

UNIVERSAL
LIBRARY

OU_152869

UNIVERSAL
LIBRARY

OSMANIA UNIVERSITY LIBRARY

Call No. 332.1494 Accession No. 14458

Author Mottram, R.H.

Title Miniature banking his-
-ries 1930.

This book should be returned on or before the date
last marked below.

MINIATURE BANKING HISTORIES

By R. H. Mottram

Fiction

THE SPANISH FARM TRILOGY: 1914-1918

'The Spanish Farm,' 'Sixty-Four, Ninety-Four!' and 'The Crime at Vanderlynden's'
are available separately

TEN YEARS AGO

A pendant to 'The Spanish Farm Trilogy'

OUR MR. DORMER
THE BOROUGHMONGER
THE ENGLISH MISS
EUROPA'S BEAST
THE NEW PROVIDENCE

History

A HISTORY OF FINANCIAL
SPECULATION

Chatto & Windus

MINIATURE BANKING HISTORIES

By

R. H. MOTTRAM

1930

CHATTO AND WINDUS

LONDON

PRINTED IN GREAT BRITAIN

ALL RIGHTS RESERVED

To
MR. JARVIS LORRY
of TELLSONS
and all his kind,
this book is dedicated
in affectionate reminiscence

ACKNOWLEDGMENTS

Many of the pieces in this volume have previously appeared in *The Banker*, *The Nation and Athenæum*, *The Sphere*, *The Statist*, *Daily Mirror*, *Evening News*, *Evening Standard*, and elsewhere; to the editors of these periodicals the customary acknowledgments are due.

PREFACE

Most of the information contained in this volume has never appeared in book form and exists only in totally inaccessible places. It is not merely that the hurrying crowd before the Royal Exchange, the inhabitants of the (now desolate) industrial areas of the Midlands and North, and the great ports seem unconscious of the system of transference of indebtedness by book-keeping called Credit, without which their world could not exist for a week. The very institutions in which the system is contained have for the most part no continuous or documented records. Thus of the miniature histories of the fifteen banks, and the four bankers, only eight have been preceded by an authoritative work dealing with their subjects, and those are mostly obtainable only with difficulty. The nine scenes of banking life attempt to body forth the daily intimacies of an occupation hardly touched by imaginative fiction. The major part of this book is the result of personal knowledge and private investigation.

This would not seem important if it were not for the fact that the Credit System is sharing to the full the catastrophic changes common to the life of the third decade of the twentieth

PREFACE

century, so that remote and apparently immovable institutions have in a short time become hardly recognizable for what they were, and defy prophecy as to what they may shortly become.

It has therefore seemed worth while to put on permanent record the promises and early phases of such far-reaching developments before they are obliterated or rendered incredible by time.

Contents

I.—HISTORIES OF BANKS

1. 'THE BANK'	p. 3
2. BARCLAYS BANK	13
3. LLOYDS BANK	23
4. THE MIDLAND	31
5. MARTINS BANK	40
6. THE DISTRICT BANK	42
7. BANKING IN SCOTLAND	48
8. THE BRITISH LINEN BANK	57
9. THE ROYAL BANK OF SCOTLAND	63
10. THE UNION BANK OF SCOTLAND	74
11. THE BANK OF FRANCE	84
12. AMERICAN BANKS ESTABLISHED IN LONDON	89
13. THE MITSUI BANK	99
14. THE RISE OF THE ROTHSCHILDS	103
15. BACKSTAIRS IN THE CITY	120

II.—GREAT BANKERS

1. JOHN LAW OF LAURISTON	127
2. SAMUEL ROGERS	133

CONTENTS

3. HUDSON GURNEY	p. 143
4. LORD OVERSTONE	152

III.—SCENES OF BANKING LIFE

I. THE CHANGE IN ENGLISH PROVINCIAL BANKING	161
2. CITY LIFE IN THE PAST	169
3. THE BANKER'S CLERK HAS HIS DAY	179
4. THE RISE OF THE SOUTH	192
5. 'THEY SAY THE BANK HAS BROKE'	198
6. THE BANKS AND BRITISH INDUSTRY	210
7. AUNT JEMIMA'S BIT IN THE FUNDS	221
8. GREAT STOCK EXCHANGE GAMBLES	227
9. RELATIONS BETWEEN BANKER AND CUSTOMER IN THE PROVINCES	233

I

HISTORIES OF BANKS

HISTORIES OF BANKS (I)

‘THE BANK’

It is said that when a French excavator of the ruins of Greece unearthed the body of one of the great figures of the Homeric story, he gazed at the lineaments portrayed by the golden death-mask, and cried in astonishment : ‘ Mais, c’est ma vieille tante, elle-même ! ’

Much the same may be our verdict as, delving among the parchments and engravings of the last two centuries and a half for material to reconstruct the history of the Bank of England, we find we are gradually disclosing the outlines of an institution which, for all its grandeur and importance, has something of the domestic familiarity of the parish pump. Far-reaching as may be the effect of its weekly conclave, unique as may be the figures of its transactions, it seems never to have acquired that rigidity and remoteness proper to the official note-issuing authority of a great commercial people. It is not the first of its kind. The great trading cities of Italy and the Netherlands have had institutions roughly analogous, which may have served as a model for it. Later, the nations which succeeded the temporal and spiritual Empire, and the offshoots of Europe in the New World over-

‘THE BANK’

seas, all found themselves obliged to provide some central banking authority in their divers ways, and in accordance with their varying temperaments. None of these has had the peculiar authority of the Bank of England—an authority which can only be likened to that which the mid-Victorian paterfamilias used to wield. Their titles may denote some monarchical prestige, such as Kaiserliche Königliche, or their precise function, such as Federal Reserve. But there is not one of them that is called ‘The Bank,’ on the assumption that every one knows what is intended. Its five principal functions are more the result of custom and less the result of enactment than the more defined activities of its peers. Its government is vested less in professional banking and trained officialism than that of any ‘National’ bank. It is nearer in position and more closely identified with the ‘City’ over which it presides than any.

Its history reveals what is, perhaps, one of the best traits in our island character—a genius for sticking close to the facts—for treating practical problems in a practical way. Hence its renowned Act of 1844, always suspended when the circumstances envisaged actually arise; its abandonment of some of its branches, and its retention of its private banking business in competition with the very banks of which it is the reserve bank.

‘ THE BANK ’

How near it came to being something so very different, he who runs through its history may read. Its actual form was determined in the face of opposition which, if successful, would have given us a national bank of more or less the continental model. Its founder was, of course, not English by any racial test. Its inception was but one more instance of the value of a certain leaven of foreign brains and alien personality in the English lump. Further reading reveals the vicissitudes through which it has passed. What might or might not have happened to it if the Stuarts had been stronger, or the House of Hanover weaker, is a nice theme for speculation. Originally feared, as a possible means of rendering suspect monarchy more absolute, it soon became one of the strongest safeguards of that conditioned autocracy which has served this country so well.

To any one who, in 1694, looked in at the ‘ fifty-four secretaries and clerks ’ housed in the Grocers’ Hall in Poultry, one of whom, a certain Montagu, is marked in the salary list ‘ gratis,’ the whole thing must have seemed preposterous. If you lent money to the Government, recent history showed you lost it! If you took Paterson’s advice, you were certainly ruined, and possibly starved as well. But a clearer-headed if less imaginative man was Godfrey, who defended the infant bank

‘THE BANK’

with pamphlets, and then took a journey to where the King stood in the trenches, watching the siege of Namur. It was necessary, apparently, to supervise the transit of the pay for the troops. Godfrey was killed at the King's side, ‘a bachelor much lamented by his friends,’ says the inscription on the monument raised by his ‘sorrowful mother.’

The Bank started badly upon its career (no quarter-century and few decades of which were to be without a crisis) by suspending cash payment. The institution that now seems to us so impregnable has suffered every misfortune from political and economic stress, from adverse influence and personal jealousy.

Yet, English-like, it has survived. In 1734 it moved from the Grocers' Hall to the house of its first Governor, Sir John Houblon, in Threadneedle Street. Here it erected a statue to its patron saint, William III., when its servants, one delights to hear, fired a volley. Here, among all vicissitudes, it grew and flourished, until it has overspread practically the whole of one London parish (St. Christopher le Stocks), and impinges upon two more.

What its early builders feared may still be judged by its blind walls, surmounted by a gallery loop-holed for musketry. Within, the eighteenth century has had its fling, amid constant fluctuation. Great hall and rotunda have had their day, the dusky caryatides of the

‘THE BANK’

porticoes, the cleaner ones of the interior vaulting have looked down on constant change, incessant adaptation. And this is right. This is life, not death. Above all, this is English. It is characteristic of the island separated by a narrow and effectual channel from the Continent, and by a small but distinct trend of life early separated from the general affairs of Europe.

That speeding-up of social and economic change that has rendered the twentieth century such a gyroscopic adventure does not seem to have impaired the Bank's large adaptability. Its notes had become, perhaps, as well known as any species of printed paper that circulates the world over. Yet when the day came for the replacement of the gold coinage by a note issue of £1 and 10s. denominations, which compete with its paper as the metal currency never did, it showed no signs of having felt any shock. Plain and superbly produced, its black-and-white promise to pay £5 or larger sums seems never to have felt the need of embellishments in colour, nor the protection of quotations from the penal code.

Or, turn to its premier activity, its management of the ‘Funds’ as they used to be called. It saw Consols halved in their rate of interest, doubled in price, and halved again. It sees them now side-tracked, ousted from public favour by national obligations so enormous that

‘THE BANK’

they stagger the imagination. The Bank of England carries on with its duties. One feels that the immensity of the 5 per cent. War Loan will pass, the Funding Loan and Conversion Loans be gradually absorbed or sunk, and the Bank will still be there. After all, what hands were raised in pious horror when Goschen proposed his cataclysmic changes in Consols' interest. Shall we lack Goschens in future? Let us hope not. Nor yet that long tradition of plain common sense which is the strongest trait in the Bank's actions, and apparently the only qualification demanded of its governing body. It has known how to modify its principles, and now the time has come to modify its actual premises. Not for the first time. But characteristically, the blind walls that confront Lothbury and Bart Lane, Princes Street, and the Exchange will remain very much as they were. Inside, the cranes and gangs are busy, the Bank that generations have known will be replaced by new halls, and more scope will be given for the ever-increasing operations.

Now that so much is being pulled down, in order that even more may be built up, is not the moment come to make the Bank of England—shall we say?—vocative, at least in some way obvious to the great modern democracy, whose very week's pay depends on that stupendous inverted pyramid of credit, of which the Bank

‘THE BANK’

is the apex? So long as the franchise extended only to persons in top-hats and tail-coats, it might reasonably be inferred that the average elector had some knowledge of what the Bank was, and of the vital part it played in his daily life. But nowadays? Yet think what a vast mass of historic national incident has fermented around those dumb stones. Paterson is vaguely spoken of as having supplied the idea, Godfrey, we know from history, was far more actually the moving spirit of early days, but what says the Bank itself? There, in its courtyard, is the statue of its founder. None other than William III., ‘that best of Princes,’ says the inscription, conceived by some one embittered by the tortuousness of the Stuarts. Undoubtedly William and his war with the French were popular, thoroughly English. But we need not always fly so high. The Bank started in the hall of one City company, and soon moved to another, which it occupied for thirty years. Then it came to its present home, for no better reason than the fact that its Governor, Sir John Houblon, had his house in Threadneedle Street. What was Threadneedle Street? A twisting lane, even when rebuilt after the Great Fire. Here, cheek by jowl, and enjoying a quasi-national prestige, was also South Sea House, opposite Change Alley, where, in a coffee-house, Gay, whose *Beggar’s Opera* became so popular in the

‘THE BANK’

nineteen-twenties, had punted, in 1720, in the South Sea scheme, and lost his money.

Good Sir John Houblon, a serious Fleming one judges by his name, little thought what he was bringing into his parlour. His house soon had to be remodelled, extended, and gradually the whole street lay within the Bank. Having survived a suspension of payment and two crises, its next fear was the threat of Charles Edward, the Pretender, marching south to confiscate the money of those who aided the House of Hanover. A body of merchants subscribed to a manifesto, the Pretender never arrived, but the day of the news of his capture of Derby was the first of several in the Bank's history to be called ‘Black Friday.’ Even more immediate was its danger during the Gordon Riots, when volunteers successfully defended it. Never since has it been left without military guard. More peaceful, but far more important, scenes were the renewal of its Charter by George II. and the establishment of 3 per cent. Consols in 1750.

Three more crises intervened between 1745 and that great phase of the war with the new France of the Revolution. Again cash payments had to be suspended, this time so seriously as to bring about the Bank Restriction Act, of which every clause now horrifies the reader, but which, in fact, gave bank notes their present position. The peace, as we now

‘THE BANK’

know, was bound to be more trying to the Bank than war, and from Waterloo onward the crises that fell upon the Bank were so frequent as to give rise to the theory of the Credit Cycle. They included another Black Friday in 1866, and the last, but not least, in the Baring crisis of 1890.

Nor are these after all the most significant things. Is there not more meaning in one of those scenes of that colossal reign of sixty years, when Imperial domesticity, surrounded by emblems of wealth and power its bellicose ancestors had never known, would drive to the Mansion House to bless an orphanage or smile upon a scheme for making Albert more obviously immortal?

Let no one lay it down that in London, with its atmosphere so notoriously unfavourable to statuary, we should see all this pregnant history in fresco. But is there no way of making so moving a tale have its natural and necessary influence on public opinion and perhaps on financial morals? If there is, the moment is now. It would be well. It might be wise!

Of its future who shall guess the ultimate venue? There is something in the English character which assorts so ill with formal nationalization. It is probable that the Bank is already sufficiently associated with the policy of the Government of the moment. The tendency of economics to supersede politics em-

‘THE BANK’

phasizes rather than diminishes the necessity for a consistent and continued policy. The Bank may long remain one of the constant phenomena of our national life, one of the landmarks of a London in which buildings rise and fall with a motion almost as continuous as that of the sea. There is already something more national about the Bank than about many a newer institution that bears the adjective for its title. The Old Lady may not be eternal. But she has a way of looking as if she were.

HISTORIES OF BANKS (2)

BARCLAYS BANK

BARCLAYS was the first of the Big Five to issue an official history of itself, if one not primarily intended for sale to the general public. The fact is a remarkable testimony to the gradual breaking down of the former reticence of such an institution. The difficulties of the task are obvious. The compiler stated: 'The aim has been to mention all the partners up to the time of the amalgamation with Barclay & Company Ltd., and also subsequent local directors. It has inevitably resulted in many of the chapters revolving themselves into little more than a chronicle of the admission and death of various partners.

'The reader will presumably be connected in some way with one or other of the old Banks; it may be hoped he will on this account feel interest.'

This introduction gives a vivid idea of how such an institution regarded itself as late as the year 1926, even allowing for the fact that Barclays has remained, more than any of its peers, the pure agglomeration of old private banking businesses, most of whose partners were relations.

'Barclays,' as is well known to bankers, is

BARCLAYS BANK

one of the major group of English banks nicknamed the 'Big Five.' Moreover, it is one of the bigger three, which considerably outdistance the other two of the five in size. Of these three, the Midland Bank has a rather marked policy and character, lent to it largely by the late Sir Edward Holden, but possibly implicit even before his highly individualistic impetus moulded its destiny. There remain Barclays and Lloyds.

These two great banks, whose histories have run so parallel, are both witnesses to the extraordinary influence of the Society of Friends.

It is a remarkable reflection that two of the biggest and most secure economic machines ever invented owe their strength and size, their very origin, to the practice of piety and the profession of humility. Perhaps a narrower definition is needed. The mere animal must perforce follow brute instinct. The proudest prerogative of civilized man is his power to say No. Now, the Quaker says No to nearly everything. May this not be the source of his strength? As he shunned all those pleasant byways of life in which most of us meander, his belief forced upon him a concentration and a probity that were bound to give him a great advantage over all competitors. The results are obvious enough throughout the English-speaking world, and nowhere more so than in the great Quaker banks.

BARCLAYS BANK

It is hardly an exaggeration to say that in every town in England that pretends to hold a market there has been a banking office with, among other names of partners, that of one of the families of the local Meeting. This does not, of course, account for the awe-inspiring institutions that to-day uphold, perhaps, a third of our economic structure. Friend Barclay and Friend Lloyd might still be very prosperous but isolated phenomena, were it not for another factor of human affairs.

There seems to be a centripetal force, endlessly producing unity out of multiplicity. Its effect upon banking is early obvious. The old private banks were very vulnerable. A bad season in an agricultural district, a bad year in an industrial one, was often fatal to them. The management of their note issues was open to criticism. But, above all, they were private. By the resources and judgment of one or two individuals they stood or fell. Early in the last century the process we now call amalgamation was manifest. It generally took the form of one banker going to the help of another, or needing help and inviting fresh partners. Then a further modifying influence made itself felt during the nineteenth century. The holding of capital in joint stock was not new, but the desire to limit the holder's liability increased, and was the object of repeated legislation, culminating in the 'nineties.

BARCLAYS BANK

With these premises we may turn to a certain Robert Barclay, Laird of Urie, at the end of the seventeenth century. Handsome of face and distinguished of person, he was connected with the Royal Stuarts. 'His lasting fame is, however, in an opposite direction. No man set less store by the regal pomps of men. He was the author of the *Apology for the Quakers*. He was, perhaps, the Quaker *par excellence*. It is almost possible to say that he was the father of Barclays Bank. His grandson became a partner in the Lombard Street business. His descendants married into the Quaker banking families of Buxton, Gurney, Leatham, Birkbeck, and through them with Peases and Backhouses. Thus, when the project of amalgamation on a scale hitherto unknown was mooted, the position was not merely that Barclay & Co., of Lombard Street, became obviously the head office of the new super-bank. It was that cousins rather naturally amalgamated with cousins. The actual merger took place in 1896, when fourteen banks lost their identity. One group lay in the far North, that of the Backhouses of Darlington, who had spread to Newcastle and Durham. This group included Woodall, of Scarborough. Then, in Norfolk and Suffolk, with offshoots as far as Colchester, came the eight banks of the Gurney group. Although individual Gurneys had been in business in Lombard

BARCLAYS BANK

Street, the headquarters of the old firm were at Norwich. The Barclay group proper embraced the West End office in Pall Mall, and now took in Goslings, of Fleet Street, and the Brighton business of Hall, Bevan & Co., and Molineux, of Lewes. Less closely related were a number of businesses in Essex, Hertford, and Huntingdon. A glance at the map reveals that the Barclay & Co. of the amalgamation was essentially an East Coast bank. A line drawn north to south through Derby included the whole of the district served by the new bank between it and the North Sea.

Even after this, the real race for amalgamation had hardly been visualized. The next addition made to the new bank was the business of Woods, of Newcastle, in 1897, and the Swaledale and Wensleydale Banking Company, in 1899. A further period elapsed before, in 1900, Woodbridge Lacy, Hartland Hibbert & Co., of Uxbridge, were taken in, while on the south coast the Chichester bank of Milbanke, Woodbridge & Co. was absorbed. These increases did not, however, materially alter the scope of the bank. It remained an East Coast system. With the exception of London and Newcastle, it touched none of the larger towns of industrial England. Apart from its Lombard Street and northern business, it was concerned with agriculture and fishing, countryside and seaside. Although

BARCLAYS BANK

risks and resources had been spread over a good many hundred miles, they yet represented a certain similarity of employment for capital and seasonal fluctuation of deposits. The acquiring of Parsons, Thomson & Co., Oxford Old Bank, gave, perhaps, a remarkable monopoly of university town business, but even this hardly ranks as an industry. The next move, in 1902, was in the North, when the J. & J. W. Pease, of Darlington, another 'cousin's' business, and the Richmond (Yorks) bank of Roper & Priestman were joined, as also the York Union Bank, its name implying that it was itself a minor amalgamation reaching to Hull, Whitby, and Beverley.

The year 1904 saw the acquisition of Thomas Ashby & Co., of Stairstes, without altering the sphere of the bank's activities.

In 1905 the first decisive move was made into new country. It embraced the predominant bank in Cornwall, that of Bolitho, with several partners, representing local amalgamations. Hammond & Co., of Newmarket, and Leatham, Tew & Co., of Wakefield, belonged, on the other hand, to Barclay connections, and consolidated rather than spread the bank's influence.

Next, Wooten & Co., of Oxford, was added to the business already possessed in that town, but in 1911 a larger consolidation was achieved in the Stamford, Spalding, and Boston Banking

BARCLAYS BANK

Company, which covered the gap that had previously existed between Hull and Lynn. Itself a grouping of smaller banks, this company was very strong in Lincolnshire, and had extended as far as Peterborough. There can be little doubt that the choice of business it engaged in was restricted, and that, apart from any other considerations, its activities gained by the amalgamation. The next enlargement was that which embraced Simonds & Co., of Reading, in 1913, and Nevile Reid, of Windsor, in 1914.

This closes the second phase of Barclay and Company Limited. The original fourteen banks had been more than doubled. The Northern, East Anglian, and Southern groups of which it had been composed had solidified until the combination had a considerable preponderance in Eastern England, the Thames Valley, and the extreme south-west.

The effect of the war upon banking, as upon everything else, was that of a tremendous stimulus. The owing of immense sums brought a vast increase in banking, for what we glibly call money is, after all, only acknowledged indebtedness. The amalgamations now became wholesale, and the policy of a branch in every town became evident. Large groups of banks, in entirely new districts, the United Counties in 1916, and the London Provincial and South Western in 1918, covered the

BARCLAYS BANK

suburbs of London and Wales, and added over 100 offices each. A further development took place in the following year, when a preponderating interest was acquired in the Union Bank of Manchester and the British Linen Bank in Scotland. The last two family businesses absorbed were those of the Gilletts at Banbury and Oxford, and Tubb & Co., of Bicester. Now that a halt has been called in this process, we may consider the third stage in the growth of the bank complete. The later group amalgamations had made it an all-England institution, no longer localized in certain districts. But how inevitable is that uncertainty which belongs to all human affairs! It may well be that none of the directors of 1899 foresaw the effect of their policy in 1919. It is certain that they had no conception that things could change more outside the bank than within. But so it turned out. In this latter year the enlarged board controlled what was practically a new bank, but, far more important, faced a new public. It is estimated that the investing public trebled in size during the war. An income tax of 4s. and upwards demanded a service that the old shilling or so in the pound never did. The results no less than the experiences of the war made it necessary to do foreign business which had previously been left to certain special houses. In addition to the creation of all these new departments at home

BARCLAYS BANK

and the constant erection of new offices, the French business which Cox & Co., the Army agents, had retained after the armistice, was taken over and became Barclays Bank (Overseas) Ltd., Lloyds taking, a little later, the Indian office. Then in 1925 power was obtained to incorporate the National Bank of South Africa, the Colonial Bank, and the Anglo-Egyptian Bank under the style of Barclays Bank (Dominion Colonial and Overseas). Thus the office in Lombard Street became the focus of an organization reaching throughout Africa and to the farther side of the Atlantic, and, by virtue of its agents, right round the world.

So we arrive at the Barclays Bank Limited—a name which it took in 1917—of to-day. And with all its changes it has retained more of its original characteristics than its peers. Lloyds takes its name from Birmingham, and dates its amalgamation and its foreign policy both by ten years earlier. The Midland, again, represents a different type of amalgamation, an earlier joint-stock form, an opposite tradition of home and foreign policy. Barclays alone preserves some traces of the family business, and maintains a system of local directorships which keeps alive, in many a county town, something of the personal atmosphere of the 'eighties. Interesting indeed may be the future reserved for it, in this new Europe of ours, serving this new public, in this new era of post-war.

BARCLAYS BANK

As one walks down the Lombard Street of to-day, denuded, alas, of its red-coated postmen, its rattling chaises and foam-flecked horses, and recognizes the names, only of the yards from which the coaches of Charles Dickens used to start, one is visited by the impression that these featureless grey stone fronts might almost as well belong to some international impersonal credit corporation! It takes an effort of the imagination to perceive, through all those tons of stone, far beyond the plate-glass sides of those dry aquariums filled with the incessant tick of machines over millions of strips of paper, far away in time and space, in the cool greyness of a Scottish summer, a handsome man in black clothes writing with a quill in a vellum-bound book. Yet there he is, historically present, the founder of the true Barclay tradition, the forerunner of so great a factor in the life of modern England.

HISTORIES OF BANKS (3)

LLOYDS BANK

It has already been said that one of the many peculiarities of English banking is the fact that so much of it has come to London from the provinces. We can see that the basis of Barclays was in certain old county businesses, that the National Provincial and Westminster set out to be what their names imply, that the Midland was a Birmingham bank ; and now we turn to Lloyds we find that this institution has actually had for its early name Birmingham Old Bank.

Of all the banks under review, Lloyds shows the largest and most typical growth. To say that one of the enormous agglomerations that now rule the finance of the globe is larger than another is to invite qualification. Nevertheless, if the matter be looked at from all sides, amount of capital, extent of development, age and influence, Lloyds certainly does seem to be the largest organization in the greatest number of different directions. Its embryo institution in Birmingham is not quite so early as some of the roots from which Barclays has grown, but on the other hand Lloyds was easily the first in the inception of the amalgamation principle, in the transfer of the head office to

LLOYDS BANK

London, and in the establishment of definitely English, as distinct from cosmopolitan, banking offices abroad. Again, Lloyds stands midway between the old private banking dependent on personality and the new finance dependent on adaptability of organization. Essentially private in origin, and for many years apparently preferring to ally with itself the typical private country banks rather than to set up new offices, it has achieved a very economical and complete absorption of its widely dispersed component parts, and has dispensed with local control save for four district committees, local ones for Liverpool and for West Yorkshire; also one for Far Eastern affairs and one for its largest acquisition, the Capital and Counties business.

Of its very early days not much information is available, but that little confirms all that we know of eighteenth- and early nineteenth-century English banking. The Lloyds were Friends, lived in a plain-fronted dwelling-house in Birmingham, were trusted by their religious and business associates, and they prospered. The earlier members of the family took that intense interest in the public, or rather national, aspects of their calling, and corresponded with their co-religionists on that perennial subject, the incapacity of the Government of the day, apparently with effect. They were intermarried with all that momentous

LLOYDS BANK

Third Estate of England, the Barclays, Hanburys, and Hoares. This cannot have failed to exercise an influence on the events which began to move in 1865, nearly a generation before a similar movement affected the competitors of Lloyds. From the date at which Lloyds Birmingham Old Bank and Moilliet & Sons coalesced, hardly a year has passed without considerably adding to the mass which we now know as Lloyds Bank. The detailed list of amalgamation and absorption is as follows :

In 1865, Lloyds & Co., Birmingham Old Bank (established 1765).

„ Moilliet & Sons, Birmingham.

„ P. & H. Williams, Wednesbury Old Bank.

In 1866, Stevenson, Salt & Co., Stafford Old Bank (established 1737).

„ Warwick and Leamington Banking Company.

In 1868, A. Butlin & Son, Rugby Old Bank (established 1791).

In 1872, R. & W. F. Fryer, Wolverhampton Old Bank.

In 1874, Shropshire Banking Company.

In 1879, Coventry and Warwickshire Banking Company.

In 1880, Beck & Co., Shrewsbury and Welshpool Old Bank.

In 1884, Barnettts, Hoares & Co., London (established about 1677).

„ Bosanquet, Salt & Co., London (established 1796).

LLOYDS BANK

- In 1888, Pritchard, Gordon & Co., Broseley and Bridgnorth.
In 1889, Birmingham Joint Stock Bank Limited.
,, Worcester City and County Banking Company Limited.
In 1890, Wilkins & Co., Old Bank, Brecon, Cardiff, etc. (established 1778).
,, Beechings & Co., Tunbridge Wells, Hastings, etc.
In 1891, Praeds & Co., London (established 1802).
,, Cobb & Co., Margate, etc. (established 1785).
,, Hart, Fellows & Co., Nottingham (established 1808).
In 1892, R. Twining & Co., London (established 1824).
,, Bristol and West of England Bank Limited.
In 1893, Curteis, Pomfret & Co., Rye (established 1790).
,, Herries, Farquhar & Co., London (established 1770).
In 1894, Bromage & Co., Old Bank, Monmouth (established 1819).
In 1895, Paget & Co., Leicester Bank (established 1825).
In 1897, County of Gloucester Bank Limited.
,, Williams & Co., Chester, etc. (established 1792).
In 1898, Jenner & Co., Sandgate and Shorncliffe Bank
In 1899, Burton Union Bank Limited.
,, Stephens, Blandy & Co., Reading, etc. (established 1790).
In 1900, Vivian, Kitson & Co., Torquay Bank (established 1832).
,, Liverpool Union Bank Limited.

LLOYDS BANK

- In 1900, Cunliffes, Brooks & Co., Manchester, etc.
(established 1792).
- „ Brooks & Co., London.
- „ William Williams Brown & Co., Leeds
(established 1813).
- „ Brown, Janson & Co., London (established
1813).
- In 1902, Bucks and Oxon Union Bank Limited.
- „ Pomfret, Burra & Co., Ashford Bank (estab-
lished 1791).
- In 1903, Hodgkin, Barnett & Co., Newcastle-upon-
Tyne, etc.
- „ Grant and Maddison's Union Banking Com-
pany Limited.
- In 1905, Hedges, Wells & Co., Wallingford Bank
(established 1797).
- In 1906, Devon and Cornwall Banking Company
Limited.
- In 1908, Lambton & Co., Newcastle-upon-Tyne, etc.
(established 1788).
- In 1909, David Jones & Co., Llandovery, etc. (estab-
lished 1800).
- In 1911, Hill & Sons, West Smithfield, E.C., etc.
(established 1825).
- In 1912, Peacock, Willson & Co., Sleaford, etc.
(established 1792).
- In 1914, Wilts and Dorset Banking Company Limited
(established 1835).
- In 1918, Capital and Counties Bank Limited (estab-
lished 1834).
- In 1919, West Yorkshire Bank Limited (established
1829).
- In 1921, Fox, Fowler & Co., Wellington (Som.), etc.
(established 1787).

