

The Financial District of the City of London: continuity and change, 1300 – 1871

There never was so much borrowed money collected in the world as is now collected in London.

I venture to call this Essay 'Lombard Street' and not the 'Money Market' or any such phrase because I wish to deal, and to show that I mean to deal in concrete realities...the Money Market is as concrete and real as anything else.

In this constant and chronic borrowing Lombard Street is the great go-between. ... Why particular trades settled in particular places it is often difficult to say; but one thing is certain, that when a trade has settled in any one spot it is very difficult to oust it.¹

By 1870, when Walter Bagehot began to write his classic analysis of the London money market, there had emerged at the heart of the city that distinctive neighbourhood later to be labelled as the Central Financial District.² It was a compact area, nowhere more than 375 metres across, and taking less than ten minutes to traverse on foot. It extended, more or less as it still did in 1980, from just beyond the Bank of England on the west to Gracechurch Street on the east (fig. 3). Here the city's traditional intermixture of dwelling houses, shops, warehouses, and counting houses had given way to a landscape dominated by the office in its many different forms. Work rather than domestic residence now supplied the underlying social framework for the area. There was a vast daily influx of workers in banking, insurance and other financial services, as well as of brokers, jobbers and other dealers. The Bank of England alone employed more than 800 clerks,³ and in 1871 some 500 stockbrokers had offices in the area.⁴ The loss of the residential population was all too obvious. By night, in 1871, the total resident population within the line of the ancient city walls was only 44 per cent of what it had been in 1801, and 40 per cent of the total in 1695, when the number of inhabitants within the walls was not far short of the total on the eve of the Great Fire of 1666, the maximum ever achieved.⁵ The loss was even more marked in the parishes of the financial district, where the

¹ Bagehot (1912), 1, 11, 17.

² Cf. Bowden (1975).

³ Morier Evans (1852), 7.

⁴ Collingridge (1871).

⁵ Census totals for 1801 and 1871: see Page (1911). For 1695, see Jones and Judges (1935–6). For issues concerning the population trend in the seventeenth century, see Harding (1990). For the general picture in the nineteenth century, see Grytzell (1969).

total of residents in 1871 represented 34 per cent of that in 1801 and 27 per cent of the 7,500 or so persons who had lived there in 1695.⁶ By contrast, the 170,000 persons who in 1866 were 'residing, occupied or employed' during working hours in the City each day were more than twice as numerous as the dwindling total of night-time residents. The streets were fuller than ever before, so that in 1822 it was claimed that 200,000 people a day passed the corner of the Royal Exchange, while in 1866 549,613 people were counted as entering the city over a 12-hour day.⁷

What the financial district had lost in domesticity it gained in a new monumental aspect. 'The Roman Corso, The Neapolitan Toledo or even the glories of the Rue de Rivoli...', wrote an enthusiastic critic in 1866, 'will be overtopped and out-vied by the continuous line of merchant palaces in Cornhill, and Lombard-street, and Bishopsgate-street, and Cheapside', streets which would be even more monumental and picturesque than the 'once matchless streets of the grandest old German towns or even the glorious canal-ways of Venice herself'.⁸

The financial district was but one of several central neighbourhoods of the city to have been transformed in this way, although the architectural expression of that change was less grandiose elsewhere. To the south and east, centring on Mincing Lane, was a specialized district associated with the market in 'colonial goods'; to the west, around Wood Street, was an area dominated by the warehouses and offices of textile dealers and manufacturers; and to the north east, in Old Broad Street, there was a lesser concentration of the establishments of 'general merchants'. All those areas were characterized by new, large-scale buildings, often in a plain but inventive style, and by a loss of the resident population.⁹ The financial district lay at the centre of a network of specialization, both physically and in terms of the services it provided to other districts and to the world at large. These specialized districts grew naturally out of patterns of residence and trading which had existed in the city for many centuries. They arose from the growth of London's business as the dominant national market place, as an international centre for maritime trade and commodity markets, as the focus of government finance, as a machine for recycling savings and rural rent, and as a general provider of banking, insurance, and other services. The process of transformation and localized specialization was not fundamentally different from that which had characterised earlier phases in the city's growth. It was distinguished, rather, by the great scale and rate of physical and social change, which was notable from the late seventeenth century onwards and became dramatically frenetic during the two decades before 1870. The

⁶ For sources, see previous note. The parish units for which figures are available do not correspond exactly with the study area defined in fig. 3. The parishes used for the comparison are: All Hallows Lombard Street, St Bartholomew by the Exchange, St Benet Fink, St Benet Gracechurch, St Christopher le Stocks, St Edmund the King and Martyr, St Margaret Lothbury, St Martin Outwich, St. Mary Woolnoth, St Michael Cornhill, and St Peter Cornhill.

⁷ Local Government and Taxation Committee of the City of London (1881), 8; Leigh (1822), 240.

⁸ Olsen (1986), 27, quoting *The Builder* 24 (1866), 810.

⁹ I'Anson (1864–5).

pace of change directly reflected underlying trends in business, and some legislative innovations which facilitated new types of activity in the City.

Above all, the Napoleonic Wars mark the period in which London rose to undisputed prominence as an international as well as a national centre of business and finance. From then on, despite the slumps which followed the booms, the market carved out for itself an exclusive space at the heart of the City, at a pace which matched the increasing quantity of money and its rate of circulation. For the purposes of this paper the root causes of change at each historical stage should be taken as given.¹⁰ Instead, the paper focuses on the complex and highly-concentrated physical environment within which business was done, that concrete reality which Bagehot identified as an essential feature of the market in money.

Lombard Street was not the city's original focal point for trade and finance. That lay in the wide market street of Cheapside which extended east from St. Paul's Cathedral towards Lombard Street and Cornhill (figs 1 and 2).¹¹ The money and bullion market seems originally to have been located among the goldsmiths at the western end of Cheapside near St Paul's, but by 1300 had moved away, as is indicated by the local place-name 'Old Change'.¹² The new focus was just to the east of Cheapside, in a district notable at that time for its group of large houses known as 'wardrobes'. Landed magnates used the wardrobes as city bases for managing both their financial affairs and the supplies of luxury goods which they purchased in London.¹³ Some of the wardrobes had once belonged to wealthy Jewish families before their expulsion in 1290.¹⁴ Others had belonged to Italian ('Lombard') merchants, came subsequently into Italian hands, or were managed on behalf of their owners by Italians, who towards the end of the thirteenth century became prominent as traders in London, providing both magnates and the king with banking and commercial services as well as luxury goods.¹⁵ One of the largest of those establishments belonged to the society of the Bardi of Florence. For a while in the mid fourteenth century it was used by the king as his Great Wardrobe in London; the site was subsequently occupied by the Pope's Head Tavern which lay in the heart of the Lombard Street banking district.¹⁶ The Italians were drawn to this neighbourhood in the later thirteenth century, possibly by a money market associated with the Jews and with earlier goldsmiths, more likely by business connected with the wardrobes, and certainly by their interest in the trade in spices and luxury textiles, which was long-established in the vicinity.¹⁷

By the 1340s the king's exchange, where bullion and foreign coin were changed

¹⁰ For guidance as to these underlying trends, see Buchinsky and Polak (1993); Dauntton (1992); Dawson (1990); Dickinson (1967); Earle (1989); Kerridge (1988); Kynaston (1994); Melton (1986), (1987); Neal (1990); Pressnell (1956); Richards (1929); Riley (1980); Supple (1970); Trebilcock (1985).
¹¹ Keene (1985).

¹² Challis (1992), 95, 114; Ekwall (1965), 197–8.

¹³ Keene and Harding (1987), nos. 95/8–12; Keene, (1989); Keene (1987), no. 156/12.

¹⁴ For the localities associated with the Jewish community, see Hillaby (1990–2).

¹⁵ Fryde (1951); Kaeuper (1973), 17, 31.

¹⁶ Kingsford, (1917), 70–3; Tout (1928), 395, 401–5.

¹⁷ Keene (1985); Nightingale (1985); Dempsey (1993).

