

THE BANKERS OF LONDON

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CHAPTER I

THE COURT OF THE BANK OF ENGLAND

ON Thursday, March 24th, 1938, the proprietors of the Bank of England met at their premises in Threadneedle Street and, assembled as the General Court of the Bank, received the Governor's half-yearly report, voted themselves a dividend and, at this half-yearly meeting, considered the annual election of Governor, Deputy-Governor and directors who compose the Court of the Bank—as its board of directors is still called.

The Governor (the Rt. Hon. Montagu Collet Norman, D.S.O.) who presided, said that profits for the half-year ended February 28th last, after making provision for all contingencies, were £651,477, and the directors proposed that, as in the previous half-year, a half-year's dividend of 6 per cent. less tax be paid. To this the proprietors agreed. Thus the proprietors were receiving a dividend of 12 per cent. per annum—a rate of dividend which they had received each year since 1923.

The Court also proposed a list of directors for the ensuing year, and no one else made any other nomination. The following day the "house list" of Governor, Deputy-Governor and twenty-four other

directors was duly published in the Press with the notice that elections were to be held at the Bank from 11 a.m. to 4 p.m. for the Governor and Deputy-Governor on Tuesday, April 5th, and for the directors on Wednesday, April 6th.

Although all the fourteen thousand holders of stock of the Bank of England may not be entitled to vote at General Court, it is a safe guess that even the majority of those who are entitled did not put in an appearance to vote in the uncontested elections of April 5th and 6th. Thus without opposition or contest the Right Honourable Montagu Collet Norman, P.C., D.S.O., D.C.L., was re-elected as Governor for the nineteenth year in succession and Mr. Basil Gage Catterns was re-elected Deputy-Governor for the third year in succession. Of the remaining twenty-four directors of the previous year, twenty-two retiring directors and two new directors were re-elected by the General Court to the Court. The election of the two new directors has a special significance which will be explained later.

In that unanimity at the meeting of the General Court and in the election of the Court of the Bank of England the City expresses its *esprit de corps*. If there are dissenters, if there is a minority movement among the financiers of the City, they remain unrepresented in the election of directors of the Bank of England by the General Court. Orthodoxy and unanimity prevail despite the opportunity which the Bank's relatively democratic constitution would seem to offer to

minorities and to the dissenters. According to the Bank's constitution no proprietor may vote unless he holds at least £500 of stock of the Bank. On the other hand, however much bigger his holding may be, he acquires no further voting rights. The minimum "property qualification" of £500 of stock applies, but, given that qualification, the democratic principle of one man one vote also applies among the proprietors of the Bank of England. By applying the principle of one man one vote the proprietors of the Bank of England differentiate themselves from the stockholders of other banks and acquire an unexpected resemblance with the members of Co-operative Societies!

How the majority of the directors of the Bank of England really come to be on the Court, and whether it be by accident or by intelligent anticipation that on the day of their election the new directors should be holding a minimum of £2,000 of stock of the Bank, a necessary qualification for their election, must, except to a few, remain a mystery. But the financial interest with which the directors are associated, gives some clue to the *corps* of which the Bank so diligently represents the *esprit*.

That *esprit* flowed into words when, at the General Court on March 24th, a former director of the Bank, Colonel Lionel H. Hanbury, C.M.G., hop merchant and director of a water company, and chairman of the Guardian Assurance Company, in moving a vote of thanks to the Governor, directors and staff, said (as reported in *The Times* the next day).

There were some people in this country—some of them posing as politicians—who thought they could manage the Bank of England very much better themselves, or that it could be managed by the Government, or in some national way. They did not in the least know what they were talking about. Their old Bank had been carried on most successfully for a great number of years, and under the Governor's able management would continue its work. The Bank was the pride of England, and very especially the pride of the City of London; it was the envy of the world. Just lately there had been a rough and tumble in Europe and people got rather nervous, so they sent their gold over to London for the Bank of England to look after. The vaults were pretty full of it now.

The Governor replied: "The directors were grateful for very kind remarks coming from someone who knew. Colonel Hanbury had looked at matters from within, and now looked from without."

THE GOVERNOR, AND DEPUTY-GOVERNOR

Who are these directors who carry on successfully this old Bank? Before proceeding to answer this question something should be said about the two principal full-time directorships—those of Governor and Deputy-Governor.

In electing Mr. Montagu Norman as Governor for the nineteenth year in succession, the proprietors were endorsing the principle of the permanent Governor applied for the first time during the War. Previously the custom, since the early years of the

Bank, which was created in the summer of 1694, had been to elect, among the directors, a Deputy-Governor for two years and then to elect him Governor for the ensuing two years. This procedure gave each director, if he lived long enough, an almost certain chance of becoming Governor for a two-year period. The circumstances of the Great War (unlike the Napoleonic Wars) caused an exception to be made and Walter Cunliffe who was Governor when war broke out retained that office for five years—1913 to 1918—and afterwards remained a director till his death in 1920. He was raised to a peerage as Lord Cunliffe in 1914.

Similarly, when the expiry of a two-year period of office created a vacancy in the Deputy-Governorship in 1915, Sir Brien Cokayne, who was then elected to that office, remained Deputy-Governor for three years till 1918, when he was elected Governor on the retirement from that office of Lord Cunliffe.

The pressure and urgency of the management and direction of the Bank during the world war called for the assistance of a full-time director in addition to the Governor and Deputy-Governor. To meet this situation in 1915 one of the directors who was a partner of the finance house of Brown, Shipley & Co. (across the road from the Bank), accepted the Court's invitation to act as full-time director, and he went so far as to relinquish—probably with considerable financial sacrifice—his partnership in his finance

house, to devote himself to the full-time directorship at the Bank. This new full-time director was Mr. Montagu Norman.⁶

After the war there was a return to the two-year rule for the Governorship and Deputy-Governorship.

In 1918 Deputy-Governor Sir Brien Cokayne succeeded Lord Cunliffe as Governor, and Mr. Montagu Norman became Deputy-Governor. In 1920, at the end of two years, Sir Brien—who became Lord Cullen—retired from office, and Deputy-Governor Norman became Governor. It seemed as if the peace had brought back the time-honoured routine of the directors' term of two years as Deputy-Governor followed by two years as Governor. But the return to the old ways was short-lived.

Mr. Norman was first elected Governor in March 1920. Two years later he did not retire, but was re-elected Governor. The traditional club-like procedure of a new Governor every two years came to an end, in time of peace as well as war. In this re-election of Governor Norman tradition had been well and truly broken. The work of the Bank had become bigger and more important, and a permanent officer at its head became indispensable.

In electing Mr. B. G. Catterns for the *third* year as Deputy-Governor, the proprietors of the Bank were endorsing a comparatively recent development connected with that office. For some two hundred years and more it had been a custom, with an exception during the Great War, to elect a different director as

Deputy-Governor for two years. Some years after the war it dawned upon those responsible for the direction of the Bank that what might have been excellent in the reign of William III was unsuitable for the banking requirements in the reign of George V.

To meet the ever-growing pressure of work the Bank ventured upon an innovation in promoting the Chief Cashier, Sir Gordon Nairne, to the specially created post of Controller, and this was followed soon afterwards, in 1925, by the more startling innovation of electing Sir Gordon Nairne—an employee,—to the Court where he was to serve as a full-time director. This bold step was repeated three years later when the new Controller, Sir Ernest Harvey was elected to the Court in 1928, also to serve as a full-time director. Soon after his promotion to the Court the office of Controller was abolished.

Also, in the endeavour to grapple with the pressure of work, and the need for continuity of responsibility, the Bank had called several directors to serve more than once as Deputy-Governor. But meanwhile the directors, having survived contact on the Court with the second ex-employee director for a year, ventured, with considerable hesitation, on the bolder experiment of nominating this ex-employee, Sir Ernest Harvey, for the high office of Deputy-Governor, and he was duly elected by the General Court in March 1929. He remained Deputy-Governor for five years, thus marking a definite

break in the old custom of electing a Deputy-Governor for two years only. The same pressure of work, and increasing importance of policy which made a permanent Governor essential also made a permanent Deputy-Governor necessary.

Another ex-employee was subsequently elected to the Court. Mr. W. H. Clegg, a former Chief Accountant of the Bank who, in 1922, left that office to become Governor of the newly created South Africa Reserve Bank, became a director of the Bank of England in 1932.

Because of its significance the case of Sir Ernest Harvey, the first employee to be appointed Deputy-Governor, deserves special notice. The son of a clergyman and educated at Marlborough, Ernest Musgrave Harvey entered the Bank of England as a clerk in 1885 at the age of eighteen, and after some four years was promoted to the Chief Cashier's Office. When the Great War came he was deputy in the Chief Cashier's Office, and at the end of the war in 1918, he became Chief Cashier. He received his knighthood in 1920. In 1925 he was promoted Controller. Three years later in 1928, after forty-three years' service with the Bank, he was invited to become a director. The following year, 1929, he became Deputy-Governor, a post which he retained till 1936. In 1933 he was created a baronet.

It is an open secret that the election of an ex-employee of the Bank to the post of Deputy-Governor was regarded by some of the other directors as fraught

with danger, and it was with some misgivings that they agreed to the experiment. The experiment was a success from which the Bank as a whole gained, and it is believed that the conditions of the staff were improved by having among the proprietors on the Court a full-time director who had himself been a member of the staff.

The advantage of electing a senior employee to the Court was amply established, and in April 1934 the Chief Cashier, Mr. B. G. Catterns, was elected a director; and the advantage of having an ex-employee as Deputy-Governor was confirmed by the selection of Mr. Catterns to succeed Sir Ernest as Deputy-Governor, and his election to that office took place in April 1936.

Since the war, the Bank, the most traditional of City institutions, yielding to the pressure of circumstances, has abandoned the tradition of more than two hundred years by making its Governor and its Deputy-Governor permanent officials. It has even yielded on what may well have been a deeper tradition, it has raised employees to the status of controlling proprietors.

It may be noted here that to be elected to his office the Governor must be the owner of £4,000 of stock of the Bank, and the Deputy-Governor of £3,000 of stock. The market price of stock of the Bank of England at the end of March 1938 was about £3.340 per £1,000 stock. It will be seen, therefore, that the value of the holding necessary for the

various qualifications of the Bank is approximately as follows:

	•	<i>Must hold stock of nominal value</i>	•	<i>Actual market price, March 31st, 1938</i>
		£		£
Governor		4,000		13,360
Deputy-Governor		3,000		10,020
Directors		2,000		6,680
Voters		500		1,670

The issued stock of the Bank amounts to £14,553,000. Since 1923 the Bank has paid its proprietors a dividend of 12 per cent. per annum.

According to its constitution the Bank of England has a directorate—the Court—of not less than thirteen stockholders, and in practice the Court consists of twenty-six male directors, elected annually. Once elected to the Court the directors are almost invariably re-elected. If re-elected they can now, and usually do, remain directors until they reach the age limit of seventy. It seems probable that Deputy-Governors who may continue to come from the staff will follow the example of Sir Ernest Harvey and retire at an earlier age. The present Governor, Mr. Norman, is now sixty-seven, and the Deputy-Governor, Mr. B. G. Catterns, is fifty-one.

THE NINE DOGES

Not all the directors take an equal part in the direction of the Bank. There is an inner Cabinet called the Treasury Committee which deals with general policy and the Bank's relations with the

Government. It is this Committee which really governs the Bank. It consists of the Governor, Deputy-Governor, and seven other directors. Who those other seven are is not disclosed. The Bank is really directed by a secret Council.

The full Court meets every Thursday morning, when, among other things, the Bank rate is decided upon—or rather, communicated to the City and the world. It is known that these weekly meetings of the twenty-six directors are very brief and this emphasizes the view that the Bank is really directed by the secret Council of the Nine Doges.

Since the names of seven of the Doges are a secret, only a guess can be made as to who are the most influential directors at the Bank.

MR. MONTAGU NORMAN

Mr. Montagu Norman, who for nineteen years has secured the unchallenged election as Governor, is not only one of the ablest bankers of all times—even allowing for the disastrous jockeying of sterling back to pre-war gold parity in 1925—but he is also a man after the City's own heart. Despite his ability in world affairs as they are, he is symbolic of things as they were.

Montagu Collet Norman is a descendant of two former members of the Court of the Bank of England. His father's father was a director, and his mother's father a Governor of the Bank of England. Mr. Montagu Norman's paternal grandfather was George

Warde Norman, director of the Bank of England for fifty-one years, from 1821 to 1872, and who was offered, but refused, the Governorship. This George Warde Norman married the daughter of the banker Henry Stone, who was a partner of Stone & Martin, now Martins Bank. One of the six sons of this marriage of a banker and a banker's daughter was Frederick Henry Norman who, like his father, also married a banker's daughter. This lady was a daughter of Sir Mark Wilks Collet, partner in the finance house of Brown, Shipley & Co., and who was also a director of the Bank of England from 1866 till his death in 1905, and who after two years as Deputy-Governor was Governor from 1887 to 1889. A son of this marriage of a Norman and a Collet was Montagu Collet Norman. The "Norman Conquest" of the Bank goes back into history. Mr. Montagu Norman, therefore, has family connections not only with Martins Bank and the finance house of Brown, Shipley & Co., but also with the Bank of England. It is not only to banking, but to the Bank that Montagu Collet Norman belongs. Mr. Norman was educated at Eton and at King's College, Cambridge. During the Boer War he served as an officer, winning the D.S.O. in 1901, and was mentioned in despatches. In business he received an early training in cotton, an industry for which he retains an affection; he served a period of his banking apprenticeship with Martins Bank, an association which he has not forgotten. He later joined his

grandfather Collet's firm of Brown, Shipley & Co., serving for a while with their American Agents (now Brown Brothers, Harriman & Co.) in New York, and eventually becoming a partner of Brown, Shipley in 1900. While a partner of that firm he was elected a director in 1907 at the age of thirty-five of that company of which his family has for so long been part-proprietors, the Company of the Bank of England. He relinquished his partnership of Brown, Shipley & Co. in 1915, the year he became a full-time director of the Bank of England. He became its Governor in 1920 at the age of forty-nine. He was made a Privy Councillor in 1923. In 1933 Mr. Norman married a lady who had acquired some reputation as an active member of the London County Council who was especially interested in social and child-welfare work; Mrs. Norman is a grand-daughter of the seventh Earl of Abingdon and cousin of the present Earl.

