

CHRONICLES AND CHARACTERS  
OF THE  
STOCK EXCHANGE:

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## CHAPTER IX.

WHOLESALE JOBBING—INSURANCE ON SICK MEN—FALSE INTELLIGENCE—  
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BROKEN BY HIM—HIS MUNIFICENCE—HIS DEATH—SENSATION IN THE  
CITY.

THE following picture of wholesale jobbing, drawn from public and private documents, from correspondence, from newspapers, and from parliamentary history, will show that gambling was equally pursued in high places as in 'Change Alley.

Letters from abroad, containing false intelligence, were forwarded to, or forged by, senators; names of importance were fraudulently used; the news was promulgated, and funds raised or lowered according to the wish of the contriver. But if the jobber was cheated in one way, he took his revenge in another.

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The domestics of public men were bribed by him ; the secretaries of men in office were paid by him ; the mistresses of ministers were accessible to him ; and it is said, even their wives were not seldom in the pay of members of the Stock Exchange. Nor did many hesitate to declare that men in office not only made profit of the news they really received, but that they promulgated false intelligence, knowing from their position it would be received as true—at the expense of their own character, and to the ruin of the men who trusted them.

Another practice had obtained a notoriety so bad and baleful, that it became necessary to stop its progress. Directly it was known that any great man was seriously ill, insurances on his life, at rates in proportion to his chance of recovery, were made. These bargains were reported in the papers ; and the effect on an invalid who knew his health to be precarious, may be imagined, when he saw in the *Whitehall Evening Post*, that “ Lord —— might be considered in great danger, as his life could only be insured in the Alley at 90 per cent.” The custom grew so rapidly, and the evil was so serious, that the principal merchants and underwriters refused to

transact business with brokers who engaged in such practices.

Of a less questionable character was the habit of insuring property in any besieged city ; or the yet more common mode of paying a premium to receive a certain sum should the city be taken by the day named in the contract. The Spanish ambassador was accused of insuring £30,000 on Minorca, during the seven years' war, when the despatches announcing its capture were in his pocket.

The newspapers were the vehicles generally employed to spread false intelligence ; and an almost invariable success attended those who made use of the press to promulgate in bold type and inflated language "bloody engagement," "rumoured invasion," or "great victory," to assist their city operations. Every class, from the maiden who jobbed her lottery ticket, to the minister who jobbed his intelligence, was involved in the pursuit. All these bargains were for time, and continued to prove that the act by which Sir John Barnard hoped to abolish gambling was useless ; and it is an anomaly in the history of our great debt, that bargains in the very funds which were raised to support the national credit are disallowed by

the national legislature. It is a law which has been tried and found wanting. It does not prevent in the smallest or slightest degree the system it was meant to crush ; and it adds to the immorality of the speculator and the risk of the broker, by allowing the former to repudiate his bargain at the expense of the latter.

Under the early loan acts, tallies were delivered to the first contractors. When a sale was effected, the name of the purchaser was endorsed upon the tally, and from them entered into the government books for the convenience of paying the dividends to the right person. This clumsy machinery was afterwards abolished ; but though in 1717 the transfers and dividends of the national debt were first undertaken by the Bank, it was not until 1783 that the present method of transfer was adopted.

The origin of the black board—that moral pillory—of the Stock Exchange, occurred in 1787. “There were no less than twenty-five lame ducks,” said the *Whitehall Evening Post*, “who waddled out of the Alley.” Their deficiency was estimated at £250,000 ; and it was upon this occasion the above plan was first proposed, and a very full meeting of the members resolved, that those who did not either

pay their deficiencies or name their principals, should be publicly exposed on a black board to be ordered for the occasion. Thus the above deficiencies—larger than had been previously known—alarmed the gentlemen of 'Change Alley, and produced that system which is yet regarded with wholesome awe.

During the administration of Mr. Pitt, in 1786, a sinking fund was again attempted; the various branches of revenue being united under the title of the Consolidated Fund. One million was annually taken from it, and placed in the hands of the Commissioners for the Redemption of the National Debt, and was applied in purchasing such funds as might be deemed expedient at the prices of the day. The interest of the debt thus redeemed, the life annuities which fell in, or the annuities which expired, were added to the fund, the interest of which, when the principal amounted to four millions, was no longer to be applied to it, but remain at the disposal of parliament.

