

SOME NOTES ON THE BANK OF ENGLAND AND HER CONNECTION WITH THE CHAMBER OF LONDON, AND CERTAIN OTHER ASPECTS OF CIVIC LIFE

THE connection between the Chamber of London and the Bank of England has been a close one since the very inception of the Bank in 1694. In this paper I shall, in an endeavour to present the material at my disposal in a concise and brief form, divide the subject under two headings. First, the Chamber in respect to the events leading to the formation of the Bank in 1694, and to certain of its banking activities thereafter. Secondly, the age-long personal connection between the Bank of England and the Chamber of London and City Livery Companies.

Inevitably, much of the detail in this paper will be tedious to the listener, but I hope that the facts set out may perhaps be considered worthy of record as testimony to the close connection that has existed between Chamber and Bank as shown below.

Members of the City Livery Companies were acting as bankers for more than 100 years before the Bank of England was established. The Chamber of London acted as a Bank lending money to the Crown, to Parliament, to trading concerns such as the East India Company, and to private individuals.

The past prosperity of England owed much to the commerce of London and the latter depended to a large extent on the availability of money and the willingness of the citizens to venture their capital or to borrow for the purposes of trade.

Banks, public and private, came into existence in order to provide finance in sufficiently large sums to meet the needs of expanding commerce. Prior to the establishment of banks and joint stock enterprises, loans were obtained from the Goldsmiths who held available cash balances. The activities of the goldsmiths have been treated fully in various books on banking, but little attention has been paid to the part played by the Chamber of London. I would mention that inventories of freemen's estates of the 16th and 17th century, with their long lists of debts owed by the testator and debts owed to the testator, quite often upon bond and amounting in total to several times the value of the rest of the estate, are eloquent testimony to the prevalence of the custom of borrowing.

It is impossible in this paper to attempt to assess the scope of the many and varied functions undertaken by the Chamberlain and his clerks, for their account books, cash books, ledgers, journals, day

books and posting books, are so numerous that a year's research would be required. Moreover, for their understanding, an intimate knowledge of the financial system of the 17th century would be necessary. In his history of the Bank of England Sir John Clapham attempts to unravel the relationship between Bank and Government, which in fact supplanted a similar relationship between Chamber and Government. He speaks of the Bank handling Exchequer bills and tallies; and these can also be found in the activities of the Chamber.

The early accounts of the Chamber, dated 1633, show that at that time advances to individuals, including Aldermen, were numerous. Most adventures and enterprises overseas carried some money from the Chamber, and both the East India Company and the Merchant Adventurers borrowed direct from them. Between the years 1633 and 1641 the East India Company borrowed £20,000 from the Chamber on notes that were renewed each year. The Merchant Adventurers owed £4,500 to the Chamber in 1636. And the Governor of the East India Company had a note of £4,000 outstanding. The names of most of the prominent City merchants appear at some time in the Chamberlain's list of persons in debt to the City upon loan. Hugh Middleton, Thomas Soane, Martin Pindar, Edward Backwell and almost every Lord Mayor appeared among them. The following figures give some idea of the Chamber's private loan business. At a time when the income of the Corporation, from lands, fees, fines and tolls totalled only £6m., (thousand) there was owing to the City from various sources no less than £142m. The City owed to orphans and other persons from whom it borrowed an even greater sum and had to meet an interest charge that exceeded its ordinary income. Furthermore, the City frequently lent money at a rate of interest lower than its borrowing rate; and to officers and others, but not to the Aldermen, the Chamber charged no interest in deserving cases. In 1628, a report thereon states "great losse cometh to the Chamber in that £28,800 is lent for divers years yielding no interest, yet the City paieth interest in the meane tyme for the same." The Chamber accounts showed on the one side—Loans repaid to the Chamber, Interest received, Money borrowed and Orphans portions received—and on the other side—Loans repaid by the Chamber, Interest on loans, Money lent, Orphans repaid, Orphans interest paid. It will be appreciated that the work of the Chamber was at that time far more concerned with private loans, repayments and interests than with the ordinary revenue of the Corporation. In other words, banking was more important than estate. In addition, the Chamber was concerned in public loans and taxes. When Crown or Parliament required money, the City was approached for an immediate loan on the security either of the proceeds of a tax or the income from customs or other royal dues. The loan itself was collected by the Chamberlain from individuals, in large payments, small sums, coin or Exchequer bills; but sometimes it was raised by an assessment upon the Wards or City Companies, or both. These monies were paid into the Exchequer, and tallies were received in exchange. Often the City itself made up