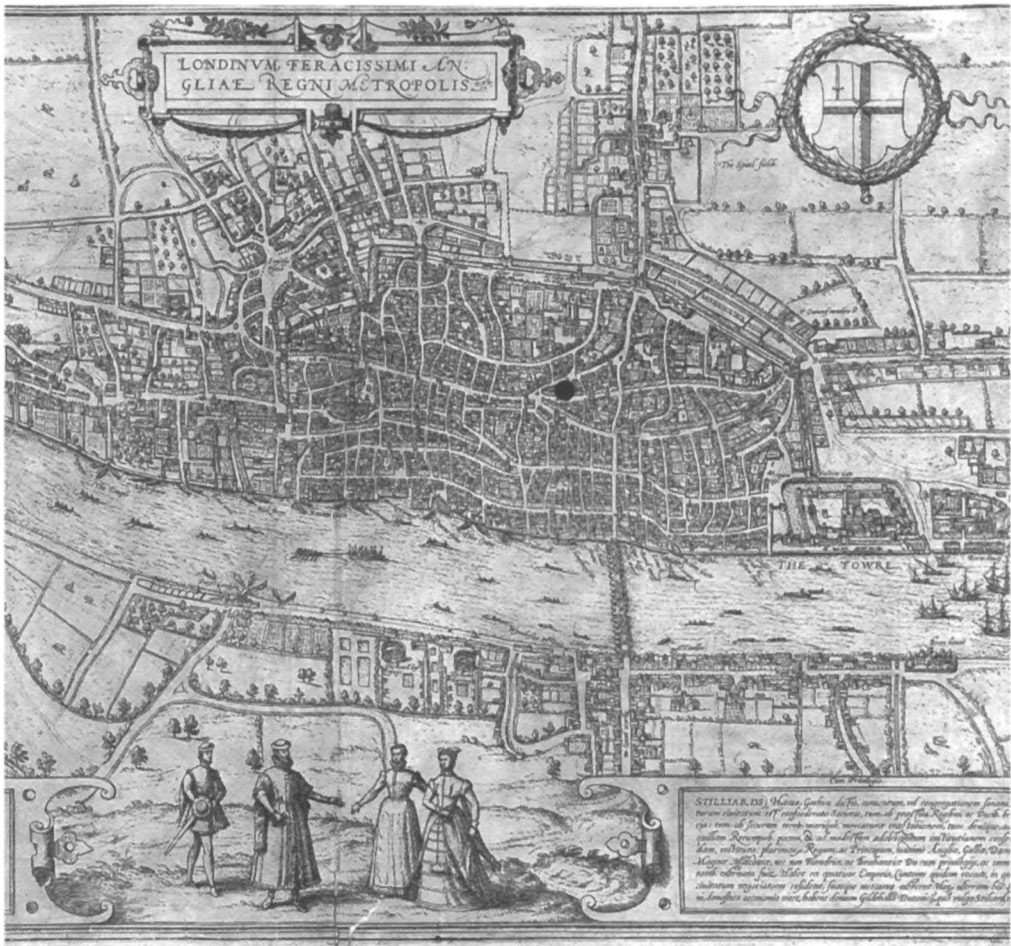


Fig. 1. The City of London c.1550. From Braun and Hogenberg's *Civitates Orbis Terrarum* (photograph copyright, The Museum of London). The site of the future Royal Exchange is marked ●.

for coins of the realm, was being held in Bucklersbury, a lane leading off the east end of Cheapside. By 1378, however, it had been moved to Lombard Street, perhaps on account of the Bardi who had been involved from time to time in running it.¹⁸ In the fifteenth century the exchange was unified with the mint at the Tower of London, but these developments appear to have been sufficient for Lombard Street to become established as the nucleus of the city's money market, and for goldsmiths to be attracted there from elsewhere. Certainly, there appear to have been

¹⁸ Reddaway (1967).

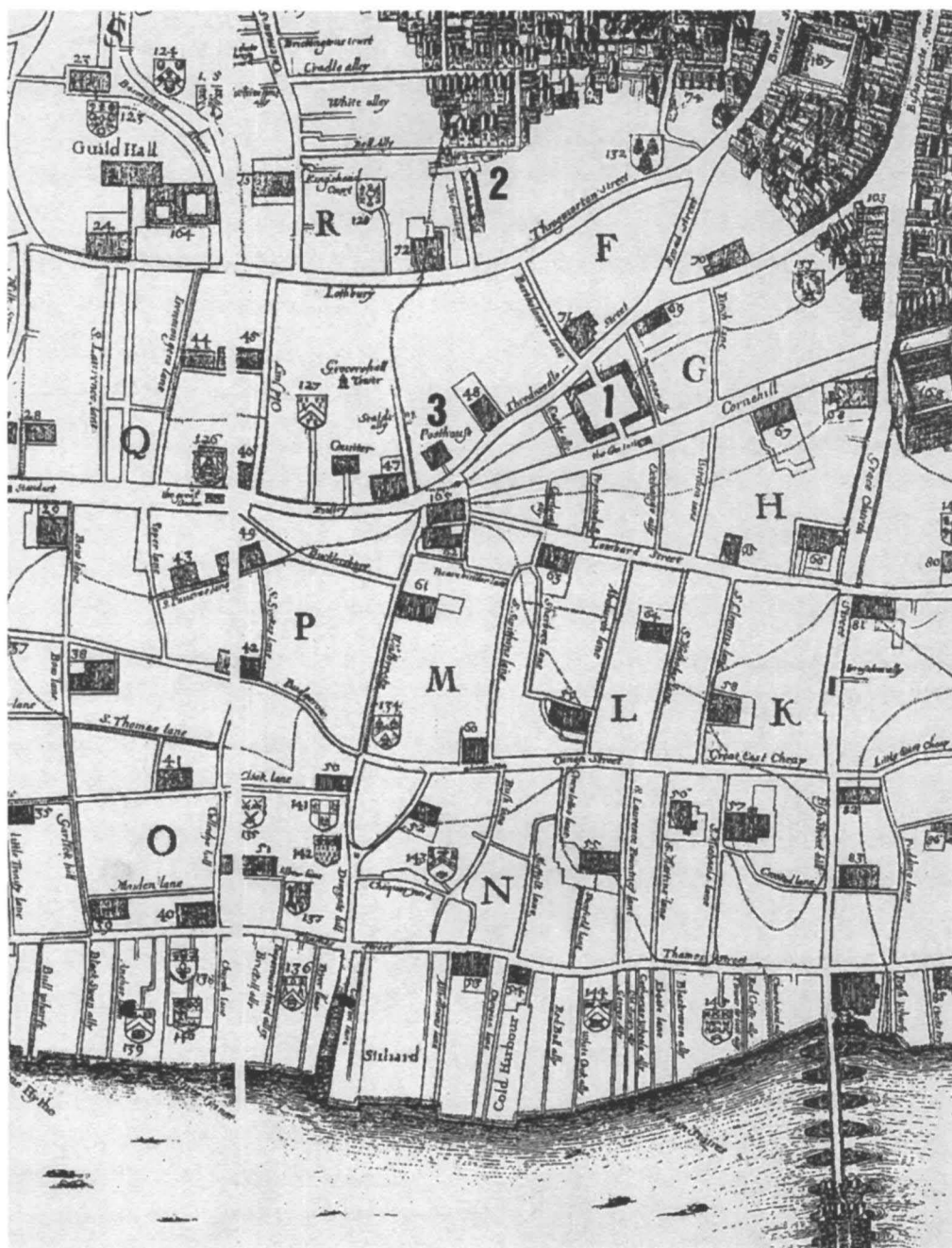


Fig. 2. The river, London Bridge, and the Royal Exchange after the Great Fire of 1666. From the 'Exact survey of the streets, lanes and churches contained within the ruins of the city of London' made by John Leake *et al.* and engraved by Wenceslas Hollar, 1667. 1 denotes the site of the first Royal Exchange, 2 that of Inigo Jones's office for the issue of tokens, and 3 that of the Post Office established in 1660.

no goldsmiths in the street before the Italians and the exchange came to it.¹⁹ It was in Lombard Street that rates of exchange with foreign currencies were publicly known, where bills of exchange facilitating the city's overseas trade (especially with the international markets in the Low Countries) could be encashed, and where merchants engaged in that trade could exchange news and be confident of finding others whose business was relevant to them. The street served as a more or less direct link to the Place de la Bourse in Bruges, and thence to the money markets of the Mediterranean. In the sixteenth century, if not before, Lombard Street was also the site for ship broking, where merchants could find ships to carry their wares to the ports they wished.²⁰ A distinctive location had been established in which finance, overseas commodity trade, and commercial information flowed together, and which was to play a crucial role in the city's future development as an international centre.

