

# Introduction

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George Warde Norman, 1793-1882, was a central figure in debates concerning the theory of monetary control from the 1820s to the 1860s, and was directly involved in the implementation of measures to place such control on a rigorously argued basis. He was a long-standing Director of the Bank of England and the grandfather of Montagu Collet Norman, perhaps its most famous Governor. It is possible to form some picture of this remarkable individual from his Correspondence with Samuel Jones Loyd, Lord Overstone, who was a constant friend from the time of his introduction to Norman by John Welsford Cowell, about whom Norman has much to say in his Autobiography. The picture of Norman that emerges from the Overstone Correspondence is of a kindly, very honest, intensely neurotic, individual, one who was frequently unhappy and unwell. But now, with the Autobiography, a much fuller picture emerges.

The unhappiness was well known to his friends. There is a moving letter of December 1865 from Overstone to Norman in which the former counsels him to count his blessings and pays a wonderful tribute to Norman's wife Sibella (née Stone)<sup>2</sup> whose name naturally occurs frequently in Norman's account of his life. But on his depression, Norman is for the most part disinclined to spell out the problems in his Autobiography. It is different with the health problems.

Norman clearly suffered from recurrent bouts of poor health and these were sufficiently serious as to threaten his mental stability. Yet there are

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<sup>2</sup>Overstone to Norman, 22 December 1865, in O'Brien (1971, vol. III, pp. 1100-1).

strange contrasts. Not only did he become immensely fit at a gymnasium, as he tells us, but he undertook feats of walking, including the length of Wales from south to north, and enormously taxing walks in Switzerland, which are breathtaking.<sup>3</sup> There is no doubt that he sought refuge from his depressions in travel; but once on the road his health often returned, though there is an alarming account of a nervous breakdown which he suffered in Paris.

While there is no doubt that Norman did suffer one major infection, which was probably bacterial in origin, and looks as if it was brucellosis, a complaint which necessarily, in the 19th century without antibiotics, remained in the system and produced recurrent symptoms, it is difficult to escape the suspicion that at least some of Norman's ill health was due to the attentions of the medical profession. As pointed out in the accompanying notes to the Autobiography, the medical stand bys of the 19th century included a remarkable range of dubious products (in an age in which doctors usually charged not for advice but for medicines and other forms of treatment), notably purgatives and even opium. Norman indeed recalls being supplied with the latter, which was, in any case, available over the counter.

As a child, Norman seems to have been, for the most part, healthy. We see Norman attending school, first in Eltham at a school conducted by the local curate, the Reverend John Smith, and then at Eton. To Eton he devotes much space, writing frankly about the inadequacies of its teaching and the incompetence of its medical staff. Most of the account however is devoted to extra curricular activities, especially fighting.

In 1810 Norman joined his father's timber business, in which he was to play an increasing role over the next two decades. It has to be said that, though Norman loved his father deeply, his opinion of his father's business ability does not seem to have been high, and he was concerned to try to collect at least some of his father's Norwegian debts. It was in this role,

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<sup>3</sup>As is clear from the accounts of journeys in the Autobiography, Norman travelled extremely fast for the age of horse drawn transport. In September 1860, when Norman had, yet again, become unwell, Overstone wrote to him: 'Have you not been travelling *too fast* and thus knocked yourself up - I fear that you are not discreet on that point.' Overstone to Norman, 26 September 1860, in O'Brien (1971, vol. II, pp. 923-4).

and in particular in trying to regularise the business after the end of the Napoleonic wars, that Norman first developed his taste for travel, in visiting Norway. Norway proved to be a country in which he thrived and in which, as he recounts, he fell deeply in love.

This last is not surprising. Norman was deeply susceptible to female charms, a matter about which he is surprisingly frank in the Autobiography. While there is no suggestion of impropriety, there is no doubt that Norman found a number of women deeply attractive, and the reverse may very well have been the case.

Nonetheless, concerned about the state of his father's finances – and at one stage, it is true, it proved necessary, as Norman relates, to let the Bromley house and move to more modest accommodation – Norman seems to have felt, until his father's death and the discovery that he had been made an eldest son, that marriage would have been financially imprudent. Indeed he seems rather to have resented the speed at which his siblings then also found marital partners.

In the 1820s Norman came under the influence of the Utilitarians, especially the younger ones. He became, with one important exception, a thorough going Utilitarian, as the Autobiography makes clear, and is evident from his *Essay on Taxation* which has now been published. This Utilitarian 'conversion' (it hardly seems too strong a word) was no doubt as a result of his friendship with George Grote, who fell so much under the influence of Jeremy Bentham that he moved from a position of rather public religious belief, of which Norman gives one example, to one of violent opposition to religion, manifesting an aggressive atheism.

