# "Capital and Credit with Approved Security": Financial Markets in Montserrat and South Carolina, 1748-1775

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In the last three decades, economic, business, and social historians have been striving to understand whether America was economically independent from Britain, particularly whether it was able to revolt by 1776 because it was no longer inextricably tied to the mother country, by bonds of indebtedness, for the satisfaction of its agricultural, commercial, and manufactured needs [McCusker and Menard, 1986][1]. Scholars have described and explained America's condition in a variety of ways, the most intriguing of which are those that focus on the development of colonies, the emergence of discrete independent regions within colonies, and the extent to which the parts of the colonies were bound together [Rothenberg, 1985; Brooke, 1989; Beeman, 1984].

Capital accumulation was critical to this colonial evolution, and specific information on the sources and destinations of colonial capital helps us form tentative conclusions about the financial independence of eighteenth-century America. For no plantation economy is there a detailed historical study of the role that the flow of capital and credit played in its development. There is no examination of the geographical sources and destinations of capital and credit, the linkages between capital and countryside, and the complicated, interwoven, financial relationships that held a colony together and to its mother country. Particularly well suited to such an analysis are the situations of two of these economies -- those of an older and stagnant Montserrat, and a

[1]This article has been improved with the comments of Jacob Price, Russell Menard, John McCusker, Larry Neal, and the participants in the Business History Conference held in Williamsburg, Virginia, in March 1994.

*BUSINESS AND ECONOMIC HISTORY,* Volume 23, no. 2 Winter 1994.
 ISSN 0849-6825.

younger and dynamic South Carolina in the period 1748-1775. I am examining Montserrat and South Carolina as part of a larger project that studies the accumulation and outlay of capital and the management of labor in South Carolina, Georgia, Jamaica, and Montserrat in the period 1748-1775. In this paper, I attempt to paint a preliminary picture of the structure of their loan markets and the extent to which financing was controlled by the center.

The purpose of this essay is to open a discussion of the connections among financing, indebtedness, economic growth, and independence by providing new empirical evidence. This evidence comes in the form of publicly-recorded notes, bonds, and mortgages in the two colonies. While some similarities existed in the conduct and volume of financing, marked differences occurred in the number and size of loans. Most notable of the differences was the degree to which the source of the colony's financing was a metropolitan center: in the Caribbean, financing was closely tied to the London market; on the mainland, not only was financing not tied to London, it was in many instances not even funnelled through the capital of the colony. These loans show that there were alternative financing systems in plantation America, and that lending patterns responded broadly to the needs and circumstances of individual economies and populations. The Montserrat and Carolina loan markets provide suggestive and tantalizing glimpses of varying degrees of economic independence and offer the possibility that political independence flowed in part from financial separation and decentralization.

## Montserrat and South Carolina

First settled in 1632, Montserrat is a tiny island, less than 40 square-miles in area situated at the crossroads of the eastern Caribbean, southwest of Antigua. Sugar was its principal crop. By the third quarter of the eighteenth century, several hundred extremely fertile and well-watered plantations of middling size were owned or managed by a small number of landholders (142 Irish, 121 English, and 17 Scottish) and evenly distributed throughout the island; the island was "wholly cultivated, except what is barren & ... reserved for pasture [Public Record Office CO 152/25/149-62]. Montserrat had no hinterland awaiting development. The production of sugar was steady but on the decline. In the early 1770s, its planters were exporting approximately 2,000 tons of sugar (96% of which went to Britain) and 1,000 tons of rum (only 35% of which went to Britain) -- roughly two-thirds of the production levels which prevailed only thirty years before on the island and a small amount when compared to contemporary levels attained in the neighboring Leeward Islands. In the second half of the century, Montserrat's white population was also on the wane, although its slave force grew by several thousand. At its height, the island's population included 1,300 whites, 260 free blacks, and 10,000 slaves. Occupations were not varied: contemporary loan records list only masons, vintners, surgeons, attorneys, and merchants, apart from planters and government officials. The capital, the port of Plymouth, possessed two main streets, roughly 150 inhabitants, and nearly 100 houses, shops, and wharves. Tax rolls specifically list only two occupations -- barbers and blacksmiths -- at work in the town. The government held its "important deliberations in two rooms in which a Devonshire farmer would scruple to hoard his apples" [Coleridge, 1826, p. 182]. In short, Montserrat's economy and society were small and stagnating.[2]

Relative to that of Montserrat, the story of the South Carolina economy is one of growth, rather than stagnation. Permanently established in 1670, South Carolina by the third quarter of the eighteenth century was extensive (roughly 31,000 square-miles) and expansive, possessing a rapidly unrolling frontier and a large population that grew from 23,000 to 64,000 whites between 1748 and 1775 and from 37,000 to 86,000 blacks. In these years, the colony exported more produce per capita than any other colony, and it figured as the center of the British American rice, indigo, and deerskin trades. Much of the demographic and commercial rise has been attributed to the dynamism of its capital, the port of Charleston. The capital was a substantial

[2]The size of its population and produce relegated it to minor importance in the empire, and in the minds of subsequent historians of the Caribbean. Only a dozen works discuss the island, and these focus largely on its seventeenth-century population, its role in military conflict, and its geography and architecture [Gwynn, 1929; Berleant-Schiller, 1989; Crouse, 1943; Pulsipher, 1986; Goodwin, 1987]. No one discusses the role that the flow of capital and credit played in the development of its economy.

