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Inspection and efficiency at the eighteenth-century Bank of England

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In the midst of the War of American Independence (1775-1783) the British state embarked upon a project to overhaul the management of its ‘extraordinary patchwork – of old and new, useless and efficient, corrupt and honest’ public finances.¹ In 1780 it established a Commission for the Examination of the Public Accounts with freedom to examine any and all relevant records and call all post-holders to give evidence under oath. The purpose of the Commission was to reduce costs, improve efficiency and eliminate corruption and sinecurism. Its access was ‘unprecedented in scope’ and its outcomes were ‘unprecedented in consequence’.² Over the period from 1780 to 1787 it produced a total of fifteen comprehensive reports. Binney argues that it was this work that began the transition of the British state’s finances from ancient to modern, eliminating the ‘clumsy hand of the Middle Ages’ and creating a system of public finance that was fit for the modern period.³ Yet, despite the Commission’s wide-ranging powers, it did not have jurisdiction over a central part of the state’s financial system: the Bank of England.

The Bank of England, at this time, was still a private company and, although essential to the management of public finance, it could not be made answerable to Parliament in quite the same way as the Exchequer. The Bank could, therefore, have ignored the reforming zeal of the moment. It did not. In March 1783 the Bank’s Court of Directors ordered the establishment of its own Committee of Inspection. The Committee was ‘appointed to inspect & enquire into the mode & execution of the Business as now carried on in the different departments of the Bank’.⁴ In other words, it had much the same purpose as the Commission already established. It aimed to ensure that the Bank was operating efficiently, that its clerks were above reproach and that the public could place their trust in its management of the national debt. As we shall see, the Committee followed closely the patterns of working established by the Commission. Put together, the two sets of reports can offer the historian a comprehensive account of the workings of Britain’s system of state finance at the end of the eighteenth century.

¹ G. E. Aylmer ‘From Office-Holding to Civil Service: the genesis of modern bureaucracy’, *Transactions of the Royal Historical Society*, 30 (1980), p. 106.

² J. E. D., Binney, *British Public Finance and Administration, 1774-92* (Oxford, 1958), p. 282.

³ *Ibid.* See also H. G. Roseveare, *Treasury: The Evolution of a British Institution* (London, 1969), p. 110; P. Harling, *The Waning of ‘Old Corruption’: the politics of economical reform in Britain, 1779-1846* (Oxford, 1996), p. 10.

⁴ Bank of England Archive [henceforth BEA], M5/212, Minutes of the Committee of Inspection, 1783, fo. 1.

These eighteenth-century inspections have not been noticed very often in the scholarly literature. Brewer gives no space to the Commission for Examining Public Accounts.⁵ Harling moves quickly on to the imperatives for reform created by the wars against Revolutionary and Napoleonic France.⁶ Aylmer mentions the Commission in passing but only as part of his investigations into developing bureaucracies.⁷ Even Roseveare pays more attention to the passage and consequences of reforming Acts of Parliament than the work of the Commission.⁸ Indeed, only Binney and Torrance, among more recent work, give detailed attention to the Commission's origins and work.⁹ The Bank of England's Committee of Inspection has thus far received almost no recognition. Clapham made only brief mention of the Inspection in his history of the Bank and he dismissed its task and reforms as 'matters of purely internal history'.¹⁰ Of the Bank's historians the only one to have given consideration to the Committee of Inspection was W. Marston Acres in his work on the Bank's staff. Acres, however, misinterpreted the purpose of the Inspection attributing its appointment to the increase in incidences of counterfeit notes being presented to the Bank and to a number of high profile frauds committed by Bank staff.¹¹

This article will employ the reports created by the Bank's Committee to explore the aims, methods and findings of those who inspected the Bank and the outcomes of their work. It will first explain the context in which the Commission for Examining Public Accounts and the Committee for Inspection emerged and the aims of each. It will then focus on the Bank Committee for Inspection's modes of working and the ways in which the Inspectors presented their findings. The final section will consider the measures against which the Inspectors judged the Bank's processes and its workers and the connections between their findings and their recommendations. These questions relate to the themes of this special issue because they allow us to explore aspects of an agenda of scrutiny and improvement in the management of the British public finances. Although focusing chiefly on the question of how data about complex business was collected, understood and utilised, the article will also show how pressure for more transparent and less 'corrupt' governance was translated into a system of investigation

⁵ J. Brewer, *The Sinews of Power: War, Money and the English State 1688-1783* (London, 1994).

⁶ Harling, *Old Corruption*.

⁷ Aylmer, 'Office-Holding to Civil Service'.

⁸ Roseveare, *Treasury*, pp. 118-138.

⁹ Binney, *British Public Administration*; John Torrance, 'Social Class and Bureaucratic Innovation: the Commissioners for Examining the Public Accounts, 1780-1787', *Past and Present*, 78 (1978), pp. 56-81.

¹⁰ J. H. Clapham, *The Bank of England: A History* (2 volumes, London, 1945), I, p. 202; Giuseppe also attributes the appointment of the Committee to the need to address lax procedures: John Giuseppe, *The Bank of England: a history from its foundation in 1694* (London, 1966), p. 69.

¹¹ W. M. Acres, *The Bank of England from within* (2 vols., London, 1931), I, p. 238.

and oversight that underpinned the investing public's acknowledged trust in the Bank of England and its management of the British national debt.

