



## The Stock Exchange

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CHAPTER XLI.

THE STOCK EXCHANGE.

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The Royal Exchange, in the reign of William III., being found vexatiously thronged, the moneydealers, in 1698, betook themselves to Change Alley, then an unappropriated area. A writer of the period says:—"The centre of jobbing is in the kingdom of 'Change Alley. You may go over its limits in about a minute and a half. Stepping out of Jonathan's into the Alley, you turn your face full south; moving on a few paces, and then turning to the east, you advance to Garraway's; from thence, going out at the other door, you go on, still east, into Birchin Lane; and then, halting at the Swordblade Bank, you immediately face to the north, enter Cornhill, visit two or three petty provinces there on your way to the west; and thus, having boxed your compass, and sailed round the stock-jobbing globe, you turn into Jonathan's again."

Sir Henry Furnese, a Bank director, was the Reuter of those times. He paid for constant despatches from Holland, Flanders, France, and Germany. His early intelligence of every battle, and especially of the fall of Namur, swelled his profits amazingly. King William gave him a diamond ring as a reward for early information; yet he condescended to fabricate news, and his plans for influencing the funds were probably the types of similar modern tricks. If Furnese wished to buy, his brokers looked gloomy; and, the alarm spread, completed their bargains. In this manner prices were lowered four or five per cent. in a few hours. The Jew Medina, we are

assured, granted Marlborough an annuity of £6,000 for permission to attend his campaigns, and amply repaid himself by the use of the early intelligence he obtained.

When, in 1715, says "Aleph," the Pretender landed in Scotland, after the dispersion of his forces, a carriage and six was seen in the road near Perth, apparently destined for London. Letters reached the metropolis announcing the capture of the discomfited Stuart; the funds rose, and a large profit was realised by the trick. Stock-jobbers must have been highly prosperous at that period, as a Quaker, named Quare, a watchmaker of celebrity, who had made a large fortune by money speculations, had for his guests at his daughter's wedding-feast the famous Duchess of Marlborough and the Princess of Wales, who attended with 300 quality visitors.

During the struggle between the old and new East India Companies, boroughs were sold openly in the Alley to their respective partisans; and in 1720 Parliamentary seats came to market there as commonly as lottery tickets. Towards the close of Anne's reign, a well-dressed horseman rode furiously down the Queen's Road, loudly proclaiming her Majesty's demise. The hoax answered, the funds falling with ominous alacrity; but it was observed, that while the Christian jobbers kept aloof, Sir Manasseh Lopez and the Hebrew brokers bought readily at the reduced rate.

The following extracts from Cibber's play of *The Refusal; or, the Ladies' Philosophy*, produced in 1720, show the antiquity of the terms "bull" and "bear." This comedy abounds in allusions to the doings in 'Change Alley, and one of the characters, Sir Gilbert Wrangle, is a South Sea director:—

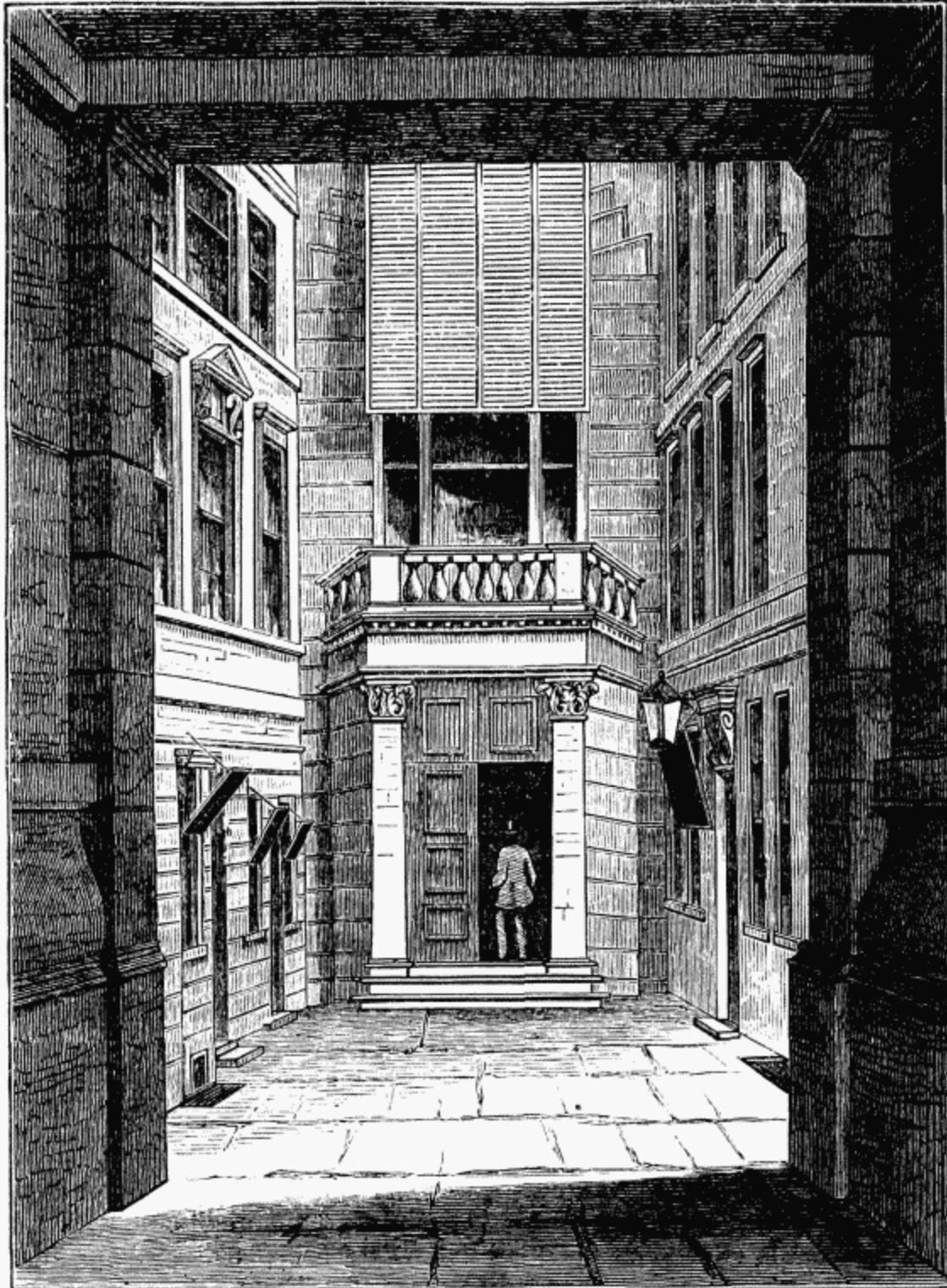
*Granger (to Witling, who has been boasting of his gain):* And all this out of 'Change Alley?

*Witling:* Every shilling, sir; all out of stocks, puts, bulls, shams, bears and bubbles.

And again:—

There (in the Alley) you'll see a duke dangling after a director; here a peer and a 'prentice haggling for an eighth; there a Jew and a parson making up differences; there a young woman of quality buying bears of a Quaker; and there an old one selling refusals to a lieutenant of grenadiers.

The following is from an old paper, dated July 15th, 1773: "Yesterday the brokers and others at 'New Jonathan's' came to a resolution, that instead of its being called 'New Jonathan's,' it should be called 'The Stock Exchange,' which is to be wrote over the door. The brokers then collected sixpence each, and christened the House with punch."

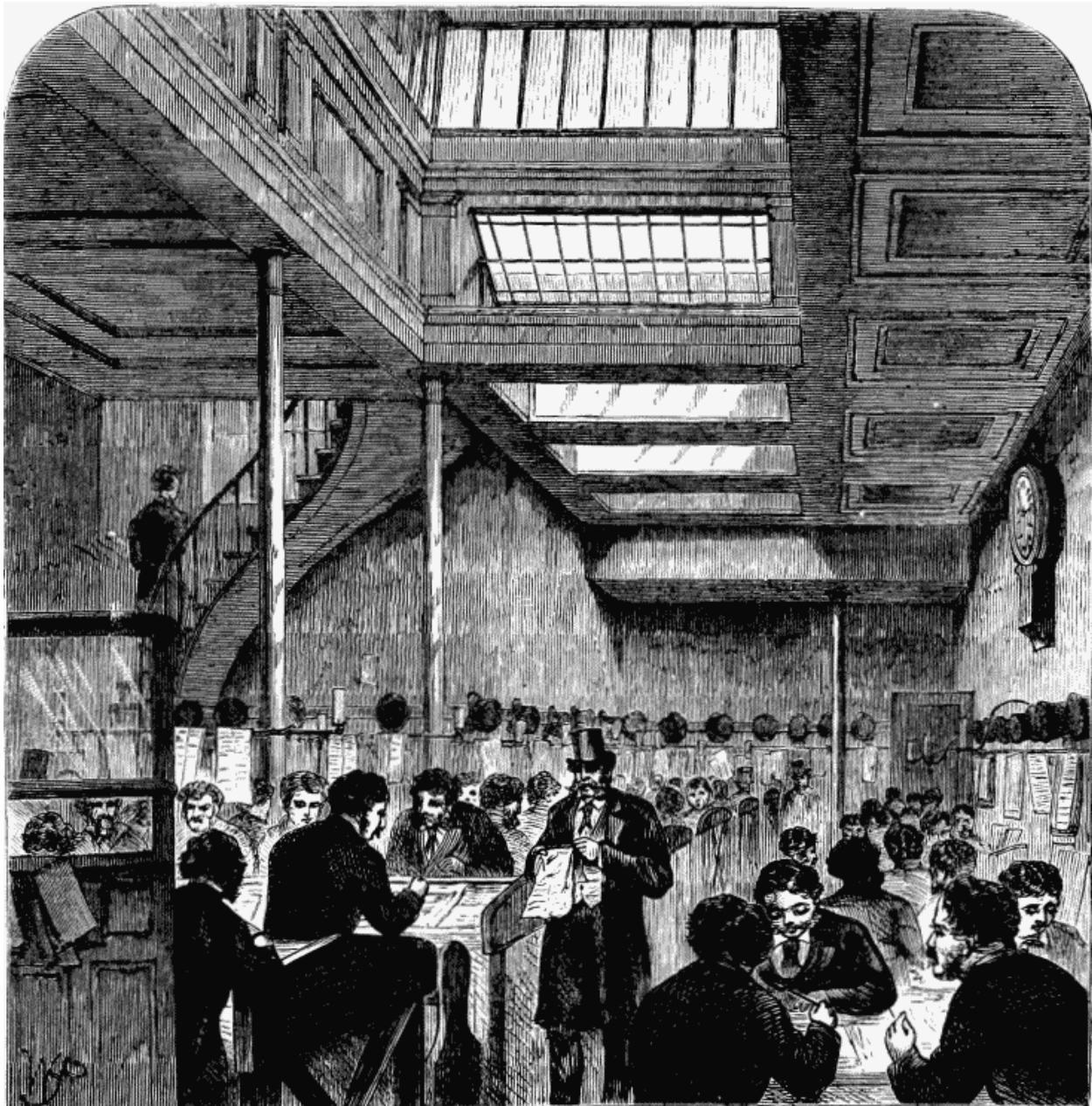


CAPEL COURT.

