

## INTRODUCTION

The City of London has been one of the leading financial centres in the world for over 300 years, playing an essential role in the mobilization and distribution of credit and capital. Over that time the business conducted within its confines has generated vast wealth for the British people and provided an essential service for successive British governments through the ability to borrow and tax. For those reasons alone it might be assumed that the City would be regarded as the brightest jewel in the British crown, treasured by all because of the riches it generated. Such a view, though, runs contrary to both the culture of envy, created by the sight of the large fortunes generated in the City, and a fundamental mistrust of money that was made through manipulating money itself rather than productive toil. As the inaugural issue of a magazine devoted to wealth observed in 2008, 'There is a widespread belief in a distinction between the deserving and the undeserving rich. And it goes far beyond the ancient debate over egalitarianism or socialism. Even for those who are happy to accept capitalism, and the idea that some will be richer than others, there is still a sense that some of the wealthy do not deserve their status.'<sup>1</sup> Among those perceived as the least deserving were bankers who, in the words of a respected BBC journalist in 2008, 'Were making obscene fortunes for themselves by gambling with other people's money.'<sup>2</sup> This meant that the City of London, as a financial centre, had major barriers to overcome if it was to achieve a favourable status within British society. Compounding this problem of gaining acceptance was the fact that much of the business undertaken in the City was of an international nature and was conducted by people who were seen to be foreign, either because of race or religion. This gave them the status of outsiders, erecting another barrier between those in the City and the rest of society. As the respected financial journalist, Hartley Withers, noted in 1916, 'Much of the prejudice against financiers is based on, or connected with, anti-Semitic feelings, that miserable relic of medieval barbarism.'<sup>3</sup> None of this was confined to either the Victorian and Edwardian eras or to Britain for evidence of an anti-money culture could be found from earlier and later periods and other countries. As Rubinstein concluded in his book on capitalism and culture, '...the thrust of intellectuals throughout the western world over the past 150 years has been con-

sistently and persuasively anti-capitalistic.<sup>4</sup> Similarly, Rosenberg has traced the portrayal of Jews as moneylenders and thus villains through the ages.<sup>5</sup>

Certainly such views did not disappear in the Victorian and Edwardian eras as this comment by J. A. Hobson, in his 1902 classic study of Imperialism, reveals,

In large measure the rank and file of the investors are, both for business and for politics, the cats' paws of the great financial houses, who use stocks and shares not so much for investments to yield them interest, but as material for speculation in the money market. In handling large masses of stocks and shares, in floating companies, in manipulating fluctuations of values, the magnates of the Bourse find their gain. These great businesses – banking, broking, bill discounting, loan floating, company promoting – form the central ganglion of international capitalism. United by the strongest bonds of organization, always in closest and quickest touch with one another, situated in the very heart of the business capital of every state, controlled, so far as Europe is concerned, chiefly by men of a single and peculiar race, they are in a unique position to manipulate the policy of nations. No great quick direction of capital is possible save by their consent and through their agency. Does any one seriously suppose that a great war could be undertaken by any European State, or a great State loan subscribed, if the house of Rothschild and its connexions set their face against it?<sup>6</sup>

The fact that hostility towards the City of London remained, because of its association with money, foreigners and Jews, is not the central question as these are perpetual prejudices within society. Evidence that they existed at this time reveals little about the place of the City within British culture, unless what can be shown is that no change took place. This is where the debate begins. There are those who suggest that hostility towards the City within Britain began to fade after the mid-nineteenth century onwards whereas an anti-industrial culture remained. 'Traditional prejudices against financiers (although not against industrialists) were gradually being eroded' is one such recent view expressed by Robinson.<sup>7</sup> This is also the central message of Weiner's influential view that Britain's economic decline was the product of a cultural preference for parasitic services rather than productive manufacturing, though others have found a singular lack of convincing evidence to support the thesis.<sup>8</sup> Only recently have historians attempted to discover whether a pro-City culture developed in Britain during the course of the nineteenth century. Paul Johnson, for example, has suggested that City bankers and financiers achieved growing acceptance within society, as their business practices became better understood and thus viewed with less hostility over time.<sup>9</sup> Similarly, Cain and Hopkins identified a growing alliance in this period between those in the City and the landed elite, creating a group of 'gentlemanly capitalists' whose power and influence lasted well into the twentieth century.<sup>10</sup> All this suggests that the barriers to cultural acceptance faced by the City, because of its personnel and activities, were steadily over-