The meetings of merchants and brokers in Lombard Street, which acquired the character of regular and predictable assemblies, were open to the weather and took place in a narrow street where there was a steady flow of traffic. By the 1530s the disadvantages of this arrangement were apparent, especially by comparison with the protected environment provided, from 1531, by the bourse at Antwerp, now the principal destination for the city's overseas trade. In 1534 it was proposed to establish a London bourse at Leadenhall, a magnificent and very suitable fifteenth-century market building with a courtyard plan just five minutes away from Lombard Street and already having some connection with the money market. The merchants were so attached to their established gathering place, however, that it was deemed inadvisable to move them. Richard Gresham's proposal in 1538 to purchase houses in Lombard Street (on the site of the former Great Wardrobe and probably including some of its fabric) for use as a bourse also came to nothing. The eventual outcome, arising from the initiative of Gresham's son Thomas, was the foundation, on a site in the angle between Lombard Street and Cornhill, of the Royal Exchange, opened in 1570. Closely modelled on the Antwerp bourse and financed partly by civic funds and partly by private benefaction, the Royal Exchange afforded traders an open courtyard secluded from the street and surrounded by an arcaded gallery offering protection from the weather. Above the gallery were shops selling the luxury items which might appeal to the merchants below, and which were intended to generate a rental income, while beneath there were vaults for storing merchandise.²¹

The Royal Exchange retained very much this form through successive rebuildings after the Great Fire of 1666 and another fire in 1838. Both the first construction, with which an Antwerp builder was associated, and its successor, impressed

¹⁹ This is contrary to the view expressed by Reddaway (1967). For the concentration of the city's goldsmiths at the western end of Cheapside, and their absence from the Lombard Street area in 1319, see Ekwall (1951).

²⁰ Burgon (1839) i, 261; Hanham (1985), 352, 401, 405; Jenks (1991); de Roover (1948), 17; *Statute 32 Henry VIII c. 14*, section 8.

²¹ Burgon (1839) i, 31–3; Challis (1978), 60–1; Saunders (1991), 1–16; Maitland (1756), 1002; for the fifteenth-century buildings at Leadenhall, see Samuel (1989).

visitors with their scale and elegance. The vaults came to be used for the goods of the East India Company. In the eighteenth century the shops above gave way to office uses, although there continued to be a brisk trade in expensive consumer goods in the shops surrounding the Exchange. In the courtyard and galleries, which remained open to the sky until they were roofed over in the 1880s, merchants, factors, and brokers assembled to do business twice a day, in the late morning and early evening. By the early eighteenth century, when the city's overseas trade was well advanced in its expansion and a market in government and other stocks had been established, merchants in the Exchange had recognized places or 'walks' where they gathered according to the commodities or countries with which they dealt. Thus it was possible readily to do business with the Hamburg or the Jamaica merchants, with the clothiers, with the brokers of stocks, or with the small number of Jews, who like other brokers were licensed by the city authorities.²² Ship-broking and other maritime business rapidly became established at the Exchange, and the shops round about sold the books, maps, and scientific instruments essential to those engaged in maritime affairs. These trading practices continued well into the nineteenth century, despite the proliferation of other, more specialized places for doing business.²³ Even in the 1850s, when the Exchange had 'no longer the prominence as a place for the meeting of merchants it once had',²⁴ the Rothschilds used to appear there daily to deal in bills of exchange, while a few minutes away at their offices in St Swithin's Lane a band of clerks handled the essential but more routine record-keeping aspects of the business.²⁵

The foundation of the Royal Exchange reinforced the existing trend towards the concentration of financial and mercantile business away from Cheapside, but even in the later sixteenth century the Cheapside goldsmiths were more numerous and on the whole more prosperous than their fellows in Lombard Street. The importance of Lombard Street as a centre for the bullion market, however, is clear from the residence there of the very wealthy goldsmith Martin Bowes (d. 1566–7), who for twenty-five years controlled the operation of the mint at the Tower.²⁶ In the seventeenth century the position was reversed. Goldsmiths evolved into 'goldsmith-bankers', and moved away from Cheapside into Lombard Street. They began to give interest on deposits and to provide facilities for credit transfers between London and the provinces. The London goldsmiths who issued notes were said to keep 'running cashes', and according to a list of them published in 1677 twenty-eight had addresses in or close to Lombard Street, while only three had addresses

²² Morgan and Thomas (1962), 65.

²³ Earle (1989), 40–1; Maitland (1756), 898–902; Quarrell and More (1934), 15, 124. Saunders (1991); *The Royal Exchange: Extracts from the Records of the City of London ... respecting the Royal Exchange and the Gresham Trusts, 1564–1825* (London, c. 1825), 46 (for regulations concerning the hours of assembly).

²⁴ *A New Survey of London* (London, 1853) i, 377.

²⁵ Morier Evans (1852), 99; Davis (1983), 35, 47–8, 135.

²⁶ Reddaway (1963), 181–206; Challis (1978), 31.

in Cheapside. City goldsmith bankers might expect, for example, to provide facilities for the merchants who assembled at the Royal Exchange.²⁷

The 1677 list reveals a further feature of London's financial geography. Eleven of the goldsmiths who kept running cashes had addresses in Fleet Street or The Strand, close to the legal quarter and to the fashionable and expanding residential districts to the west of the city later to be known as the West End. Ready access to legal services and to a market in mortgaged properties, either for investment or as security for loans, could be important for a banker's business. Moreover, the scriveners, who seem to have been the immediate predecessors of the goldsmiths in London banking, were a part of the legal world, drawing up documents, negotiating loans, and managing property.²⁸ The bankers also provided credit services for the landowners who periodically resided in the West End for the 'Season' or parliamentary sessions, thus providing a crucial link between landed income and commercial investment.²⁹ This pattern persisted, and in the 1820s, and even in the 1870s, London bankers were distributed in a very similar way between Lombard Street and the West End. The effect of these two distinct types of demand, the fashionable or landowning on the one hand and the mercantile on the other, is also evident in the London addresses of the insurance companies which proliferated during the eighteenth and nineteenth centuries. Since their business concerned buildings and lives, as well as commercial goods and shippings the insurance offices were more evenly distributed between the two localities, and often a single firm had offices in both.³⁰ It was the great concentration of banking, finance, and commodity markets, and the circulation of money arising from that association, which distinguished the business life of the city from that of the West End.

At the end of the seventeenth century, when London was poised to assume a leading role as a world centre of commerce, the district surrounding the Royal Exchange is clearly recognizable as the centre of the city's financial and commercial life. To an extent, with the notable exception of the goldsmiths in Lombard Street, it retained some of its earlier diversity. Cornhill was still dominated by linendrapers, as it had been in the past, but was in addition noted for luxury trades, which by 1750 were coming more to the fore. Further north, but evidently closely related to the needs of a financial district, was a zone where scriveners and attorneys were especially numerous.³¹ A distinctive feature of the district was its numerous places of entertainment, serving those who had business at the Royal Exchange and elsewhere. The taverns, relatively spacious establishments, and often containing stylish and imposing rooms where public meetings, auctions, and concerts were held, had performed this role since the Middle Ages and continued to do so into the nineteenth century. Pontack's Tavern in Abchurch Lane, for example, was known in 1756

²⁷ Kerridge (1988), 70–1, 76–8; Earle (1989), 48–9; *A Collection of the Names of the Merchants Living in and about the City of London* (1677).

²⁸ Earle (1989), 48–9; Richards (1929), 15.

²⁹ Davies (1971), 15–36.

³⁰ This pattern is clearly apparent from: Critchett and Woods (1815); Pigot & Co (1827); Collingridge (1871).