I

The late eighteenth-century inspection and reform of the public finances was born in great part out of the strains of the War of American Independence. This conflict brought significantly increased expenditure and the administrative complexities of funding and fighting a war in the colonies. It created anxiety about the nature of the conflict and the mother country's relationship with its American colonists. And it was accompanied by broader economic and political strains, including increased tensions in those other strongholds of nascent empire: Ireland, India and the West Indies. Indeed the Irish managed to extract significant concessions during the final years of the war.¹²

Nonetheless, Harling, Roseveare and Torrance also acknowledge a more complex heritage for reform. Roseveare links the reforms of the 1780s directly to discontent with the Crown's spending and influence over 'pensions and places' and he argues that the reformers' case was actually weaker in the 1780s than it would have been in the 1760s.¹³ Harling eschews the idea of a consensus for reform as argued by earlier scholars.¹⁴ He suggests that the costs and mismanagement of the War of American Independence merely revived 'county' discontent with the prodigality of the British state and, in particular, led to the formation of the Association movement.¹⁵ The Association Movement was formed of 'independent-minded land-owners and tenants and radical professionals, shopkeepers and artisans'.¹⁶ Phillips sees at its heart a simple demand for 'order and economy in administration'.¹⁷ Moreover, Torrance argues that this group was actually dominated by 'the progressive rentier', men who were interested in the preservation of public credit and were likely to have had capital tied up in the funds. 'Fiscal conservatism' was a banner under which all those groups could unite. One of Torrance's most

¹² P. J. Marshall, *The Making and Unmaking of Empires: Britain, India and America, c. 1750-1783* (Oxford, 2005), p. 353

¹³ Roseveare, *Treasury*, p. 119.

¹⁴ In this he includes Binney. Harling, *Old Corruption*, p. 26.

¹⁵ Harling, *Old Corruption*, pp. 31-33.

¹⁶ *Ibid.* p. 33.

¹⁷ N. C. Phillips, 'Edmund Burke and the County Movement, 1779-1780', *English Historical Review*, 76, (1961), p. 256.

salient points is that the Commissioners for Public Accounts not only owed their existence to this new mood of ‘fiscal conservatism’ but also shared it. He identifies throughout their reports the guiding hand of ‘patriotic indignation and the rhetoric of frugality’.¹⁸ The public finances were, therefore, placed in the hands of careful men determined to root out corruption and inefficiency.

Yet the political controversy that accompanied these attempts at reform should not be underestimated. Reform was the product of some intense political pressures both from factions within and outside of Parliament.¹⁹ Nor was the Bank of England immune from those pressures.²⁰ When Lord North, in 1781, argued that the Bank was ‘from long habit and the usage of many years, was a part of the constitution’ and ‘...had contributed very essentially to establish the national credit, a matter equally advantageous to this country both at home and abroad’ he was not praising but defending the institution.²¹ North did not convince everyone. The Bank’s close relationship to the state was deemed problematic, its monopoly was dangerous, its control of the system of public debt too expensive to maintain. Sir George Savile argued that the ‘public had an estate to sell’ and was selling it too damned cheap.²² Whig MP David Hartley, also challenged the Charter renewal of 1781, arguing it had a value and should, therefore, be offered to the highest bidder.²³ This, therefore, was the atmosphere in which the Bank’s own Committee for Inspection was established.

The principles that guided the work of the Commission for Examining Public Accounts and which, arguably, established the precedent for the Bank’s Inspection, are summarised by Binney and fall broadly into four categories: a drive towards greater efficiency, a drive towards greater openness and transparency, the removal of corruption or the temptation to corruption and the assurance that each post was useful and occupied by the post-holder.²⁴ The work of the Commission was also supplemented in following years by further Parliamentary Commissions to examine spending and methods of accounting and by William Pitt the younger’s attempts to reduce the national debt and improve various elements of the system.²⁵ Nonetheless it must be admitted that the connection between the two investigations is not made explicit in the Bank’s

¹⁸ Torrance, ‘Social Class and Bureaucratic Innovation’, p. 76.

¹⁹ Harling, *Old Corruption*, p. 7.

²⁰ H. V. Bowen, ‘The Bank of England during the Long Eighteenth Century, 1694-1820’ in R. Roberts and D. Kynaston eds., *The Bank of England: Money, Power and Influence 1694-1994* (Oxford, 1995), p. 9.

²¹ Lord North, Speech of 13 June 1781 in the Committee of Ways and Means quoted in Bowen, ‘Bank of England’.

²² Clapham, *Bank of England*, p. 181.

²³ David Hartley, *Considerations on the proposed renewal of the Bank Charter* (London, 1781), p. 19.

²⁴ Binney, *British Public Finance*, pp. 14-15.

²⁵ M. Daunton, *State and Market in Victorian Britain: War, Welfare and Capitalism* (Woodbridge, 2008), p. 47.

records. They merely record the decision to establish the Committee of Inspection without listing the reasons why it was established.

Yet, several key factors point to a close connection. The first of those relates to the men involved. Key to our understanding of the establishment of the Committee for Inspection is the knowledge that two of the Bank's directors, Richard Neave and Samuel Beachcroft, had been among the six Commissioners for the Examining of Public Accounts. Neave was a Bank of England director between 1763 and 1811, a long-serving member of the all-important Committee of the Treasury and Governor of the Bank between 1783 and 1785, hence at the time when the Committee of Inspection was appointed. He must, therefore, be judged to have had a significant role in the establishment of the Bank's Inspection. Samuel Beachcroft was a director of the Bank between 1760 and 1796, governor from 1775 to 1777 and he too sat on the Committee of the Treasury. It seems likely, therefore, that these two men had a great deal of influence over the establishment of the Inspection.²⁶

The working practices of the Committee also were a close match with those of the Commission for Examining Public Accounts. The Bank's Inspectors, like the Commission, had been given permission to call any and all papers it required before it and to question any persons necessary. Both were empowered not just to inspect but also to recommend any such changes as would improve efficiency and eliminate corruption. Each body pursued a similar mode of inspection. They both visited one department after another and published interim findings and recommendations as their work continued.²⁷ As noted above, similarities existed between the practical agendas of the two bodies also. Both were concerned chiefly with effectiveness of working systems, the nature of the work and the integrity of the post holder with regard to job performance and remuneration. In this respect, the Commissioners, of course, were faced with somewhat different problems from the Bank's Inspectors. The Commissioners were dealing with a long-established system mired in tradition and dependent on sinecure posts. The Bank's Inspectors were faced with a system that was, on the whole, fit for purpose but had grown out of all proportion in the years running up to the Inspection. The result of this was systems that relied upon short-cuts and had grown lax to accommodate much higher volumes of work. Equally, the Inspectors found no obvious sinecures. Each post at the Bank was associated with a specific set of duties and held by a working post-holder. Yet, as we shall see, they did find that not all of those post-holders were similarly diligent.