The difficulties which every minister met in every new loan, were more in proportion to the power of the opposition, than to the fairness or necessity of the demand. In unpopular wars, these difficulties were doubly increased. In the American contest, the

whole population demanded peace; and nothing but the obstinacy of "the best farmer and worst king;" nothing but a corrupt parliament, wholesale places, a dominant aristocracy, and large premiums to the monied interest, could have carried Lord North through the session, enlivened by his humour, and the enmity created by the war. The loans, therefore, of this period were fiercely attacked; Change Alley fiercely denounced; and the plans of the government hotly contested. The mode of conducting the loans was then, as before, made conducive to the majority of the ministry, at the expense of the people. Out of 60,000 lottery tickets 22,000 were given to a few members, producing £44,000 profit. When the system was attacked, precedent, the bane of official people, was quoted; and because it was known that, in 1763, Mr. Fox had £100,000, Mr. Calcraft and Mr. Drummond £70,000, the Governor of the Bank £150,000 for the corporation, and £50,000 for himself, and other members similar sums, it was deemed a sufficient and an unanswerable defence. But though by such methods the minister got the votes of the house, he found it more difficult to get the money from the public after it was voted.

In 1779, he was greatly troubled to procure it on reasonable terms. From bankers he went to contractors, from contractors to Stock-jobbers, and from Stock-jobbers he went back to the bankers, paying a much higher rate than they at first demanded. "It was but yesterday," writes Horace Walpole, "that Lord North could tell the house he had got the money on the loan, and is happy to get it under 8 per cent." The loan of 1780 brought them again into disrepute. Half was given to members of the House of Commons, more than three millions was allotted to one person; and, without regard to the welfare of the nation, the price was determined at a rate so favourable to the contractors, that from no cause save the low terms on which it had been taken, the scrip arose at once to 11 premium. In 1781, it was said that Lord North had made an infamous bargain in a bungling manner, and that, in 1782, he had made a bungling bargain in an infamous manner; and this was solemnly protested against as an improvident operation, a corrupt job, and a partial distribution. There cannot be a doubt that the mode of conducting these loans was detrimental to the national interest, and conducive to that of the Stock Exchange. There were three plans up to

this period. The first was in the offers of private individuals stating the sum each would advance; the second was an open subscription at the treasury; and the third a close subscription with a few. By the first the members of parliament were bribed, and by the third, the bankers, then the principal contractors, were enriched. Their interest, and it was great, with their votes in the house, and they were many, were, therefore, at the disposal of the government. In 1783, out of a loan for 12 millions, £7,700,000 were given to bankers. So disgraceful was the whole affair, that Lord John Cavendish was compelled to apologise for the terms on which it had been granted, because "the former minister had left the treasury without a shilling." By attempting to please men of all parties, Lord John, as usual, pleased none. He was abused by some for dividing it among so small a number; he was rated by others for allowing so many to have a share. Mr. Smith—of the house of Smith and Payne—made a formal complaint that he had been neglected in the allotment; that his firm was the only one left out; and that, in consequence, a stigma of a very disagreeable character was attached to it. By the explanation, it

appeared that another house of the same name had been accused of tempting customers from the various bankers, by giving portions of the loan to those who would secede. The meanness had been attributed to Smith, Payne and Co., and Lord John omitted them in consequence from his list. Mr. Smith was very irate on the subject, and although his lordship explained, as the explanation was unaccompanied by a share of the loan, it was, probably, very unacceptable to the indignant banker. Although this gentleman saw no harm in receiving a portion of the loan, other bankers had higher views; Mr. Martin believing that, as a senator, he ought not to contract, lest it might bias his votes, conscientiously refused to accept any portion of loan or contract; and thus sacrificed his pocket to his principle.

When jobbing occurred in the senate, who can wonder at the jobbing in the funds, or at the strong feeling which such contemptible squabbling created, and which fell upon the members of the House of 'Change as fiercely as on the members of the House of Commons?