³¹ Characterization based on Alexander, 1989a, 1989b, 1992; see also Maitland (1756), 897.

for its 'elegance in entertainments' and was used both 'by rich merchants and by persons of quality from the Court End of town'. From the 1650s onwards the taverns were joined by the newly-fashionable coffee houses, which, unlike the taverns, were distinctively concentrated near the Royal Exchange, notably in Exchange Alley, Pope's Head Alley, and other lanes off Lombard Street and Cornhill. Here brokers, merchants, monied men, ship owners, and agents assembled and 'could be spoken to' outside the hours of 'Change. The widely-perceived importance of this dense network of places for the exchange and legitimization of information is apparent from the way in which the coffee houses served also as places for promoting philosophical and mechanical demonstrations. There was no attempt to restrict business to the Exchange, and so taverns and coffee houses were widely advertised as places where stocks were available. They came to be centres for speculation, and traders set up deals there before going on 'Change. Just as the 'walks', associated with specialized trade, evolved in Exchange itself, so individual coffee houses came to be associated with particular groups of dealers – Lloyd's with marine insurance, Jonathan's with stockbrokers, and so on. As the eighteenth century progressed, so too did the mercantile specialization of the coffee houses, and names such as 'The Virginia and Baltic' or 'The Jamaica' proclaimed the interests of their users.³²

The high demand for this type of informal trading space promoted intensive use of the buildings in the immediate vicinity of the Exchange. That is apparent in the distinct shift in the concentration of high land values within the city from Cheapside to this neighbourhood which took place between the 1630s and the 1690s.³³ The dense network of alleys itself reflected the need for ease of communication among the participants in this 'grand market for buying and selling stocks, lottery tickets, etc.', as Exchange Alley was described in 1756. As an observer unsympathetic to speculation had remarked earlier in the century, 'the center of the Jobbing is in the kingdom of Exchange Alley and its adjacencies: the limits are easily surrounded in about a minute and a half'.³⁴ Face-to-face contact, the facility to identify people who specialized in particular types of business and to establish their credibility, and above all speed of communication emerge as essential to the operation of a complex system, which even today in its preoccupations and language remains mystifying and impenetrable to outsiders.³⁵

The provision and circulation of news was one of the key services in the district. When the General Post Office was set up in 1660, it occupied a house in Threadneedle Street, and after the Great Fire, when it developed an important role as source of commercial information, maintaining packet boats to Spain, the West Indies and elsewhere, it moved to a site in Lombard Street, directly opposite Pope's

³² Lillywhite (1963), 23, 282–6, 305–9, 330–5, 626–7; Morgan and Thomas (1962), 20–1, 35–6; Maitland (1756), 898, 996. Stewart (1992) is the most vivid demonstration of the vitality and significance of the network.

³³ Most readily apparent in the comparison of property values per acre in 1638, derived from Dale (1931) with those in the 1690s: Alexander 1989a; see also Spence (1995). See also Jones (1980) for the 1638 material.

³⁴ Maitland (1756), 898; Morgan and Thomas (1962), 37.

³⁵ Attard (1994).

Head Alley. By the 1680s the Office had made arrangements with coffee houses nearby for the deposit and collection of letters, and it was almost certainly the value of easy access to shipping information, available via the Post Office, which in 1691 caused Edward Lloyd to move his coffee house to Lombard Street from a site near the Custom House on the river, where the city's commerce was most tangibly manifest.³⁶ Coffee houses also attracted customers by providing information in the form of specialized journals and newspapers from overseas.³⁷ That practice continued into the 1850s, although by then other types of reading room and information services had begun to be provided. Julius Reuter's decision in the 1840s to establish his office in Royal Exchange Buildings was thus entirely consistent with established practice, although it presaged radical changes in the methods and speed of communication. In 1848 a capacious and imposing 'Central Telegraph Station', connected to the new railway termini, was erected immediately behind the Bank of England.³⁸ Throughout the period proximity to the key central sites for business and information was regarded as essential to the success of an enterprise. As with Amsterdam in an earlier period, the single most important function of the district was probably as an information exchange.³⁹ Even government institutions were affected. It was, for example, conscious policy until 1848 to maintain the Excise Office, which administered the duties on inland trade, close to the heart of the city, both for the convenience of the merchants who congregated there and for ready access to warehouses and the Custom House.⁴⁰ Sale notices for properties suitable for domestic or commercial occupation by merchants, brokers or lawyers stressed the value of their location for those who 'require immediate intercourse with the Royal Exchange, Bank, Stock Exchange, Post Office, India House or other places of commercial resort', as an advertisement of 1806 put it.⁴¹

Indeed, in attempting to understand the development of this area it may be best to characterize it as a market place, accommodated within a complex framework inherited from the medieval city, where trading in paper interests, information and services steadily drove out first the direct trade in material goods, and then the residential population. In the 1690s we find that merchants engaged in overseas trade, who would have attended the Royal Exchange and the coffee-houses, resided not within the area but just beyond its limits, where there was space for their dwellings to include warehousing, a pattern evident in earlier centuries in relation to other market centres in the city.⁴² In the seventeenth and eighteenth centuries the headquarters of new trading associations such as the East India Company and the South Sea Company, occupied similar positions on the margins of the district dominated by the Royal Exchange. Those headquarters were notable for their size,

³⁶ Defoe (1962), i, 341; Maitland (1756), 997–8; Lillywhite (1963) 18–20; Gibb (1957), 6–7.

³⁷ *A New Survey of London* (1853) i, 378.

³⁸ Barty-King (1977), 95.

³⁹ Smith (1984).

⁴⁰ Imray (1991), 257–71; *The Royal Exchange: Extracts from the Records of the City of London ... respecting the Royal Exchange and the Gresham Trusts, 1564–1825*, 55–6.

⁴¹ Bodleian Library, Gough Additional Folios A261, no. 160.

⁴² Alexander 1989a, 1989b; Keene (1993).

and incorporated extensive provision for the storage of goods and for sale rooms, as well as administrative offices.⁴³

The distinctive geography of the financial district and the institutions associated with it was already apparent to contemporaries by 1666, for Christopher Wren's proposal for replanning London after the Great Fire included the provision in that neighbourhood of a central piazza which was to contain the Royal Exchange, with the Excise Office, the Post Office, the Mint, and the shops of the goldsmiths fronting on to it.⁴⁴ But this was not to be, and, with the exception of the Royal Exchange itself, the development of the area after the Fire was characterized by the adaptation of existing, essentially domestic, buildings for use by commercial and other institutions. Thus the Post Office in 1678 came to occupy the large private house of Robert Vyner, a goldsmith banker, and was to remain there until 1820s, when it was finally decided that such a setting was no longer 'worthy of its role and of British opulence'.⁴⁵ The East India Company occupied a warren of former private houses, and the South Sea Company had similar accommodation, while the Excise Office occupied the former dwelling of Sir John Frederick. Shortly after its foundation in 1694, the Bank of England moved into the hall of the Grocers' Company (a fraternal craft guild of medieval origin), which in fact provided the Bank with spacious, efficient and central accommodation for its business.⁴⁶ All these establishments, like the great merchant houses of the past, were set back from the street, where they made no distinctive architectural statement. This landscape reflects the *ad hoc* development of institutions, the relative shortage of resources for building after the Great Fire, and perhaps the discretion of the post-Restoration monarchy.

Apart from the Royal Exchange, the first specialized business building in the area to make a coherent architectural statement was Inigo Jones's little known, but striking and probably influential, office for the issue of tokens, erected in Lothbury at the end of the 1630s.⁴⁷ It is possible that the Token House, used as offices for only a brief period, contributed in the long term to the slow but steadily-increasing trend towards monumentality which can be detected in the financial district from the time of the Great Fire onwards. The new Royal Exchange, for example, was significantly more obvious to passers by than its predecessor.⁴⁸ The next specialized business buildings were associated with the trading companies. In the 1720s the South Sea Company and the East India Company each erected large-scale headquarters buildings with imposing, if clumsy, facades to the street. Far more truly Palladian and impressive were the Bank of England's new headquarters erected in 1732–34. They were soon joined by the Mansion House, the Lord Mayor's official

⁴³ Defoe (1962) i, 339–40; Maitland (1756), 848–53, 997, 1003.

⁴⁴ Reddaway (1940), 51–67; Saunders (1991), 19; Wren (1750), 269–71.

⁴⁵ Harben (1918), 483; Leigh (1822), 248.

⁴⁶ Defoe (1962) i, 336, 339–40; Imray (1991), 262–71.

⁴⁷ For Jones's designs, generally considered not to have been built, see Harris and Higgott (1990), 256–7. The site came to be known as Tokenhouse Yard, and it is clear that at least the long range of offices or warehouses was built and survived the Great Fire: Ruding (1840) i, 389, 398–400; Leake (1667), relevant portion reproduced as fig. 2; Maitland (1756), 840.