community at the outbreak of the Revolution: the 4th largest city on the American mainland, home to approximately 12,000 inhabitants and over 200 merchants and 100 craftsmen, as well as the colony's central courts and governmental offices [Price, 1974; Calhoun et al., 1985]. South Carolina was occupationally diverse: the list of lenders in its loan records notes 60 different occupations that were not directly tied to plantation agriculture; the record of borrowers lists 97 different occupations not specifically tied to planting, most but not all living in the vicinity of Charleston: auctioneers, breeches-makers, cabinetmakers, clockmakers, dancing and fencing masters, goldsmiths, hatters, jewelers, perukemakers, printers, seedsmen, staymakers, and upholsterers, to name only a few. Economically, Charleston had a lock on the rice, indigo, and deerskin export trades of North America and nearly exclusive control over the region's slave import trade; it was also an important naval provisioning center. Unlike the planters of Montserrat who, when they were not absentee, lived and worked on their plantations year-round, the planters of South Carolina frequently lived in the capital for at least a large portion of the year, since the neighborhoods of their plantations were plagued with an unhealthy climate and filled with a large population of blacks whom they feared, and the capital provided amenities unobtainable in the counties. Unlike Plymouth, Charleston was very much a city.[3]

[3]Whatever their interests, the historians of the colony have tended to focus on the capital. Some discuss the economy broadly, but necessarily focus on the capital: Verner Crane and Robert Meriwether, for instance, baldly state the primacy of the city [Crane, 1929; Meriwether, 1940]. Others make an attempt to examine the entire economy, but end up focusing on the capital: Gayle details Charleston's exports, Clowse analyzes colonial industries growing up around the city, and Sirmans discusses the economic bases of colonial political disputes which were resolved in Charleston [Gayle, 1940; Clowse, 1971; Sirmans, 1966]. In doing so, they give the countryside short shrift. More attention to the countryside is given in Sharrer's study of indigo culture, Ackerman's study of land grants, and Haywood's study of agricultural bounties [Sharrer, 1971; Ackerman, 1977; Haywood, 1959], but these works are narrowly limited in scope. Even the illuminating and relevant analysis of Leila Sellers is confined, her focus on Charleston and her exclusive use of newspapers, magazines, andmerchants' papers missing the colony-wide context in which the importance of Charleston was situated [Sellers, 1934].

## Capital and Credit

To understand the differences in the two markets, I have compiled two exhaustive lists of notes, bonds, and mortgages for the period 1748-1775 -- one for Montserrat, and one for South Carolina -- from the Deed books of Montserrat, the Mortgage Books and Miscellaneous Books of South Carolina, and the Close Rolls of Great Britain.[4] There are 124 loans in the Montserrat loan market, and 3,252 in the South Carolina market. Taken together these lists constitute a data-base of nearly all publicly-recorded loans involving both colonies, whether the loans were drafted in America or Britain.[5]

Notes, bonds, and mortgages adhered to stipulated legal conventions. In the Montserrat market, they were long, elaborate, handwritten manuscript deeds drawn up by lawyers; in the Carolina market, they were comparatively short, pre-drawn, handwritten forms which were often composed by the parties themselves and filled out and

[4]Mortgage Books, vols. FF, VV, WW, XX, YY, ZZ, 3A, 3B, 3C, and 3D, and Miscellaneous Records, vols. MM-RR, Public Records of the Secretary of State, South Carolina Department of Archives and History, Columbia, South Carolina; Deed Books, 1748-75, Court House Vault, Plymouth, Montserrat; and Close Rolls, C 54, Public Record Office -- Chancery Lane, London. I am thankful to two research assistants, Jason Factor and Javier Gonzalez, for their help in compiling and interpreting these databases.

[5]In accumulating development capital, the eighteenth-century American colonists had several options: his own or his family's pre-existing resources; sweat equity; and retained earnings, in addition to capital and credit transfers. Such transfers are also recorded in the accounts and letters of individual private merchants and planters, and these records provide a rich mine from which to extract information about sources, destinations, and uses of loan capital and credit. But this information may be unique to the individual; it may not represent anything more than one person's needs and opportunities. Public, legal records, in the form of promissory notes, bonds, and especially mortgages, provide a ready-made bank of data. More importantly, they collectively paint a picture of financial business in an entire colony, giving us a broadly-based, biographical and demographic sense of the instrument which turned "the Great Wheel of Unfathomable Commerce" round [Rogers, v. 4, 1974, p.311], a sense that is not given by the records of other kinds of development capital. The only other scholar to study mortgages in early America is Russell Menard, but his ground-breaking, provocative analysis covers an earlier period 1700-1740 and his sample is selective [Menard, 1990]. My sample, by contrast, covers the period 1748-1775 and is exhaustive but for the loans given by the South Carolina land bank [Crouse, 1977, p. 29]. Current research is filling this gap.

signed by the borrower.[6] In both colonies, witnesses for the borrowers and lenders later appeared before a justice of the peace and attested to the validity of the signatures. The justice gathered these and similar documents together and periodically shipped them to the offices of the Colony Secretary in the capital, where a clerk entered them into a general set of Deed Books (in Plymouth) or specific sets of Mortgage Books and Miscellaneous Books (in Charleston).