One of the great stockbrokers of Queen Anne's reign was Thomas Guy, the founder of one of the noblest hospitals in the world, who died in 1724. He was the son of a lighterman, and for

many years stood behind a counter and sold books. Acquiring a small amount of ready cash, he was tempted to employ it in Change Alley; it turned to excellent account, and soon led him to a far more profitable traffic in those tickets with which, from the time of Charles II., our seamen were remunerated. They were paid in paper, not readily convertible, and were forced to part with their wages at any discount which it pleased the moneylenders to fix. Guy made large purchases in these tickets at an immense reduction, and by such not very creditable means, with some windfalls during the South Sea agitation, he realised a fortune of £500,000. Half a million was then almost a fabulous sum, and it was constantly increasing, owing to his penurious habits. He died at the age of eighty-one, leaving by will £240,000 to the hospital which bears his name. His body lay in state at Mercers' Chapel, and was interred in the asylum he raised, where, ten years after his death, a statue was erected to his memory.

Sir John Barnard, a great opponent of stockbrokers, proposed, in 1737, to reduce the interest on the National Debt from four to three per cent., the public being at liberty to receive their principal in full if they preferred. This anticipation of a modern financial change was not adopted. At this period, £10,000,000 were held by foreigners in British funds. In 1750, the reduction from four to three per cent. interest on the funded debt was effected, and though much clamour followed, no reasonable ground for complaint was alleged, as the measure was very cautiously carried out. Sir John Barnard, the Peel of a bygone age, was commonly denominated the "great commoner." Of the stock-jobbers he always spoke with supreme contempt; in return, they hated him most cordially. On the money market it was not unusual to hear the merchants inquire, "What does Sir John say to this? What is Sir John's opinion?" He refused the post of Chancellor of the Exchequer in 1746, and from the moment his statue was set up in Gresham's Exchange he would never enter the building, but carried on his monetary affairs outside. The Barnard blood still warms the veins of some of our wealthiest commercial magnates, since his son married the daughter of a capitalist, known in the City as "the great banker, Sir John Hankey."



#### THE CLEARING HOUSE.

Sampson Gideon, the famous Jew broker, died in 1762. Some of his shrewd sayings are preserved. Take a specimen: "Never grant a life annuity to an old woman; they wither, but they never die." If the proposed annuitant coughed, Gideon called out, "Ay, ay, you may cough, but it shan't save you six months' purchase!" In one of his dealings with Snow, a banker alluded to by Dean Swift, Snow lent Gideon £ 20,000. The "Forty-five" followed, and the banker forwarded a whining epistle to him speaking of stoppage, bankruptcy, and concluding the letter with a passionate request for his money. Gideon procured 21,000 bank-notes, rolled them round a phial of hartshorn, and thus mockingly repaid the loan. Gideon's fortune was made by the advance of the rebels towards London. Stocks fell awfully, but hastening to "Jonathan's," he

bought all in the market, spending all his cash, and pledging his name for more. The Pretender retreated, and the sagacious Hebrew became a millionaire. Mr. Gideon had a sovereign contempt for fine clothes; an essayist of the day writes, "Neither Guy nor Gideon ever regarded dress. "He educated his children in the Christian faith; "but," said he, "I'm too old to change." "Gideon is dead," says one of his biographers, "worth more than the whole land of Canaan. He has left the reversion of all his milk and honey—after his son and daughter, and their children—to the Duke of Devonshire, without insisting on his assuming his name, or being circumcised!" His views must have been liberal, for he left a legacy of £2,000 to the Sons of the Clergy, and of £1,000 to the London Hospital. He also gave £1,000 to the synagogue, on condition of having his remains interred in the Jewish burying-place.

In 1772, the occurrence of some Scotch failures led to a Change-Alley panic, and the downfall of Alexander Fordyce, who, for years, had been the most thriving jobber in London. He was a hosier in Aberdeen, but came to London to improve his fortunes. The money game was in his favour. He was soon able to purchase a large estate. He built a church at his private cost, and spent thousands in trying to obtain a seat in Parliament. Marrying a lady of title, on whom he made a liberal settlement, he bought several Scotch lairdships, endowed an hospital, and founded several charities. But the lease of his property was short. His speculations suddenly grew desperate; hopeless ruin ensued; and a great number of capitalists were involved in his fall. The consternation was extreme, nor can we wonder, since his bills, to the amount of £4,000,000, were in circulation. He earnestly sought, but in vain, for pecuniary aid. The Bank refused it, and when he applied for help to a wealthy Quaker, "Friend Fordyce," was the answer, "I have known many men ruined by *two dice*, but I will not be ruined, by *Four-dice*."

In 1785, a stockbroker, named Atkinson, probably from the "North Countree," speculated enormously, but skilfully, we must suppose, for he realised a fortune of £500,000. His habits were eccentric. At a friend's dinner party he abruptly turned to a lady who occupied the next chair, saying, "If you, madam, will entrust me with £1,000 for three years, I will employ it advantageously." The speaker was well known, and his offer accepted; and at the end of the three years, to the very day, Atkinson called on the lady with £10,000, to which, by his adroit management, her deposit had increased.

In general (says "Aleph," in the *City Press*), a stock-jobber's pursuits tend to shorten life; violent excitement, and the constant alternation of hope and fear, wear out the brain, and soon lead to disease or death. Yet instances of great longevity occur in this class: John Rive, after many active years in the Alley, retired to the Continent, and died at the age of 118.

The author of "The Bank Mirror" (circa 1795) gives a graphic description of the Stock Exchange of that period. "The scene opens," he says, "about twelve, with the call of the prices of stock, the shouting out of names, the recital of news, &c., much in the following manner:—'A mail come in—What news? what news?—Steady, steady—Consols for to-morrow—Here, Consols!—You old Timber-toe, have you got any scrip?—Private advices from—A wicked old peer in disguise sold—What do you do?—Here, Consols! Consols!—Letters from—A great house has stopt—Payment of the Five per Cents commences—Across the Rhine—The Austrians routed—The French pursuing!—Four per Cents for the opening!—Four per Cents—Sir Sydney Smith exchanged for—Short Annuities—Shorts! Shorts! Shorts!—A messenger extraordinary sent to—Gibraltar fortifying against—A Spanish fleet seen in—Reduced Annuities for tomorrow—I'm a seller of—Lame ducks waddling—Under a cloud hanging over—The Cape of Good Hope retaken by—Lottery tickets!—Here, tickets! tickets! tickets!—The Archduke Charles of Austria fled into—India Stock!—Clear the way, there, Moses!—Reduced Annuities for money!—I'm a

buyer—Reduced! Reduced! (*Rattles spring.*) What a d—d noise you make there with the rattles!—Five per Cents!—The French in full march for—Five per Cents!—The French in full march for—The Pope on his knees—following the direction of his native meekness into—Consols! Consols!—Smoke the old girl in silk shoes there! Madam, do you want a broker?—Four per Cents—The Dutch fleet skulked into—Short Annuities!—The French army retreating!—The Austrians pursuing!—Consols! Consols! Bravo!—Who's afraid?—Up they go! up they go!—'De Empress de Russia dead!'—You lie, Mordecai! I'll stuff your mouth with pork, you dog!—Long Annuities! Long Annuities! Knock that fellow's hat off, there!—He'll waddle, to-morrow—Here, Long Annuities! Short Annuities!—Longs and Shorts!—The Prince of Condé fled!—Consols!—The French bombarding Frankfort!—Reduced Annuities—Down they go! down they go!—You, Levi, you're a thief, and I'm a gentleman—Step to Garraway's, and bid Isaacs come here—Bank Stock!—Consols!—Give me thy hand, Solomon!—Didst thou not hear the guns fire?—Noble news! great news!—Here, Consols! St. Lucia taken!—St. Vincent taken!—French fleets blocked up! English fleets triumphant! Bravo! Up we go! up, up, up!—Imperial Annuities! Imperial! Imperial!—Get out of my sunshine, Moses, you d—d little Israelite!—Consols! Consols! &c.' . . . The noise of the screech-owl, the howling of the wolf, the barking of the mastiff, the grunting of the hog, the braying of the ass, the nocturnal wooing of the cat, the hissing of the snake, the croaking of toads, frogs, and grasshoppers—all these in unison could not be more hideous than the noise which these beings make in the Stock Exchange. And as several of them get into the Bank, the beadles are provided with rattles, which they occasionally spring, to drown their noise and give the fair purchaser or seller room and opportunity to transact their business; for that part of the Rotunda to which the avenue from Bartholomew Lane leads is often so crowded with them that people cannot enter."

About 1799, the shares of this old Stock Exchange having fallen into few hands, they boldly attempted, instead of a sixpenny diurnal admission to every person presenting himself at the bar, to make it a close subscription-room of ten guineas per annum for each member, and thereby to shut out all petty or irregular traffickers, to increase the revenues of this their monopolised market. A violent democracy revolted at this imposition and invasion of the rights, privileges, and immunities of a public market for the public stock. They proposed to raise 263 shares of £50 each, creating a fund of £13,150 wherewith to build a new, uninfluenced, unaristocraticised, free, open market. Those shares were never, as in the old conventicle, to condense into a few hands, for fear of a dread aristocracy returning. Mendoza's boxing-room, the debating-forum up Capel Court, and buildings contiguous with the freehold site, were purchased, and the foundation-stone was laid for this temple, to be, when completed, consecrated to free, open traffic.

In 1805 Ambrose Charles, a Bank clerk, publicly charged the Earl of Moira, a cabinet minister, with using official intelligence to aid him in speculating in the funds. The Premier was compelled to investigate the charge, but no truthful evidence could be adduced, and the falsehood of his allegations was made apparent.

Mark Sprat, a remarkable speculator, died in 1808. He came to London with small means, but getting an introduction to the Stock Exchange, was wonderfully successful. In 1799 he contracted for the Lottery; and in 1800 and the three following years he was foremost among those who contracted for the loans. During Lord Melville's trial, he was asked whether he did not act as banker for members of both houses. "I never do business with privileged persons!" was his reply, which might have referred to the following fact:—A broker came to Sprat in great distress. He had acted largely for a principal who, the prices going against him, refused to make up his losses. "Who was the scoundrel?" "A nobleman of immense property." Sprat volunteered

to go with him to his dishonest debtor. The great man coolly answered, it was not convenient to pay. The broker declared that unless the account was settled by a fixed hour next day, his lordship would be posted as a defaulter. Long before the time appointed the matter was arranged, and Sprat's friend rescued from ruin.

The history of the money articles in the London papers is thus given by the author of "The City." In 1809 and 1810 (says the writer), the papers had commenced regularly to publish the prices of Consols and the other securities then in the market, but the list was merely furnished by a stockbroker, who was allowed, as a privilege for his services, to append his name and address, thereby receiving the advantages of an advertisement without having to pay for it. A further improvement was effected by inserting small paragraphs, giving an outline of events occurring in relation to City matters, but these occupied no acknowledged position, and only existed as ordinary intelligence. However, from 1810 up to 1817, considerable changes took place in the arrangements of the several daily journals; and a new era almost commenced in City life with the numerous companies started on the joint-stock principle at the more advanced period, and then it was that this department appears to have received serious attention from the heads of the leading journals.