any balance required. Subsequently the sums were repaid by the Exchequer from the proceeds of taxes or other income and the Chamberlain repaid the lenders both principal and interest. There were many subsidiary transactions, such as sale of guineas, realisation of bills, transfer of tallies, and payments direct to Commanders in the field on instructions from the Exchequer. The Chamberlain, as part of the security, was appointed the Receiver of taxes imposed, sometimes for the City, for London and Middlesex, or for the Home Counties.

During the whole of the 17th century the strain on the finances of the Corporation gradually increased. Steps were taken to limit liabilities, to call in loans and to reduce borrowing. The contraction of the private loan business of the Chamber is illustrated by the following figures of debts owing to the City:—

1634	...	£142	thousand.
1638	...	£116	"
1644	...	£ 69	"
1664	...	£ 31	"
1671	...	£ 33	"

And these latter figures represent not so much loans to private individuals as loans to such official bodies as Gresham Cash and the Commissioners of Sewers.

Although the Chamber almost ceased to lend, it was compelled to continue borrowing. The City's debt steadily increased. In 1585 it stood at a mere £5,000, by 1633 it had risen to £179,000 and 1666 to £238,000. The Great Fire, and the ever-growing interest charge, raised the total debt of the City to £650,000 by 1690 when the City sought relief from Parliament. It is interesting to note that of the Committee appointed to approach Parliament for the promotion of a bill for the relief of the City Orphans in 1691 one member was Sir John Houblon, afterwards the first Governor of the Bank of England.

During the 17th century the Chamber of London gradually ceased its former banking functions and became more purely the Corporation's finance department. Furthermore, it had little ready cash for the purpose of government loans, and London itself could no longer finance the growing costs of war on land and sea. Some years elapsed before the Bank of England took over all government loans, and the Chamberlain continued to collect loans and certain taxes for at least ten years after the establishment of the Bank. But the point that I wish to make is that it was the retrenchment of the Chamber caused by mounting debt and resulting inability to finance Parliament or the Crown, or indeed even private commerce that led to the formation of the Bank of England. This debt was in fact the result of a long period of expenditure in excess of income, masked by ever-increasing deposits on behalf of orphans which provided a store of ready cash.

I now come to my second heading—the age-long personal connection between the Bank of England and the Chamber of London and the City Livery Companies.

A considerable number of Governors and Directors of the Bank of England have been Aldermen of the City of London. Of the original twenty-six Members of the Court of Directors, ten were Aldermen and six served as Lord Mayor. John Houblon was elected Sheriff and Alderman of London in 1689 and on October 29th of that year was knighted by William III; in 1694 he was made a Lord of the Admiralty; and on the establishment of the Bank of England was appointed the first Governor, while in 1695 he was chosen for the office of Lord Mayor. James Houblon was elected an Alderman of London and knighted at the Guildhall in 1692; in 1694 he was chosen a Director of the Bank of England and in 1698 became M.P. for the City of London. The names also include Sir William Gore (Lord Mayor 1701-2), Sir Henry Furnese (the first Baronet of Great Britain, cr. 1707), Sir Thomas Abney (Lord Mayor 1700-1), Sir William Hedges, Sir James Bateman (Lord Mayor 1716-7), Sir Gilbert Heathcote (Governor and Lord Mayor simultaneously—Governor 1709-11; Lord Mayor 1710-11. He, it is stated, was the last Lord Mayor to ride on horseback in his own Show); also John Lordell and Sir John Ward (Lord Mayor 1718-19). Samuel Lethicullier, of the first Bank of England Court, was elected Sheriff of London in 1695 but declined the office; Nathaniel Tench was appointed an Alderman in 1697 but also declined the office of Sheriff.