⁴⁸ Cf. Saunders (1991), figs 16, 17; Harding and Metcalf (1986), 82–3.

residence, built near by between 1739 and 1752 on the site of a former provision market and making a distinctive, if oblique, contribution to the dignity of the area. In its scale and layout, however, the Bank's new building was distinctly traditional. It did not require the storage and trading space of East India House, and so could be accommodated within the relatively narrow limits of the site of a former merchant's house. In functional terms its plan, with a hall set back from the street, and offices behind, resembled that of the premises at Grocers' Hall.⁴⁹

While regretting its confined situation in Threadneedle Street, contemporaries recognized the quality of the Bank's new building, and its drawing power as a centre of business close to the Royal Exchange. Over the following century the needs of the Bank constituted the main force in the physical transformation of the district. Three principal requirements can be identified: the need to accommodate the expanding business of the Bank, which was largely associated with government finance, and to provide more light and air for its clerks; the need to protect the Bank from fire and disorder in the taverns, alleys, and streets which adjoined it; and the need for a more dignified and spacious approach for pedestrians and carriages. From 1764 onwards this led to the steady enlargement of the area occupied by the Bank; to the creation of Bank Buildings (1766–7), a group of private houses and offices to the west of the Royal Exchange and on either side of a new approach to the Bank; and to the laying out of Prince's Street (1808), flanked by Soane's curtain wall.⁵⁰ The culmination of this process came with the rebuilding of the Royal Exchange after the fire of 1838: the new structure was given a grand portico facing on to the new open space in front of the Bank where Bank Buildings had stood, in a conscious expression of the acknowledged role of finance and commerce in city life. A more general programme of street improvements enhanced the centrality of that space, eased movement within the district, and improved communications with residential areas which now lay at some distance from the city. In the eighteenth century three parish churches had made a distinctive visual contribution to the immediate neighbourhood of the Bank and the Exchange, demonstrating its historic residential character.⁵¹ By the mid 1840s they had gone, and the architectural landscape was dominated by the palatial monuments of finance (fig. 3).

Meanwhile, other businesses, principally the insurance companies, private bankers, brokers, merchants, and lawyers continued to occupy private houses more or less modified for business purposes. The insurance company buildings were the most purely commercial in function. In the eighteenth century many of them acquired elaborate facades, a process facilitated by rebuilding after two fires in Cornhill, where the companies congregated. One insurance company leased more specialized premises in the Royal Exchange from the 1720s onwards, and the Sun

⁴⁹ Colvin, (1978), 248, 355, 450, 711; Harding and Metcalf, 94–5, 123–6; S. Jeffery (1993); Marston Acres (1931) i, 47 and Plate xvii; Maitland (1756), 846, 848, 1003.

⁵⁰ Marston Acres (1931) i, 190–1, 194, 197–8, 397, 402–3; Colvin (1978), 816.

⁵¹ The churches of St Bartholomew by the Exchange, St Benet Fink, and St Christopher le Stocks, removed in 1840–1, 1781, and 1842–4, respectively: Harben (1918), s.n. For the contribution of the churches to the landscape, cf. Harding and Metcalf (1986), 82–3 and Marston Acres (1931), Plates xxviii, liii.

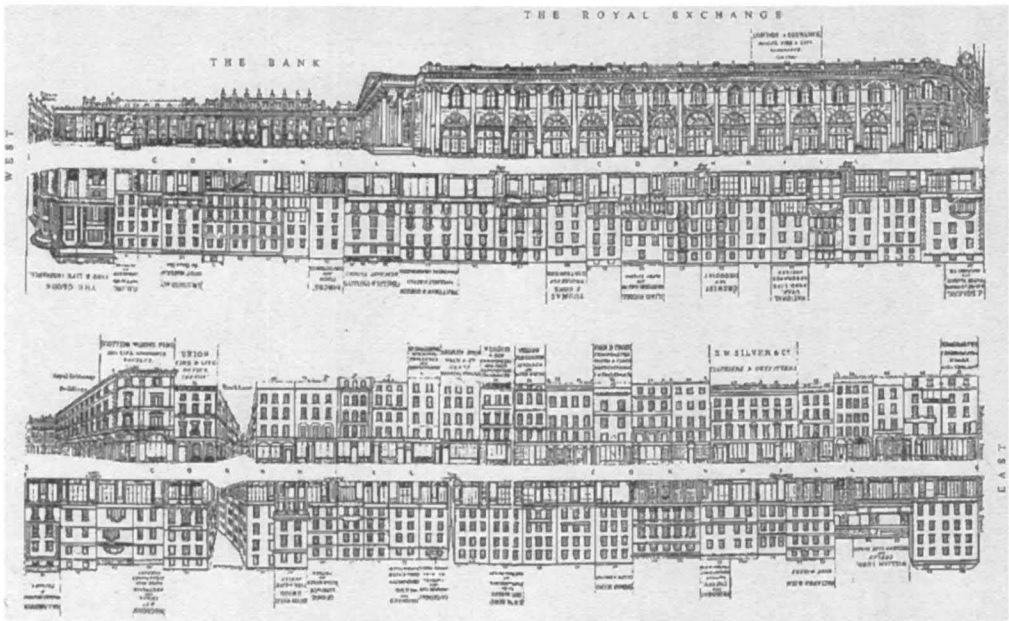


Fig. 3. Cornhill in 1847. From *Tallis's Street Views and Pictorial Directory* (London, 1847). The palatial character of the Bank of England, the Royal Exchange, and some of the insurance company headquarters contrasts with the domestic scale of most of the other buildings, many of which still included the shops of retailers or small manufacturers. Tallis's views have been rearranged so as to produce a panorama extending along Cornhill from the Bank on the west to Gracechurch Street and Bishopsgate Street on the east (cf. fig. 4).

Fire Office (along with at least one banking business) moved to Bank Buildings soon after their completion.⁵²

Contemporaries also noted the high quality of the houses occupied by bankers in Lombard Street. One of them, Charles Asgill, in about 1756 employed the rising architect, Robert Taylor, later to become his friend and Surveyor to the Bank of England, to design him a 'banking house' there (later occupied by an insurance company), along with a country villa at Richmond 22km. from the city.⁵³ Asgill was following the practice, established for centuries among leading city men, of maintaining two places of residence, one at his place of business and the other a 'retiring house' an hour or two out of town. From about this time on, however, it became increasingly common for city merchants to travel daily to their work from a house in one of the newly-expanding suburbs or from a semi-rural location such as Hackney. Even so, many banking houses in the city retained a domestic character up to the mid nineteenth century, with well-appointed living rooms upstairs,

⁵² Supple (1970), 19, 34; Hughson (1805) i, 412 and ii, 115, 119, 123, 140–1; Marston Acres (1931), 197–8.

⁵³ Colvin (1978), 815–17; Hughson (1805) ii, 534–8; Maitland (1756), 996.

and the 'shop' as it continued to be called, on the ground floor where bank business was done. Often it fell to the younger partners to reside in the city. Thus, on census night in 1851 the banking house of Barnard, Barnard and Dimsdale in Cornhill was inhabited by the junior partner, his wife, his three young children, and six domestic servants, along with two clerks and a bank messenger in their early twenties. At Martin, Stone and Martin's bank in Lombard Street James Martin, an unmarried partner who also had lodgings at Camden outside the city, was dwelling with his clerks and servants, while his elder brother, the senior partner, and his younger brother both lived with their families in fashionable new houses in the West End.⁵⁴ By the 1850s it was more common for the domestic rooms at banking houses to be occupied by senior clerks and their families, or by groups of unmarried clerks under the eye of a housekeeper. Even the managers of the banks tended to live outside the city.

Up to the early decades of the nineteenth century the insurance and private banking premises were relatively small in scale and were generally contained within a pattern of house and plot boundaries inherited from the medieval city. A growing business was often accommodated by extending the building over the yard at the rear. That created the gloomy, cramped environment typical of much of the nineteenth- and twentieth-century city, where architects had to exercise great ingenuity in providing light wells and ventilation shafts.⁵⁵ Even so, up to about 1820 most of the houses in the financial district were valued equally as residences and as commercial premises. Sale notices continued to stress the comfort and splendour of the domestic accommodation, and even after Princes Street had been laid out (1808) family houses for professional men were being built across the street from the Bank of England.⁵⁶ A 'mercantile residence' in Warnford Court, 'within three minutes walk of the Royall Exchange' was in 1805 described in terms of its domestic accommodation, but with the suggestion that the 'handsome dining and drawing rooms' might be converted to counting houses. In the more crowded conditions of Pope's Head Alley, a house offered for sale in 1806 was subject to slightly different expectations: potential occupiers identified included not only the merchant or broker (apparently as residents), but also the 'office-keeper', presumably one who made his living by renting out office space.⁵⁷ Evidently it was already an established practice to let out rooms in houses as offices, and even to split entire houses into office units, for the use of those who, unlike banks and insurance companies, needed only a room or two as a working base. As business demand grew, the attractions of letting out rooms for offices became correspondingly great, and so prosperous families sought houses elsewhere. The construction of Finsbury Circus just beyond the line of the former city wall in 1815⁵⁸ demonstrates the demand for

⁵⁴ Census enumerators' returns for 49–50 Cornhill and 68 Lombard Street; *Post Office Directory* (1851); Martin (1892), 102, 226–8, 275; cf. Kynaston (1994), 61.