LLOYDS BANK

In 1923, Cox & Co., London, etc. (established 1758).
,, Henry S. King & Co., London, etc. (established 1816).

From this list it will be seen how essentially Midland the business was for the first twenty years of expansion, coinciding with the growing importance of the industrial counties of the district, but local in outlook. How portentous is the move of 1884, first confession of that fact now becoming daily more obvious to us, that finance is more adaptable than industry, is independent of the fixed site and local conditions, can move round the world as the latter can never do. About this time came the decisive step that made Lloyds a great English bank instead of merely a solid Midland business, and it is greatly to the credit of the management of those days that they so early saw that the bank would inevitably be called 'Lloyds' and 'made it so' instead of leaving the public to struggle for years with a title of botanic length and sonority. It was in 1890 that, doubtless under the new influence of wide scope and broader ideas, the amalgamations overflowed into Wales and Kent. This satisfied the ambition or possibly filled the hands of the then directorate, and for some years they looked no further afield, but in 1897 and 1900 it is noticeable that their operations had extended as far as Chester and

LLOYDS BANK

Torquay, and had been doubled in London itself. In 1900, too, they entered Leeds, Liverpool, and Manchester, but the turning-point of the amalgamation policy lies rather with the entry into the Tyne Valley in 1903. In 1908 they acquired another Newcastle bank (Lambton's), but, apart from this, a map of their distribution in England, published as late as 1914, shows strikingly how they had avoided the Barclay territory. All such niceties disappeared in the post-war atmosphere. The taking over of the Capital and Counties (itself simply a series of amalgamations) made Lloyds an all-England bank.

The process, as we now know, could not stop there. Pioneers in many things, Lloyds had been the first essentially big English bank to go abroad. In 1911 they had taken over a small English bank in Paris, Armstrong's, and this rapidly grew into Lloyds Bank (France) Ltd., and National Provincial Bank (France) Ltd., a title assumed in 1917. More dramatic, however, was the taking over of Cox & Co., who handled so much Army pay, and who had just been joined by Henry S. King & Co., the India agents. This made Lloyds the first English bank to go clean out of Europe. It is even doubtful if English is the correct term to apply to modern Lloyds. It has preponderating association (doubtless in this instance imperatively substituted for the

LLOYDS BANK

unwieldy amalgamation) with the National Bank of Scotland, the Bank of London and South America (the old River Plate Bank), and further with the National Bank of New Zealand and the Bank of British West Africa. It has, of course, the usual agency arrangements, nowadays so numerous that any omission would be far more remarkable than a list of ubiquity.

This, then, is the Greatest Common Measure of English banking. In Lloyds we have everything, antiquity and comprehensiveness, the Quaker name, the world-wide dispersal, the stupefying figures of the balance sheet, that get farther and farther from reality every year, and the very real, necessary, and ever-present fact of a great credit institution that can provide facilities never before dreamed of in the world, and without which twentieth-century civilization could not outlast a week. Lloyds have rebuilt their head office in Lombard Street; this marks the final stage in extensive development. There are no new banking worlds to conquer. Further evolution must be intensive. We may be sure that in this, as in all else, wherever it may lead, Lloyds will be prominently represented.

HISTORIES OF BANKS (4)

• THE MIDLAND

IN any survey of the banking system of England, the Bank of England has a natural precedence. Next come the Big Five, falling naturally into the Major Three, and two rather smaller institutions. The Major Three in turn resolve themselves into two, which have retained the names and some of the characteristics of the old private banking tradition and largely Quaker foundation.

Having surveyed these—Barclays and Lloyds—the inquiring mind naturally turns to the completest possible contrast, to be found in the history and character of the Midland Bank.

There is hardly a point at which this, in some respects the largest of the enormous modern combinations, does not stand in the sharpest relief against its peers. It may not be fanciful to recall its first title—Birmingham and Midland—and to suggest that its distinctive policy is, in some measure, due to the cast of the business mind in the centre of England. So, in that district where there is the least domination by landowning families and staple industries, the early policy of the Midland may have received its determining

THE MIDLAND

stamp. And most astonishingly has it retained that impress. Not only does it lack a personal name, but it is controlled more than any other without the delegation of any considerable authority to local boards or committees, or by retaining intact the organization of the smaller, and in some cases older, firms that it has absorbed. Essentially commercial, rather than agricultural or seafaring, in its early dealings, and having necessarily a shorter period of inheritance of ancient family connections, it built up, among the smaller or moderate-sized businesses of the centre of England, its method of dealing with the individual according to the figures he could show. The last two decades of extraordinary development have tended to obliterate these differences ; yet even to this day the Midland stands, more than any other, differentiated from its fellows.

And here comes the paradox. The Midland, always ' Joint Stock ' and never ' Private ' in type, most impersonal in its view, is perhaps most personal in its dealings. And, most astonishingly, no bank owes so much to one individual's genius.

Edward Holden (granted a baronetcy in 1909) joined the bank in 1881, and appears already to have been powerful in 1891, as his name is associated with the first important amalgamations and the removal of the head office to London. In 1898 he became manag-

THE MIDLAND

ing director of the newly named London City and Midland. It has been usual to qualify the influence of Sir Edward Holden by the statement that the management has always been 'democratic'; that power has always been delegated to assistant general managers and similar brevet ranks. The truth is that, in the Midland, unhampered by some of the conditions of the older institutions, it was possible to select the man for the job, to train his successor with longer sight and surer forecast than is sometimes the case. Ideas like the amalgamation policy, the inception of a Foreign Exchange Department in 1905, and the choice of an ex-Cabinet Minister to succeed the then chairman, do not occur to committees. The name of Holden will be associated with them despite the modesty which has so far deprived the public of any biography of that remarkable man. Yet his life is of paramount importance in any consideration of the bank he influenced, controlled, and largely made, and it has all the interest that attaches to those now-gigantic-seeming nineteenth-century figures that we may regret or deplore, but which, we must all admit, we cannot breed in our generation.

His type was peculiar to England and North America. Liberal in politics, he has that size and weight in his public, that touching simplicity in his private, life that we all associate

THE MIDLAND

with his kind. The man who believed in competition, and took care that no one could compete with him in banking amalgamation or in personal effort, was the man who married the sweetheart of his boyhood, and insisted on her reading and discussing with him all those subjects the mastery of which made him so considerable a figure in the war decade. He cared for nothing but 'shop,' talked it at all hours, took it to his bedside in the form of books, filled his holidays with it. That is precisely what any working bank clerk feels about the Midland.

Sir Edward Holden is said to have been kind-hearted, generous, and self-forgotten. There is every evidence that he was. But that has to be reconciled with the rest of him—an implacability, a directness that we cannot believe brooked much argument. He consulted with others; could manage, tactfully, delicate missions. Did he ever wait to be advised or give way on any vital point?

There is a fashion, now, to call his power democratic.

Let us leave it that he knew how to choose his subordinates; and let any who wish to, call them democrats.

The general history of the Midland runs nearer to the parallel course pursued by Barclays and Lloyds, and subsequently by the others of the Big Five and the Northern group.

THE MIDLAND

The actual root of that enormous growth which is known to-day as the Midland is the Birmingham and Midland Bank, established in Birmingham in 1836, a year of great activity in the setting up of the newly conceived joint-stock organizations of those days, and followed by one of the severest of those periodical disasters that so impressed the imagination of the nineteenth-century economist. The resulting panic, Parliamentary inquiry, and general readjustment, were hardly favourable to young joint-stock enterprise, and it is not until 1851 that we find the first move characteristic of later activity. This was to take in Bate & Robins' Stourbridge Old Bank. How tentative was then the policy can be judged by the fact that a decade elapsed before any similar addition was made—that of Nichols, Baker & Crane, of Bewdley. There followed an even longer gap before the absorption of the Union Bank of Birmingham in 1883, and of the Leamington and Warwickshire Banking Company in 1889.

But the time for the new policy was slowly coming. Legislation gave greater facility, and in 1891 the Birmingham and Midland, having taken in the Leeds and County, Exchange, and the Derby Commercial Banks, became the London and Midland, by amalgamation with the Central Bank of London, when the head office was transferred from Birmingham to London.

THE MIDLAND

The game was now fairly started, and from this date hardly a year passed without some change in the composition, if not in the name, of the rapidly growing combination. Lacy, Hartland, Woodbridge & Co.'s Smithfield business was directly joined, and in 1892 the Manchester Joint Stock, earlier incorporated with Robertson, Fraser & Co. In 1893 the Bank of Westmorland, and in 1894 the Preston Banking Company, came in to strengthen the Lancashire and Northern connection; 1896 carried the new company to Carlisle, and 1897 to the Channel Isles, Huddersfield, and Liverpool.

By this time Barclays had followed where Lloyds had originally led, and the expansion of the amalgamation policy took on almost the aspect of a race.

In 1898, upon the absorption of the City Bank, the then title was changed to the long-familiar London City and Midland, and in the following year the newly formed City of Birmingham was taken in. There followed the fusion of the Leicestershire Banking Company. The Oldham Joint Stock Bank, which had already taken over a similar Rochdale institution, had increased the Lancashire connection, and two years later further junction in Yorkshire was made with the Yorkshire Banking Company, Yorkshire District Bank, and Sheffield Union Bank.

THE MIDLAND

Alongside the increase by amalgamation there was always the more arduous alternative of opening new offices in districts hitherto untapped, and this may partially account for the fact that no further absorption took place until that of the Nottingham Joint Stock in 1905. In 1908 the North and South Wales was taken over, and in 1910 the Bradford Banking Company. In 1913 the Sheffield and Hallamshire, and the Lincoln and Lindsey merged their identity only as a prelude to a much more important step when, in 1914, there was added the Metropolitan, itself an amalgamation of sixteen banks, or earlier amalgamations, embracing Bridgnorth, Coventry, Derby, Stafford, and Walsall, together with the Birmingham Banking Company, with its six subsidiaries, and a considerable further Welsh connection.

The war necessarily stabilized matters for some time, but only to let loose, at the armistice, the final phase of the amalgamation policy. In 1918, the taking over of the London Joint Stock, an earlier formation of 1836, which, besides opening new offices, had acquired the York City and County Bank, with a connection reaching from the Yorkshire coast towns to Durham and Cumberland, necessitated, because of the age and standing of this bank, a further change of name. The cumbrous title of London Joint City and Midland, which was now assumed, was, in 1923, very sensibly

THE MIDLAND

shortened by the directors to the historic and handy title of 'Midland,' a process which canonized the usage which the clearing clerks had established some thirty years previously.

Thus ran the extraordinary process which reduced the banks of England from some two thousand, licensed at various dates, to the few groups left to-day. Post-war development was, therefore, forced into new fields. The more obvious opportunities for fresh extension were the neighbouring systems of Scotland and Ireland. The Midland acquired a controlling interest in the Belfast Banking Company in 1917; in 1920 in that of the Clydesdale Bank; and in 1923 in the North of Scotland. But even more remarkable changes were on foot. The suppression of certain European establishments during the war had left the foreign banking field open for the first time to what had been purely domestic banks. In this, as in so much else, the Midland policy was distinctive. Where other big banks opened offices, or purchased subsidiaries in various foreign countries, the Midland simply entered into mutual arrangement with leading foreign banks abroad, becoming their bankers and opening accounts with them, the idea being to work through the bank native to the soil, rather than to compete with it.

The Midland were also early exponents of the new post-war activities. The Trustee

THE MIDLAND

Department, founded in imitation of the Public Trustee, the New Issue business, the great increase in Stock Exchange securities, all made noteworthy additions to the pre-war conception of a bank's functions. Two others may be mentioned that are of peculiarly Midland inception—the Home Safe and the Chequelet—for the propagation of saving, and for the encouragement of the small and commencing commercial business respectively.

Such is the organization which has grown out of the Birmingham and Midland Bank of 1836. It has now 65,000 shareholders, nearly 2000 branches (including three in Atlantic liners), £12,000,000 paid-up capital, and a very distinctive policy of its own.

HISTORIES OF BANKS (5)

MARTINS BANK

THAT the entire vitality of English banking does not reside exclusively in the Big Five is proved abundantly by the story of Martins Bank. This institution has never been one haunting the limelight that has been poured on many a younger bank. It might have been supposed that its directors sought obscurity, so little has been heard of this, one of the oldest of the private banks. Indeed, had it not been for the misfortune of destruction by fire, its records might go back as far as any. As it is, there are balance sheets of a primitive sort available from the seventeen-thirties, by which time a firm of the present name was established upon what, making allowance for that saraband of rebuilding that Lombard Street is always dancing, is approximately its present site. The Grasshopper sign is less certainly derived from the great Gresham of the Royal Exchange, but has been so long and so conspicuous a landmark, that its own legend is remarkable enough with or without fabulous pre-history.

Martins Bank has passed through every stage in the long evolution of British banking. Deriving from a goldsmith's counter, it was one of the old private partnerships of London,

MARTINS BANK

was known to Pepys and Gay, shared in the lotteries and other adventures of the eighteenth century. It subscribed to charities for French *émigrés*, for sufferers by West Indian fires; and by the loss of the *Royal George*, for the wounded seamen of the Glorious First of June, and the Battle of Camperdown. It made 'voluntary contributions' to the Hessian Forces in America, the suppression of the Mutiny of the Nore (and also for a sermon on the same), and the Battle of the Nile. Captain Cook also figures in its ledgers, along with the nobility and gentry, and—many times—our embarrassed Government.

How near Martins Bank was to forestalling the policy of the Big Five is shown by the fact that, in the 'eighties, it opened five branches in West Kent, but for some reason stopped there, and opened no others. In 1918 it was constrained to follow where it had led, and amalgamated with the Bank of Liverpool. Thus we have the curious development of an essentially London bank becoming one of the Northern group, a classification it has now confirmed by its most recent step. Very sensibly, the directors have come into line in the matter, far more important than it may seem, of reverting to a brief, plain, intelligible title in place of the ponderous nomenclature that all our big banks have acquired through the amalgamation process.

HISTORIES OF BANKS (6)

THE DISTRICT BANK

THE general student of British banking, who has no very intimate and special knowledge of the unique institutions of our financial world, may be pardoned if he is so impressed by the size and solidity of the Big Five that it is necessary to call his attention to the fact that, despite the inevitable, and on the whole fortunate, march of events of the first two decades of the twentieth century, there still lies, in the north of England, a large and important banking area which has retained a local credit structure of its own making, and adapted to its own conditions.

Among the group of surviving northern banks, none is more interesting and typical than the District Bank. It is of a genus other than those great eighteenth-century houses of Quaker inception. It owed its beginnings in 1829 to the brains of an Irishman and the experience of a Scotsman imported from the National Bank of Scotland. The former, native figure of that impetuous third decade of the nineteenth century that saw so much suddenly released prosperity mount on the impetus of that post-war era, and so much ruin and misery follow in its train, had already been

THE DISTRICT BANK

engaged in other banking promotions, and had hardly set the new bank on its feet before he began to look elsewhere for a field for his restless energy. His epitaph is written in the words 'emigrated to Australia in 1843.' If, therefore, some outside element may be observed, bringing, as it were, a vitalizing spark to the solid and slower-moving Lancashire mentality, it soon disappeared. In fact, from the outset the business was never in any sense a one-man or private organization. On the contrary, it was set up under the then existing Joint Stock Legislation. Its original capital was three millions, in hundred-pound shares, of which one pound was paid on application, and instalments of ten pounds as required. Even to-day, the paid-up capital only represents twenty per cent. of that subscribed. Its first promoters, a hatter, Christy, connected with the London house of that name, and one of the Birmingham Lloyds, had a small private bank at the old Arden Mansion in Stockport. Actuated by their genius, Macardy, and under the presidency of a local surgeon, they formed the bank at the Palace Inn, Manchester, on the 15th April 1829. The shares were by no means bandied about, but doled out by local lawyers to persons thought deserving of the honour.

By December the First it was possible to make a start at Norfolk Street, Manchester,

THE DISTRICT BANK

and in the above-mentioned historic premises at Stockport, under the title of the Manchester and Liverpool District Bank, which served until 1924, when, in accordance with a very healthy fashion which then came into vogue, of canonizing the actual name by which the clerks at the clearing and the customers in the street called their respective banks, it was officially baptized in its present name.

By 1830 it had done so well that branches were opened in Oldham, Liverpool, Nantwich, and Hanley. Herein we see the hand of Macardy, who had previously promoted the Bank of Manchester, a firm that became part of the Consolidated Bank in 1863 and thus of Parrs in 1896, and is now therefore incorporated as a mere memory in the accumulation known as the Westminster Bank.

But the Bank of Manchester of those days shared a common and persistent prejudice against branches, which caused the volatile Macardy abruptly to throw himself into the promotion of the District Bank. One can only hope that some justice is done to him upon his antipodean tombstone, to testify once more how wrong it is to be right a hundred years before the world is ready for you.

The District Bank, however, survived him very well, and weaned Lancashire to the use of notes, no mean achievement in that area of bill-currency. This means little enough to

THE DISTRICT BANK

the modern reader, nor is he easily impressed by the fashion in which the earlier branches maintained separate London agents. Some of it was mere old fashion, some of it prejudice, and one wonders how much of it was prudence. For those days were not the days we know, of gigantic reserve funds and an implicit Government guarantee. Banks then could and did break, and none more resoundingly than Overend, Gurney & Co. The ruin was widespread, and marks one of those classic occasions which nineteenth-century economists called 'Credit Cycles' and tried to foretell by sun-spots, or explain by good or bad harvests. The fact that this catastrophe caused the District Bank to diminish one yearly dividend only, shows at once that the bank was involved, and that the directors were able to right the ship in time. By 1885 danger from London agents was put an end to by the opening of a London office in Cornhill.

Meanwhile, the bank, true to its progressive character, had been affected by the amalgamation that is so characteristic of British banking. The District purchased the Nantwich and South Cheshire Bank.

This early start they maintained, and in 1863 acquired Loyd, Entwisle, Bury & Jervis, a house chiefly remembered for the fact that it was the office in which Samuel Jones Loyd, afterwards Lord Overstone, a founder

THE DISTRICT BANK

of the Westminster Bank, and one of the framers of the celebrated Bank Act of 1844, learned his banking. Little remembered now, he was sufficiently famous to be cited by Dickens, and to assist in placing upon the Statute Book the above Act, our most cherished anomaly.

So the story goes on, telling of the arming of clerks against the Fenians, and the difficulties occasioned in the cotton trade by the American Civil War. The domestic growth is steady. The Manchester Clearing was organized in 1872, and in 1880—surprisingly early—the District became a Limited Company.

Other amalgamations followed, and it is not surprising that more commodious premises had to be sought, as far as the Manchester business was concerned, and were found in Spring Gardens. These, again, had to be rebuilt and then further extended.

Now the District has celebrated its hundredth birthday. Few engaged to-day in the profession can realize the pride that the directors must feel, not merely in their bank's having survived the vicissitudes of a hundred chequered years, but in the way in which its local individual character has been maintained against its gigantic competitors, a monument of Lancashire independence. It has now close on four hundred branches, nearly nine thousand shareholders, and ranks seventh largest bank in

THE DISTRICT BANK

England—this is to say, next to the Big Five and Martins. It has now all the usual extra departments of the post-war era, and has followed the practice of levelling its Reserve Fund up to the amount of its paid-up capital.

It is a pity that Paddy Macardy and Mr. Christy the latter could not have been present at the celebrations.

HISTORIES OF BANKS (7)

BANKING IN SCOTLAND

It is hardly possible to approach this subject without referring to Mr. Andrew William Kerr's *History of Banking in Scotland*, Fourth Edition, revised and enlarged, issued by A. & C. Black in 1926. The first impression conveyed by this thick, well-produced volume is that of the excessive nationalism of Scotland. Nor does it lessen with perusal. Here is a country, divided by no trenchant physical boundary from our own, one in loyalty and language, yet preserving a culture and institutional organization as distinct from ours as is that of France. In the particular subject of the book, the distinction is even more marked than would be that between a history of English and French banking. This is no unconscious trend. It is deliberate. On page 4, Mr. Kerr, who originally wrote the first twenty-eight chapters in 1884, and has been assisted by the addition of five others in 1917 and in 1926 by Mr. F. H. Allan of the Bank of Scotland, points out how fortunate has been Scotland's avoidance of the errors into which England fell, in the matter of establishment of her first joint-stock, and incidentally her national bank. Nor is this mere crowing of the Cock o' the

BANKING IN SCOTLAND

North. Mr. Kerr develops the idea with a logic that is worthy of theology in the ensuing pages, pointing out that—

Banking in England has been crippled and enfeebled by the pernicious monopolies granted to, and the onerous responsibilities imposed upon, its first joint-stock bank; while in Scotland the banking system has been developed and matured under natural and unfettered conditions. Thus, south of the Tweed, banking legislation, in a series of makeshift patches, has produced a multiplicity of conflicting interests which have to be subjected to periodical readjustment, in order to preserve even partial satisfaction among the unequally weighted competitors. In the history of banking in Scotland, on the other hand, there is comparatively little trace of unequal legislative treatment—all the banks competing in most essential points under similar conditions. What unfairness actually exists is due entirely to the introduction of English ideas, and is limited, for the most part, to the department of note-issuing, as regulated by the Act of 1845.

Take that, you Sassenachs!

Well, we may take it. The cardinal vice of English banking is not yet introspection. It is rather an undue complacency at having muddled through in our well-known English manner. Besides, Mr. Kerr means it all for our good. Speaking of the refusal of the Scottish Parliament to renew the exclusive privileges of the Bank of Scotland, privileges

BANKING IN SCOTLAND

roughly analogous to those enjoyed by the Bank of England, he says :—

Had a similar course been pursued in England—had the exclusive privileges of the Bank of England been withdrawn as soon as its probation was over, the roll of English bankers would have been much less melancholy a catalogue than it has proved to be. . . .

One has often wondered at the sombre appearance of those imposing frontages of Lombard Street and the adjacent alleys. Now one knows. They are in mourning.

However, a paragraph inserted, one supposes, in one of the later editions, admits :—

This condition has, however, been greatly modified during recent years by the numerous amalgamations which now constitute such great corporations as Lloyds Bank, Barclays Bank, Parrs Bank, and the London City and Midland Bank.

The condition referred to was apparently the smallness of the average private bank in the country town. We Southrons may not have noticed it, but so far as thorough logic goes, Mr. Kerr is quite right. The field of activity of the English private banker was limited and his dangers proportionately increased. And there is another thing that is in Mr. Kerr's mind more than in ours, and that is the note issue. In England, this has practically passed out of the consciousness of

BANKING IN SCOTLAND

the present generation of the banking community. But here we are peculiar, Mr. Kerr and his Scots are not. With them are ranged all the systems of the Continent, America, and the Colonies. The last two categories might almost be included with Scottish banks, so heavy is the proportion of Scottish names on the list of their officials.

In the main, however, the modern student of banking will read these opening pages with a historical rather than a practical interest. The smallness of the private bank is a curiosity, vaguely remembered. The vexations of the currency question of which Mr. Kerr laments seem unimportant in the light of war and post-war years. What Mr. Kerr does so well, is to call up before the eyes of any one who knows Edinburgh the visible beginnings and varying fortunes of the banks of the northern capital—for to Mr. Kerr, if not to Mr. Allan, Scottish banking is Edinburgh banking. In that clear and nearly always cold air, in those solid streets of stone, of which the oldest seems more planned than the meanderings of an English street, the Bank of Scotland (the 'Old Bank') and the Royal Bank of Scotland (the 'New Bank') were duly instituted by the proper legal processes, and housed in suitable buildings. The very way in which he speaks of them reminds one of any minister's description of the National Church as The Church of

BANKING IN SCOTLAND

Scotland by Law Established, lest one forget. Gradually these institutions were joined by a handful of private ventures, all of whose offices lay along the 'Royal Mile' that descends from the Castle bridge by the Canongate to Holyrood. Having survived a visit of the French fleet to the mouth of the Forth, and the rebellion of '45, when they took refuge in the Castle, and refused to be tempted out by the blandishments of Charles Edward, in the comparatively palmy days of the Regency the banking offices moved, with much else of the vitality of Edinburgh, to that wonderful new town, where to-day, in St. Andrew Square and the adjoining magnificent streets, most of the head offices are to be found. Here we see another radical difference from English banking. The private banks of Scotland were few, almost uniformly unfortunate, and have completely disappeared, without leaving a name or a trace. Of the eight banks that remain, five incorporate the words 'of Scotland' in their title, and are founded upon something more than mere registration as limited companies. This brings out an important point apt to be overlooked in our post-war epoch. In Scotland, you do not bank with a private firm because you know the partners to be gentlemen with landed property. That is an English habit. Up north, you bank with a corporation because it is well and firmly established by law and custom. There

BANKING IN SCOTLAND

is a stern necessity behind this. Scotland, to-day so rich and honoured, was, even a century and a half ago, poor and suspect. This is revealed by the curiosities of the note issue. With a currency which begins at a penny scots, one-third of a farthing, the difficulties of maintaining a sufficient circulation had to be met by the issue of notes for portions of a pound. Some of these were even paid in part, and in kind. What sort of havoc might have been wrought by irresponsible individuals with such a system to their hands is easily imagined. It was therefore a saving grace that Scottish banking was, on the whole, large and impersonal in conception. And wonderfully has it served its country. England flourished in pre-banking days. Banks were required in England to house and facilitate the use of wealth that was already there. Banking has made the present prosperity of Scotland. It had to create credit for a commerce which hardly existed. The author of that well-known rhyme—

A Knight of *Cales*, a shentelman of Wales,
A Laird of the North Countree;
A Yeoman of Kent, with his yearly rent
Can buy them out, all three.

would be astonished if he compared the yeoman and the laird to-day. And this brings us to the one point in which Mr. Kerr's book,

BANKING IN SCOTLAND

even revised up to date, seems a little out of proportion. It is in his treatment of Glasgow. It may be that this is merely a survival of the tribal spirit, so extraordinary in a well-read, English-speaking gentleman, which makes Mr. Kerr head one of his chapters 'The raid on England,' a heading unimaginable in an English history. One can allow for pugnacity in defence of a theory; on the other hand, it is out of place when it distorts history. Edinburgh is very beautiful, very ancient, and has kept pace with advancing civilization remarkably well. But it is still a city of less than half a million people. Glasgow is, with Bombay, Montreal, Johannesburg, and Sydney, one of the great commercial centres of the world. You would never guess it from Mr. Kerr's pages. True, the three great crashes of Scottish banking all occurred on the Clyde. The last of them, though, was fifty years ago, and might as well have been five hundred for any trace that it has left upon the meteoric prosperity of the second largest town in Great Britain. The mischief is that Mr. Kerr's book may survive Glasgow, and the student of the future be led astray.

There is little else with which one may quarrel. There are thrilling chapters on forgery and illicit coinage, on murder and robbery (as applied to banks), a brief but necessary glance at the Scottish Institute of Bankers,

BANKING IN SCOTLAND

and the position of bank staffs. There are useful appendices and a thorough index. A glossary, however, is not provided. This is a mistake. No Englishman knows what Leasom, Allenarly, and Horning mean. Let us supply the omission.

Leasom is lawful—leaseable.

· Allenarly—‘Alone’ or ‘only’—to the parties aforesaid ‘Allenarly.’ Obsolete except in Scotch Conveyancing.

Horning—Summary Execution by Letters of—‘These were the first step of the old process under which the arrest of a Debtor was competent. By a legal fiction no person could be imprisoned for debt. But on the application of the Creditor a legal demand, running in the Sovereign’s name and passing the Signet, was made upon the Debtor to pay within a certain period, and if this was disregarded, the Debtor was denounced at the Market Cross of the Sherifffdom as a rebel to the King, for having disobeyed the royal command to make payment to the Creditor. This ceremony was performed after three separate blasts of the horn. The instrument which embodied the charge to pay, and the form in which it was framed, and the command of the Sovereign to proceed to denunciation and horning, were called “Letters of Horning,” and on the execution and registration of these letters, caption followed, in virtue of which the Creditor could

BANKING IN SCOTLAND

proceed to apprehend and incarcerate the Debtor.'

These cumbrous and complicated forms, though by no means abolished, were practically superseded by the provisions of the 'Personal Diligence (Scotland) Act,' 1 and 2 Vict. c. 114, ss. 5 and 6.

There is an admirable conclusion summarizing

the features which have made Scottish banking conspicuous among the banking systems of the world. Perhaps the chief of these is suitability to the circumstances of the country and the genius of the nation.

And again:—

The nation was extremely poor, with a debased and insufficient currency. Even the small amount of capital at first put into the banking business was a great boon to the people, but it was the note issues, founded on the credit of the banks, that actually gave the impulse to trade.

Mr. Kerr certainly has the laugh at us when he points out that in 1914 Scotland had her £1 notes in circulation. England had to invent and establish hers.

Mr. Kerr may well be as proud of his book as he is of his 'national' banks.

HISTORIES OF BANKS (8)

THE BRITISH LINEN BANK

THE eight Scottish banks fall into two classes : three are chartered, and the others limited companies. This is the true distinction. As in so many other directions in Scotland, the more modern developments which have led some of the one class and some of the other to accept various affiliating arrangements with the larger English institutions are superficial rather than vital. Nothing is more remarkable than the way in which Scottish law and commercial habit, Scottish character, in a word, have persisted in spite of parliamentary, geographical, and economic union with the other inhabitants of our island.

Although most of the proprietors of the British Linen Bank now hold their rights in the form of shares of Barclays Bank Limited, the bank remains essentially a Scottish bank. *Nemo me impune lacessit* might be written on the headings of its ledgers and the minutes of its board. Nor is the reason far to seek. The history of the bank, although not the longest in that of Scottish banking, is also a history of the rise of that remarkable nation north of the Tweed, from poverty, obscurity, warfare, and considerable leaning towards France rather

THE BRITISH LINEN BANK

than England, to its present high position in the composition of the British Empire.