But Norman was somehow or other excluded from the inner circle of the young Utilitarians. Although he was a founder member of the Political Economy Club, he was not, it would seem, invited to become a member of J.S. Mill's Utilitarian Society, even though meetings were held in Grote's house.<sup>4</sup> He was, politically at least, as far to the left as the members of that society, if not further, and for long was unthinkingly in favour of revolutions; he recounts in the Autobiography how he wrote a letter to Mrs Grote celebrating

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<sup>4</sup>Mill (1886, pp. 81, 119-20).

news of the 1830 revolution in France, even though he knew little about it.

Norman had been a close friend of Mrs Grote, though he denies, perhaps not entirely convincingly, that there was any more to it than that. He was also a close friend of George Grote, of whose intellectual abilities he had such a high opinion, as he recounts, that the modern reader may feel that it parted company with reality. He seems indeed to have accepted Grote's own opinion of his intellectual abilities. Yet when they met on common ground, in the matter of economics, it is quite clear who was the cleverer. As noted in the introduction to Norman's *Essay on Taxation*, Grote's understanding of relative prices was, at best, very primitive, though this did not in any way hinder him in lecturing Norman.<sup>5</sup> It can hardly have been Grote's *History of Greece* which bowled Norman over, since his infatuation with Grote's intellectual powers long predated the appearance of the first volumes of that,<sup>6</sup> even though the aim of that work – to hold up ancient Greece as the archetype of the democratic society, to which Grote, as the leader of the radicals in the House of Commons in the 1830s, aspired – would itself have appealed to Norman.

At the beginning of the 1830s, however, a rupture between Norman and Grote occurred. The occasion for this seems to have been the retailing by Norman's close friend John Welsford Cowell of a conversation between Cowell and Mrs Grote which, as described in the Autobiography, does not require much effort on the part of the modern reader to reconstruct. (There may well have been aspects of Cowell's life of which Norman was unaware; it is known from insurance records that Cowell shared a house with Norman's friend Charles Hay Cameron, and Norman does seem to have been ignorant of the fact that Cameron had fathered two illegitimate children by a German woman who was then sent back to Germany.) Cowell then gossiped about the conversation with Mrs Grote and, when Grote learned of this, he attacked Norman for failing to bring the matter to his attention. Both Grote's

<sup>5</sup>Grote to Norman, 1822, in O'Brien (1971, vol. I, pp. 190-5). See also O'Brien (2009, p. xxii).

<sup>6</sup>Though Grote apparently began work on his *History of Greece* in 1823, the first two volumes did not appear until 1846.

grounds for attacking Norman, and his subsequent refusal to be mollified in any way by Norman's desperate attempts to explain himself, seem so inadequate that one is forced to conclude that Grote seized upon these events as an opportunity to cut Norman, already excluded from the inner circle of the Utilitarians, adrift. Given Norman's exaggerated reverence for Grote, his long friendship with Grote to which he refers in the *Autobiography*, and his morbid sensitivity, it is not difficult to imagine the extreme distress which he suffered as a result of this episode.

Ultimately there was a limited reconciliation with Mrs Grote, after George Grote's death, but there never seems to have been any reconciliation with George Grote himself. On the matter of the quarrel itself, the Lewin family also seem to have preferred discretion; there is no reference to it in the two large volumes of *Lewin Letters*, published in 1909.

The dealings with George Grote, and possibly other Utilitarians, were also a source of mental turmoil for Norman because, unlike them, he did not become an atheist and an opponent of religious belief. He recounts in the *Autobiography* his distress at being induced to read the works of Comte and Voltaire, then regarded by opponents of religion as providing a definitive critique of religious belief. For Norman had been brought up as a Unitarian, and he retained religious faith throughout his life, though greatly distressed by positivist scepticism. Overstone, who was not impressed by scepticism, provided some comfort during at least one such episode.<sup>7</sup> It seems likely that, like many Unitarians, Norman drifted into the embrace of the Church of England; he was the key figure responsible for the building of a church on Bromley Common, near to the Norman family home, in his forties, and that church was called Holy Trinity Church.<sup>8</sup> Moreover, Norman became a church warden. He was buried in the grounds of the church in 1882, as was Sibella, his wife, in 1887.

Norman, as already noted, seems to have been excluded from the inner circle of the Utilitarians in the decade before the quarrel. The source of this

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<sup>7</sup>Overstone to Norman, 1 January 1866, in O'Brien (1971, vol. III, pp. 1101-3).