A promissory note was a simple written statement to repay a specified sum of money, either at a certain time or on demand. A bond was slightly more formal: it witnessed a loan of money and stated a penalty for failure to repay the loan according to an agreed-upon schedule within a specific period. A mortgage was an even more secure type of debt, taking precedence in repayment over bonds, notes, and book debts. Sometimes a mortgage accompanied a bond to guarantee repayment, but a mortgage could stand alone. A mortgage took one of two forms. The "classical common-law mortgage" was a loan of goods in exchange for a loan of money: the borrower conveyed his land in fee simple to the lender with "a covenant for reconveyance" upon repayment of the debt. Under a second kind of "mortgage by demise," the borrower granted the lender a lease (as opposed to absolute right) which was terminated upon the repayment of the loan. The choice between the kinds of mortgages was determined largely by the advantages each offered; by the third quarter of the eighteenth century, the advantages of the demise mortgage outweighed those of the common-law mortgage. With a classical common-law mortgage, a lender could obtain damages for default in repayment; with a mortgage by demise, however, he or she could obtain specific performance, as well as chattel interests in the property which could be passed on to heirs or executors. Moreover, with a common-law mortgage, a borrower could secure the loan only with freehold, whereas, with a demise mortgage, he or she could secure it with leasehold or freehold. Both mortgages listed the names, occupations, and residences of the borrowers and lenders, and sometimes of those who stood to guarantee

[6]Printed forms did not appear in South Carolina until 1766 and, even then, they did not render pre-drawn, hand-written forms obsolete. Pre-drawn forms of any type were not used in Montserrat.

the borrowers' repayment. The amount of the loan was specified, and the date that the debt was sworn and the dates that it was to run from and to were stipulated; after the fact, the date that a loan was fully repaid was often noted by a clerk in the margins of the colony's books. Finally, mortgages listed collateral security, not only obvious things like plantations, slaves, household furniture, and trade goods, but also less common items like a billiard table, inheritance from a father, 200 pounds of chocolate, or even Pew #25 in St. Philip's Church.[7]

Using these records raises at least one interpretative problem: there were undoubtedly other forms of debt that were not recorded. Because of their formality and security, one suspects mortgages recorded loans that were larger in size and riskier in repayment than other kinds of loans. In addition, one suspects that, compared to notes and bonds, mortgages recorded loans between parties who knew each other less well, and were more legalistic, more literate, and wealthier.[8] Thus, a problem arises: in both the Montserrat and South Carolina databases, mortgages greatly outnumber all other public records of indebtedness, yet, because of the biases of mortgages, their share of all indebtedness should be less than it appears to be. In short, there were almost certainly more non-mortgaged loans in market than the historical record suggests.

Notwithstanding the fact that we still only have a portion of what was actually lent, there is no reason to believe that the patterns for the geographic dispersion of development capital and credit were any different for mortgages than for other records of indebtedness. And,

[7]Different colonies exhibited different patterns of offering collateral security. Between 1748 and 1775, seven eighths of borrowers in South Carolina secured their loans with slaves; land was rare, appearing in only 5% of loans. In Montserrat, where the average citizen was twice as wealthy, borrowers secured not only three-fourths of their loans with slaves but also four-fifths with land. The average wealth at death in Montserrat was approximately £800 sterling, whereas the average wealth at death in the Charleston District was £416 [Jones, 1980].

[8]Problems with literacy are not great. Those borrowers who made a mark rather than signed their name constituted only 2% of all borrowers in South Carolina; in some sections of the backcountry, no more than 10% of the population was illiterate [Wallace, 1961, p. 197]. No studies of Montserrat literacy have yet been conducted, but no marks appeared in the Montserrat records. Similarly, the hurdle of possessing property is not insuperable, since any property was mortgageable, even a pen-knife or a coffee-mug.

more importantly, the problem of having too many mortgages in the database, rather than presenting an obstacle, actually highlights the stage of the economy in which these loans were granted. For, as a colony expanded, prospered, and matured, its financial institutions (including mortgages) ramified across the region. In short, as economic life became more complex, the need to control beyond one's reach became more pressing. Smaller, simpler, more personal patterns of organization, such as complete reliance on book debt ties, fell by the wayside, and financial relationships became more substantial, difficult, and impersonal. Increasingly, legalistic mechanisms like mortgages displaced book debt, notes and even bonds as a form of linkage. The prevalence of mortgages stands witness to the growth and elaboration of the overall economy.

**Source and Destination of Capital and Credit**

Capital and credit flowed into plantation America from outside in the form of cash and credit brought by immigrants and financial assistance proffered by Americans in other colonies, inhabitants of the mother country, and sometimes even inhabitants of other countries like the Netherlands. Internal sources complemented these external sources, as citizens of a colony lent money and extended credit to one another. As Tables 1a & b suggest, loan money from external and internal sources rose and fell in the loan markets of the two plantation economies in volatile spurts in the third quarter of the eighteenth century.[9] Historians have often singled out the annual agricultural cycle as an influence on the ups and downs of business [Sellers, 1934, p. 88]. But when one looks at the two loan databases, one finds no decisive seasonal division in the dates loans were granted or due.[10] Nor was

[9]Colonial currencies have been converted to pounds sterling, using McCusker, 1978.

[10]Loans tended to be written and signed in the early months of th year; they fell due in the same months, usually January or March. Accounting practices, rather than agricultural cycles, probably determined dating.