Mr. Basil Gage Catterns, the Deputy-Governor, joined the staff of the Bank in 1908. He became Chief Cashier in 1929. In April 1934 there was a vacancy on the Court owing to the retirement of Mr. H. A. Trotter and Mr. Catterns at the age of forty-eight and after twenty-six years at the Bank was elected a director—the fourth member of the Bank's staff to be elected to the Court. On the retirement of Deputy-Governor Sir Ernest Harvey in April 1936, Mr. Catterns was elected Deputy-Governor, the second former member of the staff to reach that office.

Governor Norman and Deputy-Governor Catterns are essentially bankers; the former, as partner and director, the latter as official, they have followed the profession of banker for practically the whole of their working lives. What of the other twenty-four directors of the Bank ?

On April 6th the proprietors elected twenty-two retiring directors and two new directors. Those two new directors Mr. C. F. Cobbold and Sir Otto Niemeyer have for a number of years been members of the staff of the Bank of England. Their election denotes that the tendency for election of directors from the staff, pointed out on an earlier page, far from being a passing phase is becoming even stronger. The following pages will indicate the nature of the outside directors, as they may be called in contrast with the staff-promoted directors, and as the comparison becomes clearer it will be seen that the centre of gravity in the control of the old Bank is shifting. In recommending the election as directors of two more officers of the Bank, the Court were consolidating this innovation of recent years and indicating that the old Bank in the conditions of to-day is increasingly in need of bank-trained directors rather than City financiers like Col. Lionel H. Hanbury, C.M.G.

To-day the Court of the Bank of England consists of a Governor who has been a full-time director since 1915, a Deputy-Governor who has been a full-time employee of the Bank for over twenty-five years,

and two additional full-time directors who had for a number of years previously been employees of the Bank. This development, endorsed by the proprietors when they elected the Court on April 5th and 6th gives a valuable indication of a tendency now operating and governing the future control of the Bank.

Of the remaining twenty-two directors of the Bank of England most are financiers and bankers with the addition of a few industrialists.

Almost invariably among the industrial directors are directors of railways, or iron and steel firms, and shipowners. It has often been said that the directors of the Bank of England are more interested in overseas trade than in trade or industry carried on mainly within the United Kingdom. This is on the whole a correct comment on the composition of the Court. The Bank reflects rather London, the international financial centre, than industrial Britain. It may have been partly due to this criticism, and as a reply to it, that Mr. Laurence John Cadbury, cocoa and chocolate manufacturer and director of the *News Chronicle*, was elected to the Court in 1936. He did not stand for re-election in April 1938, but retired to make room, it is said, for the election of one of the staff-promoted men. These pages are mainly concerned with the *bankers* and their financial interests: the industrial and commercial interests associated with the Bank, must remain, for the time being, another even if exceedingly interesting story.

FINANCIERS AND THE BANK

It is well known that the Court of the Bank invariably includes directors and partners from a small ring of leading City finance houses. Some of these firms have, from time to time, over a long number of years, had one of their proprietors on the Court of the Bank.

In his *British Banks and the London Discount Market* (published in 1936) Mons. R. J. Truptil points out that the following London finance houses have had a representative of their firm on the Court of the Bank of England at various times from the dates shown. The names may mean little to the man in the street, but they will mean more as they are examined in more detail in subsequent pages.

FINANCE HOUSES WHICH HAVE HAD REPRESENTATIVES ON THE COURT OF THE BANK OF ENGLAND

1. Baring	..	..	..	since	1805
2. Grenfell (now Morgan Grenfell)				..	1830
3. Frederick Huth	..	..		..	1838
4. Arbuthnot Latham	..	..		..	1838
5. Antony Gibbs	..	..		..	1853
6. Goschen	..	..		..	1858
7. Hambro	..	..		..	1879
8. Schröder	..	..		..	1912
9. Lazard Bros.	..	..		..	1914

This high caste of the City of London continues to provide the Bank with some of its directors, and today, in 1938, five of these ten finance houses have their representatives on the Court of the Bank. Other finance houses also have directors on the Court

and the position following the election of April 1938 is shown in the following schedule:

DIRECTORS ON THE BANK OF ENGLAND WHO ARE ALSO DIRECTORS OF CITY FINANCE HOUSES

RE-ELECTED APRIL 1938

<i>Bank of England Directors</i>		<i>Also Directors or Partners of Finance House</i>
Sir Robert M. Kindersley		Leard Bros. & Co. Ltd.
Sir Edward R. Peacock ..		Baring Bros.
F. C. Tiaris		J. Henry Schroder.
D. G. M. Bernard		Matheson & Co. Ltd.
Lord St. Just		Morgan Grenfell & Co. Ltd.
C. J. Hambro		Hambros Bank Ltd.
W. K. Whigham		Robert Fleming & Co.

The names quoted above illustrate what is well known; that a small ring of London finance houses have an acknowledged, if unwritten, claim to be represented from time to time on the Court of the Bank of England.

It now becomes a little clearer why the annual meeting of the proprietors of the Bank of England, at which the names of the ensuing year's directors are proposed, is conducted so easily and terminated so quickly. But it will be seen that other forces are at work in determining these uncontested elections.

INSURANCE COMPANIES AND THE BANK

While it is well known that some of the Bank's directors invariably come from the high caste of British banking circles, it has never before been emphasized that the Court of the Bank of England

invariably includes a number of directors of leading London insurance offices.

It may well be that a new rule has grown up parallel to the old; certain insurance companies, with offices in London, have established an unwritten but acknowledged claim to be represented on the Court of the Bank of England.

The names of the directors of the Bank of England—which to the man in the street mean so little—acquire increasing significance when the financial interests with which they are connected are demonstrated.

The next schedule gives once again the names of the finance house directors of the Bank—but adds their association with insurance offices, and brings in the names of other Bank of England directors connected with insurance companies. The direct connection of the Bank, not only with leading finance houses, but also with leading London insurance offices becomes apparent.

It would seem, indeed, that whatever claim these men have to a seat on the Court of the Bank, to be a director of an insurance company is an additional claim. Be that as it may, it is noteworthy that, apart from the Governor, Deputy-Governor and the other two staff-promoted directors of the remaining twenty-two no less than ten or nearly half are insurance company directors. It would seem, moreover, that a directorship of an insurance company re-enforces the older claim of being a partner or

**DIRECTORS OF THE BANK OF ENGLAND WHO ARE ALSO DIRECTORS (OR PARTNERS) OF FINANCE HOUSES
OR INSURANCE COMPANIES**
(April 1938)

<i>Bank of England Director</i>	<i>Also Directors or Partners of</i>	
	<i>Finance House</i>	<i>Insurance Office</i>
Sir Robert M. Kindersley	Lazard Bros. & Co. Ltd.	
Sir Edward R. Peacock	Baring Bros.	
F. C. Tiarks	J. Henry Schröder	
D. G. M. Bernard	Matheson & Co. Ltd.	Alliance Assurance
Lord St. Just	Morgan Grenfell & Co. Ltd.	Sun Insurance
C. J. Hambro	Hambros Bank Ltd.	Provident Mutual Life
W. K. Whigham	Robert Fleming & Co.	Sun Insurance
P. A. Cooper		Northern Assurance
A. C. Gladstone		Northern Assurance
Cecil Lubbock		Northern Assurance
Hon. R. D. Kitson		London Assurance
A. Whitworth		Liverpool London & Globe
Lord Craigmyle		Atlas Assurance

director of one of privileged City finance houses: of the seven representatives of finance houses on the board of the Bank of England four are also on the board of insurance companies. Of these financier-insurance men, Mr. D. G. M. Bernard was elected on the Court a few years ago. It will be re-called that the Deputy-Governor Catterns was first elected to the Court when the retirement of Mr. H. A. Trotter provided a vacancy. Mr. Trotter was Deputy-Governor of the Alliance Assurance Company, and with his retirement that insurance company lost its representation on the Court. With the election of Mr. Bernard to the Court in 1936 the Alliance Assurance once again enjoys representation.

Some of the other men mentioned above are, perhaps, much better known in connection with some other trade or industry. Lord Craigmyle was until April 1938 chairman (in succession to his father-in-law, the first Lord Inchcape) of the P. & O. Shipping Company; Mr. Cooper is Governor of the Hudson's Bay Co., and Mr. Kitson's name is associated with engineering and coal, iron and steel. But it remains true that they are also at one and the same time insurance company directors and directors of the Bank of England.

Finally, it will be seen that on the Court of the Bank the Sun Insurance has two directors and Northern Insurance has three. Comment on this can be left to those leading insurance offices which have none.

THE BANK OF ENGLAND AND THE OTHER BANKS

The Bank of England devotes itself increasingly to its work as banker to the British Government and as Central bank for the United Kingdom, and it does not now compete with the other banks. But once upon a time it did compete, and the rivalry dating from those days is still seen in the absence of the directors of the big English deposit banks from the Court of the Bank of England. But on the other hand, the Bank of England has on its Court directors of certain other banks, besides the City finance houses. These banks, like the finance houses, are mainly concerned with overseas banking. The list below shows the names of the banks and the directors concerned.

BANK OF ENGLAND DIRECTORS WHO ARE ALSO DIRECTORS OF
"OVERSEAS" BANKS

<i>Director</i>	<i>Bank</i>
D. G. M. Bernard ..	Hongkong & Shanghai Banking Corpn.
C. J. Hambro ..	Mercantile Bank of India Ltd.
A. Whitworth ..	Bank of Australasia.
A. C. Gladstone ..	Ottoman Bank.
Cecil Lubbock ..	Bank of New Zealand.
Lord Craigmyle ..	F. & O. Banking Corporation.

Five of these banks are for the most part concerned with Empire banking, and one with Turkish and Near Eastern banking. The finance houses previously referred to are very much concerned with finance in foreign countries. The Court of the Bank, therefore, contains directors who bring knowledge

of finance in almost every corner of the globe. In this respect the Bank of England is certainly representative of London as the world's international financial centre.

The Bank has unceasingly been criticized for being too much international, and not sufficiently representative of, or closely concerned with, industry at home. The Bank has to some extent tried to rectify a position which was so much criticized, and it created two subsidiaries, Bankers Industrial Development Co. Ltd., and Securities Management Trust Ltd., for the purpose of assisting industries in the United Kingdom, particularly when in need of capital reconstruction or rationalization. The Governor himself is the chairman of these two companies. Possibly because these subsidiary finance companies of the Bank have had to deal with declining industries, their activity has not been quite as extensive as had been expected by some of the enthusiasts for rationalization.

The list of the six directors of banks concerned with overseas banking, shown on the previous page, does not name any new bankers, but repeats the names of six Bank of England directors already referred to as financiers or insurance directors. The reader will, therefore, begin to form a picture of the extent to which the many financial concerns of the City of London come partially under the control of a relatively few people. This picture is presented in the following table.

**DIRECTORS OF THE BANK OF ENGLAND WHO ARE ALSO DIRECTORS (OR PARTNERS) OF FINANCE HOUSES,
INSURANCE COMPANIES AND "OVERSEAS" BANKS**
(April 1938)

<i>Bank of England Directors</i>	<i>Also Directors or Partners of</i>		
	<i>Finance Houses</i>	<i>Insurance Offices</i>	<i>"Overseas" Banks</i>
1. Sir Robert M. Kindersley	Lazard Bros. & Co. Ltd.		
2. Sir Edward R. Peacock	Baring Bros.		
3. F. C. Tiarks	J. Henry Schroder		
4. W. K. Whigham	Robert Fleming Co. Ltd.	Sun Insurance	
5. D. G. M. Bernard	Matheson & Co. Ltd.	Alliance Assurance	Hongkong & Shang- hai Banking Corpn.
6. Lord St. Just	Morgan, Grenfell & Co.	Sun Insurance	
7. C. J. Hambro	Hambros Bank Ltd.	Provident Mutual Life	Mercantile Bank of India
8. P. A. Cooper		Northern Assurance	
9. A. C. Gladstone		Northern Assurance	Ottoman Bank
10. Cecil Lubbock		Northern Assurance	Bank of New Zealand
11. A. Whitworth		Liverpool, London & Globe	Bank of Australasia
12. Lord Craigmyle		Atlas Assurance	
13. Hon. R. D. Kitson		London Assurance	P. & O. Banking Corpn.

The thirteen directors of the Bank named on page 29, it will be seen, are together directors of twenty-three leading British financial institutions. Some idea of their financial importance can be gauged from the fact that (in so far as the figures are published), the aggregate paid up capital of these twenty-three financial concerns amounts to over £35,000,000 and the available financial resources are, of course, much greater. For the sake of simplicity only the financial institution with which these men are connected have been tabled on page 29—they are all, however, directors of a number of other companies. The thirteen gentlemen are not uninfluential in a democratic country.

Of the other directors who make up the twenty-two "outside" members of the Court, a word may be said about three. One is a distinguished economist and statistician, Lord Stamp (formerly Sir Josiah Stamp, who was created a baron in June 1938). His election to the Court was also considered something of an innovation by broadening the range of people from whom directors are drawn. It has not been the custom, however, to consider reputation as an economist a sufficient justification for being nominated to the Court. Lord Stamp's other qualifications besides £2,000 of Stock of the Bank include his experience in negotiation of the post-war international Debt and Reparations mis-settlements, and the fact that he is President of the London Midland

and Scottish Railway, and President of the Abbey Road Building Society.

A director of the Bank who seems to possess the least of the traditional claims to a seat on the Court is Sir Andrew Rae Duncan, formerly chairman of the public utility corporation—the Central Electricity Board—and, who left that institution to become chairman of the British Iron and Steel Federation.

That the chairman of a public utility Board should have been a member of the Court is perhaps laying the foundations of a claim which may in the future rank almost as important as a partnership of a private financial business.

One Member of Parliament is a director of the Bank, the shipowner, Sir Alan Garrett Anderson. When Mr. E. C. Grenfell, of the finance house of Morgan Grenfell, a director of the Bank of England since before the War, and Member of Parliament for the City of London, was raised to the peerage as Baron St. Just in June 1935, the Parliamentary vacancy thereby created was filled by the election of Sir Alan Garrett Anderson, shipowner.

