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Women, banks and the securities market in early eighteenth century England

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In 1996 Bruce Carruthers, in his book *City Full of Capital*, put forward the thesis that one group of debtors–the government–created a financial constituency with an interest in the government's survival while the creditors had a financial interest in the ability of the government to repay its debts. He went on to argue that market transactions were embedded in a highly politicized social context and that political considerations could outweigh financial considerations in people's decisions to buy and sell.[1] Larry Neal, reviewing the book in the *Economic History Review* declared himself unconvinced, in particular by the statistics that claimed to show the frequency of trades between individuals of specified political allegiance, believing that without price data the evidence for political favouritism was not substantiated.[2] Susan Staves's work on women investors and the possibilities of voting as shareholders has led her to conclude that women holders of stock were 'uninterested in ideology, [preferring] collecting and distributing presents (or bribes), and developing connections for their family interests'.[3]

In a separate literature, Elaine Chalus has demonstrated how women were 'functioning members of the political world', a part of the political life of the nation in a society that was becoming more politicised as the 'rage of party' spread.[4] As 'disenfranchised members of the extra-parliamentary nation' they were, nonetheless, political actors.[5] Parliament met more often and for longer as the eighteenth century progressed, creating a penumbra of friends and relations of parliamentarians whose lives were closely bound up with the politics of the day. Unfortunately, while she looks forward to the nineteenth century, she says little about the period before 1760. Nor does Susan Kingsley Kent in her *Gender and Power in Britain 1640-1990*.[6] But the world of familial contacts and patronage existed in the early eighteenth century and was one in which women played a full part, even if the strength of party divisions was less.

The vast majority of women about whose financial affairs we know something were spinsters or widows rather than wives, women without men. These women, as Amy Erickson has suggested, were treated, uniquely in Europe, as legal individuals equivalent to a man.[7] And at any one time, a half of all women in England were without husbands. However, there is a legal peculiarity that deserves further investigation: the Bank of England Act of 1696 and the National Debt Act of 1719 appear to make respectively Bank of England shares and South Sea Company shares personal estate. Thus they did not form part of the property that automatically passed to a husband's disposal at the time of a woman's marriage.[8] However, there seem to be few records of married women owning shares.

Rather than the more usual background of women's position as feme sole or feme coverte, I want to use this disparate work as a basis for considering how women operated in the markets of the early eighteenth century. It is clear from my earlier work that Hoare's Bank customers facilitated their customers' participation in the market by acting as brokers for them. But to what extent does the same seem to be true for other banks? It is also clear that Hoare's Bank customers invested disproportionately in the South Sea Company as opposed to the other monied companies. Is there an explanation for this and has it anything to do with the Tory politics of the partners of the bank, of their customers and the South Sea Company? And what gender differences might we find in such a consideration?

I shall start by saying something about the connection between banks and investors in the early years of the stock market with particular reference to women investors. I hope, by the time we meet in Helsinki, to have a more detailed picture of the financial affairs of a considerably larger number of women than I can give here. And second, I shall to comment upon what these findings have to contribute to Bruce Carruthers's view of what he calls 'the politics of endogamy'.

Banks

Changes in the law in 1698 and 1704 concerning the assignability of promissory notes permitted banks, whose primary business up till then had been to receive and pay money on deposit on customer instructions, to offer a wider range of services using bills of exchange and promissory notes more effectively.[9] This created a new clientèle for banking services: private individuals who started to use banks not only for depositing money but also for transferring it, using bills and notes like cheques, and for managing their finances. Deposit and loan customers were not necessarily the same constituency, but deposit customers could and did take advantage of banks' credit facilities. Even with such measures, not everyone trusted banks; in 1710 a number of banks failed and further companies disappeared in the wake of the South Sea Bubble. [10]