²⁶ Torrance agrees with this assessment. Torrance, 'Social Class and Bureaucratic Innovation', p. 60.

²⁷ Torrance, 'Social Class and Bureaucratic Innovation', p. 66; Bank Archives, M5/212; M5/213, *passim*.

One significant difference between the Commission and the Bank's Inspectors was that the latter were appointed from within. No external views were to be brought to bear on the situation at the Bank. As we have seen, the Commission were arguably sympathetic to the reform agenda at hand and Richard Neave's undoubtedly strong role in the establishment of Committee of Inspection makes it likely that he selected men sympathetic to his cause to comprise the Committee. Nonetheless, we should bear in mind that the Inspectors were Bank men compiling a purely internal report.

The Inspectors were three in number and they were appointed by order of the Court of Directors in March 1783. They were Samuel Bosanquet, Thomas Dea and Benjamin Winthrop. Bosanquet was a banker and Winthrop a merchant. Nothing is known of Dea's occupation. All three were directors of the Bank but of relatively short standing. Perhaps this was a case of the new boys being trusted with the broom to sweep clean.²⁸ Bosanquet had first been elected 12 years previously in 1771.²⁹ Dea had been elected in 1775 and Winthrop only in 1782.³⁰ All three had served on the Bank's Committee for House and Servants, a committee which, as its name suggests, was responsible for various aspects of the maintenance of the Bank's premises and the pay, employment and disciplining of servants. The reports of the Committee, which met every three months, tend to suggest a rather formulaic agenda. There were warrants to approve and sign for the payment of tradesmen and suppliers, decisions to be made regarding any changes of the former but when it came to reports on the behaviour of the staff very few direct complaints were made and usually the various heads of department noted only absences.³¹ Nevertheless, Bosanquet, Dea and Winthrop's service on this committee must suggest that they were broadly familiar with the day to day running of the Bank and of the house rules governing the working practices of the clerks and had encountered instances of how those rules could be circumvented. However, there is no record of any of the three having served on any other of the Bank's committees prior to their appointment to the Committee of Inspection.

The Inspectors commenced their work in March 1783 and spent a little over a year pursuing their business. They took a holiday in August and September of 1783 but no other significant breaks and they wrapped up their reports in April 1784. But theirs was not the final

²⁸ Clapham, *Bank of England*, p. 203.

²⁹ Bosanquet continued to serve as a director until his death on 5 July 1806. He was elected deputy governor in 1789 and 1790 and governor in 1791 and 1792. BEA, M5/436, Directors Annual Lists, fo. 25.

³⁰ Dea served as a director on and off until 1798. Winthrop served with occasional breaks until his death on 7 October 1809. He was elected deputy governor from 1802-03 and governor from 1804-05. BEA, M5/436, Directors Annual Lists, fos. 26-27.

³¹ BEA, M5/376, Minutes of the Committee of House and Servants, passim.

inspection at the Bank. From its beginnings in 1783, the Bank of England developed various committees to manage its business. By 1800 it had established three permanent Committees of Inspection with oversight of the Stock Offices, the Printing and Bank Notes Offices and the Cash Offices respectively. The procedures for recruitment and management of staff had also been tightened quite considerably by the start of the nineteenth century. The fact that a *system* of inspection was being developed is important. The growth of the bureaucratic career and the rise of managerial capitalism was, according to Chandler prompted by the emergence of the railroads, as the first enterprise that was sufficiently complex to require the new managerial methods of the division of specialised labour, close supervision and detailed managerial knowledge.³² Some scholars have identified the rise of bank inspections during the late nineteenth century as part of this process.³³ According to McKinlay and Wilson, the individual was at this time being exposed to new forms of ‘administration, management and raised expectations of self-management’ and the tools of this system were the means to make the employee visible: the staff ledger, the recording of competencies and the inspection.³⁴ It will become clear from what follows that all this was in place at the Bank of England by the end of the eighteenth century.

II

The Inspectors had the power, given by the Bank’s Court of Directors, to ‘call before them all or any of the Servants of the Bank for such information as they shall require...’³⁵ Their mode of inspection seemed to be observe the clerks at work and then follow up with interviews and enquiries. There is some indication that they gave notice of their itinerary to the senior men.³⁶ They met regularly to review their minutes which were recorded by a secretary, Mr Aslett, who, when his work was finished, received the commendation of the Inspectors as having been ‘very diligent in his Duty, & in his attendance on us’.³⁷ From their reports, it seems that the Inspectors’ behaviour was not overtly intrusive or forceful. Indeed, there were significant

³² Alfred D. Chandler, *The Visible Hand: the managerial revolution in American Business* (Cambridge Mass. and London, 1977).

³³ A. McKinlay and R. G. Wilson, “‘Small acts of cunning’: bureaucracy, inspection and the career, c. 1890-1914’, *Critical Perspectives on Accounting*, 17 (2006), pp. 657-678.

³⁴ *Ibid.* p. 658.

³⁵ BEA, M5/212, fo. 1.

³⁶ See for example, BEA, M5/213, fo. 21.

