

## Kailyard Money: the local and the global in Scott's Malachi Malagrowther letters

### Scotland as colony

There is a striking narrative at the heart of Sir Walter Scott's three letters as Malachi Malagrowther written to the *Edinburgh Weekly Journal* in 1826.<sup>1</sup> The letters deal with moves by the British Government to curtail the issue of low-denomination banknotes by the provisional banks, including the banks in Scotland, and to produce an effective monopoly in the Bank of England. In what follows I try to tease out an historicized reading of this move, and to think about the implications of the way that Scott imaginatively constitutes the British Union and the wider colonial enterprises in his letters. As a starting point, however, I want to draw attention to the quite remarkable series of metaphoric and analogous references to colonialism which sees Scott repeatedly align Scotland with Britain's colonies.

The first notable example of this appears early in the first letter, when Scott complains that English esteem for its own legal system results in the opprobrium of its Scottish counterpart; regarding the Scottish attachment to it as 'ignorant and dotard superstition'. He concludes:

Now, this is not fair construction in our friends ... who certainly are scarcely entitled ... to treat us as the Spaniards treated the Indians, whom they massacred for worshipping the image of the sun, while they themselves bowed down to that of the Virgin Mary. (727)

The insistence that English law is correct, and that Scots law is incorrect by dint of its difference to English law, is compared to Spanish imperial conduct. Importantly, English practices are metaphorically linked to Catholicism, where the worship of the Madonna might be (by nineteenth-century British and, especially, Scottish standards) considered just as arbitrary or idolatrous as worshipping the sun. The metaphoric equation of Scotland to colonized Amerindians is, however, a powerful image of the Union as England's colonization of Scotland, or, at the very least, a warning to England against behaving in such a manner.

This logic is not isolated to a single example and it is picked up again towards the end of the second letter when Scott counters the argument that 'the grievances I have complained of are mere trifles' by asserting that:

The omitting to discharge a gun or two in a salute, the raising or striking of a banner or sail, have been the source of bloody wars. England lost America about a few miserable chests of tea – she endangered India for the clipping of a mustache. (749)

Even though Scots were active colonists throughout the eighteenth century in both India and America, British colonialism is presented as a purely English here. By eliding Scotland's role in this history, Scott is able to present Scotland as a further English colony by implication. The trivialization of real American and Indian grievances against British rule might suggest that the legislation on banknotes represents exactly the kind of colonial mismanagement which resulted in America secession and Indian unrest.<sup>2</sup> Alternately, it may suggest that the withdrawal of banknotes is itself a trivial instance of wider grievances which are only hinted at in the letters themselves.

My focus on Scott's metaphoric language is necessitated by the fact that Scott's letters contain only fleeting references to Britain's colonial status. The frequent references to empire in the letters are actually references to the United Kingdoms (see for example 748). This is arguably in keeping with the language of the day and it was not until the latter part of the nineteenth century that Britain consistently spoke of a British Empire to describe what was previously seen as an inchoate collection of colonies. The direct references to British colonies, such as his idea that Australia and the Americas function as destinations for impoverished Scots (751, 753), fail to engage directly with the colonial relations that lie beneath this possibility. A strong contrast exists, therefore, between the diffuse, but denotative, references to colonialism and the direct, but connotative, comparison between Scotland and British colonial locations. It is only the latter which speaks directly to the nature of the colonial relation and it stands as a bold attempt to rhetorically portray Scotland as England's colony.