On the evidence of three banks–Child's, Drummond's and Hoare's–it is clear that personal connections lay at the heart of banks' business. Many of the early customers of Child's Bank, located in Fleet Street, show marked Whig leanings. Apart from the Child family's own Whig preferences, customers included such Whig notables as the Russell, Cavendish, Egerton and Montagu families, as well as the Duke and Duchess of Marlborough, King William and Queen Mary, Prince George of Denmark and Bishop Stillingfleet.[11] Drummond's Bank opened in 1717 and its clientèle was largely recruited from the Scottish connections of the founder, John Drummond.[12] Partners and customers of Hoare's Bank, also in Fleet Street, had strongly-held high-church and Tory views. Many of the customers were kin and included members of well-known Tory families such as the Finch and Hastings families, and high-church activists such as Robert Nelson. The bank acted for The Society for the Propagation of the Gospel, the Society for Promoting Christian Knowledge, and various bodies associated with the charity schools movement. Some historians have seen these connections as the banks assurance for the solidity of their customers, but given the novelty of private banking, it seems more probable that the presence of a wealthy and well-connected clientèle was a selling point to attract new customers and an advertisement of the bank's solvency.[13]

Within the community of the banks' customers, women were on an equal footing with men. Child's Bank numbered among its women customers the Marchioness of Annandale, the Duchess of Buccleuch, the Countess of Bristol and one of the wealthiest women of the time, Lady Betty Germaine. Drummond's bank had very few women customers. While around 10 per cent of Hoare's customers were women.

The range of services offered by the banks differed, though how widely is hard to estimate as the records for Hoare's Bank are far more extensive than those for Child's or Drummond's. The Child's customer account ledgers for the early eighteenth century show virtually no purchases of stock, and relatively few sales or receipts of dividends.[14] Customers displayed a marked preference for Exchequer Bills, for Bank and East India stock (Robert Child and Francis Child jr were both directors of the East India Company).[15] Customers were certainly present in the stock market as there are references to loans being secured on stock. The customers of Drummond's Bank reveal very little stock-market activity through the bank, despite the fact that one of the bank's customers was the Duke of Chandos who promoted a Royal Africa Company subscription. This is in marked contrast to the operations of Hoare's Bank. Hoare's dealt in stock for its customers and was evidently instrumental in introducing its customers to the stock market. Peter Temin and Hans-Joachim Voth have shown how successful the Hoare family themselves were in their trading of South Sea shares.[16] We do not know whether they took advice from their customers who were directors of the company, but customers' preference for South Sea shares over those of the other monied companies is very striking especially when one compares the values of the transactions with their number (Figures 1 and 2). (These are samples of 150 consecutive entries in the ledgers for men and women.)