<sup>8</sup>Richards and Packe, *The Story of Holy Trinity Church, Bromley Common* (no date).

is not clear. Certainly J.S. Mill, not lacking in confidence, despite a lack of specialist knowledge, trenchantly attacked Norman on matters of monetary theory. But this was later.<sup>9</sup> It seems clear that Norman, in some way, did not fit the social and intellectual requirements of the group, and when, years later, Norman attempted to invite J.S. Mill and Mrs Taylor to Bromley, the reply which he received was a snub.<sup>10</sup>

Yet on policy matters Norman was, and remained, a convinced Utilitarian, with characteristic left-liberal contempt for popular opinion. He was thus a keen supporter of the 1834 Poor Law, based upon the workhouse, and participated enthusiastically in the implementation of the new law in Bromley. He was scornful, as the Autobiography shows, of all opposition to this grand Utilitarian project. Similarly, as he recounts in the Autobiography, the *Essay on Taxation* was 'redolent of Bentham and Mill'. In the *Essay on Taxation*, as in the matter of Poor Law reform, Norman retained his contempt for popular opinion while supporting Parliamentary reform. In writings intended for publication he expressed himself reasonably discreetly; but in a letter to Charles Wood, then Chancellor of the Exchequer, he wrote with a frankness which takes the breath away: 'The public at large is so ignorant and – portions of it so thoroughly selfish that the able and honest financier is met by almost invincible obstacles'.<sup>11</sup>

Despite his radicalism, and his strong political views, Norman never sought to become an MP. Though, as he recorded, he was pressed in 1835 to stand for the City of London, also represented in the House of Commons by George Grote, he knew well that his nervous temperament was not suited to the stress of political life. But his low opinion of popular views, which it would have been necessary for him to conceal, thus occasioning further stress, may also have been a factor. It was not that he lacked the capacity

<sup>9</sup>Mill 1844a, 1844b. Mill also attacked Norman, Overstone and Torrens in his *Principles* – see Mill 1848 Book III, chapter 24. Mill clung to the Ricardian idea, amply disproved in the 1830s, that convertibility was its own safeguard. He also objected strongly to Norman's plan for requiring country banks to give security for their issues, implying that Norman did not understand banking.

<sup>10</sup>J.S. Mill to Norman, 19 August 1852, Norman papers U310 C128/7.

<sup>11</sup>Norman to Charles Wood, 11 March 1851, O'Brien (1971, vol. II, pp. 507-9).

to display great moral courage; it is clear that he displayed this in the Bank, leading on one occasion to a real row with James Pattison – ironically the man whom Norman had suggested to those seeking his own agreement to stand for the City. But he was plagued by insomnia, and writes that he was sometimes unable to sleep at all at times of stress. Though he took enthusiastic, and very strongly partisan, interest in elections in Kent (mainly, after the Reform Bill of 1832, West Kent), that was clearly quite as much as he could cope with in terms of public political activity.

None the less, he remained concerned with public policy, and with a wide range of issues, as his *Papers on Various Subjects* published in 1869 makes very clear.<sup>12</sup> Indeed the range of his interests was wider even than the *Papers* which, in forty five essays, ranged over topics extending from the law of partnership to the doctrine of nationalities. For his interests extended to archaeology, and in old age he published an article on the Saxon invasion.<sup>13</sup> It is thus rather odd to find Norman being referred to in some sources as the local squire. Norman was an intellectual and a businessman. Apart from shooting, then regarded generally as the proper manly outdoor pursuit, anything less like the archetypal English country squire than the hypersensitive, bookish Norman it would be hard to imagine. Though he retired from the timber business in 1830, choosing his time carefully, as he recounts, to sell it to the rival firm of Benjamin Sewell, in the hope of building a career for his brother Richard, business remained Norman's focus. It was business which, as already noted, began Norman's love for travel, with the journeys to Norway.

As a businessman, Norman himself was sharp, as the Donner episode, described in the Autobiography, and others to which he alludes, make clear. Through the man who was to be the father of Cardinal Manning (an irony given that, apart from his support on Utilitarian radical grounds for Catholic Emancipation, Norman considered Catholics as close to heathens), Norman became a Director of the Bank of England in 1821, at the very early age of twenty seven. He managed to occupy that position, with much distinction,

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<sup>12</sup>Norman (1869).