come in the Victorian and Edwardian period, in contrast to the industrialists who remained perpetual outsiders. Nineteenth-century manufacturing was undertaken in the North, and thus far from the cultural centre of the country in London, and involved dirt, noise and the risk of violent death from the machinery, whereas finance was a metropolitan activity and involved nothing more than reading, writing and arithmetic.

There is no doubt that the City of London grew in importance and changed in composition over the Victorian and Edwardian eras. In the mid-nineteenth century the City of London was primarily a British commercial and financial centre providing services for the British economy and the British government. Even those international transactions that it handled were largely generated by the need to provide for Britain's own external trade and investment. From then on, activity in the City of London was increasingly driven by global challenges and opportunities. The rapid growth of international trade generated a simultaneous demand for organization and shipping on the one hand and credit on the other, with the result that the provision of these services in the City was greatly boosted in the fifty years before the First World War. The development of banking systems across the world had a similar effect as the supply of funds seeking temporary employment grew enormously at the same time as the financial requirements of governments and businesses both expanded and changed with, again, profound consequences for the City. London merchants and markets increasingly served international markets whether it involved the supply of colonial produce to European consumers or European manufactures to colonial consumers. The London money market became the central intermediary in the mobilization and distribution of credit internationally, drawing money from around the world to finance international trade and to provide business with the short-term funds its daily operations required. The London capital market not only handled the issue of securities on behalf of governments and corporations from all over the world but also sold these securities to investors from across Europe. Many of the firms involved in these commercial, credit and capital operations were themselves of foreign origin and employed a cosmopolitan staff. Illustrative of the global role played by the City of London on the eve of the First World War was the fact that the London Stock Exchange increasingly quoted securities from around the world and provided a market that attracted investors from across the globe. Over half the value of the stocks and bonds quoted on the London Stock Exchange in 1913 was foreign in origin. This external orientation was found throughout the activities undertaken in the City. The Lloyds insurance market insured ships and cargoes irrespective of ownership and routes. Around two-thirds of world marine insurance was handled in the City of London by the time of the First World War, while British fire insurance companies were heavily involved in providing cover abroad. The revolution in communications that had

begun with the telegraph in the 1850s, and then extended to the telephone from the 1890s, had permitted a growing physical separation between transport, trade and finance, so that the City of London could emerge as an intermediary centre for all types of international transactions.<sup>11</sup>

Lying behind this success was the size and specialization that existed in the City of London, whether it involved merchants and markets or bankers and brokers. In 1913 there were a total of 227 different banks operating in the City of London. These ranged from the large commercial banks with their domestic branch networks, through the specialist merchant banks to the British overseas banks providing banking services around the world and the branches of major foreign banks. Collectively, these comprised a dense financial cluster that was capable of providing the expertise and capacity required for any financial operation anywhere in the world. Supported by an equally dense cluster of other financial intermediaries, such as the 5,000-plus strong membership of the London Stock Exchange, they were able to either absorb the floating balances from banks around the world and employ it in the finance of international trade or mobilize the capital required to build entire railway systems and urban infrastructure projects.<sup>12</sup> Overall, it was estimated in 1911 that those employed in financial services in the City had reached almost 50,000 people out of 350,000. The fact that it was only a seventh of the total indicated the continued diversity of the activities undertaken there, with trading and transport being the most important.<sup>13</sup>