Sir Alan Anderson is the son of Dr. Elizabeth Garrett Anderson, the first woman doctor in Britain and a lady, who did so much for medicine and hospitals. Sir Alan at the time of his election was a director of the Bank of England.

THE GOVERNOR OF THE FUTURE

This chapter can close by considering the all-important office of Governor.

The age limit for directors now appears to be recognised as seventy. The present Governor, Mr. Norman, was born in 1871, and is now sixty-seven. The Bank can look forward to enjoying his guidance for another few years, and then with the election of a new Governor all the old claims and titles to that office will be revived. How many are still valid? Mr. Norman, himself an heir to the old City right by custom that a caste of City families should in turn every two years elect one of their members—or at least one of their nominees—as Governor of the Central Bank of the United Kingdom, has himself, more than anyone, undermined that system. His own re-election to the Governorship broke the two-year rule and established the principle of the permanent Governor. By bringing an increasing number of higher officials on to the Court he has also weakened the claim of City financiers to a predominance in the inner councils of the Bank. Has Mr. Norman laid the foundations for a future rule for selecting the Governor of the Central Bank of the United Kingdom? Not the City finance houses, but the Bank staff produced the present and the previous Deputy-Governor. Will the City finance houses supply the next Governor of the “old Bank” or will the Bank staff produce the next Governor of the Central Bank of the United Kingdom?

CHAPTER II

THE FINANCIERS

THE financiers of the City have sometimes been described in picturesque language as the money barons. At least two lords, partners of finance houses and directors of the Bank of England, have themselves demonstrated their own claim to that description. The coat of arms adopted in 1914 by the first Baron Cunliffe, the war-time Governor of the Bank of England, has for supporters "On either side a figure habited as a gate porter of the Bank of England, supporting in the exterior hand his staff of office." The coat of arms of Baron St. Just, adopted on his elevation to the peerage in 1935, has for supporter "on the dexter side a gate porter of the Bank of England supporting in the exterior hand his staff of office. . . ."

MORGAN GRENFELL

Edward Charles Grenfell, first Baron St. Just, of St. Just, in Penwith, Cornwall, is a typical representative of the City of London, of the old school. For twelve years he represented the City in Parliament, and he has been a director of the Bank of England since before the Great War. His father was

also a Member of Parliament, and his father was also a director of the Bank of England. It was not unnatural, therefore, that he should incorporate a symbol of the Bank of England in his coat of arms. The other supporter in his coat of arms is not, but might well have been, a porter of Morgan Grenfell & Co. Ltd.—of which the baron has for so long been a member. Morgan Grenfell is the important finance house whose proprietors have had representatives on the Court of the Bank of England since 1830. Morgan Grenfell deal in high finance and disdain the use of a name-plate on the building in which the firm is now housed in Great Winchester Street in the City of London.

Another financial baron, besides Lord St. Just, is a director of Morgan Grenfell. This is Vivian Hugh Smith who, in June 1938, was created Baron Bicester. The new baron is an old banker and is chairman of the Royal Exchange Assurance. He is also chairman of the City of London Conservative and Unionist Association. Lord Bicester is the brother-in-law of the first Earl Buxton.

This finance house of Morgan Grenfell was founded as a merchant firm over a hundred years ago by George Peabody, an American, who was later joined by another American residing in London, J. S. Morgan, who gave the firm his name. The son of J. S. Morgan went to America and founded the New York firm of Morgan, which in turn established the finance house of Morgan et Cie in Paris. The

London firm of Morgans took the name of Morgan, Grenfell & Co. in 1910.

The firm engages in the principal kinds of financial business, and in particular it has carried out financial transactions for the governments and for business firms of America, France, Spain, Italy and China. During the war the firm was closely associated with the U.S.A. and with inter-Allied finance. At first a partnership, the firm later became a private joint-stock company. In 1934 the American house, J. P. Morgan, in conformity with new legislation in the U.S.A., elected to confine itself to banking business, and soon afterwards the London house became a limited company, Morgan Grenfell & Co. Ltd. To-day it has a paid-up capital of £2,500,000.

There are in all six directors, and they are the principal proprietors. Descendants of founders of the firm who now sit on the board are Lord St. Just, Baron of the United Kingdom, and John Pierpont Morgan, multi-millionaire of the United States of America, and a papal Knight of the Order of St. Gregory the Great.

Another British legislator who is a director is Baron Catto, of Yule, Catto & Co. Ltd., India Merchants, and Deputy-Chairman of the Mercantile Bank of India. Two other directors of Morgan Grenfell are Randel H. Vivian Smith, and Vivian Hugh Smith, who, as mentioned above, was created Baron Bicester in June 1938, and both are on the board of Yule & Co.

A comparatively young director is the Hon. Francis James Rodd, who was previously on the staff of the Bank of England. His wife is a daughter of Lord Bicester (the director referred to above), and his father is Lord Rennell, formerly British Ambassador in Rome.

Directors of Morgan Grenfell are directors of insurance companies as indicated below:

Lord St. Just	Sun Insurance.
Lord Catto	Royal Exchange Assurance.
Lord Bicester (V. H. Smith)	Royal Exchange Assurance.
J. P. Morgan	Aetna Insurance (U.S.A.).

HAMBROS

Another finance house which has had its representatives on the Court of the Bank of England over a number of years is Hambros Bank Ltd. It was founded in London in 1839 by a Charles Joachim Hambro, the son of a leading Danish banker. The London house has over a number of years carried out financial transactions and raised loans for Denmark, Italy, and, thanks to the accession of a Danish prince to the throne in Athens, for Greece also. Hambros have also placed loans for the governments of Russia, Hungary, Finland and Iceland.

The House of Hambro strengthened its position by amalgamation with the British Bank of Northern Commerce Ltd. in 1920. Its present paid-up capital amounts to £1,400,000. Its banking business is very varied, and, although it is specially interested in

financing trade with Scandinavian countries and, with Greece, it is also interested in a much wider field.

A managing-director of Hambros is Mr. A. John Hugh Smith—a younger brother of Lord Bicester of Morgan Grenfell.

The representative on the Bank of England of Hambros is Charles Jocelyn Hambro, who is also a director of Provident Mutual Life Assurance Association. The Chairman of Hambros Bank is Roland Olaf Hambro—Governor of London Assurance.

Besides the three just mentioned, Hambros Bank has nine other directors—including a financial baron, Christopher Grey Tennant, second Baron Glenconner. The banker-baron is also a director of Northern Assurance Co. Ltd.

Another member of the board of Hambros Bank is Major The Hon. John Jacob Astor, M.P., a director of *The Times* and of Phoenix Assurance Company.

Directors of Hambros Bank are directors of insurance companies as follows:

R. O. Hambro	..	London Assurance.
C. J. Hambro	..	Provident Mutual Life Assurance.
Lord Glenconner	..	Northern Assurance.
Hon. J. J. Astor, M.P.		Phoenix Assurance.

ROBERT FLEMING & Co.

Two very important finance houses have been mentioned. They finance trade between many parts

of the world. Founded in the last century they have played and continue to play an important part in making London the financial centre of the world. They are typical English finance houses—and were both founded by foreigners, Morgan Grenfell by an American, Hambros by a Dane. These two houses are concerned mainly in financing overseas trade and raising loans for foreign governments.

There is in London a different type of finance house of more recent origin concerned with floating and managing investment trusts. Outstanding among these is Robert Fleming & Co. Ltd., founded in 1909 by a Scottish financier—Robert Fleming—and converted into a limited company in 1932. Its name is linked with some half-dozen or more investment trusts, and four of the six directors of Robert Flemings are on the boards of these investment trusts.

One of these investment-financiers, Mr. Philip Fleming, the son of the founder, is also on the board of the London Merchant Bank. Another, Mr. A. A. Jamieson, is on the board of the Chartered Bank of India, Australia and China and on the board of Union Discount Co. A third investment financier of Robert Flemings is Mr. W. K. Whigham, who besides being a director of five investment trusts is also a director of the Bank of England and of Sun Insurance. (His brother C. F. Whigham, who died as the result of a hunting accident early in 1938, was a director of Morgan Grenfell.)

BARING BROTHERS

Another typical London house of the old type, engaged largely in overseas lending, now calls for attention. This is Baring Brothers & Co. Ltd., founded in 1717 by a German from Bremen. Starting as wool merchants the house eventually turned exclusively to finance, a change which was assisted in one direction by close commercial associations with the banking and merchant house of Hope & Co. of Amsterdam, and in another direction by marriage with daughters of wealthy merchant William Bingham, friend of George Washington—an association which led to Barings being appointed bankers to the United States Government.

In 1824 the house of Barings floated a loan for the State of Buenos Aires, and so established a connection with South American States which was to prove highly remunerative for many years. It was these investments, however, which, following the Argentine revolution, led to the Baring Crisis in 1890, when the honoured finance house would have plunged to its downfall had it not received the support from other finance houses under the prompt initiative of the Bank of England. Within a few years Barings had completely re-established themselves. In recent years Barings have sponsored important loans on behalf of the Argentine Government.

The capital of Baring Brothers now exceeds £2,000,000. There are seven directors of this finance house, three of whom bear the name of the founder,

and two others are also descendants of Barings.

A name conspicuously connected until recent years with the firm of Barings was that of Baron Revelstoke. The title was created in 1885, when Edward Charles Baring became first Baron Revelstoke, of Revelstoke, Devon. John, second Baron Revelstoke, was a director of the Bank of England. He was succeeded in the title in 1929 by his brother, Cecil, third Baron Revelstoke. The second and third Barons had been active partners in the house of Baring, but on the death of the third Baron Revelstoke his son, the present Baron did not become a director of the firm.

The present financial baron of this finance house is Alexander Francis Baring, sixth Baron Ashburton, who succeeded to the title on the death of his seventy-one-year-old father in March of this year. This line of the Barings are descendant of the Baring who married a daughter of Citizen Bingham of the U.S.A.

Lord Ashburton is a director of the Hongkong and Shanghai Banking Corporation (as was the late third Baron Revelstoke) and is also a director of the Alliance Assurance Co.

Another present director of Barings is Sir Edward James Reid, a grandson of the first Baron Revelstoke. He is a director of the Provident Mutual Life Assurance.

One of the younger directors is the Hon. Evelyn Baring, whose brother the Earl of Cromer, formerly a director of Barings, is now a director of the National Provincial Bank.

The director of Barings who is on the Bank of England is Sir Edward Robert Peacock, a Canadian by birth.

Here a summary is given of the financial institutions with which the four finance houses so far mentioned in this chapter are connected.

GOSCHENS & CUNLIFFE

This chapter opened by pointing out that the coat of arms of the first Baron Cunliffe—the war-time Governor of the Bank of England—included two gate porters of the Bank of England. A finance house which has provided directors for the Bank of England is Goschens & Cunliffe. Baron Cunliffe was a partner of the firm and his son, the second Baron Cunliffe, has followed his father as a partner in this finance house.

The father of Mr. Montagu Norman was the son of a director of the Bank of England who married the daughter of a Governor of the Bank of England. The present Lord Cunliffe is the son of a former Governor of the Bank of England, and he is married to the daughter of a former director of the Bank of England. Perhaps the Lady of Threadneedle Street is a match-maker.

Three of the firms previously mentioned, Morgan Grenfell, Hambros and Barings, specialize in floating loans in London for foreign governments, the house of Goschens & Cunliffe is concerned more with day-to-day financing of overseas trade. It is difficult

<i>Finance House Directors</i>	<i>Also Directors of</i>		
	<i>Central Bank</i>	<i>Commercial Banks</i>	<i>Insurance Companies</i>
<i>Morgan Grenfell</i> Lord St. Just Lord Catto Lord Bicester	Bank of England	Mercantile Bank of India Royal Bank of Scotland	Sun Insurance Royal Exchange Royal Exchange
<i>Robert Fleming & Co.</i> W. K. Whigham P. Fleming A. A. Jamieson	Bank of England	London Merchant Bank Chartered Bank of India Australia and China Union Discount Co.	Sun Insurance
<i>Baring Brothers</i> Sir E. R. Peacock Lord Ashburton Sir Edward J. Reid	Bank of England	Hongkong & Shanghai Banking Corporation	Alliance Assurance Mutual Life Assurance
<i>Hambros Bank</i> C. J. Hambro R. O. Hambro Lord Glenconner J. J. Astor, M.P.	Bank of England		Provident Mutual Life London Assurance Northern Assurance Phoenix Assurance

to classify the London finance houses—their activities are very varied—but Goschens & Cunliffe may be described as a typical English acceptance house. It was founded in 1814 by a German from Leipzig. Descendants of the German Goschen from Leipzig have played a considerable part in the administration of Britain and of India in particular. Goschens have distinguished themselves not only in the City, but at the Treasury, in the Diplomatic Service, and the Indian Civil Service.

A son of the founder became first a director of the Bank of England, then a Conservative Chancellor of the Exchange, and later in 1900 was raised to the peerage as the first Viscount Goschen.

It was Chancellor Goschen (of the finance house of Goschen) and the grandfather of Mr. Montagu Norman, Sir Mark Wilks Collet, Governor of the Bank of England (and partner of the finance house of Brown, Shipley) who carried out the famous Conversion operation of 1888, when the interest rate on "Consols" was reduced from 3 per cent. to $2\frac{1}{2}$ per cent.

With the absorption of the business of Cunliffe Brothers the firm took the name of Goschens & Cunliffe in January 1920.

There are six partners of Goschens & Cunliffe. As already mentioned, one of these is the second Baron Cunliffe—who is also a director of London Assurance.

Another partner is the son of the Chancellor

Goschen. This is the second Viscount Goschen, who for a brief period was Viceroy of India. He is a director of the Bank of Roumania, the Ottoman Bank, the Bank of British West Africa, and the Westminster Bank.

This is the first time in this book that the name of a director of one of the Big Five banks has been mentioned.

Until now our story has told of the connection between the Bank of England and a small number of finance houses and of the connection of these finance houses with insurance companies and other banking and financial institutions, other than the big banks.

Our narrative now begins to deal with those finance houses which are connected—through their proprietors—with the big banks. In unravelling the web and warp of the financial connections and associations of the City of London, we have come across a new thread. The connection with the Big Five will be described later on.