Founded by Royal Charter on July 6, 1746, three months after the battle of Culloden, the company was designed to foster the languishing linen trade, and actually began business in that line, but so successfully that, after seventeen years, it was decided to confine its operations to banking. The preamble to the first charter recites the names of the group of Scottish nobles and notables to whom the inception of the first idea was due, and also those of John Coutts of Coutts Bank, Alderman Beckford, and William Tod of London, the latter and Ebenezer MacCulloch being first managers.

There have been granted various enlarging and confirming charters, by which the capital has been increased from the original £100,000 to £1,250,000, and the present name adopted. The one thing that has not been altered is the Edinburgh direction, of which Lord Rosebery was, until his death, the titular head. The actual site of the head office has, however, moved with the development of the best-planned city in Europe, for the doors were first opened in the New Port (now covered by the Waverley Station). In 1753 it leased the historic Moray House in the Canongate, in the summer-house in the garden of which the signatories to the Treaty of Union met, and

THE BRITISH LINEN BANK

were forced to complete their work in the cellar in the High Street, on account of the mob. From this the next move was to the town residence of the Marquess of Tweeddale, the scene of that remarkable robbery and murder of the bank's messenger, in 1806. In 1808 the Earl of Dalhousie's residence in St. Andrew Square was bought, and here the present head office has developed, amid all the classic beauty of the New Town. There is certainly no boardroom in London with such interior dignity, such an outlook, and very few with such associations. Here hang portraits of past governors and managers: one, Mr. Gilchrist, by Raeburn, and one, the second Duke of Abercorn, by Herkomer.

It must, however, have been from the office in the Canongate that David Balfour, on August 25, 1751, came forth, a porter attending him with a bag of money and some of the chief of these merchants 'bowing me from their doors'; for so says Robert Louis Stevenson, who could not lie, but who told what some may regard as a sort of super-truth, for, granted the characters and plot of *Catriona*, this was the place, undoubtedly, where such a scene would occur.

Less explicit is the end of *Kidnapped*, where the same Scottish hero declares:

'The hand of Providence brought me to the very doors of the British Linen Company's Bank.'

THE BRITISH LINEN BANK

Older yet, and more in the national vein of 'Touch me who dares!' run the words in *Redgauntlet*:

"'London correspondents!' said Mr. Maxwell, "and pray what the Devil have the people of Auld Reekie to do with London correspondents?'"

The note is added:

'Not much in these days, for within my recollection the London Post was brought north in a small mail-cart with one single letter for Edinburgh, addressed to the Manager of the British Linen Company.'

Here, surely, the novelist has exceeded his licence. The London office was always a necessary part of the equipment of the concern, was envisaged in the original charter, and still exists.

More recent has been the gradual establishment of 195 offices, some of them so remote and removed by the lie of the land (and sea) that it still takes more than two days for the daily letter to reach them, and sometimes no communication is possible.

The amalgamation policy has been less to the fore in Scotland, and the taking over of the Paisley Banking Company in 1837 is the only capture by the British Linen Bank.

The Edinburgh tradition, however, survives in the Pallas design of the original seal, and the progressive mind in the record of the

THE BRITISH LINEN BANK

lady secretary, surely the first so employed in these islands, who was found in 1770 to be enjoying the then considerable stipend of £300 per annum.

To the English mind, though, nothing is so essentially Scottish as the retention of the note issue. This function was one of the first assumed by the British Linen Bank, when the company still traded in that article, and was its first step towards banking. It is a most curious thing that an irrelevant line of demarcation such as the River Tweed should, in effect, become an economic boundary. But so it is. The Boards of the Scottish banks are still convinced that their note issues are necessary to the sufficient circulation of their country, now, just as when, before 1816, the coined currency was as diverse as it was dubious, and just as when, before 1914, no national issue under £5 was available.

Perhaps the secret is again to be found in the Scottish character, both of banker and customer. At any rate, the note issues exist, not the least of them that of the British Linen Bank. The advantages are known and appreciated locally. The disadvantages are to be seen in the long list of forgeries and thefts for the detection of which heavy rewards have been offered. And how strange an article of equipment is that great stove, still regularly in use at St. Andrew Square, in which, under immediate

THE BRITISH LINEN BANK

supervision of the directors, the cancelled notes are effectually destroyed.

Other curiosities abound, as in all banks that have retained a strong individual character. The order for the procuring of substitutes for members of the staff balloted into the militia of 1831, for instance; and there lingers also the memory of the answer to an inquiry for a character: 'If good for fifty pounds?' which ran: 'Say pence, and then use caution!'

This leads us back to our starting-point in this survey of the British Linen Bank, namely, its national character. Its life of 182 years synchronizes with the transformation of a poor, alienated, and distracted country into a worthy second partner in the British comity of nations.

The strength of the British Linen Bank lies between Edinburgh, Glasgow, and the Border, where the change of two centuries of progress has been most marked. From succouring a dying industry, the bank has come to deal in all classes of business for a clientele whose individual energy and wealth are second to none. In agriculture at home, in far Colonial or Eastern adventure, in civic development or mineral wealth, this district is as vital as any in the world. The British Linen Bank is of it and has grown with it.

Therein lies no small achievement.

HISTORIES OF BANKS (9)

THE ROYAL BANK OF SCOTLAND¹

VERY properly, the histories of our great financial institutions are beginning to be written. In England, Barclays and certain of the old private banks of the counties have put on record the story of their early days, with portraits of their founders, thus giving us a practical measure of the immense distances traversed in two centuries, and the erection of that great system of promises called Credit, upon which, save for a tiny fraction of silver and bronze small change that circulates from retail shops and services round through the banks, the complex civilization of the United Kingdom depends.

Of the great English institutions that have come into being during the last thirty years, only Barclays has as yet published anything at all commensurate in interest with this history of the Royal Bank of Scotland. Most advisable it would seem that the habit should become more general. The subject of finance generally is being accorded, increasingly, every day, its proper importance. The study of it by original records and practical experience is

¹ *The History of the Royal Bank of Scotland, 1727-1927*, by Neil Munro. Privately printed by R. & R. Clark Ltd., 1928.

THE ROYAL BANK OF SCOTLAND

necessarily impossible to the vast mass of the nation, that may be called upon, at any moment, to vote upon some crucial aspect of the matter. It is therefore to be hoped that we have not seen the last of these banking histories.

For the purpose of assessing the value of the work before us, the history of Barclays Bank Limited, published last year, furnishes a sufficient contrast. Both volumes have been produced free of the restraints of commercial necessity ; both have gained by the first-hand reference to private records, and been embellished by reproductions of privately owned portraits. Mr. Neil Munro, to whom the compilation of this history has been entrusted by the Royal Bank, has done his work thoroughly and well.

The result enables us to see the fact that can never be seen too clearly—that, under the smooth joint of the union that rests upon convenience and accommodation, the essential difference between England and Scotland remains as distinct as ever it was. Herein lies the use of Mr. Munro's native pride, and thoroughly does he rub in to us the virtue of Scotland's particular currency arrangements, which did not so much anticipate those to which England was forced in 1914 and since, as perpetuate a different series of national circumstances and prejudices. Quite rightly Mr. Munro begins with the state of Scotland at the close of the seventeenth century, the Darien

THE ROYAL BANK OF SCOTLAND

tragedy, the Union. The three are intimately linked. We are no strangers to the fact that land barriers are far more impermeable than sea ones. Scotland had learned her civilization more from the Continent than England. While individually highly gifted with physical energy and mental alertness, the Scots were relatively few, poor, isolated and out of touch with the European situation. Their connection with England was chiefly through intermarriage of the Royal families, conceived as a salve to immemorial enmity, but productive of every disaster. Beside England, with its clearly defined, if infant, representative institutions, Scotland had almost the air of a theocracy. Thus was conceived the Darien scheme, in that heyday of new and glittering Colonial adventure. It was a Scottish rival of the English East India and Hudson Bay Companies. Its father was Paterson, who established the Bank of England—as Mr. Munro says—‘a residual product from a brain in which fermented far more romantic and grandiose projects.’ It is interesting to compare Paterson with his compatriot and contemporary, Law, who, from a home on the North Bridge, went first to London and then to Paris, to the glory and tragedy of the Mississippi scheme. Both had the brains, the individualism, the love of argument (shown by involved economic tracts); both performed great services for

THE ROYAL BANK OF SCOTLAND

countries not their own ; both died very poor if not penniless.

We need not therefore marvel at Paterson's failure. We may rather marvel at his ever having made a beginning. But he did. He not only invented the idea, he got the leading Scottish nobles to induce King William to give sanction to an Act of the Edinburgh Parliament incorporating a Scottish East India Company, and knowing that the northern kingdom could not raise the million that he deemed requisite, got more than half subscribed (and paid up) in England. Scotland (almost entirely the Lowlands) found in cash £220,000, a gigantic effort in the circumstances.

It was all lost. The story of Government neglect, trade jealousy, tropic climate, and Spanish enmity cannot be told here. We need only notice that, as Mr. Munro says, Paterson was not of that type of promoter who sends others out to take a risk. He went himself. When he returned, convinced of defeat, he had lost not only his money but his wife. The final collapse of the scheme caused such disaffected feeling in Scotland, owing to the suspicion of English complicity, that the Union was inevitable. Even so, it was so ticklish a business that it went through only by *douceur*, a grant from England to Scotland, in respect of the high proportion of taxation, the proceeds of which would now pass to England. This

THE ROYAL BANK OF SCOTLAND

'Equivalent Fund' was administered by Commissioners in liquidation of the Darien scheme. But so halting was the administration that many Scottish creditors sold their rights. The purchasers formed themselves into a society, which became, after an abortive attempt at amalgamation with the Bank of Scotland, then enjoying a monopoly charter, at the expiration of this, a separate chartered bank, under the title of the Royal Bank of Scotland. This was in 1727.

Among the other movements of the Union period was the refashioning of the coinage, a reform long overdue, and the first impetus of that extraordinary wave of industry and prosperity that swept over Scotland with a rapidity and suddenness unequalled in history, except perhaps in the history of Holland, where other influences and conditions prevailed. Did not these two converging facts determine the Scottish preference for small notes, which they retained until confirmed by the events of 1914, and now will hardly be weaned from?

Mr. Munro is most entertaining about the establishment of the New Bank, as it was immediately called. Its site had to be in High Street, of course, and was chosen at Ship's Close, the two tenants being given a 'compliment' of £50 and £25 respectively to vacate. And here the staff of eight, of whom two were personal servants of the cashier and accountant

THE ROYAL BANK OF SCOTLAND

respectively, and one the messenger, were installed, at an annual salary list of £476, 13s. 4d. The librarian of the Advocates' Library translated the charter into Latin, strong boxes were made, and stationery to the extent of £26 purchased, including 'pownce' or sand, the blotting-paper of those days. All being ready, the doors opened for business, and the staff attended *as required*. Oh, Golden Age!

Thus, on the wreck of poor Paterson's Darien scheme was founded a rival to the Bank of Scotland—founded so literally that some of the directors and staff had actually belonged to the former Colonial company. The Bank of Scotland, as might be expected, bore no particular goodwill to the rival establishment; the two banks took sides in politics—the old bank, Tory-Jacobite; the new, Hanoverian Whig. They declined to 'clear' with each other, and organized 'runs' by accumulating one another's notes. More than once events of greater moment interrupted this harmless warfare. Any one who knows Edinburgh will realize how conveniently situated were both banks when they had to pack up and retreat into the Castle before the threat of Highland invasion; and surprisingly easy it seems to have been for them to close their doors and remain shut, if they so desired. The Royal lent money at 5 per cent. somewhat more freely than the 'old' bank, and is said to have

THE ROYAL BANK OF SCOTLAND

instituted the cash credit or unsecured overdraft; and curiously, allowed 5 per cent. on deposit.

One inevitable result of a note currency the Royal had to face, and that was forgery. They took a serious view of this capital crime, and saw to it that the culprit, when convicted, was duly strung up before any appeal for pardon could be got through. The forger who turned King's evidence was let off with deportation, and good care was taken that he remained deported. The matter is complicated by the fact that, so strong was the Scottish currency habit of notes, halves and quarters of them passed current in the Canon-gate. The task of cancellation can only be visualized by those who have been concerned with it.

Thus environed and equipped, in the year 1772 the Royal Bank faced the first Scottish credit crisis, and rode it out. We hear also of new banks around it, new branches, by no means always successful, and of the inception of the system of agents which is so characteristic of Scotland, reminiscent of the old part-time banking and individual independence.

The real break with the seventeenth century, with the old obscure provincial Scotland, poor and suspicious and always in trouble, was made by the move to the New Town. More completely than any other capital one can

THE ROYAL BANK OF SCOTLAND

think of, Edinburgh walked right away from the cramped feudalism of its mediæval Old Town. Its great glory, the laying out of George Street and Princes Street, reverses exactly London's great tragedy, when, with the ground cleared by fire, Wren was prevented from laying out a capital that would have been worthy of the British Empire. Between 1780 and 1828, when the Royal Bank moved into one of those palladian mansions that look out over sea and hills, Edinburgh solved for ever the problem that still lies ahead of those who inhabit the lightless, dry aquariums of Lombard Street and the adjacent lanes and passages. There is a whole history of eighteenth-century Scotland in the account of how the *but and ben*, called the 'Peace and Plenty,' in whose garden pedestrians from the Old Town used to stop for strawberries and cream during their evening walks, became the site of an Italianate palace *in petto*, which, with adjustment, was made to house the head office of the Royal Bank. The name of Adam is associated none too surely with the matter; but taking a larger view, the lay-out of the whole New Town bears so strong an impress of Adam influence that one need not quarrel over one building. It is not as though Adelphi Terrace were a mile square, and had such a view.

So we come to the nineteenth century, the opening (successfully this time) of branches,

THE ROYAL BANK OF SCOTLAND

the age of credit cycles, and the gradual rise to predominance of Glasgow in the mercantile world. We get a glimpse of the inveterate honesty of Sir Walter Scott, and the righting of his monetary affairs in the eyes of the world. In contrast we have the troubles of the Reform Bill era, when Glasgow established a reputation which it has never lost, and when the Glasgow sharpshooters mounted guard over the offices of the Royal, a sight which was not repeated until the General Strike of 1926. Then there came the City of Glasgow Bank failure, with its profound effect on sentiment as regards limitation of liability. Like all its compeers, the Royal took its part in tiding over that disastrous convulsion.

The great age of British progress then flowed on without interruption, bearing the Royal, like all other financial institutions, on its flowing tide. 'Happy is the banking system that has no annals,' quotes Mr. Munro. We know he is right; but we may well be grateful that he has succeeded nevertheless in finding a good deal of material worthy of permanent record. In a history privately printed it is but just that purely personal matters, the steady succession of hard-headed and scrupulous officials, should be recorded, though not many names are known to the general public. There is, in the 'eighties and 'nineties, no one connected with the bank as picturesque as the portrait Mr.

THE ROYAL BANK OF SCOTLAND

Munro reproduces of John Campbell, cashier from 1734 to 1777, who appears in the tartan, with claymore, dirk, and targe, and a distant prospect of Arthur's Seat in the background.

Quite at the end, Mr. Munro is able to conclude in a note which bears out the high vitality, the essentially national character, of Scottish banking, and of the Royal's policy in particular. The amalgamation habit has taken firm hold of English banking since 1890. The Scottish banks, fewer in number and possibly less 'private' in character, three of them chartered, and all of them upon broader bases than any private concern, had been naturally less affected. Strong necessity alone had caused the absorption of smaller or weaker concerns. After the war, the now gigantic English conglomerations invaded the northern kingdom, and began a series of arrangements with Scottish banks, approximating to amalgamation, but not destroying their individuality. The Royal, in 1924, suddenly reversed the process by swooping down on London and taking over the old bank of Drummonds. It is true that the bank dated from 1717 and was founded by a Scotsman, but the event caused no little stir, and, Mr. Munro says, was very gratifying to Scottish sentiment. Drummonds had some remarkable records of early members of the family organizing the defence of Edin-

THE ROYAL BANK OF SCOTLAND

burgh against Highland armies, and collecting in Amsterdam moneys due to that picturesque and unfortunate prince whom the Scots called the Chevalier de St. George, and Englishmen the Pretender.

One closes this vital history with regret.

HISTORIES OF BANKS (10)

THE UNION BANK OF SCOTLAND

ALL Gaul, we know, was divided into three parts. The same is true at least of modern Caledonian banking. Differing utterly from the huger, more amorphous growths in England, that have come to own certain individual institutions, Scottish banks consisted of the old Chartered Banks, the newer Chartered Banks, and the Banking Companies of Liability Limited under the various Acts. Of all these, the Union Bank of Scotland, a member of the third class, has the most curious history, brought to mind by the fact that, in February 1930, it celebrated its centenary. The centenary, it should be noted, is actually the hundredth year since the formation of its parent Glasgow Union Banking Company, but the connection really goes back to the days of the old private banking, which is perhaps as ancient as, and is certainly more completely buried than, its English equivalent; while since that date the Union Bank would seem to typify the amalgamation principle that is far more an English characteristic, and, indeed, to have discovered it half a century earlier than its southern compeers.

Such are the conclusions readily enough

THE UNION BANK OF SCOTLAND

drawn from a survey which has the advantage of looking back over a century of steady growth. Nothing of this, however, was visible to those gentlemen, eighteen in number, who signed the prospectus and invited subscriptions to the Glasgow Union Bank on January 1, 1830. The document to which they put their names, and to which were added eleven further names of promoters in towns as far afield as Edinburgh, Greenock, Stirling, Perth, Ayr, Lanark, Haddington, Dunbar, Dunblane, Paisley, and Hamilton, breathes the spirit that has made Glasgow the second city in the Empire, that would suffer neither patronage nor yet neglect on the part of the older capital, the vigorous contentiousness of the Clydeside, nascent metropolis which could even then boast (and did so, in fact, in the first paragraph of the prospectus) of having grown since 1760 from 25,000 to 200,000 souls.

For the invitation to the formation of the new bank begins with a bitter, if reasoned, complaint. Three local banking establishments, we read, were so 'inadequate to answer the demand for bank accommodation that no fewer than nine branches of banks, not indigenous to Glasgow, have been introduced to supply the deficiency.' The sting, however, comes two lines further on, where it is pointed out with perfect, if somewhat indignant, logic: 'Thus others have been allowed

THE UNION BANK OF SCOTLAND

to reap those profits which, had her own citizens been more active, more alive to their own interests, would be realized by themselves.'

Dumbfounded at the thought of Glaswegians being accused of a lack of activity, we may here discern one of those vital contrasts that make Scottish nationalism a live if tempered force to-day. It can never be sufficiently remembered that, to a comparatively late epoch, Scotland, and especially modern industrial Scotland, had remained a poor and remote country, and that there had been foreign and even internecine influences determined to keep her so. No attempt to stifle natural ability has ever been more futile or more deeply resented. It must be plain to any fair-minded reader of the records that the promoters of the new bank were not going to stop at righting a local wrong. It is true that they were primarily concerned with the inconvenience of merchants who had to come to Virginia Street, Queen Street, or New Exchange, the 'singular fact' that 'along the whole line of the Trongate there is no bank further east than Glassford Street,' and the determination of the county gentlemen, 'at a meeting held lately' in Hamilton: 'That the county has a deep interest in whatever tends to promote the commercial prosperity of the City of Glasgow.' Yet, although these grounds were sufficient to account for feeling within

THE UNION BANK OF SCOTLAND

the city and for the support promised from Greenock, Ayr, Lanark, Paisley, and Hamilton, subscriptions were invited not only in Stirling and Edinburgh, but Perth, Haddington, Dunbar, and Dunblane, towns far distant by coach and already within the orbit of older banks.

This was carrying war into other people's country. And that it would be done successfully, Mr. Kinnear, 'a most intelligent Edinburgh banker,' is quoted, as proof, to have testified to the House of Commons that branches of the Bank of Scotland had been closed where local competition had become too hot. So we come to the peroration: 'Now is the time therefore to institute a Banking Establishment . . . with large capital . . . numerous proprietors . . . formed upon liberal, yet safe principles, offering local advantages almost unprecedented.' 'To insure the respectability of the Company and to prevent all jobbing of Stock, it has been resolved . . . ' and there follow nine articles, envisaging a capital of two millions in 8000 shares of £250, 20 per cent. called, no subscription for more than 100 shares, an option by the company over all sales of its stock, 'partners allowed to operate upon their shares to the extent of one-half of their advanced stock, upon the principle of a cash credit account,' the whole to be managed by a governor, deputy, ten ordinary and ten extraordinary directors at proper

THE UNION BANK OF SCOTLAND

meetings, and to be considered formed when 4000 shares were subscribed and to commence business when these were paid up. In fact, 468 partners put up £350,000, for on April 10 of that year, 'Your mo: obedt. servant, Jas. A. Anderson,' the manager, was able to circularize the partners that 'there is now a fair prospect of having the Glasgow Union Bank in full operation early in May' at the 'warehouse lately occupied in Old Post Office Court by Lilburn and Moir,' and adjuring them to 'influence their friends in favour of the establishment.'

It is evident enough that they did so, for in 1836 they were able to absorb the Thistle Bank. This was an ancient institution founded by Sir Wm. Maxwell of Pollock, Bt., of Jas. Ritchie & Co., in 1761, a firm notorious for the forgeries of its notes, for which Wm. Herries had been hanged in 1768, and of which one Raybould, who was transported in 1817, had passed no less than 452 forged notes of £1 and had 9677 more in his possession.

Then, in 1838, the Paisley Union Banking Company was annexed, and here again the most vivid memory that remains is of a great robbery by Mackcoull, an almost legendary figure, suspected of being the murderer of Begbie, the British Linen Co.'s servant, in 1806, and who knew how to spirit his confederates out of the hulks. The story is long

THE UNION BANK OF SCOTLAND

and interesting, but the salient point is the picture we can form of the conditions under which the Glasgow Union had opened. For Mackcoul did not deny or conceal the robbery, which he organized, of the Glasgow office of the Paisley Union Bank. Remaining in hiding, he treated, through his wife, with the authorities, and eventually returned £12,000 of the booty, retaining the remainder. When, years later, he was arrested, he commenced an action against the bank. That, however, was too much for Scottish common sense, and he died in gaol.

In spite of such conditions the Glasgow Union Bank grew. The next acquisition (in the same year as the Paisley Union) was the Edinburgh business of Sir Wm. Forbes, James Hunter & Co., an offshoot of the original Coutts. It is through this connection that the modern Union Bank is able to claim descent from Coutts Bank of 1723. Sir Wm. Forbes, diarist and sage, also shows us through what vicissitudes the banking of that day had to pass. His was one of the few private banks to survive the crash of the influential, but short-lived and shockingly managed, Douglas Heron & Co., whose collapse, in 1772, was the major Scottish financial disaster of the eighteenth century, just as that of the Darien Company was of the seventeenth, and the City of Glasgow failure of the nineteenth. Sir William has left us his assurance that he gave up speculation

THE UNION BANK OF SCOTLAND

(*i.e.* in commodities that the banker now no longer deals in) in 1761. Another link with the disastrous Border Bank was formed by the absorption in 1843 of Hunter & Co., of Ayr, for Hunter had been a cashier in Douglas Heron & Co. This firm had absorbed in 1831 the Kilmarnock Banking Company, that had existed since 1802. The enlargement was only part, however, of the main event of that year in the bank's history.

Coupled with the amalgamation with the Glasgow and Ship Bank, the whole concern now assumed the modern title of Union Bank of Scotland, reducing its capital to a subscription of one million, half paid. The Glasgow and Ship Bank was itself an amalgamation of the Glasgow Banking Company, which had been founded with a fully paid capital of £100,000 in 1809 by the Dundee New Bank, and of the historic, almost heraldic, Ship Bank. This latter actually dated from 1749, having continued the business of Dunlop Houston & Co., who were agents of the Bank of Scotland during the period of warfare—a more than seven years' contest—that raged from the inception of Dunlop & Co. to 1763, between the 'old' Chartered Bank of Scotland and the 'new' or Royal Bank of Scotland. Glasgow had been during that time a common ground of competition in the putting out of notes. Those days were far behind when the new

THE UNION BANK OF SCOTLAND

Union Bank of Scotland saw its deposits leap from the £1,613,900 of the year of its foundation to £5,112,157 of 1844. Nor did it stop there. In 1849 it took over the Banking Company in Aberdeen that dated from 1767, and in 1857 the Perth Banking Company, that had succeeded in 1787 the old Perth Union Company of 1766. So that, without charter, and run upon lines essentially modern and drastically Scottish, the Union Bank was well established, not only in its birthplace, but in the older capital, where its notes were made equally payable, and in all directions up and down the country. Scottish in its ways it certainly was. It carried to extremes those qualities of caution and reticence that were to differentiate the new industrial Scotland, centred more and more in Glasgow, from the ancient, more than feudal, almost tribal Scotland that perished in 1745. The published statement of the Glasgow Union Banking Company in 1831 had run thus briefly:—

Assets £748,804, 9s. 1d. Obligations £748,804, 9s. 1d. A model of succinctness.

By 1836, however, a more detailed statement was being submitted, and in 1846 the annual report went so far as to point out of the Act of 1844 that 'In the main its enactments proved signally inefficient.'

This brings us to another very strongly national characteristic that is firmly marked

THE UNION BANK OF SCOTLAND

in the career of the Union Bank of Scotland. We have noticed how small a part the private bank typical of England played in a country where banks were either founded on charter or deeply bedded upon a keen industrious democracy. The other distinguishing difference is the habit of supplying currency in small denominations that is still retained north of the Tweed, and was, until 1914, practically unique.

It was in this phase of activity that the crucial test of the Union Bank was to come. It seems easy in these days of Government-regulated and widely supported credit for a bank to flourish. It was far more dubious a century ago. In 1832 there had been founded in Glasgow the Western Bank of Scotland, whose 471 partners subscribed £600,000 capital, and shortly increased it to £1,708,000. 'Alas for Scotch sobriety in banking matters!' laments Mr. Boase, the historian.

Worse was to follow. In 1839 the City of Glasgow Bank opened with £670,000 capital subscribed by 779 persons. By 1857 the Western Bank was in difficulties, owing, it is said, to the American situation, though any other cause might have drawn in the Western. Martinmas aggravated the demand for specie, and even at that date the old foolish notion that one individual could save his skin in a panic was still held by the banks of the period. The City of Glasgow and the Union refused to pay

THE UNION BANK OF SCOTLAND

the Western's notes, owing to the adverse clearing balance. The panic rose to such a height that the City had to suspend for a month, while the Union issue rose from £654,000 on November 9 to £934,000 on the 10th, and the crowd looked so ugly that the magistrates had the military in readiness. The Union survived, but the City, reopening, only postponed its evil day until October 1, 1878, when its even worse crash involved the infliction of such hardship on the small, unlimited shareholders, in the way of calls, that the principle of limited liability became rapidly recognized.

From the 'eighties on, calmer days prevailed, the fruit partly of good management, efficient and public audit, partly, one may believe, of the spread of education and common sense among the business public.

Neither the Overend Gurney crisis of 1866 nor the Baring shock of 1890 affected the Union Bank, which was, at the latter date, engaged in financing the Forth Bridge construction. To-day, upon a basis of £1,000,000 paid-up capital, the Union receives deposits of twenty-seven millions, and maintains a note issue of two and a half millions, having on the other side resources of thirty-three millions, and a service of 195 branches in Scotland and two in London.

Such is the history of a very typical, very national Scottish banking institution.

HISTORIES OF BANKS (II)

THE BANK OF FRANCE

WE all know that Sterne said 'They order these things better in France.' But he was speaking of social amenities. Here is an imposing document,¹ densely annotated, setting out the history of an institution which, though not so old as our Bank, or that of Amsterdam, may be placed, on all counts, as second in importance in the history of credit institutions. Could an economist Sterne review this work, would he reiterate the judgment he delivered upon manners? We shall never know, but we may well suppose that he would have been too acute an observer to miss the gulf that divides national characters.

It cannot be too strongly emphasized that banks, in particular, reflect the nations they represent. One could read this history without looking at the title and know it was that of the *Banque de France*. It would be an excellent thing if a translation were widely read in City circles, where, one sometimes feels, all too little reading takes place.

The salient points of the story are these. At the end of the seventeenth century, England

¹ *Histoire de la Banque de France*, par Gabriel Ramon. (Bernard Grasset, Paris. 449 pp. with appendices and plates.)

THE BANK OF FRANCE

and France were running neck and neck, with all apparent advantages on the side of the latter. Each country had a new bank—Paterson's Bank of England at Grocers' Hall, Law's General Bank in the Place Vendôme. Each country entered, almost simultaneously, on its first crisis, but—here comes the initial contrast—the Bank of England was outside, Law's Bank inside, what Frenchmen onomatopoeetically call 'le Krach.' The former survived, while in France no one dared to use the name of bank while the régime lasted, and it was left for Napoleon's domineering energy to instigate the foundation of the Banque de France.

He had no time to do more than send a curt note or two, scribbled between resounding victories, giving his views on the subject to the new Governors, and to inscribe himself as applicant for thirty of the original shares of 1000 francs, on a sheet of paper (still preserved), along with Hortense Beauharnais, Murat, and other members of that brilliant, parvenu, and perishable world that trailed after him into eclipse. The Banque de France, the Bourse, the roads and laws he made, were more permanent than all. For one thing, the new bank enjoyed, curiously enough, a sort of pre-dated limited liability, not by statute (for none such existed), but because he had placed it above statute. For another, that terrible narrow, formal industriousness of democratic France,

THE BANK OF FRANCE

strengthened and fastened down by revolution and Empire, demanded a bank. Our Bank was founded after (and upon) our unique revolution, the Banque de France before the setting-in of that country's revolution habit. So Talleyrand and restored Bourbons mildly approved it, while many, including its own shareholders, treated it with what M. Ramon inimitably describes as 'a certain reserve.'