**Table 1a. Montserrat Financing, 1748-1775**

| Year | Number of Loans | Value of Loans | Average Size | Size per Capita |
|---|---|---|---|---|
| | | | | |
| 1748 | 2 | 3,200 | 1,600 | 3 |
| 1749 | 1 | 1,505 | 1,505 | 1 |
| 1750 | 4 | 7,521 | 1,880 | 6 |
| 1751 | 2 | 1,020 | 510 | 1 |
| 1752 | 2 | 10,220 | 5,110 | 8 |
| 1753 | 3 | 9,694 | 3,231 | 7 |
| 1754 | 3 | 12,845 | 4,282 | 9 |
| 1755 | 8 | 25,294 | 3,162 | 18 |
| 1756 | 6 | 5,303 | 884 | 4 |
| 1757 | 13 | 37,935 | 2,918 | 27 |
| 1758 | 3 | 30,000 | 10,000 | 21 |
| 1759 | 5 | 10,337 | 2,067 | 7 |
| 1760 | 0 | 0 | 0 | 0 |
| 1761 | 2 | 8,250 | 4,125 | 6 |
| 1762 | 1 | 3,750 | 3,750 | 3 |
| 1763 | 6 | 23,527 | 3,921 | 17 |
| 1764 | 5 | 8,996 | 1,799 | 7 |
| 1765 | 7 | 5,654 | 808 | 4 |
| 1766 | 17 | 46,912 | 2,760 | 35 |
| 1767 | 5 | 17,793 | 3,559 | 13 |
| 1768 | 6 | 27,644 | 4,607 | 21 |
| 1769 | 3 | 15,100 | 5,033 | 11 |
| 1770 | 5 | 2,747 | 549 | 2 |
| 1771 | 1 | 149 | 149 | 0 |
| 1772 | 2 | 12,480 | 6,240 | 9 |
| 1773 | 3 | 8,342 | 2,781 | 6 |
| 1774 | 6 | 20,124 | 3,354 | 15 |
| 1775 | 3 | 9,006 | 3,002 | 7 |
| | | | | |
| **Total/Average** | 124 | 365,348 | 2,946 | 273 |

**Table 1b. South Carolina Financing, 1748-1775**

| Year | Number of Loans | Value of Loans | Average Size | Size per Capita |
|---|---|---|---|---|
| | | | | |
| 1748 | 66 | 7,226 | 109 | 0.32 |
| 1749 | 114 | 28,029 | 246 | 1.18 |
| 1750 | 144 | 17,034 | 118 | 6.81 |
| 1751 | 127 | 16,078 | 127 | 0.62 |
| 1752 | 142 | 27,379 | 193 | 1.01 |
| 1753 | 134 | 12,217 | 91 | 0.44 |
| 1754 | 118 | 15,216 | 129 | 0.52 |
| 1755 | 111 | 11,977 | 108 | 0.40 |
| 1756 | 123 | 11,682 | 95 | 0.37 |
| 1757 | 73 | 8,720 | 119 | 0.27 |
| 1758 | 115 | 13,959 | 121 | 0.41 |
| 1759 | 142 | 20,357 | 143 | 0.58 |
| 1760 | 125 | 16,807 | 134 | 0.46 |
| 1761 | 131 | 13,418 | 102 | 0.36 |
| 1762 | 142 | 21,338 | 150 | 0.55 |
| 1763 | 49 | 9,673 | 197 | 0.24 |
| 1764 | 54 | 9,414 | 174 | 0.23 |
| 1765 | 75 | 11,153 | 149 | 0.26 |
| 1766 | 78 | 10,987 | 141 | 0.25 |
| 1767 | 261 | 37,955 | 145 | 0.84 |
| 1768 | 174 | 24,242 | 139 | 0.52 |
| 1769 | 111 | 14,343 | 129 | 0.30 |
| 1770 | 77 | 10,648 | 138 | 0.22 |
| 1771 | 158 | 25,625 | 162 | 0.50 |
| 1772 | 125 | 29,214 | 234 | 0.54 |
| 1773 | 190 | 39,415 | 207 | 0.69 |
| 1774 | 75 | 13,383 | 178 | 0.22 |
| 1775 | 18 | 11,871 | 660 | 0.19 |
| | | | | |
| **Total/Average** | 3,252 | 489,360 | 150 | 12.69 |

there any correlation between the rise and fall of sugar prices and the Montserrat market, or between the rise and fall of rice or indigo prices and the Carolina market. A far more influential external factor was the progress of the Seven Years War and its aftermath. The course of the war itself does not seem to have hindered the work of the markets. This is especially true for Montserrat, where the war period saw a doubling of the annual value of lending, partial proof that this war was good for the development of the Atlantic economies.[11] However, the international depression that followed the Peace of Paris in 1763 does appear to have discouraged the flow of development money through 1766 [Rogers, v. 4, 1974], in much the same way that the Peace of Aix-la-Chapelle which ended King George's War in 1748 had previously led to a clamp placed upon lending
[Stumpf, 1976, p. 183].

What is most striking about their fluctuations in lending is the difference between the two markets. The scale of the South Carolina economy was much larger, in terms of the size of its population and the amount of its exports, than that of Montserrat. Yet the value of its recorded lending was only one-third larger in value than that of Montserrat over the course of this 28-year period, and its average loan was one-twentieth of that of Montserrat, since almost thirty times as many loans were recorded in South Carolina as Montserrat. What light can the dimensions of geographical dispersion and interpersonal linkage shed on this difference?

Where did loan capital and credit come from? As detailed in Table 2a, Montserrat provides a simple model of a pre-Revolutionary plantation economy at one end of the lending continuum. In the 28 years covered by this study, 124 loans were recorded in the Montserrat market, totalling £365,346 and averaging £2,946. Some 52% of the recorded notes, bonds, and mortgages, equalling 69% of the value, came from Great Britain. Another 34% of the loans, representing 24% of the value, came from Montserrat itself. Half of the loans originating in

[11]The entry of the French into the war in 1757 momentarily dampened the ardor of lenders and borrowers alike who daily expected to see French privateers off their coast [Rogers, v. 2, 1970].