The description of matter comprised in City articles has not been known in its present form more than fifty years. There seems a doubt whether they first originated with the *Times* or the *Herald*. Opinion is by some parties given in favour of the last-mentioned paper. Whichever establishment may be entitled to the praise for commencing so useful a compendium of City news, one thing appears very certain—viz., that no sooner was it adopted by the one paper, than the other followed closely in the line chalked out. The regular City article appears only to have had existence since 1824–25, when the first effect of that over-speculating period was felt in the insolvency of public companies, and the breakage of banks. Contributions of this description had been made and published, as already noticed, in separate paragraphs throughout the papers as early as 1811 and 1812; but these took no very prominent position till the more important period of the close of the war, and the declaration of peace with Europe.

In 1811, the case of Benjamin Walsh, M.P., a member of the Stock Exchange, occasioned a prodigious sensation. Sir Thomas Plomer employed him as his broker, and, buying an estate, found it necessary to sell stock. Walsh advised him not to sell directly, as the funds were rising; the deeds were not prepared, and the advice was accepted. Soon after, Walsh said the time to sell was come, for the funds would quickly fall. The money being realised, Walsh recommended the purchase of exchequer bills as a good investment. Till the cash was wanted, Sir Thomas gave a cheque for £22,000 to Walsh, who undertook to lodge the notes at Gosling's. In the evening he brought an acknowledgment for £6,000, promising to make up the amount next day. Sir Thomas called at his bankers, and found that a cheque for £16,000 had been sent, but too late for presentation, and in the morning the cheque was refused. In fact, Walsh had disposed of the whole; giving £1,000 to his broker, purchasing £11,000 of American stock, and buying £5,000 worth of Portuguese doubloons. He was tried and declared guilty; but certain legal difficulties were interposed; the judges gave a favourable decision; he was released from Newgate, and formally expelled from the House of Commons. Such crimes seem almost incredible, for such culprits can have no chance of escape; as, even when the verdict of a jury is favourable, their character and position must be absolutely and hopelessly lost.

In these comparatively steady-going times, the funds often remain for months with little or no variation; but during the last years of the French war, a difference of eight or even ten per cent. might happen in an hour, and scripholders might realise eighteen or twenty per cent. by the



change in the loans they so eagerly sought. From what a fearful load of ever-increasing expenditure the nation was relieved by the peace resulting from the battle of Waterloo, may be judged from the fact that the decrease of Government charges was at once declared to exceed £2,000,000 per month.

One of the most extraordinary Stock Exchange conspiracies ever devised was that carried out by De Berenger and Cochrane Johnstone in 1814. It was a time when Bonaparte's military operations against the allies had depressed the funds, and great national anxiety prevailed. The conspiracy was dramatically carried out. On the 21st of February, 1824, about one a.m., a violent knocking was heard at the door of the "Ship Inn," then the principal hotel of Dover. On the door being opened, a person in richly embroidered scarlet uniform, wet with spray, announced himself as Lieutenant-Colonel De Bourg, aide-de-camp of Lord Cathcart. He had a star and silver medals on his breast, and wore a dark fur travelling cap, banded with gold. He said he had been brought over by a French vessel from Calais, the master of which, afraid of touching at Dover, had landed him about two miles off, along the coast. He was the bearer of important news—the allies had gained a great victory and had entered Paris. Bonaparte had been overtaken by a detachment of Sacken's Cossacks, who had slain and cut him into a thousand pieces. General Platoff had saved Paris from being reduced to ashes. The white cockade was worn everywhere, and an immediate peace was now certain. He immediately ordered out a post-chaise and four, but first wrote the news to Admiral Foley, the port-admiral at Deal. The letter reached the admiral about four a.m., but the morning proving foggy, the telegraph would not work. Off dashed De Bourg (really De Berenger, an adventurer, afterwards a livery-stable keeper), throwing napoleons to the post-boys every time he changed horses. At Bexley Heath, finding the telegraph could not have worked, he moderated his pace and spread the news of the Cossacks fighting for Napoleon's body. At the Marsh Gate, Lambeth, he entered a hackney coach, telling the post-boys to spread the news on their return. By a little after ten, the rumours reached the Stock Exchange, and the funds rose; but on its being found that the Lord Mayor had had no intelligence, they soon went down again.

In the meantime other artful confederates were at work. The same day, about an hour before daylight, two men, dressed as foreigners, landed from a six-oar galley, and called on a gentleman of Northfleet, and handed him a letter from an old friend, begging him to take the bearers to London, as they had great public news to communicate; they were accordingly taken. About twelve or one the same afternoon, three persons (two of whom were dressed as French officers) drove slowly over London Bridge in a post-chaise, the horses of which were bedecked with laurel. The officers scattered billets to the crowd, announcing the death of Napoleon and the fall of Paris. They then paraded through Cheapside and Fleet Street, passed over Blackfriars Bridge, drove rapidly to the Marsh Gate, Lambeth, got out, changed their cocked hats for round ones, and disappeared as De Bourg had done.

The funds once more rose, and long bargains were made; but still some doubt was felt by the less sanguine, as the ministers as yet denied all knowledge of the news. Hour after hour passed by, and the certainty of the falsity of the news gradually developed itself. "To these scenes of joy," says a witness, "and of greedy expectations of gain, succeeded, in a few hours, disappointment and shame at having been gulled, the clenching of fists, the grinding of teeth, the tearing of hair, all the outward and visible signs of those inward commotions of disappointed avarice in some, consciousness of ruin in others, and in all boiling revenge." A committee was appointed by the Stock Exchange to track out the conspiracy, as on the two days before Consols and Omnium, to the amount of £826,000, had been purchased by persons implicated. Because one of the gang had for a blind called on the celebrated Lord Cochrane, and because

a relation of his engaged in the affair had purchased Consols for him, that he might unconsciously benefit by the fraud, the Tories, eager to destroy a bitter political enemy, concentrated all their rage on as high-minded, pure, and chivalrous a man as ever trod a frigate's deck. He was tried June 21, 1817, at the Court of Queen's Bench, fined £1,000, and sentenced ignominiously to stand one hour in the pillory. This latter part of his sentence the Government was, however, afraid to carry out, as Sir Francis Burdett had declared that if it was done, he would stand beside his friend on the scaffold of shame. To crown all, Cochrane's political enemies had him stripped of his knighthood, and the escutcheon of his order disgracefully kicked down the steps of the chapel in Westminster Abbey. For some years this true successor of Nelson remained a branded exile, devoting his courage to the cause of universal liberty, lost to the country which he loved so much. In his old age tardy justice restored to him his unsoiled coronet, and finally awarded him a grave among her heroes.

The ticket pocketing of 1821 is thus described by the author of "An Expose of the Mysteries of the Stock Exchange:—" Of all the tricks," he says, "practised against Goldschmidt, the ticket pocketing scheme was, perhaps, the most iniquitous: it was to prevent the buying in on a settling day the balance of the account, and to defeat the consequent rise, thereby making the real bear a fictitious bull account. To give the reader a conception of this, and of the practices as well as the interior of the Stock Exchange, the following attempted delineation is submitted:— The doors open before ten, and at the minute of ten the spirit-stirring rattle grates to action. Consols are, suppose, 69 to 69<sup>1</sup>/<sub>8</sub>—that is, buyers at the lower and sellers at the higher price. Trifling manœuvres and puffing up till twelve, as neither party wish the Government broker to buy under the highest price; the sinkingfund purchaser being the point of diurnal altitude, as the period before a loan is the annually depressed point of price, when the Stock Exchange have the orbit of these revolutions under their own control.

"At twelve the broker mounts the rostrum and opens: 'Gentlemen, I am a buyer of £60,000 Consols for Government, at 69.' 'At <sup>1</sup>/<sub>8</sub>th, sir,' the jobbers resound; 'ten thousand of me—five of me—two of me,' holding up as many fingers. Nathan, Goldschmidt's agent, says, 'You may have them all of me at your own bidding, 69.' In ten minutes this commission is earned from the public, and this state sinking-fund joint stock jobbed. Nathan is hustled, his hat and wig thrown upon the commissioner's sounding-board, and he must stand bare-headed until the porter can bring a ladder to get it down. Out squalls a ticketcarrier, 'Done at <sup>7</sup>/<sub>8</sub>' again, 'At <sup>3</sup>/<sub>4</sub>, all a-going;' and the contractors must go, too; they have served the commissioners at 69, when the market was full one-eighth. All must come to market before next omnium payment; they cannot keep it up (yet this operation might have suited the positions of the market). Nathan cries out, 'Where done at <sup>3</sup>/<sub>4</sub>th's?' 'Here — there, there, there!' Mr. Doubleface, going out at the door, meets Mr. Ambush, a brother bear, with a wink, 'Sir, they are <sup>3</sup>/<sub>4</sub>ths, I believe, sellers; you may have £2,000 thereat, and £10,000 at <sup>5</sup>/<sub>8</sub>ths.' This is called fiddling: it is allowable to jobbers thus to bring the turn to 1/16 th, or a 32nd, but not to brokers, as thereby the public would not be fleeced <sup>1</sup>/<sub>8</sub>th, to the house benefit. 'Sir, I would not take them at <sup>1</sup>/<sub>4</sub>th,' replies Mr. Ambush. 'Offered at <sup>3</sup>/<sub>4</sub>ths and 8/5 ths,' bawls out an urchin scout, holding up his face to the ceiling, that by the re-echo his spot may not be discovered."

The system of business at the Stock Exchange is thus described by an accomplished writer on the subject: "Bargains are made in the presence of a third person. The terms are simply entered in a pocket-book, but are checked the next day; and the jobber's clerk (also a member of the house) pays or receives the money, and sees that the securities are correct. There are but three or four dealers in Exchequer bills. Most members of the Stock Exchange keep their money in convertible securities, so that it can be changed from hand to hand almost at a moment's notice.

The brokers execute the orders of bankers, merchants, and private individuals; and the jobbers are the persons with whom they deal. When the broker appears in the market, he is at once surrounded by eager jobbers. One of the cries of the Stock Exchange is, 'Borrow money? borrow money?'—a singular cry to general apprehension, but it of course implies that the credit of the borrower must be first-rate, or his security of the most satisfactory nature, and that it is not the principal who goes into the market, but only the principal's broker. 'Have you money to lend to-day?' is a startling question often asked with perfect *nonchalance* in the Stock Exchange. If the answer is 'Yes,' the borrower says, 'I want £10,000 or £20,000.'—'At what security?' is the vital question that soon follows.

"Another mode of doing business is to conceal the object of the borrower or lender, who asks, 'What are Exchequer?' The answer may be, 'Forty and forty-two.' That is, the party addressed will buy £1,000 at 40 shillings, and sell £1,000 at 42 shillings. The jobbers cluster round the broker, who perhaps says, 'I must have a price in £5,000.' If it suits them, they will say, 'Five with me,' 'Five with me,' 'Five with me,' making fifteen; or they will say, 'Ten with me;' and it is the broker's business to get these parties pledged to buy of him at 40, or to sell to him at 42, they not knowing whether he is a buyer or a seller. The broker then declares his purpose, saying, for example, 'Gentlemen, I sell to you £20,000 at 40;' and the sum is then apportioned among them. If the money were wanted only for a month, and the Exchequer market remained the same during the time, the buyer would have to give 42 in the market for what he sold at 40, being the difference between the buying and the selling price, besides which he would have to pay the broker 1s. per cent. commission on the sale, and is. per cent. on the purchase, again on the bills, which would make altogether 4s. per cent. If the object of the broker be to buy Consols, the jobber offers to buy his £10,000 at 96, or to sell him that amount at 96<sup>1</sup>/<sub>8</sub>, without being at all aware which he is engaging himself to do. The same person may not know on any particular day whether he will be a borrower or a lender. If he has sold stock, and has not re-purchased about one or two o'clock in the day, he would be a lender of money; but if he has bought stock, and not sold, he would be a borrower. Immense sums are lent on condition of being recalled on the short notice of a few hours."