³⁷ BEA, M5/213, fos. 177-78.

periods during which the Inspectors consulted with numerous staff about proposed changes, suggesting that they had respect for the accumulated knowledge of the staff and an understanding that they were engaging in the alteration of physical activities and processes of which they had less understanding. Yet, while periods of consultation point to a cooperative process, we should perhaps not underestimate the extent to which being observed could be intimidating. Reflections on the inspection process from the late-nineteenth century point to feelings of unease while being watched, one clerk described the inspector as being ‘quiet, almost stealthy. His small grey, red-rimmed eyes regarded me furtively’.³⁸ McKinlay and Wilson go so far as to suggest that the inspection could be a dehumanising process, concentrating on process rather than people.³⁹

Perhaps reflective of their modes of working, for the most part, the information collected by the Inspectors was recorded in four main formats: the list, the narrative, usually presented as evidence given by one or more of the clerks, the cross-examination and the summation of findings and recommendations. There is very little use of complex numerical calculation in the Inspectors’ report, although that clearly was a central part of the Bank’s business. These formats are consistent with late-nineteenth-century inspections which McKinlay and Wilson describe as ‘descriptive, linguistic system[s]’.⁴⁰ Performance was not being made calculable here although, as we shall see, some clerks did certainly measure their own performance by use of the clock and reference to specific amounts of work achieved.

The use of the list as a means of conveying information was usually confined to the introduction to each office or department. Thus, when the Committee examined Abraham Newland, the chief cashier, ‘he laid before them a List of the Several Officers in his department’. The list read:

- No. 1. The InTellers who receive & pay Money.
2. The OutTellers who receive Money for bills of exchange & notes of hand at the houses of the persons to whom they are address’d.
3. The Clerks in the Drawing Office where the Accounts are kept of those persons who keep cash at the Bank.
4. The Clerks in the Bill Office where the Accounts are kept of the bills & notes left by those persons who keep cash at the Bank to be receiv’d when due & placed to their accounts. And the Clearers who receive of the OutTellers the money collected daily by them for payment of bills.
5. The Clerks at the Cash Books where the Bank Notes & Bank Post Bills are made out & entered when issued & when paid.
6. The Clerks in the Discount Office

³⁸ McKinlay and Wilson, ““Small acts of cunning”, p. 666.

³⁹ Ibid.

⁴⁰ Ibid., p. 658.

7. The Clerks in the Bullion Office.
8. The Clerks who receive the public money on acco^t of Loans.
9. The Clerks who attend the Receipt of his Majesty's Exchequer on the Bank's Acco^t.
10. The Care of the Treasure not in the Vaults under the inspection of the Cashiers.
11. The Clerks who pay the Interest to the Proprietors of Bank Stock & of such part of the national Debt as is transacted there.
12. The Clerks who check the same or the Warrant Office.
13. The Clerks who receive & pay money on acco^t of the Suitors in the Court of Chancery, &
14. The Clerks at the General Cash Book.⁴¹

The use of the list suggests ordered information which would seem to indicate that the senior clerks had been working on their testimonies prior to their meetings with the Inspectors, gathering information and ensuring that they fully understood the complexities of their offices and the working day.

The list was then followed by a narrative of the daily activities of each office. The narrative was bounded by clock time relating to both working time and daily operations. Thus, Mr Lander, one of the cashiers in the banking hall, number one in Abraham Newland's list, informed the Inspectors:

That the attendance of the 8 Cashiers in the Hall begins every morning at 9 o'clock: at 12 or ½ past 12, 4 of them are allowed to go to Dinner & must return by 2, when the other 4 go off entirely; that 2 of the first 4 wait at night, one to see the blank Notes counted & locked up, the other to attend the general Balance...⁴²

Equally, Mr Bourne of the Bill Office, number four on the list, noted that the 'Chest of discounted Bills is unlock'd every morning at 9 o'clock & not shut up again 'till 5'.⁴³ Mr Campe reported of the Warrant Office, number twelve on the list, that 'the time of attendance... is from 9 to 3, the hours of payment, & as much longer as is necessary to settle their Accounts'.⁴⁴ Thus the clerks presented a broadly descriptive account of the functions already observed by the Inspectors but one that was undoubtedly reflective of the ideal day when all clerks were present, nobody was late and nothing out of the ordinary occurred.

The reference to clock time can be argued to have performed three important functions within the narratives offered by the clerks. First, it established that each office and position was associated with a useful post and was occupied by men performing a role rather than placemen

⁴¹ BEA, M5/212, fos. 3-4.

⁴² Ibid. fo. 117.

⁴³ Ibid., fo. 43.

⁴⁴ Ibid., fo. 36.

taking a fee. Second, it could be argued that the reference to clock time raised the quality and credibility of evidence. It was, for example, a technique of long-standing in evidence-giving in courts. There use of clock time in the narration of events was a common way of establishing the veracity of evidence.⁴⁵ Interestingly, many of the testimonies also began with the clerks stating their length of service at the Bank. This was arguably another way in which the clerks could support their evidence. Long experience implied knowledge and understanding of a variety of the Bank's systems, as well as the support of the institution itself. The third obvious use of the clock in narratives was its employment as a means of the clerks demonstrating their own commitment and hard work. Thus, Mr Lander, one of the cashiers, on being asked how many Notes he could sign in a specified time answered 'about 100 Notes in 20 Minutes if not interrupted'.⁴⁶ Mr Bentley, of the Bills Office, described a working day that extended into the evening requiring him to work past 5 for never 'less time than two hours & a half or three hours, but very frequently 4 or 5. That he is very seldom out of the Office before 8 at night, if the business is heavy much later, & on a Saturday generally 'till 10 or 11 o'clock'.⁴⁷