<sup>13</sup>Norman (1880).

though 'passing the Chair' (not becoming Governor or Deputy Governor) until 1872. He became not only one of the public faces of the Bank, in appearances before Select Committees of Parliament, but an intellectual driving force in the reform of the monetary system, and the replacement of discretion with rules, culminating in the 1844 Bank Charter Act. He was also, it is clear, a highly effective director of the Sun Fire Office, a position which he occupied from 1830 to 1864. He was also an Exchequer Bill Commissioner 1831-42, and a Public Works Loan Commissioner 1842-75, a position in which he joined his friend Overstone, who was a Public Works Loan Commissioner 1831-75.<sup>14</sup>

Norman's investment in the Sun Fire Office was, as he recounts, a very successful one from a financial point of view. But he was no absentee. As is clear from the Autobiography, he fought hard to make the company more secure financially.

His position at the Sun Fire Office, which came through his friendship with Charles Boulton, was most successful. But by no means all his investment decisions were so satisfactory. He got caught up in the 1825 Mexican silver mining bubble. His losses there were £4,000 or, at today's prices, in excess of £200,000.<sup>15</sup> He also lost substantially on investments in the United States. His faith in democratic governments led him to invest heavily in the stock of some of the American states, and he ruefully regretted his naïveté in being guided in investment decisions by a faith in democracy.

But though he was a businessman Norman was not, as he has sometimes been described, a 'wealthy banker'.<sup>16</sup> The first point to note is that the Directors of the Bank of England were not bankers. They were merchants,

<sup>14</sup>Correspondence concerning the retirement of both Overstone and Norman from the Public Works Loan Commission in 1875 is in O'Brien (1971, vol. III, pp. 1278-81).

<sup>15</sup>To be precise, the price index in Twigger (1999) yields a value for 1998 of £199,022; that in O'Donoghue, Goulding and Allen (2004), which takes indexation up to 2003, yields a value of £236,430.

<sup>16</sup>Norman has even been described as a merchant banker, one in a position to make commercial loans. This confuses Norman's position as a *merchant*, which was a qualification until the 1840s for becoming a Director of the Bank of England with, for instance, the sort of position enjoyed by a member of the Baring family.

and this was, until the 1840s, a qualification for membership of the Bank Court. As Norman relates, it proved necessary for him to become a partner with his father in the timber business when he became a Director of the Bank. Moreover the wealth of Norman's family was modest when compared with a genuinely wealthy banker such as his friend Overstone. When in London, Norman lived initially in Blackfriars, then as now not an especially select area, before renting a property in Half Moon Street; Overstone's house was in Carlton Gardens, one of the grandest addresses in the capital. Although two of Norman's sons eventually joined the bank of Martin and Stone, this was the bank of their mother's family, with which it had been associated since its foundation. But it was not a grand affair, and as partners they do not seem to have enjoyed large incomes.<sup>17</sup> Rather they seem to have been able and sensible, and to have justified their positions.

Coupled with the claims about a rich banking background of a family whose wealth was actually derived from the timber business, one finds charges of nepotism. But the recruitment of family members was essentially a way of screening partners in a world in which unlimited liability partnerships constituted the normal form of business organisation. The bankruptcy of such partnerships was a major problem, as a glance at the issues of the *London Gazette*, especially in the first half of the 19th century, makes very clear. In addition to the screening role of family recruitment, the position of a partner within a family network provided a strong disincentive to recklessness and embezzlement, while such recruits had been brought up in a commercial environment, and had thus acquired some business background.

Away from the pressures of business, Norman had two relaxations: sport and self education. The sport included fishing, which Norman took up at the urging of his uncle and his brother.<sup>18</sup> Indeed this seems in later life to have replaced shooting as an interest. He became a member of the famous

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<sup>17</sup>Frederick Henry Norman, father of the famous Montagu Collet Norman, became a partner in Martin's Bank in 1879, and Edward Norman became one in 1883. The bank remained a partnership until 1891, when it became a joint stock bank with limited liability for the shareholders.

<sup>18</sup>On fishing as a beneficial relaxation, see Overstone's jocular letter to Norman, 1 May 1836, in O'Brien (1971, vol. I, pp. 208-10).

Houghton Club at Stockbridge on the River Test, in which he had a number of cronies including the great sculptor Chantrey, about whom he writes in the *Autobiography*, and of whose work Norman himself did not, however, have a particularly high opinion. In addition, in his youth, and partly in an attempt to combat the insomnia, Norman attended a gymnasium on the way to work. This was so successful that, apart from becoming a good fencer, he became an excellent gymnast. Indeed he recounts astonishing the sailors on a ship to Norway by climbing two ropes, upside down and using only his hands.

But his great sporting love, from Eton onwards, was cricket, a love which he passed on to his sons. He was one of the founders of the club which became the West Kent Cricket Club (and is now the Chislehurst and West Kent Cricket Club), and he continued to play at a high standard, as he records, until his retirement in 1847 at the age of 54. But he was careful to keep the cricket subordinate to business; and he records that he did not take part in matches lasting more than one day. This may explain the otherwise puzzling fact that, despite his alliance with William Ward in the Bank, he makes no mention of Ward in a cricketing context. For Ward was a great cricketer, and one who devoted far more time to the game than Norman would have allowed himself.