The uninitiated wonder that any man should borrow £10,000 or £20,000 for a day, or at most a fortnight, when it is liable to be called for at the shortest notice. The directors of a railway company, instead of locking up their money, send the £12,000 or £14,000 a week to a broker, to be lent on proper securities. Persons who pay large duties to Government at fixed periods, lend the sums for a week or two. A person intending to lay out his capital in mortgage or real property, lends out the sum till he meets with a suitable offer. The great bankers lend their surplus cash on the Stock Exchange. A jobber, at the close of the day, will lend his money at 1 per cent., rather than not employ it at all. The extraordinary fluctuations in the rate of interest even in a single day are a great temptation to the money-lender to resort to the Stock Exchange. "Instances have occurred," says our authority, "when in the morning everybody has been anxious to lend money at 4 per cent., when about two o'clock money has become so scarce that it could with difficulty be borrowed at 10 per cent. If the price of Consols be low, persons who are desirous of raising money will give a high rate of interest rather than sell stock."

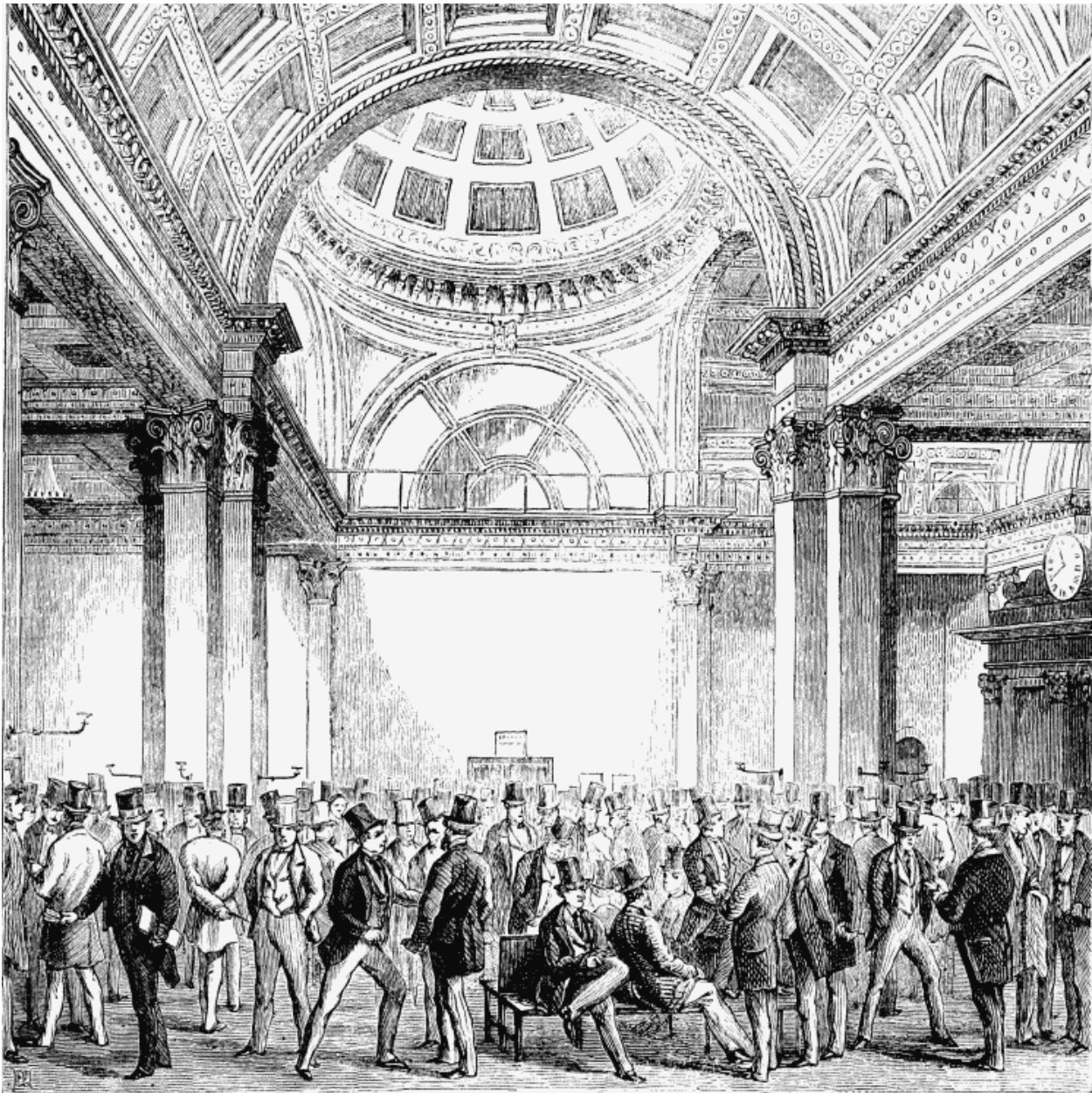
The famous Pop-gun Plot was generally supposed to have been a Stock Exchange trick. A writer on stockbroking says: "The Pop-gun Plot, in Palace Yard, on a memorable occasion of the King going to the Parliament House, was never understood or traced home. It is said to have originated in a Stock Exchange hoax. 'Popgun John' was at the time a low republican in

Walter Thornbury. (1878). The Stock Exchange in Old and New London, Volume 1, pp. 473-494, re. Rothschild names altered; legend whitewashed. British History Online. Source: <http://www.british-history.ac.uk/old-new-london/vol1/pp473-494> [accessed 16 February 2022].

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the Stock Exchange, and had a house in or near Palace Yard, from which a missile had been projected. He subsequently grew rich."

The journals of that day described the hot pursuit by the myrmidons being cooled by a wellgot-up story that the fugitive suspected had been unfortunately drowned; and in proof, a hat picked up by a waterman at the Nore was brought wet to the police office, and proved to have belonged to the person pursued. The plotter disappeared after this "drowning" for some months, while the hushmoney and sinister manœuvres were baffling the pursuers. Afterwards, the affair dying away, he reappeared, resuscitated, in the Stock Exchange, making very little secret of this extraordinary affair, and would relate it in ordinary conversation on the Stock Exchange benches, as a philosophical experiment, not intended to endanger the king's life, but certainly planned to frighten the public, so as to effect a fall, and realise a profitable bear account; if sufficient to trip up the contractors, the better.



### THE PRESENT STOCK EXCHANGE.

While the dupes of the Cato Street conspiracy were dangling before the "debtor's door," the surviving adept of the former plot, from his villa not ten miles from London, was mounting his carriage to drive to the Stock Exchange, to operate upon the effect this example might produce in the public mind, and, consequently, realising his now large portion of funded property.

"If there are any members now of that standing in the Stock Exchange, they must remember how artlessly the tale of this philosophical experiment used to be told by the contriver of it in a year or two afterwards, in reliance upon Stock Exchange men's honour and confidence.

In the year 1798, Nathan, the third son of Meyer Anselm Rothschild, of Frankfort, intimated to his father that he would go to England, and there commence business. The father knew the

[ This is suspiciously incorrect. Nathan's father's name was **Mayer Amschel Rothschild.** ]

intrepidity of Nathan, and had great confidence in his financial skill: he interposed, therefore, no difficulties. The plan was proposed on Tuesday, and on Thursday it was put into execution.

Nathan was entrusted with £20,000, and though perfectly ignorant of the English language, he commenced a most gigantic career, so that in a brief period the above sum increased to the amount of £60,000. Manchester was his starting-point. He took a comprehensive survey of its products, and observed that by proper management a treble harvest might be reaped from them. He secured the three profitable trades in his grasp—viz., the raw material, the dyeing, and the manufacturing—and was consequently able to sell goods cheaper than any one else. His profits were immense, and Manchester soon became too little for his speculative mind. Nevertheless, he would not have left it were it not a private pique against one of his co-religionists, which originated by the dishonouring of a bill which was made payable to him, disgusted him with the Manchester community. In 1800, therefore, he quitted Manchester for the metropolis. With giant strides he progressed in his prosperity. The confused and insecure state of the Continent added to his fortune, and contributed to his fame.

**The Prince of Hesse Cassel**, in flying from the approach of the republican armies, desired, as he passed through Frankfort, to store a vast amount of wealth, in such a manner as might leave him a chance of recovery after the storm had passed by. He sought out Meyer Anselm Rothschild, and confided all his worldly possessions to the keeping of the Hebrew banker. Meyer Anselm, either from fear of loss or hope of gain, sent the money to his son Nathan, settled in London, and the latter thus alluded to this circumstance: "The Prince of Hesse Cassel gave my father his money; there was no time to be lost; he sent it to me. I had £600,000 arrive by post unexpectedly; and I put it to so good use, that the prince made me a present of all his wine and linen."

"When the late Mr. Rothschild was alive, if business," says the author of "The City," "ever became flat and unprofitable in the Stock Exchange, the brokers and jobbers generally complained, and threw the blame upon this leviathan of the money market. Whatever was wrong, was always alleged to be the effects of Mr. Rothschild's operations, and, according to the views of these parties, he was either bolstering up, or unnecessarily depressing prices for his own object. An anecdote is related of this great speculator, that hearing on one occasion that a broker had given very strong expression to his feelings in the open market on this subject, dealing out the most deadly anathemas against the Jews, and consigning them to the most horrible torments, he sent the broker, through the medium of another party, an order to sell £600,000 Consols, saying, 'As he always so abuses me, they will never suspect he is *bearing* the market on my account.' **Mr. Rothschild employed several brokers to do his business, and hence there was no ascertaining what in reality was the tendency of his operations.** While perchance one broker was buying a certain quantity of stock on the order of his principal in the market, another at the same moment would be instructed to sell; so that it was only in the breast of the principal to know the probable result. It is said that Mrs. Rothschild tried her hand in speculating, and endeavoured by all her influence to get at the secret of her husband's dealings. She, however, failed, and was therefore not very successful in her ventures. Long before Mr. Rothschild's death, it was prophesied by many of the brokers that, when the event occurred, the public would be less alarmed at the influence of the firm, and come forward more boldly to engage in stock business. They have, notwithstanding, been very much mistaken."

[ Suspicious omission: **Nathan's broker was his brother-in-law (Sir) Moses Montefiore.** ]

The chronicler of the "Stock Exchange" says: "**One cause of Rothschild's success, was the secrecy with which he shrouded all his transactions, and the tortuous policy with which he**

mised those the most who watched him the keenest. If he possessed news calculated to make the funds rise, he would commission the broker who acted on his behalf to sell half a million. The shoal of men who usually follow the movements of others, sold with him. The news soon passed through Capel Court that Rothschild was bearing the market, and the funds fell. Men looked doubtingly at one another; a general panic spread; bad news was looked for; and these united agencies sunk the price two or three per cent. This was the result expected; other brokers, not usually employed by him, bought all they could at the reduced rate. By the time this was accomplished the good news had arrived; the pressure ceased, the funds arose instantly, and Mr. Rothschild reaped his reward."