The brother and heir presumptive of Viscount Goschen is Sir William Henry Goschen, K.B.E., and he, too, is a partner in the firm. He is also on the boards of the Provincial Bank of Ireland, the Union Discount Company, and he is chairman of an insurance company—the Sun Life.

Another director is Kenneth Goschen, formerly a director of the Bank of England, and still a director of the Bank of Australasia.

SCHRODERS

Some of the finance houses mentioned started their career as merchants and later turned to banking. Yet another leading London finance house had a similar history—and it was also founded by a German.

Baron J. Henry Schroder came from Germany and founded, with the help of his brother, the firm which still bears his name. The present chairman, Baron R. Bruno von Schroder, came from Hamburg and retained his German nationality until 1914. Originally interested in wheat importing they soon specialized in financing wheat and other overseas trade, and later came to take a special interest in South America, and were concerned in financing export of copper, tin and Chilean nitrate, and also with railway finance in that part of the world.

At one time Schroders had a very active connection with German finance, and in particular they were actively associated with the Hamburg firm of Schroder Gebruder. It is believed that with the closing down of German banks in London in 1914, Schroders have, since the war, acted as the London agents for the leading German banks.

There are to-day four partners of J. Henry Schroder & Co.: two are Schroders and two are Tiarks. The Chairman is seventy-year-old Baron R. Bruno Schroder. Another partner is H. W. B. Schroder, who is also a director of North British Mercantile Insurance Co. The third partner is

Frank Cyril Tiarks, a director of the Bank of England, and the fourth is H. F. Tiarks. The Tiark family commenced its association with Schröders in 1847.

LAZARDS

Of the finance house represented on the Court of the Bank of England, one more deserves special mention, and although described last, it ranks as one of the leading finance houses of the City. This is Lazards Brothers & Co. In the 1840's some Lazards of Lorraine, went and started a merchanting business in the gold-boom country of California. In time a Paris branch was opened which exists to-day, Lazard Frères; later the Californian business was sold, and activities were transferred to New York. In 1870 a London branch was opened, Lazard Brothers & Co., and out of this grew the present London firm. In 1877 the Lazards gave up merchanting and devoted themselves entirely to finance and banking. The London house became a private limited company in 1919, when S. Pearson & Sons Ltd. also took an interest in the undertaking. Lazard Brothers' paid-up capital is now £2,250,000. With its connections in Paris and New York the firm has done a considerable amount of financial business with France and the U.S.A., but more especially with France.

One of its recent operations was the placing of a loan in London for the French Government when M. Blum was for the first time Prime Minister. It is

not without interest that soon after the City made this loan to the French Government headed by a Socialist, a number of City bankers were personally contributing to the Municipal Reform Party Funds in order to defeat socialist Mr. Herbert Morrison and the London Labour Party in the London County Council Election. (In the event the London loan did not solve M. Blum's difficulties or keep him long in power; but the individual bankers' subscriptions did not prevent Mr. Morrison from capturing the London County Council for Labour for the second time. Perhaps the City is not the power it was.)

There are no Lazards left on the board of Lazard Brothers; the present ruling families are the Kindersleys and the Brands.

The chairman is sixty-five-year-old Sir Robert M. Kindersley, a director of the Bank of England. Another director is his son, Hugh K. M. Kindersley, who is on the Board of the Bank of London & South American, and Royal Exchange Assurance.

The brothers, the Hon. Thomas Henry Brand, eldest son, and the Hon. Robert Henry Brand, third son of Viscount Hampden, are directors of Lazards. The Hon. R. H. Brand is on the board of the North British Mercantile Insurance Co., and of Lloyds Bank—one of the Big Five.

Among the other directors are, the Hon. Clive Pearson, younger son of the first Lord Cowdray and heir presumptive to that title, and G. Tyser, who is also on the board of Phoenix Assurance.

It is a matter of frequent comment in writings and discussion on the Bank of England that although the Bank has direct contact with finance houses through directors on the Court who are members of City houses, the Bank, on the other hand, has no such direct contact with the big banks. Lazard Brothers, however, provide one indirect link between the Bank of England and Lloyds Bank—which, of the big banks, is the least critical of Mr. Montagu Norman as it is also the least critical of Prime Minister Neville Chamberlain. One director of Lazards, Sir Robert Kindersley, is on the Court of the Bank of England and another director of Lazards, the Hon. R. H. Brand, is on the board of Lloyds Bank.

ROTHSCHILD

Without pursuing further the account of those finance houses which to-day have a representative on the Court of the Bank of England, our narrative will now deal with two other important London finance houses.

The name of Rothschild is synonymous with high and powerful finance. The story of the house of the Red Shield has often been told. Nathan Rothschild came to England from Frankfort in 1797, and operated in cotton and cloth. By 1805 he and his brother were established in the City of London and were engaged in foreign exchange dealings. Soon afterwards the firm was entrusted with financial transactions overseas on behalf of the British Government.

In 1824 the Rothschilds participated in the formation of the Alliance Assurance Co., and to this day the Rothschilds retain a close connection with that company.

A Rothschild sat on the Court of the Bank of England from 1868 to 1889. There has not since been a direct representative of the firm of Rothschild at the Bank. In the previous chapter it was pointed out that as has previously happened in recent years, a director of Alliance Assurance is at present a member of the Court of the Bank of England, and although the contact may be no closer, perhaps Rothschilds consider this a sufficient alliance.

Rothschilds have placed a number of loans on the London market, and they have been especially interested in French and South American finance. They have sponsored a number of Brazilian Government loans. Of all the firms mentioned in this book the house of Rothschilds is the only one to specialize in the refining of the precious metals. Here it may be noted that the London gold market which comes so often into the public news is operated very largely by Rothschilds and four other smaller bullion dealers.

It was Lionel Nathan Rothschild, the son of the first Rothschild to settle in London, who was the first Jew to enter the House of Commons. He was elected for the City of London four times between 1847 and 1857, but did not take his seat till 1858, when the disability of Jews to sit in Parliament was

removed. His eldest son became the first Baron Rothschild of Tring in the County of Hertford in 1885. There are Rothschilds of England and of other countries who are also barons of the Austrian Empire—which sometimes leads to confusion in the reference to their titles. The present and third Baron Rothschild, who succeeded to the title in 1937, is also a baron of the Austrian Empire—for what it is worth. The coat of arms of the English Baron Rothschild, descendant of bankers and dealers in the precious metals, has as supporters the English lion and the unicorn and, appropriately, one is of gold and the other of silver.

The London firm, founded by Nathan Mayer Rothschild of Frankfort, is still called N. M. Rothschild & Sons, and remains a partnership which does not disclose its accounts. The present partners are the brothers Lionel de Rothschild and Antony de Rothschild. Mr. Lionel de Rothschild is chairman of the Alliance Assurance Co. Ltd.

M. SAMUEL & Co.—SHELL OIL

Another famous London finance house of Jewish origin is M. Samuel & Co. Ltd., which participates in general banking finance. The firm was founded in 1831 by the descendant of Dutch Jews who settled in England in the preceding century. M. Samuel & Co. continued as a partnership until 1920 when it became a limited company. It has now a paid-up capital of £2,000,000.

There are at present seven directors. One is the Rt. Hon. Viscount Bearsted, who succeeded to the title upon the death of his father, the first Viscount Bearsted.

So far the *financial* activities of the finance houses and of their directors and partners have been stressed, even at the risk of pushing into the background some important industrial associations, but in the case of M. Samuel & Co. an industrial connection must be mentioned.

It was Marcus Samuel, first Baron Bearsted, and later first Viscount Bearsted, who, together with the late Samuel Samuel founded the Shell group of oil companies. The late Samuel Samuel was a Member of Parliament for a number of years for Putney, till his death in 1930; he was also a partner of M. Samuel & Co., and a director of Lloyds Bank.

The present Viscount Bearsted, besides being a director of M. Samuel & Co., is also chairman of Shell Transport and Trading Co. Ltd. (as well as a director of some forty subsidiary oil companies), and director of Alliance Assurance.

Of the other six directors two bear the name of Samuel, one is the Hon. Peter Montefiore Samuel, a younger son of Viscount Bearsted, and the other is Frederick Dudley Samuel, chairman of Brown Harriman & Co. Ltd., investment bankers of London.

Another director of M. Samuel, who is a director of Brown Harriman, is Col. Bertram Abel Smith,

who is on the board of the National Provincial Bank (one of the Big Five) and on the board of Atlas Assurance Co. This Col. Smith is a cousin of A. John Hugh Smith of Hambros Bank and of Lord Bicester (Vivian Hugh Smith) of Morgan Grenfell.

Four leading London finance houses are described at the commencement of this chapter, and a summary of their financial associations is given on page 42. A similar summary is given on the next page of the financial associations of the proprietors of the other four finance houses just described in this chapter.

ISSUE AND ACCEPTANCE HOUSES

The eight banks and finance houses which have so far formed the subject of this chapter are known, some as issuing houses, and some as acceptance houses, with the exception of Robert Fleming, which is mainly an investment house.

The issuing houses make "issues," that is to say, they raise capital from the public for governments, municipalities, public utility companies and commercial firms. When an issuing house raises money it "goes to the public" for this money, but in this case "the public" also includes financial institutions, such as insurance companies, investment companies, other finance houses, banks and rich individuals, hence it is important for a finance house to be "well connected" in the City. The restrictions on lending overseas which Mr. Neville Chamberlain placed on the London market when he was Chancellor

<i>Finance House Director</i>	<i>Also Directors of</i>		
	<i>Central Bank</i>	<i>Commercial Bank</i>	<i>Insurance Companies</i>
<i>J. Henry Schroder</i> <i>F. C. Tiarks</i> <i>H. W. B. Schroder</i>	Bank of England		North British & Mercantile
<i>Lazard Brothers</i> <i>Sir R. Kindersley</i> <i>Hon. R. H. Brand</i>	Bank of England	Lloyds Bank Bank of London and South America	North British and Mercantile Royal Exchange Assurance
<i>H. M. K. Kindersley</i>			Phoenix Assurance
<i>G. Tyser</i>			
<i>M. Samuel & Co.</i> <i>Col. B. Abel Smith</i> <i>Viscount Bearsted</i>		National Provincial Lloyds Bank	Atlas Assurance Alliance Assurance
<i>N. M. Rothschilds & Sons</i> <i>Lionel de Rothschild</i>			Alliance Assurance

of the Exchequer, severely curtailed the business of the issuing houses.

The acceptance houses affix their names to commercial bills of exchange, and this enables merchants and others to go to the banks or discount houses and borrow money on such bills or "promises to pay," because they have been guaranteed by a reputable acceptance house.

Both are financiers—the issue houses looking after long-term finance, whilst the acceptance houses provide short-term credit. In a number of cases the two functions are performed by one and the same institution.

The issuing house and the acceptance house charge a commission for the service they render. Both kind of houses also give credit to commercial and industrial undertakings, and the finance houses usually specialize on granting credit for a particular kind of business or a special part of the world. There is seldom any hard or fast rule as to the kind of financial business which a finance house is prepared to consider. Meanwhile the big banks are now undertaking almost all the kinds of business which were formerly the specialized work of the finance houses.

The narrative of these houses must now be drawn to a close, and those which have not been described can only be mentioned by name. The following is a list of leading London finance houses (some of which have already been referred to in this chapter). They

all have their offices in the City of London and are indeed practically all within half a mile of one another.

SOME IMPORTANT LONDON FINANCE HOUSES

Issue and/or Acceptance Houses

Barings Brothers & Co. Ltd.
 Robert Benson & Co. Ltd.
 Dawney, Day & Co. Ltd.
 Robert Fleming & Co. Ltd.
 Higginson & Co.
 Hambros Bank Ltd.
 Lazard Brothers & Co. Ltd.
 Morgan Grenfell & Co. Ltd.
 N. M. Rothschild & Sons.
 J. Henry Schroder & Co.

Brown, Shipley & Co.
 Erlangers Ltd.
 Edward de Stein & Co.
 Helbert, Wagg & Co. Ltd.
 Kleinwort, Sons & Co.
 Matheson & Co. Ltd.
 Samuel Montagu & Co.
 M. Samuel & Co. Ltd.
 Arbuthnot, Latham & Co. Ltd.
 Wm. Brandt's Sons & Co.
 Antony Gibbs & Sons.
 Goschens & Cunliffe.
 Guinness, Mahon & Co.
 S. Japhet & Co. Ltd.
 London Merchant Bank Ltd.
 A. Ruffer & Sons Ltd.
 Seligman Brothers.
 Smith, St. Aubyn & Co. Ltd.

Besides issuing and accepting, the London financial market includes another specialized section—the

discount market. Although discounting of bills, or advancing of money against bills of exchange, is done by the big banks, there are several houses which specialize in this business, and three of these are public companies (whose shares like those of the big banks can be bought on the London Stock Exchange). These discount companies form the subject of the chapter after the next.

• CHAPTER III

THE LARGEST PRIVATE BANK

THE financial house to be considered in this chapter is unique because in some respects it resembles the finance houses already described, and in other respects it resembles the big banks. This is the old-established private banking house of Glyn, Mills & Co. It was established in 1753 and in 1885 was registered as a company with unlimited liability. To-day it has a paid-up capital of £1,060,000, and an item of current accounts and deposits in the neighbourhood of £40,000,000.

Since its inception in 1753 Glyn, Mills & Co. has increased in size by the amalgamation or absorption of several other private banking houses. The original house of Glyn during a period of temporary financial difficulty was assisted by the Mills family who took the occasion to enter the partnership. Three other banks which joined with it were (1) Curries, (2) Child & Co., and (3) Holt & Co., and members of these respective banking families have since been associated with the direction of the bank.

Glyn, Mills is not lacking in financial barons. One partner, George Carr Glyn, a friend and financial adviser of Mr. Gladstone, was, on the Liberal

Premier's recommendation, raised to the peerage as the first Baron Wolverton in 1869. This baron took an interest in railway development and became chairman of the London and North-Western Railway, and Glyn, Mills & Co. have been interested in railway finance ever since. The first Lord Wolverton married a daughter of a Grenfell of the finance house of Morgan Grenfell.

A Glyn entered the House of Lords as a Liberal in 1869. A Mills entered it as a Conservative in 1886, when another partner of Glyn, Mills—Charles Henry Mills—on the recommendation of Tory Premier Lord Salisbury, became the first Baron Hillingdon. Thus the Glyn, Mills families came to possess a heritage not only in Lombard Street, but also at Westminster. The first Baron Hillingdon married a daughter of the third Earl of Harewood.