My concern with this presentation is that I believe it inaccurately represents the relationship between Scotland and England by borrowing a language of colonialism to mask very real class interests that lie beneath Scott's rhetoric. I argue that these class-interests actually facilitate the imperial expansion of British capital while, at the same time, appearing to disparage imperialism in the form of English colonialism. Crucially, although Scott spends much of his letters describing and defending the Scottish financial sector, he wholly ignores its vital role in foreign speculation which not only lay at the bottom of the present financial crisis but was also a significant form for British imperial interests. Because literary studies are rightly concerned with the cultural impact of British imperialism, their focus is often on the ad hoc colonization of imperial territories rather than the instruments of what has been called the 'informal empire'. One vital instrument in this indirect expansion of British power was speculative finance which facilitated the interests of domestic capital by providing it with what David Harvey has called a 'spatial fix' and laying down the networks of trade hegemony that would ultimately support the *formal* empire. Such a context makes Scott's equation of Scotland with Britain's formal colonies considerably problematic because his claim of equivalence serves to disguise the function that his letters served in defending the ability of the Scottish banks to facilitate the systematic internationalization of Scottish capital.

This argument is in some respects a rehearsal of my earlier work in which I have argued that the tendency to read Scottish literature as post-colonial and the desire of nationalist organisations in the inter-war period to describe Scotland as a colony, mask questions of class and capital beneath the cover of colonialism.<sup>3</sup> However, it is also, I think, a useful corrective and a refinement of this argument in some important respects. On the one hand, Scott's letters provide a longer history of colonial language for describing the Anglo-Scottish Union than I previously acknowledged. On the other, these letters also help to refine the distinction between colonialism and imperialism that I set out in this work, by highlighting the speculative aspects of the informal empire. By examining the nationalist rhetoric of the letters, I hope to show how this directly deflects attention away from speculative activity. In doing so, I suggest, the letters consistently invert the ability of banknotes to support the outward flow of capital by representing local money as a route to national cohesion.

## Historical Context

To illustrate this argument it is necessary to draw out two elements of the historical context. The first is the role of overseas speculation in the financial crisis which prompted Lord Liverpool's

Government's to curtail the issue of banknotes. The second is the emerging monopoly for the Bank of England, which has been directly linked to the crisis of 1825.

### **South-American markets**

The roots of the 1825 crisis were investments in the newly independent South-American states which had recently seceded from the Spanish Empire. The imperial nature of such investments was encapsulated by George Canning in 1824, a former President of the Board of Control, who argued that 'Spanish America is free and if we do not mis-manage our affairs sadly she is *English*.'<sup>4</sup> If Canning's use of 'English' supports Scott's use of England, we need to be aware of both the ready use of English as a synonym for British *and* the extent of Scottish investments in these 'affairs'. For instance, in 1824, George Thomas Love, was to claim that the 'majority of British merchants' in Argentina were 'natives of Scotland'. By 1825, the loans to these newly founded states had failed to provide the expected returns and so led to a shortage of capital in the British financial system. This required the Bank of England to underwrite the private banks with bullion, a move that directly led to the Government's decision to restrict the issuing of low denomination banknotes as a curb on easy credit.<sup>5</sup>

### **Bank of England monopoly**

In these terms, the construction of a monopoly for the Bank of England can be seen as a simple attempt to restrict the money supply. However it is complicated by the status of banknotes at this time which were not yet centralized in the state and were still widely issued by individual banks on the back of their own holdings. These notes predate what Mary Poovey calls the 'naturalization' of money and, therefore, carry a certain anxiety about their security, which arises from the banking institution that issued them rather than the national economy.<sup>6</sup> One disadvantage of these notes, compared with naturalized national-currencies, is geographically limit on their ability to function as recognized currency. This undoubtedly has significance for thinking about Scotland and Britain as national units. Scott makes great play of the incorporated nature of the Scottish banking system and the widespread utility of Scottish banknotes throughout Scotland and into Northumberland. By contrast, Scott asserts, that the fractured nature of English banks limited the widespread use of their notes so that Scotland represented an enviable model of national cohesion which did not need to be replaced by the Bank of England's monopoly.