⁵⁵ I'Anson (1864–5); Martin (1892), 226–8.

⁵⁶ Marston Acres (1931) ii, 402–3.

⁵⁷ Bodleian Library, Gough Additional Folios A261, no. 160, and A262, no. 223.

⁵⁸ Colvin (1978), 249, 563.

grand houses within a few minutes walk of the Bank. Improvements in transport, however, meant that those working in the city could more readily live elsewhere. Thus the opening of Blackfriars Bridge in 1768, and more especially of Southwark Bridge in 1819 and of Broad Street railway station in 1861 brought new territories within reach and changed perceptions of the city and its surroundings. As a commentator on the city's depopulation put it in 1872: 'the citizen may now live in a suburban villa or even in a Belgravian or Tyburnian mansion, upon the rent he obtains for the drawing-room floor of the house wherein his ancestors lived for generations'.⁵⁹

From 1820 onwards, but especially from 1840 'stacks of offices', purpose-built structures occupying narrow house sites, became more and more common.⁶⁰ Their origin, and the early stages in the spread of small-scale office buildings, are far from clear. An important stage in the development may have been in the later eighteenth century, when buildings described as 'chambers' began to appear in the area.⁶¹ They may have been modelled on the lawyers' chambers at the Inns of Court, and were perhaps originally intended as residential accommodation for bachelor merchants. Such rooms soon came to be used for business. Dickens, in *A Christmas Carol* (1843), tells us that Scrooge 'lived in chambers, ... a gloomy suite of rooms, in a towering pile of building up a yard ... nobody lived in it now but Scrooge, the other rooms being all let out as offices'. By that date, substantial, purpose-built blocks of offices were being built. Among the most obvious of them was Royal Exchange Buildings (1842), on a new street opened as part of the replanning of the area which followed the fire at the Exchange.⁶²

As the eighteenth century progressed and business grew, the informal dealing and associations in the coffee houses led to the emergence of new institutional forms. That was accompanied by a growing perception among specialized groups of traders that they should control the space in which they made their markets. The common trading space, such as that at the Royal Exchange, or the informal, multi-purpose environment provided by the coffee house had no long-term future. Even within the coffee house it became the practice to restrict use of parts of the establishment to specialised groups of subscribers. In the 1760s the 150 or so brokers who dealt in government stocks and company shares at Jonathan's coffee house formed an association and rented a room there where they ran their market for three hours a day. In 1773 they acquired independent premises at the corner of Sweetings Alley, and in 1801 moved to more spacious purpose-built premises at Capel Court, the direct ancestor of the present Stock Exchange.⁶³ In the 1770s the 71 merchants, brokers and marine insurance underwriters meeting at Lloyd's coffee house likewise formed a society with the intent of building their own premises, for which Robert Adam prepared magnificent designs. In the event, they leased rooms

⁵⁹ I'Anson (1872–3), 40.

⁶⁰ I'Anson (1864–5).

⁶¹ Harben (1918), 181, 430.

⁶² Harben (1918), 513; I'Anson (1864–5), 25, 29.

⁶³ Colvin (1978), 628; Cope (1975–7); Morgan and Thomas (1962), 71.

at the Royal Exchange, and after the fire of 1838 the provision of rooms for Lloyds was a major element in the design for the new Exchange.⁶⁴ A similar initiative, by surveyors and auctioneers, led to the building, in 1808–9, of the Auction Mart, an impressive structure described as a ‘national edifice’ close to the Stock Exchange, which, by contrast, was plainer and more concealed from view. The Auction Mart, which did not develop the institutionalized, regulatory role of the Stock Exchange or Lloyds and so ultimately faded away, accommodated sales of landed estates and works of art, and a reading room where the prospectuses of canal and railway companies were to be found.⁶⁵

The provision of exchanges for particular markets had been anticipated in the commodity trading areas outside the financial district by the Corn Exchange and the Coal Exchange, first built in 1747 and 1769, respectively, and both of some architectural pretension. The Commercial Hall, erected by subscription in Mincing Lane in 1811, provided spacious and elegant accommodation for the sale of colonial goods.⁶⁶ The process continued. In 1858, for example, South Sea House was converted to accommodate the Baltic Exchange, run by an association of traders in Baltic and Russian goods who had previously met at the Virginia and Baltic coffee house and had traded in the Royal Exchange.⁶⁷ The most ambitious of the exchanges in the financial district was the private enterprise by a biscuit baker (one of the distinctive service trades of the area), Edward Moxhay. His ‘Hall of Commerce’ of the early 1840s was intended to capture trade displaced from the destroyed Royal Exchange, and probably also to provide a market for industrial goods. Industrial marketing, however, developed in a different way, and the Hall of Commerce was ultimately a failure. It became reading rooms, and provided accommodation for those ‘who had no office of their own’, before being taken over in about 1855 as the headquarters of a bank.⁶⁸

The exchanges were competing enterprises, offering space for fluid and highly-volatile markets. From its construction in 1765–70 the Rotunda in the Bank of England housed a lively market in government stocks, which persisted into the 1830s, despite growing competition from the Stock Exchange.⁶⁹ During the railway boom of 1845 trading in railway shares was conducted in the Stock Exchange, at the Royal Exchange, in the Auction Mart, at the Hall of Commerce, and in coffee houses and the street; but that business, much of it conducted by disreputable ‘stags’ and ‘alley men’, quickly faded away.⁷⁰ Such rapid flows of dealing beyond the conventional spatial limits, followed by equally rapid ebbs, have continued to be

⁶⁴ Harding and Metcalf (1986), 85–94, 99–103.

⁶⁵ Auction Mart (1809); Colvin (1978), 864; Leigh (1822), 241; *A New Survey of London* i, 378. For views of the Auction Mart, see Kynaston (1991), following p. 96.

⁶⁶ *London and its Environs Described* (1761), s.n. ‘Corn Exchange’; Britten (1826), 144; Colvin (1978), 913; Leigh (1822), 251; Smith (1961), 84–7.

⁶⁷ Barty King (1977), 35–61, 89–128.

⁶⁸ Barty King (1977), 90–1; Lillywhite (1963), 257–8; *A New Survey of London* i, 378; *The Illustrated London News*, 30 July 1842, 180, 17 Dec 1842, 500, 29 Dec 1855, 700; *The Illustrated London News* 22 Jan 1848, 34–6.

⁶⁹ Leigh (1822), 236; Marston Acres (1931) i, 216–17; Morgan and Thomas (1962), 52–4.

⁷⁰ Morgan and Thomas (1962), 108–9; *A New Survey of London* (1853) i, 378.

characteristic of city business, even in the more regulated and constrained environment of the twentieth century.

