpool had advocated in 1805. In 1816 silver was made a token currency and a large coinage of both metals was issued.

The public was invited to bring silver to the Bank, all genuine pieces being taken at face-value however old and worn: Bank dollars were redeemed in notes.

This scheme had all the success it deserved and the currency gradually recovered its stability.

However, it was no use promoting a great recoinage without adequate supplies of bullion to back it: the old coin brought to the Mint for melting was not enough and some foreign source of supply was essential. Fortunately a good market was available for British goods, for in 1826 Canning supported the Spanish-American colonists in their struggle for independence. He was able to station superior forces of the British fleet so as to limit the manoeuvring-power of the Spaniards in South American waters, and he also encouraged trade with the rebellious states. As a result, the new republics of Chile and Peru, as well as the Governments of Argentina and Brazil, willingly opened their markets to British industrialists.

1 But it was not long since (in 1813) the Government had only been able to pay Wellington's troops in Spain by melting down Indian gold pagodas and recoining them into 'military' guineas: Oman, The Coinage of England, p. 361.


3 Trevelyan, History of England, p. 268. It should be noted that this was a passive opposition to Spain, involving no serious incidents.
Production in the gold and silver mines of Mexico and Peru was not as high as it had been in the war years; this state of affairs—due mainly to constant political troubles—began to improve after the rapprochement with Britain, and precious metals came into England in increasing quantity. The country’s financial position had already been greatly helped by an Act of 1819 which freed the importation and exportation of bullion from all restrictions. This assured the Mint of their annual supplies but, as one contemporary publication remarks, the regulation “has rendered it next to impossible to ascertain the value of the bullion imported”.

The abolition of all restrictions meant that anybody could import gold and silver and take it to the Royal Mint to be turned into coin, to their mutual profit. This “private trade” became a regular source of income to naval officers serving on the South American station. They loaded their ships with bullion in the Pacific and brought it round Cape Horn to Montevideo or Rio de Janeiro, and either sold it to British merchants there or took it home to be offered unofficially to the Mint.

Captain D. H. O’Brien of H.M.S. Slaney was more conscientious than most of his brother officers; he describes how he refused a handsome offer by the Spanish authorities at Callao, who would have loaded his ship with treasure.

“In September [1820], an expedition under Lord Cochrane, sailed against Peru; and by the orders of Captain Shirreff, I proceeded to Callao, where I was successful to a great extent in protecting British interests. The Viceroy, Don Joachim Pezuela, at this time, offered to have opened a Register, or permission to embark specie, and to load H.M. ship Slaney with treasure, which, he assured me, should be consigned to British merchants at Rio de Janeiro; and that to afford greater room on board, he would give directions that all the ballast, and such stores as might not be immediately wanted, should be received at his arsenal until a convenient opportunity should offer of having them forwarded, wherever I thought proper to direct."

“I expressed my best thanks for this distinguished mark of his excellency’s attention, which it may certainly be considered, as this, I believe had been the first instance of such an offer being made to a ship of any foreign nation. But his excellency was confounded in the extreme, when I declined this splendid offer of enriching myself, who had little more than my sword to depend on, and when I assured him that I could not receive on board the subjects or property of either belligerents, having an order in my possession to that effect.”

O’Brien eventually took some specie direct to England—but not as much as he hoped.

Naturally, the high prices which South American governments put upon their bullion exports were evaded, and the illegal traffic in dollars was resumed with great vigour. Dr. William Gunn, who served as surgeon of H.M.S. Curacão during the years 1839-43, related to his son some interesting details of smuggling on the South American station. Everyone took part, though it was beneath the

3 D. H. O’Brien, My Adventures, 1839, ii. 332.
4 Donald Gunn in the Mariner’s Mirror, vol. xxi, no. 3 (July, 1935), pp. 325 f.
captain's dignity to bring dollars on board in person. Methods had not changed since Gardner's time, but the smuggling was better organized. The local British Consul—usually a merchant—supplied the money, and each officer on arriving on board was given a receipt by the Purser for the amount of dollars in his load. Everybody drew a fixed percentage at the end of the cruise. When a port had been drained of its specie, the ship put to sea and embarked more bullion at some unfrequented spot on the coast. Dr. Gunn did not specify the exact area in which these events occurred, but the harbours visited were no doubt Rio and Montevideo, and Valparaiso and Callao on the Pacific coast. British ships did not always draw their supplies of bullion from South America. They sometimes tapped the resources of Mexico. When H.M.S. *Thalia* arrived at Valparaiso in 1844 on her way to England from China, Captain Hope cruised northwards as far as Guaymas on the Gulf of California. A journal kept by one of his midshipmen records in characteristically telegraphic language that they embarked 16 doubloons, 2 bars and 1 bag of gold, 3 bags of gold dust, 1,052 dollars, and 42 pieces of "plata", presumably silver in contradistinction to dollars. This treasure was all collected in a few days' stay at Guaymas and Captain Hope and his officers and crew must have made a large profit—a solace after their arduous service in China, where they had been helping to suppress opium smuggling.

In England the recoinage of 1816 had succeeded in restoring public confidence in the currency, but large and continuous supplies of bullion were still needed. The Mint and the Bank of England were fully alive to the possibilities of private enterprise in the importation of gold and silver, and in September 1829 they had come to an arrangement by which £15,000 was to be sold to the Bank, to be applied to the formation of a fund of gold coined monies at the Mint, "to facilitate the importation of gold for coinage by private individuals". Unfortunately this scheme failed because a few large importers monopolized the Mint, and small ones were consequently discouraged from bringing in their contribution.

Under the Bank Charter Act of 1844, gold bullion in ingot form was received at £3. 17s. 9d. an ounce, but in course of time it was found that people preferred to take their bullion straight to the Mint, where they could get £3. 17s. 10½d. an ounce.²

The profits made by bullion importers were great, but they would have been larger still if the Mint had paid for the gold found in South American silver at the same sterling rate as the latter metal. In 1843 Captain Jenkin Jones, formerly of H.M.S. *Curacoa*, wrote to Dr. Gunn explaining this complicated point.³

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1 Manuscript journal of the proceedings of H.M.S. *Thalia*, kept by Midshipman Arthur M. Cochran during the years 1841–5. Three entries were made at Guaymas in December 1844 and January 1845.


"My freight has not proved so profitable to me as I had hoped it would, from the circumstance of the gold found by our Assay in the silver only being paid for at the percentage allowed for the more precious metal—if the same sterling value had been paid for as produced by silver it would have made three or four hundred pounds difference in my favour. Nevertheless I am well satisfied."

It is probable that Captain Jones did his business through the Bank of England and so did not take his bullion directly to the Mint. According to Jevons, the right of an individual to take gold to the Mint and have it coined free of charge was practically never acted upon, the Bank having acquired a monopoly of all such transactions. The monopoly was broken by a private firm in 1857, but this was an isolated case.¹

It is likely that the importation of bullion continued on a considerable scale during the 1850's, though I have not found any references to it later than 1845. Possibly an examination of the logs of H.M. ships on the South American station during this period might reveal the same state of affairs.

¹ Jevons, op. cit., p. 117.