The overviews that were presented to the Inspectors by the senior men suggest that those men exercised a close control over their offices and the detail and precision offered, especially in the use of clock time, argues for an ordered system of management at the Bank. But an obvious question arises about how far the narratives represented the realities of working at the Bank. We can speculate that compliance with the standing rules of the Bank was undoubtedly higher when the Inspectors visited a particular office.⁴⁸ Moreover, the long establishment of the Committee undoubtedly taught both supervisors and junior clerks what to expect with regard to the Inspectors' visits and interviews. Practices were certainly adapted in advance of the Inspectors' visits. Thus, with regard to the checking of the bank notes kept in store it was noted that it 'used only to be customary to have this operation performed about once a Week, but within this fortnight Mr Newland has directed it should be performed daily'.⁴⁹ Equally, Mr Campe, one of the in-tellers, referring to the practice of counter-signing day books noted that it had been discontinued but 'he thinks it right it should be adopted again & has actually begun

⁴⁵ P. Glennie and N. Thrift, *Shaping the Day: a history of time-keeping in England and Wales, 1300-1800* (Oxford, 2011), p. 215. Hans-Joachim Voth also noted the prominence of clock time in court depositions. H-J. Voth, *Time and Work in England, 1750-1830* (Oxford, 2000).

⁴⁶ BEA, M5/212, fo. 117.

⁴⁷ BEA, M5/213, fos. 6-7.

⁴⁸ Bartrip suggests a similar effect after the establishment of a full-time professional agency for factory inspection. P. W. J. Bartrip, 'British Government Inspection, 1832-1875: Some Observations', *The Historical Journal*, 25 (1982), p. 613.

⁴⁹ BEA, M5/212, fo. 115.

to use it since he heard the Committee had suggested the Idea in the Pay Office'.⁵⁰ This learning from the Inspectors' previous work and reports indicates the importance of the Inspection and how closely it was being watched by some, if not all, of the clerks in the Bank. It also points to a desire to anticipate the Inspectors' findings which, perhaps, offers some evidence that the clerks were finding the Inspection rather daunting.

Drawing on other records preserved at the Bank presents contradictions to the Inspectors' findings. For example, the Minutes of the Committee for House and Servants recorded in July 1783 that 'Edmund Smith, Peter Bagwell, Richard Payne, John Little, William Rosse, Thomas Curtis, John Cartlich and Samuel Gore' had all been absent more than two months in this quarter.⁵¹ This is perhaps not unexpected in a period where long-term sickness or disability was not easily managed. Nonetheless, it points to a significant level of absence over a long period of time and none of this was noted in the Inspectors' findings. Clearly, therefore, some things were overlooked, perhaps as being the concern of other internal agencies, and other things were not revealed to the Inspectors.

It is also clear that most senior men went into their interviews determined to present their offices and their subordinates in the best possible light. Hence Mr Clifford of the Drawing Office informed the Inspectors that 'the Gentlemen under his charge were very regular & well qualified for their business, which was very necessary, for matters of immense consequence passed through their hands'.⁵² Likewise Mr Turner of the 3 per cent Reduced Consols Office informed the Inspectors that the men working for him 'were all in a proper degree of subordination & in general well qualified for their places, though he cannot pretend to say they are all equally expert & Masters of their business'.⁵³ Only one senior man broke this consensus. Abraham Vickery, head of the 3 per cent Consols Office informed the Inspectors that 'as soon as he heard this Committee was appointed, he informed all the clerks under him that, when called before the Committee, he would openly & candidly declare all he knew concerning their conduct'.⁵⁴ He went on to accuse the men under him of numerous transgressions against the Bank's rules. Yet, in a private notebook kept by Samuel Bosanquet, one of the Inspectors, it was revealed that a number of clerks had poor relations with Vickery, that 'bad words' had been exchanged in a number of instances and that there was 'cause for discontent in the Consols

⁵⁰ Ibid., fo. 41.

⁵¹ BEA, M5/376, Minutes of the Committee for House and Servants, fo. 157.

⁵² BEA, M5/212, fo. 85.

⁵³ BEA, M5/213, fos. 44-45.

⁵⁴ Ibid., fo. 63.

Office against Mr Vickery'.⁵⁵ It is perhaps notable that only Vickery's complaints were recorded in the formal minutes but certainly interesting that the Inspectors delved deeper than the surface in finding out the rights and wrongs of the situation.

Indeed, the Inspectors were clearly not easily distracted from their purpose and did their utmost to discover the realities of working practices. Thus, in relation to the management of the Bill Office, Mr Church, the chief man, initially gave evidence about the full extent of the working day. He was later reported by one of his subordinates to 'quit the Office about 3 o'clock' each day'. Following this revelation the Inspectors perceptively observed that Church 'cannot be so well acquainted with the business transacted after his departure as the other Clerks'.⁵⁶ They, thereafter, interviewed other clerks in the same office to get a better sense of the realities of the work. Church was one of the very first men to be interviewed in March 1783 and it is notable that the practice of interviewing more than one clerk in each office continued thereafter with note often being taken when they corroborated or contradicted each other's accounts.⁵⁷

The most sustained period of cross-examination in the Inspectors' reports related to transgressions of the Bank's standing rules in the Stock Transfer Offices. The rules prevented clerks from acting as brokers or jobbing the market themselves but the Inspectors soon found that this rule was being generally ignored. Thus, Mr Aldridge, when interviewed, confessed that he had now and again acted as a broker but had never jobbed. Mr Windsor said he had acted as a broker and although he had not jobbed recently, 'he has now & then sold & bought a little stock which he has held for his friends'. Mr Crockford allowed that 'he had made Bargains in Stock for time, both on his own account & on that of his Principals'.⁵⁸ Mr Brown also admitted to acting as a broker occasionally 'but in a very trifling way'. They all also attempted to claim that they did not know of any order against acting as a broker.⁵⁹ This seems disingenuous at best. Samuel Beachcroft's governor's diary, which covered the period from 1775 to 1777, contained a number of references to anonymous informers against clerks acting as jobbers and brokers, suggesting that this kind of activity was brought to the Bank's attention on a regular basis. Moreover, Beachcroft's disapproval was passed on to the clerks. He recorded in his diary that 'Upon an anonymous letter from the stock brokers & jobbers, Mr

⁵⁵ BEA, Memorandum book of Samuel Bosanquet, 1783-1791, M5/471, unpaginated.

