



## Worshipful Company of World Traders

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### **MASTER'S@Home** **"Technology & Trade"**

18:00 to 20:00, Thursday, 11 October 2018

Gresham College

Barnard's Inn Hall

Holborn, London EC1N 2HH

Alderman Professor Michael Mainelli FCCA FCSI FBCS

It is customary for each Master to organise an 'At Home' at an interesting venue of personal importance to him or her. I chose Gresham College, Barnard's Inn Hall. So a bit about three things:

Barnard's Inn Hall

Sir Thomas Gresham

Gresham College

One of London's few pre-Great-Fire buildings, Barnard's Inn Hall was built on Roman and Saxon foundations and in its current state dates back at least to the mid-thirteenth century. It was recorded as part of the estate of Sir Adam de Basing (d 1266), one time Lord Mayor of



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London. It had a long relationship with the legal profession.

Barnard's Inn was one of two Inns of Chancery linked to Gray's Inn, the other being Staple Inn. The hero of Charles Dickens's novel *Great Expectations*, Pip, lodged in Barnard's Inn with Herbert Pocket for a number of years following his arrival in London, circa 1820. The Mercers purchased the building in 1888 and in 1894 moved the Mercers School (1542-1959, though some constituent parts date to 1447) there until the closure of the School in 1959. The building is still owned by the Mercers and has housed Gresham College (1597-present) since 1991.

It does sometimes feel like home. I have delivered over 40 one-hour recorded lectures here, run over two dozen symposia, written a book, and participated in numerous events from musical soirées to chairing conferences to running school stock market games. Former Masters Jack Wigglesworth and Robert Woodthorpe-Browne supported the College and my application for Mercers' School Memorial Professor of Commerce from 2005 to 2009, and I became a Gresham College Fellow, now an Honorary Fellow, as well as a Trustee since 2008 and a member of the Joint Grand Gresham Committee since 2013. I also happen to be an honorary member of the Old Mercers' Club that keeps alive the School community, due to have its final event in 2020.



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Tonight's second theme is Sir Thomas Gresham (1519-1579). The quincentenary of Sir Thomas's birth is 2019. The Gresham Biography Working Group chose Dr John Guy of Clare College, Cambridge, to research and write the book. John Guy is recognised as one of Britain's most exciting and scholarly historians. Born in Australia in 1949, John Guy grew up in England and by the age of 16 he knew he wanted to be a historian. In 2001 he made an accomplished debut as a presenter for the television programme Timewatch, on the life of Thomas More. He won the 2004 Whitbread Prize for biography for his thrilling account of the life of Mary Queen of Scots. His major publications include *Henry VIII: The Quest for Fame* (2018), *Elizabeth: The Forgotten Years* (2016), *Thomas Becket: Warrior, Priest, Rebel, Victim: A 900-Year-Old Story Retold* (2013), *The Tudors: A Very Short Introduction* (2013), *A Daughter's Love: Thomas and Margaret More* (2009), *Queen of Scots: The True Life of Mary Stuart* (2005), *My Heart is My Own: The Life of Mary Queen of Scots* (2004), and *Tudor England* (2000).

When I was a boy two-door was what you bought when you couldn't afford four-door, but Gresham served four Tudor monarchs, managed to keep his head, and all the while made money. Lots of it. He probably died comparatively wealthier than Bill Gates or Warren



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Buffett. 439 years later his legacy still generates millions for good causes. We have Gresham Street. We have his statue a few hundred yards away on Holborn viaduct, another at the Royal Exchange. We have his Tower 42 Mansion site, Osterley Park, Boston Manor. His grave at St Helen's Bishopsgate. We have grasshoppers everywhere – on the top of the Royal Exchange, at 68 Lombard Street, on stained glass windows.

Gresham was born on Cheapside and attended St Paul's School and Gonville College, Cambridge. In 1543 he went to Antwerp to make his fortune as a Mercer. Antwerp then was very cosmopolitan and large for the time, with a population approaching 100,000, double London or Rome. Just 25 merchants accounted for half of London's cloth exports, and the two biggest exporters were the brothers John Gresham and Richard Gresham, Thomas's father.

Gresham imported from Antwerp the idea of a 'bourse' or 'exchange' for intangible items such as ship voyages and insurance. Incorporated into the 1571 Royal Exchange were 150 small shops, called The Pawn, London's first shopping centre. One of the tablecloths he had made for Queen Elisabeth's visit to the City, when she designated Gresham's Bourse the Royal Exchange, is in the cellar below for you to view.