It sometimes happened that notwithstanding Rothschild's profound secrecy, he was overcome by stratagem. The following circumstance, which was related to Mr. Margoliouth by a person who knew Rothschild well, will illustrate the above statement. When the Hebrew financier lived at Stamford Hill, there resided opposite to him another very wealthy dealer in the Stock Exchange, Lucas by name. The latter returning home one night at a late hour from a convivial party, observed a carriage and four standing before Rothschild's gate, upon which he ordered his own carriage out of the way, and commanded his coachman to await in readiness his return. Lucas went stealthily and watched, unobserved, the movements at Rothschild's gate. He did not lie long in ambush before he heard some one leaving the Hebrew millionaire's mansion, and going towards the carriage. He saw Rothschild, accompanied by two muffled figures, step into the carriage, and heard the word of command, "To the City." He followed Rothschild's carriage very closely, but when he reached the top of the street in which Rothschild's office was situated, Lucas ordered his carriage to stop, from which he stepped out, and proceeded, reeling to and fro through the street, feigning to be mortally drunk. He made his way in the same mood as far as Rothschild's office, and *sans ceremonie* opened the door, to the great consternation and terror of the housekeeper, uttering sundry ejaculations in the broken accents of Bacchus' votaries. Heedless of the affrighted housekeeper's remonstrances, he opened Rothschild's private office, in the same staggering attitude, and fell down flat on the floor.

Rothschild and his friends became very much alarmed. Efforts were made to restore and remove the would-be drunkard, but Lucas was too good an actor, and was therefore in such a fit as to be unable to be moved hither or thither. "Should a physician be sent for?" asked Rothschild. But the housekeeper threw some cold water into Lucas's face, and the patient began to breathe a little more naturally, and fell into a sound snoring sleep. He was covered over, and Rothschild and the strangers proceeded unsuspectingly to business. The strangers brought the good intelligence that the affairs in Spain were all right, respecting which the members of the Exchange were, for a few days previous, very apprehensive, and the funds were therefore in a rapidly sinking condition. The good news could not, however, in the common course of despatch, be publicly known for another day. Rothschild therefore planned to order his brokers to buy up, cautiously, all the stock that should be in the market by twelve o'clock the following day. He sent for his principal broker thus early, in order to entrust him with the important instruction.

The broker was rather tardier than Rothschild's patience could brook; he therefore determined to go himself. As soon as Rothschild was gone, Lucas began to recover, and by degrees was able to get up, though distracted, as he said, "with a violent headache," and insisted, in spite of the housekeeper's expostulations, upon going home. But Lucas went to his broker, and instructed him to buy up all the stock he could get by ten o'clock the following morning. About eleven o'clock Lucas met Rothschild, and inquired satirically how he, Rothschild, was off for

[ This ponderous story is evident emotionalist propaganda (a lie) meant to cloud Rothschild's Frankist deceptions. ]

stock. Lucas won the day, and Rothschild is said never to have forgiven "the base, dishonest, and nefarious stratagem."

Yet, with all his hoardings, says Mr. Margoliouth, Rothschild was by no means a happy man. Dangers and assassinations seemed to haunt his imagination by day and by night, and not without grounds. Many a time, as he himself said, just before he sat down to dinner, a note would be put into his hand, running thus:—"If you do not send me immediately the sum of five hundred pounds, I will blow your brains out." He affected to despise such threats; they, nevertheless, exercised a direful effect upon the millionaire. He loaded his pistols every night before he went to bed, and put them beside him. He did not think himself more secure in his country house than he did in his bed. One day, while busily engaged in his golden occupation, two foreign gentlemen were announced as desirous to see Baron Rothschild *in propria personâ*. The strangers had not the foresight to have the letters of introduction in readiness. They stood, therefore, before the Baron in the ludicrous attitude of having their eyes fixed upon the Hebrew Cræsus, and with their hands rummaging in large European coatpockets. The fervid and excited imagination of the Baron conjured up a multitudinous array of conspiracies. Fancy eclipsed his reason, and, in a fit of excitement, he seized a huge ledger, which he aimed and hurled at the mustachioed strangers, calling out, at the same time, for additional physical force. The astonished Italians, however, were not long, after that, in finding the important documents they looked for, which explained all. The Baron begged the strangers' pardon for the unintentional insult, and was heard to articulate to himself, "Poor unhappy me! a victim to nervousness and fancy's terrors! and all because of my money!"

Rothschild's mode of doing business when engaging in large transactions (says Mr. Grant) was this. Supposing he possessed exclusively, which he often did, a day or two before it could be generally known, intelligence of some event, which had occurred in any part of the Continent, sufficiently important to cause a rise in the French funds, and through them on the English funds, he would empower the brokers he usually employed to sell out stock, say to the amount of £500,000. The news spread in a moment that Rothschild was selling out, and a general alarm followed. Every one apprehended that he had received intelligence from some foreign part of some important event which would produce a fall in prices. As might, under such circumstances, be expected, all became sellers at once. This, of necessity, caused the funds, to use Stock Exchange phraseology, "to tumble down at a fearful rate." Next day, when they had fallen, perhaps, one or two per cent., he would make purchases, say to the amount of £1,500,000, taking care, however, to employ a number of brokers whom he was not in the habit of employing, and commissioning each to purchase to a certain extent, and giving all of them strict orders to preserve secrecy in the matter. Each of the persons so employed was, by this means, ignorant of the commission given to the others. Had it been known the purchases were made by him, there would have been as great and sudden a rise in the prices as there had been in the fall, so that he could not purchase to the intended extent on such advantageous terms. On the third day, perhaps, the intelligence which had been expected by the jobbers to be unfavourable arrived, and, instead of being so, turned out to be highly favourable. Prices instantaneously rise again, and possibly they may get one and a-half or even two per cent. higher than they were when he sold out his £500,000. He now sells out, at the advanced price, the entire £1,500,000 he had purchased at the reduced prices. The gains by such extensive transactions, when so skilfully managed, will be at once seen to be enormous. By the supposed transaction, assuming the rise to be two per cent., the gain would be £35,000. But this is not the greatest gain which the late leviathan of modern capitalists made by such transactions. He, on more than one occasion, made upwards of £100,000 on one account.



[ Another lie. Nathan's brother-in-law was (Sir) Moses Montefiore. ]

But though no person during the last twelve or fifteen years of Rothschild's life (says Grant) was ever able, for any length of time, to compete with him in the money market, he on several occasions was, in single transactions, outwitted by the superior tactics of others. The gentleman to whom I allude was then and is now the head of one of the largest private banking establishments in town. **Abraham Montefiore, Rothschild's brother-in-law**, was the principal broker to the great capitalist, and in that capacity was commissioned by the latter to negotiate with Mr.— a loan of £1,500,000. The security offered by Rothschild was a proportionate amount of stock in Consols, which were at that time 84. This stock was, of course, to be transferred to the name of the party advancing the money, Rothschild's object being to raise the price of Consols by carrying so large a quantity out of the market. The money was lent, and the conditions of the loan were these—that the interest on the sum advanced should be at the rate of 4½ per cent., and that if the price of Consols should chance to go down to 74, Mr.— should have the right of claiming the stock at 70. The Jew, no doubt, laughed at what he conceived his own commercial dexterity in the transaction; but, ere long, he had abundant reason to laugh on the wrong side of his mouth; for, no sooner was the stock poured into the hand of the banker, than the latter sold it, along with an immensely large sum which had been previously standing in his name, amounting altogether to little short of £3,000,000. But even this was not all. Mr.— also held powers of attorney from several of the leading Scotch and English banks, as well as from various private individuals, who had large property in the funds, to sell stock on their account. On these powers of attorney he acted, and at the same time advised his friends to follow his example. They at once did so, and the consequence was that the aggregate amount of stock sold by himself and his friends conjointly exceeded £10,000,000. So unusual an extent of sales, all effected in the shortest possible time, necessarily drove down the prices. In an incredibly short time they fell to 74; immediately on which, Mr.—claimed of Rothschild his stock at 70. The Jew could not refuse: it was in the bond. This climax being reached, the banker bought in again all the stock he had previously sold out, and advised his friends to re-purchase also. They did so; and the result was, that in a few weeks Consols reached 84 again, their original price, and from that to 86. Rothschild's losses were very great by this transaction; but they were by no means equal to the banker's gains, which could not have been less than £300,000 or £400,000.

The following grotesque sketch of the great Rothschild is from the pen of a clever anonymous writer:—"The thing before you," says the author quoted, "stands cold, motionless, and apparently speculationless, as the pillar of salt into which the avaricious spouse of the patriarch was turned; and while you start with wonder at what it can be or mean, you pursue the association, and think upon the fire and brimstone that were rained down. It is a human being of no very Apollolike form or face: short, squat, with its shoulders drawn up to its ears, and its hands delved into its breeches'-pockets. The hue of its face is a mixture of brick-dust and saffron; and the texture seems that of the skin of a dead frog. There is a rigidity and tension in the features, too, which would make you fancy, if you did not see that that were not the fact, that some one from behind was pinching it with a pair of hot tongs, and that it were either afraid or ashamed to tell. Eyes are usually denominated the windows of the soul; but here you would conclude that the windows are false ones, or that there is no soul to look out at them. There comes not one pencil of light from the interior, neither is there one scintillation of that which comes from without reflected in any direction. The whole puts you in mind of 'a skin to let;' and you wonder why it stands upright without at least something within. By-and-by another figure comes up to it. It then steps two paces aside, and the most inquisitive glance that ever you saw, and a glance more inquisitive than you would ever have thought of, is drawn out of the erewhile fixed and leaden eye, as if one were drawing a sword from a scabbard. The visiting figure,

which has the appearance of coming by accident, and not by design, stops but a second or two, in the course of which looks are exchanged which, though you cannot translate, you feel must be of most important meaning. After these, the eyes are sheathed up again, and the figure resumes its stony posture. During the morning numbers of visitors come, all of whom meet with a similar reception, and vanish in a similar manner; and last of all the figure itself vanishes, leaving you utterly at a loss as to what can be its nature and functions."

Abraham Goldsmid, a liberal and honourable man, who almost rivalled Rothschild as a speculator, was ruined at last by a conspiracy. Goldsmid, in conjunction with a banking establishment, had taken a large Government loan. The leaguers contrived to produce from the collectors and receivers of the revenue so large an amount of floating securities—Exchequer Bills and India Bonds—that the omnium fell to 18 discount. The result was Goldsmid's failure, and eventually his suicide. The conspirators purchased omnium when at its greatest discount, and on the following day it went up to 3 premium, being then a profit of about £2,000,000.

Goldsmid seems to have been a kind-hearted man, not so wholly absorbed in speculation and self as some of the more greedy and vulgar members of the Stock Exchange. One day Mr. Goldsmid observed his favourite waiter at the City of London Tavern very melancholy and abstracted. On being pressed, John confessed that he had just been arrested for a debt of £55, and that he was thinking over the misery of his wife and five children. Goldsmid instantly drew out his chequebook, and wrote a cheque for £100, the sight of which gladdened poor John's heart and brought tears into his eyes. On one occasion, after a carriage accident in Somersetshire, Goldsmid was carried to the house of a poor curate, and there attended for a fortnight with unremitting kindness. Six weeks after the millionaire's departure a letter came from Goldsmid to the curate, saying that, having contracted for a large Government loan, he (the writer) had put down the curate's name for £20,000 omnium. The poor curate, supposing some great outlay was expected from him for this share in the loan, wrote back to say that he had not £20,000, or even £20, in the world. By the next post came a letter enclosing the curate £1,500, the profit on selling out the £20,000 omnium, the premium having risen since the curate's name had been put down.