⁵⁶ BEA, M5/212, fo. 18.

⁵⁷ See, for example, M5/212, fo. 101.

⁵⁸ BEA M5/213, fos. 67; 84; 85.

⁵⁹ *Ibid*, fo. 96.

Pearce & Mr Pemberton were call'd in & reprimanded for dealing in Stocks'.⁶⁰ Yet, Beachcroft's admonishments seem to have made little impact. Both Pearce and Pemberton were still employed by the Bank in 1783 when the Committee of Inspection convened and both confessed to still being involved in the financial markets.⁶¹ The Inspectors, nonetheless, reiterated their concerns in this respect and worried that the clerks who engaged with their practices were having their minds seduced 'from regular employment in an easy service, & attaching them to objects inviting though dangerous...'.⁶²

Although predominantly a narrative exercise, it appears clear that the Bank's Inspection was a rigorous process which did function as a way to identify specific concerns. Moreover, the Bank's Inspectors, like the Commissioners for Examining the Public Accounts, were not just on a fact-finding mission. They assessed their findings, measured them against certain standards and made recommendations in areas that were of the most obvious concern to them. It may be argued that in doing so they were at least shoring up, and at most imposing, a 'bureaucratic system of organisation'. As Torrance argued with regard to the Commission, it was a system in which 'speed, precision, impartiality, uniformity and accountability' had become objects of good in themselves and not just worth pursuing for the sake of frugality.⁶³ In order to understand how this systems of organisation were imposed, the final section of this article will consider how the Inspectors measured the Bank's processes and their recommendations for change.

III

The Bank had been in existence since 1694 and its operations commenced with a staff of just 17.⁶⁴ It had grown relatively slowly in its early years but by the 1780s the number of clerks had risen to over three hundred, the nature and amount of work had expanded considerably and it is clear that the War of American Independence had put a significant strain on the Bank's long-standing systems.⁶⁵ Indeed, while quantification was not a dominant theme in the Inspectors'

⁶⁰ BEA, M5/451: Samuel Beachcroft Governor's diary, 1775-1777, fo. 76.

⁶¹ BEA, M5/213, fos. 111; 109.

⁶² *Ibid*, fos. 173; 154.

⁶³ Torrance, 'Social Class and Bureaucratic Innovation', p. 58.

⁶⁴ A. L. Murphy, 'Learning the business of banking: the management of the Bank of England's first tellers', *Business History*, 52 (2010), pp. 150-168.

⁶⁵ It was to expand still further during the Wars against Revolutionary and Napoleonic France, see A. L. Murphy, "'Writes a fair hand and appears to be well qualified": the recruitment of Bank of England clerks, 1800-1815', *Financial History Review*, 22 (2015), pp. 19-44.

reports, the clerks did find it of use when describing recent increases in business. Thus, the Inspectors' reports record that the issue of 4% annuities during the War of American Independence resulted in such an increase of business that the clerks had to open 19,500 new accounts in one day.⁶⁶ More than 65,000 dividend warrants were issued for payment on 5 January 1783 and nearly 59,000 in April 1783.⁶⁷ The clerks who kept the K cash book, in which were recorded notes in long lists for the Exchequer, other public offices and to some bankers, estimated that they made up around 20,000 notes a month.⁶⁸ Mr Isaac Pilleau estimated that 137,000 bills of exchange had been discounted in the course of 1782. Each discount required a posting to the account with and the account upon at the time of discount and from the two accounts at the time of payment.⁶⁹ The work of compiling a list of unpaid dividends for the Exchequer was so time-consuming that it could take up to 5 or 6 months.⁷⁰

It is no surprise that when confronted with such issues the Inspectors spent much time exploring the most efficient means of doing the work. One of the measures against which they judged the clerks, therefore, was speed of working and some of their first actions were designed to increase efficiency. Thus, a plan to revise systems of issuing banknotes was offered with the endorsement that 'the Publick will be accommodated on demand without the delay they are now subject to...'⁷¹ It was also noted that the plan might involve sending the cancelled notes to the pay clerks 'from time to time, as they come in... & by this means occasion less delay in making up the Pay Clerk's account in the evening'.⁷² Similarly, recommendations for changes in systems used in the Bill Office were made because the Inspectors observed that 'this operation takes up a considerable space of time, & frequently occasions the business of the Office to continue, 'till very late at night before it is finished'.⁷³

Speed and timing of work was most problematic in the Transfer Offices, partly because of the pressure of dealing with such a large amount of business but partly because this was one of the most obviously public-facing areas of the Bank. The Inspectors' reports thus noted 'very frequent complaints, in regard to delays and inconveniences experienc'd by the Publick in receiving their Dividends'.⁷⁴ Mr Selby, one of the supervisors in the 3 per cent Consols Office, explained that this was because 'the number of tickets for transfers put in in the last quarter of

⁶⁶ BEA, M5/213, fos. 43-44.

⁶⁷ BEA, M5/212, fo. 126.

⁶⁸ *Ibid.*, fo. 91; fo. 99.

⁶⁹ BEA, M5/213, fos. 8-9.

⁷⁰ *Ibid.*, fo. 62.

⁷¹ BEA, M5/212, fo. 166.

⁷² *Ibid.*, fo. 172.

⁷³ *Ibid.*, fo. 68.