Self education was even more important to Norman than sport. We learn from the *Autobiography* that he was hardly ever without a book in his hand, and that it was his custom to read a number of books in parallel. The origins of this clearly lie in Norman's formal educational experiences, combined with his insatiable intellectual curiosity. His comments on the education provided by the Reverend John Smith at Eltham are more or less uniformly negative, though the evidence is that Norman's view was rather ungenerous, to put it no stronger. For Jane Austen's nephews were sent there as a preparation for the academic demands of Winchester, and Lord Chancellor Eldon's son was also a pupil with Norman. With regard to Eton, however, there is no doubt whatever about the justice of his strictures. As is clear from the detailed account of the history of Eton written by Maxwell Lyte, the school was in a deplorable state both when Norman was there and for many years

afterwards.<sup>19</sup> Though he acquired (or, more fairly, continued to develop on the basis of what the Rev. John Smith had provided) considerable fluency in Latin, this seems to have been the only academic attainment with which he left Eton. But he set about remedying this with his characteristic energy.

His two main areas of study were initially history and languages. He had indeed been fascinated by history, particularly military history, from an early age. But the study of languages post-dated Eton. As Norman tells the reader, when he left Eton he hardly knew a word of any foreign language. He began lessons in French with the Abbé Chatelain at East Sheen, and records that he made progress. With French as a romance language basis he turned his attention to Italian, and again made considerable progress, for the list of Italian authors whose works he read, which he gives in the *Autobiography*, is extremely impressive. He also learned Norwegian – no easy matter, given that the official language of the country had been Danish, which he would also have had to learn, and that Norway itself has two different languages.

His venture into Italian led to some strange dealings with a man called Maurizi. Maurizi wrote an account of his activities on the Gulf of Oman. He showed this to Norman, who went to him for lessons in Italian. But he remained a mysterious figure, and Norman acknowledges that he could never find out the truth about him. It is now clear, from material to which we refer in the notes to the *Autobiography*, that Maurizi was indeed an individual with a past. In the Gulf, Maurizi had been primarily an agent of Napoleon. But, like so many in the intelligence world, he had taken out insurance by becoming a double agent and working, at least spasmodically, for the British. He had left Italy because of family objections to his Napoleonic entanglements; and after 1815 he could return neither to Italy nor to France while, using discretion, and drawing on contacts made in the course of his intelligence work, he could probably count on being safe in England.

Once shown the Maurizi manuscript, Norman volunteered to translate it into English, and it was published.<sup>20</sup> Norman's translation must have been

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<sup>19</sup>See Lyte (1911) chapters xvi-xix.

<sup>20</sup>Maurizi (1819).

difficult for the printer to read, for there are errata listed at the start of the book, for some of the names as printed in the book are wrong. Maurizi presumably lacked sufficient English to check the proofs. Anyone who has struggled with Norman's handwriting, some samples of which we provide for the reader, can only sympathise with the printer.

Despite travelling in Germany, Norman never learned German. He claims that it was little spoken in England. That was clearly not true. A number of his business and social contacts were German, or of German origin, including his immediate neighbour the sugar refiner Major Rohde. There was a large German business community in London, one which flourished until 1914. There is an interesting contrast here with J.S. Mill. Like Norman, Mill was enthusiastic about the Hamiltonian system of studying a language, using a parallel text. Like Norman, too, he had a strongly developed taste for self improvement. And it was German that Mill studied, using the Hamiltonian system, while Norman, for reasons which are not clear, did not study that language, which would certainly have been useful to him in his business pursuits.

Norman was also keenly interested in geology, in which he also pursued self education. The geological references in the Autobiography, especially in the earlier years, are frequent. On his visits to Norway he took two hammers which he had bought from Knights, the ironmongers in the City, and collected geological specimens. Oddly, though he published on yet another of his interests, archaeology, and provided an article on geology to Caroline Fry, which she seems to have rewritten,<sup>21</sup> he appears to have published nothing on geology under his own name.

Though Norman writes about his historical studies, and his study of languages, as well of geology, he remains silent in the Autobiography, for the most part, about those areas to which he may be regarded as having made a distinct intellectual contribution. These were the areas of public finance, trade theory, and the theory of monetary control. However, in order to provide the background to the Autobiography it seems desirable to sketch Norman's contributions here.

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<sup>21</sup>Fry (1823-8).