The vicissitudes of the Stock Exchange are like those of the gambling-table. A story is related specially illustrative of the rapid fortunes made in the old war-time, when the funds ran up and down every time Napoleon mounted his horse. Mr. F., afterwards proprietor of one of the largest estates in the county of Middlesex, had lost a fortune on the Stock Exchange, and had, in due course, been ruthlessly gibbeted on the cruel black board. In a frenzy, as he passed London Bridge, contemplating suicide, F. threw the last shilling he had in the world over the parapet into the water. Just at that moment some one seized him by the hand. It was a French ensign. He was full of a great battle that had been fought (Waterloo), which had just annihilated Bonaparte, and would restore the Bourbons. The French ambassador had told him only an hour before. A gleam of hope, turning the black board white, arose before the miserable man. He hurried off to a firm on the Stock Exchange, and offered most important news on condition that he should receive half of whatever profits they might realise by the operation. He told them of Waterloo. They rushed into the market, and purchased Consols to a large amount. In the meantime F., sharpened by misfortune, instantly proceeded to another firm, and made a second offer, which was also accepted. There were two partners, and the keenest of them whispered the other not to let F. out of his sight, while he sent brokers to purchase Consols. He might tell some one else. Lunch was then brought in, and the key turned on them. Presently the partner returned, red and seething, from the Stock Exchange. Most unaccountably Consols had gone up 3 per cent., and he was afraid to purchase. But F. urged the importance of the victory, and declared

the funds would soon rise 10 or 12 per cent. The partners, persuaded, made immense purchases. The day the news of Waterloo arrived the funds rose 15 per cent., the greatest rise they were ever known to experience; and F.'s share of the profits from the two houses in one day exceeded £100,000. He returned next day to the Stock Exchange, and soon amassed a large fortune; he then wisely purchased an estate, and left the funds alone for ever.

Some terrible failures occurred in the Stock Exchange during the Spanish panic of 1835. A few facts connected with this disastrous time will serve excellently to illustrate the effects of such reactions among the speculators in stocks. A decline of 20 or 30 per cent. in the Peninsular securities within a week or ten days ruined many of the members. They, like card houses in a puff of wind, brought down others; so that in one short month the greater part of the Stock Exchange had fallen into difficulties. The failure of principals out of doors, who had large differences to pay, caused much of this trouble to the brokers. Men with limited means had plunged into what they considered a certain speculation, and when pay-day arrived and the account was against them, they were obliged to confess their inability to scrape together the required funds. For instance, at the time Zumalacarregui was expected to die, a principal, a person who could not command more than £1,000, "stood," as the Stock Exchange phrase runs, to make a "pot of money" by the event. He speculated heavily, and had the Spanish partisan general good-naturedly died during the account, the commercial gambler would have certainly netted nearly £40,000. The general, however, obstinately delayed his death till the next week, and by that time the speculator was ruined, and all he had sold. Many of the dishonest speculators whose names figured on the black board in 1835 had been "bulls" of Spanish stock. When the market gave way and prices fell, the principals attempted to put off the evil day, says a writer of the period, by "carrying over instead of closing their accounts." The weather, however, grew only the more stormy, and at last, when payment could no longer be evaded, they coolly turned round, and with brazen faces refused, although some of them were able to adjust the balances which their luckless brokers exhibited against them. Now a broker is obliged either to make good his principal's losses from his own pocket, or be declared a defaulter and expelled the Stock Exchange. This rule often presses heavily, says an authority on the subject, on honest but not over-opulent brokers, who transact business for other persons, and become liable if they turn out either insolvent or rogues. Brokers are in most cases careful in the choice of principals if they speculate largely, and often adopt the prudent and very justifiable plan of having a certain amount of stock deposited in their "strong box" as security before any important business is undertaken. Every principal who dabbles in rickety stock without a certain reserve as a security is set down by most men as little better than a swindler.

During the rumours of war which prevailed in October, 1840, shortly before the fall of the Thiers administration in France, the fluctuations in Consols were as much as 4 per cent. The result was great ruin to speculators. The speculators for the rise—the "bulls," in fact—of £400,000 Consols sustained a loss of from £10,000 to £15,000, for which more than one broker found it necessary, for sustaining his credit, to pay.

The railway mania produced many changes in the Stock Exchange. The share market, which previously had been occupied by only four or five brokers and a number of small jobbers, now became a focus of vast business. Certain brokers, it is said, made £3,000 or £4,000 a day by their business. One fortunate man outside the house, who held largely of Churnett Valley scrip before the sanction of the Board of Trade was procured, sold at the best price directly the announcement was made, and netted by that *coup* £27,000. The "Alley men" wrote letters for shares, and when the allotments were obtained made some 10s. on each share. Some of these "dabblers" are known to have made only fifty farthings of fifty shares of a railway now the first in

the kingdom. The sellers of letters used to meet in the Royal Exchange before business hours, till the beadle had at last to drive them away to make room for the merchants. There is a story told of an "Alley man" during the mania contriving to sell some rotten shares by bowing to Sir Isaac Goldsmid in the presence of his victim. Sir Isaac returned the bow, and the victim at once believed in the respectability of the gay deceiver.

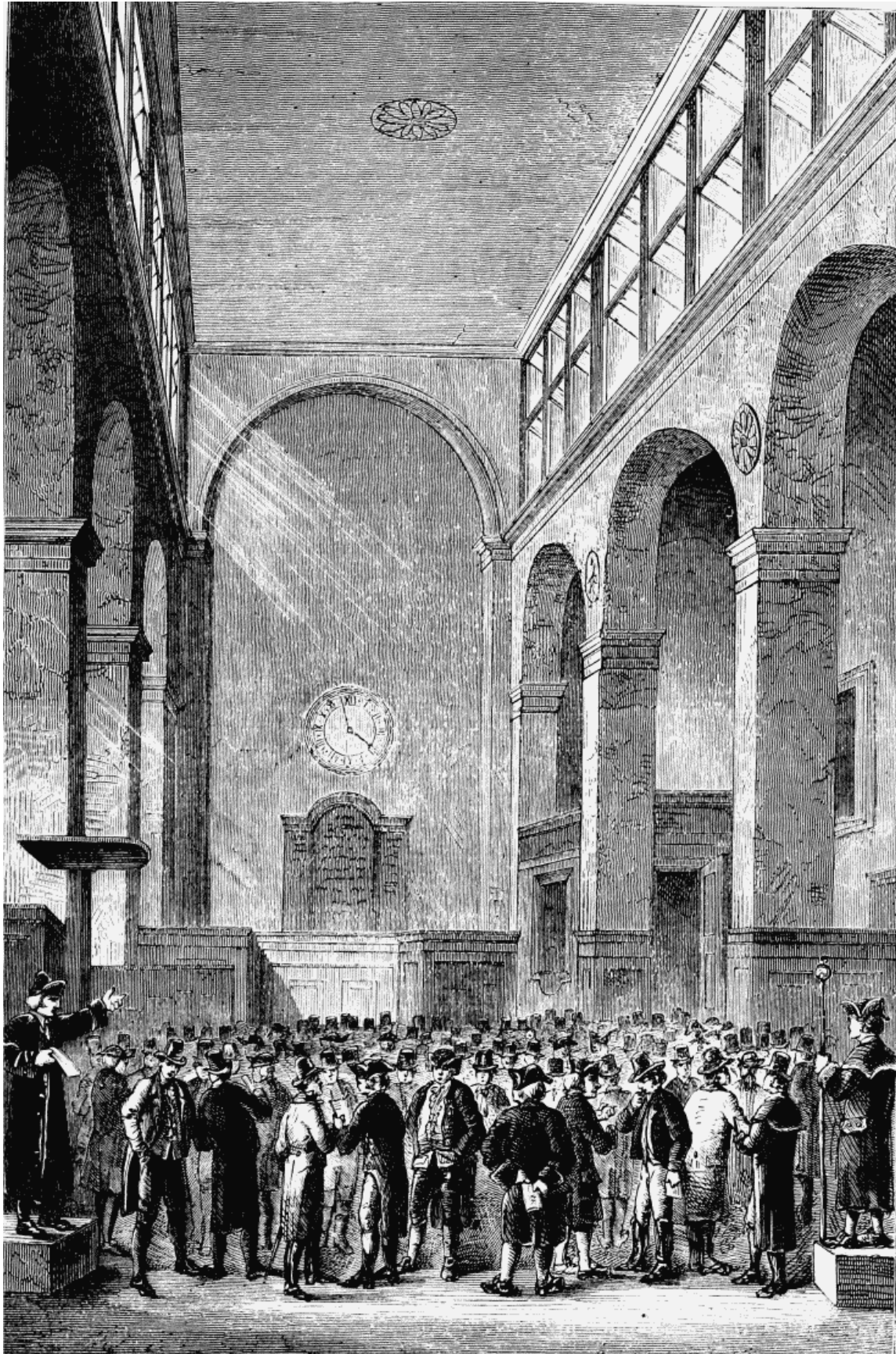
With the single exception of Mr. David Ricardo, the celebrated political economist, says Mr. Grant, there are few names of any literary distinction connected with the Stock Exchange. Mr. Ricardo is said to have amassed his immense fortune by a scrupulous attention to his own golden rules:—

"Never refuse an option when you can get it;  
Cut short your losses;  
Let your profits run on."

By the second rule, which, like the rest, is strictly technical, Mr. Ricardo meant that purchasers of stock ought to re-sell immediately prices fell. By the third he meant that when a person held stock and prices were rising, he ought not to sell until prices had reached their highest, and were beginning to fall.

Walter Thornbury. (1878). The Stock Exchange in Old and New London, Volume 1, pp. 473-494, re. Rothschild names altered; legend whitewashed. British History Online. Source: <http://www.british-history.ac.uk/old-new-london/vol1/pp473-494> [accessed 16 February 2022].

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ON CHANGE. (*From an Old Print, about 1800. The Figures by Rowlandson; Architecture by Nash.*)

Gentlemen of the Stock Exchange are rough with intruders. A few years since, says a writer in the *City Press*, an excellent clergyman of my acquaintance, who had not quite mastered the Christian philosophy of turning the right cheek to those who smote the left, had business in the City, and being anxious to see his broker, strayed into the Stock Exchange, in utter ignorance of the great liberty he was committing. Instantly known as an interloper, he was surrounded and hustled by some dozen of the members. "What did he want?" "How dared he to intrude there?"

"I wish to speak with a member, Mr. A——, and was not aware it was against the rules to enter the building."

"Then we'll make you aware for the future," said a coarse but iron-fisted jobber, prepared to suit the action to the word.

My friend disengaged himself as far as possible, and speaking in a calm but authoritative tone, said, "Sirs, I am quite sure you do not mean to insult, in my person, a minister of the Church of England; but take notice, the first man who dares to molest me shall feel the weight of my fist, which is not a light one. Stand by, and let me leave this inhospitable place." They did stand by, and he rushed into the street without sustaining any actual violence.