This brings us to one of the most extraordinary and, from some points of view, 'mysterious personalities of a period already fruitful in exceptional characters,' Perregaux, a financier of Swiss extraction, escaped, Heaven knows how (he himself must have wondered), from the Revolution. He did what we should call the 'publicity,' and one can see him, arms crossed, declaiming, a hundred and fifty words to the minute, that the bank was not like the Bank of England, nor like any other bank, that it did not lend its capital to Government (nor take over Government indebtedness as its capital), but that it did serve the Treasury in certain specified ways, handling the proceeds of the farmed taxes, and of the sale of national woods and forests, managing loans and pensions, and generally facilitating the restoration of the infant and uncertain credit of the time.

So it won through, amid much controversy and revision of constitution, to the days of the July monarchy, by then sufficiently considered

THE BANK OF FRANCE

to be allotted a guard (of which it became so scared that officers and men were hidden in the Galerie Dorée and got away in civilian clothes). More dangerous, actually, was the feeling generated by a report, which M. Ramon takes great pains to discredit, that the Banque was in some way a party to the *coup d'état* that heralded the Second Empire. No less an imagination than Victor Hugo's was concerned in the charge, repeated in 1897 on a motion to renew the Bank's charter. How seriously they take their politics over the water, and how far has the Bank of England always been from such controversy, with its century-old guard that no one ever sees!

Meanwhile, the Banque de France had taken its part in that perennial debate of all nineteenth-century financial authorities—how to treat crises in credit and circulating medium. As one might expect, the matter in France was treated formally and theoretically. Two main groups of opinion, advocating what may be called a 'lowering' and a 'tonic' treatment respectively, were represented. More peculiar to France was Pereire's attempted coup, typical Second Empire chicane, by which he hoped to climb through an amalgamation with the bank of newly ceded Savoy into power. Then we come to the vivid dangers of 1870, and the Commune, the safeguarding of the crown jewels, barricades, and hairbreadth escapes.

THE BANK OF FRANCE

'*From one war to another,*' the fifth and final Part, covers a great stretch of gradually solidifying credit and mounting prosperity. The Banque de France several times came to the assistance of the Bank of England, and strikes one, on the whole, as less involved in the chances and changes of the ever-shifting relationship between industry and finance, more apart and immune, certainly maintaining itself through a history more fluctuating than that of our island. Very instructive is the report of the manager of the Caen branch on the reason for the dispersal and hoarding of gold in country districts, very ominous the *circulaire bleue* with which all branches were equipped against the growing menace of general mobilization.

And at last that also came, and one reads, though it will never seem to our generation so romantic as the events of the days of either of the Napoleons, how the officials of the bank lost their lives in 1914-18.

The fact that the Banque de France survived those years renders comment superfluous. Governor Pallain had a more stupendous task than any of his forerunners from Perregaux onwards. The institution he ruled has passed through changes that render it as different to-day from the bank the Bourbons patronized and the Communists besieged as that bank was from the Hôtel de Toulouse, on whose site it stands. Its vitality seems unimpaired.

HISTORIES OF BANKS (12)

AMERICAN BANKS ESTABLISHED IN LONDON

HOWEVER much the vague word 'international' may be used, the fact remains that, of all human activities, banking is one that retains strong national characteristics. Here is a case in which one might suppose that language, and to some extent tradition, would have ensured a certain similarity of system. But on examining the history and constitution of the American banks—more exactly of the banks founded in the United States—which have found it advisable to open branch offices in London, one is impressed by the fundamentally different outlook they exhibit.

Probably the basic quality that the public subconsciously associates with our own institutions is that of age. There is, rooted in our national conservatism, a comfort in the reflection that a house which is close on its second century of existence is likely to defy all misfortune. There is here less foundation in fact than in sentiment, possibly; but, after all, how large a part does not sentiment play in the maintenance of credit? Thus an actually new bank in England is almost unthinkable, certainly not widely demanded. Partly from

AMERICAN BANKS

conservatism, partly on account of our island situation, our banking system has, with little or no official impetus or control, until quite lately evolved its present form within itself from constituents already present. The outlook in the States has been as different as the utterly different circumstances warrant. The fundamental distinction between ourselves and the greatest agglomeration of English-speaking people overseas is that they are continental and recent in development. This their banking system clearly expresses.

One of the oldest in date of foundation of the American banks established in London is the National City. Its inception dates from 1812, the epoch of the last armed dispute between the two countries. It started business with a paid-up capital of \$800,000, a sum which testifies to an importance which it has never lost. The first great turning-point in American banking, the national bank legislation that succeeded the Civil War, led to its registration under its present name, in the new category, with a capital of \$1,000,000. This was sufficient until 1900, the era of the United States 'colonial expansion.' The nature of American banking cannot be brought home to English readers more graphically than by giving a list of the successive increases in its capital, viz.: 1903, \$25,000,000; 1920, \$40,000,000; 1925, \$50,000,000; 1927,

ESTABLISHED IN LONDON

\$75,000,000. Its embarkation upon overseas banking was not a direct development, but hinged upon the affiliation of the International Banking Corporation, an institution designed to this end which, founded in 1901, opened in 1902 in London and Shanghai.

The second bank of the group under discussion, in order of age, is the National Bank of Commerce, which opened in New York in 1839, with a capital, then impressive, of \$5,000,000, which, however, was not paid up until the time when the bank obtained a charter of the type then desirable. The original aim of the founders seems to have been to obtain the position of fiscal agent to the Government, but although of material assistance to the executive, especially in the stormy days of the eighteen-fifties and sixties, the establishment of the independent treasury system finally deflected its course into the national banking system, under its present style, with a capital of \$10,000,000. It remained at this figure until the importance of its mergers, in the twentieth century, raised it to \$25,000,000. Its policy with regard to its London office differs from that of its peers in as far as it has established no branch to deal with the general public, but has had, since 1919, a representative in London for the conduct of bankers' operations.

The American Express Company, although

AMERICAN BANKS

old-established for an American bank, is of quite a different character. Its inception was due to the peculiar conditions of early development in the United States, when the company concerned itself with what was known as express business—a type of personal parcel delivery hardly known in our country since the days when specie used to travel by coach, under the superintendence of representatives of the old private banks. It gradually drifted into its particular type of banking, and in 1882 had a capital of \$18,000,000. In 1891 it launched its travellers' cheque, perhaps the most widely known and earliest type of such articles. It has also a money order, which competes favourably with the Government issue. In 1896 it opened in Paris, and in 1921 in London. It has now branched out into general banking business, though in Europe it is still best known by its services to travellers. So important has its foreign business become that it was found necessary in 1919 to organize a subsidiary company to finance this, with a capital of \$6,000,000, which accounts for the comparatively stationary figure of its capital. It has now forty offices in Europe.

The Guaranty Trust Company of New York was organized in 1864, with a capital of \$100,000, and took its present name in 1896. Like others, its capital expansion has been

ESTABLISHED IN LONDON

remarkable. In 1910 it had five, in 1912 ten, in 1918 twenty-five, and in 1927 thirty million dollars. The two former increases may be connected with the absorption of the Fifth Avenue Trust Co. and Morton Trust Co., and with that of the Standard Trust Co. It opened in London in 1897, and twenty years later in Paris. It has now offices in Pall Mall and Aldwych, and in Havre, Brussels, and Antwerp. It actually opened for a short time in Constantinople. It is the official depository of the Government of the United States in Great Britain, France, and Belgium. It transacts every class of overseas business, from U.S. Treasury disbursements, through commercial bills down to travellers' cheques.

The Equitable Trust, though by no means so early of origin, has managed to pack a great deal of history into its sixty years. It was founded in 1871 with a nominal capital of \$50,000, of which only \$16,000 was actually paid. Its early records are a blank, whether because it was subsidiary to the Equitable Life Assurance, or on account of having been destroyed in the Equitable building fire of 1912, does not transpire. In 1895 a revival began, and the company, whose first title had been the Traders' Deposit Co., and later the American Deposit and Loan Co., now began to play a more active part in the business of its related insurance corporation. This connection was,

AMERICAN BANKS

however, brought to a close by the insurance legislation of 1906, which gave the banking function for which the company had, apparently, originally been designed, a fair chance. The capital had been increased to \$300,000 in 1873, \$500,000 in 1874, and to \$1,000,000 in 1901. In 1903, owing to new and invigorating influences, it amounted to \$3,000,000. On its release from its connection with insurance, it embarked upon the policy characteristic of the time, that of merger, or amalgamation, as the analogous process is more frequently called in England. In 1909 the Bowling Green Trust was absorbed. In 1911 the Madison Trust Co. was taken over, and in 1912 it combined with the Trust Company of America, which brought its headquarters into Wall Street. As in all other cases, the war immensely accelerated its growth, and in 1917 its capital was increased to \$6,000,000, in 1919 to \$12,000,000, in 1922 to \$20,000,000. In 1923 it acquired the Importers and Traders National Bank, and the capital rose to \$23,000,000, and in 1926 to \$30,000,000. It is interesting to recall that in 1892 it determined to divide profits amounting to \$6000 among the stockholders, and that in the same year the salary of the president was fixed at \$2500 and that of the secretary at \$1500. The Equitable Trust was established in London in 1912, and

ESTABLISHED IN LONDON

in Paris before the war, which greatly stimulated its foreign business. As a matter of fact, the Equitable bulks more largely in Paris, but its London business is a general one, and in 1923 it found scope for a West End office, in addition to the Trust Company of America office, in Gresham Street, which it acquired by merger with that company. It claims that its London business has increased thirty-five times between 1917 and 1927.

The Chase National Bank is the youngest of the American banks to establish itself in London, as it has only just celebrated its jubilee. Founded in 1877 with a capital of \$300,000, it registered as a national bank. It merged with the Metropolitan Bank in 1921, the Mechanics and Metals National Bank in 1926, and the Mutual Bank in 1927, and its capital now stands at \$50,000,000. It has opened representative offices in London, Paris, and Berlin for information purposes, and claims that its 'total resources' have increased during its life exactly one thousand times.

The Empire Trust Co. brings us into the twentieth century. It was founded, as its name implies, in the post-Cuban period, and fell at once into line with the progressive atmosphere of that decade. Its initial capital was but \$100,000, and in its bare quarter-century of existence this has increased to \$6,000,000. Its successive mergers with the McVickar

AMERICAN BANKS

Realty Trust, the Windsor Trust Co., and the Hudson Trust Co., not only achieved this, but also led it to the then unprecedented step of opening in Upper Fifth Avenue. It does not seem to have suffered from such adventurousness, and can now flatter itself on doubling its deposits, which, on its day of opening, were but \$70,000, every five years. It is interesting to speculate where this may lead.

The only branch outside New York is that which was opened in London with prophetic insight in 1914, and in 1924 was moved from 41 Threadneedle Street to 28 Charles Street, Haymarket. Nothing could more aptly display the contrast between our old-bottled, laid-down banking prestige and the new spirit. It is not enough, one gathers, for an American bank to display dazzling resources. Its reputation rests, not upon what it has done, but upon what it is going to do. A highly scientific form of guesswork stands in the place of reverent antiquity; if it has no past it has a future.

Such are the principal American banks which are open in London for general business. There are, of course, many others less directly represented, and the multiplicity of travellers' cheques and letters of credit, of bank cheques and acceptances, are becoming multifarious and difficult of distinction. In the main, the institutions here surveyed are the principal ones. Glancing at their figures, one is im-

ESTABLISHED IN LONDON

pressed by the fact that, with the exception of the National City, they rank with the minor rather than with the major members of the Big Five. In spite of the amalgamation fever, the vaster scope of America has left more room for competition, prompted a less intensive development. There is a pliability and personal touch about their institutions which more than makes up for their lack of age and staid manner. One is agreeably impressed by the openness of their banking halls and the accessibility of their personnel. With all the advantages of later and therefore more experienced legislation, they receive from enactment a stability that the English banks have had to grow more laboriously. In view of the meteoric career of many of them, a further survey in ten years' time will be even more instructive.

The First National Bank of Boston can presumably claim to be the oldest American bank, owning a direct descent from 1784, if indeed age be accounted a virtue in the United States. The relative importance of New York and the immense westward spread of activity have left little mark on an institution that possesses not only the cardinal banking virtues, as accounted in North America, but almost those that we here expect to find in Lombard Street. It has, of course, found a means of being actually represented in Wall Street. As might be expected from its situation, it has developed

AMERICAN BANKS IN LONDON

markedly in the direction of International Banking, and is established in London, Paris, and Berlin, upon what we should consider the agency principle, and for more general business in Cuba and Argentina. That it has not vegetated during a century and a half is shown by the fact that it is to-day the fifth largest National Bank in the United States.

The Continental National Bank and Trust Co. is a conglomerate of banking, savings, and trust activities in the gateway of that little-comprehended Middle West, so un-European and recking so little of Europe. The complete unification into one control only took place last Christmas, and the story of the sixty years during which the component parts have made and mutually been made by the meteoric rise of Chicago, emphasizes the fact that this city is the real New World, not merely not English, but not even of New England. Phoenix-like, Chicago arose from its ashes, in 1871, and has progressed by astounding leaps that have taken it clean across crises, wars, and enabled it to keep pace with the ever-outreaching development that only the Pacific puts a limit to. The mere dimensions of the business are typical: Number of customers, 200,000; population of the bank building, 8500 persons; number of persons using the elevators daily, 60,000. It has a representative in London.

HISTORIES OF BANKS (13)

THE MITSUI BANK

IN spite of the unreasonable distances, other than mere mileage, that separate the Far East from Western Europe, one cannot help being struck by a certain similarity between the history of this Japanese Credit Institution and that of our own. No doubt the similarity results from the common effort to arrive at a credit system so as to overcome the fruitless limitations of specie payments, just as specie is the first necessary advance on a system of barter.

The reason that this European-looking development should take place in the seventeenth century in remote Japan, much at the same time as it was taking place in England, may perhaps be sought in the necessities of island situation, where the most primitive form of wealth, the ownership of land, soon reaches its possible developments, and men look away across the water for further scope. From the seafaring outlook came those elements of risk and anticipation upon which credit grows.

Curiously similar, too, were the early experiences of the bank. Appointment as fiscal agents, the satisfaction of the ever-growing

THE MITSUI BANK

needs of central government or feudal lords, played their familiar parts in its growth; while for mere coincidence we have the fact that its founder, Takatishi Mitsui, died in the year of the charter of the Bank of England. Otherwise, the utterly different dynastic and social history of Japan caused the Mitsui house to proceed by ways in which it is difficult to discern any European parallel. It is not too much to say that the Japanese postponed their Runnymede into the nineteenth century, and even reversed the issue, for it was the feudal aristocracy that surrendered to the central power.

There followed the inevitable policy of forced loan and appointment of the private bank to assist in the rectification of a currency that was actually more diverse and debased than that of eighteenth-century England. Next came a Government mint, but changes which were in themselves important were overshadowed by the dramatic suddenness of the throwing open of old Japan to Western influences. There is a nice object lesson in the dangers of hasty reform in the difficulties that beset not only the Mitsui Bank but the whole economic system of the country during the ensuing decades, aggravated by considerable wars, and one cannot but admire the quick intelligence and reorganizing ability which were available to bridge the gulf between

THE MITSUI BANK

mediævalism and modernity. For in 1909 the Mitsui Bank was turning its partnership into a limited liability company, a step that our own Big Five had only completed in the previous decade.

The World Convulsion of 1914 was not without its reactions in Japan, which has also to contend with a species of disturbance from which Western Europe at least is thankfully free. How should we like to read in the Annual Report of one of the Big Five the announcement that 'the Head Office and Yokohama (read Liverpool) Branch were not seriously damaged by the earthquake, but the fire that followed burnt out the interiors of both buildings'? There follows the familiar fact that both buildings had long been written off completely on the balance sheet.

The bank seems to have been definitely represented in London in 1906, while for further modernity we find a revised salary scale and pension fund being established in 1901. In the difficult and much-discussed matter of 'grading,' the Mitsui seems to be well ahead of most European banks. But then, the Japanese have a way with them. The get-up of its Brief History, published in 1927 to commemorate the Jubilee, may be commended to the notice of those entrusted with such issues in this country. Coloured plates we must not perhaps expect in England,

THE MITSUI BANK

but the plain reproductions are excellent, and provided with outline maps and explanations. The whole looks like a book, and not an advertiser's pamphlet. It may be discreet, but it is not shamefaced. On the whole, a very heartening evidence of the growing ubiquity of credit, that may outdistance legislation in the task of disentangling the conflicting interests and forestalling the continued efforts at self-destruction of our so slowly educated democracies.

HISTORIES OF BANKS (14)

THE RISE OF THE ROTHSCHILDS

ONE of the curious by-products of the war was the throwing open to skilled investigation of the hitherto unapproachable dossiers of the Government departments of so many kingdoms and empires that have ceased to exist. Thus, in 1928, Count Corti was able to write the history of the power, unadmitted to any European Concert, that had yet exercised a profound effect on Europe's development. After a hundred years, some of the steps that led to the building of the House of Rothschild are now revealed to us.

The surest happiness belongs to the average man, the mediocre, the unnoticed. He who for some reason, be it mere deformity, stands out from his fellows may have glory, pleasure, power. But with them he will have envy, satiety, danger. The little suburban home, the routine job in an office or workshop, that is happiness. It always was. How much more pronounced is this fact when we survey those who are not so much individually remarkable as singled out by race and religion. The small nations of high brain power—Greeks, Irish, Jews—have always contributed more than their share to the history and develop-

THE RISE OF THE ROTHSCILDS

ment of mankind. And what a fate has been theirs!

Of the three, that of the Jews has been most permanently unkind. The Greeks flashed and fell; the Irish have achieved, perhaps, some national self-realization; the Jews no longer feel the bitterness of physical persecution, but retain their alien race and language and religion as if there were between them and the Aryan and Christian something that could never be forgiven. Even to-day the deep-seated differentiation suddenly appears amid generations of almost complete toleration towards them, almost complete conformity on their part to the new lands of their adoption and domicile. Almost, but not quite.

Only three or four generations ago the old feeling about them, the old feeling towards them, was strong as ever. Nowhere stronger than in Germany. The reason for this is deep-rooted. Let it be said with no grudging reminiscence of the war years that the smaller German states were late-comers into the European comity of nations, never had that basic drilling in civilization that was given to countries that once formed part of the Roman Empire.

To grasp the significance of this, one must go to the wildest part of Northumbria and see, stretching across the Cheviot moorland, that ancient wall that Hadrian built to keep out the barbarian. It shows so clearly how, two

THE RISE OF THE ROTHSCILDS

thousand years ago, striving man was civilized. One great people made roads and laws and forced some sort of conformity upon him. But not quite universally. There was an edge to that great scheme. The edge, actual and material, can be seen in Northumbria. It followed a rougher, less distinct line across the middle of Europe, but is plain again in Roumania and the African desert. Germany was mainly outside it.

Had the boy Meyer Amschel Rothschild—the last is a nickname, his real name was Elchanan—been born in England, France, possibly in Spain, certainly in Italy, he would have found a different fate. But he was born in Frankfort, and there he found waiting for him the last remains of the old tribal malignity, the narrow oppressiveness of small potentates—insecure, half-cultured, with the shadow of early primitive limitation still lurking in the mind. When the Christian Empire that rose on the ruins of pagan Rome dissolved and split from every disunity, the smaller German states flew off the furthest. That was natural. They were furthest from the old centre. Beyond them was nothing but the sea and untouched Scandinavia. In many an English county town, in Italy and France, the Jewry, the Ghetto, the close kennel in which Jews were confined, was, in 1742, merely a curiosity, a relic of things gone by.

THE RISE OF THE ROTHSCILDS

Not so in Frankfort.

Young Meyer Amschel was born to more than mere physical limitation, within one dark, close-gated street. Legislative enactment was devised to pursue him into every daily act, every human aspiration. As if the gods had first made mad the princelings and burgesses that he was one day to dominate until they cringed before him, his people were deliberately cut off from trade in fruit, weapons, and silk. They could neither taste the solid primitive joy of cultivating a piece of land, the pride of bearing arms and fearing no man, nor the pleasure of fine living. As if any effort were required to drive the Jewish mind within itself, make it scheme and invent, bear an eternal spite, and confirm it everlastingly in its theocratic nationalization !

Such, however, is the evidence of history. And so, prisoned and scorned, thwarted and despised, there were damped down those very fires that, burning secretly within, refined and refined those quick Eastern brains until the appointed day when they should take their rightful place above the blunt wits and blundering deeds of their oppressors. Mere justice demands that this should be so.

We have at last an authentic picture of the boy—the child of ten years old, set to money-changing. There was nothing else he might do, the little boy, Meyer Amschel of the house

THE RISE OF THE ROTHSCILDS

of the Red Shield, this last a device for telling off the limited number of houses licensed for Jewish occupation, that suited the mediæval mind better than numbers.

The legends that have gathered about the young money-changer are apparently the inventions of sycophants of a success that came half a century later. His first attempts towards power and activity were not successful. The local Landgraf held him off, did not accede to the requests contained in letters that were necessarily cringing and couched in the bad German that was all that he had been allowed to learn.

The Landgraf who eventually became the ruler of Hesse-Cassel was of the type of German princelet well enough known to us from our own Hanoverian specimens of the kind. England apparently was lucky. The Hanoverian 'Royal' house was, it seems, of a better type than many of its peers, and probably improved by contact with English institutions. About the Hesse-Cassel family there clings an ineradicable odour of parochial squirearchy. Covered with gold lace and medals as Wilhelm ix. is in his portrait, it does not appear that he was so foolish as to fight any one.

He had not the martial or the family virtues of his Hanoverian cousins. Astoundingly mean, he chose the better part of leasing his troops at exorbitant rates, principally to

THE RISE OF THE ROTHSCHILDS

England, but readily enough to the highest bidder. One wonders how much of the *mé-fiance* he exhibited towards young Rothschild was based upon aristocratic contempt for the Jews, and how much upon envy of a trade rival. There was no question of his fighting Meyer Amschel, for he never took the field. His objection to the suitor for his favour was that he feared to be 'done' in the inevitable bargain which was his only conception of human intercourse.

Like all men of restricted mentality, he fell a victim to his own squinting rapacity. Rothschild offered him a collection of 'coins, medals, and jewelled chains' at less than their true worth. The Landgraf could not resist them. He was made the doorstep of the Rothschild fortune. The descendants of his seventy-four illegitimate children rule less land than he. The descendants of Rothschild rule one of the principalities of the great world-kingdom of credit.

Not, of course, quite so quickly as it can be said. The five boys who were to be the pillars of the edifice Rothschild was building were little children, scrambling in confinement and piety, with Jewish intelligence and the burden of their nationality, in the almost impossible overcrowding of the house in the Frankfort Ghetto. Thrust into one garret to sleep, keeping the Passover (which must be held in

THE RISE OF THE ROTHSCILDS

the open air) on the leads of the roof, they lived, and it would have taken a cleverer man than the Landgraf to divine their destiny.

He still held the obsequious Jew at arm's length, so that the latter was forced to curry favour with a certain Buderus, schoolmaster's son and quasi-intendant of the little Court at Cassel, a post that had been won by a proved ability for usury and close dealing. This man was Rothschild's only possible ally, and on his side was pleased enough, no doubt, to avail himself of the other's freedom of movement and peculiar connections, both of which were impossible to the Court official. How far and how fair this might have gone we shall never know, for the destiny of Hesse-Cassel, interwoven with that of the Frankfort Jew, received a jolt only comparable to that which rattles the contents of a toy Noah's Ark when its owner throws it from one end of the room to the other.

The French Revolution was not the sort of burgeoning of the human spirit that Landgraves and their like could be expected to comprehend or deal with intelligently. Did the Landgraf have one of those queer dreams, familiar to us in the pages of *Jew Süss*, of dancing some ghostly dance, with the Jew and destiny? One thing is certain, he soon had the reality—no dream—of flight and exile. He and his sort interfered, blunderingly, with

THE RISE OF THE ROTHSCHILDS

the inimical idea in France. The idea lost its abstract quality, became a fountain of physical violence, bursting out upon the small squirearchy of middle Europe.

Still the Landgraf would not be warned, looked to remote, inaccessible England, to the far, dim might of Austria to save him. England banked some portion of his hoardings, Austria took the field. That comforted him. The French would soon be removed from his neighbourhood.

Nothing that happened in 1914 can give us any idea of what the news of Austerlitz and Wagram can have meant to one whose notion of warfare was the leasing out of troops. The unprecedented artillery preparation, the launching of forty-eight squadrons—even by our modern standards a whole cavalry division—against one point, was no part of the gentlemanly game of plunder-my-peasants to which he was used. The French police discovered his intrigues. Napoleon, as great a statesman as soldier, diverted his revenues. Now the Landgraf was glad of the friendship of the Jews. Subterranean in mind as well as in fact, the Rothschilds contrived, and hid, and schemed, saving—not as in the melodramatic picture that is extant, all his valuables, but some chestfuls of bonds, mortgages, and bills.

They did more. Meyer Amschel had grown old and ill; the boys were already in

THE RISE OF THE ROTHSCILDS

London, Paris, and Vienna. No inquisition was searching enough to lay bare where their hidden cellars ran, nor how young James, travelling between Nathan in London and Karl in Paris, could conceal a stock receipt for good solid English Consols in his chaise. More than that, they did not share the panic. Despised and rejected, they were no worse off under the French than before. And they seem to have seen that Napoleon was a meteor, not a fixed star. They backed the Bourbons, at a price.

The Bourbons, however, were still exiled and impotent. England (with Russia having no place in her fastnesses for a Jew) was at present the only place where those who had financial transactions to conduct could do so with freedom. Whether the aged Meyer Amschel had foreseen this, and deliberately chosen his most promising son to go to Manchester (and thus eventually to establish himself in London), or whether Nathan had greater opportunities, probably we shall never know. Perhaps both possibilities contributed to make the London house so important. And the fact is all the more remarkable because in England there really was a considerable native banking system, working on the whole pretty well. But the Rothschild brothers were more than a mere bank. Their knowledge was founded in exchange rates and finesses, they

THE RISE OF THE ROTHSCILDS

were thinking in millions where the old Quaker bankers counted the hundreds.

Even then, Rothschilds never captured the internal banking business, but they did well. We can no longer believe the picturesque story of Meyer Amschel's death-bed. We know that such occasions are not picturesque. The dying money-changer who had worked so hard, so tortuously, on the whole so honestly, and who had never repudiated his nationality or forgotten his poorer brethren, did not partition out Europe among his sons. Three at least of these sons were hundreds of miles from him as he lay sinking. And Europe was not portionable in 1809.

The thing that did emerge in 1815 was the command the brothers had obtained over what we now call Foreign Exchange. The fact was that England, in addition to maintaining a considerable army and enormous fleet, was also paying the other Powers to maintain the fight. The supervision of these transactions lay with a certain Herries, subsequently Chancellor of the Exchequer, but limited in capacity, and more so by class and insular tradition. Nathan did not rely on obstinate Landgraves, on the slippery Metternich, unfriendly Austria, or any of the laborious and uncertain means with which his father had had to struggle. He simply made himself indispensable to the blunt British Commissary.

THE RISE OF THE ROTHSCHILDS

Another legend has to be relinquished. Nathan did not wait beside the field of Waterloo, gallop to the coast, cross in a storm, and rig the market. He was not so foolish. Far behind were the days when one risked his neck with secret papers in a chaise. He was a great organizer. His agents brought him news of the final defeat of Napoleon some twenty-four hours before the A.D.C. of the period reached Whitehall with the official despatch. The effect was very naturally and rightly to confirm in the eyes of the British Government the wisdom of Herries' choice of the Rothschilds as Foreign Agents.

Now, in the general clean-up and readjustment of Europe, the brothers were able to carry forward the praiseworthy efforts their father had made towards decent treatment and proper citizenship for the Jewish community. This must always be remembered to their credit, for although Solomon in Vienna; Karl, who subsequently settled in Italy; Amschel in Frankfort; James in Paris; and Nathan in London, were already millionaires, the fact of their birth was materially weighed in admitting them to the ranks of the nobility.

They do not seem to have shrunk from possible sacrifice, but for once virtue was rewarded. After lengthy debate with the Heralds' College, they were granted a coat of arms, and the five men who as little boys had eked out existence

THE RISE OF THE ROTHSCILDS

in the garret in the Frankfort Ghetto were admitted, at first grudgingly, but gradually as a matter of course, to the upper circles of European society. Their reception redounds greatly to their tact, for they had never been properly educated ; instinct for psychology, readiness to oblige, knowledge of when to give way and keep silent, had to stand them in lieu of assured manner and habit.

It was during the period of the great Congresses that attempted—as the Treaty of Versailles and similar diplomatic acts in our own time have attempted—to regulate the ambition, the restlessness of Europe, that Nathan became the leader of the brothers, though in point of age he was the third. Ability, luck, the congenial atmosphere of money-making London, all played their parts. But yet another element rendered Nathan, away in tolerant oligarchic England, the safest of the brothers. Their work on behalf of their co-religionists and countrymen was all too successful. In their own native town of Frankfort it was not merely the case of prophets being without honour.

They seem there to have been especially hated. And while Europe was Congressing and the brothers in turn dancing attendance on such occasions (one of them even took his honeymoon at Aix during the sitting), such was their attention to business, there came one

THE RISE OF THE ROTHSCILDS

of those periodic recurrences of the Jew-baiting mania that is so old that one can almost call it a primitive instinct. Is it really anti-Jewish? Is it not the eternal envy that careless, blundering humanity bears towards better brains and reasonable characters? However this may be, an awkward crowd gathered in the Jewish quarter, and horseplay, resented by the inhabitants of the street, soon turned to organized stone-throwing and the time-honoured cry of 'Down with the Jews!'