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From within St Martin's Goldsmiths he experimented with fractional reserve gold stores, cornering markets, and insider trading. His Will of 1579 created Gresham College and challenged the 'Oxbridge' oligopoly in higher education.

But what does a Tudor have to say about contemporary issues? I thought I'd 'channel' Gresham on three questions today:

1 – what should we do about our banks and our currency?

2 – what should we do about Europe?

Gresham was probably one of the first goldsmiths to issue more certificates for gold in the vaults than he had. Our modern economic terms are fractional reserve banking or leveraged banking. So rather than letting banks such as RBS in 2008 lend 42 times what they had in the vaults, Gresham would probably recommend tight control over leverage. He might have recommended that our quantitative easing continue to the point that our banks were lending little more than they have in their vaults.

Gresham explained to Elizabeth I that because Henry VIII and Edward VI had replaced 40% of the silver in shillings with base metal, '*all your fyne gold was conveyed out of this your realm.*' Colloquially



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expressed as “bad money drives out good”, Gresham’s Law was attributed to him in 1858 by a Scottish economist. Two awkward bits - the Law is the reverse, “good money drives out bad”, and Gresham’s Law was not his; it was noted much much earlier by many, starting with Aristophanes. The Nobel economist Robert Mundell rephrased Gresham’s Law more properly as “cheap money drives out dear money only if they must be exchanged for the same price”.

In 1551 Edward VI appointed Thomas as Royal Agent in Antwerp. A clever and shrewd dealer, Gresham reduced royal indebtedness from £325,000 to £108,000. He reduced the national debt by two-thirds in nine months. And down to a quarter in two years. Under so-called ‘austerity’, UK national debt has grown by well over a third. William Cecil put Gresham in charge of recoinage in 1560. To his, Elizabeth’s, and Cecil’s credit, within a year debased money was withdrawn, melted, and replaced, with a profit to the Crown estimated at £50,000.

Gresham stood for an independent pound sterling. He certainly wouldn’t have sold off the national gold reserve. More interestingly, he might also have supported an independent London currency.



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A Gresham ship from 1570 was re-discovered in the Thames in 2003; its cannons inscribed with grasshoppers and marked 'TG'. There are tales of bullion concealed in bales of pepper or armour. Gresham was clearly a "merchant adventurer" with a network of European agents, though the sobriquet 'arms-dealer' might equally apply.

The Royal Exchange began as his father's idea, but the idea behind the exchange and the shops was that London prospers when all who come for exchange are treated fairly.

Gresham was a free trader and Europhile, yet also a realist and a spy, committed to engaging with Europe, vigorously, **but** for mutual and selfish benefit.

### Hop To It

I must touch on grasshoppers, in two ways – the family symbol and Kung Fu. The grasshopper first appears in the mid-1400's. According to family legend, the founder of the family, Roger de Gresham, was abandoned as a baby in long grass in North Norfolk in the 13th century. A woman's attention was drawn to the foundling by a grasshopper. While a beautiful story, a more likely explanation is that the Middle English word 'gressop' for 'grasshopper' resembles



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‘Gresham’. I think the Royal Exchange may have taken the theme too far – if you look on the south side just now it reads, “luxury shopping”, but the “s” temporarily fell off. Luxury hopping?

And Kung Fu? Well grasshoppers, you’ll remember David Carradine and the 1970 television series – ‘grasshoppers’ are students. Gresham believed in the power of education for all. His Tudor Open University spawned ‘The Royal Society of London for Improving Natural Knowledge’ after a 1660 lecture by Sir Christopher Wren, then Professor of Astronomy. Today Gresham College hosts over 130 physical events per year free to the public, distributes recordings under a Creative Commons licence, and provides millions of people with lecture transcripts and recordings via the internet.

A century after Gresham’s death Samuel Pepys enjoyed Gresham’s legacies, listening to one of the professors *‘sufficiently learned to reade the lectures’*, then strolling through the Royal Exchange afterwards in search of a gift for a loved one, as can you today well over three centuries later. We’re pleased to be setting out on the first proper biography and I hope you feel he is a worthy subject. What I might ask you to do is look around the City and wonder at how we ourselves could leave a comparable legacy for the next half a millennium.