The year 1696 was one of much stress in the history of the Bank, and the Directors, anxious to mark their appreciation of the work done by Sir John Houblon who was Governor at that time, presented him with a tankard inscribed as follows:—

“The Gift of the Directors of the Bank of England to Sir John Houblon, Governor, Lord Mayor of London, in token of his great ability industry and strict uprightness at a time of extreme difficulty 1696.”

Throughout the 18th century there were usually one or two Aldermen among the members of the Court and an occasional Lord Mayor. Among these were Sir John Thompson, Lord Mayor 1736, Sir Thomas Chitty, Lord Mayor 1760, and Sir Brook Watson, 1796. The last named, as a boy, had a leg bitten off by a shark in Havana Harbour, an episode subsequently portrayed by the artist, J. S. Copley. The last member of the Court to become Lord Mayor was apparently William Thompson, Director 1827-1854, Lord Mayor 1828-29. Subsequently, throughout the 19th century there appear to have been no such connections and the only one that I can trace in recent years is that of Lord Hyndley, Director 1931-1945 and Alderman (Ward of Tower) from 1924-30, i.e., before joining the Bank Court.

Recently, a more modest association has been formed for the first time; a former Deputy Principal of the Bank, now a pensioner, was elected Alderman of Cornhill in 1948.

I now turn to the Bank's connections with certain of the City Companies, these are so voluminous that I have decided to take one instance, namely, The Grocers' Company as perhaps the best example for our purpose.

The first Governor of the Bank, Sir John Houblon, Kt., was a member of the Grocers' Company. On the 29th October, 1695, "The Triumph of London" was performed for his entertainment as Lord Mayor at the cost of that Company, who turned out as a body for the occasion in full-dress. Pageants of Fame, Victory and Plantation were performed with speeches and songs.

Sir John Lequesne served on the directorate of the Bank from 1738 to 1741 and was Master of the Grocers' Company in 1736-7.

The Mercers' Hall proving inadequate for the Bank's needs, a larger hall had to be found. Of the two proposals before the directors, that of the Grocers' Company was accepted, the other possible hall being the Westpawne of the Royal Exchange.

Samuel Lethieullier, a member of the Grocers' Company as well as a Director of the Bank, negotiated for the lease, and business began in the new premises on the 31st December, 1694, although the General Courts had been held there by permission of the Grocers' Company since the 2nd November of that year; the first draft of the By-laws of the Bank was consequently discussed there.

When the premises were taken over by the Bank there was a garden in the front, in the north-west corner of which was a building inhabited by the beadle of the company. The hall was used for ordinary business, the great parlour for General Courts of the Bank, and the entertaining room above probably for Committees and Courts. Other and separate rooms were used by various offices, and lodgings were allotted to the Chief Cashier and the Gate Porter. Pans of charcoal were used to heat the rooms. It was soon discovered that persons unconnected with the Bank had found accommodation in the hall, and an order was issued prohibiting their residence.

The first lease signed on the 30th November, 1694, was for eleven years from the 25th December, the Bank paying £500 in cash and granting a loan to the Grocers' Company of £5,000 without interest for the period of the tenancy.

The transaction was a welcome one to the Grocers' Company who had sustained serious losses in the Great Fire and had mortgaged their hall. It was to the original mortgagees that the £5,000 was to be paid by the Bank. As security for the loan, properties of the Company in Ireland, Wales, Cornwall and London were conveyed to the Bank. A period of only eleven years was arranged because the Charter could be terminated after 1705 at a year's notice from the Government.

It was reported on the 21st March, 1705, that the Company would grant a new lease for fourteen years at a peppercorn rent on the Bank agreeing to discharge the debt of £5,000. The little house in the garden once occupied by the beadle was included in the lease, and the doorkeeper and his family were allowed to live there.

On the 9th August, 1716, the third lease was signed for a period of fourteen years from the 25th December, 1719, at £300 per annum rent and a fine of £2,500.