Connecting those financial and commercial clusters to the rest of the world were links between those operating in London and their equivalents in countries abroad. The Lloyds marine insurance markets had agents in every port in the world while many stock and commodity brokers had agreements with foreign counterparts under which each bought and sold on their own markets on receipt of a telegram or telephone call from abroad. The same was true for merchants who relied upon extensive contacts abroad in order to obtain the commodities and manufactures they bought or to distribute the products that they sold. This business was conducted on the basis of trust, leaving all in the City vulnerable to the default of a counterparty upon which reliance had been placed. The size and growth of these networks can be seen most clearly in banking. Between 1860 and 1913 the number of foreign banks with London branches rose from three to seventy-one, while there was also a group of British overseas banks with London head offices but branches spread around the world, especially Asia, Africa, Australia and Latin America. By 1913 these overseas banks operated 1,387 branches compared to only 132 in 1860.<sup>14</sup> These were only the most visible manifestations of the links that existed between banks in the City of London and their overseas counterparts. The most common link was a correspondent connection in which a bank that had a London office acted on behalf of those that had not. By 1912 a total of 1,211 banks from around the world had a presence in London through

these correspondent links.<sup>15</sup> It was this combination of markets, businesses and connections that gave the City of London its core strength in commercial and financial services before 1914 and made it into a global centre. The effect of this was to make the City of London a magnet for financial and commercial services, and so attract personnel from throughout the world. On the eve of the First World War the City of London was the largest, most specialized, most diverse, and most cosmopolitan financial and commercial centre in the world.<sup>16</sup>

What this suggests is the existence of a direct relationship between the development of the City of London as a financial centre between 1800 and 1914 and its growing cultural acceptance, in which the former drove the latter. However, given the complexity of the link between economy and culture there remain strong doubts that such a relationship actually existed. It is particularly difficult to establish causality as both economy and culture changed considerably in the course of the nineteenth century not least because the relationship was transformed with urbanization, which fostered both interaction and separation.<sup>17</sup> This was especially the case for the City as it was at the forefront of these changes, as the residential population relocated to other parts of London and its vicinity, and manufacturing moved even further away. In the first volume of his popular and influential history of England, published in 1848, the eminent Victorian historian, Lord Macauley (Thomas Babington Macauley) contrasted the City in the mid-nineteenth century with what it had been two centuries before, in the mid-seventeenth century. As he so eloquently wrote,

In the seventeenth century the City was the merchant's residence ... In such abodes, under the last Stuarts, the heads of the great firms lived splendidly and hospitably. To their dwelling place they were bound by the strongest ties of interest and affection ... The whole character of the City has, since that time, undergone a complete change. At present the bankers, the merchants, and the chief shopkeepers repair thither on six mornings of every week for the transaction of business but they reside in other quarters of the metropolis, or at suburban country seats surrounded by shrubberies and flower gardens. This revolution in private habits has produced a political revolution of no small importance. The City is no longer regarded by the wealthiest traders with that attachment which everyman naturally feels for his home. It is no longer associated in their minds with domestic affections and endearments. The fireside, the nursery, the social table, the quiet bed are not there. Lombard Street and Threadneedle Street are merely places where men toil and accumulate. They go elsewhere to enjoy and to expend.<sup>18</sup>

What was happening in the nineteenth century was that the City of London was emerging as a specialized business district bereft of its residential population, as well as many subsidiary economic activities. The era of commuting, for example, had been inaugurated whether from the areas immediately adjacent to the City or, increasingly, further away as mass transport facilitated greater