**Table 2a. Montserrat, Source of Loans, 1748-1775**

| Source | Number | Percentage | Value (Pnds sterl.) | Percentage of value | Average value |
|---|---|---|---|---|---|
| | | | | | |
| **Great Britain** | 64 | 52% | 252,357 | 69% | 3,943 |
| **Montserrat** | 42 | 34% | 86,045 | 24% | 2,049 |
| St. Anthony's Parish | 21 | 17% | 23,154 | 6% | 1,103 |
| Plymouth | 12 | 10% | 3,503 | 1% | 292 |
| non-Plymouth | 9 | 7% | 19,651 | 5% | 2,183 |
| St. Peter's Parish | 6 | 5% | 22,119 | 6% | 3,687 |
| St. George's Parish | 13 | 10% | 40,353 | 11% | 3,104 |
| St. Patrick's Parish | 2 | 2% | 420 | 0.1% | 210 |
| **North America** | 1 | 1% | 487 | 0.1% | 487 |
| **Other West Indian Islands** | 9 | 7% | 22,758 | 6% | 2,529 |
| **Unknown** | 8 | 6% | 3,699 | 1% | 462 |
| | | | | | |
| Total/Average | 124 | 100% | 365,346 | 100% | 2,946 |

Montserrat (a quarter of their value) came from southwestern St. Anthony's Parish, which contained the capital port town Plymouth and the subsidiary town Kinsale. Although Plymouth provided 10% of all loans in the market, these small loans constituted only 1% of total value.[12] Plymouth with its small population of professionals and laborers, never dominated the lending market on the island; indeed, in value, it never dominated its own parish. More important were outlying parishes inhabited by the largest, wealthiest sugar planters: nearly a third of the internal loans (nearly half of their value), for instance, originated in the dry, highly fertile northeastern parish of St. George that was dominated by a handful of large, wealthy English sugar planters. These men gave, on average, more than three times the amount in each

[12]Half of the Plymouth loans were under £150. Only two were above £400 -- £1,349 and £704 -- both well below the island average.

**Table 2b. South Carolina, Source of Loans, 1748-1775**

| Source | Number | Percentage | Value (Pnds sterl.) | Percentage of value | Average value |
|---|---|---|---|---|---|
| | | | | | |
| **Great Britain** | 23 | 1% | 21,901 | 4% | 952 |
| **South Carolina** | 2,851 | 88% | 421,192 | 86% | 148 |
| Berkeley County | 2,090 | 64% | 329,649 | 67% | 158 |
| Charleston | 1,633 | 50% | 257,231 | 53% | 158 |
| non-Charleston | 457 | 14% | 72,417 | 15% | 158 |
| Craven County | 466 | 14% | 53,187 | 11% | 114 |
| Georgetown | 151 | 5% | 17,892 | 4% | 118 |
| non-Georgetown | 335 | 10% | 35,294 | 7% | 105 |
| Granville County | 142 | 4% | 15,311 | 3% | 108 |
| Beaufort | 65 | 2% | 6,674 | 1% | 103 |
| non-Beaufort | 76 | 2% | 8,521 | 2% | 112 |
| Colleton County | 153 | 5% | 23,045 | 5% | 151 |
| **Other N-A Colonies** | 17 | 1% | 5,875 | 1% | 346 |
| **Unknown** | 359 | 11% | 40,781 | 8% | 114 |
| | | | | | |
| **Total/Average** | 3,252 | | 489,359 | | 150 |

of their loans that St. Anthony lenders gave. Finally, 7% of all loans (6% of total value) came from other eastern Caribbean islands, 6% (1%) came from unknown sources, and 1% (0.1%) came from mainland British North America.

South Carolina was very different and more complex. Between 1748 and 1775, 3,252 loans were recorded in South Carolina, totalling £489,360 and averaging £150. Only 1% of the recorded notes, bonds, and mortgages in the South Carolina loan market, comprising only 4% of the value, originated in Great Britain. Some 88% of all loans, 86% of total value, came from Carolina sources. Berkeley County, where Charleston was situated, provided more than five times the number and amount of loans than did any other county in the colony. Lenders in unknown locations and other North American colonies provided the remainder.

Why did South Carolina appear to receive so little credit from Britain? Part of the problem may be evidentiary: much capital and credit almost certainly came to Charleston merchants in the form of debts entered into the books of their British correspondents who supplied them with goods and services. This is a form of credit difficult to track and account for on a colony-wide basis. But there were also fewer absentee South Carolina planters living in London, relative to the population they represented, than there were absentee Montserrat planters there; as a result, there were fewer Carolinians permanently abroad and able to assist erstwhile compatriots. More intriguing was the unwillingness of Charleston merchants, in dealing with Britons, to secure book debt with bonds or mortgages, a custom that was unique in the colonies. Such security had never been the practice in Carolina; Charleston merchants refused to do business with British merchants who demanded it [Rogers, v. 4, 1974, p. 400]. Cautious London investors looked elsewhere.[13]

Given the reputed dominance of the seaboard, its ports, and their inhabitants to the economy of South Carolina, one would expect them to hold supremacy in lending matters, and they did. Undeniably, Charleston provided the greatest share of capital and credit to the colony -- 50% of all loans, and 53% of all value. In fact, Charleston was the only jurisdiction in the colony to lend more than it borrowed during the years covered by the database, lending £127,816, half its total, outside the city. Charleston lenders gave more per loan than did lenders from any other part of the colony, except Berkeley County in which Charleston was situated: loans from Charleston and Berkeley lenders were £158 on average, whereas Colleton, Craven, and Granville lenders averaged £151, £114, and £108, respectively. Other ports contributed relatively little. Beaufort, in Granville County, to the south of Charleston, supplied 2% of loans (1% of value), while Georgetown, in Craven County, to the north, supplied 5% of loans (4% of value).