“Such gentry,” said one, “coin disaster to sink

the funds without cause. If gospels mended mankind, there should have been a new sermon preached on the mount, since 'Change Alley was built, and money changers were driven out of the temple all over Europe." "Ten thousand lies are propagated every week, not only by both sides, but by Stock-jobbers. Those grave folks, monied citizens, contribute exceedingly to embroil and confound history, which was not very authentic before they were spawned."

Lord Chatham was not backward in expressing an opinion of those whom he designated "the cannibals of 'Change Alley." "To me, my lords," he once said, "whether they be miserable jobbers of 'Change Alley, or the lofty Asiatic plunderers of Leadenhall Street, they are equally detestable." The same strong feeling animated him when he was told that one of his measures had caused a decline in the Stocks. "When the funds are falling, we may be sure the credit of the country is rising."

A finer spirit—and that spirit is the principle which has pervaded the whole public transactions of England—was evinced when the same nobleman was

advised to retaliate on the Dutch merchants,—who had committed several outrageous frauds on the English,—by seizing their immense property in our funds. “If the devil himself had money there,” he replied, “it must rest secure.” To his lordship and to the political assertion he made, that “not a gun should be fired in Europe without England knowing why,” it was of the utmost importance that the integrity of the nation should be maintained.

During the American war, many of those in arms had property in the funds; and the provinces as bodies corporate, had money in the same securities. It is to the credit of the revolutionists that, though they fully expected this property would be confiscated, they persisted in their course; and it is equally to the credit of England, that their capital was as secure and their interest as regularly paid as if they were not in open rebellion.

Not only in loans were the people wronged and robbed,—the word is harsh, but expressive,—the contracts for the public service exhibited also the most gross and glaring favouritism. From time to time the evil was exposed; parliament grew violent, and the public waxed wroth. Every quarter of a century an

inquiry was instituted, and the whole ended partly in some influential person being disgraced, and partly in an expression that "the said frauds and abuses were one great occasion of the heavy debt that lies upon the nation." A few specimens may serve to indicate the wrongs which from time to time have aggrandized an unpopular government, have swollen the pockets of the few, and increased the wants of the many.

The borough-monger who for years had been in possession of a pocket borough found his property disturbed, and his constituents tampered with, by the contractor, who, as a candidate for the honour of the forum, was marked by vice, extravagance, and folly. As a member of the senate, he assumed the purity of the patriot, complained of the absence of economy, and declared how much cheaper the public business might be accomplished. He teased the minister; he perplexed the parliament; he puzzled the government; until, by giving him a job, the patriot was turned into a contractor, and from that hour he marked the public money as his own. If the first lord of the treasury were indolent, the contractor availed himself of his sloth; if ignorant, he taught him, and made the country pay for the lesson.

The very name of a contractor was odious, and their luxuries were bitter in the eyes of the people. Their abodes were like those of princes: their daughters wedded with nobles; the follies of their sons were the talk of the town; they died possessed of fortunes which kings might envy; and, as nearly all were members of parliament, attention became pointed at men whose mansions and whose manors bought with public money, challenged public notice.

“The minister,” remarked Mr. Fox, “said to him, ‘I will give you a contract, if you will give me a vote.’ The contractor replies, ‘Now I have given you a vote, give me a contract. I voted that we had forty-two ships when we had but six, and that the French fleet did not consist of thirty-two ships. You must not, therefore, quarrel for twopence a gallon on rum, or a farthing on a loaf of bread.’”

Lord George Gordon, shortly before his extraordinary conduct in 1780, said: “This dunghill of contracts has given an ill air to our whole proceedings. It has got abroad, and proves very offensive to the public nostrils. Our constituents begin to smell a rat. They nose us in the lobby, and call us tailors and shoemakers, cobblers and cabbage-salters, potatoe for-

stallers, sour-kROUT makers, and swine contractors. The dignity, reputation, and fair fame of the Commons is smothered and sinking in porter and salted cabbage, shoes, sour-kROUT and potatoes." Lords of trade ordered pewter inkstands by the hundred, sold them, and purchased silver ones with the money they produced; or ordered green velvet bags for official papers, and employed the velvet of which they were composed to make court dresses.