⁷⁴ BEA, M5/213, fo. 136.

an hour before 1 o'clock is more than the whole number given in during the rest of the day: these take so much time to be entered, that it is usually 2 o'clock or very near it before they are completed.⁷⁵ This created knock-on delays in the payment of dividends which was what occasioned so many customer complaints. The Inspectors' remedies for this were to employ more staff, reorganise the offices and restrict the times during which transfers of stock could be effected. Clearly the Inspectors took seriously the questions of service to the investing public that were raised by problems in the transfer and dividend payment systems. This implies a deeper significance to their actions. Scholars have suggested that the successes of the English financial revolution depended on a 'credible commitment' on the part of Parliament to honour its financial promises.⁷⁶ The Bank has been identified as the embodiment of these promises.⁷⁷ Arguably the fact that the Inspectors sought to impose strict routines and more or less precise time-keeping on the management of the national debt reinforced the message that here was an institution which guaranteed the security of invested funds.

A further means used by the Inspectors to judge the effectiveness of work at the Bank was to measure it against standing orders already in place to see if they were being complied with. We have already seen the most prominent example of failure in this regard in the Inspectors' investigations of the Transfer Offices. In other places though the Inspectors noted with satisfaction that sound systems were in place. Thus, with regard to the actual business of transferring stock they were clear that 'so many checks being established as to render it scarcely possible that an error should be overlooked'.⁷⁸ The maintenance of the accounts of the suitors in the Court of Chancery was also deemed robust. The clerks reported,

a general balance being taken every year in the month of October, when the Account is pricked over, & agreed with the Chancery Account: after which it is signed by the Head of this Office, & then certified by the Chief Accountant of the Bank, when it is sent to the Accountant General of the Court of Chancery, who delivers it to the Lord Chancellor.⁷⁹

Security, on the other hand, was found to be less satisfactory in numerous instances and with regard both to paper and physical systems. It became clear in the report that despite there

⁷⁵ Ibid., fo. 68.

⁷⁶ D. North and B. R. Weingast, 'Constitutions and commitment': the evolution of institutions governing public choice in seventeenth-century England', *The Journal of Economic History*, 49 (1989), pp. 803-832.

⁷⁷ B. R. Weingast, 'The political foundations of limited government: parliament and sovereign debt in 17th- and 18th-century England' in J. Drobach and J. Nye eds., *The frontiers of the new institutional economics* (San Diego and London, 1997); A. L. Murphy, 'Demanding credible commitment: public reactions to the failures of the early financial revolution', *Economic History Review*, 66 (2013), pp. 178-197.

⁷⁸ BEA, M5/213, fo. 23.

⁷⁹ Ibid., fo. 115.

being systems in place to secure money, notes, papers and ledgers, they were not always used and lessons were not being learned. Thus, a significant fraud committed by Charles Clutterbuck, a clerk in the Cashier's Office, had resulted in no changes to the system that had facilitated his offence. Clutterbuck had taken advantage of inadequacies in the Bank's procedures to forge banknotes to the amount of £5,930.⁸⁰ Yet, the Inspectors found that 'opportunities still occur every day similar to that which enabled Clutterbuck to perpetrate the fraud he lately committed: for in fact there is no effectual check on the Clerks...'⁸¹ The Inspectors, therefore, spent much of their time engaged in finding new and 'safe' systems for the production and storage of notes and bills. Indeed, they explained in their first report that 'To form a plan that may put so very large a property in a State of Security; without at the same time impeding the established course of business; has engaged much of our attention'.⁸²

It was not just the risk of fraud that occupied the Inspectors. Physical security at the Bank was found to be lax. Thus, bills of exchange, which were locked away at night in the iron closet in the Court Room, were taken out and left in open drawers all day during the hours of business.⁸³ Clerks were seen to leave their 'notebooks' (most probably day books) open on their desks if they were called away rather than secured in a drawer or locker.⁸⁴ Various account books and ledgers were left out on desks overnight, rather than being locked away.⁸⁵ Owing to lax management of keys, sensitive areas of the Bank could also be accessed by relatively junior staff or by staff operating in a solitary capacity.⁸⁶ It was also noted that the previous 4 or 5 years unpaid dividend warrants were kept in a wooden cupboard to which all clerks in that office had a key.⁸⁷ Storage units themselves were often judged unfit for purpose. Wooden drawers and cupboards were condemned as being too easy to break into. The Inspectors also noted the use of small iron chests that were in some cases 'very light, weak, not fix'd to the floor, & in all respects insufficient for the security of so large a property as is frequently there deposited'.⁸⁸ Another concern was the number of keys issued. Indeed, unlike the household to which there were often just one set of keys, a measure which restricted access to and monitored

⁸⁰ Acres, *Bank of England*, p. 234. Clutterbuck subsequently absconded to France where he was apprehended and tried (in spite of the fact that France refused to extradite him) and ultimately condemned to the galleys for life.

⁸¹ BEA, M5/212, fo. 159.

⁸² *Ibid.*, fo. 72.

⁸³ *Ibid.*, fos. 11-12.

⁸⁴ *Ibid.*, fo. 174.

⁸⁵ *Ibid.*, fos. 148-149.

⁸⁶ *Ibid.*, fo. 40.

⁸⁷ *Ibid.*, fo. 143.

⁸⁸ *Ibid.*, fo. 62.

movements within the house,⁸⁹ some keys at the Bank had proliferated and many were in the hands of junior and unsupervised clerks. The greatest risk to the Bank's business, therefore, was not thieves or fraudsters but lax management. Thus the Inspectors devoted the entirety of their second report to improving the security of the Bank's notes and bills.