It was as unjust as ever. The charities of the elder brother Amschel were enormous. His expenditure was an item in the trade of the town. The Senate, however, when admonished by the Royal and omnipotent friends, sent equivocal replies. Next came the turn of anonymous threats. Difficult, costly as it was, to remove the headquarters of the great intelligence service so conveniently situated in the mid-European town, the brothers decided upon it. Possibly this last outbreak, added to comfortless early memories, obliterated sentiment. It was their birthplace; it could never be their native town.

Thus it was that, in spite of the equally inhospitable atmosphere, the house became established in Vienna and Naples. They might never have done so had not the Austrian Empire, still considered as the lineal descendant of the temporal power of Rome, been

THE RISE OF THE ROTHSCILDS

slowly falling into decay. Austrian troops could still quell an insurrection in Naples, but the pen was every day becoming more obviously mighty than the sword, credit more important than rank or military bearing. Solomon and Karl respectively carried out the necessary loans. The Liberal movement just beginning to show its head in Europe thus found itself as heartily opposed to the great financial house as the old prejudiced bourgeoisie.

Once more Nathan became all-important to his brothers. He floated the Austrian and Neapolitan securities on the London Stock Exchange. The repercussion in the slowly disintegrating Viennese Court was final. All the brothers and their descendants were raised to the rank of Baron by Imperial decree, and granted the supporters which had been denied to their original armorial bearings. This was triumph. The brothers were now magnificently established in four European capitals. Alone in the old house in the Frankfort Ghetto, old mother Gudula died in 1849, at the age of ninety-six.

Having survived so much, the great conglomerate banking house had yet one more crisis to pass. Not only Austria, but the Bourbons, had outlived their day. Europe had outgrown them. Far more romantic than many of the legends that have since been created about them was the actual situation of

THE RISE OF THE ROTHSCHILDS

the brothers at that time. They lacked few of the good things of this world, and no men ever less lacked brains. They can have had no illusions as to contemporary developments, and their dreams of the future had a prophetic quality to be expected from those of their race and religion.

In particular, Nathan and James showed a wide intelligence, gave rare dinners, threw open their houses to artistic and literary people, delighted the gourmet and the collector. They made no mistake as to the great democratic revival that was sweeping the world. Yet they had been ennobled by the most reactionary Power in Europe, that doomed Austria which had not then felt the blow of Magenta and the debacle of 1918, whose councils were still paramount over half Europe.

Again, they were deeply committed to the Bourbons. And they were no longer young. Not only Napoleon, but the settlements of the eighteen-twenties were all influences that had come to bear in Europe after the Rothschilds had launched their careers, and to which they had now to adjust themselves. Frankfort, besides the other difficulties it presented, was losing grasp as a centre. They were widely dispersed, and had still to rely on the paces of a horse, the sailing of a ship, the faithfulness of a courier, the favour of that type of diplomatist that was steadily ousting the old brutal

THE RISE OF THE ROTHSCILDS

and obstinate, but more easily handled territorial nonentity. And their several situations were now so various.

Nathan had become a naturalized Englishman, and did not, for obvious reasons, display his Austrian barony. James in Paris, his equal in intelligence and *savoir-faire*, was delicately perched on the ever-active crater of 'that perpetual volcano,' the political aspirations and disorders of early nineteenth-century France. Solomon was in decadent Vienna, bravely striving for better conditions for the Jews, and having his despatches intercepted by Metternich and his like. Karl was maintaining himself in tottering Naples, a man of awkward address and too strict observance of the Jewish faith, helped by a young, pretty, and intelligent wife. And Amschel—Anselm as he now signed himself—remained in Frankfurt at the old centre, oldest and perhaps most limited of them all, timid by inhibition.

Nearly a generation ahead lay the day when Blood-and-Iron Bismarck was to admit respect for 'der alte Jude'—speaking of another remarkable member of their nation. As the old world rocked on its foundation and the new increasingly detached itself, well might Nathan philosophize that it took much to make a fortune, but ten times as much to keep it. Curiously enough, he was the first to go. Whether because he had used himself most hardly, or

THE RISE OF THE ROTHSCILDS

because he had had better luck or more prescience and felt that he, at least, had built strongly and surely, he died in 1836. He had founded that unique business that is housed in the building whose forecourt still contains one of the few green spots in the City—in St. Swithin's Lane.

He also set on foot the Alliance Assurance, and had no lack of successors, but cannot at his death have been certain what the future held for his house. Amschel, Solomon, and Karl survived until 1855, when they all died within a few months of each other, the eldest being eighty-two, the youngest sixty-seven. James survived to the calmer waters of 1868, and escaped the sight of his Paris in 1870. Who knows but that he might have modified or prevented the events of that year?

Thus were the Rothschilds lifted by sheer ability from the Judengasse to their several palaces. No brothers ever showed more clearly the domination of the sword by the pen. Theirs was a great adventure in credit, in internationalism, in the removal of an age-old curse from their people.

HISTORIES OF BANKS (15)

BACKSTAIRS IN THE CITY

THE words 'capitalist,' 'socialist,' 'blood-sucker,' and 'bolshevist' are likely to be used most freely by those totally unprepared to give a cogent definition of what is intended to be conveyed.

Mr. O'Hagan, whose name must be quite unknown to the general public, obligingly supplies a working example of the thing a good many such loosely flung expressions refer to by writing an autobiography called *Leaves from my Life*. He was, during nearly fifty years, a financier. It is a mistake to call him, to any English-speaking public, a 'banker.' He had little or nothing to do with our unique domestic system of deposit banking, nor was he numbered among the very big international houses like Rothschilds and Morgans, who deal direct with Governments. He might be called by Mr. J. M. Keynes an 'entrepreneur,' by the ordinary City clerk an 'underwriter,' or 'issue house'; in the Middle Ages he would have been called infallibly a 'usurer,' and future generations may call him a phenomenon. The plain fact is, that our contemporary society, with its enormous demands for material progress, and its undiscipline, render Mr. O'Hagan inevitable. You can have a

BACKSTAIRS IN THE CITY

peasant civilization without him, if you like (but the vast majority of you will not like, of that I am quite certain, gentle reader). And, some day, you may have some kind of very complicated co-operative rationing of everybody with the things he wants (or ought to want). But while human society demands (to quote from Mr. O'Hagan) 'Tramway, Brewery, Tobacco, Cement, Mining, Tea, and Steamship Companies' without having thought much about them beforehand, and also demands the right to disuse, sell out from, and forget about them at any moment, at the sweet will of every individual—so long, I say, as such a state of things exists, Mr. O'Hagan, or some one extraordinarily like him, will have to be asked to intervene, to provide the necessary credit, to bring the right people together, and to arrange so that the whole concern does not go into bankruptcy out of sheer good intentions. And (here we come to the cause of all the hard words used about this and other financiers) he will expect to be paid. All financiers, this one not excepted, like yachting, good dinners, a little flutter at the gaming-table; all I have ever heard of are addicted to charity, rescue of the fallen, scientific research, and good work generally. This is only reasonable. The vocation is mental. It is ten times as exhausting as anything you can do with the body. And being mental, its

BACKSTAIRS IN THE CITY

relaxations are not those of the brute, but of the philosopher. Take Mr. O'Hagan's case. And in surveying his life you see at once through the platform fiction that there are two estates, the rich and the poor. There are not. There is only one, the rich recruited from the poor. The rich never survive, riches are fatal.

But to return. Mr. O'Hagan does not tell us how he obtained his start. He was no more a 'Jew' than I am, and the habitual verbal pogrom is unusually out of place in his case. He was Irish. His father was certainly not rich, because we learn that he was obliged to undertake distasteful and even dangerous work. The young O'Hagan made his way by having no youth, no outdoor exercise, little sleep, and latterly kept going by a stern dietary régime of two meals a day. There's your 'economic octopus, battenning on the life-blood of the people!' that one hears vilified in many speeches. One's first thought is, give me my golf and my garden, breakfast, and beer; and you may keep your thousands. He must have spent all day and every day in his office or some one else's, interviewing Bottomley, Whitaker Wright, Jabez Balfour, Hooley, Lord Cowdray, several Cabinet Ministers and Generals (of whom he speaks in no measured terms), Sir Frank Crisp, Sir George Lewis, in fact the whole world that rushes, shoves, and perspires within that grim and sooty square mile

BACKSTAIRS IN THE CITY

that is the City, and relapses, at night again, into its million suburban or ultra-urban homes.

According to this book's showing, Mr. O'Hagan was as serviceable as industrious. I, for one, believe him. I think he enjoyed his work too much, and had good luck. He did not, I think, spend much thought on the probable lives of the thousands of obscure employees in the industrial schemes he fathered. But do any of us? And he was a Victorian.

Such is the book, not chronological, but, as the title conveys, a series of paragraphs or pages revealing much of the backstair life of the City this half-century past. It is extremely technical; in fact I should say that the principal limitation to its reception by the public must be that, to enjoy it, one needs a quarter of a century amid big business. Mr. O'Hagan claims, among other things, to have originated Underwriting. I am waiting to see if the claim is disputed. Incidentally, there is an example of technicality. How many people realize that the meaning of the word is not the insurance of ships, but the launching of the stock of new limited companies.

At the end are some rather charming meditations, of an old man looking back, solemnly, but without many regrets. He has been frank about 'Things I have missed' and 'My failures,' and ponders upon fate. For he was human, you see, just like any of us.

II

GREAT BANKERS

GREAT BANKERS (I)

JOHN LAW OF LAURISTON

JUST two hundred years ago there died in Venice—for already that classic refuge ‘the Continent’ was the last resort of his kind—John Law of Lauriston. Few figures, even of that chequered period, are more typical of their time or a greater puzzle to posterity. So far as one can see, he was rake, mathematician, Secretary of State, gambler, paterfamilias and pamphleteer, sometimes one after another, sometimes all at once. Portent he certainly was, one of those men whose lives show how finally the United Kingdom had parted from the old sanctions, the historic seats of authority, and how imminent in France was a change as great and even more catastrophic in its exterior appearances. To do what Law did a century or so earlier would have necessitated something akin to usurpation. The thing he actually did do produced the first great popular movement in France that had nothing to do with religion or dynasty. There hangs about his history something of the glamour, of the magic in which the men of his time had only just ceased to believe, and warring with this is the strange likeness that his attempt at a gigantic conversion scheme bears to certain

JOHN LAW OF LAURISTON

operations that have only been possible since the war, between great international financial trusts and overburdened Governments whose lop-sided budgets so strongly resemble that of the France that he knew. It was fashionable for the last year of his career, that last decade of his life, and for some half a century after his death, to speak, and subsequently to write, of him in terms we have heard applied only to the ex-Kaiser or the late Lenin, and which we may yet hear applied to figures whose splendour at this moment does not shine so brightly as did that of the Comptroller of the Finances of France for nearly five years.

From Law's parentage or circumstances we can get little help in forming an estimate of him which the lapse of two centuries fortunately permits to be impartial. He belonged to the small landed gentry of Scotland, then emerging, as a result of the Union, from poverty and remoteness into her first shaping as a considerable partner in a great Empire. His father was an Edinburgh goldsmith. But not every goldsmith's son has therefore an unusual grasp of so recondite a thing as credit. The landowning was on the other side of the family, and was no more than might account for, say, the standing of such as a Boswell. Possibly Law's was one of those personalities specially adapted for late development. In any case, the facts that are known about him

JOHN LAW OF LAURISTON

are that he journeyed to London, attached himself to the Court set, lived a racketing life, killed a man in a duel for conventional, if good, reasons, fled and wandered about the Continent. Thus, it was suggested, he got glimpses of a diversity of currencies and systems, and it must never be forgotten that there is in every strongly characterized period a general undercurrent of influences that may be stronger than any resulting from heredity or environment. Was Law not simply the child of his day and opportunity? It would seem so. Hard-headed, never empty-headed, he shows against his contemporary and compatriot, Paterson, so much more brilliant, so much less permanent.

The main event of Law's youth, apart from the personal incident of the duel, was that, within a year or so of each other, and within the last decade of the seventeenth century, Great Britain and France both left off paying their debts. Euphemistically alluded to as the creation of National Debts, the fact was that harassed ministers gave up trying to find cash for disbursement in any more than the minimum necessary quantities. The detail of the scene can be glimpsed in Pepys, in the angry crowd of sailors demanding pay. Thus did the faith of the Middle Ages go out in a nasty stink of unpaid wages. Much the same was happening in France, and in 1716,

JOHN LAW OF LAURISTON

after immense difficulty, Law succeeded in getting a hearing from the Regent. He had not been idle during his wanderings, and whether he had inherited some taste for such matters from his father, learned it at the gaming-table, or absorbed it from the same source as Pater-son, he came forward with propositions for dealing with the immense funded and unfunded debt that France had incurred as the result of Louis xiv.'s adventures in arms, love, and bricks and mortar.

To put it at its shortest, Law suggested mobilizing the available assets of the Crown. There lay the maladministered, neglected, starved, and tax-farmed colony of Louisiana, many times the size of the state that has inherited its name. The possibilities of development were, in fact, immense, the effect of any such prospect on the mind of any such Scot as Law was, mounted much further. He was one of the first men in the world to grasp that credit is imaginary. The balance sheet of any great financial institution is always contingent on its not being put to the test. So Law founded his bank, and people believed him. He did, in fact, convert the depreciated paper currency and state securities into the issues and the shares of his own company. The price rising, he was able to float further capital at a premium. There followed the placing in his hands of monopoly after mono-

JOHN LAW OF LAURISTON

poly—West Indian colonies, East Indian colonies, until at last the entire Kingdom of France bade fair to become one great joint-stock concern. It did actually pay a dividend.

Like other people before and since, Law committed one fatal error. He was two hundred years before his time. Those for and amongst whom he worked could not keep their fingers from so promising a means of speculation. The crux lay in the fact that Law's notes were expressed payable in silver of a certain weight and fineness. He may have been in a position to pay them, but actually they were protected like our own issues by the fact that the encashment of the whole issue would have thrown into the hands of holders more silver than they required or could use. The Regent, hounded on by the old tax-farming gang that Law had supplanted and offended, altered the tenor of the notes. In a few hours credit was destroyed, and could never be restored. The actual handling of the first financial boom France had ever experienced, involved physical difficulties, in a Paris totally unprepared in its street accommodation as much as in its mentality. The troops fired on the crowd; Law was the scapegoat and had to fly. He never re-entered France. Though he rendered account of everything, and proved that he had made nothing out of his schemes, while the holders

JOHN LAW OF LAURISTON

of the shares did get a composition comparable with that made in our own South Sea Bubble, he was finally driven from England also, and, when the Regent of France died, into great poverty. His ghost must be smiling at the financial history of the last ten years.

GREAT BANKERS (2)

SAMUEL ROGERS

DOES it seem far from the newspapers of the hour, with their columns of chairmen's speeches before meetings of shareholders, to *The Pleasures of Memory* of old Samuel Rogers, the banker poet? It should not do so. Those effusions that commence 'My Lord, Ladies, and Gentlemen,' are, in a queer way, descendants of the dignified neo-classic verse and artificially 'sublime' atmosphere of the old nonconformist dilettante. True, he did not write, and collect, and talk with so oppressive a weight of public responsibility hanging upon his utterances. But he had—he and his generation may almost be said to have created—that impartial calm which has been the distinguishing mark of English banking since his time, and which still divides it from other and newer systems more involved with state regulation and political expediency. When he was made a partner in Welch & Rogers, of 3 Freeman's Court, Cornhill, where he used to dine with Mr. Olding, the invalid partner who lived over the shop, British banking was threatened with Napoleonic invasion, in addition to its own inherent weaknesses. When he died in 1855 it had only one more crisis to

SAMUEL ROGERS

survive—a crisis which, supervening upon the amalgamation of his firm with newer and less solid institutions, brought that firm down to its end. It almost looks as if his character and ability had been too closely identified with the bank to allow the old business to survive him. Difficult, indeed, it is to define that special quality of which he is so typical, and which he shares so widely with his peers, the makers of the great edifice of British credit. Any one uninterested in him and his kind may well be forgiven for putting down the account of his life with the remark ‘Uneventful.’ It was. But the astounding nature of its uneventfulness is only clearly seen when we place it against the background of history contemporary to it.

Samuel Rogers was born in 1763. In 1792, of all years in the calendar, he published his first, most considerable, and most remembered work, a rambling, reminiscent, aspiring poem in classic verse, entitled *The Pleasures of Memory*. Let the poverty-seared Tom Paine ride upon the whirlwind of two revolutions, and just escape extinction in his utter failure to rouse his countrymen to a third! Samuel moves quietly about his circle of rich Unitarian and Quaker bourgeois, and equally his other circle of wealthy landowning and politico-mongering titled seigneurs, his eyes upon a romantic past which is not there, and never

SAMUEL ROGERS

was anywhere. In 1800, during that awful pause in a third of a century of world wars, he had been made a partner, and moved his residence from the dissolving parental home in rustic Newington to St. James's Place, Westminster, where he lived fifty-five years, and died. Of all that great upheaval of Europe that rolled armies from the gates of Paris to those of Moscow and Lisbon, and back again to those of Paris, the most striking event to him was the closing and sealing of the doors of the churches in revolutionary France, because the priests were still suspect in their loyalty to the Être Suprême. Not that Samuel held religion to be the anodyne of the people. Nor, just as surely, because he believed the contrary. No. He wanted to look at French churches as curiosities, to enthuse over their architecture, carving, and glass, to feel pious in their still, musical, censer-dimmed air, and to record them in his impressions for the benefit of those delightful breakfasts of his, where wit (Sheridan) was matched by worth (Conservation Sharpe) and position (Lord Castlereagh) by beauty (Lady Hamilton). So on he went, through all that period when another generation of Englishmen before ours marvelled that peace could be so much worse than war, throughout all the long agony of reform, until at last, under the young queen (born when he was past middle life, and come by such a set of

SAMUEL ROGERS

coincidences to rule over an empire so miraculously enlarged at the expense of every one else's), he was able to see, by the aid of her German consort, the opening of that great Exhibition that was to end war, encourage thrift, call up a millennium from behind the twin towers (or chimneys) of Manchester and Potsdam. Perhaps it was as well that he was spared the rest—the growing materialism and doubt that so curiously seemed to emanate from public education and the ballot box—the decade of the 'nineties, with war in every continent except the Antipodes, until, in 1914, life should swing full circle back to those days he remembered.

But, on second thoughts, would he have minded? Would the calm that 1792 and 1815 could not ruffle have been broken by 1914-18? One wonders.

Part of the mental stoicism he exhibited may be traced to the extraordinary length and breadth of his life. Its length reached from those early days when he had seen the heads of the rebels rotting until they fell from the pikes on Temple Bar. Its breadth reached from work as a clerk, before being made a partner in the bank, to the constant writing of poetry. He had Pope and Gray for his models. The new Lake School and he, naturally, never coalesced. He says himself that he was most influenced by unforgettable

SAMUEL ROGERS

Milton and utterly forgotten Crowe. One can only reflect that he seems to have profited little by the former, while the latter could profit him nothing.

Again, his friends embraced poor actors, and also Pitt, Fox, Dr. Enfield, Porson, Lady Salisbury, Horne Tooke. If he had coolnesses in the morning for Byron and Durham, he never had for Sheridan.

What sort of a man can he have been, who did so little that one can call active creation, and did it so solidly, and with such results? Descent and environment count for something, and certainly seem to supply a clue. Rogers was one of those middle types that seem to derive from the various opposing strains that go to make up the essential Englishman. His father came from Stourbridge, where the family had been one that drank to King and Church in deep potations. As if deliberately to counterbalance this, Rogers's father moved to London and married into the new dissenting sort whose quiet negative virtue was placing them in command of so much money. So that he was at once Midland and Cockney, Tory and Whig, learned and evangelical. As time passed on, and he grew to wealthy maturity, it is not, therefore, wonderful that he adjured youth to 'Scorn the false lustre of licentious thought,' but greatly admired Lady Hamilton in her poses; that he was a friend

SAMUEL ROGERS

of the people, and particularly stirred by anything the people achieved out of England, but never ceased to live in the quiet comfort of an aristocratic circle.

Some indications we have that lead more directly to the man's career. He studied De Burgh's *Treatise on the Dignity of Human Nature* when young, and it seems to have made an indelible impression. For such an education can be carried anywhere. Convinced by such a text, the most divergent views can be made to synchronize, and no man need be an enemy, nor any woman either, though, whether from feeble health, shyness, or mere chance, Rogers's commerce with the female sex appears to have been slight.

Shyness, and an indifferent, or, at least, late-developing, physical substratum certainly marked his life. A great admirer of Dr. Johnson, he and a young associate once placed their hands on the portentous knocker of the sage's door and—took them off again. Shyness may be a defect. Appropriate shyness is something more than a virtue. It almost amounts to genius. If those callow young men had roused the old lion from his lair, what might he not have said to them? Something about being 'of no account!' it must be feared. And there, as not seldom elsewhere, the great man would have been wrong. Weighing the explosive wisdom of the one

SAMUEL ROGERS

against the lifetime of laborious application and cumulative culture of the other, which has done most for England? Who will say the former?

His shyness showed itself as an admirable quality later in his life, when it became a most becoming modesty. How can we fail to admire the man who, offered the Laureateship, declined it in favour of unknown Tennyson, already appreciated by him. This is rather supported by his occasionally advanced views—he was a witness at Stone's trial for treason—and his sensibility, shown by his saying that London (in his old age) seemed like a cemetery. The houses where he had enjoyed the congenial society of those now dead were inhabited by strangers.

Samuel Rogers's bank is gone, and gone his banking. What he might have made of an England in which something like every fifth person has banking transactions, an England fed from overseas and finding capital for half the earth, cannot be conjectured. Probably not much. Most likely he would have taken it all much as he took his own day's slower development and immeasurably more pedestrian pace of life. But it is because of immense material change that his life's work in the bank is so obscure, so buried in the foundations of modern England. Much the same influences have removed his poetry from our ken. Yet its stilted imagery is always grace-

SAMUEL ROGERS

ful, its lines fluent and correct. Can many a Georgian say as much? The man who could write :

Hence away, nor dare intrude
In this secret, shadowy cell,
Musing Memory loves to dwell
With her sister Solitude,

deserves to be copied rather than to be forgotten. And his phraseology, his *Orb of Day*, his *Mysterious Guide*, are, at worst, but fashions. Where will our fashions be when seventy years have lichenized our tombstones and matured our grandchildren? Shall we not seem beside him a hurried, febrile lot, fatalistic and shallow?

There seems to be considerable difference of opinion as to his contact with his fellow-creatures. Was he really difficult of access—*méfiant*, the French would say—or was he merely armoured, as any man with money to lend must needs be? Or was it his shyness? He was not ungenerous, for we know that when the erratic star of Sheridan was obscured in mists of debt the appeal was made to Rogers: ‘They are putting the carpets out of the window, and will break in the door. Pray come and see me.’ Rogers responded with a cheque for £150 that cleared the atmosphere. One would hope that amiability was the complement of a taste at once wide and catholic.

SAMUEL ROGERS

He seems to have discovered the value of Stothard and Flaxman, and used their abilities for the decoration of his house. When requiring a cabinet to house his growing omnivorous collection, he sent for a cabinet-maker, who came and did what was necessary—a man, Chantrey by name. This was, of course, luck; but what is luck but the concentration by coincidence of long-prepared fitness? If Chantrey had not been what he was, would Rogers have used him? If Rogers had not been what he was, would he have asked for Chantrey? This, then, was the man who presided in the old private bank and wrote *The Pleasures of Memory*. One incident of his old age, strange and fortuitous, bears singular testimony to the man he had been, the type of life and thought he had fixed in England. On a November Sunday of the 'forties, profiting by the helplessness of Mr. Olding, thieves entered the bank, forced the strong-room and decamped with a very large quantity of notes, many of big denominations. The hue and cry was raised without avail, and then some time later the notes were returned to the bank from some source unknown. The fact was, of course, that they could not be disposed of. To such a pitch, even at that date, had the records of credit establishments been brought, that all those promises to pay were useless in the hands that had no right to them.

SAMUEL ROGERS

It is a truism to say that where there is no past there can be no future. Continuity is lacking, and without continuity life is a mere series of disconnected incidents. Samuel Rogers represents the Past of English banking. He built solidly and well. That is why we have what we have, and hope for even better. Well, indeed, may the shy literary financier have called his principal work *The Pleasures of Memory*.

GREAT BANKERS (3)

HUDSON GURNEY

AMONG so much patriotism that is insincere and so much nationalism that is narrow, there is one home product of these islands of which we may be genuinely proud, namely the great English private bankers, who have held our national system free from alien race and restrictive enactment as no other banking system is. And of all those great figures, almost without exception members of the Society of Friends, none is more typical than that of Hudson Gurney. When he entered the old office at Norwich in 1796 the fate of England, bereaved of her first empire, with no credit to speak of, still hung in the balance. The difference in our national fortunes between that date and the year 1864, in which he died, spectacularly attributed to Wellington, Peel, and Disraeli, is far more actually the work of his kind.

Descended on the one side from Gurney, the 'Weavers' Friend,' and on the other from Barclay, the Apologist for the Quakers, he was brought up in the tradition which had belonged to an obscure and persecuted sect. Cut off by convictions from Art and Sport, the early Quaker was equally barred from politics or the

HUDSON GURNEY

services by vindictive legislation. His whole vitality went therefore in Religion and Business. The results are before us. But Hudson Gurney's long life is of more than usual interest because it shows the development of a strictly brought-up youth into the millionaire scholar, student, and man of the world. He failed to retain his membership of the Society of Friends, common sense removed the embargoes which had hedged in his ancestors, and the pupil of Dr. Young, who began, as he says, his career by 'entering up Jos: Smith's bills,' ended, almost inevitably, as a great English gentleman.

At an early date Hudson Gurney's destiny showed signs of overflowing the limits of the old Georgian dwelling-house in which his forebears had laid the foundation of the fortune that was to be his. Admitted a partner when he came of age, he records in his journal his 'indolence'—a queer confession for a man who was to own a library of fifteen thousand volumes, all of which he could say he had read; and his unrest seems to have arisen from a desire for travel and information, which was given full scope in 1802 by a more than Grand Tour, which, among other things, nearly ended in his incarceration in France on the renewal of hostilities in 1803. Great care had been taken of him, as is shown by the letters his solicitous grandfather wrote about 'our

HUDSON GURNEY

dear young man,' recommending him to 'employ time usefully, though we may never meet again in this state of mutability'; and he returned to England the better for the results of his observations, which included a sight of Buonaparte, an interview with the Cardinal-Archbishop, Duke of York, last of the Stuarts, an assassination during a game of billiards, and—a thing that impressed his Quaker soul more than anything—'thousands of poor young peasants' being herded by *gens d'armes* into the French armies. No one so English and individualistic could fail to hate that. Indeed the state of Europe had one most marked effect. Young Hudson sent a subscription to a fund for equipping a volunteer force, and was disowned by the Norwich Meeting. His grandfather was broken-hearted, but the two retained a deep mutual affection despite the inevitable differences that grew up, more between their distant generations than between their individual selves.

Such, then, was the young man who, as portrayed by Opie, married his kinswoman, Margaret Barclay, in 1809, and though still a partner in, and constant correspondent with, the Norwich business, settled in St. James's Square, London. It was, however, easier to transplant himself than to change his breeding, and his ancestry speaks in his words during the dark days of 1812, when he stipulated for

HUDSON GURNEY

bills 'fortified at both ends, and plastered behind.' His acumen comes out in his remarks, 'I have ever been puzzled to know why Exchequer Bills have never been used as circulating medium,' and 'without an amount of paper a nation with our Funded Debt cannot pay its way.' The instinctive Quaker is shown by 'all London so wild and riotous with these Kings' (the Emperor of Russia and King of Prussia), and the ex-Friend by 'About Navy bills—I do not see how the Friends can scruple them—more than bills of contractors and jobbers of all sorts, many of which are more warlike and mischievous, and fraudulent and dangerous into the bargain.' He was still the meticulously careful man of business: 'Mottram is now going with £80,000 in parcels, beyond number and compass, and I cannot but think it a very dangerous cargo to have charge of.' And further, 'A man with his head in his business learns nine-tenths of its bearings when he is in communications not avowedly having reference to it.'

Such was the Banker. But another side of his career was just then opening before him. As a youngster he had had to do duty for Bartlett Gurney, an absent candidate during a Norwich election. One of his Earlham cousins wrote in her diary: 'We had blue cockades, and I bawled out of the window, at a fine rate, "Gurney for ever!"' Hudson

HUDSON GURNEY

was tóssed in the Chair.' No wonder Bartlett Gurney was elected. No wonder that that young Hudson, sixteen years later, was unseated for Shaftesbury on petition and records his expenses 'under £1000.' He thereupon purchased Newtown, Isle of Wight, from Sir Fitzwilliam Barrington, Bart. He never went there, as the patron stipulated, who was afraid of his acquiring an interest, but he calculated years afterwards that the £3000 he had to put down at each election averaged £1200 per annum over his twenty years' tenure. Nor was this excessive. The parliamentary seat of Norwich then cost £2000 to £3000 annually.

Thus, at the age of thirty-six, he embarked upon the twenty years of his prime, a dual life of the City and the House of Commons, in both of which, quietly but continuously, his wealth and shrewdness had their weight. He was no party man, prided himself on neutrality except where economic measures were in question. In that pre-Mill era, when no weekly returns were made by the Bank of England, his technical knowledge gave him additional advantages. His first published speech was delivered in 1818 against the postponement of the resumption of cash payments. He had very strong views as to the necessity of retaining the Bank of England £1 notes of those days, was attacked in the House of Commons, reinforced himself with the opinion

HUDSON GURNEY

of his cousin, Sam Gurney, and eventually, although his amendment was lost, persuaded ministers to postpone the operation of the law. His uncle, Charles Lloyd, wrote to him, in the second person singular, approving his action. The same authority wrote direct to the Chancellor of the Exchequer on the subject. No wonder the Minister gave way before such a phalanx.