### **Banknotes and trust**

These historical facts raise the important theoretical question of trust in relation to banknotes. In Scott's day banknotes (fiat money) were still an anxious form of money, often seen as inferior to the presumed inherent value of precious metals (specie). Scott's letters frequently disparages specie as an impractical monetary form for the Scottish economy and this lead him to make the prescient request that legislators allow a 'national choice' between whichever 'representative of value, whether in gold or paper, that best suits our own convenience.'<sup>(744)</sup> This is quite a bold assertion for Scott to make, because the gold specie standard had been introduced in 1821, imposing a fixed value to money in terms of a precise weight of gold. He anticipates much of the later theories of money by insisting, against the wisdom of the day, that true value resides in neither gold nor paper, and that both are merely *representative*: markers of value within a system of exchange. This is comically illustrated in the third letter through the figure of his neighbour, Christopher Chrysal.

Chrysal, appears holding 'a half-crown in one hand, and a twenty-shilling note in the other' decrying "This is the thing itself – Off, off, ye lendings!" (750) Scott cruelly exposes Chrysal's assumption that only specie is real by depicting Chrysal cautiously tucking his paper money back into his pocketbook.

The broader point here is that banknotes are 'real' so long as they are generally accepted as currency: money is as money does. The general acceptance of paper money depends upon the belief that they can be redeemed and our trust in this system of redemption. Yet the basis of this trust is capable of being rooted in different things and this is central to the force of the letters. The idea of the nation as the trustworthy basis of money was not yet enshrined in the British financial system – and the move of the Bank of England to naturalize its currency through monopoly was intended to strengthen this connection. However, the crisis of 1825 had already exposed the dubious certainty of nations as guarantors of value, especially as British investors had bought the bonds of the fictional principality of Poyais which existed only in the aggressive marketing of Scotsman-on-the-make, Sir Gregor McGregor.<sup>7</sup>

Yet, if Scott's letters challenge the naturalization of Bank of England notes, his defence of Scottish Banks may be seen as doing similar work by linking them to a nationalizing language which rhetorically asserts the social integration (the organic unity?), of Scottish society. A prominent example is his comparison of English and Scottish banks which asserts that Scottish institutions are more trustworthy and more transparent than their English counterparts. Crucial for Scott is the transparency of the Scottish Banking Companies which:

consist of a considerable number of persons, many of them men of landed property, whose landed estates, with the burdens legally affecting them, may be learned from the records, for the expense of a few shillings; so that all the world knows, or may know, the general basis on which their credit rests', and the extent of real property, which, independent of their personal means, is responsible for their commercial engagements. (730)

This view neatly conforms to Scott's Tory sensibilities by rooting value solidly in the 'landed estate', and, consciously or not, extends Adam Smith's use of the estate as a metaphor for the nation when explaining the function of paper money.<sup>8</sup> I would argue that the phrase, 'all the world' smuggles in a reference to foreign speculation even as Scott appears to be rooting Scotland's financial strength in its own natural resources.

For Scott's purposes, it is significant that the English banks lack a similar transparency so that 'no one can learn, without incalculable trouble, the real value of that land' and 'the English banker cannot make his solvency manifest to the public' and 'cannot expect, or receive, the same unlimited trust'. (730) Trust for Scott is a product of openness but an openness which resides in the traditional values of land. Unlike money (either gold or paper), which is merely representative, land has 'real value' but that value requires to be deciphered in order that it may be useful. Scott's nationalism takes him further, however, because he also seeks to illustrate that the Scottish banks form a secure and reliable system as a result of their collective supervision. In this account he claims that 'the whole Banks and Banking Companies in Scotland may be said to form a republic' (740). In so doing he constitutes Scottish banking as a state which allows their notes to circulate throughout the Scotland, giving a national coherence by equating (however metaphorically) statehood and the cultural or ethnic unity of the Scots. This insistence also addresses itself to the naturalization of the Bank of England currency. Scott, speculates about the possibility that the Bank of England might be

'jealous of the partial circulation of a few Scottish notes in the north of England', rejecting this as being like supposing 'the blessed sun himself jealous of a gas-light manufactory.'(745) However dismissive Scott appears of this idea, his argument depends upon the relative autonomy of England and Scotland as competing national systems and so secures the area of Scottish national legitimacy through its banking republic.<sup>9</sup>