mobility. In earlier centuries particular parts of the City had been singled out as representing specific activities and those who conducted them. Such was the case with Exchange (or 'Change') Alley, in which was found those who bought and sold stocks and shares. However, as the City ceased to be a diverse and populated community it came to possess a collective identity. The characteristics once attributed to specific places, people and activities in the City were increasingly acquired by the City as a whole during the nineteenth century. In this process it did not matter that the City remained as much a commercial centre as a financial one right up to the First World War. What mattered was what people thought happened in the City rather than what actually took place there. The outcome was that the City could become the physical manifestation of capitalism itself as people struggled to come to terms with that concept and the economic changes that were taking place, as they created winners and losers in their wake.<sup>19</sup> Under these circumstances there may be no link between the City and culture as each occupied separate worlds. The division between home and work in a modern society could allow individuals to escape the moral dilemmas involved in a clash between cultural beliefs and economic imperatives. Even for those in the City the commute to work operated as a physical divide between the two worlds, allowing them to distinguish between what they did to earn a living and what they did in their hours of leisure, whether in beliefs or actions. However, there is also the possibility that it was culture that was a critical determinant of economic behaviour. The set of beliefs adhered to by a nation's population could influence the direction and performance of a modern economy. This could extend far beyond the presence or absence of a work ethic to a culture that embraced or rejected capitalism. It could even determine the preferred form of capitalism, such as an anti-industrial culture leading to a switch away from manufacturing and a switch to more service-orientated pursuits.<sup>20</sup> Complicating the task of isolating the direct influence of culture on the economy is its indirect influence on government economic policies. Governments could be driven to adopt policies based on cultural beliefs that may or may not be mistaken, and these could have far reaching consequences for the pace and pattern of economic growth.<sup>21</sup> The problem with the relationship between culture and economy through the instrument of government is that the economic policies implemented were driven by numerous, diverse and often conflicting influences and objectives. This makes it difficult to disentangle those that were the product of a common culture and those driven by party-political ideology, military necessity, international obligations, social requirements, administrative considerations or simple expediency.<sup>22</sup>

This makes the Victorian and Edwardian period before 1914 an ideal one in which to explore the relationship between economy and culture, especially through the use of the City of London as an interface. Generally, this was a time when there was very limited government intervention in the economy. The

City of London was left to operate largely unfettered by government control or regulation, with even the central bank, the Bank of England, being controlled by shareholders rather than the state. Similarly, the changes to the Companies Acts, despite evidence of abuse, were fairly limited. Wynne-Bennett, writing as late as 1924, was of the opinion that, 'There has been more systematized fraud and complete financial loss connected with mining propositions than with any other industry'. A. E. Davies reflected in 1926 that a company prospectus was a product of fiction not fact. In neither case was much action taken by the government to deal with either problem, despite periodic outcries from the public and the press.<sup>23</sup> This leads to a series of pathways which need to be followed if a connection is to be established between economy and culture in the specific case of the City of London before 1914. The first pathway is to establish whether Britain did, in fact, develop a pro-City culture in the course of the Victorian and Edwardian years. If it did, was this the consequence of economic change or the cause of it? By establishing a chronology for cultural change it should be possible to separate cause and effect and so identify whether culture was driven by the economy or the economy by culture. The second pathway emerges if a pro-City culture is found not to exist in Britain and the public were indifferent to finance. If that was the case it suggests that the cultural world and the economic world existed in different spheres. The third pathway is the one taken if Britain is discovered to have an anti-City culture, akin to the anti-industrial one that other historians have identified. As the City of London flourished throughout this period it suggests that what people believed to be true may not have prevented them from pursuing objectives directly opposed to those beliefs, such as living on earnings considered immoral or profiting from unethical investments. Each of these pathways needs to be explored before it becomes possible to draw conclusions about the relationship between culture and economy.

To answer these questions fully requires some precision in identifying culture and then measuring change. 'Culture' is taken to mean the collective ideas, beliefs and values of the population at a particular moment in time. Collective culture is not easy to establish, especially if the attempt is made to capture a broad spectrum of views rather than take as representative the opinions of a small number of the rich or powerful or that expressed in official government reports. The problem with that is such evidence may entirely misrepresent the prevailing collective culture or attribute a momentary view as representative of an entire age. F. M. L. Thompson has observed, for example, that the identification of an anti-industrial culture was based upon the '...unreliable foundations of selective quotations from literary sources...' <sup>24</sup> Nevertheless, novels do offer one means of establishing some sense of contemporary culture and tracing change over time. In an increasingly literate society the novel can be seen as both a reflection of the time in which it was written and an influence upon those who read it. By

using novels the historian can capture what people at the time said, thought and believed. Though clearly contrived and structured the reported conversations do give an insight into contemporary views and concerns. Nowhere else is it possible to recapture the actual dialogue of the Victorian era. The storylines used in novels also indicate what mattered to people and how they interpreted the world they lived in. Novels thus offer the potential for unearthing the true tenor of Victorian and Edwardian culture and establishing its priorities and direction.<sup>25</sup> As one Victorian novelist, Frederick Wicks, observed in 1892,