Hudson Gurney had strong views on such matters as usury, and seemed to have been inclined to limit the rate of interest to five per cent. Although for many years he never went to Norwich, he wrote to his partners there in unmeasured terms about unwise advances and the improper use of private note issues. He sat on many Committees, entertained, wrote on many subjects, gave advice on more. He seems to have been regarded as an authority not only by the Cabinets of the day and the City, but by his enormous number of relations among the Quaker banking and brewing families with which he had intermarried. This was the man who spoke of his own youth as uneasy and indolent, and whose principal literary effort of early years had been a versified rendering of the Cupid and Psyche legend.

And then, as one reads the record, a shadow not easily explicable seems to fall across a life apparently so useful and blameless. Whether

HUDSON GURNEY

it was the influence of his wife, who resented his connection with banking, or the fact that he had no offspring to whom to bequeath his vast and growing wealth, or whether because it had all come a little too easy to his hand, we find that in 1822 he was already talking of retirement from business. One thing is certain: with that prophetic gift not unusual in the Quaker strain, he disliked the connection between his Norwich bank and the London discounting business. Fortunately the disaster he seems to have foreseen did not come until he was safe in the grave. At the above date he wrote :

The only thing at Keswick [the estate outside Norwich he had enlarged, and was destined not very happily to rebuild] I look upon with unfeigned respect is the old summer house in the high garden, with a vacancy for Saml. G.'s chair—where, excusing from Magdalen Street [the early site of the firm, in the northern section of the City of Norwich], the older generation, on the evenings of summer, relaxed from their ledgers and discoursed on the business of the past day and the prospects of the coming one.

However, he took no step then, and the panic of 1825 further postponed matters. It was not until the Reform Bill of 1832 that he decided to quit both the City and the House. In that year his name disappeared from the Banking licence, and he did not seek re-elec-

HUDSON GURNEY

tion. He pointed out the curious reversal of the functions of Crown and Cabinet, how the initiative of the one and the confirmation of the other had been interchanged, and wrote in his diary :

When Kings were in virility
Servility and ability
Alternate gave the law :
But now from mob recruited
The mastery 's disputed
Betwixt bribery and jaw.

He set himself to edit his notes and diaries for publication, but never completed the task, and there clings a curious ineffectiveness to his other productions. In 1843 he felt his health failing, and retired to Keswick, and apparently did not enter the doors of the Norwich office again until 1852. One can quite imagine the scene, described by a contemporary. The old man, once so powerful, now no longer a partner and largely an invalid, looking round the old office in which he had entered up 'Jos: Smith's bills' as a youth, and failing to find there a single face intimately known. He had outlived them all, had outlived something that life gives a man only once, and which we call his floreat.

His true valedictory was to be found in the scenes at his funeral, in November 1864. The road from Keswick Hall to Intwood Church

HUDSON GURNEY

was lined by a motley crowd, scholars, country gentlemen, tenants, business acquaintances, the poor whom he had helped, the sick whom he had benefited. Churches and public buildings of Norwich flew flags half-mast, shops were closed and shuttered, work at a standstill, as the cortège of twelve mourning-coaches and seventeen private carriages went on its way. Such was the end of an English banker.

GREAT BANKERS (4)

LORD OVERSTONE

ALL sorts of places upon the map have been designated 'the grave of Great Reputations,' but the phrase might equally be applied to the City. Not, perhaps, in the usual sense. Plenty of reputations, certainly, have been lost there, but even more, without being impugned, have been gently obliterated. There are many reasons for this. The reputation of the great economist and financier usually rests upon achievements of great technical complexity. His influence is not exercised within that spot of limelight that beats so fiercely upon the politician and the soldier. Nor does his work remain so obvious to the naked eye as that of the architect or engineer. That work has an almost negative aspect. It is his part so to influence the intimate councils of a Government, so to maintain that delicate atmosphere of security, which is credit, that no unguarded entry is left for panic and disaster. If he succeeds, no one knows until, years afterwards, the biographies of statesmen and the history of crises reveal to the astonished public the abyss above which they slumbered. If he fails, he is far more sure of notoriety. The name of Overend is more frequently to be met

LORD OVERSTONE

with an disquisitions on economics than that of Overstone. Yet Overstone was one of the makers of the system that, with many patchings, abrogations, and compromises, governs our national Bank to-day, and which, though less important than it once was perhaps, is still textually un superseded.

Or it may be that, in the almost total oblivion into which his memory has now passed, Time's ravages play a part. For, recondite and autocratic as his influence was nearly a century ago, he was not unknown to a certain contemporary public, that for which Thackeray wrote. There is yet to be read by all who are interested the standard set up by Mr. Jawkins as: 'the way Jones Loyd looks at it!' Jones Loyd looked at it, for over thirty years, in the most decided way. It is difficult now to recapture the vital importance of those pronouncements, the worth of which has in most cases been long conceded. The Bank Act of 1844, which he largely sponsored, and which, with all its faults, we still love, has become so much a part of the settled make-up of English currency habit. We are so used to published accounts that we no longer feel the urgency with which he called for them. He seems to have had the right prophetic gift, inherited on the one hand from nonconformist forebears, just as on the other (or distaff side) he had inherited the possibilities, soon to

LORD OVERSTONE

become the reality, of immense wealth. He inveighed against the iniquitous Poor Law of his day with that clear sense which saw even then the hopelessness of multiplying marketable produce, and at the same time and the same rate multiplying unmarketable humanity.

The more dubious of his conclusions, those which are usually listed as his mistakes, were his resolute opposition to decimal coinage, and his low opinion, so vigorously expressed, of joint-stock banking. The former is still a question that is reopened from time to time, without result, but always with possibility. The latter is not so much a mistake as a truth told before its time. Overstone's worst fears of joint-stockism were never so near realization as when he appeared before the Committee which inquired with such revealing pertinacity into the structure and activities of the new kind of bank. His peers, private bankers of his upbringing and cast of mind, were all with him. Their theories, if never substantiated, were reasonable enough. And there was always the forgivable human distrust which the careful private banker, who had held on, sometimes so precariously and through so much, naturally felt for new rivals who appeared, then, to be proposing to share on many shoulders the burden of responsibility that had weighed so heavy on a few worthy individuals. Indeed, it is by no means

LORD OVERSTONE

certain that Overstone and those who agreed with him might not have been abundantly justified had not the inception and general spread of the joint-stock idea synchronized so nearly with that upward curve of prosperity in England that, despite what used to be considered its periodic interruptions, now seems to us, as we look back at it, to have been fairly continuous from the 'twenties to the 'nineties. But was he not rather guilty of a super-truth? His objection to the joint-stock bank was its loss of personality. Here he hit upon the one cardinal defect of our system which, concealed as it has been since his day, may yet reappear to trouble us. The casual and hasty note issues he feared, the jerry-built balance sheets, are behind us. But when he lamented that the banker no longer met his customer face to face, as man to man, did he not see, and only half-realize, the beginning of that separation of the banks from the rest of trading England which has become so pronounced a feature of our time. One halts in imagination before the thought of his ghost confronted with the round dozen of institutions that control our destiny. He might say, 'I told you so!' but his tone could hardly fail to betray complete reassurance.

Samuel Jones Loyd was born in 1796, the year in which Hudson Gurney came of age, and in which the prospects of England were

LORD OVERSTONE

extremely dark. This may have given him, as it gave so many of his generation who lived from that decade for some eighty years of visible betterment, the illusion of continuous inevitable progress. He did not, however, rest upon this. To many happy accidents of birth and situation he added industry and judgment. He had that—apparently necessary—early pietistic training that seems to be at the root of so many of our great fortunes. His father was a nonconformist divine who had married the daughter of Jones, the Manchester banker, and forsook the ministry for business. It was at his impulse that a London office was opened, on the site of which the Westminster Bank's Lothbury premises now stand. It was here that young Samuel Jones Loyd went, after being educated at Eton and Trinity College, Cambridge. He had also the beginnings of a political career, and sat for six years as member 'for' Hythe. He was a Liberal of the sort that, as we now know, Queen Victoria considered herself to be, and which perished with the generation of Sir Edward Holden. He failed to gain the suffrages of Manchester, in 1832, and devoted himself to business, becoming immediately a recognized expert witness before the Inquiries of the succeeding years, and increasingly a writer on economic, and especially currency questions, was finally one of the

LORD OVERSTONE

inspired of the Act of 1844, and the trusted friend and adviser of Chancellor Ward. He succeeded his father in the above momentous year, was made a Baron in 1850, and lived until 1883, dying a millionaire twice over. No biography of him exists, and his letters to Cabinet Ministers, *The Times*, and his correspondence with the erudite M'Culloch, are his principal memorial outside the Act by which our currency system is still governed. It is perhaps the monument he would have desired. It is eloquent enough, to the discerning.

III

SCENES OF BANKING LIFE

SCENES OF BANKING LIFE (I)

THE CHANGE IN ENGLISH PROVINCIAL BANKING

BRANCH management is a strikingly British institution. Only very recently has such a feature appeared in the banking systems of the United States and France. Originally English banks were highly individual, self-centred affairs, something of whose type has lingered until recently under the time-honoured names of Coutts, Childs, Hoare, and others. Nor did the first splitting-up and spreading take the form of the establishment of branches, but rather that of the foundation of separate banks in adjoining towns with identical or closely connected proprietors. Something very much more like branch relationship existed between the remote country bank and its London agent. The latter was often the only means of supply of coin, and was the name to be drawn upon for all drafts destined for more than local circulation. Yet there were formidable barriers of law and custom, questions of note issue and private partnership, that kept the various institutions rigidly apart. So far as can be seen by the records come down to us, the first moves toward opening branches among the historic banks were tentative and

THE CHANGE IN ENGLISH

indirect. One motive was the bolstering up of the weaker members of the profession. The 'casualties' among the small private banks were very heavy in the days of so-called periodic panics of a century ago. The safer and more enlightened banker sometimes took over the business of a weaker neighbour, either deliberately desiring to extend his scope, or wisely deeming credit a condition of public safety which it was worth his while to maintain. The absorbed institution became a branch. Another motive was the convenience of the customer. The relationship between banker and public was extremely personal, and this caused what we should now call 'Agencies' for cashing of cheques on B's bank to be opened at market towns such as A. Not infrequently a large local customer made a place in his shop for such accommodation.

Then came the fourth decade of the nineteenth century and the sudden expansion of joint-stock undertakings, on the crest of a 'periodic' boom. Up to then the heads of any banking office had been bankers, single persons or small groups, actual possessors of the funds forming the capital; in a few years there came into being a new set of persons, chief clerks or clerks in charge, in the nomenclature of the companies employing them; 'managers' by courtesy. It is significant that in Scotland the name 'Agent' has stuck,

PROVINCIAL BANKING

despite the gradual transformation of his functions.

Thus the branch manager came into being. And for half a century, more or less, with varying fortune, naturally, in various circumstances, he must have been one of the most deservedly envied persons that has ever inhabited this island. What man, induced by a salary of four figures to shorten his life in the City, can derive half the satisfaction from the process that Old Joe Massingham, uncle of the well-known editor, 'Mister Marsenhem, Sir!' to half a dozen markets, did from dominating Mid-Norfolk for a generation? Of good middle-class manners and commanding physique, easily master of the simple operations that filled the books of his branch, he stood firm in the knowledge that he had served the bank partners well, and that they would back him through everything. Not for him the complexities of balance sheets and the anguished craving after new business to swell the 'branch report.' The gentry begged his assistance, and loaded him with presents of game and invitations. The professions relied on him as on the church clock. No sporting event could take place, no charitable scheme be launched without him. And, greatest compliment of all, the rough, semi-illiterate crowd that followed the horse fairs, or went to sea, occasionally, for its health,

THE CHANGE IN ENGLISH

and feared neither God nor magistrate, would bring to him any coin picked up in the street, believing that in some way he could trace it, as though it were numbered.

Yet his salary was usually small by our standards, and not too much to keep up the square-fronted Georgian house that went with his position. There was nothing unique about him, probably his case could be duplicated in all the larger counties, and, with certain differences, in London, as the number of offices to be supervised easily outgrew the powers of partners of the old banks, or those of directors of the newer joint-stock concerns. What would he have said to any one who tried to 'inspect' him? As one looks back at him and his kind, one wonders how his successors can possibly be so much less fortunate than he. The reason probably lies in his very enviability. It was too good to last, the flush of Victorian prosperity. Banking became at once a fantastically valuable property and an extremely complex system. Both facts called for the Limited Liability formation, and the amalgamation tendency. Mr. Massingham's 'partners' sold the Old Bank to a great combine. The great combine amalgamated his office with the rival one over the way, that he used to glance at with good-humoured contempt, as though amused at the notion that they could get 'his' accounts. If he knows

PROVINCIAL BANKING

how effectively that rival institution has got his entire branch, he must turn in his grave. But the creeping impersonality of modern business did not stop at flotation and trustification. It invaded gradually the very core of banking. The customers altered as much as, and in relation with, the banking business. All down the street the old shops have become 'branches' also, of trusts no less enormous, and far less comfortable, than that which has taken over the Old Bank and the Joint-Stock Bank and clapped them together. If 'Mister Marsenheim' could arise from his grave and walk down the main street of the town to the office—still, by the legend of its window-blinds, a 'bank,' not a branch—that he used to call his, of how many of his customers could he trace the descendants? Hardly upon half a dozen professional brass plates! And not only are his customers and 'his' bank altered, but there has grown up a great network of public authority, quite new, an entirely novel side of English life since his day, handling sums of money the richest landed proprietors to whom he used to bow had no conception of. Such bodies run very large accounts and are the biggest employers in the town. And would he recognize the employees, the new, collared, and even soft-collared, insured, and presently to be pensioned, mechanics and 'staff' of the lately formed companies and

THE CHANGE IN ENGLISH

jurisdictions, with a vote—even the women—and the new consciousness it entails?

But possibly his greatest shock would be to meet his successor. The bank has changed, the public has changed. The branch manager has been caught between the two. Watch him, as he opens and unfolds the sinuosities of the Head Office letter. Here, hurriedly machined by underlings, are sheet after sheet of impersonal, official detail. He asks himself, supposing that he does put out his best effort, sacrificing leisure, other interests, and not seldom sums of money out of his own pocket (there is a marked preference for branch managers whose wives have not children, but a small private income), will anybody in London E.C. 2 or 3 ever notice it? He is not unreasonable. Occasionally, some mis-sorted enclosure comes to him, meant for a similarly named, like-looking or sounding manager or branch, the other side of England, or even the other side of the world. He has a sudden vision of himself as a mere name, and not an uncommon one, in a card index kept by a typist in an artificially lighted cellar near the Royal Exchange. That's what he is! How can they notice what he does? But it does not end there. Impersonality is not, unfortunately, complete. The Treasury, they tell him, refused to sanction any further amalgamations, so there are still five banks in

PROVINCIAL BANKING

England, and another similar set up north. Now the Blank Bank—it does not matter in the least which, it is the last comer of the five to the town—has built a great place, half cinema, half chapel, by its look, just across the market, where old Haycock used to have his chandler's shop, of which he drank away the proceeds. So the property got into the hands of the previously unrepresented Blank Bank. He meets the new manager, on friendly terms, at all the local shows, and away in E.C. 2 his directors meet the Blank directors at the British Bankers' Association, and agree rates and policies, and discountenance ungentlemanly conduct. But he knows quite well that the new manager has got to find something to put in those forms that he, also, sends up to E.C. 2 or 3 in case they, some day, inadvertently are noticed. What can he do? Everything has been tried: Home Safes, Trustee work, Stockbroking, Deposits. He cannot increase business by lending, head office has said that there is too much money out in the district already, and he has only discretion up to £200 or so anyway.

And, once more, even if he does achieve something, who will notice? The directors who cannot remember his name, the fifty thousand shareholders who do not meet, cannot meet, there is nowhere to put them, and who would not know what to do if they could?

ENGLISH PROVINCIAL BANKING

The public who envy him, and think he has a soft time? He is particularly aggrieved by the latter, who seem to be moving almost away from, if not against, the bank. He has always been a strong Conservative (without taking any interest in politics, of course), deeming it his place to safeguard property. But the blighters outside have less and less property, or have it jointly, publicly, and say hard things of the Financial Octopus. How he wishes the dear old days of 'Mister Marsenheim,' the days of gentlemen, had remained. Somehow gentlemanliness has not survived prosperity. Well, the sooner they put in these machines they are talking about, the better. Then there will be fewer men in the banks for the top jobs!

What other prospect has a branch manager?

SCENES OF BANKING LIFE (2)

CITY LIFE IN THE PAST

So continuous is the pressure, so immediate the outlook, that it is rare to reflect upon such a subject as City life in the past. Indeed, the very words tell their story. The modern city consists of markets and exchange, termini of transport, administrations of local, national, or world-wide authority. It has something under twelve hours of daily activity, but the historian will pause before he describes it as life.

In that last thought lies the importance of some study of the subject. Insistent as are its demands upon us, it is as well that we should remember that the present phase of organization of the modern city is no more permanent and far less deliberate than the phases through which it has passed. Each one of those phases has contributed something to the seemingly all-important present one, which, in its turn, is only laying down certain conditions for the city of the future to conform to, or to overcome.

The first of those conditions to suggest itself is site, and we may place access to water as one of the earliest determining factors of this. The stronghold has long ceased to have

CITY LIFE IN THE PAST

any decisive influence on the major congregations of humanity. The steep rock, the remote marsh, have been deserted by advancing civilization. The village and the travelling fair are the limit of development in such places. With the city proper—by which term was originally understood a community of more or less democratic organization, with later the additional meaning grafted on to it, of ecclesiastical metropolis—is marked the first emergence of the bargain as the substitute for violence in the adjustment of human differences. That it was only a beginning is shown by the fact that all great cities were first built 'open,' and only subsequently walled and fortified.

Thus we have the growing accumulation by quayside and bridgehead (often originally ford) and the gradually established permanence of the fair, developing into the market. There arises now a secondary importance of water as part protection, dispensing with the necessity for complete circumvallation, and its renewed importance as the growing community requires for domestic use a supply that could not be provided by small stream or stagnant pit, and, finally, its convenience for sanitation. The former has been a dominating factor in choice of site from Asian and Egyptian times, when the possibilities of irrigation may have been an additional attraction. This may afford us com-

CITY LIFE IN THE PAST

fort in the contemplation of London and Amsterdam in unsalubrious marshes, New York cramped in its island, and Paris subjected to floods. As to the latter, Chicago still needs it for the cleansing of its abattoirs, a function which is seriously taxing the resources of the Great Lakes. Apart from this last and most modern consideration, the importance of water held good until the end of the eighteenth century; the choice of other means of communication, and the growing respect for finer soil and climate, have not even yet overcome the waterside habit, so deeply ingrained and responsible for such considerable results.

When the market was once fixed, its great necessity was security. It had a certain amount from enlightened royal decree, but in many cases it can be traced that the market centred at the monastery gate or church porch, thus giving a particular cast to city development. The sites west of the market were the most desired, the properties so situated rose in value, increased and extended, until we find a sporadic but distinct tendency towards a rich west end and poorer quarters eastwards. Beyond the actual market-place, the disposition of the city has been governed by radiation of important thoroughfares, more variable than one would now suppose. The mediæval civic authority had much less continuous executive power than our modern public

CITY LIFE IN THE PAST

bodies. Dogberry and Verges may have been caricatures, they were not imaginary persons. The rolls and visitations of pre-Reformation England are full of arbitrary acts by individuals. The thing which did most to stabilize the street was the walling of the rich cities, the gates determining what habit had marked out.

One of the most difficult things for us to realize about the mediæval city is its lack of density. We look at packed London or piled New York, at stratified Paris or Milan, and wonder how the city of warlike Europe used to maintain itself during a year or more of siege. The answer is that, in many cases, the streets only were lined with houses. In the centre, round about the market, the architecture was fairly compact, and there was a tendency to build private dwellings on to the walls of public buildings, ecclesiastical or secular, but as one moved towards the gates the open spaces between the backs of the houses of the one street and those of the next were filled, first with gardens, finally with fields, farms, and mills. It is to the uncontrolled overbuilding of those interspaces that we owe so much of our modern slum construction that is only just beginning to be scientifically tackled. The original overcrowding near the centre of the city has generally been eliminated by catastrophe, ostentation, or the needs of traffic. The names—

CITY LIFE IN THE PAST

Courts, Yards (courtyards), Mews, Alleys, Rents, Buildings—of our by-ways tell their own tale of the alteration of site values, and the encroachment of human lodging upon dignity and convenience, the inroads of the speculator on garden walk and stabling.

It is hardly necessary to point out the suddenness of the dramatic change that railways inaugurated. Building had already overspread the ancient walls, most gates had disappeared in all but name, but such things had come about slowly and naturally. The laying down of permanent way, with its rigid form and great demand for space, made a violent alteration in the direction of city development. The suburbs were already a necessity, the railways made them a possibility. The effects of the reaction introduced by the internal-combustion engine are still under debate; the possible effects of air transport hardly even that, yet. Few have yet attempted to visualize the city sited for beauty and salubriousness, served by a ring of aerodromes, and strictly laid out to avoid the friction inevitable between humans. Yet such is the only conclusion to be arrived at from a study of city life in the past. We have before us the result of from one and a half to eight centuries of practically unrestrained individual choice. A nodule of Gothic masonry, some sooty expanses of neoclassic architecture designed to keep out a

CITY LIFE IN THE PAST

glaring Mediterranean sun, not to admit the humid pallor of a northern day, and beyond that—let us be frank—rookeries, literally. The Past of the City is already dim in physical outline, dimmer still in social habit. The modern city is a ganglion charged for some hours with the richest stream of humanity that ever flowed. Life is intensely mental there. The void at night is a necessity.

The effects of this new phase of city life, or, rather, intermittence of life, are far-reaching. We become increasingly segregated. The cockney of London, so far as he is preserved, persists east of the Bank, though his distinctive type, the coster, seems to be yielding to an Americanized cosmopolitan, popularized by, and reacting to, the cinema. Westward, the unceasing struggle of business to be respectable coincides with the residential aspirations of those to whom the Park used to be beyond argument. On each side stretch the serried rows of uniform houses, already out of fashion, peopled by provincials who have come up to man the services that the modern metropolis demands.

It is only by keeping this modern photograph handy that we can get the true value of the more highly coloured picture of what the city used to be like. To be completely informed, we must use more than the eyes of the mind. We must create for ourselves a place

CITY LIFE IN THE PAST

that smelled rank, not with petrol and soot, but with sweat and foulness, with powder and, on occasion, blood; a place where they scattered herbs and flowers, not only as a compliment to Royalty, but as a precaution to preserve the King's judges from gaol fever. We must be able to hear the din that had not the even mechanical roar of to-day, but was vivid and alive with highly individual clamour, with shouting and singing, not by any means always of sacred song, with the shrieking and crying of panic and prophetic preachings. The mechanism of a highly complicated civilization has so invaded the city to-day that it has brought about a sort of anxious complacency, a determination not to see the unusual.

It was not always so. When news could travel no faster than horse could gallop or a vessel sail, the direct event fell upon burgesses with the suddenness of a thunderclap. It fell upon others too, but we must remember that they did not matter. There was a time when the city was a clearly defined entity, cut off from the country, and all beyond, by walls. Within were two well-known and for long unquestioned types of authority, spiritual and temporal. Beneath them stood the close associations of merchant and craftsman, jealous of privileges that were then very real, accustomed to responsibilities that could not be

CITY LIFE IN THE PAST

avoided by living beyond Ealing and unhooking the telephone receiver. The foreigner, Fleming or Jew, was circumscribed or ousted. But, slowly, the composition changes. The kings are bought off, the prelates recede. As if by some divine counterpoise, the corporate bodies do not long survive them. They decay and dwindle, there comes a more indiscriminate crowd, living anyhow and anywhere. But all authority is not lost. There arise men who are of a New Model, as their army was called, if ever men were. They, too, pass, and we come to the not over-scrupulous but widely interested neighbours of Pepys' day, and the city begins to look beyond its walls which will never again be manned, far across land and sea, and to share the life outside. So we reach the volatile Restoration city, whose note is activity rather than morality, filled with a heterogeneous crowd, come from everywhere, living by all sorts of shifts, rich and poor jostling in inadequate accommodation, riches and poverty alternating rapidly, no privilege visible, very little responsibility either, old sanctions gone, no new ones yet set up. Yet apparently some Providence guides the city to its ends, for slowly there are seen to be standing fast, among great changes, a new moneyed class, mainly Quakers, living over their shops and counting-houses, forming no Guild, but intermarrying. These become a

CITY LIFE IN THE PAST

new aristocracy, for the King and Court no longer shelter within the city proper, but come in from outside on State visits, and, if they look, see besides men of worth and weight and their appropriate wives, officials, and notables, that most curious of all things—a city mob, more bereft and helpless than Adam, but cheering itself hoarse at the mere distant sight of a splendour that is its exact opposite.

Such occasions are necessarily rare, for there now grows upon the city a preoccupied seriousness, an urgent necessity to keep strictly to business, to perpetuate the insistent motion by which it lives. The outward sign of this is the hue of black, in clothes and on buildings, while a curt drabness overcomes the boisterous speech and habit of the citizen, more marked in the new world than in the old. And out of this, in the wide circuit of time, comes back again the idea of control, of authority, after centuries, and the city begins to organize itself, to legislate what shall, and what shall not, be done, of very necessity, lest all its intense life end in mere confusion. One after the other the activities of the city have to be laid down on exact lines, traffic and planning, sanitation and finance; and out of this grows once more the idea of the city as a conglomerate whole, not a mere chance congeries. For how precious the place has become, and how exhausting! less and less lived in, more and more

CITY LIFE IN THE PAST

times worth its weight in gold. The citizens can do less and less what they like—that is their new responsibility, instead of manning the walls as in the past. Their privilege is now universal; it is simply the privilege of being allowed to walk those streets, paved in gold, so that rich and poor, woman and man, can share both responsibility and privilege.

There we have it; the riddle of the city, inextricably mixed with its past, built at all times, for all reasons, and continuously rebuilding itself; wearing out its inhabitants, and attracting more; and as yet showing no signs of that fate that overtook the immense cities whose ruins strew the deserts, or the small declining towns amongst whose cobbles grows the grass. For that also City Life in the Past leads us to remember. Is the modern city the final expression of man's preference as to the venue of his waking hours? If not, what fate is in store for it?

SCENES OF BANKING LIFE (3)

THE BANKER'S CLERK HAS HIS DAY

His origin is lost in antiquity. Not that it is so remote, but that it must have been so unspectacular that no one thought it worth recording. At what precise date those early bankers who first began to keep 'Running Cashes' were aided by a clerk whose sole duty it was to enter up the amounts paid or received, no one can say. Probably there was no precise date. The private banker, as late as Samuel Rogers's time, worked as a clerk before he became a partner, and even after that date was not above making an entry in the books. Right up to the first decade of the twentieth century there were, in remote places, bank 'Agents,' who were the local grocer or draper at the counter, and the local banker who kept all the books in a sort of cupboard at the back of the shop. Yet at some time during the eighteenth century there did crystallize out, in the houses of those merchants who were beginning to be bankers, a new class, distinguished by the ability to write from the mere workman, and from his master by an attitude not unlike a butler's. The first well-known one, in fiction rather than in history, is Mr. Lorry of Tellsons. By the time Dickens

THE BANKER'S CLERK HAS HIS DAY '

came to use such a character the crystallization was complete. Before Mr. Lorry there had been one or two attempts to put the banker's clerk into uniform. But with the nineteenth century there set in the age of gentility, and for better or worse, the banker's clerk became a gentleman rather than a man. Thus it comes about that insurance or mercantile clerks are paid and regarded for their skill with figures or in keeping books. The banker's clerk for his shut mouth and non-pilfering fingers is paid on a scale that may not range so high, but has a higher average. As the catechism has it, he keeps his fingers from picking and stealing and his mouth from speaking guile. Professing qualities of the heart rather than the head, he has gathered about him an odour, if not of sanctity at least of decorum.

So he fared until those fatal 'nineties, when 'la vieille Angleterre,' as Anatole France called her, found her success going to her head so much, and inducing that vertigo of change from which she has not yet escaped. The banker's clerk was ill-fitted to withstand the new influence that bore upon him. The specialization and centralization that were the inevitable result of the new age turned him by the hundred into secretary or stenographer, card indexer or machine tender, and sorter of specially coloured slips into some particular

THE BANKER'S CLERK HAS HIS DAY

pigeon-hole. In London, above all, you will now look in vain for Mr. Lorry. Some say it is because he gets up too early and travels too far. Others that the fact, discovered during the war, that the sort of work he is called upon to do in London can be done just as well—is done, in fact, often enough—by girls, has detracted from the prosperous security that used to be his. But it may simply be that, just as in war time the least warlike of the army was always to be found at Army Headquarters, so those least typical of banking fill head offices. Nor can Suburbia furnish his true type, for it is a place where people always want to be somewhere else. However, in the provinces there still remains a position that many envy and very few can hold, the unchallengeable certainty and comfort of being ‘in the bank.’