I conclude by briefly contrasting Scott's view of banknotes as the cement of national unity with Adam Smith's view of banknotes as an economic instrument for increasing the circulation of capital. For Smith, the introduction of paper money frees gold and silver from circulating in the national economy so that it can flow out into the wider world where paper is not recognized. Like Scott, Smith is not beyond the metaphoric language of colonialism here and his depiction of excess specie being 'sent abroad, in order to seek that profitable employment which it cannot find at home' appears to present gold or silver as a kind of colonist, labouring abroad for the nation's benefit.<sup>10</sup> The ability of banknotes to facilitate the outward flow of capital is crucial to Smith's understanding of their value in 'rendering a greater part of [the nation's] capital active and productive'.<sup>11</sup> In contrast to this, Scott's nationalizing language for banknotes disguises this flight of capital by concentrating on the ability of paper money to preserve the national coherence. For instance, his anxiety that a reversion to specie will force Highland fishers or kelp-manufacturers to emigrate, inverts Smith's metaphor of colonialism by focussing on actual colonists. What this ignores, of course, is an imperial economy and the focus on the ability of paper money to allow Scottish labours to remain within the nation, necessarily, leads to Scott's silence on the role of speculative finance in exporting Scottish capital in their stead.

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<sup>1</sup> Scott, Sir Walter. *The Miscellaneous Prose Works of Sir Walter Scott. Bart.: Containing Essays and Letters, with Notes*. Vol. 2. Edinburgh: Adam and Charles Black, 1878, 725-55 (further references in the text).

<sup>2</sup> Unfortunately I am not aware of the incident to which Scott refers in relation to India and would welcome any illumination.

<sup>3</sup> Liam Connell, "Modes of Marginality: Scottish Literature and the Uses of Post-Colonial Theory." *Comparative Studies of South Asia, Africa and the Middle East* 23, no. 1&2 (2003): 26-39; Liam Connell, "Scottish Nationalism and the Colonial Vision of Scotland." *Interventions: the International Journal of Postcolonial Studies* 6, no. 2 (2004): 252-63.

<sup>4</sup> Quoted in John Gallagher and Ronald Robinson. "The Imperialism of Free Trade". In *Great Britain and the Colonies 1815-1865*, edited by A.G.L. Shaw, 142-63. London: Methuen, 1970.

<sup>5</sup> Arthur D. Gayer, et al. *The Growth and Fluctuation of the British Economy 1790-1850: An Historical, Statistical and Theoretical Study of Britain Economic Development*. Oxford: Oxford University Press, 1953.

<sup>6</sup> Mary Poovey, *Genres of the Credit Economy: Mediating Value in Eighteenth- and Nineteenth-Century Britain*. Chicago: University of Chicago Press, 2008.

<sup>7</sup> Alfred Hasbrouck. "Gregor McGregor and the Colonization of Poyais, between 1820 and 1824" *The Hispanic American Historical Review*, 7, no. 4 (1927): 438-459.

<sup>8</sup> Adam Smith. *The Wealth of Nations*. London: J. M. Dent and Sons, 1975. 252-53.

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<sup>9</sup> This conclusion is not so very far away from that of Caroline McCracken-Flesher in her two essays on these letters: "Speaking the Colonized Subject in Walter Scott's *Malachi Malagowther* Letters." *Studies In Scottish Literature* XXIX (1996): 73-84; *Possible Scotlands: Walter Scott and the Story of Tomorrow*. Oxford: Oxford University Press, 2005. My problem with her work is that, following Jean-Joseph Goux's *The Coiners of Language*, she is more interested in the symbolic circulations of Scottish money and that this confirms her a priori assumption that Scotland is subject to 'England's inevitably colonizing power' (Speaking. 75). This view clearly conflates imperialism and colonization but it also neglects the real circulation of Scottish capital outwards into a wider imperial economy.

<sup>10</sup> Smith, 259.

<sup>11</sup> Smith, 285.