But Charleston's lending did not push all other capital and credit transfers into the background. The relative insignificance of Beaufort and Georgetown, not only to the colony but even to the counties in which they were situated, suggests the hitherto neglected importance of

[13]No such prohibition prevailed in the Georgia, Montserrat, or Jamaica money markets.

the countryside in matters of financing. For, as Table 2 notes, the non-urban areas of Georgetown's Craven and Beaufort's Granville provided as many loans and as much value as the two ports. In the case of Craven, they provided double.

In South Carolina, the broad pattern is that loan money moved from the capital to the countryside. But sub-patterns are equally revealing, and the contrast with Montserrat is again striking. Table 3a & b break down the destinations of loans by country, colony, county, city, and town. The share of loan money going to Britain from South Carolina is negligible: one loan, valued at £647. Unlike Montserrat planters, far fewer Carolina planters were absentees residing in England and drawing off their profits. Some 5% of loans (4% of value) went to individuals primarily residing in other North American colonies, mainly Georgia, and another 1% of loans (1% of value) went to lenders living in unknown locations. Thus, the greatest share of loan money went to Carolinians.

Most notable in the breakdown of internal destinations is the low share taken by Charleston residents: 24% of the loans, 26% of the value. For a city with a dynamic, growing economy, with hundreds of merchants and craftsmen, this is surprising. In terms of the number and value of loans taken, Charleston residents took roughly the same as the non-Charleston residents of Berkeley County or the residents of Craven County. Moreover, the non-urban areas in the four counties took more than twice the number and value of loans than the three urban areas. Craven County absorbed the most, a reflection both of its relatively undeveloped territory and of its recent successful cultivation of indigo. Thus, the countryside played an important role in the acquisition of development capital.

Again, the case of Montserrat provides significant contrasts. Great Britain figured prominently as a destination of loan money -- 12% of the loans, and 16% of the value. The likelihood that a planter would leave the island and establish himself in style in southern England was much greater in Caribbean America than it was in North America, and all but one of the British borrowers in the Montserrat market were absentees. Planters and merchants on neighboring islands took 5% of the loans (6%of the value). Another 10% of the loans (6% of the value) went to unrecorded destinations. The greatest share of loan money went to planters and merchants in Montserrat -- nearly three-quarters. St. Anthony's Parish took the greatest number of recorded loans and the second largest amount of money. But if we reaggregate the data, we find that the agricultural countryside took 64% of the loans (69% of the value). It was St. George's Parish, where the most successful planters lived and worked and the largest plantations were situated, that took the greatest amount of loan money. Plymouth played an insignificant role -- taking only 9% of the loans and 2% of the value.

**Table 3a. Monsterrat, Destination of Loans, 1748-1775**

| Destination | Number | Percentage | Value (Pnds sterl.) | Percentage of value | Average value |
|---|---|---|---|---|---|
| | | | | | |
| **Great Britain** | 15 | 12% | 58,470 | 16% | 3,898 |
| **Montserrat** | 91 | 73% | 260,727 | 71% | 2,865 |
| St. Anthony's Parish | 35 | 28% | 84,940 | 23% | 2,427 |
| Plymouth | 11 | 9% | 8,245 | 2% | 750 |
| non-Plymouth | 24 | 19% | 76,695 | 21% | 3,196 |
| St. Peter's Parish | 4 | 3% | 7,846 | 2% | 1,962 |
| St. George's Parish | 29 | 23% | 127,132 | 35% | 4,384 |
| St. Patrick's Parish | 23 | 19% | 40,809 | 11% | 1,774 |
| **North America** | 0 | 0% | 0 | 0% | 0 |
| **Other West Indian Islands** | 6 | 5% | 23,085 | 6% | 3,848 |
| **Unknown** | 12 | 10% | 23,065 | 6% | 1,922 |
| | | | | | |
| **Total/Average** | 124 | 100% | 365,346 | 100% | 2,946 |

Close analysis of the sources and destinations of recorded loans suggests further differences between the two plantation economy loan markets, and points up the degree to which capital and credit markets were decentralized. Tables 4a & b record the nature of the connections. In South Carolina, loans were predominantly local transactions. Most loans went from a lender or group of lenders in one county to a borrower in the same county. Some loans, of course, stretched across county lines, but these were always in the minority during this period.

**Table 3b. South Carolina, Destination of Loans, 1748-1775**

| Destination | Number | Percentage | Value (Pnds sterl.) | Percentage of value | Average value |
|---|---|---|---|---|---|
| **Great Britian** | 1 | 0% | 647 | 0% | 647 |
| **South Carolina** | 3,057 | 94% | 461,905 | 94% | 151 |
| Berkeley County | 1,584 | 49% | 249,495 | 51% | 158 |
| Charleston | 790 | 24% | 127,816 | 26% | 162 |
| non-Charleston | 794 | 24% | 121,680 | 25% | 153 |
| Craven County | 796 | 24% | 112,690 | 23% | 142 |
| Georgetown | 24 | 1% | 13,755 | 3% | 573 |
| non-Georgetown | 772 | 24% | 98,934 | 20% | 128 |
| Granville County | 302 | 9% | 44,841 | 9% | 148 |
| Beaufort | 18 | 1% | 1,279 | 0.3% | 71 |
| non-Beaufort | 284 | 9% | 43,562 | 9% | 153 |
| Colleton County | 375 | 12% | 54,879 | 11% | 146 |
| **Other N-A Colonies** | 20 | 1% | 5,859 | 1% | 293 |
| **Unknown** | 173 | 5% | 20,751 | 4% | 120 |
| | | | | | |
| **Total/Average** | 3,252 | 100% | 489,359 | 100% | 150 |

Charleston, for instance, provided from 39% to 43% of the money taken by borrowers in Craven, Colleton, and Granville Counties, and this is not insignificant. Yet, between 75% and 84% of the value of loans granted by Granville and Craven lenders went to borrowers from their own counties; and 46% of Colleton money went to Colleton. Even Berkeley lenders (including Charleston lenders, whom one would expect to be less parochial in their investments) gave 61% to Berkeley borrowers. Thus, although Charleston certainly exercised great force in the financial affairs of the colony, a county-by-county analysis suggests the presence, strength, and viability of alternative local institutions. Despite its importance, Charleston did not monopolize the financial life of the colony. Decentralization was more common than one might have at first expected.