In the market town you can tell the banker's clerk by the way the day begins. The shops will be open, the business of the day begun as he passes along from his little house on the fringe of the town. The boots of the ‘King's Head,’ the sexton at the lych-gate will nod to him as he goes. He may even have an appointment to make before, in inverse order of seniority, he enters the side door of that building which, by its size, and a certain dignified ugliness, shows not only its independence, but the dependence of the rest of the town

THE BANKER'S CLERK HAS HIS DAY

upon it. He must needs be there before the door opens, because the postman has already left a bulky envelope post-marked London, and this must be opened and sorted before the day's work begins to flow in at the counter. Full of country air, and well breakfasted, he falls to his task, and is well on with it before the sonorous opening of the solid baize-covered door allows a certain homely atmosphere of thick middle-class comfort to mingle with the old leather and brass, the ink and blotting-paper air of the office. It is the manager who brings with him, from the Bank House, a sense of thick carpets and good coffee, of authority and a certain English good nature. He is not there to skin the public nor to drive his clerks. He takes the letters that are not mere routine forms and, giving every one good-morning, retires to his 'sweating room,' a blue-painted chamber decorated with an enormous insurance advertisement and a copy of the last balance sheet of the bank.

Now, as the church clock hesitates upon the stroke of ten, the messenger, who has been polishing the brasses of door-handle or cash-scoop, unbolts and throws open the main door, and the business of the day has begun.

Every one who has worked in a bank in a market town knows that there is a rhythm in the day's work, the week's progress. Monday morning is the morning of the shopkeeper

THE BANKER'S CLERK HAS HIS DAY

who takes money from wage-earners late on Saturday night, long after the bank is closed. It is, therefore, the hour of taking in of silver, much conversation, and occasional expostulation.

‘Look here, Mr. Briggs, this silver of yours. How on earth am I to give it out again? Here’s a great piece of bacon fat on the back of half a crown.’

‘Well, what do you expect, young man, out of a butcher’s shop? Turkish delight?’ and so on.

The itinerant coal merchant and the baker are also offenders, leaving a trail of grime or flour, which the cashier indignantly calls on the messenger to expunge. This nuisance, however, is decreasing. As the small, worried, and helpless trader is ousted by the big store, better order prevails, the cash is better (and more accurately) kept. But another nuisance has arisen, more especially since the war, the presence of large quantities of depreciated silver brought back by British troops from all parts of the world. Canadian 25-cents do not matter so much, even Australian and South African shillings only involve a loss of two-pence, but when it comes to francs, piastres, etc., at a penny, the matter is more serious. Yet what can the cashier do? Here is the manager of the Amalgamated Works with a handful of these tokens.

THE BANKER'S CLERK HAS HIS DAY

'Look here, our people say they got these from us on Friday in their wages. If so, we had 'em from you. What are y' going' to do about it?'

The cashier, not wishing to quarrel with the Amalgamated, and deeply aware that in the hurry of Friday he only weighed instead of counting that last fifty of bulk silver, takes them with a groan. They will deplete the 'posh' or lucky bag that every good cashier keeps for such emergencies, and he will be able to dispose of them only to the Foreign Branch at some ridiculous figure. Dinner-time comes, and to his midday meal, which, in his persistent effort toward gentility he calls his lunch, the banker's clerk will go. His wife (or landlady) will be busy with her laundry, and anywhere north of London she may very likely be baking. This is the sort of day on which he will get beef-and-kidney pudding, and be admonished on account of the number of buttons missing from his shirt. Monday is otherwise inherently unremarkable. There will be no rush at the close of business, though the messenger and junior may perspire no little over the storing away of the silver taken in. Monday evening is an off evening, the sort of evening when the banker's clerk will grunt over the papers of the Institute exam, if he be a junior, or, if senior, will listen to his wife ironing in the kitchen. Tuesday

THE BANKER'S CLERK HAS HIS DAY

dawns with a different sky. Allowing for the difference in districts, Tuesday is likely to be 'Agency' day, the day on which the bank in the market town has to send a representative armed with a bag of cash, a counter scroll, and a pocket lunch, to some neighbouring fair or sale or other special occasion. Agencies fall into three main classes. There is the regular once or twice a week all-the-year-round agency at some agricultural centre, too small to have a bank of its own. There are seasonal ones, caused by special markets, by holiday populations at the seaside, by fishing fleets, horse and cattle sales, or harvest. And there are special ones when some great occasion demands the services of the bank for a few hours. It is in his agency work that the banker's clerk faces the only risks of his calling. More than one man has died a violent death since the war in a lonely agency that tempted the criminal or the deficient. The second cashier is the sort of man who will get this job, and a very busy time he may have of it. Years ago he used to drive in state in the dogcart from the 'King's Head.' But with increasing railway facilities it has become more usual for him to catch the one train on the branch line and travel with his customers. Lately the motor has often carried him, or the increasing bus service. The work is responsible, as he may have almost any sort of problem suddenly

THE BANKER'S CLERK HAS HIS DAY

thrust upon him, at a moment's notice, has no one to refer to, and dare not stop the hasty cashing of cheques and bundling-in of dealers' credits to consider. Such a 'snag' may make him lose his train, or miss the clearing in the town from which he comes, or may land him with a heavy evening's work, dissecting and agreeing what he has received, or hunting for a 'difference' in what he has paid out. In the long run, with more or less bad language, he gets matters straightened up.

Wednesday, mid-week, is a favourite day for that weekly balance that most banks now make. This means the extraction, agreement, and summarization of the ledgers, and the compilation of some form for head office. In the comparative quiet this will be completed and signed, and the staff will hope to get away in fairly good time. In the summer it may be for bathing or tennis, in winter a whist drive or a dance, and from time to time he will attend meetings of the Bank Officers' Guild, his sole effort towards some form of self-expression, the only occasion during his forty years of work that he says, 'Lo! here am I, the banker's clerk,' his unique attempt to be a skilled professional man instead of an under-butler.

Thursday may well be market day. This morning he may have to be early, and there will be a special cleared-for-action look about the office. This day every one in the branch,

THE BANKER'S CLERK HAS HIS DAY

from manager to junior, will be hard at it, but, as a rule, unusually cheerful. Is it perhaps the subtle flattery of importance that kindles the eye and curls the lip of the banker's clerk on such a day? For he cannot escape the conclusion that he really does matter. Especially in a farming community, men whose income is many times the figure his salary can ever be will speak to him cordially, may even invite him out to have a drink. If he is a native, there will be many a greeting for him; if he be a stranger recently moved from a distant branch, the farmers' wives will appraise him as they stand at the back of the shop waiting to waylay their consorts who are cashing cheques, and who must be induced to spend now or never—for to the agricultural community that has daughters at home the banker's clerk is even to-day a possibility. The long afternoon is soon gone. All the staff will be late this night. The manager will be writing letters and preparing those innumerable forms required by head office. The cashier has pages and pages of 'paid' cheques. The ledgers have been posted, but not checked. The junior has long lists of 'country clearing' to agree. Probably, about half-past five, all will sit down to that hearty tea which is one of the amenities of English provincial life. Outside, the wheels of departing gigs, the vibration of motor cars, accompany many a story of

THE BANKER'S CLERK HAS HIS DAY

market days long gone by. Not infrequently the banker's clerk in such a town will make some small festival of market-day evening, a supper with his friends, a visit to the local music-hall or cinema. Forced to celibacy by his bank, which will only permit him to marry under certain conditions, obliged by the very atmosphere to be a careful and saving man, he will be able to afford some small treat.

If market day is the day of the market town, Friday is an equally important one in an industrial district. The product of the modern mill or forge is not marketed locally, but the labour is. In any northern or midland centre, therefore, Friday will be the day on which the cashier will be early and preoccupied. He will be scanning various slips covered with figures, he will be the recipient of telephone messages. He may even impart his anxieties to the manager, speaking in this wise:

'The Amalgamated say they want five hundred extra this week. Do you think we might ask the —— (other bank just down the street) if they have it?' Or it may be a grievance:

'This silver they've sent me from head office is all florins, unmixed. What on earth do they think I'm going to do with it? The Amalgamated will never have it like that.'

Somehow or other he overcomes these difficulties. Soon after the door is open, cabs,

THE BANKER'S CLERK HAS HIS DAY

cars, and vans of varying descriptions drive up, and in will come the railway and the post office,* the factory and the shop, more often two from each, a policeman, messenger, or it may be a clerk, with the secretary or other official. Then will the brass scales rattle and the scoop be plied as the wages for half a countryside are tipped into big leather bags.

Friday reveals more than any day the changes of the last two decades. The practised eye will miss the glorious sight of the golden sovereigns that used to pour into the waiting bags. Again, the actual quantity paid away is much greater; the average wage used to be nearer a pound a week. The cashier, however, rises to the occasion, and the life-blood of the local community is set circulating once more, to pass on that night and all the following day to the shop, the pub, the cinema, and the railway or garage.

So comes Saturday, crowning day of the week of the banker's clerk. It is often very busy, in smaller towns surrounding large markets, or in places from which there is considerable and ready egress. A lot of small cheques will be cashed, and there will be a miniature rush on the part of the customers to clear out all paper and cash they can, so as not to overload their safes for the morrow. At last the door is closed, and the banker's clerk is in possession of his week-end. Debarred as

THE BANKER'S CLERK HAS HIS DAY

he is by the prestige of his semi-profession from taking any interest in racing, he does, however, indulge in football. 'There' is no summer pastime that is denied to him, and having money in his pocket he can enjoy them all; it is, indeed, during his week-end that he affirms most strongly his type. Without technical skill or much sense of pride in his work, he puts it behind him to live for thirty-six hours. What Lord Avebury gave him he now finds a necessity. His office is given over to the messenger and the charwomen. His books are battened down out of sight. He himself may be anywhere, but as the thirty-six hours slide by he will be drawn back as if by a magnet. Born of parents who have known something worse (*i.e.* longer hours for less money), he will come back to such a desirable situation. His type is changing, has changed materially since the war in which he played no inglorious part. It is doubtful, however, if it is changing more quickly than the job he has to do. One by one the small privileges and initiatives of his position disappear and are bound to disappear. The qualities that were excellent in the clerk who presided over his master's 'Running Cashes' are simply subversive in a big joint-stock bank of the twentieth century. The rapid and incessant strides that the machine he has helped to create makes from week to week

THE BANKER'S CLERK HAS HIS DAY

are rapidly reducing him from its master to its tender, and, finally, perhaps to its super-numerary. What the future can hold is uncertain. Perhaps some great exchange in London where girls, deftly adjusting the dots and dashes of some notation not yet perfected, will make fall into the lap of the depositor at the other end of the kingdom metal or other tallies due to or required by him, if, indeed, individual bargaining will remain to us in such an age. When and if it comes, the day of the banker's clerk will have at least the interest of antiquity—of those curious ways in which men supplied their necessities long ago, in the twentieth century.

SCENES OF BANKING LIFE ,(4)

THE RISE OF THE SOUTH

Looking out from a high tower across my native city the other day, I could see far beyond the streets and squares, inland, over the fields, or, in the other direction, along the scar of the railway, to the dim blue-grey that I knew to be the sea. But almost immediately below me, in a narrow passage behind other buildings, I could see, upon the frosted glass of a window, the movements of those who worked there, in some factory, by artificial light in mid-afternoon, intent upon the necessity of the moment, the minding of the machine they tended, and not dreaming of the prospect spread out all round them, visible to me a few feet above their heads.

This seemed to me an allegory of the way in which so many of us spend our daily lives. Enclosed in the immediate and the obvious, that which surrounds us and the daily need for daily bread absorb our faculties—we are precluded from any large and distant view, and when change comes it takes us unawares.

Thus, those whose shadows I saw upon the opaque window were hardly conscious of twilight and dark, and wholly oblivious of such momentous matters as the new inventions

THE RISE OF THE SOUTH

that might at any time change the machines they worked, possibly to the extent of affecting the whole of their lives.

Thus it has ever been, and in no country has change been so continuous and so far-reaching as in England. For consider how utterly unforeseen has been our island development. Our first civilizing invasion, that of Ancient Rome, just reached to us, got no further, was already remote and alien when it touched these shores so unexpectedly and fastened for a century or two so artificial yet so indelible a mark upon our landscape and our history.

Our Christianity actually arrived by the tortuous route of Ireland. Our present national boundaries and name were given by marauders from overseas. The rose, our emblem, was brought from Turkey, the potato from America, tea from China, the banana from tropic islands.

So that we may well ask the historian: 'Pray, show us Britain, our original native land—kindly remove our reactions to America and the Colonies, take away what the Georges brought from Hanover and the eighteenth-century culture we learned from France, strip off the effects of world-wide Church or Continental dynasty, wipe out Flemish immigration, our domination by the Scots, our permeation by the Jews and Scandinavian raiding, and show us real native Britain!'

THE RISE OF THE SOUTH

And the historian replies: 'In a few place-names there is a syllable remaining. On down and moorland some shapeless mounds. 'These are Britain. All the rest—that is, everything—is changed!'

Nor is the process yet complete. To be complete is to be perfect—that is, dead, finished. We have, let us hope, no idea what we may yet be. And one of the most profound, and we may say thankfully, peaceful changes this country has ever seen is the slow, certain drift back to the South of all that commercial and industrial activity that, for the whole of a busy and optimistic century, crowded to the North.

Full of local patriotism, I used to point out mournfully to visitors the lessened glories of my native place—the ancient bridges, the six-and-thirty church towers—of the days when the cities of England were London and then Bristol and then Norwich. The explanation was, of course, that the fatal proximity of the coal and iron, more conveniently situated than in any country in the world, has so enormously facilitated the output of machinery for power and traction that the old waterways could not hold even the slower-moving merchandise by the cheapness of the freight, as they do to-day in France and Belgium, in fact all across Europe, and the hand-loom vanished before the horse-power of spinning-jenny.

THE RISE OF THE SOUTH

The luck of the Nineteenth Century! Was there ever anything like it? To have coal and iron and the climate of South Lancashire and the indomitable energy of those that live above the Trent! How enlightening it is to read, in Trevelyan's history, of the poverty, the sparse population, the barren land, the disaffection of the North and the Border.

And then, in a couple of generations, the ironmaster and the cotton-spinner were buying up the castles of the South. Dickens hit the exact moment in his presentation of the incredulous disgust of Sir Leicester Dedlock on being informed that some fellow in trade was actually putting up for Parliament, and, horrid thought, getting in.

So the ports of the South silted up, and the old trades moved bodily away. Norwich and Bristol might hold their own, but many a smaller place saw grass growing in its streets. Most obvious of all was the diversion of traffic. To Dickens the first sixty miles out of London, on any main road, was the best going and the finest lodging. Nothing was more brief than the heyday of the fast coaches, for about a decade. Then all those highways were deserted for the railway, all those fine houses fell into relying on their bars. Population declined, the venue was shifted.

Was there nothing left? Of course. The land, the sea, the principalities and powers,

THE RISE OF THE SOUTH

the ancient culture of the old provincial capital. Mirage! The future of the sea did not lie in Blakeney and Wells, nor even in Yarmouth, much less in those Five Ports of the South-East that used to be the jealously guarded gateways of England. Great iron ships could fetch the corn from the other end of the earth. The more government we get, the more centralized it becomes; the more money we get, the more art and its public are drawn to the great international market.

It is difficult to date exactly the reaction. One noticed, before the war, the size of Swindon and Reading and Slough, and connected it with the railway. The war did some extraordinary things, *vide* Salisbury Plain, in the way of dispersing important plant to render aircraft detection difficult. But something more permanent than the war must account for the rise of Lincoln and Luton and Bedford and Oxford in the engineering world. Cheap land, low rating, accessibility to London are all important.

The cases of Braintree and Taunton may be rather recrudescences of old activity, and Southampton to-day would astonish Nelson. In the main, the dictation in the matter seems to come from the financial influences that now so utterly overshadow industry. The Kentish coalfield is an isolated example of natural causes.

THE RISE OF THE SOUTH

In all this there is one great hope to be hoped, one great lesson to be learned. Apart from sterner climate and barer outline, the Northern towns have to struggle hard to be beautiful. To understand why, refer again to Dickens. These novelists know more than we think. They can clothe the bare bones of history. In *Hard Times* you get a glimpse of the spirit in which the industrial North was built. Liberty there was, but dare one say it was rightly used? Were the new industrial magnates any gentler than the old landed gentry they supplanted? Can man be really happy and healthy in the average pit-head village or cotton town? Was it not all too slick, too material, too rapid? Will the new industrial South make the same mistakes?

If it does, then indeed one may despair of human nature, and of England in particular. The warning is so plain, and knowledge and, let us hope, social intention have marvellously advanced in a hundred years. May the rise of the industrial South be a real rise, in which the complicated machine that civilization has invented is the servant of struggling Man, and not his enslaver. Let not our great-grandchildren mock too bitterly at those medals of ours that are inscribed 'The Great War for Civilization.'

SCENES OF BANKING LIFE (5)

'THEY SAY THE BANK HAS BROKE'

It is a fortunate thing that these words can never again fall upon our ears with the frequency, nor yet with the dreadful presage, with which they fell upon our fathers'. From time to time, in the eighteenth century, and during the nineteenth with a regularity that gave rise to the theory of the 'credit cycle,' some such phrase would be whispered among the three-cornered-hatted crowd in knee-breeches, or the grave, whiskered, top-hatted crowd that filled, in those days, the market-place or the narrow street. The words had an emotionalizing power we shall not recapture. 'They bore, to that so much more Bible-reading public, the accents of doom that were associated with 'Mene, Mene, Tekel, Upharsin.' And when we examine the grounds upon which grew up the swift, devastating panics of those days, we see one of the few benefits that the annihilation of space and time by machinery has bestowed upon us. The terror at the back of our grandfathers' panic was due to its local nature. In some obscure, budding industrial town of the dales, in some isolated seaport, in some quiet county town of the shires, in London even, one man, or at most

‘THEY SAY THE BANK HAS BROKE’

two, had become entrusted by custom, avarice, or by the mere helplessness of average human nature desiring, above all things, a leader, with paper wealth coined by the comparatively new and little-understood power of credit. This one, or these two individuals, possibly from carelessness, greed, or vanity, but often enough from sheer limitation of their one or two provincial, half-educated, wholly inexperienced minds, transferred those paper promises to one or two attractive, importunate, persuasive borrowers. The balance sheet—if such a thing was struck, a fact very much to be doubted in most cases—looked all right. The trouble, as in all earthly affairs, came from the presence of the better side of human nature—trustfulness, charity, friendliness. When some small, untoward incident, a bad harvest, a disturbing rumour, made one or two less secure of the bank’s customers draw out their little balances in cash, forced them to do so to pay current outgoings, it was difficult to be obstinate or mean. Or again, some of the smaller fry, receiving payments of their little dues in the bank’s notes, would come and demand gold for these, from the ‘stocking habit’ inherited from peasant forefathers, from who knows what necessity or inclination. One or two others would see what was going on and think it no bad plan to have the coin of the realm instead of the local banker’s paper.

‘THEY SAY THE BANK HAS BROKE’

Thus a slight pressure would make itself felt. The banker would call on the attractive, importunate, or persuasive borrower to repay; or, it may be, would seek to rediscount those bills he had bought so blithely the last time he took the coach to London. Then would he be met with the first refusals, and see that unknown and recently welcomed snowman of credit melting away under a rainfall of distress. There would follow subterfuge, the sending round of clerks from the back door to pay in gold at the counter. Successful, perhaps, if not detected. If unsuccessful, then very shortly would come that awful moment when the door had to be closed, some sort of a notice written out and posted up, and the morrow of ruin and disaster faced with what fortitude the individual banker could summon.

We are dealing, of course, with the exceptions. In the main, the old private banker was a person of imposing personality, great force of character, and a judgment we may well envy. But he was, not infrequently, a Quaker, often a man of indoor, sedentary habits, and subject to the morbidity of such a life. If he did allow himself to be drawn into pitfalls from which there was no escape, it is remarkable that he so generally waited for his examination, seldom ran away or took his life, and not infrequently made good later on. When

‘THEY SAY THE BANK HAS BROKE’

Dickens drew the character of Merdle, he possibly supposed he was describing a new type of unheard-of depravity. Certainly that creation, the heartless, witless gambler in credit, has had few enough followers. A sort of conscience seems to be bred with the habit of accounts, until to-day it is almost a question whether the newer habit of handing over our trading conscience to a new species of priest, called an auditor, is altogether a good one, excellent in efficiency and probity as all the better-known firms are.

The local nature of those credit panics that used to assail the business community of these islands does explain them to a large extent, but there are other factors. What is the great difference between the England of our decade and the Merrie England of Chaucer and Froissart? The printing press, the chequered advance of democracy, the multiplication of power by mechanical invention? Greater than all these, including them all, and most peculiar to our English portion of these islands, is the steady, immense swing-over from being a self-contained, self-supporting country to being one dependent on an exchange of commodities that must be, for our safety and comfort, not only world-wide, but faultlessly fluid and swift. This process, now complete, was going on most rapidly during the period at which the panics were most regular. A new psycho-

‘THEY SAY THE BANK HAS BROKE’

logy was being engrafted upon us. The catastrophes that assailed the characters of Shakespeare were borne with some violence, a little prayer, and an acquiescent if wordy stoicism. We have, since 1914, regained something of this outlook upon life. Not so the nineteenth century. The comparatively new and obscure force of credit was a young and tender plant, promising much, deceiving so tragically. The newly settled town populations still preserved the instincts of the village. Dimly they felt their new surroundings to be strange and hardly secure. ‘The Bank has Broke’ chilled their hearts as ‘No Water’ daunted the early explorer. We are more sophisticated. What would the men who framed the Act of 1844, or the committee that met at the Bank of England on Black Friday, November 14, 1890, have thought of August 4, 1914, when, for some few hours at least, the entire community was deprived of its bank balance? The fact was not realized perhaps, but that very non-realization shows what a vastly different temper, in face of an immeasurably greater potential disaster, had grown up in four-and-twenty years. It seems safe to say that never again shall we be so isolated, credulous, and timid. We have, at least, the satisfaction of knowing the worst. We may never see gold again. We may never need to.

The astonishing thing about our new forti-

‘THEY SAY THE BANK HAS BROKE’

tude is its rapid growth. Panics beset our forebears from the day of the South Sea Bubble, intermittently, until they became quasi-regular. Suddenly they ceased: granting an improvement in the handling of credit machinery by the arbiters of our financial destiny, there remains a great difference in us. There are men, still alive, who have lived through events that happened less than sixty years ago and seem as remote as tribal migrations. One such was induced lately to tell the tale, and reconstruct the picture of his own youth.

The worst of the panic was not to be seen in the large town, which had several banks, possibly not all involved—had, in any case, a railway which kept up some sort of communication with London and other towns, giving some sense of possible alternative, of lending, or of escape to some place where gold still circulated.

But in the smaller places, on branch railways or no railway at all, where the ‘electric telegraph,’ if any existed, could not be used for fear of gossip, the full impact of the disaster would fall upon a blank unpreparedness. Such places had, late in the last century, some have even yet, a single bank branch, more commonly called agency, of the strongest banking interest in the district. This would be situated in a private house, probably the best house in the

‘THEY SAY THE BANK HAS BROKE’

market-place, and one which retained that essentially private, almost domestic, aspect of the old private banking. From such a building the junior, probably the only, clerk would be sent on messages, an even more familiar figure than his master, the local ‘agent.’ The ‘young gentleman from the bank’ had a rare position in such a place, something of the privilege of the acolyte mixed with the licence of the powder-monkey. One such is still alive who narrates that his contract with the bank was ‘Four pounds a quarter, to dress in black, post the ledger, cut the grass on the bowling green and feed Mr. —— (the agent’s) pony.’ Thus continues his narrative: It was a sultry June day in 187—. He, the junior and only clerk, out on some message, saw, as he returned, a horseman draw rein at the bank door. He remembers that the horse, very blown, slipped on to its knees on the cobbles, and that the rider jerked it up, threw the reins over one of the white posts that, connected by chains, protected that almost sacred entrance, went in, and was closeted with the agent for some time.

At the close of the interview the agent instructed the junior to take down from the wall its principal ornament, the lithographed, gilt-framed advertisement of the local insurance office. Not to admire it, nor to learn by heart any of those profound truths as to the utility

‘THEY SAY THE BANK HAS BROKE’

and beauty of insurance printed on its face, but to inscribe upon the back—the only makeshift notice-board available on the spur of the moment—these dictated words :

Owing to the calamity of which the news has just been received this office will not be open for business until further notice.

He was then ordered to close the bank door and fasten the notice upon the outside. He did so. There cannot be many men alive to-day to whom so solemn a duty has been delegated. It was rendered all the more formal by the fact that at such a place, in those days, the door of the bank remained open, within reasonable limits, so long as there was any business to transact. The London mail left in the middle of the day, and it was understood that anything so recondite as a draft on London could wait until the morning. But the ordinary payment-in or withdrawal of ‘cash,’ that is, coin, Bank of England, or local notes, went on, if necessary. The closing of the door was therefore dramatic and final.

At this particular agency there followed a sequel which is eloquent of the mentality of those days. While the agent and the fateful messenger had been shut up in the parlour, the chief innkeeper of the place had come to the counter and presented a cheque for the

‘THEY SAY THE BANK HAS BROKE’

whole of his balance. Our clerk, knowing his man's obstinate, masterful character, had asked without argument, ‘How will you have it?’ Receiving the reply, ‘In notes,’ he, in all good faith, counted out the firm's own notes to the requisite amount and handed them over.

It is not difficult to imagine the scene that night in the bar parlour. ‘The Bank has Broke’ can have been the only subject, and it was almost the innkeeper's business, as it certainly was his pride, to know more than any one else about it. In point of fact he did. Some relative or crony had been as far as the county town that day, had returned as swiftly as the bank's messenger, had given the innkeeper the news that had caused the peremptory closing of his account. He was able to announce that the banker, sole proprietor of the bank, had that day died by his own hand. Consternation naturally prevailed, and no doubt wondering sympathy was extended to him, known as he was to be a person of property and of banking transactions, by local standards, considerable. With what surly satisfaction did he grin and wink and answer that he had got his money out.

‘What, in gold?’

‘No, in notes!’

When it was explained to him that the bank's own notes were involved in the debacle, he

‘THEY SAY THE BANK HAS BROKE’

bore such a grudge that for the weeks of tedious winding-up and reconstruction (a neighbouring bank made an arrangement only too gladly seized by most of the impoverished public) the clerk at the bank was unable to go to his lodging by the main road and had to seek it by the garden backs and fields. He dare not pass the inn door, where the innkeeper whose cheque he had cashed was reported to be waiting for him with a double-barrelled shot-gun.

It should not be inferred from these recollections, given simply because they are of the few still obtainable from an eye-witness, that the private banker was the chief cause of the old-fashioned panic. In its earlier phases the joint-stock institution was every bit as dangerous, for the simple reason that where one man can guide and control an intricate new machine, a committee cannot. So much so that a parliamentary inquiry was set on foot, a commission appointed, witnesses summoned, and the result printed. The chief point was proprietorship. The witnesses spoke with horror of the prospect of a set of nobodies, Tom, Dick, and conceivably Harry, bargaining for bank shares of £10, or even £5 denomination, and stoutly recommended the hon. members to so enact that all such shares should be of not less than £500, and non-transferable. A wonderful age it must have been; no clearing-house, few cheques, but a great mass

‘THEY SAY THE BANK HAS BROKE’

of usance bills and local notes liable to get out of hand and snowball up to unmanageable amounts without any one being able to tell clearly when or why. And in spite of parliamentary investigation it went on, with periodic crashes, for another half-century. How one wishes one could have the opinion of one of the witnesses (many of them private bankers, and possibly prejudiced) of our modern ‘joint-stock affairs,’ whose capital is owned by 50,000 shareholders, whose branches number nearly 2000, and whose transactions reach right round the world. With what moral alarm would not such a monstrosity have been viewed! One witness, indeed, had a gleam of that ‘inward light’ of which the Quakers with whom he associated used to talk. He said that the ‘joint-stock principle’ was spreading; that ‘the majority of the business of the country must, sooner or later, pass into the hands of such institutions’; that ‘this would be gravely detrimental to the best interests of commerce.’

Events have hardly justified him in the last article. From being intricate, credit machinery has become highly specialized. The habit of statistics, the reduplication of safeguards, has grown. Responsibility is shared until it is fractional. The fate of the unfortunate shareholders in the City of Glasgow Bank, who, after losing their own money, were saddled

‘THEY SAY THE BANK HAS BROKE’

with liabilities many times as great, was an object lesson. The substitution of cheques for bills, the disappearance of local notes, have had their effect. We may never again hear it said ‘The Bank has Broke!’ Let us pray so.

SCENES OF BANKING LIFE (6)

THE BANKS AND BRITISH INDUSTRY

SOME think it was the fault of Tennyson, who wrote that line about 'Immemorial Elms.' Incomparably chosen, those words show so clearly that he was not only a very great poet, but a hundred per cent. Englishman. Sufficient were the beauties of Nature, as he found them. His not to reason why, as he also said. But to our later, lesser, and infinitely disillusioned generation it is plain enough that, aesthetics apart, elms are not immemorial. Their average life is well under a century. Exactly the same is true of our great Financial Institutions. If Tennyson were alive to-day, and filled the post of Financial Editor, he might describe our great banks as immemorial. The word would have a certain fitness in calling up before our minds the qualities of size, dignity, and permanence, but he and we might, while admiring the phrase, be conscious that it was not a scientific description. The banks have not always been there, they have become established in what is, historically, a short period of a couple of centuries; they have changed out of all recognition from what they once were; they never changed so rapidly as during the last two or three decades, they are

THE BANKS AND BRITISH INDUSTRY

still changing. Yet we, English as Tennyson, take for granted those mighty growths that shelter and uphold our highly complicated civilized existence. While we admire, it may not be amiss to understand. It is not so much a case of *tout pardonner* as of the impossibility of knowing too much about institutions so extremely national, and so vital to the way of life in which we hope to continue.

