

THE LAND BANK



In the earliest days of our colonial history, we had little currency--only that which had been incidently brought across the water; and wampum, the shell money of the Indians. Articles of merchandise were used instead of money; as, for instance, in 1630 Sir Richard Saltonstall was fined four bushels of malt for absence from court; and the next year the Indian, Chickataubott, was fined a beaverskin for shooting a swine of Sir Richard.

In 1652, the colony took charge of the coinage of money, ordering John Hull, the appointed mint-master, to produce silver shillings, six-pences and three-pences, and making them legal tender. Anyone having silver bullion could have it coined upon payment of the actual expense of coinage.

The money then coined was in amount too small to perceptibly increase the quantity in circulation; and in 1658 more two-pences were ordered to be coined of the first silver bullion that came to the hands of the mint-master.

These unmistakable acts of sovereignty were in ill-repute with the English government. (continued on the next page)

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While the mint was endangered by threats of its abolition, the question of establishing a bank, by men of known financial credit who would issue bills, was discussed; and in 1686 such a bank was in actual operation in Boston. It probably continued through Andros' administration.

The privilege of coining money being no longer allowed to the colonial government by Great Britain, the colonists issued some paper money in 1690. The credit of the colony was poor, and the people were afraid to receive the bills. The situation was little improved by their issue. It was tried again in 1702, with the same result.

A private bank, based on real estate security, was contemplated soon afterward, to be known as the Land Bank, from the character of its security, but the project came to an end in 1714.

The province continued to issue large amounts of paper money, which was almost worthless, and useless as a medium of exchange.

In 1740, a bank of the same character as the proposed Land Bank was established in Boston, holding its meetings for business at various places: Boston, Lynn, etc. It was called the Manufactory Company.

The bills issued were redeemable in twenty years; and were issued to the partners, as the shareholders were called, upon delivery of a mortgage of real estate conditioned to pay the face value of the bills they received in twenty years, in annual installments of five per cent of the amount issued to them, and three per cent annual interest.

Among the directors were Robert Auchmuty of Roxbury; Samuel Adams, William Stoddard and Peter Chardon, all of Boston; Samuel Watts of Chelsea; George Leonard of Norton; (continued)

Robert Hale of Beverly; John Choate of Ipswich and Thomas Cheever of Lynn.

The partners' mortgages were payable to the directors, and all were issued on a printed blank dated Sept. 9, 1740. It would seem that a large proportion of the stockholders were of Essex County. The Registry of Deeds in Salem show that forty-seven of these mortgages were recorded, and there are thirty-three more on file that were not recorded, probably because the General Court annulled the bank before they could be copied into the record books. The Essex County stockholders' mortgages amounted to 11,600 pounds.

Gov. Belcher threatened to dismiss from office all persons holding commissions under his hand who had anything to do with the issue of paper money by this private bank. Believing that the good of the country depended upon this money, many patriotically resigned their commissions, including John Choate of Ipswich and Robert Hale of Beverly, two of the directors of the bank.

There threatened to be an uprising against the governor and the council for opposing the bank scheme. Rev. Jonathan White of Gloucester wrote to the governor, apologizing for promoting it. The representatives favored it, and successfully sought the governor's removal.

In 1741, a company formed in Essex County applied to the General Court, John Choate of Ipswich heading the petition, for authority to issue notes to the amount of 50,000 pounds on land securities. They were not, however, encouraged to proceed, though they had engaged an engraver and, indeed, had printed some of their bills, which were never circulated. One of these bills is in the Essex Institute in Salem.

(This article was edited from The Essex Antiquarian, Vol. IX, No. 3.)