Under the Pelham administration members received regular stipends in bank notes, from £500 to £800 yearly, varying according to the influence or ability of the senator. "This largess I distributed," added the person who took charge of the delicate department—and the particulars are worth enumerating—"in the court of requests on the day of the prorogation of parliament. I took my stand there; and as the gentlemen passed me, in going to or returning from the house, I conveyed the money in a squeeze of the hand. Whatever person received the ministerial bounty, I entered his name in a book which was preserved in the deepest secrecy, it being never inspected by any one but the king and Mr. Pelham." This book was afterwards demanded of Mr. Roberts,

the almoner, but he resolutely refused to yield it except by the king's express command, or to his majesty in person. In consequence of his refusal, the king sent for him to St. James's, where he was introduced into the closet. He was then ordered to return the book in question, with which injunction Mr. Roberts immediately complied. At the same time, taking the poker in his hand, his majesty put it into the fire, made it red hot, and, while the ministers and Mr. Roberts stood round him, he thrust the book into the flames, where it was immediately reduced to ashes.

These evils were so manifest and manifold, that, after various attempts to pass a measure which should be some check on government, a bill was introduced, by which all contracts were made subject to a species of auction, although the minister was not compelled to accept the lowest offer.

During the debates which were held upon the subject, many other facts were elicited, which confirm all the previous remarks, and prove the iniquity with which the money of the country was disposed of. One member possessed a contract producing £30,000 a year more than the legitimate profit. Mr.

Alderman Harley made £37,000 too much by another. On a contract for remitting gold, £35,000 was paid more than was necessary. At an earlier period it was discovered that, out of 16,000 tons of beer contracted and paid for, only 7,000 tons were delivered. The rum contract was granted at 50 per cent. above a remunerating price. The transport service paid 20 per cent. too much. Millions were lying for years in the hands of favourite placemen, favourite agents, and favourite contractors, while the country was borrowing at an exorbitant interest; and, after a careful perusal of the evidence, there can be no doubt that the charge of corrupting the House was true; nor was it in the nature of a member of parliament in the eighteenth, any more than in the nineteenth century, to possess profitable contracts, the continuation of which depended on war, and yet speak honestly and earnestly for peace.

The names of Abraham and Benjamin Goldsmid will recall to the memory of many of our readers the forms and features of these magnates of the money market. Of singular capacity, and of equally singular good fortune, the firm of which they were the members rose from compa-

rative obscurity to be the head and front of 'Change Alley.

Prior to 1792 they were little known—Mr. Gurney, the eminent bill-broker, regards them as his predecessors—but by that year they occupied an important position, and became successful competitors for the national loans. They were the first members of the Stock Exchange who competed with the bankers for the favours of the chancellor, and diverted from their purses those profits which were scarcely a legitimate portion of banking business. The combination of that interest being thus broken, the bargains for public loans became more open; there was no confederation to limit and lower the prices; and the ministry and country reaped the benefit in improved terms. The house of Sir William Curtis, whose fortunes were founded in this manner—of Dorrien and of Boldero, names which, great in their day, have almost passed from the roll of city bankers—of Grote, now better known as the philosophical historian of Greece—were all competitors, three quarters of a century ago, for those loans which the necessities of the country made so frequent. Nor were people wanting who openly accused the entire banking interest of an unfair confe-

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deration to realise their views. This interest was first attacked by the boldness of Abraham and Benjamin Goldsmid ; and it is easy to imagine the feelings of the bankers when unknown men reaped the prize which they had hitherto gathered.

The daily papers bore an almost daily testimony to their munificence. Naturally open-handed, the poor of all creeds found kindly benefactors. On one day the grandeur of an entertainment to royalty was recorded, and on the next a few words related a visit of mercy to a condemned cell. At one time, mansions, vieing in architectural beauty with those of our nobility, were described ; at another, some great and gracious act of charity was recorded. Entertainments to princes and ambassadors, reviving the glories of the Arabian Nights, were frequent ; and galleries, with works of art worthy the magnificence of a Medici, graced their homes. They were awhile Fortune's chief and most especial favourites. When, in 1793, the old aristocracy of England's traders fell, as in 1847, and the bank in one day discounted £4,400,000, their losses amounted but to £50. Prizes, under circumstances little inferior to romance, followed their purchases of lottery tickets ; and they knew

as if by instinct a bill of exchange with a bad name to it.