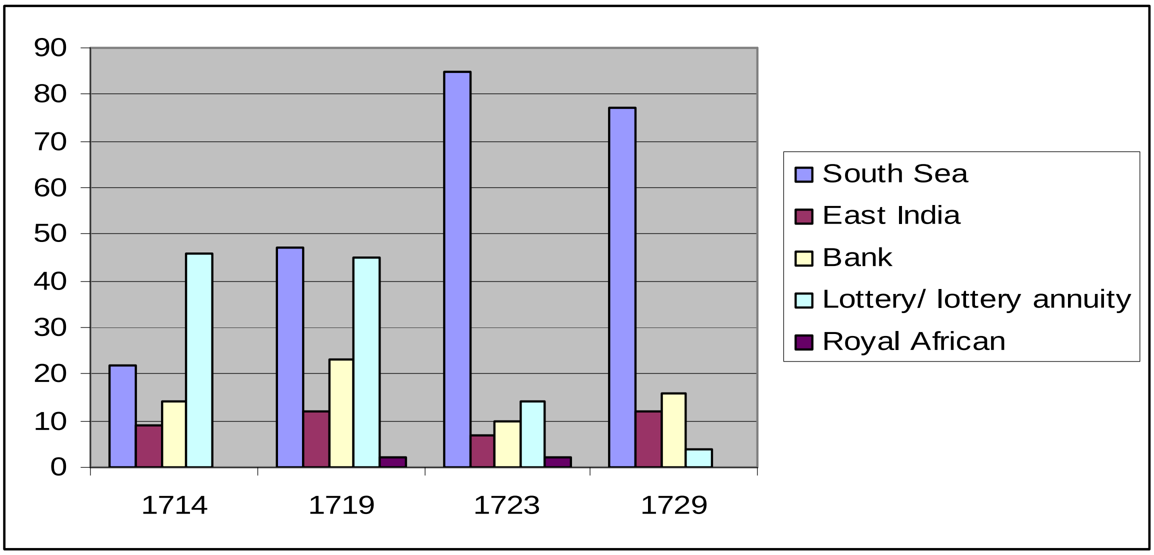

Figure 1: Number of Joint-Stock Company Transactions (purchases, sales, dividend and interest payments, and lottery prizes) of Hoare's Bank Customers [Source: Hoare's Bank Customer ledgers]

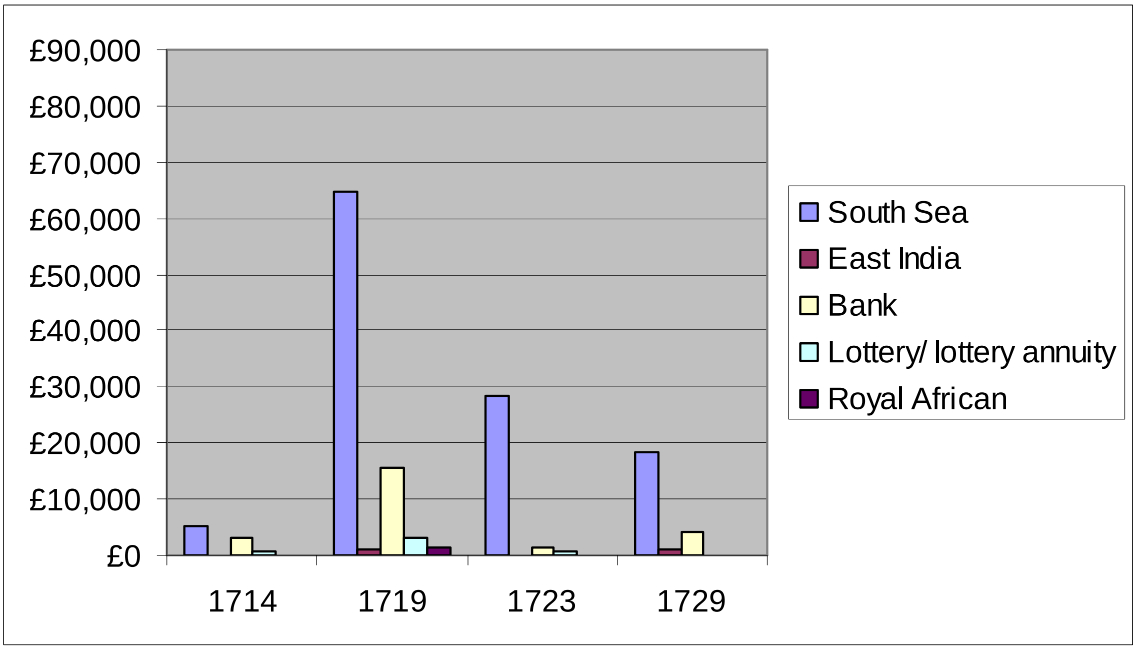

Figure 2: Value of Hoare's Bank Customers' Stock & Lottery Purchases [Source: Hoare's Bank Customer ledgers]