While the historian deals with the growth of peoples and the movement of nations, it is the province of the novelist to exhibit the domestic life of his contemporaries. His object should be to give pictures of the life of the day, reflecting the most striking phases and the most startling developments of social relationship, that the strength and weakness of the nation may be seen in the detail.<sup>26</sup>

Given the steady production of novels over this period, they also provide a means of continually monitoring changing cultural values. In contrast, other evidence of contemporary culture lacks either the continuity or depth necessary to observe trends over time. Cartoons do provide useful snapshots, such as during the Railway Mania, while there was a brief flurry of paintings with a City theme in the late 1870s, but finance only rarely lends itself to visual display.<sup>27</sup> Plays do provide an alternative to novels as they also take up contemporary concerns and so supply a continuous commentary on current cultural values and attitudes. However, they lack the detail to be found in novels, especially when financial matters arose, as they relied on either dialogue or display. As it was, what appeared on the stage was usually a reflection of the ideas, attitudes and interests that were also to be found in contemporaneous novels, especially as there was an overlap between writers and playwrights in either personnel or subject matter.<sup>28</sup>

This does not mean that there are not serious disadvantages and limitations in using novels as items of historical evidence. Novels are works of fiction in which writers manipulate the characters, plots, dialogue and circumstances in order to achieve the end they want. They are the product of the author's interests, beliefs and imagination, unrestrained by the need to examine and assess hard evidence and substantiate the conclusions reached. In addition, they are driven by the desire of the author for material gain and the publisher for commercial success. Thus, they cannot be used as substitutes for facts; these must be sought from other sources uncorrupted by the need to entertain. Also, by their very nature, novels were not produced by a cross-section of society but by those who were creative and literate. Those who wrote novels were probably those in society least sympathetic to the humdrum world of work or the single-minded pursuit of wealth, and this must be allowed for. Novels also have an element of escapism or nostalgia in them, allowing those who read them to enter, however

briefly, a different world from that of their own, free from everyday cares and complexities. Kenneth Grahame, the author of *The Wind in the Willows*, chose to portray an imaginary world of animals rather than the routine of the City life with which he was familiar.<sup>29</sup> Conversely, this does make novels useful as historical evidence as they were written for an audience and produced for sale. Whatever the opinions of novelists, their living depended upon writing books that interested their readers and this included both the plot and the contents. Similarly, publishers of such novels had to sell the books they produced if they were to cover their costs and make a profit, as did the booksellers that stocked them. Unlike tracts and broadsheets that were written and distributed in support of a cause, novelists and their publishers had to achieve a level of public acceptability if they were to survive. In that way novels do provide ideal material from which to judge prevailing culture as they were the product of a two way relationship between producer and consumer.<sup>30</sup>

Another problem, however, does exist and that is the representative nature of the novels used as historical sources. The Victorian and Edwardian eras witnessed a huge outpouring of literature most of which is now forgotten, being deemed as not worthy of lasting merit. However, it was these popular novels as well as the literary classics that the public read on a regular basis, and so it is important to examine what they were saying and how that changed over time. If the attempt is to capture contemporary culture the study cannot be confined to a few giants of the past, as is the approach of the literary specialist.<sup>31</sup> It is not the verdict of today on a work's literary merit that is significant but rather the words and opinions being expressed at a particular moment by those who caught the mood of the time. Thus, it is critical that the novel enjoyed both a wide circulation and was written in the specific time period under consideration, and not afterwards, when hindsight may very well have influenced what was being said. Novels written after the First World War, for example, cannot be used as evidence of views prevailing before that event, given the power it possessed to change attitudes. This is true even of the work of a single author than spans the First World War. Only the first book, *The Man of Property*, in Galsworthy's triple trilogy, *The Forsyte Saga*, can, for example, be used as a piece of historical evidence as the others were written and published after the First World War. That makes them ineligible as historical evidence of the pre-war culture, despite temptations to do so because of the slow unfolding of a family saga over the period.<sup>32</sup> It is what is being said and when it is being said that matters, not who says it and the purpose for which it was written. Only contemporary fiction provides an authentic mirror on the past, if the objective is to establish contemporary culture. In this context, novelists, playwrights, poets and artists are used as reporters of the time they lived in, not as historians interpreting the past for a later generation. Victorian and Edwardian writers relied heavily on characters, locations

and events drawn from real life, so establishing a close connection between the literary world and the real world.<sup>33</sup> In turn, the fact that these novels were widely read meant their views and opinions were absorbed by both their own and subsequent generations, so giving writers the power to shape the culture of the society within which they lived, and more widely, given the borrowing of storylines in the English-speaking world and across Western Europe.<sup>34</sup>