A slightly different pattern prevailed in Montserrat. There, loans generally crossed oceanic lines. London was always the market's primary center. In the 39 instances when lenders and borrowers both

**4a. Internal Transfers of Capital and Credit, Montserrat, 1748-1775**

| Source | Destination | Number | Value | Percentage of total value lent to destination | Percentage of total value lent by source |
|---|---|---|---|---|---|
| | | | | | |
| St. Anthony's Parish | St Anthony's Parish | 7 | 5,638 | 7% | 24% |
| | St. Peter's Parish | 1 | 153 | 2% | 1% |
| | St. George's Parish | 5 | 4,918 | 4% | 21% |
| | St. Patrick's Parish | 4 | 904 | 2% | 4% |
| | Unspecified | 3 | 1,541 | 7% | 7% |
| | | | | | |
| St. Peter's Parish | St Anthony's Parish | 0 | 0 | 0% | 0% |
| | St. Peter's Parish | 1 | 193 | 2% | 1% |
| | St. George's Parish | 2 | 21,294 | 17% | 96% |
| | St. Patrick's Parish | 1 | 561 | 1% | 3% |
| | Unspecified | 2 | 72 | 0.3% | 0.3% |
| | | | | | |
| St. George's Parish | St Anthony's Parish | 4 | 11,581 | 14% | 29% |
| | St. Peter's Parish | 0 | 0 | 0% | 0% |
| | St. George's Parish | 3 | 21,918 | 17% | 54% |
| | St. Patrick's Parish | 3 | 5,860 | 14% | 15% |
| | Unspecified | 1 | 149 | 1% | 0.4% |
| | | | | | |
| St. Patrick's Parish | St Anthony's Parish | 1 | 200 | 0.2% | 48% |
| | St. Peter's Parish | 0 | 0 | 0% | 0% |
| | St. George's Parish | 0 | 0 | 0% | 0% |
| | St. Patrick's Parish | 1 | 220 | 1% | 52% |
| | Unspecified | 0 | 0 | 0% | 0% |

**4b. Internal Transfers of Capital and Credit: South Carolina, 1748-1775**

| Source | Destination | Number | Value | Percentage of total value lent to destination | Percentage of total value lent by source |
|---|---|---|---|---|---|
| Berkeley County | | | | | |
| | | | | | |
| Charleston | Granville County | 103 | 17,463 | 39% | 7% |
| | Colleton County | 170 | 23,615 | 43% | 9% |
| | Berkeley County not C'ton | 383 | 72,660 | 60% | 28% |
| | Charleston | 606 | 83,991 | 66% | 33% |
| | Craven County | 275 | 45,003 | 40% | 17% |
| | Unspecified | 99 | 15,076 | 73% | 6% |
| | | | | | |
| Berkeley Co. Not C'ton | Granville County | 20 | 5,096 | 11% | 7% |
| | Colleton County | 52 | 13,778 | 25% | 19% |
| | Berkeley County not C'ton | 275 | 35,121 | 29% | 49% |
| | Charleston | 52 | 8,937 | 7% | 12% |
| | Craven County | 36 | 7,029 | 6% | 10% |
| | Unspecified | 19 | 1,881 | 9% | 3% |
| | | | | | |
| All Berkley Co. | Granville County | 123 | 22,559 | 50% | 7% |
| | Colleton County | 222 | 37,393 | 68% | 11% |
| | Berkeley County not C'ton | 658 | 107,781 | 89% | 33% |
| | Charleston | 658 | 92,928 | 73% | 28% |
| | Craven County | 311 | 52,032 | 46% | 16% |
| | Unspecified | 118 | 16,957 | 82% | 5% |
| | | | | | |
| Craven County | Granville County | 6 | 851 | 2% | 2% |
| | Colleton County | 2 | 79 | 0.1% | 0.1% |
| | Berkeley County not C'ton | 29 | 2,881 | 2% | 5% |
| | Charleston | 17 | 2,397 | 2% | 5% |
| | Craven County | 396 | 44,940 | 40% | 84% |
| | Unspecified | 16 | 2.038 | 10% | 4% |
| | | | | | |

| Source | Destination | Number | Value | Percentage of total value lent to destination | Percentage of total value lent by source |
|---|---|---|---|---|---|
| | Granville County | 116 | 11,494 | 26% | 75% |
| | Colleton County | 3 | 592 | 1% | 4% |
| | Berkeley County not C'ton | 12 | 2359 | 2% | 15% |
| | Charleston | 4 | 180 | 0.1% | 1% |
| | Craven County | 0 | 0 | 0% | 0% |
| | Unspecified | 7 | 686 | 3% | 4% |
| | | | | | |
| Colleton Co. | Granville County | 10 | 1,848 | 4% | 8% |
| | Colleton County | 95 | 10,513 | 19% | 46% |
| | Berkeley County not C'ton | 27 | 6,605 | 5% | 29% |
| | Charleston | 10 | 3,017 | 2% | 13% |
| | Craven County | 3 | 474 | 0.4% | 2% |
| | Unspecified | 8 | 588 | 3% | 3% |

was not significantly centralized. Under one-third of the loans where borrowers and lenders both resided on the island stayed within the bounds of the parish; only parish where intra-parish lending reached significant proportions was Plymouth's St. Anthony. The non-dominance of any one parish is hardly surprising, since the entire island was less than the size of the counties and most of the parishes in South Carolina.

