

James I and his Finances

When James succeeded to the throne in 1603, he faced the following problems.

1. He had inherited an **empty treasury** and a **debt of over £400,000** from Elizabeth, after her wars with Spain and in Ireland.
2. **Inflation was rampant** and the cost of running the country was rising sharply. This also meant that the fixed payments that Kings were paid (which were set in the middle ages), were now lower in value. For example a land tax was valued at 4shillings for every £1 of a man's income. This level had been set over 100 years ago in Henry VIII's reign. In simple terms, the people of England were being undertaxed.
3. The tax system was also outdated and no longer viable (working).

This problem was made worse by James' **sheer extravagance**. In Scotland, he had not had the opportunity to spend as Scotland was much poorer than England. Once in England, he spent £20,000 on his coronation. As he once said " My heart is greater than my rent." He showered gifts and money on his family, friends, courtiers, favourites and servants. In five years Elizabeth had spent £9,500 on the Royal Wardrobe, whereas James spent £36,000! He also increased the staff in the royal household from eighteen in 1604 to forty-eight in 1624, while two hundred extra courtiers were added. All this added to the costs.

Other examples of extravagance

DIVERSE CAUSES AND REWARDS	FEES AND ANNUITIES
1603 - £11,741	1603 - £27,270
1604 - £ 18,510	1604 - £34,593
1605 - £35,239	1605 - £47,783

- £93,000 spent on his daughter's wedding in 1613.

To James, the answer was simple - he had to raise more money.

What steps did he take?

1. He ended the expensive and crippling war with Spain. Although, this helped in one way, it annoyed the Puritans in Parliament who hated Catholic Spain and were worried about James' intentions. From now on, whenever, James called Parliament for money, they would not vote it unless James agreed to their demands. To solve this problem, in 1610, James suggested that Parliament should give him one annual payment of £200,000. This was called 'The Great Contract', but was turned down by Parliament who felt it was too much, and in addition they would lose their bargaining power over the King.
2. The fact that James was King of England and Scotland allowed him to reduce the border garrison that had been essential in previous years.
3. Because of Parliament's lack of co-operation James and his Lord Treasurers had to find alternative ways of raising money such as monopolies, the sale of titles, sale of Crown lands, forced loans, impositions (extra duties on Tunnage and Poundage). These non-Parliamentary taxes caused further friction between James and Parliament.

The problem of balancing the books and removing the Crown's debt was placed into the hands of a series of Lord Treasurers

1. The Earl of Dorset 1603-1608

- Introduced the Great Farm of the Customs. The right to collect custom dues and taxes was sold to a group of financiers who paid a lump sum of £112,400 a year.
- When he died the treasury debt was £597,337

2. The Earl of Salisbury 1608- 1612

- Sold crown lands and woods to the value of £433,000. However the sale of these lost the crown annual rents of nearly £15,000.
- Money was borrowed at 10% interest
- He increased the number of items subject to impositions to 1,400. This raised about £60,000. By 1625, impositions were bringing in £218,000 a year.
- He was behind the idea of the Great Contract.
- When he died in 1612, the Crown's debt was £500,000

3. Lord Suffolk and The Council 1612- 1621

- Began selling titles such as knighthoods, baronets and peerages.
- The title baron was available at £1,095. This raised nearly £91,000 between 1611-1614. James said he would limit it to 200 titles, but this had the effect of lowering its honour and desirability and by 1622 the price had dropped to £200 (£700 in 1619).
- The number of peers was increased from 81 to 126.
- The number of Earls was also increased from 27 to 65.
- In 1614, James was forced to call Parliament to vote for money. Parliament complained about monopolies, impositions and favourites. James dismissed Parliament without receiving any supplies. Known as the "Addled Parliament"
- In 1614, James I was approached by Sir William Cockayne. His idea was that since 50% of cloth exported from England was undyed, it would be sensible to set up a dying factory in England. This would give the Crown £40,000 a year in extra revenues, and since many of the dyes came from a broad, there would be import tax to be paid. James gave them permission to go ahead and in 1615, the company set up by Cockayne was given the monopoly to export unfinished cloth as the dying process was still not up and running. The Dutch retaliated by refusing the import of any English cloth. The Merchant Adventurers who had exported cloth before Cockayne came along with his scam, bribe James and his council with £80,000 and Cockayne was abandoned by James.

4. Lionel Cranfield 1621-1624

- Although he didn't become Lord Treasurer until 1621, he had attracted the attention of the King's council in 1617, when he was a talented and dynamic merchant and Surveyor General of the Customs.
- Between 1617-18, he reduced Royal Household spending by £18,000
- Lord Suffolk, the Lord Treasurer was dismissed for corruption and the Treasury was put under control of a group of commissioners.
- Pruning the expenditure of the Royal Household, wardrobe, Ordnance and navy saved a further £85,000.
- Taxes and custom dues were reassessed and brought in an extra £36,000.
- However, by 1619, although Cranfield and the commissioners had balanced the King's income and expenditure, the Crown's debt was now £900,000.
- After his appointment as Lord Treasurer, Cranfield immediately stopped the sale of Crown lands and woods and ordered a further assessment of rents and taxes.
- The Great Tax which farmers were persuaded to pay an increased annual lump sum of £116,400.
- All Government departments were ordered to be thrifty and put their balance sheets in order.
- Debts owed to the Crown were pursued more vigorously.
- Military outlay in Ireland was reduced.
- Gifts and pensions paid by James to his favourites, friends and courtiers were savagely cut. This was an unpopular but necessary move.
- Gradually, Cranfield had paid off the King's debts.
- Cranfield managed to get James I to sign an agreement that he would not give gifts, pensions, grants without the approval of the Treasury.
- However hard Cranfield worked at improving the situation, James would find an excuse to be extravagant, particularly where his favourite, the Duke of Buckingham was involved. (£30,000 gift for new house)
- The Thirty Years War in Europe saw an increase in Foreign Policy expenditure and money was spent of reviving the Navy, paying ambassadors and secret agents.

	• Foreign Services	• Defence Services
• 1618- 1619	• £16,400	• £42,600
• 1620-1621	• £58,900	• £64,000
• 1621-1622	• £79,000	• £98,800

- All Cranfield's economies were undone by this increased expenditure.
- In 1623, James decided that his son Charles should marry a Spanish Princess. The trip to Spain on which Charles and the Duke of Buckingham went cost £47,000 and was a complete disaster.
- In 1624, Cranfield opposed the idea of a war with Spain. The Duke of Buckingham turned against him and got support from many who had been affected by Cranfield's economies.
- Cranfield was dismissed. Cranfield had little hope of success without the co-operation of James I who seemed unable to grasp the seriousness of his financial situation and debtors who owed the Crown over £1, 625,000 and therefore had a vested interest in non-cooperation. The Crown's debt remained undiminished.

Parliament was again called in 1624, to raise money for a war against Spain. Parliament voted money on James' promise to annul (cancel) all monopolies except patents for new inventions.