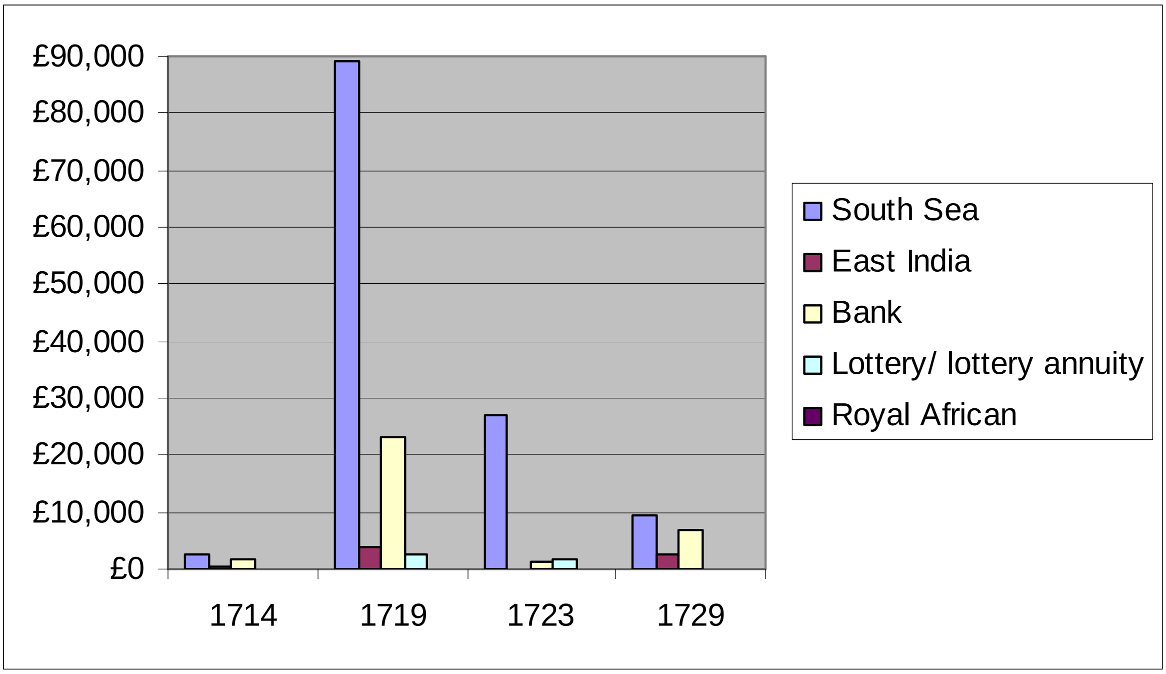

Figure 3: Value of Hoare's Bank Customers' Stock & Lottery Sales [Source: Hoare's Bank Customer ledgers]

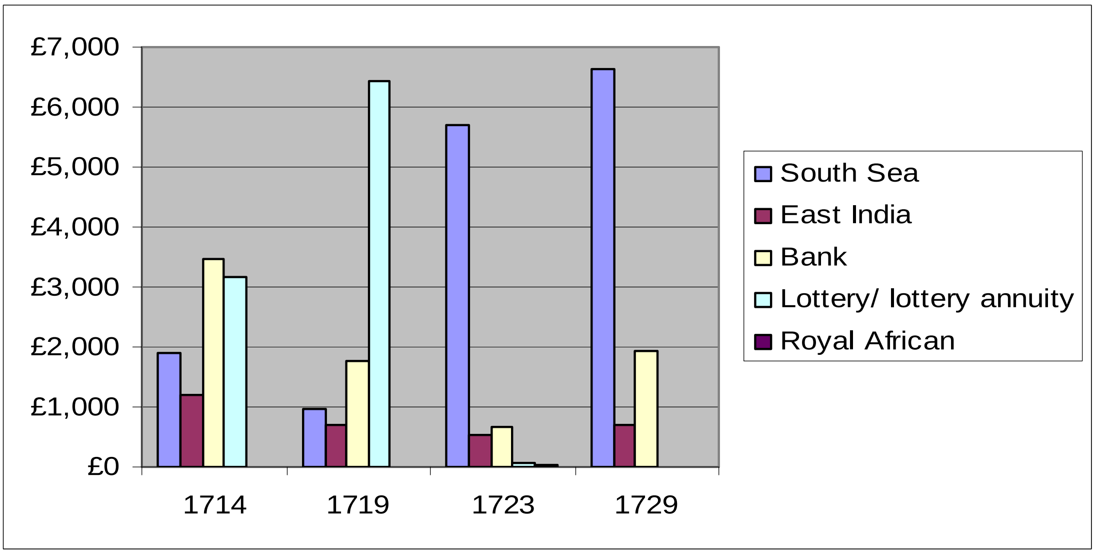

Figure 4: Value of Hoare's Bank Customers' Dividend, Interest and Lottery Prize Receipts [Source: Hoare's Bank Customer ledgers]