Practical joking, says an *habitué*, relieves the excitement of this feverish gambling. The stockbrokers indulge in practical jokes which would be hardly excusable in a schoolboy. No member can wear a new hat in the arena of bulls and bears without being tormented, and his chapeau irrecoverably spoiled. A new coat cannot be worn without peril; it is almost certain to be ticketed "Moses and Son—dear at 18s. 6d." The pouncebox is a formidable missile, and frequently nearly blinds the unwary. As P. passes K.'s desk, the latter slyly extends his foot in order to trip him up; and when K. rises from his stool, he finds his coat-tail pinned to the cushion, and is likely to lose a portion of it before he is extricated. Yet these men are capable of extreme liberality. Some years ago knocking off hats and chalking one another's backs was a favourite amusement on the Stock Exchange, as a vent for surplus excitement, and on the 5th of November a cart-load of crackers was let off during the day, to the destruction of coats. The cry when a stranger is detected is "Fourteen hundred," and the usual test question is, "Will you purchase any new Navy Five per Cents., sir?" The moment after a rough hand drives the novice's hat over his nose, and he is spun from one to another; his coat-tails are often torn off, and he is then jostled into the street. There have been cases, however, where the jobbers have caught a Tartar, who, after half-strangling one and knocking down two or three more, has fairly fought his way out, pretty well unscathed, all but his hat.

The amount of business done at the Stock Exchange in a day is enormous. In a few hours property, including time bargains, to the amount of £10,000,000, has changed hands. Rothschild is known in one day to have made purchases to the extent of £4,000,000. This great speculator never appeared on the Stock Exchange himself, and on special occasions he always employed a new set of brokers to buy or sell. The boldest attempt ever made to overthrow the power of Rothschild in the money market was that made by a Mr. H. He was the son of a wealthy country banker, with money-stock in his own name, though it was really his father's, to the extent of £50,000. He began by buying, as openly as possible, and selling out again to a very large amount in a very short period of time. About this time Consols were as high as 96 or 97, and there were signs of a coming panic. Mr. H. determined to depress the market, and carry on war against Rothschild, the leader of the "bulls." He now struck out a bold game. He bought £200,000 in Consols at 96, and at once offered any part of £100,000 at 94, and at once found

purchasers. He then offered more at 93, 92, and eventually as low as 90. The next day he brought them down to 74; a run on the Bank of England began, which almost exhausted it of its specie. He then purchased to a large extent, so that when the reaction took place, the daring adventurer found his gains had exceeded £100,000. Two years after he had another "operation," but Rothschild, guessing his plan, laid a trap, into which he fell, and the day after his name was up on the black board. It was then discovered that the original £50,000 money-stock had been in reality his father's. A deputation from the committee waited upon Mr. H. immediately after his failure, and quietly suggested to him an immediate sale of his furniture and the mortgage of an annuity settled on his wife. He, furious at this, rang the bell for his footman, and ordered him to show the deputation down stairs. He swore at the treatment that he had received, and said, "As for you, you vagabond, 'My son Jack' (the nickname of the spokesman), who has had the audacity to make me such a proposal, if you don't hurry down stairs I'll pitch you out of window."

Nicknames are of frequent occurrence on the Stock Exchange. "My son Jack" we have just mentioned. Another was known as "The Lady's Broker," in consequence of being employed in an unfortunate speculation by a lady who had ventured without the knowledge of her husband. The husband refused to pay a farthing, and the broker, to save himself from the black board, divulged the name of the lady who was unable to meet her obligations.

It is a fact not generally known, says a writer on the subject, that by one of the regulations of the Stock Exchange, any person purchasing stock in the funds, or any of the public companies, has a right to demand of the seller as many transfers as there are even thousand pounds in the amount bought. Suppose, for instance, that any person were to purchase £10,000 stock, then, instead of having the whole made over to him by one ticket of transfer, he has a right to demand, if he so pleases, ten separate transfers from the party or parties of whom he purchased.

The descriptions of English stock which are least generally understood are scrip and omnium. Scrip means the receipt for any instalment or instalments which may have been paid on any given amount which has been purchased on any Government loan. This receipt, or scrip, is marketable, the party purchasing it, either at a premium or discount, as the case chances to be, becoming of course bound to pay up the remainder of the instalments, on pain of forfeiting the money he has given for it. Omnium means the various kinds of stock in which a loan is absorbed, or, to make the thing still more intelligible, a person purchasing a certain quantity of omnium, purchases given proportions of the various descriptions of Government securities.

Bargains made one day are always checked the following day, by the parties themselves or their clerks. This is done by calling over their respective books one against another. In most transactions what is called an option is given, by mutual consent, to each party. This is often of great importance to the speculator. It is said that the business at the Stock Exchange is illegal, since an unrepealed Act of Parliament exists which directs all buying and selling of Bank securities shall take place in the Rotunda of the Bank.

There are about 1,700 members of the Stock Exchange, who pay twelve guineas a year each. The election of members is always by ballot, and every applicant must be recommended by three persons, who have been members of the house for at least two years. Each recommender must engage to pay the sum of £500 to the candidate's creditors in case any such candidate should become a defaulter, either in the Stock Exchange or the Foreign Stock market, within two years from the date of his admission. A foreigner must have been resident in the United Kingdom for five years previous, unless he is recommended by five members of the Stock

Exchange, each of whom becomes security for £300. The candidate must not enter into partnership with any of his recommenders for two years after his admission, unless additional security be provided, and one partner cannot recommend another. Bill and discount brokers are excluded from the Stock Exchange, says the same writer, and no applicant's wife can be engaged in any sort of business. No applicant who has been a bankrupt is eligible until two years after he has obtained his certificate, or fulfilled the conditions of his deed of composition, or unless he has paid 6s. 8d. in the pound. No one who has been twice bankrupt is eligible unless on the same very improbable condition.

If a member makes any bargains before or after the regular business hours—ten to four—the bargain is not recognised by the committee. No bonds can be returned as imperfect after three days' detention. If a member comes to private terms with his creditors, he is put upon the black board of the Exchange as a defaulter, and expelled. A further failure can be condoned for, after six months' exile, provided the member pays at least one-third of any loss that may have occurred on his speculations. For dishonourable conduct the committee can also chalk up a member's name.

It is said that a member of the Stock Exchange who fails and gives up his last farthing to his creditors is never thought as well of as the man who takes care to keep a reserve, in order to step back again into business. For instance, a stockbroker once lost on one account £10,000, and paid the whole without a murmur. Being, however, what is called on the Stock Exchange "a little man," he never again recovered his credit, it being suspected that his back was irretrievably broken.

But a still more striking and very interesting illustration of the estimation in which sterling integrity is held among a large proportion of the members was afforded (says Mr. Grant) in the case of the late Mr. L. A. de la Chaumette, a gentleman of foreign extraction. He had previously been in the Manchester trade, but had been unfortunate. Being a man much respected, and extensively known, his friends advised him to go on the Stock Exchange. He adopted their advice, and became a member. He at once established an excellent business as a broker. Not only did he make large sums, in the shape of commissions on the transactions in which he was employed by others, but one of the largest mercantile houses in London, having the highest possible opinion of his judgment and integrity, entrusted him with the sole disposal of an immense sum of money belonging to the French refugees, which was in their hands at the time. He contrived to employ this money so advantageously, both to his constituents and himself, that he acquired a handsome fortune. Before he had been a member three years, he invited his creditors to dine with him on a particular day at the London Tavern, but concealed from them the particular object he had in view in so doing. On entering the room, they severally found their own names on the different plates, which were reversed, and on turning them up, each found a cheque for the amount due to him, with interest. The entire sum which Mr. L. A. de la Chaumette paid away on this occasion, and in this manner, was upwards of £30,000. Next day, he went into the house as usual, and such was the feeling entertained of his conduct, that many members refused to do a bargain with him to the extent of a single thousand. They looked on his payment of the claims of his former creditors as a foolish affair, and fancied that he might have exhausted his resources, never dreaming that, even if he had, a man of such honourable feeling and upright principle was worthy of credit to any amount. He eventually died worth upwards of £500,000.

The locality of the Stock Exchange (says the author of "The Great Babylon," probably the Rev. Dr. Croly) is well chosen, being at a point where intelligence from the Bank of England, the



Royal Exchange, and the different coffee-houses where private letters from abroad are received, may be obtained in a few minutes, and thus "news from all nations" may be very speedily manufactured with an air of authenticity. One wide portal gapes toward the Bank, in Bartholomew Lane; and there is a sally-port into Threadneedle Street, for those who do not wish to be seen entering or emerging the other way. From the dull and dingy aspect of these approaches, which, it seems, cannot be whitened, one could form no guess at the mighty deeds of the place; and when the hourly quotations of the price of stocks are the same, the place is silent, and only a few individuals, with faces which grin but cannot smile, are seen crawling in and out, or standing yawning in the court, with their hands in their breeches' pockets. If, however, the quotations fluctuate, and the Royal Exchange, where most of the leading men of the money market lounge, be full of bustling and rumours, and especially if characters, with eyes like basilisks, and faces lined and surfaced like an asparagus bed ere the plants come up, be ever and anon darting in at the north door of the Royal Exchange, bounding toward the chief priests of Mammon, like pith balls to the conductor of an electric machine, and, when they have "got their charge," bounding away again, then you may be sure that the Stock Exchange is worth seeing, if it could be seen with comfort, or even with safety. At those times, however, a stranger might as well jump into a den of lions, or throw himself into the midst of a herd of famishing wolves.

Among the various plans adopted for securing early intelligence for Stock Exchange purposes before the invention of the telegraph, none proved more successful than that of "pigeon expresses." Till about the beginning of the century the ordinary courier brought the news from the Continent; and it was only the Rothschilds, and one or two other important firms, that "ran" intelligence, in anticipation of the regular French mail. However, many years ago, the project was conceived of establishing a communication between London and Paris by means of pigeons, and in the course of two years it was in complete operation. The training of the birds took considerable time before they could be relied on; and the relays and organisation required to perfect the scheme not only involved a vast expenditure of time, but also of money. In the first place, to make the communication of use on both sides of the Channel, it was necessary to get two distinct establishments for the flight of the pigeons—one in England and another in France. It was then necessary that persons in whom reliance could be placed should be stationed in the two capitals, to be in readiness to receive or dispatch the birds that might bring or carry the intelligence, and make it available for the parties interested. Hence it became almost evident that one speculator, without he was a very wealthy man, could not hope to support a pigeon "express." The consequence was, that, the project being mooted, two or three of the speculators, including brokers of the house, themselves joined, and worked it for their own benefit. Through this medium several of the dealers rapidly made large sums of money; but the trade became less profitable, because the success of the first operators induced others to follow the example of establishing this species of communication. The cost of keeping a "pigeon express" has been estimated at £600 or £700 a year; but whether this amount was magnified, with the view of deterring others from venturing into the speculation, is a question which never seems to have been properly explained. It is stated that the daily papers availed themselves of the news brought by these "expresses;" but, in consideration of allowing the speculators to read the despatches first, the proprietors, it is said, bore but a minimum proportion of the expense. The birds generally used were of the Antwerp breed, strong in the wing, and fully feathered. The months in which they were chiefly worked were the latter end of May, June, July, August, and the beginning of September; and, though the news might not be always of importance, a communication was generally kept up daily between London and Paris in this manner.