Their somewhat vague descent, in name and method, from Venetian usurers (and before that from no one knows what, but possibly from some Eastern origin in Babylon) should not blind us to their ultra-native character. There never has been anything like them, nor can their parallel easily be found, and they are widely differentiated from the financial ventures of the New World, their nearest lineal descendants. The banking systems of other countries have developed upon other lines, and mainly under a specialized Jewish initiative, as readers of *Jew Süss* will know. The modern English bank director may look like the squire, may have been trained as a soldier, lawyer, simply as a gentleman (a word untranslatable into any other language, let me remind you!), seldom nowadays as a banker. But if there is one thing he does not look like, it is a money-lender. This was always so. If the scene of the *Merchant of Venice* had been laid in London, the part of Shylock

THE BANKS AND BRITISH INDUSTRY

would have had to be cut out. He would not be in the picture. In England, Finance did not grow upon Industry like a parasite, but out of it like a branch. Whether the no-longer-young, and some think weakened tree, can support so healthy a limb may be a matter of endless discussion, but it is certain enough that English banking began as a side-issue to English trade. True, the foundation of the Bank of England rests upon forcible kingly borrowing, but the money so borrowed was made in the shops that lined the narrow streets and alleys whose names are still the addresses of the Big Five. The business of banker crystallized out round about the date of the incorporation of our National Bank, in 1694, and with one or two exceptions the present institutions trace their history to the first years of the eighteenth century. How indigenous to the soil the banking habit was is well shown by the fact that it is not the names of the ancient historic London banks, Coutts, Childs, and Hoare, who lent to the Court, that survive to-day. Lloyds were invaders from Birmingham, Barclays became great when they joined to themselves their relatives of the East and North, Martins now bulk more largely above the Trent than the Thames, the names of the Midland and National Provincial speak for themselves, and the Westminster includes the London and County, and Parrs

THE BANKS AND BRITISH INDUSTRY

from Manchester. The others of the dozen surviving are definitely Northern banks. In spite of the immense convenience of London, with its access to the machinery of government, to the Continent, to the richest countries, the banking habit seems to have sprung up sporadically, leaving the goldsmith a forgotten anomaly. Its essentially national character was fixed by the control which the Society of Friends obtained, in a very English and unofficial manner. These most pious and independent of all Englishmen naturally became possessed of that national activity that made the greatest demands upon character and judgment. Excluded from the professions and from holding office, they were invariably in trade and knew its requirements. The records of their methods throw a shining light upon the sharp divergence of English banking from all continental models. Hudson Gurney and Overstone loathed high interest, and early treated the rate to be charged, not as a means of extorting profit, but of regulating credit. The instinctive caution that descendants of an obscure and persecuted sect had inherited, set up that rare standard of perfect liquidity that is the essence of good banking. For instance is the reply to an inquiry for a customer's character :

' Friends, if in, get out. If out, keep out ! '

This leads us on to yet another function that

THE BANKS AND BRITISH INDUSTRY

the Quaker established. Upon his unquestioned honesty and secrecy was built up that system of reference from one bank to another that does so much to regulate adventurousness.

Such a breed was well fitted to withstand the perils and crises of the dark years that opened the nineteenth century. The rewards they garnered were considerable. It is not to be wondered at that with Peace, mechanical invention, and the material progress that set in early and outlasted the century, a different class of individual was attracted to the business, and, legislation aiding, the Joint-Stock Bank made its appearance. While there was never any mania comparable to that which left so lasting a mark upon Railway Finance, the new growth was sufficiently gimcrack in some instances, and called forth grave remonstrances from the older class of private banker, was the subject of parliamentary inquiry and considerable criticism, and under such chastening produced a valuable extension of what had been a somewhat confined activity. It is conceivable that the Industrial Revolution could not have been completed in England without the additional institutions which date their foundation round about the year 1836. But more than can be expressed in figures or maps is the importance of that decade in letting loose upon the country the chain of ideas that became coded under the word Progress.

THE BANKS AND BRITISH INDUSTRY

Science, commerce, exploration, even art, seemed at last on the move with the motion and manner of a landslide, but always, in the not very cogent mentality of the period, of a landslide moving uphill raising the name of Britain higher and higher. Nothing showed the effect of this new outlook upon banking until the 'nineties, when, coincident with further legislation, the first great amalgamations took place. This remarkable movement, which has had so profound an effect upon English banking, and which has now reached the stage of Government control, was so obviously advantageous that one wonders now at its slow and tentative beginnings. For a century previous it had been more common among banks than among other business houses to come to the relief of each other in times of stress, upon terms that were sometimes generous and sometimes merely just. The responsibility and complexity of the functions of the banking business made it often advisable and sometimes imperative. The spate of amalgamation that began with the moves of the Midland and Lloyds to London, the formation of Barclays, ending in 1920 before the power of the Treasury, and leaving a dozen banks in England out of two thousand licences once issued, was, paradoxically enough, conceived as a great effort in competition, that foible of the Manchester School which was supposed to benefit

THE BANKS AND BRITISH INDUSTRY

the public. But, owing to the peculiar medium in which banks deal, which is not even money, in the sense of coin, but largely that abstraction called credit, the conditions were so intensified (much as modern warfare has been intensified by science) that competition was soon found to be eliminating itself.

The final change in the nature and functions of English banks coincided with this, and was the result of that temeritous bending and stretching of the national consciousness occasioned by the events of 1914-18.

The dozen institutions which emerged were faced with conditions that certainly never existed before in the world. The amount of Government borrowing had become almost meaningless in size, and had brought with it such a machinery of taxation as necessitated the establishment of special departments to cope with it. Equally unprecedented were the new Government disbursements, national and international, payments in principal or interest of obligations to other Powers, or internal payments for services, as gratuities, pensions, indemnities of all sorts. The working body of the nation had to be turned back from, as it had been turned into, a war machine. An unbounded and unjustified optimism prevailed in many quarters, a 'Victory' mentality, grotesquely caricatured by the currency and political upheavals that attacked

THE BANKS AND BRITISH INDUSTRY

the belligerents, and the obvious enrichment of neutrals and the United States. It did not last long.

It may be claimed with justifiable pride that in the face of such a situation the banks of England kept their heads. The mismanagement that was obvious in every other country was conspicuously absent from ours. They did not achieve the impossibility of pleasing every one; economists still debate their insistence on the return to the narrow and formal gold standard, and their divided counsels on the subject are still reflected in the speeches at annual meetings. The importance of such a matter is its reflex upon our national well-being. No one wants to go on paying a million people to do nothing. No one is quite happy about the alleged recovery of English trade, so slow as to be sometimes almost imperceptible. Whether a more imaginative treatment of the gold question might have improved conditions, whether they do these things better in America, or whether we must admit that the size and resources and, above all, the freedom of that country from so many of the ancient mistakes we suffer from, and by which it has learned, have definitely placed it ahead of us, are all questions which cannot be lightly or immediately answered. Certainly the banks have controlled credit within the margin of human fallibility. We have

THE BANKS AND BRITISH INDUSTRY

escaped the worst evils of inflation and its obverse, currency depreciation.

The second in importance of their functions, that of setting an example of perfect solvency and liquidity, has been amply fulfilled. In many cases they can show reserves equal to the amount of issued capital, in most cases their figures are so colossal as to stupefy the intellect, in all cases the very size and fewness of the banks make it certain that no Government could look on at the unimaginable contingency of the collapse of any one.

The service given to the public has been immensely elaborated, both in the creation of new departments and in the opening of new offices. The provision for foreign and colonial business, Stock Exchange transactions, the functions of trustee, the attractive schemes for saving that are within the reach of the smallest depositor, even the child, and the widespread building operations that have placed a branch office in every place in England that aspires to be called a town, have brought banking to the doors of every inhabitant of this island, in any form in which it may be required. It is doubtful if there is further room for advance in this direction.

This leads us directly to the consideration of the future. It has been stated that, in the last particular, the banks have probably reached their fullest possible development. It may

THE BANKS AND BRITISH INDUSTRY

be that in their other functions also they will soon find it difficult to improve upon the results already obtained. What the investing public think of them is shown by the fact that the yield on their shares has for a long while varied very little from that obtainable on our premier national securities. Have we then reached perfection? Only partially, it is to be feared. The prosperity of our financial institutions, despite the world upheaval whose reverberations still rumble, is remarkable. Unfortunately it throws into relief only too obviously the plight of the other—the productive part—of our national economy.

We may indeed derive some comfort from the fact that the malfeasance of individuals is not to blame so much as war and change. In certain instances the task of reducing war-swollen capital or post-war charges has been courageously faced, and in every instance has been rewarded by increased well-being. But there still remain languishing before us the cotton and coal industries, the plight of agriculture, and the dole. Probably our coal and cotton will never again hold the unique position they did in the world a generation ago. Very likely it is impossible to force farmers to grow wheat which cannot compete with the cheaper product of new lands. Certainly mere setting to work of those whose work is actually not required to pay interest on in-

THE BANKS AND BRITISH INDUSTRY

vested capital (shown by a prosperous Stock Exchange) is useless unless a market is available for their produce. What then? Are we to leave a whole section of the country slowly to disintegrate in the quasi-bankruptcy of passed dividends and short time. If we do, one of two things will happen. Either the present vigour of our finance will be dragged down by the loss of so much investible saving and spendable earnings (not to mention the loss to the nation in taxable income), or the fresh relays of money for investment must seek it abroad, and we shall be treated to the spectacle of British-made money employing foreign hands.

There is no royal road to the solution of the problem. No quack panacea will cure it. There remains only the fact that finance and industry are mutually dependent, that the latter is the older, and in some ways the more vital. Some means must be found for equalizing the striking disparity of their fortunes. We have a reputation for foresight and organization yet to lose. It will be a matter of most enthralling interest, during the next ten years, for all those who care for England, to see what we can do to remove the—surely not insuperable—difficulties that yet remain to us as the legacy of 1914-18.

SCENES OF BANKING LIFE (7)

AUNT JEMIMA'S BIT IN THE FUNDS

IT may sound queer, but to me the six words of the title are a reminder of a past phase of English life, and evidence of one of the profound changes that will be given a separate paragraph in the history books.

They signify the alteration which has taken place since I went to business (not an impossibly long time ago) in the size and composition of the investing public.

When I first heard of the Stock Exchange, it was, of course, a regular part of the business life of the country, and long past its first youth.

It had outlived a bitter infancy. Dr. Samuel Johnson in his dictionary gives this definition of a stock-jobber: 'A low wretch who lives by buying and selling the Funds.'

This was, of course, a reputation handed down from South Sea Bubble days. But in the second act of that delightful play of Arnold Bennett and Knoblock's, *Milestones*, in which the scene is laid in the 'seventies, a character indignantly demands if he is expected to associate with a set of 'stockbrokers and chimney-sweeps.'

By the 'eighties Du Maurier was drawing for *Punch* those memorable pictures in which

AUNT JEMIMA'S BIT IN THE FUNDS

members of the Stock Exchange were shown as tall, handsome, bearded men, who came home late and made excuses to their wives.

By the 'nineties stockbroking was regarded more seriously, but as in the nature of a mystery, a realm into which the uninitiated did not enter unless pompously introduced by the lawyer or the bank.

The semi-religious nature of the stock-transacting of those days was based upon those magnificent Consols, a security the like of which we shall never see again.

When, under the pressure of the South African War, they dropped below 100, the end of the Victorian era was marked more dramatically than by the passing of the Queen-Empress.

The standards of those golden days dominated investment for a further fourteen years, and might have continued so to do for even longer had they not been tragically swept aside by grim necessity in 1914. But the memory of them survives amongst enough of us to enable a useful comparison to be made.

And why Aunt Jemima? It is not an attempt to be funny. There was nothing funny about those stiffly-corseted old maids who were to be found then in the background of every middle-class family.

The reason for their presence there was simple enough. In Georgian days life was

AUNT JEMIMA'S BIT IN THE FUNDS

still sufficiently hard and risky to keep down population—this is attested by such statistics as there are, and more plainly by the absence of them.

But with the great peace era that succeeded 1815 the middle class began to increase enormously. There were no means of marrying off all the girls. Nor was there any notion of allowing them to work.

Work in those days was not 'nice.' It was done by workpeople—a separate breed.

It fell out that the business, if any, was left to the sons (who turned it into a limited company), and the 'girls' were left a 'bit in the Funds.'

Thus, in all the red-tiled farmhouses of the county, in all the fine old Georgian mansions of the city, there used to be Aunt Jemima, with a bit in the Funds, and the younger business men looked hopefully towards her, borrowed from her, or on the security of their prospects at her decease. She was partly an Aunt, partly a Goddess.

Then came the sickening jolt of 1914, so little realized at the time, so permanent in its after-effects. Consols had dropped in 1913, with reduction of interest and increased amounts, to about the figure at which they had stood in 1823.

But the creation of two thousand millions of 5 per cent. War Loan, not to mention such

AUNT JEMIMA'S BIT IN THE FUNDS

trimmings as Funding Loan, National War Bonds, two subsequent Conversion Loans, Treasury Bills, etc., pushed them permanently under 60.

That which had cost often 100 paid only $2\frac{1}{2}$ per cent. less tax that reduced it to 2 per cent., which we know of old is the one thing John Bull will not stand. But even if it had not been for this, the investing public changed as much as the investment.

First of all, this public had enormously increased in numbers. Who does not remember the spectacular efforts of war-time to induce every one to buy Government Security? By this means a great new public of people who had previously had their savings in various forms, from Post Office or Trustee Savings Bank to an old stocking in the rafters, became inoculated with the idea of having a stock receipt instead.

Beyond these was an equally new class who had made money out of the war, not too wisely but well, and who were prepared to invest it in marketable securities.

On the other hand, the old landed class was faced with heavily increased taxation and upkeep, and tended to break up estates and to invest the proceeds. And all three classes did not stop at Government Securities, large as this field was and still is.

Aunt Jemima's heirs wanted to recoup them-

AUNT JEMIMA'S BIT IN THE FUNDS

selves for the fall in Consols. The new public of the smaller sort, having passed from bank interest to 5 per cent., wanted to go still further and fare better. And the wealthier investors, new and old, did not by any means confine themselves to Trustee Securities.

' Nor was there any need for any of the three sections to do so.

In addition to Governments, the industrial market was the object of an unparalleled scramble.

Moreover, the Versailles spirit was abroad, and the investing public was being partitioned, like any other territory. The market was flooded, but apparently not glutted, by the unheard-of issues of new stocks and shares, declining from Trustee Stocks, through the more or less guaranteed stocks of public bodies, working under Government regulation, to debentures, mainly of industrial concerns, preference shares, ordinary and, finally, deferred shares which I saw kindly alluded to lately as a type of lottery.

The most significant thing about the new period in investment is, however, the change in its quality. Speculation was held, was actually defined in some dictionaries, as 'a species of gambling.'

Possibly, yet where are the recurrent crises, the wholesale panics of the staid and moral Victorian era, over railways, gold-fields, any-

AUNT JEMIMA'S BIT IN THE FUNDS

thing, everything? The truth seems to be that we are a disillusioned lot.

Where are the holocausts of small investors? Where are the Black Fridays, the Days of Reckoning, so ominously foretold and only curable by Government action?

They don't come. Is it possible that, just as we eat fruit for breakfast, we go to the City with a pinch of pessimism, a grain of cynicism in our minds. Such medicines in large quantities would be as disastrous as a surfeit of grape-fruit. But in moderation they work wonders.

Aunt Jemima has cut off her hair, shortened her skirts, works for her living and looks after her little bit (which is spread over several 'Funds') herself. She is much more human to talk to. Her motto is: 'I don't believe a word you say!'

SCENES OF BANKING LIFE (8)

GREAT STOCK EXCHANGE GAMBLES

To get rich quickly and without effort has been man's constant desire ever since he perceived—a relatively short time ago—that the purse was mightier than the sword.

Before that time there were always the games of chance, that date from furthest antiquity. The notion of applying methods of risk to the gaining of wealth that should be at once permanent and intangible could only arise with the creation of a currency of paper promises, that took the place of the cumbersome and dangerous hoards of precious metals and valuable objects that might be easily destroyed, and the possession of which had constantly to be defended by violence.

Thus, when the ready and constant market in 'stock' or 'shares in the Funds' became, very loosely and tentatively, established in London, about the beginning of the eighteenth century, it was as though a new faculty had been added to mankind. Hitherto light-hearted young men had diced and wagered, punted and staked, and sour old ones had accumulated lands and goods. The one risk that was taken seriously as a means to permanent wealth was the oversea voyage to those

GREAT STOCK EXCHANGE GAMBLES

fabulous realms vaguely called 'Indies'—East or West—from which lucky adventurers hoped to abstract gold and furs and, above all, unknown commodities. Something of the glamour of Aladdin's cave tinged the prospect.

Then, quite suddenly, newer and even vaguer possibilities opened up, at home, at men's very doors, especially their back doors.

No legend will ever sound so queer as the true history of London's first Stock Exchange crisis. The name of the South Sea Company may have acted as what we should now call 'publicity' to the scheme, but the object of the flotation was to convert the ruinous, unmanageable, and politically dangerous public Debt of Great Britain—whose Government had finally given up the hope of paying its obligations in cash—into the stock of a trading company that was to exploit the little-known Pacific Ocean possibilities.

From that day to this, more golden dreams have hovered around those dingy alleys that make the heart of the City than ever were called up by the glories of Solomon's temple, or the world-wide majesty of Rome. The story is too long and intricate to tell in detail. It is enough to say that the stock was rushed up to ten times its face value, and that, after a liquidation so protracted and scandalous that it nearly caused the Throne to revert to the Stuarts (according to contemporary opinion),

GREAT STOCK EXCHANGE GAMBLES

holders obtained some 40 per cent. of their original property.

This, the first great and unmatched London scandal, was slightly anticipated, perhaps suggested, by a very similar occurrence in France, in which an exiled Scotsman called John Law, whose tastes for the science of Algebra and the gaming-table were queerly blended, had attempted to convert the Royal (*i.e.* public) Debt of France into shares of a company that owned the American colony to which the great Louis had given the name Louisiana.

The Parisian furore was more protracted than the London example, its end very much the same. Holders eventually retained a portion of their stakes, and the sentimentalist who to-day pauses before No. 1 Bishopsgate, where stood the South Sea House, or who reads the name of the State of Louisiana on the map, has before him all that remains of the great days of 1720 that established the repute of the London Stock Exchange and the Paris Bourse. For never again did the art of getting rich quick scale such dangerous heights.

Nearly a hundred years later there emerged from the ghetto of Frankfort Nathan Meyer Rothschild, third son of the money-changer who may be called the father of international loans. Nathan settled in London, and gradually dominated the scene. Although around him the gamble swirled like a whirlpool,

GREAT STOCK EXCHANGE GAMBLES

mainly in the loans of countries affected by the Peace that concluded the Napoleonic Wars, he can hardly be called a gambler himself. He stood colossal above the poor, mean, disreputable fry who then were the largely alien personnel of the Stock Exchange.

He had a genius for organization, and, far from punting, carried to its highest point the advantage of inside information. He always knew what Governments were going to do before they did it, always kept it to himself, was always unloading just as the big public of small men was coming in.

When he died, the Stock Exchange actually declined in membership. No one personality ever replaced him.

The next most considerable reputation was made by one Hudson, who, in the 'forties, earned the name of the 'Railway King.' But Hudson was as far behind Nathan Rothschild as the latter's schemes were below the level of the South Sea and Mississippi visions. Although he was immensely successful, and was promoted to be banker, Lord Mayor of York, and a Member of Parliament, under Hudson's bluff manner lay nothing more wonderful than such tricks as issuing a second block of stock to pay the dividend on a first, or even crediting himself with holdings for which he had not subscribed. Yet he remains the last startling figure of his kind.

GREAT STOCK EXCHANGE GAMBLES

Already North America was making itself felt, with its new 'tomahawk' psychology and the size and daring of its operations. In the New World every market could be and was exploited, from Government and municipal stocks to small manufactures, first at Philadelphia, then at New York, while Chicago seemed to lend an additional exaggeration to anything done before in the mortal bitterness of its contests for dominion over this or that type of security.

Three accidents kept American methods and interests from swamping Europe, even in the nineteenth century. One was the comparatively youthful organization—the Constitution of the New York Exchange only dates from 1869; the second was the set-back of the Civil War; the third, the immense demands of the vast new land for capital for domestic purposes.

Up to 1914 London and, to some extent, Paris and Berlin held their own. The London Stock Exchange, meanwhile, vastly improved its organization, and English names replaced the earlier Oriental ones. No one great figure, however, dominated the new markets—such as the Kaffir—that were added to the list, though the boom in South African securities was marked enough in the 'nineties, while, even more recently, the rubber market has twice risen to vivid prominence.

GREAT STOCK EXCHANGE GAMBLES

We stand to-day, one hopes, at the close of a great burst of general speculative activity, led by America. But the scene is changed. Tens of thousands of small investors have participated, impersonal authority has closely watched the issue, the fantastic projects of the eighteenth century, the brazen ramps of the nineteenth, have disappeared. The scene is less spectacular, because a smaller proportion of the population are spectators, a greater number are interested.

No longer do individuals stake more than their all on some nebulous affair, as if upon a racehorse. Instead, the economics of production and consumption are widely discussed. Credit, once the plaything of the few, has become the means of life of the many.

We may well be entering upon a period of broad stabilization. For the real gambling spirit does not seem to survive the growing consciousness of mankind, and regulation and systemization loom ever nearer.

SCENES OF BANKING LIFE (9)

RELATIONS BETWEEN BANKER AND CUSTOMER IN THE PROVINCES

AMID much for which we may be thankful, there remains to our generation a real loss in the gradual disappearance of the close personal touch that used to exist between the provincial banker and his customer. The origins of the relationship are long forgotten. More than a generation ago the banker discarded his Quaker garb and speech and took to boots or gaiters, was seen out with the hounds, having bought a 'place' from the older decaying landed gentry and revived the 'Squire' tradition with more money, and in many cases more disinterestedness, than it ever had behind it before. He could and did afford the best of all those creatures that run upon four legs, and poorer men about him admired and looked up to him. They, the surrounding country men, were changing also. Fewer and fewer regarded the bank with a suspicion born of illiteracy and the last remains of peasant mentality. The stockings in the rafters disappeared, even the labourer and small tradesman became gradually accustomed to cheques, and to the idea that something more than mere gold—a great reserve of order and confi

RELATIONS BETWEEN BANKER AND

dence—existed up there in the big square-fronted house in the market-place or set back behind the quay. In some cases the banker had actually become his landlord, in others, even better, a refuge from landlords; for there persisted in the naïve agricultural or seafaring mind, until post-war days brought the purchase of farm or boat by those who worked them, the illusion that he who is his own landlord pays no rent.

The country banker responded to the changing atmosphere. As his business became more and more immune from panic and doubt, he vastly surmounted the place he once filled, which can be traced in the pages of Dickens and Thackeray, George Eliot and Stevenson. In that curiously unofficial way in which so much of English history has been made, he became a public character. From heading Charitable Lists (except, of course, those which were for the outfitting of privateers or the establishment of corps of Fencibles) he came to sit upon public bodies—the Bench, the Council, the School Board. Thus his town activities balanced his sporting pursuits, and as the country filled up and its life increased in volume, his busy days would sometimes be shared between the two. Thus it happened that in a certain county town one of the best of his type drove up to attend a solemn conclave in the bank parlour upon some charitable

CUSTOMER IN THE PROVINCES

scheme. He bustled his old chief and confidential clerk rather, saying that he must get on, he was going shooting with Sir Blank Cartridge at eleven. The members of the committee were hurriedly assembled, and standing with his back to the fire, autocracy veiled with a benign complaisance, he let them talk, gently punting them back to cogency and sense when they strayed, his legs wide apart, his hands beneath his coat-tails. His old clerk, always careful, ventured to interpose: 'Excuse me, sir! (sniff) I fear your coat-tails are scorching!' 'I hope you're wrong!' replied the great man, 'because there's three-quarters of a pound of gunpowder in 'em!' It may be imagined with what alacrity the committee came to a decision and allowed him to get into his trap and drive off. Such men, however, were human, not superhuman. There were days when the Olympian calm could be broken. Another well-known figure was apprised, all too tardily, by some junior in a lawyer's office, that the 'Trustees of the local Benevolent Association would require to see the deeds in their box the next day, which happened to be the morning listed by the Hunt secretary for the meet a few miles to the east; thus our banker was forced to make a detour of eight miles, via the county town, to reach the hounds. He sent on his spare horse and took himself upon his grey a

RELATIONS BETWEEN BANKER AND

straight line across country, most of which he owned, until at the fringe of the suburbs he jumped a gate, trotted up the street, and flinging his reins to the watchman, strode into the parlour and demanded the box in question. What were his feelings when, the cube of black tin, white-lettered, being duly produced, he discovered he had forgotten the key. In those days there was no such thing as putting off a dozen respectable citizens who would shortly come to verify the deeds. If he returned home he would be late for the meet and his horse blown. His habit of quick decision misled him. The top of the box was thin, his boot heavy. A kick would break the lock. Unfortunately he had had little occasion to kick in all his life. Misdirected, the big boot and spur went through the thin metal, and stuck. Then, with alarm, the clerks and public heard in the parlour the sound of an irresistible force of character meeting an immovable situation—saw an awed tinsmith introduced into the sacred room—and finally the admission of a committee of sorts, one of whom remarked on reappearing: 'Funny thing, Mr. ——— didn't wish for a vote of thanks!' What the hounds killed is not recorded.

Such ups and downs only served to impress more strongly on the worthies of the 'nineties the personality of the local banker; the fact that he was already then no longer of themselves

CUSTOMER IN THE PROVINCES

was an advantage. It was a gesture, as visible as any gesture ever is in England, when he met them, publicly or privately. The fact that he had already reached his ultimate development did not occur to them. The social and economic movements of the 'nineties were all so unconscious. The successive announcements that this, that, or the other private bank had been taken over, absorbed by or amalgamated with some vague money-trust centring in London of which most of them had never heard, meant little enough to the local public. In some of the more enlightened towns, where the tradition of local banking had been particularly good, the change, so much more vital than most people realized, was marked by some little ceremony, a meeting of the Council, a presentation of plate, a few speeches interchanged between what would henceforth be local directors, or ex-partners, and the civic heads and commercial notabilities. The poignancy of such occasions was smoothed away by the assertion that 'nothing would be changed, except the name.' This was justified, more or less in the succeeding quarter-century, during which the same banking personalities were frequently to be seen in the same offices, behind an additional door-plate. Even the over-printing of the cheques and stationery with the new name was often gradually extended over years.

RELATIONS BETWEEN BANKER AND

Like so much else in England, this process was rudely shaken by the war. Post-war development went along those very different lines. For one thing, the private and smaller joint-stock bank had been eliminated. What the local public now saw was a new office, of magnificence in style and material far outshining their town hall or chapel, and frequently comparable only to their church or cinema. Upon its plate they read a new name, strange to them. But inside did they not find an organization stranger still? Here they were met by no local magnate who could, with benevolent dignity, settle at a word their perplexities or buoy their hopes. He had been replaced by an always courteous and competent but utterly strange gentleman from the other end of the kingdom (London is always so in the countryman's or seafaring mind), who would listen and take notes of their conversation. Then, instead of the old sonorous 'Well, Mr. ———, if you want £—— until harvest' (or 'until the boats are in'), 'I suppose you must have it,' would come a promise to refer the matter to head office, and a bow. The incomplete interview was over. The change might have been deeply felt and strongly resented had it not coincided with a change in the mentality of the county or seaport town. The identical influences which had changed the bank had changed the public.

CUSTOMER IN THE PROVINCES

The vast increase in public servants and public funds, the passing of the local shop into the world-wide store, the broken habit of all those who had spent four years overseas, and the results of the second generation of reading and writing, had infused an equal impersonality in those who stood before the bank counter as behind it. Some sort of ubiquitous office which dealt in money as the Post Office dealt in stamps, or the Labour Exchange in jobs, did not seem strange, as it would have done before the war even, and unthinkable, as it would have been before the Diamond Jubilee. The old habit of drawing cheques of £10 or multiples and making disbursements in cash had hardly gone out before the placards of 1900, one of the epoch-marking events of English banking, 'Amounts received on deposit of £1 and upwards,' appeared.

In the 'eighties it is recorded that a private banker once said to a small tradesman who brought twenty pounds done up in a piece of blotting-paper, 'What you want, my man, is a money-box, not a bank account.'

In the nineteen-twenties the banks still think the same, but now they offer the money-boxes to the public. This is perhaps a tacit admission that the banks are now a public service, not a private venture. But it was camouflaged as 'competition.'

Or again, compare the new habit of giving

RELATIONS BETWEEN BANKER AND

interest on all amounts above a certain minimum balance with the sort of scene that used to occur with the old-fashioned dealer, the man who, just able to write his name, and used to judging bullocks by eye, would frequently leave hundreds or even thousands on his current account, without inquiry, satisfied that Mr. Quakerson, up at the bank, would look after it. There is still remembered in one country branch the half-yearly balance at which Mr. Quakerson decided that it would be as well to allow a little interest on so large a credit balance, for fear of his customer being touted by a rival bank. The amount was calculated and credited, but when the dealer called for his pass-book, he demanded loudly :

‘ What ’s this “ in trust ” here ? ’

‘ We thought you would like some interest allowed you.’

‘ Oh, did you ? Well, just you take it out again. I won’t be beholden to you ! ’

Such are the echoes of a forgotten time. The levelling influences of the last fifty years are gradually stealing into the remaining strongholds of Victorian England. In some places local directors or local committees have been installed, but even these are not the same as the old private banker. Filling up the blue form, No. 483, is not the school that rears Aveburys or Grotes. The quick decision, the responsible generosity are gone, as are gone the

CUSTOMER IN THE PROVINCES

pack of hounds, the cellar of wine, the study full of books. *Vetera extollimus, recentium incuriosi*, perhaps. But they were striking figures, those old private bankers, and their impact on the society of their day was direct and visible. The new relationship is more mechanical. The real vitality of banking must now concern itself not with personal and local, but with national and even international contacts.

Printed in Great Britain
by T. and A. CONSTABLE LTD.
at the University Press,
Edinburgh