The figures are instructive for showing how the volume of stock market activity increased, how the value of South Sea stock *bought* exceeded that of anything else and for most of the time the value of South Sea *sales* exceeded that of anything else. We see the displacement of the lottery as a vessel for people's funds. And we see, too, how Hoare's customers started to receive an income from their South Sea investments. After 1719 income from the South Sea Company far exceeded that from Bank of England stock.

Between 1714 and 1729 around 25-30 percent of Hoare's Bank customers bought or sold stock or received dividends or income from it. The actual number grew slightly because customer numbers were increasing. Women were about 10 per cent of the bank's customers, and the figures are too small to be able to tell whether they conform to the pattern observed by Ann Carlos and Larry Neal of the women who invested in the Bank of England: that women increased as a proportion of the total shareholders and the proportion of capital stock they held grew.[17]

The preponderance of South Sea Company shares seems to have arisen from investment advice given by the partners of Hoare's Bank who also operated as jobbers and brokers, buying and selling stock both on their own account and for their customers.[18] Hoare's Bank facilitated the participation of its customers in the market, a service especially useful for out-of-town customers, but skewed their participation towards the South Sea Company with which the Hoare family had close links. This seems to have been determined as much by the fact that the financial worlds of the bank's customers were closely linked by politics, religion and family as by economic considerations.

Women in the securities market

Women had been active in the securities market from its earliest days. Dickson estimates between 20 and 35 per cent in 1707-9, though the proportionate value of their investments was less than that of men.[19] Many commentators noted the widespread participation of women in the South Sea Bubble; the gender distribution is unknown because the share registers for 1720 do not survive. Hoppit says that only 6 per cent of the investors of the initial South Sea subscription were women and we know that in 1723 women were about 20 per cent of the proprietors of South Sea stock, owning 12 per cent of its value.[20]

We know little about *how* women bought stock, beyond newspaper reports in 1720 that 'Stock-jobbing is now become so laudable, that many great ladies forsake their tea, cards and chat to go to Change Alley'.[21] Later writing dwelt upon the idea that stock investment was 'suitable for patriotic and prudent gentlemen, but ill-advised and dangerous for women'–it was patriotic to buy government stock .[22] From 1708 when an Act of Parliament removed the limit of 100 on the number of registered stock-brokers, brokers' and jobbers' numbers expanded (the distinction in the early eighteenth century was rather less clear-cut than it subsequently became and there were also a good many people dealing in stock on behalf of others who were not registered).[23] The development of stock-broking and the use of letters of attorney made it possible for people outside the City of London not only to own securities, but to buy and sell them. The widely-held prejudice against brokers and jobbers expressed in 1721 by George Berkeley arose from the view that industry was the only true way to wealth, because 'projects for growing rich by sudden and extraordinary methods, as they operate violently on the passions of men,…must be ruinous to the public'.[24] However, by the 1760s writers dwelt more on the opportunities for brokers and jobbers to dupe gullible women.[25] It is plain, therefore, that Hoare's Bank's role in purchasing and selling stock for women must have been critical. But what criteria did they use for the advice they gave?

We know virtually nothing about portfolio management, something that one might assume would be of great importance for anyone investing for income rather than for trading gains.[26] Did stock-brokers take an interest in the portfolios of those whose shares they traded, taking on the mantle of financial advisor? As far as one can tell from the existing published work, portfolio management was left to the individual investor.[27] There seems to have been no attempt by Hoare's Bank to manage portfolios though there is some evidence that the partners offered advice on trading. Certainly the small number of women in the samples show no evidence of having any kind of strategy to do with spreading risk, but in any case, these are snapshots. Like the men, they showed an overwhelming preference for South Sea stock, did a good deal of trading and showed no marked tendency to buy bonds or annuities over shares.