The bank to-day has eight managing partners at its head office. Four of these are heirs and successors of previous partners, while another is related to the Mills family by marriage. Of the inheritors one is Nigel Reginal Victor Glyn, fifth Baron Wolverton, and another is Arthur Robert Mills, third Baron Hillingdon—whose wife is a daughter of the late Viscount Chelsea. Besides these two barons an earl is also a partner—being a descendant of the Child family, whose bank came under the control of Glyn, Mills; this is George Francis Child-Villiers, ninth Earl of Jersey. A member of the Currie family, whose bank became amalgamated with Glyn, Mills, is also an

active partner. This is Mr. B. F. G. Currie, the only son of a former partner, the late Mr. Laurence Currie.

While the younger generation inherits the fortunes and functions of leading London bankers, the chairman of Glyn, Mills & Co. is still seventy-six years old, General the Hon. Sir Herbert Alexander Lawrence, who married the daughter of C. H. Mills, first Baron Hillingdon. Sir Herbert is the fourth son of the first Lord Lawrence of Indian fame, and brother of the present Lord Lawrence.

Like Mr. Montagu Norman, Sir Herbert Lawrence served as an officer in the South African War and then returned to the City. On the outbreak of the Great War Sir Herbert rejoined the army and saw service in Gallipoli, where, as a General, he was responsible for the evacuation from the Peninsula, and in the course of his operations gained a victory over the Turks. He also served as Chief of Staff of the British Armies in France. On returning to the City General Sir Herbert Lawrence became an active partner of Glyn, Mills, the chairman of the armament firm of Vickers, and chairman of three banks, the Anglo-International, the Bank of Roumania, and the Ottoman Bank, and a director of Sun Life Assurance (besides other companies). Sir Herbert has recently relinquished some of his chairmanships, including that of Vickers, and was succeeded in that position by another London banker, Mr. A. A. Jamieson (of Robert Fleming, and of the Union Discount Company).

•The other active partners of Glyn, Mills are the former secretary of the company, Mr. Eric Gore Browne, who is a director of Alexanders Discount Co., Mr. A. T. Maxwell (a director of Vickers) the son of the former partner Brig.-General Sir Arthur Maxwell, and Mr. M. J. Babington Smith, a director of the National Bank.

The proprietors, who own the £1,200,000 of capital of Glyn, Mills, are nineteen in number, and (according to the *Bankers Almanac*) own stock of the company as shown in the schedule below.

THE PROPRIETORS OF GLYN, MILLS & Co.^o

<i>The Glyns</i>	£	<i>The Mills</i>	£
F. M. G. Glyn	101,000	Lord Hillingdon ..	10,440
Lord Wolverton	260,000	Executors of 2nd Baron	
J. P. R. Glyn	1,000	Hillingdon	304,560
		Hon. Sir H. A. Lawrence	1,000
		A. H. Mills (Executor)	54,000
		N ^o Randall	1,000

and Company

	£
Eric Gore-Browne	2,000
M. D. V. Holt	60,000
B. F. G. Currie	195,000
Hon. I. Leslie Melville ..	2,000
M. J. Babington Smith ..	1,000
A. T. Maxwell	9,000
The Earl of Jersey	50,000
A. V. Barber	1,000
G. K. Molesworth-St. Aubyn ..	1,000
F. M. G. Glyn & E. Mills ..	5,000
C. G. Randolph	1,000

Through its partners Glyn, Mills has contacts with the financial institutions shown in the table opposite.

PARTNERS OF GLYN, MILLS & CO.

	<i>Are also Directors of</i>		
	<i>Banks</i>	<i>Finance House</i>	<i>Insurance Cos.</i>
F. M. G. Glyn	Bank of London and South America		
M. J. Babington Smith	National Bank Ltd.		
A. T. Maxwell	Union Bank of Australia		
Lord Hillingdon	Union Bank of Australia Ottoman Bank		
Gen. The Hon. Sir Herbert A. Lawrence	Bank of Roumania Ottoman Bank		Marine Insurance Co. Ltd. Sun Life Insurance
Eric Gore Browne		Alexanders Discount Co.	Legal & General Assurance
Lord Wolverton			North British Mercantile Insurance

THE LARGEST PRIVATE BANK

CHAPTER IV .

THE DISCOUNT HOUSES

THE discounting of bills of exchange, a special feature of the London money market, is performed for the most part by the commercial banks, by four large discount companies, and about a dozen small discounting firms. It is said that the Bank of England favours a reduction in the number of discount houses. The present organization has grown up within the last hundred years.

Of the four large discount companies one continues to be a private company, this is Gillett Brothers Discount Co. Ltd. founded in 1867, the other three are public companies and are described below.

ALEXANDERS DISCOUNT

Alexanders Discount Company, Limited, founded in 1810 as Alexanders & Co., is the oldest of the three largest London discount houses. It has a paid-up capital of £1,000,000 and its balance sheet for December 31st, 1937, showed the item of Bills discounted in the neighbourhood of fifteen and a quarter million pounds.

Mr. Colin F. Campbell is chairman of Alexanders Discount Co. He is also chairman of one of the Big

Five banks—the National Provincial Bank; he is also a director of other banks. ‘‘

Another director of Alexanders is Sir Austin Edward Harris, deputy-chairman of another of the Big Five—Lloyds Bank.

Since the Big Five banks themselves undertake discount business on a large scale, it is interesting to see directors from two of these banks on the board of a discount company. And since the Big Five are in competition one with the other it is all the more interesting to see two of the chief directors from competing banks sitting side by side on the board of a discount company.

Also on the board of Alexanders is a managing partner of yet another important bank, Mr. Eric Gore Browne of Glyn, Mills & Co.

The board of Alexanders Discount Co. thus assembles three directors of competing banks. These men who sit together on the board are also directors of three competing insurance companies, London Assurance (Mr. Campbell), Commercial Union (Sir Austin Harris) and Legal and General (Mr. Gore Browne).

The other directors of this discount house are Mr. G. C. Alexander, and Mr. Robert Alexander, and the managing director Mr. Frank Newcombe.

The directors must own £2,500 of shares of the company.

THE UNION DISCOUNT COMPANY

Alexanders has its office in Lombard Street.

Round the corner in Cornhill is the Union Discount Co. of London Ltd., founded in 1885, and having a capital of £1,250,000. It, too, has six directors, two of whom are directors of those finance houses who find representation on the Court of the Bank of England.

One of these financiers is the chairman, the Hon. Sir William Henry Goschen, partner of Goschens & Cunliffe—and also director of the Provincial Bank of Ireland. The other is Mr. A. A. Jamieson of Robert Fleming—and also a director of two banks, the Chartered Bank of India, Australia and China, and the Ottoman Bank.

Yet another bank director is on the board of Union Discount, Mr. Robert Holland-Martin of Martins Bank.

The other directors of Union Discount are Mr. Arthur Louis Allen, Mr. J. I. Spens and Mr. Robert Callander Wyse, who is also chairman of Union Discount Subsidiary Company Ltd.

(At one time the late Mr. Laurence Currie, a partner of Glyn, Mills & Co., was on the board of this discount house—so that for a long time Glyn, Mills had simultaneously partners on two discount houses—Mr. Currie on Union Discount and Mr. Gore Browne on Alexanders.)

THE NATIONAL DISCOUNT

Farther along Cornhill is the third large discount house, National Discount Co. Ltd. Founded in 1856

it was the first joint-stock discount company and one of the first limited companies to be formed. To-day it has a capital of £1,000,000.

On July 25th, 1938, the discount house of Reeves, Whitburn & Co., was amalgamated with the National Discount Co. Ltd. Reeves, Whitburn & Co. was a "family business" established in 1859, and among its proprietors were members of the families of the Earl of Dartmouth (the Legge family) and of the Earl of Leicester (the Coke family).

On the board of the National Discount are the directors of four City finance houses and one of the big banks. The chairman, the Hon. Sir Sidney Cornwallis Peel of S. Japhet & Co., the Hon. George Alexander Akers-Douglas of Higginson & Co., Mr. Henry Samuel Howard Guinness of Guinness, Mahon & Co., and fourthly, Sir Charles David Seligman of Seligman Brothers Ltd.

The chairman, Sir Sidney Peel, is also a director of the National Bank of Egypt. He is the third son of the first Viscount Peel and uncle of the present Earl Peel. The Hon. G. A. Akers-Douglas is the brother of Viscount Chilton (British Ambassador in Moscow) and is married to a daughter of Mr. Stanley Christopherson, deputy-chairman of the Midland Bank. Another director of National Discount is the Hon. Arthur M. Asquith, third son of the first Earl Asquith and Oxford (Premier Asquith) and brother of Judge Cyril Asquith.

Other directors of Sir Sigismund F. Mendl, and

DISCOUNT COMPANY DIRECTORS

	<i>Also Directors of</i>	
	<i>Bank</i>	<i>Finance House</i>
<i>Alexanders Discount Company</i> Colin F. Campbell (Chairman)	National Provincial Chartered Bank of India, Australia and China P. & O. Banking Corporation Lloyds	
Sir Austin E. Harris	Bank of British West Africa National Bank of N. Zealand Yorkshire Penny Bank Glyn, Mills & Co.	
Eric Gore Browne <i>Union Discount Co.</i> Sir W. H. Goschen (Chairman) Robert Holland-Martin	Provincial Bank of Ireland Martins Bank Agricultural Mortgage Corporation Chartered Bank of India, Australia and China	Goschens & Cunliffe Robert Fleming & Co.
A. A. Jamieson <i>National Discount</i> Sir Sidney C. Peel (Chairman) G. A. Akers-Douglas H. S. H. Guinness	National Bank of Egypt Provincial Bank of Ireland Commercial Banking Co. of Sydney Ltd.	S. Japhet & Co. Ltd. Higginson & Co. Guinness, Mahon & Co.
Sir C. D. Seligman A. M. Asquith	Westminster Bank	Seligman Bros. Ltd.

Francis Goldsmith. The latter is the grand old man of the discount market and chairman of the London Discount Houses Committee. It is the custom of the chairman of the Discount Houses Committee to meet the Governor of the Bank of England every Thursday.

The Hon. Lovel William Coke, for many years a director of Reeves, Whitburn, joined the board of the National Discount following the amalgamation of the two firms.

The association of directors of banks and finance houses, with the three leading discount houses, is shown in the schedule on the preceding page.

CHAPTER V

THE BIG FIVE

THE directors of the Big Five banks at the end of 1937 numbered 151, and their remuneration for the year (including salary from subsidiary banks) amounted to over a quarter of a million, namely, £285,870 11s. 7d.

There is nothing sacrosanct about the number Five. The five banks by a process of absorption and amalgamation of smaller banks, and by a race in opening new branches, grew up to be the biggest five banks in England and Wales. Four of them now control banks in Scotland. Although somewhat smaller, there are three other English banks of a size and importance entitling them to rank alongside the Big Five, making the Big Eight deposit banks of England and Wales. The eight banks are listed in the table on the opposite page, and their capital and deposits are shown as at December 31st, 1937, with the number of directors for the Big Five.

This narrative will deal only with the Big Five. After dealing with the finance houses of the City it comes natural to deal with the Westminster Bank, which is one of the Big Five having close associations with City finance houses, and the Westminster may

also deserve to be considered first because of its reputation for having a very superior and aristocratic board of directors.

THE BIG FIVE				
<i>Name</i>	<i>No. of Directors</i>	<i>Paid-Up Capital</i> £	<i>Deposits</i> £	
1. Midland Bank ..	34 ..	15,153,000	496,296,000	
2. Barclays ..	34 ..	15,858,000	434,645,000	
3. Lloyds ..	34 ..	15,810,000	410,071,000	
4. National Provincial ..	23 ..	9,479,000	320,246,000	
5. Westminster ..	26 ..	9,320,000	368,855,000	
Totals for the Big Five	151 ..	66,620,000	2,030,113,000	
6. Martins ..	..	4,160,000	95,508,000	
7. District ..	..	2,976,000	81,050,000	
8. Williams Deacon's ..	..	1,875,000	38,564,000	
Totals for the Three Banks	..	9,011,000	215,132,000	
Totals for the Big Eight	..	75,631,000	2,245,245,000	

THE WESTMINSTER

The Hon. Rupert E. Beckett is the chairman of the Westminster Bank, and a director of the Royal Exchange Assurance.

Mr. Beckett is the member of an old-established Yorkshire banking family, whose bank Beckett & Co. was absorbed by the Westminster Bank in 1923. He is the uncle of Baron Grimthorpe, and also uncle of the wife of Mr. Anthony Eden, M.P. Mr. Beckett is not without influence in the Conservative Party,

as he is the chairman of Yorkshire Conservative Newspapers Ltd. of which the chief publication is *The Yorkshire Post*.

The deputy-chairman of the Westminster Bank is Walter Durant Gibbs, second Baron Hunsdon. He is director of the Commercial Union Assurance. Baron Hunsdon succeeded his father to the title in 1935. Lord Hunsdon is a partner of the finance house of Antony Gibbs & Sons—which has in the past supplied the Bank of England with several directors and two governors, including Sir Brien Cokayne (Lord Cullen) Mr. Montagu Norman's predecessor at the Bank of England.

The second deputy-chairman of the Westminster is Sir Malcolm Hogg, brother of Lord Hailsham.

A number of directors have, or recently had, relatives who were members of Mr. Neville Chamberlain's National Government. The association of directors of the Westminster Bank with members or ex-members of the National Government was, in August 1938, as follows:

The Westminster Bank's reputation of consisting of the élite and the select is not without foundation. Indeed one might be tempted to say that the directorships of the Westminster Bank were won at Eton. Of the twenty-seven directors, ten were at Eton, including the chairman and the deputy-chairman. Six were at Trinity College, Cambridge, including the chairman and one deputy-chairman—the other was at Balliol, Oxford. And it may be

<i>Directors of the Westminster Bank</i>		<i>Members of the "National" Government (or recent members)</i>
H. Rupert Beckett (Chairman) ..	his niece is wife of ..	Mr. Anthony Eden, M.P. * (ex-Foreign Secretary)
Sir Malcolm Hogg	his brother is ..	• Lord Hailsham (Lord President of the Council)
Sir Arthur Stanley	one nephew is ..	Lord Stanley (Dominions Secretary)
	another nephew is ..	Hon. Oliver Stanley, M.P. (President of the Board of Trade)
Lord Richard Cavendish	his son-in-law is ..	Viscount Cranborne, M.P. (ex- Under-Secretary for Foreign Affairs)
	his nephew is ..	The Duke of Devonshire (Dominions Under-Secretary)

THE BIG FIVE

added, seven directors married the daughters of Lords.