It is notable that, on the surface at least, the Inspectors spent less time examining the men and their shortcomings. Personalities were not assessed in the Inspectors' formal minutes, nor was individual fitness for work but we do know they were considered. Samuel Bosanquet kept a separate notebook in which we find recorded his own views and the privately expressed views of the heads of some offices regarding the Bank's servants. Some men he thought to be merely adequate. Mr Bloomer was judged to be 'not bright but [he] does as bid'. And there is a strong indication that the older men at the Bank were thought to be less than effective. Of Mr Gardner, Bosanquet wrote, 'a poor hand, obstinate and prejudiced to the old mode...', as well Mr Gardner may have been after serving 39 years in the Bank! Bosanquet was more overtly critical of other staff. Mr Bridges, principal of the dividend warrants was condemned as 'a chattering fellow, not fit to be placed in any more conspicuous light'. Mr Kingdon was reported as having been rather rude to the public and not well qualified for his role due to 'natural defects'. Mr Wilde was noted as having ability but apparently he 'drinks & then [gets] muddled & lost'. Bosanquet was less fulsome in his praise of staff but did note some rising stars. Mr Walsh was judged to be 'very intelligent, very able, and the only one fit for a head yet seen'. Mr Walton of the 3 per Cent Reduced Office was pronounced to be a 'very clever hand, very sensible and capable'. And Mr Martin was sober and very capable.⁹⁰ There is, however, no evidence that Bosanquet acted on his findings to either promote where he found merit or punish where he found failings.

Indeed, in their official reports the Inspectors confined themselves to very general comments about the men, noting their general good behaviour while still recommending 'in the strongest terms to the Inferiors, a due subordination to the Superiors; & a ready compliance with their orders' and reminding the Court of Directors to 'pay great attention to the abilities & characters of those they nominate; & at the time of Election, to their performances'.⁹¹ Their only specific criticism was directed at the senior men who often left their desks by 3.30 in the afternoon. Thus, the Inspectors admonished the senior men for:

leaving the charge of every thing to the vigilance & honesty of the Junior Clerks, (frequently such as are very young in Office), & not considering it as any part of

⁸⁹ A. Vickery, *Behind Closed Doors: at homes in Georgian England* (New Haven, 2010), p. 43.

⁹⁰ BEA, M5/471, Memorandum book of Samuel Bosanquet, 1783-1791, unpaginated.

⁹¹ BEA, M5/213, fos. 152-53; fo. 174.

their duty to attend to the subsequent transactions of the day. This practice, beyond a doubt, must have crept in by degrees, for we deem it impossible that it ever could have received the deliberate approbation of a Court of Directors; & however Time may have sanctified the custom, the reverse of it would have appeared a much more natural regulation: for surely if in any situation of Trust a compleat superintendence is desirable, it must be more immediately necessary where the Trust is of such infinite importance.⁹²

Given the reforming agenda of the early 1780s and widespread fears about corruption in public office, it is finally worthy of note that the Inspectors, while they certainly questioned many staff about possible corrupt practices and especially with regard to the receiving of gratuities, they did little about this. Indeed, the Inspectors stated their desire to promote both the honour and prosperity of the Bank by putting a halt to the taking of gratuities which they argued was both contrary to one of the Bank's bye laws and also 'liable to occasion dissatisfaction & heart-burnings amongst the Clerks' as a consequence of unequal distribution of tips and also likely 'to give rise to partialities & unjust preferences, towards the Publick'. Yet they also argued that the practice was so firmly established that it could not be eliminated but must rather be regulated:

by excluding the Chiefs from any participation, & ordering equal distributions amongst the inferior Clerks, by which means the Chiefs would become a check on the inferiors & prevent unreasonable exactions on the Publick: but in this case, it will be equitable to allow an increase of salary to the former by way of compensation.⁹³

We may argue, therefore, that the Bank's Inspection was 'fiscal conservatism', but it was fiscal conservatism tempered by realism.

IV

The Bank's 1783 Inspection suffered from no lack of resources or powers of enforcement but its impact was nonetheless relatively limited. In part this was because the Inspectors' approved of a great deal of what they saw. In part this was because the Inspectors had a very strong sense of the Bank's contribution to the wider economy. The closing words of their report were:

When we contemplate the immense importance of the Bank of England not only to the City of London, in points highly essential to the promotion & extension of its Commerce, but to the Nation at large, as the grand Palladium of Public Credit, we cannot but be thoroughly persuaded that an Object so great in itself & so interesting

⁹² Ibid., fo. 173-74

⁹³ Ibid., fos. 158-59.

to all Ranks of the Community, must necessarily excite care & solicitude in every breast, for the wise administration of its Affairs, but principally and directly in theirs who are entrusted with the immediate management of them: We deem it therefore superfluous to say a single word to the Court with a view of inculcating a religious Veneration for the glorious fabrick, or of recommending a steady and unremitting attention to its sacred Preservation.⁹⁴

The system of inspection at the Bank, however, once implemented was not halted. Permanent committees were established for monitoring the most important of the Bank's functions. From the start of the nineteenth century, a closer eye was kept on the recruitment and management of staff and the management of the Bank's functions. The result of this was tighter internal controls and the maintenance of the efficiency for which the Bank was already justly feted.

These systems of inspection and measurement of performance offer us two important insights into public finance at the end of the eighteenth century. First, they should be seen as part of the development of a much broader system of inspection that encompassed much of developed economy by the mid-nineteenth century. Managerial capitalism, in all its aspects, was working well at the late eighteenth century Bank of England and it is important to acknowledge its early development. Equally, it is useful to acknowledge the contribution of managerial transparency and effectiveness to the development of trust in the British public finances. This point has been acknowledged in the work of scholars like Brewer and Daunton, who have focused on the ways in which efficient systems of taxation underpinned the workings of the national debt.⁹⁵ It is time that scholars turned their attention in this respect to the British state's systems of borrowing. Taxation was essential certainly but borrowing provided the immediate funds needed in emergent situations like war. Taxation could be enforced, lending was voluntary. To understand the success of the British state, it is necessary to understand much more fully how it borrowed. Giving attention to the processes by which it managed that borrowing is an important, and hitherto neglected, part of the story.

⁹⁴ Ibid., fos. 178-79.

⁹⁵ Brewer, *Sinews of Power*; M. Daunton, *Trusting Leviathan: The Politics of Taxation in Britain, 1799-1914* (Cambridge, 2001).