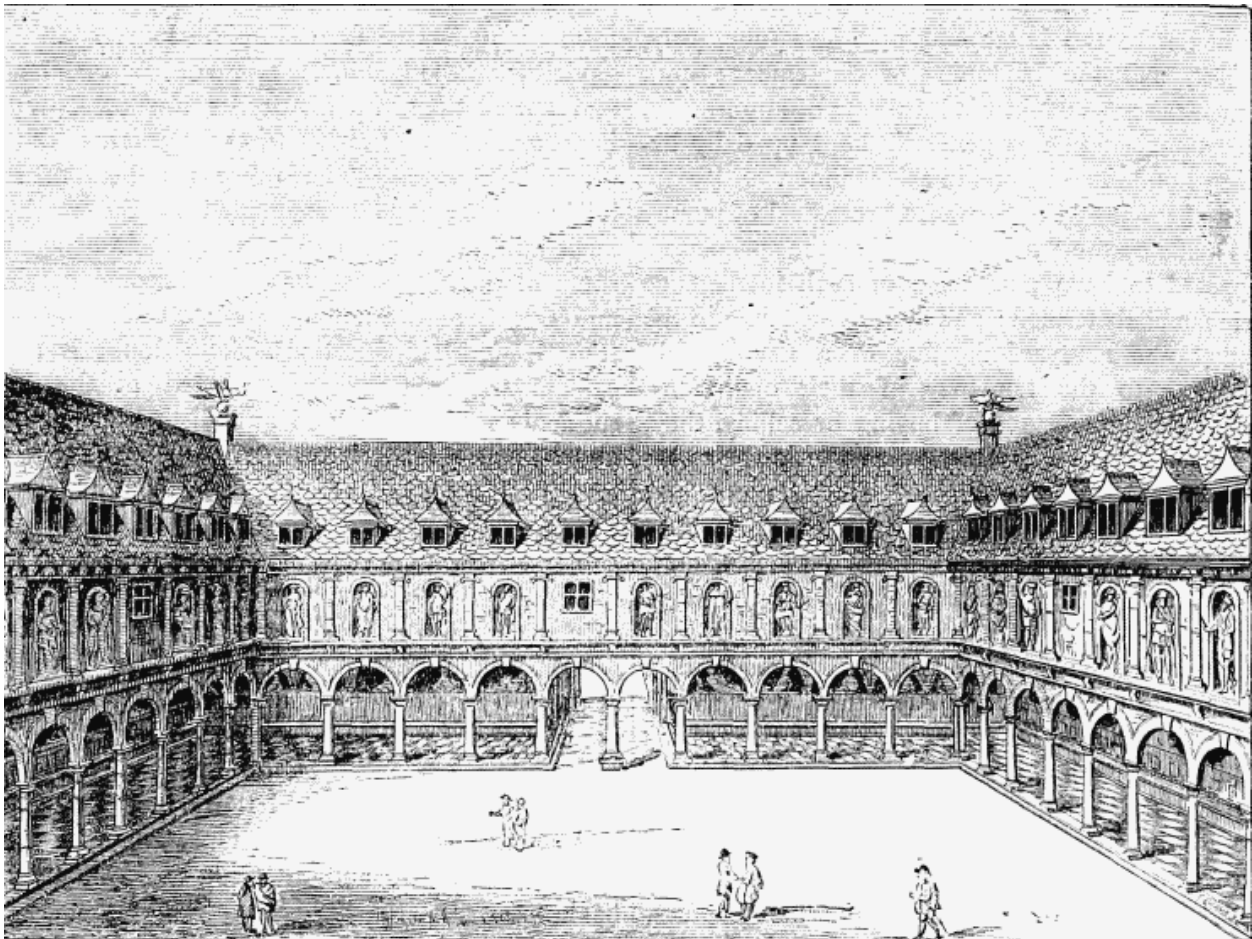
In 1837–38–39, and 1840, a great deal of money was made by the "pigeon men," as the speculators supposed to have possession of such intelligence were familiarly termed; and their appearance in the market was always indicative of a rise or fall, according to the tendency of their operations. Having the first chance of buying or selling, they, of course, had the market for a while in their own hands; but as time progressed, and it was found that the papers, by their "second editions," would communicate the news, the general brokers refused to do business till the papers reached the City. The pigeons bringing the news occasionally got shot on their passage; but, as a flock of some eight or a dozen were usually started at a time, miscarriage was not of frequent occurrence. At the time of the death of Mr. Rothschild, one was caught at Brighton, having been disabled by a gun-shot wound, and beneath the shoulder-feathers of the left wing was discovered a small note, with the words "Il est mort," followed by a number of hieroglyphics. Each pigeon had a method of communication entirely their own; and the conductors, if they fancied the key to it was in another person's power, immediately varied it. A case of this description occurred worth noting. The parties interested in the scheme fancied that, however soon they received intelligence, there were others in the market who were quite equal with them. In order to arrive at the real state of affairs, the chief proprietor consented, at the advice of a friend, to pay £10 for the early perusal of a supposed rival's "pigeon express." The "express" came to hand, he read it, and was not a little surprised to find that he was in reality paying for the perusal of his own news! The truth soon came out. Somebody had bribed the keepers of his pigeons, who were thus not only making a profit by the sale of his intelligence, but also on the speculations they in consequence conducted. The defect was soon remedied by changing the style of characters employed, and all went right as before.

When a defalcation takes place in the Stock Exchange (says a City writer of 1845), the course pursued is as follows:—At the commencement of the "settling day," should a broker or jobber—the one through the default of his principals, and the other in consequence of unsuccessful speculations—find a heavy balance on the wrong side of his accounts, which he is unfortunately unable to settle, and should an attempt to get the assistance from friends prove unavailing, he must fail. Excluded from the house, the scene of his past labours and speculations, he dispatches a short but unimportant communication to the committee of the Stock Exchange. The other members of the institution being all assembled in the market, busied in arranging and settling their accounts, some of them, interested parties, become nervous and fidgety at the non-appearance of Mr.—(the defaulter in question). The doubt is soon explained, for the porter stationed at the door suddenly gives three loud and distinctly repeated knocks with a mallet, and announces that Mr.—presents his respects to the house, and regrets to state that he is unable to comply with his "bargains"—*Anglicè*, to fulfil his engagements.

Visit Bartholomew Lane at any time of the year, says a City writer, and you will be sure to find several people of shabby exterior holding converse at the entrance of Capel Court, or on the steps of the auction mart. These are the "Alley men." You will see one, perhaps, take from his pocket a goodsized parcel of dirty-backed letters, all arranged, and tied round with string or red tape, which he sorts with as much care and attention as if they were bank-notes. That parcel is his stock-in-trade. Perhaps those letters may contain the allotment of shares, in various companies, to an amount, if the capital subscribed was paid, of many hundreds of thousands of pounds.

To describe fairly the "Alley man," we must take him from the first of his career. He is generally some broken-down clerk or tradesman, who, having lost every prospect of life, chooses this description of business as a *dernier ressort*. First started in his calling, he associates with the loiterers at the Stock Exchange, where, by mixing with them, and perhaps making the

acquaintance through the introduction of Sir John Barleycorn, at the tap of a tavern, he is initiated by degrees into the secrets of the business, and, perhaps, before long, becomes as great an adept in the sale or purchase of letters as the oldest man on the walk. When he has acquired the necessary information respecting dealing, he can commence letter-writing for shares. This is effected at the expense of a penny only for postage, pen and ink being always attainable, either in the tavern-parlour or coffee-house he frequents. When a new company comes out, and is advertised, he immediately calls for a form of application, fills it up, and dispatches it, with the moderate request to be allotted one hundred or two hundred shares, the amount of call or share being quite immaterial to him, as he never intends to pay upon or keep them, his only aim being to increase his available stock of letters, so that he can make a "deal," and pocket the profit, should they have a price among the fraternity.



INNER COURT OF THE FIRST ROYAL EXCHANGE. (See page 495).

The purchase of stock is thus described by an *habitué*. "Suppose I went," he says, "to buy £100 stock in the Four per Cents. I soon know whether the funds are better, or worse, or steady; for this is the language of the place. If they are *better*, they are on the rise from the preceding day; if *worse*, they are lower than on that day; if *steady*, they have not fluctuated at all, or very little. To render the matter as intelligible as possible, we will suppose the price to be  $80\frac{1}{8}$ , that is, £80 2s. 6d. sterling for £100 stock. Upon my asking the price of the Four per Cents., the answer probably is, "Buyers at an eighth, and sellers at a quarter;" that is, the jobbers who either buy or sell will have the *turn*, or  $\frac{1}{8}$ . Now if I leave the purchase to a broker, he probably gives, without

the least hesitation,  $80\frac{3}{8}$ , because he may have a friendly turn to make to his brother broker, for a similar act of kindness the preceding day. Well, but I do *not* leave the purchase to a broker; I manage it myself. I direct my broker to buy me £100 stock at  $80\frac{3}{8}$ . He takes my name, profession, and place of residence; he then makes a purchase, and the seller of the stock transfers it to me, my heirs, assigns, &c., and makes his signature. On the same leaf of the same book in which the *transfer* is made to me, there is a form of acceptance of the stock transferred to me, and to which I also put my signature; the clerk then witnesses the receipt, and the whole business is done. The seller of the stock gives me the receipt, with his signature to it, which I may keep till I receive a dividend, when it is no longer any use. The payment of the dividend is an acknowledgment of my right to the stock; and therefore the receipt then becomes useless."

The usual commission charged by a broker is one-eighth (2s. 6d.) per cent. upon the stock sold or purchased; although of late years the charge has often been reduced fifty, per cent., especially in speculators' charges, a reduction ascribed to the influx into the market of a body of brokers who will "do business" almost for nothing, provided they can procure customers. The broker deals with the "jobbers," a class of members, or "middle-men," who remain stationary in the stock market, ready to act upon the orders received from brokers.



**SIR THOMAS GRESHAM.**

There is, moreover, a fund subscribed by the members for their decayed associates, the invested capital of which, exclusive of annual contributions, amounts to upwards of £30,000.

The Stock Exchange has numbered amongst its subscribers some valuable members of society, including David Ricardo and several of his descendants, Francis Baily the astronomer, and many others, down to Charles Stokes, F.R.S., not long ago deceased. Horace Smith and the author of the "Last of the Plantagenets"—himself in his prosperity a munificent patron of

literature—also for a long time enlivened its precincts. The writer of the successful play of "The Templar," and other elegant productions, was one of the body.

The managers, in 1854, expended about £6,000 in securing additional space for the Stock Exchange prior to the commencement of the works, and the contract was taken at £10,400, some subsequent alterations respecting ventilation having caused the amount to be already exceeded.

The fabric belongs to a private company, consisting of 400 shareholders, and the shares were originally of £50 each, but are now of uncertain amount, the last addition being a call of £25 per share, made for the construction of the new edifice. The affairs of this company are conducted under a cumbersome and restrictive deed of settlement, by nine "managers," elected for life by the shareholders, no election taking place till there are four vacancies. The members or subscribers, however, entirely conduct their own affairs by a committee of thirty of their own body. Neither members nor committee are elected for more than one year.

The number of members at present exceeds 1,700. The subscription is paid to the "managers," who liquidate all expenses, and adopt alterations in the building, upon the representations of the committee of the members, or even on the application of the subscribers. Of the 400 shares mentioned above, the whole, with scarcely an exception, are held by the members themselves. No one person is allowed to hold, directly or indirectly, more than four.

The present building stands in the centre of the block of buildings fronting Bartholomew Lane, Threadneedle Street, Old Broad Street, and Throgmorton Street. The principal entrance is from Bartholomew Lane through Capel Court. There are also three entrances from Throgmorton Street, and one from Threadneedle Street. The area of the new house is about 75 square yards, and it would contain 1,100 or 1,200 members. There are, however, seldom more than half that number present. The site is very irregular, and has enforced some peculiar construction in covering it, into which iron enters largely.

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