Some former Cabinet Ministers and ex-Governors of the Empire are on the board of the Westminster.

Viscount Goschen was for a brief period Viceroy of India; Lord Willingdon is also an ex-Viceroy; Sir George Ernest Schuster, was former finance member of the Executive Council of the Viceroy of India; and Lord Runciman has been a pre-war, war-time, and post-war Cabinet Minister.

Two of the ex-India men, Lord Willingdon and Sir George Schuster, are now directors of insurance companies.

The directors of the Westminster if well connected with the aristocracy are also well connected with City institutions.

Directors of six finance houses are on the board of the Westminster, they are:

R. W. M. Arbuthnot	*Arbuthnot Latham & Co.
E. Clifton-Brown	*Brown Shipley & Co.
Viscount Goschen	*Goschens & Cunliffe.
Lord Hunsdon	*Antony Gibbs.
Hon. A. M. Asquith	National Discount Co.
D. A. Stirling	H. S. Lefevre & Co.

* All these firms have had directors on the Court of the Bank of England.

A few years ago Mr. H. R. Arbuthnot of Arbuthnot Latham & Co. was on the board of the Westminster and a short time after the Westminster lost his services Mr. R. W. M. Arbuthnot (mentioned in

the table on the opposite page) (if the same finance house came on to the board of the Westminster.

With the exception of Viscount Goschen, the other five of these finance-house directors are also directors of an insurance company.

So well connected are the directors of the Westminster Bank that three of them even have relatives on the board of a competing big bank. Lord Dudley's brother-in-law Capt. C. E. Benson, Lord Willingdon's cousin, the Hon. R. H. Brand, and Viscount Runciman's son, the Hon. L. Runciman, are on the board of Lloyds Bank.

The financial associations of the Westminster Bank directors are shown in the schedule on the next page.

LLOYDS

Lord Wardington is the chairman of Lloyds Bank and a director of the Alliance Assurance.

Sixty-year-old Lord Wardington, created a baron in July 1936, is still remembered in the City as Mr. Beaumont Pease. He was educated at Marlborough and New College, Oxford. He married a daughter of the late Lord Forster (and widow of the Hon. Harold F. P. Lubbock).

Lord Wardington is also a director of three subsidiary banks, the Bank of London and South America, the National Bank of Scotland and Lloyds, and National Provincial Foreign Bank. He is also a member of the Federation of British Industries.

Sixty-seven-year-old Sir Austin Harris is the

DIRECTORS OF THE WESTMINSTER BANK

74

	<i>Also Directors of</i>		
	<i>Banks</i>	<i>Finance Houses</i>	<i>Insurance Companies</i>
Hon. R. E. Beckett (chairman)	Yorkshire Penny Bank		Royal Exchange Assurance
Sir Malcolm Hogg (deputy-chairman)	Union Bank of Australia		
E. Clifton-Brown	Standard Bank of South Africa	Brown, Shipley & Co.	Royal Exchange
Lord Hunsdon	English, Scottish and Australiag Bank	Antony Gibbs & Son	Commercial Union
D. A. Stirling	British Overseas Bank	H. S. Lefevre & Co.	London Life Assurance
R.W. M. Arbuthnot		Arbuthnot, Latham & Co.	London Assurance
Hon. J. Mulholland		Edward de Stein & Co.	
Hon. A. M. Asquith		National Discount Co.	Commercial Union
Sir George Schuster	Bank of New Zealand. English, Scottish and Australian Bank		
R. E. Dickinson	Bank of British West Africa, Standard Bank of South Africa		National Provident Institution

THE BANKERS OF LONDON

Lord Inchcape

Chartered Bank of
India, Australia and
China

P. & O. Banking Corpn.

A. D. Anjert Willis

Chartered Bank of
India, Australia and
and China

P. & O. Banking Corpn.

G. A. Campbell

Hongkong & Shanghai
Banking Corporation

Lord Willingdon

Hon. F. N. Curzon

V. W. Yorke

Lord Richard

Cavendish

Marine and General
Mutual Life

Atlas Assurance

London Assurance

London & Lancashire
Insurance

National Mutual
Life Assurance

National Provident
Institution

Royal Exchange

THE BIG FIVE

deputy-chairman of Lloyds Bank and a director of Commercial Union Assurance. He is also a director of three other financial institutions. His son married a daughter of one of the Rothschilds.

Five directors of Lloyds Bank are also directors of City finance houses, as shown below.

DIRECTORS OF LLOYDS BANK WHO ARE ALSO DIRECTORS OF CITY
FINANCE HOUSES

<i>Director</i>		<i>Finance House</i>
Sir Austin Harris	.. ..	Alexanders Discount.
Hon. R. H. Brand	.. ..	Lazard Brothers.
Viscount Bearsted	.. ..	M. Samuel & Co.
Sir Guy Granet	.. ..	Higginson & Co.
Capt. C. E. Benson	.. ..	Robert Benson & Co.

Of the directors named in the above list it may be noted that Mr. Brand, like Lord Wardington, the chairman of Lloyds, was at Marlborough and New College, Oxford, and Lord Bearsted was also at New College. Both Sir Guy Granet and Capt. Benson were at Balliol, and the former married a daughter of Viscount Selby and the latter a daughter of the late Earl of Dudley.

A former director of Lloyds Bank was the late Samuel Samuel, M.P. Soon after his death his nephew, Lord Bearsted, went on to the board of Lloyds.

A former Chancellor of the Exchequer and a former Governor of South Africa are on the board of Lloyds Bank. The former is Lord Horne (formerly Sir Robert Horne, M.P.), chairman of the Great Western

Railway, and many other companies. The latter is the seventy-eight-year-old Earl of Selborne, chairman of the Bank of British West Africa, Standard Bank of South Africa, and on the board of the P. & O. Banking Corporation. Lord Selborne married a daughter of the third Marquis of Salisbury, and is also a director of the Scottish Union and National Insurance Co.

Two other ex-Cabinet Ministers are among Lloyds Bank directors. The shipowner, Andrew Weir, first Baron Inverforth, who was Minister of Munitions in 1919, and William Weir, first Baron Weir who was Air Minister in 1918. Both are also directors of one other bank: Lord Hutchison, a former Liberal M.P., Chief Liberal Whip for some years, and one-time Paymaster-General, joined the board of Lloyds Bank in 1938. A director who is a son of an ex-Cabinet Minister is the Hon. W. Leslie Runciman, son of Walter Runciman, now Lord Runciman.

The chairman of the Liverpool & London & Globe Insurance Co., Mr. A. E. Pattinson, is on the board of Lloyds, and so is the Hon. M. F. P. Lubbock, who is a director of London Assurance. Mr. Lubbock's sister-in-law is the wife of Lord Wardington.

The custom is growing up in the Big Five to promote General Managers to the board, and it is by such a promotion that Mr. Francis A. Beane sits on the board of Lloyds as its vice-chairman.

The financial association of some of Lloyds Bank directors is summarized in the following schedule.

DIRECTORS OF LLOYDS BANKS

	<i>Also Directors of</i>		
	<i>Banks</i>	<i>Finance House</i>	<i>Insurance Companies</i>
Lord Wardington (Chairman)	Bank of London and South America Nat. Bank of Scotland Lloyds and N.P. Foreign Bank		Alliance Assurance
Lord Bearsted Sir Guy Granet Capt. C. E. Benson		M. Samuel & Co. Higginson & Co. Robt. Benson & Co. Ltd.	Alliance Assurance Provident Mutual
Hon. R. H. Brand		Lazard Brothers	North British and Mercantile
C. Ker	Nat. Bank of Scotland		North British and Mercantile
Sir Austin Harris	Bank of British West Africa, National Bank of New Zealand, Lloyds & N.P. Foreign Bank, Yorkshire Penny Bank	Alexanders Discount	Commercial Union
Lord Selborne	British Bank of West Africa, Standard Bank of South Africa. P. & O. Banking Corporation	Scottish Union and National	
Lord Inverforth Lord Hutchison Lord Horne Hon. M. F. P. Lubbock A. E. Pattinson	Nat. Bank of Australia Nat. Bank of Australia		Victory Insurance Phoenix Assurance Commercial Union London Assurance Liverpool & London & Globe

BARCLAYS BANK

Mr. Edwin Fisher is the chairman of Barclays Bank. He is also director of the Alliance Assurance, where he meets his competitor, Lord Wardington, chairman of Lloyds Bank, who is likewise a director of that insurance company.

Mr. Fisher is not the first Barclays chairman to be on the board of the Alliance—a former chairman, the late F. C. Goodenough, was on the board of the Alliance.

Barclays Bank, during the period of banking amalgamations and absorptions took over a number of banking houses owned by Quaker families. To this day the list of Barclays directors includes the names of the Quaker families famous for banking or brewing, or both—Barclays, Gilletts, Gurneys and Tukes.

The deputy-chairman of Barclays is Mr. W. M. Goodenough (son of the late chairman, F. C. Goodenough) whose wife, belonging to the Gibbs family, is a cousin of Baron Aldenham, partner in the merchant banking firm of Antony Gibbs & Son. Mr. Goodenough is a director of the Mercantile and General Insurance Company.

The vice-chairman of Barclays is Mr. H. E. Seebohm. He is a director of the Friends Provident and Century Life office.

In contrast with Lloyds and the Westminster Banks the directors have few direct associations with City finance houses. Barclays is a banker's bank rather

than a financier's bank. Although not proprietors of finance house a number of its directors are nevertheless on the boards of the insurance companies, and some other banks. This is shown in the next schedule (page 82).

NATIONAL PROVINCIAL

Mr. Colin Frederick Campbell is chairman of the National Provincial Bank, and a director of London Assurance.

Mr. Colin Campbell, after leaving Eton, entered the family business of Finlay Campbell & Co. (East India Merchants), and with that firm saw service in the City and in India. That firm later amalgamated with the old Bombay firm of Forbes, Forbes, Campbell & Co., and the amalgamated firms are now known as Forbes, Campbell & Co. Ltd., and Mr. Colin Campbell is the chairman.

A cousin of Mr. Campbell, on his mother's side, is also a director of Forbes, Campbell & Co. This is Sir Malcolm Hogg—deputy-chairman of the Westminster Bank. Thus, on the board of the old family business now called Forbes, Campbell & Co., are two directors, one the chairman, and the other the deputy-chairman of two competing banks of the Big Five.

In 1890 Mr. Campbell married Lady Angela Mary Alice, second daughter of the Earl of Harrowby, then senior partner of the bankers Coutts & Co., and it is believed that it was this alliance which in 1920

brought about the affiliation of Coltts to the National Provincial Bank.

Mr. Campbell's father was Governor of London Assurance and when his father died in 1897 Mr. Colin Campbell succeeded him as Governor—a position which he held till 1933, when he relinquished it to become chairman of the National Provincial Bank—of which he had been a director for some thirty years.

Finally, as pointed out in the earlier chapter on The Discount Houses, Mr. Colin Campbell is chairman of Alexanders Discount. Since Mr. Campbell is chairman of two financial institutions which deal in bills of exchange their total volume of business in this field is of some interest and is as follows:

AS SHOWN IN BALANCE SHEETS OF DECEMBER 31ST, 1937

	<i>Bills Discount</i>	<i>Acceptances, etc.</i>
National Provincial Bank	£	£
(Chairman: Colin F. Campbell)	35,098,000	9,532,000
Alexanders Discount Co.		
(Chairman: Colin F. Campbell)	15,387,000	—

The joint deputy-chairman of the National Provincial is Captain Evan Cadogan Eric Smith, director of the finance house of Smith St. Aubyn & Co. Ltd., and a director of several investment trusts.

The only other finance house director on the board of the National Provincial is Col. Bertram Abel Smith of M. Samuel & Co. Ltd. (It will be recalled that Lord Bearsted, of M. Samuel & Co. Ltd., is on the board of Lloyds Bank.)

DIRECTORS OF BARCLAYS BANKS

	<i>Also Directors of</i>		
	<i>Finance House</i>	<i>Banks</i>	<i>Insurance Companies</i>
Edwin Fisher (chairman)			Alliance Assurance
F. L. Bland			Alliance Assurance
H. E. Seebohm		Yorkshire Penny Bank	Friends Provident
R. L. Barclay		British Linen Bank	Commercial Union
Sir Follett Holt		Bank of London and S. America	London and Lancashire
H. L. M. Tritton		Bank of New S. Wales	Equitable Life Assurance
C. M. Woodbridge		Union Bank of Manchester	Mercantile & Gen. Insurance
W. M. Goodenough			Mercantile & Gen. Insurance
Lord Bethell			Royal Exchange Assurance
H. W. Bolitho			Royal Exchange Assurance
Lord Essendon			Sun Life Assurance
Q. E. Gurney			Norwich Union Life
Sir John Caulcutt			Phoenix Assurance
Sir Harold Snagge			Atlas Assurance
Lord Cornwallis			Liverpool, London and Globe
L. E. D. Bevan			National Provident Institution

The other joint deputy-chairman of the National Provincial is the Hon. Jasper Nicholas Ridley, a partner of Coutts & Co., and director of London Life Assurance.

Other partners of Coutts & Co. and directors of Grindlay & Co. Ltd.—two affiliated banks of the National Provincial—are also directors of this big bank. The association of National Provincial directors with some other banks and London finance houses is shown below. It will be seen from the first portion of the schedule that the proprietors of Coutts have more than a nominal connection with the larger bank, and this collaboration seems all the closer when it is observed that several of these fellow bankers are directors of the same insurance company, the London Assurance.

In view of Mr. Colin Campbell's close association with India, it is not surprising to find him on the board of the Chartered Bank of India, Australia and China, and of the P. & O. Banking Corporation.

