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**The History and collections of the Bank of England**

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**Lecture outline**

This lecture will give an overview of the history of the Bank of England, founded in 1694, and of the collections presented and cared for by the Bank of England Museum.

We are open to the public on week-days year-round, but also have a number of weekend and evening opening events this year: for further details of our events please see our website, [www.bankofengland.co.uk/museum](http://www.bankofengland.co.uk/museum).

**Foundation of the Bank of England, 1694**

* Weak public finances led to the proposal for the Bank of England by William Paterson, City merchant.
* Royal Charter signed on 27th July 1694, incorporating the subscribers as the Governor and Company of the Bank of England.
* The money raised (£1.2m) lent to the Government, and the Bank took on the role of managing the Government’s accounts.

**The Threadneedle Street Buildings**

* In rented premises for the first 40 years, first in Mercer’s Chapel, then the Grocer’s Hall from December 1694.
* The first Threadneedle Street building designed by the little-known George Sampson, and built on the site of the house of the first Governor of the Bank, Sir John Houblon. Completed in 1734.
* Sir Robert Taylor later commissioned to extend the Bank. East Wing (including Rotunda) completed in 1765, West Wing not completed until 1788. Some interiors of Taylor’s buildings survive to this day.
* Sir John Soane takes over as Architect and Surveyor of the Bank in 1788, a role he holds for over four decades, and which he calls the ‘pride and boast of my life’. By 1828 he has completed the expansion of the Threadneedle Street building to the current 3.5 acre site, diverting roads in the process and creating a celebrated building and a London landmark, depicted on the reverse of the 1928 £1 note. A full-size recreation of Soane’s Stock Office can be seen in the Museum today.

**Protecting the Bank**

* Soane’s period coincided with the Napoleonic wars, and the effects these had on the Bank. Following the Gordon riots of 1780 overnight security at the Bank had already been stepped up. However the fear of French invasion led to the establishment of the Bank’s Volunteer force in 1799.

**The Bank Restriction Period (1797-1821)**

* Events of the Napoleonic wars led to the Restriction period, during which the payment of gold for paper money was suspended in order to maintain sufficient gold reserves and stability within banks.
* The treatment of the Bank by the then Prime Minister, William Pitt the Younger, inspired James Gillray to create the noted satirical cartoon, *Political Ravishment: or the Old Lady of Threadneedle Street in Danger!* – giving rise to a nickname that persists today.
* Foreign silver coins were countermarked to compensate for a loss of gold coin from circulation. £1 notes were also issued for the first time.
* The use of paper money by those who were unaccustomed to it led to a surge in the levels of counterfeiting. Despite this, the design of Bank of England notes changed surprisingly little between the early 1800s and the 1950s.

**The Victorian Bank**

* *Dividend Day at the Bank of England* by George Elgar Hicks (1859) provides a portrait of the Bank in the mid-19th century
* A literary connection: Kenneth Grahame, author of *The Wind in the Willows* was Secretary of the Bank in the early 1900s.

**The Bank rebuilt**

* Sir John Soane’s Bank remained little changed for nearly a century. But by the end of the First World War the Bank’s role had continued to expand with the National debt. The Bank was acting as a national bank even if it was still owned by private stockholders. It had outgrown its premises and needed to expand.
* Sir Herbert Baker was commissioned to design and build the new Bank of England building.
* Now hemmed in by streets on all sides, the only way to go was upwards. Soane’s building was comparatively low, but Baker’s building would eventually reach ten stories – three below ground and seven above.
* The old Bank buildings were demolished in quadrants and gradually rebuilt, between 1925 and 1939. The new Bank of England building included mosaics by Boris Anrep and sculpture by Charles Wheeler. The building itself is monumental in its scale and design. It includes some of Soane’s decorative elements and reuses some of Taylor’s finest interiors, but the decoration by Wheeler is unmistakably modern.

**WWII and Nationalisation**

* The Bank took on the functions of a modern central bank during the interwar years, managing the country’s gold and foreign exchange reserves and executing monetary policy.
* The new Bank of England buildings were completed just as the Second World War was breaking out, and survived the war relatively unscathed, despite a spectacular direct hit to Bank Underground station.
* Operation Bernhard: a massive German counterfeiting attempt, aimed to disrupt the British economy by flooding it with counterfeit notes. It was ultimately unsuccessful, but led to the withdrawal of all notes over the value of £5, which would remain the largest denomination in circulation until a new £10 in 1964.
* Following the Second World War, the Bank was nationalised in 1946, taken into public ownership. Yet this didn’t much change the status quo, as the Bank of England was already acting as a de facto central Bank.

**Modern banknotes**

* The issue of banknotes is one of the most visible parts of a modern central Bank’s duties, and trust is essential if for people to carry on using these notes. It’s a key part of the Bank’s role to produce notes that people can trust to be genuine, and this has driven the development of banknotes to the complex design that we use today.
* Until the 1950s, the basic design of the higher value Bank of England notes had not changed greatly – a black and white, calligraphic design featuring a decorative vignette, sum block.
* The first real change in design had come with the Series A £1 and 10/- notes in 1028, which had complex decorative patterns.
* The first portrait of the monarch on Bank of England notes appeared with Series C in 1960. It was the series D notes, the first of which was the Shakespeare £20 in 1970, which really established the tradition of historical characters which we use today.
* One of the most unique parts of our historical collections is the collection of banknote design materials, for all denominations of Bank of England notes up to the early 1990s. Design work covers the process of note design and includes initial concepts and source material for the images used, fine-tuning developments, test prints, printing plates and specimen notes.
* Series D notes were produced without computers, but note design processes are different again now. Our most recent note, the Boulton and Watt £50 note, uses highly complex printing techniques and powerful security features. Last year, the Bank also announced its intention to move to a polymer substrate in 2016, with the issue of the Winston Churchill £5 note.

**The modern Bank of England**

* Today, as the central Bank of the United Kingdom, the Bank of England has a central role in the UK’s economy. Its mission is to promote the good of the people of the United Kingdom by maintaining monetary and financial stability.
* Following a three month closure for essential maintenance, our Museum is shortly to re-open with a new display about the role of the Bank of England. It has a striking new design taking inspiration from our educational film, *Keeping on an even keel*: <http://www.bankofengland.co.uk/education/Pages/resources/films/film2013/default.aspx>
* We also reopen with a new temporary exhibition: *Curiosities from the vaults: a Bank miscellany*. This includes several objects which have not been seen in the Museum for many years, if at all. The exhibition will run from 31st March, the day we reopen, to 12th July.

We look forward to welcoming you to the Bank of England’s Museum!

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