The new exchanges were few in number, but during the 1830s and 1840s there was a more widespread rebuilding of the headquarters of banks and insurance offices. This reflected both a sharp increase in insurance business and the legislative changes of 1826 and 1833 which enabled joint-stock banks to come into being and to establish themselves in the city.⁷¹ The new insurance buildings, larger and architecturally more ambitious than their predecessors, were especially prominent, and spread beyond the limits of Cornhill and its environs, into Cheapside and beyond.⁷² On the other hand, the leading banks had developed a clearing system, requiring a daily interchange of papers at the Clearing House in Lombard Street,⁷³ and that restricted them almost entirely to the central district (fig. 4). In the same period the West End witnessed an extensive rebuilding both of the insurance company headquarters located there and of the offices of the non-clearing banks.⁷⁴

A forerunner of future developments in the central district was provided by the headquarters of the newly-formed joint-stock bank, the London and Westminster Bank, erected in Lothbury, behind the Bank of England, between 1837 and 1839. This capital rich institution, intent on establishing its reputation, acquired a block of several private properties on which was erected a large-scale building designed by the leading architects of the day. Its imposing facade stood in sharp contrast to the smaller-scale and traditional buildings of the private bankers, Jones Loyd and Company, which stood next door and had been rebuilt as recently as 1808, incorporating residential accommodation for a partner.⁷⁵ During the 1850s and 1860s there was a sharp rise in the demand for new, large-scale sites on prime frontages to be occupied by the headquarters buildings of banks (especially the growing number of joint-stock banks), insurance companies, and the finance and discount companies which proliferated after the Companies Act of 1856 (cf. fig. 5). Cheap money facilitated rapid change. Investment in building now underpinned as well as accommodated a business. As *The Builder* wrote of the new National Provincial Bank building of 1865, adjoining the Baltic Exchange, 'architectural effect... in the case of a bank can ... help the impression of stability of the concern'.⁷⁶

Many of the new headquarters buildings, like some of their public counterparts, included lettable office space on upper floors – a source of income which would help finance the development, and a reserve of space to accommodate future growth in the organisation. Yet equally typical of the last decades of the period, and a measure of increasing demand, was the large-scale speculative office block. Significantly, some of the key developers of such premises began their careers in the conversion of domestic buildings to multiple office use.⁷⁷

⁷¹ Pressnell (1956), 507 – 10; Richards (1929), 196 – 9; Supple (1970), 112.

⁷² Summerson (1977).

⁷³ Knight (1851), 639 – 40.

⁷⁴ Colvin (1978), 61, 103, 224, 318, 329, 387, 434, 730, 743.

⁷⁵ Gregory (1936), 100, 165.

⁷⁶ Olsen (1986), 27, 29.

⁷⁷ For these general developments, see Summerson (1973).



Fig. 4. The financial district of the city of London in 1873. The study area, defined in terms of administrative units, is shown in heavy outline on the Ordnance Survey map of 1873. It corresponds closely to the financial district at that date.

- the Royal Exchange as rebuilt after 1838.
- clearing banks (both joint-stock and private): all the clearing banks are shown.
- finance and discount companies: all those recorded in contemporary directories.
- insurance company offices: only those within the study area.

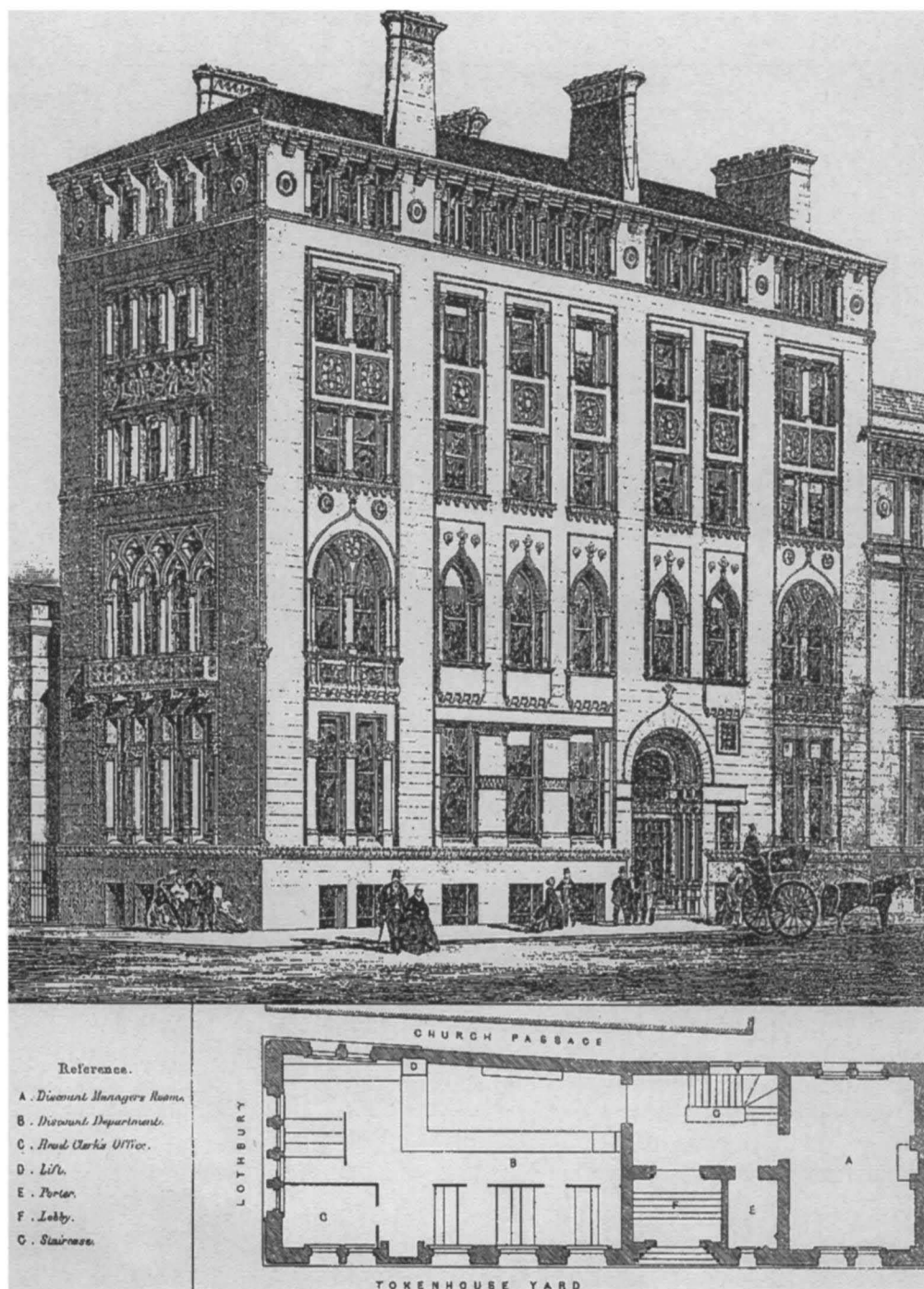


Fig. 5. The Lothbury offices of the General Credit and Discount Company, 1868. From a sale notice. A striking example, in the Venetian style, of the imposing office buildings erected during the building boom of the 1860s.

Table 1. Numbers of properties and total rental values for selected parts of London's financial district. (index values 1693 – 1871).

Date	Bank ¹	Cornhill ²	Lombard Str. west	Lombard Str. east
1693				
properties	100	100	100	100
value	100	100	100	100
1817				
properties	67	82	79	105
value	158	138	128	119
1851				
properties	45	63	44	89
value	368	273	185	184
1871				
properties	30	46	34	60
value	965	760	593	570

Sources: For 1693: Corporation of London Records Office, Four Shillings in the Pound Tax (totals supplied by J. Alexander); Ogilby and Morgan (1676); for other years: Guildhall Library, MSS 2137 – 8 (Sewer and Consolidated Rate valuations). Notes to table: 1. Excluding site of Bank and Royal Exchange; 2. Excluding site of Royal Exchange.

These dramatic changes were obvious to observers at the time. Historians of the eighteenth- and nineteenth-century city have the opportunity of measuring their impact more precisely in terms of the numbers and values of properties assessed for local taxation, of the businesses carried on there, and of the resident population (Table 1). A study of the central financial district⁷⁸ reveals that change was decidedly uneven across the area, although by 1870 it had been transformed entirely. Over the eighteenth century (between 1693 and 1817) the rate of change was greatest in the immediate neighbourhood of the Bank of England, even if we discount that part of the area which came to be occupied by the Bank itself. Here houses, banks, and other business buildings (including the Auction Mart and the Stock Exchange) were altered or rebuilt on a larger scale than elsewhere, as revealed by the reduction in the number of separately-assessed properties and the increase in their mean rental value. The increase in the total rental value of the neighbourhood was not so great as that of the area immediately to the east (containing South Sea House), because several properties close to the Bank had been removed in the course of street improvements. By contrast, some parts of the district, most notably at the eastern end of Lombard Street towards the commodity trading area, hardly changed at all. In two parishes, again in the south eastern quarter of the district, populations actually increased between 1695 and 1801.⁷⁹ That perhaps was caused

⁷⁸ See end note.

⁷⁹ The index value for the entire district in 1801, taking the 1695 population total as 100, was 79; the index values for All Hallows Lombard Street and St Benet Gracechurch were 106 and 108, respectively.

by a displacement of poorer residents from the more central areas, combined with a rise in the demand for their services as porters and servants. By 1811, however, the populations of even those parishes had begun to fall.