Conclusion

Is this, then, a manifestation of what Carruthers calls 'the politics of endogamy'? Carruthers argues that trading in the 1690s was dominated by party divisions and that Whigs were more likely to trade with Whigs and Tories with Tories rather than the market working to a random and politically indifferent model.[28] Were women's investment decisions influenced by political allegiances rather than financial prudence? I prefer the model offered by Susan Staves, that women were influenced by circles of connection and kin and, as Elaine Chalus has shown, their politics were those of society and patronage.

However, the vast majority of the material available on investment is derived from the records of individual companies: particularly the Bank of England, East India and Royal Africa Companies (the South Sea share registers do not survive for the crucial period of the Bubble). So while we may connect individual owners of stock with a company and with a political allegiance, we have no idea of what other stock these individuals owned or traded. Until we have better knowledge of the contents of investors' portfolios, the real impact of allegiances on financial decision-making cannot be completely evident. There is some hope of being able to construct some portfolios from the material in Hoare's Bank, but we already know that the bank's customers were Tory and high church. The new private customers, of whom a tenth were women, used the bank to extend their financial operations into an impersonal market but through highly personal networks. The bank was very well apprised through the family, political and religious connections of the financial status of the people it began to take on in greater numbers after 1700 and it guided their expeditions into the emerging stock market in a highly partisan fashion.

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[5] Chalus, 'Elite women, social politics', p.672.

[6] Kent, Susan Kingsley, *Gender and Power in Britain 1640-1990*, London: Routledge, 1999. Susan Whyman, however, has looked at women of the Verney family and their role in early eighteenth century politics. Whyman, Susan, *Sociability and Power in Late-Stuart England: the Cultural World of the Verneys 1660-1720*, Oxford: Oxford University Press, 1999, especially ch.6.

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[8] The Bank of England Act (8 & 9 Will III, c.20, s.33); the National Debt Act of 1719 (6 Geo II, c.4). I am grateful to Ann Carlos for pointing out this anomaly.

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[11] Though Sir Francis Child probably voted with the Tory interest in the Commons. Sperling, J.G., 'The division of 25 May 1711', *Historical Journal* 4 (1961), p.196.

[12] The Royal Bank of Scotland Group Archives, London (henceforth RBSG Archives), GB/1502/DR/427/1 Customer Account ledger 1717-22.

[13] It is suggested that a relatively high proportion of customers for loans were not depositors. (Temin, personal communication.)

[14] RBSG Archives, GB1502/CH/194/13 and GB1502/CH/194/14 are the customer account ledgers covering the period 1677-1733.

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[19] Dickson, P.G.M., *The Financial Revolution in England: A Study in the Development of Public Credit 1688-1756*, London: Macmillan, 1967, p.268.

[20] Hoppit, Julian, 'The myths of the South Sea Bubble', *Transactions of the Royal Historical Society* 12 (2002), p.150; Dickson, P.G.M., *The Financial Revolution in England: A Study in the Development of Public Credit 1688-1756*, London: Macmillan, 1967, p.282. The reference Hoppit gives for the 6 per cent is from the House of Lords details from the four money subscriptions, received in 1721.

[21] *The Weekly Journal or British Gazetteer*, 26 March 1720, p.1563.

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[26] On merchants' spread of risk, see Grassby, Richard, 'English merchant capitalism in the late seventeenth century: the composition of business fortunes', *Past and Present* 46 (1970), pp.87-107. Hancock, David, '"Domestic bubbling": eighteenth-century London merchants and individual investment in the funds', *Economic History Review* new series 47 (1994), pp.679-702 has worked on the investment portfolios of city merchants.

[27] There was little useful advice literature on the subject until Thomas Mortimer's *Every Man his Own Broker* published in 1761.

[28] Carruthers, p.180.