The tenants were to pay all taxes and duties, including a sum to the New River Company for water. A room was to be reserved for the use of the Company to store their Trophies, &c.

The Bank offered in 1729 to renew the lease at a rent of £200 per annum and a fine of £2,500, but the terms were rejected by the Grocers' Company, whose proposals at a later date for renewal were in turn rejected by the Bank. The reason a lower sum was offered in rent than had been previously paid was probably that the directors were considering building premises for the Bank elsewhere.

One of the reasons for this step was that trouble had been caused by the Clerk of the Company having his residence in the precincts, and by the objections made on his behalf to the rule that the gates should be locked at a certain time, which was a source of inconvenience to the Clerk and his family. The directors would not allow a key to be given him and although the Company eventually offered to include the Clerk's house in the lease, the proposal came too late and was not accepted by the Bank.

Extensions of the lease were granted until the Bank's own building was completed in 1734, the business of the Bank having been transacted in the Grocers' Hall for nearly forty years.

When the lease of 1705 was signed, new chairs and carpets were ordered for the withdrawing room; in 1708 new gates were set up in the hall and a striking clock was purchased.

The garden was restocked and the paths gravelled by the Bank of England.

The Chief Accountant of the Bank had to appoint a responsible person to see that the candles and fires were safe when the offices were left and in 1697 definite orders and instructions as to their duties were given to the night-watchmen. The hall was kept clean by the wife of the Gate Porter, but she was ordered in 1702 to "lay out but 12d. a week in future by 6d. a time on Mondays and Wednesdays" on flowers and strewings, which were afterwards altogether discontinued.

Sir John Barnard, a leading Grocer, was of great assistance to the Bank during the invasion of the Pretender when he was instrumental in collecting the signatures of leading merchants who bound themselves to accept the Bank's notes in payment of all debts. The possibility of disaster was averted by these means.

During the first Great War when business connected with Government Stocks was continually increasing, the Grocers' Company once again placed their hall at the disposal of the Bank. Owing to the rebuilding, the Bank has for the last fifteen years had no hall suitable for large meetings, and the Grocers' Company has from time to time generously lent their hall for the purpose.

I have time to mention one other City Company—The Clockmakers. This Company was the first *corporate* holder of Bank of England Stock—subscribing for £625 of Stock on the 22nd June, 1697, which amount (with subsequent additions) they have held continuously until 1946. The Minute Books of the Company show that in the early days it played its part in the General Court of Proprietors of the Bank, the Master of the Company being authorised to cast the Company's vote in the annual elections of Governors and Directors. So far as can be traced, this Company are the only

corporate body who have ever recorded a vote in a General Court of the Bank of England.

The present Governor, Mr. Cameron Fromanteel Cobbold, traces his descent back to the Fromanteels who were prominent Clockmakers in the Company in the 17th and early 18th centuries.

The Lord Mayor and the Governor of the Bank are jointly Trustees of the following Funds:—

<i>Times</i> Scholarships Fund	Opened in the year 1841
Gresford Colliery Disaster, Relief Fund	" " " 1934
King George's Fields Foundation	" " " 1936
"Thetis" Disaster Relief Fund ...	" " " 1939
Lord Mayor's National Air Raid Distress Fund	" " " 1940
American Memorial Chapel Fund	" " " 1945

The Lord Mayor and the Governor are both Members of the Mansion House Council of the National Disasters Relief Fund.

We have now traced the events, concerning the Chamber of London, that led to the formation of the Bank of England; and, subsequently, the close personal connection between the Bank on the one hand and the Chamber and the City Companies on the other. Finally, mention must be made of the very sympathetic and loyal understanding that exists and always has existed between the two Institutions. This contact is difficult to define but it is none the less extremely real and of the greatest value. And there is every prospect of its continuance into the future to the benefit of all that is best in our beloved city.

In conclusion, I should like to express my sincere gratitude to the Deputy Keeper of the Records, Mr. Jones, and to Mr. Guiseppi of the Bank of England for their assistance in the preparation of this paper.