The ex-deputy-chairman mentioned in the table above, Sir Alfred Lewis, was for a number of years Chief General Manager of the National Provincial, and he was one of the rare examples of promotion from the staff of the bank to a seat on the board. On his recent retirement from deputy-chairmanship, no one from the staff was promoted but two existing finance directors were made joint deputy-chairman.

One of the joint deputy-chairman of the National Provincial is the Hon. J. N. Ridley, second son of the

DIRECTORS OF NATIONAL PROVINCIAL BANK

84

	<i>Also Directors of</i>		
	<i>Finance House</i>	<i>Bank</i>	<i>Insurance Companies</i>
Colin F. Campbell (Chairman)	Alexanders Discount (Chairman)	Coutts & Co. Chartered Bank of India, Australia and China P. & O. Banking Corpn.	London Assurance
Sir Austin Low		Grindlay & Co. Ltd. (Chairman)	London Assurance
Ronald Malcolm		Grindlay & Co. Ltd. Coutts & Co. (Chairman)	London Assurance (sub-Governor)
Hon. J. N. Ridley (Joint deputy-chairman)		Coutts & Co.	London Life
C. G. Hamilton		Coutts & Co. Bank of Australasia	London and Lancashire Insurance
Earl Cromer	Union International de Placements	•	London and Lancashire Insurance
John Roberts	London Merchant Bank Ltd.	Coutts & Co.	Royal Exchange Assurance
Capt. E. C. E. Smith (Joint deputy-chairman)	Smith St. Aubyn & Co. Ltd.		
Col. B. Abel Smith	M. Samuel & Co. Ltd.		Atlas Assurance

THE BANKERS OF LONDON

Lord Aberconway
Sir Alfred Lewis
(ex-deputy-chairman)
F. A. Johnson
R. D. Trotter
Lord Riversdale
A. F. Buxton
Lord Pender
Lord Burghley, M.P.

British Overseas Bank
Ltd. (deputy-chairman)
Bank of British West
Africa
Yorkshire Penny Bank
P. & O. Banking Corpn.
Provincial Bank of
Ireland

London Assurance
Atlas Assurance
Alliance Assurance
Alliance Assurance
Alliance Assurance
Northern Assurance
London and
Lancashire Insurance

THE BIG FIVE

first Viscount Ridley (and uncle of the present Viscount) and a director of Coutts & Co., is on his mother's side a descendant of the Coutts family. His sister is the wife of Viscount Wolmer. Viscount Wolmer is also a director of the National Provincial. Lord Wolmer's father, the Earl of Selborne, is a director of Lloyds Bank.

THE MIDLAND

The Rt. Hon. Reginald McKenna, P.C., is chairman of the Midland Bank. He is not a director of an insurance company.

Mr. McKenna is reputed to be the only chairman of the Big Five banks who does not always follow the requests of the Bank of England, but is quite prepared to pursue a policy of his own if he thinks fit. Perhaps in this his hand and his courage are strengthened by the fact that he was once Chancellor of the Exchequer, and also because his board contains only two proprietors of City finance houses, and a large number of industrialists. Mr. McKenna was a prominent Cabinet Minister under Mr. Asquith, having been at the head of several departments, and was Home Secretary when the war broke out. He was Chancellor during 1915-16. Besides being a director of subsidiary banks Mr. McKenna was for a time chairman of Tobacco Securities Trust Ltd., which is associated with Imperial Tobacco Company. For a number of years he has also been a Director of Société Financière de Transport et d'Enterprises

Industrielles (SOFINA), the Belgian concern interested in public utility companies in many parts of the world, and at the head of which is Mr. Dannie Heinneman, one of the world's outstanding international financiers.

The two deputy-chairman of the Midland, Mr. W. G. Bradshaw, solicitor and Mr. Stanley Christopherson, formerly a stockbroker, are both interested in overseas investments and both are insurance company directors.

Deserving special mention are two staff-promoted directors, one is Mr. Frederick Hyde, Managing Director of the Midland Bank until June 1938, when, on account of failing health, he resigned his post as General Manager, but remained a director, and the other is Mr. Herbert A. Astbury, who succeeded Mr. Hyde and was promoted director.

Mr. Hyde entered the Derby Commercial Bank in 1885. Mr. Astbury, a Birmingham man, educated at King Edward's School of that City, entered the Birmingham branch of the then London and Midland Bank in 1892. When their banks became part of the Midland Bank both these men came under the notice of Sir Edward Holden and played their part in building up the largest joint-stock bank. They received further promotion as a result of the reorganization following the death of Sir Edward Holden. Since then they have taken a large part with Mr. Reginald McKenna in the further development of the Midland Bank.

DIRECTORS OF THE MIDLAND BANK

88

	<i>Also Directors of</i>		
	<i>Finance Company</i>	<i>Bank</i>	<i>Insurance Company</i>
Rt. Hon. Reginald McKenna (chairman)	Sofina	Clydesdale Bank North of Scotland Bank Yorkshire Penny Bank	
H. A. Astbury (Chief Genl. Manager) Frederick Hyde		Clydesdale Bank North of Scotland Bank Yorkshire Penny Bank	Eagle Star and British Dominion
W. G. Bradshaw (Joint deputy-chairman) Stanley Christopherson (Joint deputy-chairman)		Yorkshire Penny Bank Standard Bank of South Africa	Licencees and General Insurance
Lt.-Col. Sir Albert G. Stern	Stern Bros. British-French Discount Co.	Bank of Roumania Ottoman Bank *	
L. Huth Walters	Frederick Huth & Co.	British Overseas Bank	Indemnity Mutual Marine Assurance
Bernard Dudley F. Docker	Sofina Electric and Railway Finance Corporation	Thomas Cook & Son (Bankers)	Guardian Assurance
Frank Dudley Docker	Electric and Railway Finance Corporation		

THE BANKERS OF LONDON

Stanley J. Adams

Sir Arthur A. Haworth
Lord McGowan

Sir Harold E. Yarrow

Lt.-Col. Hon. Glyn
K. M. Mason, M.P.
Lord Wigram

F. H. Fox

The Earl of Denbigh

H. L. Roxburgh
Sir Thomas Royden
Sir Guy D. A. F.

Fleetwood
Sir Hugo Cunliffe-
Owen

Thomas Cook & Sons
(Bankers)
British Overseas Bank
British Overseas Bank

Grydesdale Bank
(Chairman)
North of Scotland Bank

London and Lancashire
Insurance Co.

Guardian Assurance

Scottish Union and
National Insurance
Liverpool, London and
Globe Insurance
Equitable Life

Assurance
Maritime Insurance
Phoenix Insurance
North British and
Mercantile Insurance
Tobacco Insurance Co.

THE BIG FIVE

Two partners of London finance houses are on the board of the Midland. In April 1933 Sir Edward D. Stern, a partner of Stern Brothers and a director of the Midland died. A little while later Sir Albert G. Stern was elected a director of the Midland. Mr. Lewis Huth Walters, of the finance house Frederick Huth & Co., is also a director of the Midland. Both of these financiers are directors of at least one other bank, and the latter is on the board of an insurance company.

Two other prominent financiers on the board of the Midland are Mr. Frank Dudley Docker, chairman of Electricity and Railway Finance Corporation Ltd., and Mr. Bernard Dudley F. Docker, also a director of that company, and in addition director of Thos. Cook & Son (Bankers) Ltd., Guardian Assurance, and, like Mr. McKenna, a director of Sofina. Both Mr. F. D. Docker and Mr. B. D. F. Docker, have for long been interested in railway finance, and the latter is also concerned with public works and railway finance abroad. Both are J.P.s.

The principal association of Midland Bank directors with financial institutions is shown on page 88. It will be seen, *inter alia*, that twelve are directors of eleven insurance companies.

LONDON CLEARING BANKS COMMITTEE

The London clearing banks, eleven in number, of which the Big Five are the most important, have a committee to facilitate clearing business and also

to deal with matters of common interest to the London Banks. Mr. Colin F. Campbell (National Provincial Bank) was elected chairman of the committee for 1938, and Mr. Edwin Fisher (Barclays Bank) was elected vice-chairman for that year. Mr. Campbell is also president and Mr. Fisher a vice-president of the Bankers Association, for 1938.

CHAPTER VI

THE MONEY BARONS

THE active London bankers, directing the more important London banks and finance houses, number about three hundred. In the preceding chapter about one hundred and fifty or half of them have been named.

In particular, schedules have been shown of the financial associations of some of these London bankers: twenty-eight private bankers (six of whom are directors of the Bank of England) operating through nine City finance houses, seven other Bank of England directors, and seventy-five directors of the Big Five banks, making a total of 114 London bankers who are directors or partners of nineteen City banks or finance houses. Many of them are directors of more than one bank and not a few of insurance companies; they may well be called the money barons, and some indeed are barons or hold some other title of the peerage.

Not all of the bankers who sit in the House of Lords were mentioned in the previous chapters, but the following additional schedule gives a list of those who are associated with London financial institutions. The list excludes the peers who are local directors of

"THE CITY BARONS"

Some members of the House of Lords who are directors or partners of English banks, City finance houses, and also of insurance companies in some cases.

The first section of the table shows banker-lords who are primarily financiers, the second section shows those who are primarily industrialists.

Appended are also the names of Lords enjoying courtesy titles, but who are not members of the House of Lords.

Members of the House of Lords	Date of Creation of title	Directors of		
		Finance Houses	Banks	Insurance Co.
The Marquess of Cambridge	Baron 1917	Coutts & Co.		
Marquess of Willingdon	Baron 1910		Westminster Bank	London and Lancashire Insurance
The Earl of Denbigh	Marquess 1931		Midland	Equitable Life
The Earl of Selborne	Baron 1878		Lloyds Bank	Scottish Union
	Earl 1888		Standd Bank of S. Africa	National Assurance
The Earl of Jersey	Viscount 1690		Glyn, Mills Co.	
	Earl 1697			
The Earl of Athlone	Earl 1917		Standard Bank of S. Africa	
The Earl of Harrowby	Baron 1776			
	Earl 1809	Coutts & Co.		
The Earl of Cromer	Baron 1892		National Provincial	London and Lancashire Insurance
	Earl 1901		Barclays	
Viscount Wimborne	Baron 1880		Westminster	
Viscount Goschen	Viscount 1918	Goschens & Cunliffe		
Viscount Bearsted	Baron 1921			
	Viscount 1925	M. Samuel & Co.	Lloyds	Alliance Assurance
Baron St. Just	1935	Morgan Grenfell	Bank of England	Sun Insurance
Baron Catto	1936	Morgan Grenfell	Mercantile Bank of India	London Assurance
Baron Cunliffe	1914	Goschens & Cunliffe		London Assurance

<i>Members of the House of Lords</i>	<i>Date of Creation of title</i>	<i>Directors of</i>		
		<i>Finance House</i>	<i>Bank</i>	<i>Insurance Co.</i>
Baron Hillingdon	1886	Glyn, Mills	Union Bank of Australia	Marine Insurance
Baron Wolverton	1869	Glyn, Mills		North British & Mercantile
Baron Glenconner	1911	Hambros Bank		Northern Assurance
Baron Ashburton	1895	Baring Bros.	Hongkong & Shanghai Banking Corporation	Alliance Assurance
Baron Bethell	1922		Barclays Bank	Royal Exchange Assurance
Baron Wardington	1936		Lloyds	Alliance Assurance
Baron Wigram	1935		Midland	Scottish Union and National Insurance
Baron Hundson	1923	Antony Gibbs	Westminster	Commercial Union Assurance
Baron Aldenham	1896	Antony Gibbs		Liverpool & London & Globe
Baron Cornwallis	1927	•	Barclays	
Baron Stamp	1938		Bank of England	
Baron Bicester	1938	Morgan Grenfell		Royal Exchange Assurance
Baron Hutchison	1932		Lloyds	Phoenix Assurance
The Lord Balfour of Burleigh	1602		Standard Bank of S. Africa	
Baron Barnby	1922	Dawson Day & Co.		Commercial Union Assurance
Baron Mottistone	1933		Thomas Cook & Son (Bankers)	
Baron Stonehaven	1925		Union Bank of Australia	
Baron Swaythling	1907	Samuel Montagu & Co.		

The lesser "barons" shown below are primarily industrialists

The Earl of Incheape	Baron	1911	Westminster	Marine Insurance
	Earl	1949	P. & O. Banking Corpn.	Phoenix Assurance
The Earl of Dudley	Baron	1643	Westminster	
	Earl	1860		
Viscount Runciman	Baron	1933	Westminster	
	Viscount	1937		
Viscount Horns		1967	Lloyds	Commercial Union Assurance
Viscount Weir	Baron	1918	Lloyds	
	Viscount	1938		
Baron Hyndley		1931	Bank of England	Atlas Assurance
Baron Craigmyle		1949	Bank of England P. & O. Banking Corpn.	Phoenix Assurance Sun Insurance
Baron Rochdale		1913	Barclays	
Baron Essendon		1932	Barclays	
Baron Melchett		1928	Barclays	
Baron Inverforth		1919	Lloyds	
Baron Luke		1929	Lloyds	
Baron Riverdale		1935	National Provincial	Alliance Assurance
Baron Pender		1937	National Provincial	Northern Assurance
Baron Illingworth		1921	National Provincial	
Baron Perry		1938	National Provincial	
Baron Aberconway		1911	National Provincial	London Assurance
Baron Airedale		1907	Midland	
Baron Ashfield		1920	Midland	
Baron Davies		1932	Midland	
Baron McCowan		1937	Midland	London and Lancashire Insurance

THE MONEY BARONS

LORDS ENJOYING COURTESY TITLES

	<i>Finance House</i>	<i>Directors of Banks</i>	<i>Insurance</i>
Lord Richard Cavendish (son of a former Duke of Devonshire)		Westminster	Royal Exchange Assurance
Lord Burghley, M.P. (son of Marquess of Exeter)		National Provincial	London and Lancs. Insurance
Viscount Wolmer (son of the Earl of Selborne)		National Provincial	

banks, those who are directors of provincial banks, and the many peers who give weight to the board of Scottish and Irish banks.

It will be observed that the nobility of most of the City barons is of comparatively recent origin.

There are fifty-four members of the House of Lords—two marquesses, eight earls, six viscounts and thirty-eight barons—who are London bankers and financiers; and so are three lords enjoying courtesy titles. But many of the London bankers who are commoners have also the prestige of lords of finance, and the domain from which they levy their dues is widespread.