Between 1817 and 1851 all parts of the district experienced a reduction in the number of properties and an increase in property values. The increase in mean, as well as total, values was most marked near the Bank of England, with Cornhill in second place, and seems clearly to reflect the demand for new bank and insurance premises, and the changes associated with the rebuilding of the Royal Exchange. Once again the south eastern quarter, represented by the eastern part of Lombard Street, experienced the lowest rate of change.

By 1851 few financiers or merchants remained resident in the area, which was by now the most depopulated part of the city. On the other hand, large numbers of the resident population were still, as in the eighteenth century, employed in retailing and small-scale production, mostly at their places of residence (31 per cent of resident adults with a given occupation). It seems that many of the shopkeeping families of this type were able to continue living in the area, despite increasing rents and land values, because they could sub-let rooms in their houses for use as offices. Characteristically, the small businesses carried on in such offices were those of agencies associated with the stock market, shipping, insurance, and merchandising, the trades whose growth was transforming the city. The second largest occupational group among the residents serviced the office sector as office keepers, housekeepers, messengers or porters. They represented 18 per cent of the resident working population overall, rising to 31 per cent in the neighbourhood of the Bank of England, where change was most advanced. The employed company messenger, carrying letters and bills from office to office within the area, was an important development of the period, replacing the casual 'ticket porters' of earlier times.⁸⁰ Resident messengers were often married to female 'housekeepers' (although housekeepers could also be men), and it was the couple's job to look after the office building in the garret of which they lived.

The rate of change reached a new peak in the 1850s and 1860s. In all parts of the area property values rose at a far higher rate than before. The rate of increase was now greatest in the south-eastern quarter, which came finally to be transformed by the construction of banks and office blocks. In that area, the relatively poor working-class families who in 1851 had lived in acutely overcrowded houses in a maze of courts and alleys just a few paces from Lombard Street were displaced. So too were the resident retailers and small-scale producers (tailors, watchmakers, etc.), who were unable to resist the pressures and lures of the property market. In 1871 resident heads of household in that category represented no more than 9 per cent of the total. The housekeepers and messengers, however, had risen to 35 per cent of the

⁸⁰ Stern (1960), 178–85; Morier Evans (1852), 167–8.

resident population, and despite a 40 per cent decline in that total between 1851 and 1871,⁸¹ the number of housekeepers and office keepers actually rose from 216 to 261.

Despite the huge capital assets and public visibility of the banks, insurance companies, and finance houses, the business life of the district was dominated by the numerous small-scale concerns within the world of broking and merchanting. In 1871 the area contained 2,128 businesses with office addresses, an increase of 18 per cent since 1851, and of 70 per cent since 1817. By far the greatest part of the increase was accounted for by the small businesses, and in 1871 the banks and other large concerns represented only about 3 per cent of the total. There were distinct geographical patterns in the distribution of the smaller businesses. The stock-brokers, for example, were by far the largest single group, and 63 per cent of them had offices in buildings almost immediately adjacent to the Stock Exchange. Insurance brokers were to be found along Cornhill, and shipping agents, general merchants and company agents in the new stacks of offices along Gracechurch Street and Bishopsgate on the eastern edge of the area. They were the sort of people who might once have used a coffee house as an address but whose scale of business now demanded an office, and ledgers as well as a pocket book.

To a large extent the patterns in the distribution of businesses reflected the need for access to particular markets, or to more than one market, as in the case of the merchants in Gracechurch Street who might require banking, insurance and shipping services, as well as access to the 'colonial goods' area to the east. It seems likely, however, that closer analysis of spatial patterns will reveal more complex relationships within the highly concentrated nexus of businesses which made up the financial district. Those relationships probably arose from the interdependence of numerous separate, small-scale specialized enterprises which provided services to each other and to outsiders on a flexible basis. Combinations of different types of enterprise – accountants, civil engineers, and company agents, provide one example – within the highly-localised environment of the alley or office block, are likely to have been just as significant in the working life of the district as an exclusive concentration like that of the stockbrokers. Such forms of personal and business association, reinforced by membership of clubs, livery companies, and vestries, were an essential attribute of patterns of work and enterprise in the city.

The distinctive feature of London's financial district was the combination of services it provided: in commodity, share and stock markets; in finance; in insurance; in shipping, and in information. Crown or government interests were also present, both in the continual need for loans and in the form of institutions such as the Exchange and Wardrobe in the Middle Ages and the Post Office and Excise Office in later times. That conjunction of markets, facilities, and power, which in many significant respects resembled that present in Wall Street during the nineteenth century,⁸² made the area central to the economic life of the city, and for while to that of a world financial system. Bagehot's implicit question as to why the

⁸¹ The index value for the population of the whole area in 1871 was 27.

⁸² Werner and Smith (1991).

money market came to be established where it did is to be answered in terms of an accumulation of causes which explain why it settled *neither* in the original main market place of the city *nor* in the riverside district which was the focus of its overseas trade. In that respect, the market was less concrete than Bagehot's terminology implies: fundamentally, it was an occasion or performance, involving sets of ideas and assumptions commons to the actors involved, which on account of its complexity and very intangibility could only function within a universally-recognised and well-defined space where many networks intersected. With hindsight, it is possible to see how the interests of high finance, luxury consumption, the recycling of rent, and long-distance trade converged in an area which hitherto had been peripheral to the city's main centres of business. The gradual establishment of public institutions and buildings consolidated the area's role and identity, but informal habits of association among merchants and others were also a powerful force for continuity. By 1666 the monumental potential of the financial district was recognised by some, but adaptation within existing structures and topographical frameworks was to remain the predominant means by which the area accommodated its growing and increasingly specialized business.

Up to the nineteenth century the Bank of England and the Royal Exchange were the only major structures which expressed the financial character of the district, although overall the density and scale of building was increasing. New exchanges and the headquarters of insurance companies and banks followed; there was also a steady increase in the demand for office space by brokers, agents and other small businessmen, and a corresponding decrease in the use of the facilities provided by coffee houses and taverns. Those stages paralleled and expressed ones in the organisation of business. The destruction of the Royal Exchange in 1838 provided an opportunity for localized redevelopment, but overall the amalgamation of sites and the physical transformation of the area proceeded fairly slowly until the 1850s and 1860s. Even in the mid nineteenth century, when the availability of capital and the head of demand for large prime sites and lettable office space had built up to unprecedented heights, rebuilding on a large scale could be a protracted business. A powerful force inhibiting change was the extreme fragmentation and heterogeneity in the ownership and tenure of both land and buildings, which had characterized the city for many centuries. In the 1860s, for example, the City Offices Company undertook a large scale office development in the south eastern quarter of the district and had to acquire twenty-three separate properties, freehold and leasehold, at a cost of £ 70,000 down and £ 653,000 over 99 years, before spending £ 70,000 on building.⁸³ Even then the company could not buy out all the existing interests, and was forced to adjust the plan of its new buildings accordingly. Only after 1830 or so was it possible for private or joint-stock, rather than civic or semi-public, enterprises to undertake such comprehensive transformations of the fabric in this central district.

⁸³ City Offices Company (1866); *Building News*, 26 January 1866. The number of properties to be acquired is indicated by the rate lists of 1851: Guildhall Library, MSS 2137–8. These processes and problems are well-described in City of London Real Property Company (1964).

Study of the physical evolution of the financial district thus aids interpretation of its economic fortunes over the long term, and can facilitate an understanding of its role and image in the wider world. Likewise, geographical analysis provides indications of the ways in which the internal business life of the city was organised, information which is all the more valuable since few detailed records of the small-scale enterprises which dominated that life have survived for historians to study. This paper has provided no more than a sketch, but the agenda for future investigation, analysis, and comparison with other cities is clear.

Note:

In part this paper arises from the research project 'From Counting House to Office', funded by the Economic and Social Research Council (grant no. R000231022) and based at the Centre for Metropolitan History. Using rating lists, street- and business-directories, and census returns, the project traced in detail the pattern of change within the study area shown on fig. 3, mainly from 1800 onwards. I am very grateful to Jon Lawrence, researcher on the project, and to Martin Daunton, my co-supervisor of it, for supplying information and ideas, especially concerning the nineteenth century. Parts of this paper are derived from one drafted by Jon Lawrence, and destined for separate publication.