Luckily for the historian money and finance do feature in novels from throughout the Victorian and Edwardian eras and from the pen of numerous novelists, not only the literary giants of the early years. Petch observed that ‘...money is everywhere in Victorian Literature...’; Crosby that, ‘To note that money looms large in Victorian fiction is to observe the obvious,...’; Knezevic that ‘There is hardly a Victorian novel that is not about money, and hardly a Victorian novelist without some grasp of the operations of contemporary finance capitalism’; while Weiss noted ‘...the pre-eminence of money in the Victorian imagination.’<sup>35</sup> London also looms large in Victorian and Edwardian literature, as its size and complexity offered so many opportunities for the imagination of the novelist while it was also the place where so many of them lived and worked.<sup>36</sup> However, much of this refers not to the activities of the City of London, or high finance, but the everyday concerns of getting and spending in what was the largest urban area in the world at the time.<sup>37</sup> The actual novels that devote considerable space to the activities and personnel of the City of London are relatively few, being numbered in hundreds rather than thousands, but they do include the work of some of the most popular writers of the day. These included novelists of lasting literary merit, such as Dickens and Conrad, whose work was read extensively both at the time and since. It also includes others like Trollope and Galsworthy whose popularity rose and fell over time but whose output was extensively read then and subsequently. There are also other writers who enjoyed an enormous following when their work first appeared but then sunk into relative obscurity, such as Marie Correlli or E. Phillips Oppenheim. Finally, there were those who established a niche for themselves which meant that each novel they wrote attracted a loyal following, as was the case of Charlotte Riddell with the City itself; Walter Besant on London generally; fulfilled a moral purpose, as with Annie Swan; provided a political commentary like Hilaire Belloc or provided the excitement of African adventure, as was the case with H. Rider Haggard. The novels of all these writers sold extensively in the years before the First World War, whatever the later judgements of literary scholars. Given that the readership of the work of these authors was not confined to the actual novels, but frequently included the prior serial publication in the weekly journals, it is fairly evident that the views they expressed received a wide circulation. Overall, there are a sufficient number of novels and novelists to provide an evolving com-

mentary on contemporary culture, with each being seen as a proxy for the beliefs and attitudes of their own generation.<sup>38</sup>

By using novels in this way the historian takes a fundamentally different approach to that of the literary critic. The literary critic seeks to explain the novel in terms of what the author achieves as part of a creative process and so reads meaning into what is being said. The historian uses contemporary novels as receptacles of contemporary beliefs which can provide insights into contemporary culture. The material each uses may be the same, in terms of literary output, but the interests and objectives of each are totally different. Though the novel is seen to be the preserve of the literary scholar this does not mean it cannot be used by the historian as a valuable tool of analysis, if particular care is taken to identify the questions being asked of this type of evidence. If such care is not taken a circularity is created. Historians do not write in a vacuum but under the influence of the culture within which they live. In turn that culture owes much to fiction through which ideas, beliefs and values are both broadcast among the population as a whole and conveyed from one generation to the next. When a literary critic cites the views of a historian as confirmation of their interpretation of the views of a particular novelist, they may be doing nothing more than identifying the influence the novelist has had in determining how the period in which they lived has been interpreted through the questions asked and the emphasis given. The historian must not read meaning into a novel which is not there while the literary critic must see the novel as a work of fiction not fact. If these divisions are adhered to novels can be used by both historians and literary historians to the advantage of both. If these divisions are not adhered to both the historian and the literary scholar risks basing conclusions on flawed evidence.