The finance and banking operations of London are conducted by numerous institutions, but many are under the guidance of the same bankers. This can be illustrated by a few examples from the realm of overseas banking, insurance and investment.

An important part of British overseas banking, for example, is conducted by banks specially created for this purpose, but these different institutions are in large measure under the control of prominent London bankers. This is illustrated by the following examples.

The Chartered Bank of India, Australia and China, created by royal charter in 1885, operates over the extensive area indicated by its name. Since 1927 it also controls the P. & O. Banking Corporation.

Of its ten directors three are directors of other London banks, they are:

Also Director of:

A. d'Anyers Willis (chairman)	..	..	Westminster Bank.
The Earl of Inchcape	..	..	Westminster Bank.
Colin F. Campbell	..	..	National Provincial Bank.

On the board of the subsidiary bank, the P. & O. Banking Corporation Ltd., the following are among its nine directors:

Also Director of:

A. d'Anyers Willis	..	..	Westminster Bank.
The Earl of Inchcape	..	..	Bank of England.
Lord Craigmyle	..	..	Lloyds Bank.
The Earl of Selborne	..	..	Standard Bank of Africa.

To turn to another part of the globe for which British banking caters, the next example is the Standard Bank of South Africa, established in 1862. Of its twelve directors six are directors of London banks.

Also Director of:

The Earl of Selborne	..	..	Lloyds Bank.
Stanley Christopherson	..	..	Midland Bank.
R. E. Dickinson	..	..	Westminster Bank.
E. Clifton-Brown	..	..	Westminster Bank.
J. F. G. Gilliat	..	..	Bank of Australasia.
Horace Peel	..	..	Bank of Australasia.

The three overseas banks, named above, contain in each case several directors of the Westminster Bank, but also in each case at least one director from another of the Big Five banks. When it comes to banking outside the Empire competing bankers can show a great willingness to collaborate as is also apparent from the board of the Ottoman Bank.

The Ottoman Bank operates under a concession from the Turkish Government valid till 1952. It has a board of twenty-six directors, mainly of Turkish, English and French nationality. The English directors number ten and are connected with leading London financial institutions.

<i>English Directors of the Ottoman Bank include:</i>	<i>Also Director of:</i>
Gen. The Hon. Sir H. A. Lawrence	Glyn, Mills & Co.
Lord Hillingdon	Glyn, Mills & Co.
A. C. Gladstone	Bank of England.
Viscount Goschen	Westminster Bank.
Sir Ory Granet	Lloyds Bank.
	Higginson & Co.
A. A. Jamieson	Robert Fleming & Co.
Sir Albert Stern	Midland Bank.
	Stern Brothers.

The financiers who direct the English banking services also play some part in guiding English insurance. Two examples must suffice.

The Alliance Assurance founded in 1824 includes the following London bankers on its board:

Lionel N. de Rothschild	N. M. Rothschild.
D. G. M. Bernard	Bank of England.
Lord Ashburton	Baring Brothers.
Viscount Bearsted	M. Samuel & Co.
Edwin Fisher	Barclays.
Lord Wardington	Lloyds.

The Royal Exchange Assurance, founded in 1720, enjoys the actuarial wisdom of ten London bankers, as shown on page 100.

	<i>Also Director of:</i>
Lord Bicester (Governor)	Morgan Grenfell.
C. L. Dalziel (Sub-Governor) ..	Higginson & Co.
E. Clifton-Brown (Deputy-Governor)	Westminster.
Lord Catto	Morgan Grenfell.
H. K. M. Kindersley	Lazard Brothers.
J. E. Humphery	London Merchant Bank.
John Roberts	London Merchant Bank.
	National Provincial.
Hon. R. E. Beckett	Westminster.
Lord Richard Cavendish	Westminster.
Lord Bethell	Barclays.

When the finance house of Robert Fleming & Co. was described in an early chapter, it was pointed out that this house, which has one director on the Bank of England, Mr. W. K. Whigham, is of comparatively recent origin, and its name is linked with that of several investment trusts. A number of the older houses are also interested in this branch of finance. A few examples will show that the financiers who are interested in other ventures also bring their guidance to bear in this field, and their names appear on the boards of the following trusts:

<i>Whitehall Trust Ltd.</i>	<i>Also Director of</i>
H. K. M. Kindersley	Lazard Brothers
Hon. Clive Pearson	Lazard Brothers

*Mercantile Investment and General Trust
Co. Ltd.*

Capital: £3,500,000

Sir Robert Kindersley	Lazard Brothers
W. K. Whigham	Robert Fleming & Co. Bank of England

<i>British Steamship Investment Trust Ltd.</i>	<i>Also Director of</i>
Capital: £1,100,000	
W. K. Whigham .. .. .	.. Robert Fleming & Co.
Sir Austin Harris .. .. .	.. Bank of England
	.. Lloyds
<i>English and New York Trust Ltd.</i>	
Capital: £750,000	
Philip Fleming .. .. .	.. Robert Fleming & Co.
R. H. Vivian Smith .. .. .	.. Morgan Grenfell
Rex Benson .. .. .	.. Robert Benson & Co.
L. E. Jones .. .. .	.. Helbert, Wagg & Co.

And so on. Other trusts show further permutations of directors from the half-a-dozen leading finance houses, with the addition of directors from the Big Five banks.

Sometimes ostensibly competing, sometimes co-operating, the bankers of London conduct those financial services which make London a unique financial centre of the world. Acting through the mechanism of banks and finance houses those who direct the policy of the different institutions are very often the same men. Acceptance bankers quite willingly play also the role of discount brokers, bankers who lend are willing to raise capital and take on the role of borrowers, bankers who will not lend on goods or lives unless they are insured are prepared to take the role of insurers for those same goods and those same lives, and directors of the Bank of England who do not meet any director of the Big Five at their Court, will often adjourn from the Court to sit side by side with those very directors at the board of a finance house or an investment trust.

These associations, defying classifications, have, to some extent been disentangled in the chapters of this book. But to leave an impression that all financiers are interested only in financial institutions would be misleading. Most of them are, in fact, also closely associated with industrial and commercial undertakings. That indeed is another story; here only a glimpse can be given of these additional interests of the bankers of London, and a few examples must suffice.

The following London bankers are on the board of the London, Midland & Scottish Railway:

<i>The Directors of the L.M.S. include:</i>		<i>Also Director of:</i>
Lord Stamp (chairman)	.. ..	Bank of England.
Sir Alan Anderson, M.P.	.. ..	Bank of England.
Sir Francis Joseph	.. ..	Midland Bank.
Lord Wigram	.. ..	Midland Bank.
Sir Thomas Royden	.. ..	Midland Bank.
Viscount Runciman	.. ..	Westminster Bank.
Charles Ker	.. ..	Lloyds Bank.
Sir Guy Granet	.. ..	Lloyds Bank.
		Higginson & Co.
Sir Herbert Lawrence	.. ..	Glyn, Mills.

There are London bankers on the boards of the other main trunk railways, but since it was mentioned that the house of Glyn, Mills has for long been interested in railways, the case of the Southern Railway may be given:

<i>The Directors of the Southern Railway include:</i>		<i>Also Director of:</i>
Eric Gore Browne (deputy-chairman)		Glyn, Mills.
		Alexanders Discount.
Hon. Clive Pearson	.. ..	Lazard Brothers.

It will be noted that one partner of Glyn, Mills is on the board of the L.M.S., and another on the board of the Southern Railway. (A few years ago, another partner, the late Mr. Lawrence Currie, was simultaneously on the board of a third railway, the Great Western). It remains to be added that the chairman of the Great Western Railway, Lord Horne, is a director of Lloyds Bank, and the previous chairman of the Great Western, Lord Churchill, was also a bank director. It would be an exaggeration, however, to say that the British railways are run from Lombard Street.

Turning to a very different sphere, directors of the Suez Canal also include bankers of London.

<i>Directors of the Suez Canal include:</i>	<i>Also Director of:</i>
Sir Alan Anderson, M.P.	Bank of England.
Sir Robert Horne	Lloyds Bank.
Sir Thomas Royden	Midland Bank.

In a previous chapter it was pointed out that the directors of the finance house of M. Samuel & Co. are associated with Shell Oil, but in the oil field they also coalesce with directors of other finance houses, and this occurs in the case of Venezuelan Oil Concessions Ltd.

<i>Directors of Venezuelan Oil Concessions include:</i>	<i>Also Director of:</i>
Viscount Bearsted	M. Samuel & Co.
G. L. d'Abo	Hambros Bank.
Capt. C. E. Benson	Robert Benson & Co. Lloyds Bank.

Since London is an international financial centre

its financiers are, indeed, interested in the peace and orderly government of the world, one might almost say *their* world. Disturbances almost anywhere may affect them. They cannot remain indifferent to the acts of a Mexican Government which proposes to nationalize Mexican oil wells; nor can they be indifferent to the turn of events in the Spanish Civil War.

At the time of the Mexican Government's decision to nationalize the oil wells of the Mexican Eagle Oil Co. Ltd. (March 1938) it was frequently stated in the British press that about 80 per cent. of the capital of this company was British. This may appear strange of a company registered in Mexico, and whose fifteen directors includes the following eight: B. T. W. van Hasselt, and S. M. Cancino, J. E. F. de Kok, Dr. R. Schider, P. David-Weill, J. M. de Booy and R. G. A. van der Woude. •

One of these directors just named, Mr. P. David-Weill, is, however, a director of Lazard Brothers and of Lazard Frères of Paris. Moreover, the London financial agents of the Mexican Oil Company are Whitehall Securities Corporation Ltd. of Parliament Street, Westminster, whose chairman is the Hon. Clive Pearson, a director of Lazard Brothers.

So London bankers are interested in Mexican politics, and they are interested in Spanish politics.

The Rio Tinto Co. registered in 1873 to buy properties from Spanish landowners, now operates those acquisitions which include copper and sulphur

mines and railways in the neighbourhood of the Rio Tinto in the south of Spain. (The Rio Tinto Company, it may be noted has close associations with the German Metallgesellschaft A.G.) And London bankers may well desire stable and good government in Spain, so that these properties may be operated to their satisfaction.

The board of Rio Tinto, of which the chairman is Sir Auckland Geddes, includes more than one director associated with banks outside London and also Sir Francis Joseph, a director of the Midland Bank. But London bankers have a closer link than that. It has been pointed out that the chairman of Alliance Assurance is Mr. L. N. de Rothschild and its board include the chairman of two of the Big Five banks, and several other London bankers. A recent return of shareholders showed that by far the largest and, in fact, the controlling shareholder of the Rio Tinto Company Ltd. was Alliance Assurance. And one of the smaller shareholders in Rio Tinto was shown to be L. N. de Rothschild. The result of the war in Spain will not pass unnoticed by the Rothschilds of St. Swithin's Lane, London.

The bankers of London have a finger in many pies. Examples of interests in railway, and raw materials like oil and copper have been given, but they are also interested in the finished article, and of this two examples will be given. Sir George Schuster, director of the Westminster Bank and the Commercial Union Assurance is chairman of Home and Colonial Stores

TEN LONDON BANKERS AND

<i>Banker</i>	<i>London Bank</i>	<i>Finance House</i>	<i>Other Banks</i>
Rt. Hon. Reginald McKenna	Midland		Yorkshire Penny Bank Clydesdale Bank North of Scotland Bank
Hon. Rupert Beckett	Westminster		Yorkshire Penny Bank
Lord Wardington	Lloyds		Bank of London and S. America National Bank of Scotland
Edwin Fisher	Barclays		
Colin F. Campbell	National Provincial	Alexanders Discount	Chartered Bank of India, China, Australia P. & O. Banking Corpn. Coutts & Co.
Eric Gore Browne	Glyn, Mills	Alexanders Discount	
Lord Bearsted	Lloyds	M. Samuel & Co.	
Viscount Goschen	Westminster	Goschens & Cunliffe	Bank of Roumania Ottoman Bank Bank of British W. Africa
Lord Glenconner		Hambros Bank	National Mortgage Agency of New Zealand
Lord Catto		Morgan Grenfell	Mercantile Bank of India Royal Bank of Scotland

THEIR FINANCIAL ASSOCIATIONS

<i>Insurance Co.</i>	<i>Investment Trust</i>	<i>Industrial Cos.</i>
		Sofina Canadian Pacific Railway
Royal Exchange Assurance		London and North Eastern Rlyw Aire & Calder Navigation Forth Bridge Railway Co. Yorkshire Conservative Newspaper Co. Ltd.
Alliance Assurance		
Alliance Assurance		
London Assurance	British Combined Investors' Trust	Telegraph Construction and Maintenance Co. Fortes, Campbell & Co.
Legal and General Assurance	Witan Investment Co.	Southern Railway Gallaher Ltd.
Alliance Assurance	Nineteen Twenty-nine Investment Trust French and Foreign Investors' Corpn.	Shell Transport and Trading Co. Also 44 subsidiary oil companies Egypt Engineering Co. Elba Tin Plate Co.
	Nelson Financial Trust	Mosul Oil Fields Ltd. B.O.D. Co. Ltd. (Oil) Davey, Paxman & Co. Airports Ltd.
Northern Assurance	Nineteen-Twenty-nine Investment Trust Power Investment Corporation	Mosul Oil Fields Ltd. B.O.D. Ltd. (Oil) Palestine Potash Ltd. Tharvis Sulphur and Copper Co. G. Tennant, Sons & Co. (metal merchants) David Allen & Sons Billposting Ltd.
Royal Exchange Assurance	Tobacco Securities Trust	Yule, Catto & Co. (India Merchant) Oriental Telephone and Electric Co. E. D. Realization R. M. Realization Union Castle

Ltd., Maypole Dairy Co. Ltd. and other subsidiaries of that group. Capt. C. E. Benson, director of Lloyds Bank, of the finance house, Robert Benson & Co., and of Venezuelan Oil Concessions, is also a director of Montagu Burton Ltd., and of Marks & Spencer.

A final picture illustrative of the activities and financial and industrial associations of City financiers showing widespread operations, sometimes unexpectedly interlocked, is given on the two previous pages. Ten bankers have been chosen by way of example, the respective chairmen of the Big Five, a partner of Glyn, Mills, and directors of four leading finance houses—ten men who are bankers of London.