The brothers had faced the storm of life in their earlier years. Fortune, which crowned their efforts, proved that prosperity had no power to divide them; and when, in the early part of the nineteenth century, Benjamin Goldsmid destroyed himself, the survivor felt the loss so severely that he never recovered the shock. The death of Benjamin caused no abatement in the benevolence of Abraham Goldsmid; and one who knew him well has written with enthusiasm of his "general philanthropy, his ready munificence, his friendly demeanour, his mild and unassuming manner."

Many anecdotes, singularly illustrative of his kindly feeling, are still remembered. It is stated that on one occasion, noticing a great depression in the waiter who usually attended him where he dined, he inquired the cause, ascertained that it was pecuniary, gave the astonished man double the amount he required, and refused to listen to the thanks of the recipient. Another story is extant to the same purport. He became acquainted by accident with one of those simple and single-minded country curates, whose

poverty was the disgrace, and whose piety was the glory, of the Church of England. This was the man for Abraham Goldsmid at once to appreciate and to benefit. He obtained all necessary particulars, and in a few weeks a letter was received which told the curate he had been allotted a share of a new loan. The letter was a mystery to the country clergyman, who placed it on one side, with a confused notion that a hoax was intended. He had not long to wait. The next day brought a second letter, and with it comfort and consolation in the shape of a large sum which had been realised on the allotment. These things are pleasant to record; and it is doubtful whether the cheque gave most pleasure to the wealthy Hebrew to write, or the country curate to receive.

In 1810, the houses of Baring and Goldsmid were contractors for the ministerial loan of fourteen millions. But Sir Francis Baring dying, the support of the market was left to his companion. The task was difficult, for a formidable opposition had arisen, which required the united energies of both houses to repress. It was the interest of this opposition to reduce the value of scrip, and it succeeded. Day by day it lowered; and day by day was Mr. Goldsmid's fortune

lowered with it. He had about eight millions in his possession; and with the depression of his fortune his mind grew dispirited and disordered. Another circumstance occurred at this particular moment to increase his embarrassment. Half a million of exchequer bills had been placed in his hands to negotiate for the East India Company; and the latter, fearing the result of the contest on the Stock Exchange, claimed the amount. His friends did not rally round him as at such a moment and with such a man his friends should have done; and Abraham Goldsmid, dreading a disgrace, which his sensitive and honourable nature magnified a hundredfold, after entertaining a large dinner party, destroyed himself in the garden of his magnificent residence, in Surrey.

This sad event created a sensation in the city, unparalleled by the loss of any single individual. The death of the great loan contractor was regarded as of national importance. Expresses were sent with the news to the king and the Prince of Wales. The funds fell 3 per cent. The Journals united in eulogizing the man whose death they recorded. The jobbers of Capel Court crowded in anxious enquiry. The merchants of the Exchange assembled before the

accustomed time. The thoroughfares resounded with rapid questions, and hurried replies. Little or no business was done; and it is said, the great question of peace or war never created a similar confusion. The jury recorded their opinion; and, when the remains were carried to their home, the procession was followed by a crowd who, partaking of his charity in life, thronged to honour him in death. Sobs and suppressed means attested the reality of their sorrow, and bore a fitting testimony to his worth. The high-priests and elders paid every distinction which the Mosaic ordinances allowed, but, in conformity with the commands of the great law-giver, they withheld from him the customary rites; and unconsecrated ground received the remains of Abraham Goldsmid the Hebrew suicide.

In 1792, another sinking fund was established of 1 per cent. on the nominal capital of each loan, to which the interest on the capital redeemed by this fund was to be added. When annuities for lives, or for a longer term than forty-five years, were granted, the value which would remain after forty-five years was to be estimated, and 1 per cent. on that value set aside for their redemption. This

fund was to be kept separate, and applied to redeeming debts contracted subsequent to its institution ; and this, it was estimated, would redeem every loan in forty-five years from its contraction. £400,000 was granted in aid of the previous sinking fund ; and £200,000 annually till 1802, when the grant was rendered perpetual. All money saved by the reduction of interest was also to be added ; but as no savings occurred, this clause might as well have been omitted. In 1798, however, the application of 1 per cent. on the capital of the loans was deviated from, as the claims of the war were too pressing to allow of its application.

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