## An Analysis of the Differences

The differences between the Montserrat and South Carolina loan markets are striking, yet wholly comprehensible in terms of the societies and economies in which they arose. Although the total value lent is not radically different, Carolina taking only 31% more loan money in this period, the number of loans in South Carolina was twenty-six times greater than that in Montserrat and the amount of the average loan one-twentieth the size. Some 69% of Montserrat's loan money came from Britain and 24% from Montserrat, whereas 4% of South Carolina's loan money came from the mother country and 86% from the colony. The resided on the island, more than half originated in the capital town's parish; St. Anthony figured as an important secondary center, providing more than half the loans. Yet, within the colony, lending and borrowing capital city provided only 1% of the money in Montserrat, but 53% in South Carolina; non-urban areas in Montserrat provided 23%, whereas non-urban areas in Carolina 33%. Loan money in Carolina flowed along more local channels than it did on the island.

One hypothesis explaining these differences is that the records themselves create the impression of difference. That is to say, Montserrat and South Carolina possessed different economic-legal cultures: in Montserrat it may have been unusual to record small loans, while Carolinians recorded all of their loan transactions. Unfortunately, to date, no contemporary description of such selectivity or comprehensiveness has been uncovered for either jurisdiction. While it seems significant if we should find that Carolinians recorded all loans and Montserratians recorded only a few, it is difficult at this stage of our understanding to know what the significance would be. Perhaps Carolina's economic-legal culture considered small loans, many loans, and loans that cut across internal boundaries important for the wealth of the individual and colony alike, but such conjecture awaits further study.

A more supportable hypothesis emanates from the opportunities enjoyed by the two colonies. Specifically, their economies were different in size, in capacity for development, and in population. In short, South Carolina had a plantation-based economy; tiny Montserrat was a plantation. In South Carolina, there existed a large class of lenders that facilitated transfers of capital and credit -- numerous relatively wealthy or at least comfortable men and women who did not need to plow their earnings back into their own mercantile, professional, and agricultural operations, and could easily lend their savings at interest. There also existed a large class of borrowers who absorbed loan capital and credit -- men and women of small and middling means and operations who required small amounts of money to help them move ahead. Underscoring the presence of this population are the facts that many lenders and borrowers in South Carolina's relatively diversified economy were not directly tied to planting, and that most were part of a transplanted European population that had moved to South Carolina to live there permanently. In contrast, Montserrat possessed neither a large and able lending group nor a large and highly diversified borrowing class. During the third quarter of the century, the island was home to only several dozen attorneys, merchants, surgeons, skilled craftsmen, and service providers whose livelihood was not tied primarily to sugar. Over 90% of Montserrat's families were engaged in sugar cultivation, an extremely capital- and labor-intensive pursuit. Moreover, Montserrat's planters, through the number of their own absentees and their correspondents, were as closely tied to Great Britain as to the island; those who planted did so with one thing uppermost in their minds: to make enough money to return to Britain.

Related to the mix of the population as a conditioning factor in the differentiation that arose in the loan markets of plantation economies is the nature of agricultural production. While sugar planting demanded large and continuous infusions of capital and labor, rice and indigo planting required fewer and smaller amounts. A typical plantation on Montserrat, for instance, covered 250 acres and possessed 100 slaves. At least £3,500 but perhaps as much as £10,000 was needed to establish oneself on such a sugar plantation during this period. In contrast, although it might range between 100 and 500 acres, a typical rice plantation in the South Carolina lowcountry possessed only from 10 to 50 slaves. A Carolina rice planter with 200 acres and 40 slaves needed seven-tenths to one-quarter the amount of money (that a similarly-endowed Caribbean sugar planter needed) to purchase land (which was cheaper or free), and equip it with buildings (which were fewer and simpler), slaves, provisions, and miscellaneous production-related items like tools [Menard, 1990, p. 7].[14] Both undertakings were expensive, of course, but the costs associated with the two modes of production created differentiated needs in the two populations, and encouraged the emergence of divergent financing markets.

## Conclusion

The evolution of two different plantation economies -- different in the size of their territory, the capacity for expansion, the size and mix of the population, and the choice of a staple crop -- brought with it

[14]On average, a lender in the South Carolina database mortgaged seven slaves.

lending patterns and capital and credit markets that also diverged. On the one hand, South Carolina lending and borrowing were frequent events (even if small per-capita and per-loan transactions), conducted in a relatively sophisticated manner (witness the use of forms and specialized books, the allowance of installment payments, and the participation of institutional lenders like churches and societies), local and to a remarkable degree decentralized, and largely independent of the transfer market in Britain. On the other hand, Montserrat transfers were infrequent events often involving immense amounts, conducted in a relatively primitive fashion, for all intents and purposes established overseas, and almost wholly dependent on the interests of British lenders and their resources. Further research on capital accumulation and outlay is needed to discover the extent to which backcountry, capital, and metropolitan markets were integrated, and the uses to which their resources were put; more work is required to understand fully the relation between the diversification of the economy and the independence of the colonies' financial markets. The approach followed in the present essay opens up new possibilities for understanding the different experiences of American plantation economies and the independence of specific colonies.

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