

The House That Trust Built



**William Brown and the rise of
Brown Shipley in 19th Century Liverpool**

by
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Foreward

This booklet has been produced to mark the two hundredth anniversary of William Brown's arrival in Liverpool, his foundation there of a merchant house in 1810, and his later donation of Liverpool's free Public Library to its City and people in 1860. In celebration of these events one hundred and fifty members of the Brown family and two banks originally founded by them, Brown Shipley now of London and Brown Brothers Harriman & Co. of New York, gathered in Liverpool for the weekend of 16th to 18th April 2010.

Origins and Overview

The enterprise that William Brown created and which marked its bi-centenary in 2010, originates not, as we might suppose, in one of the crowded counting houses that lined Liverpool's Old Dock in 1810 but in circumstances of religious intolerance and shifting political allegiances a decade earlier in Ireland. Political uncertainty, economic self-determinism and, at times, the exigencies of war were for the next two centuries to test and to shape the activity and fortunes of a family business which gave to Liverpool one of its most influential figures and an enduring civic and commercial legacy.

The backcloth against which an epic story unfolds embraces the final years of the British struggle against Napoleon; the rise to primacy of 'King Cotton' in the American South and in the milling heartlands of Lancashire; and the growth of industrialisation in England in the first half of the 19th century and in the United States in the second half. It charts the inexorable rise of mercantile Liverpool to become the second city of empire; and its domination of a hugely profitable transatlantic trade, presided over by the Brown family's merchant banking 'houses'. It takes in the eruption of national financial crises in America and in England - momentarily so in 1837 when the Liverpool house was rescued by the support of the Bank of England; its subsequent reformation as Brown Shipley & Co; and the further growth of three Brown banks in the 19th century.

It is a story shaped by the tragedy of the American Civil War, and the reordering of the American economy thereafter. It charts the strengths and frailties of financial structures which first evolved in America and Britain at that time. Across the Atlantic the story involves the relationship of Alexander Brown and his sons James, John A and George Brown and the development of Brown Brothers & Co which in 1931 became Brown Brothers Harriman. Above all this story concentrates on



The four sons of Alexander Brown

the origins and development of Brown Shipley & Co in the 19th century and it features two main ‘characters’, William Brown and the city of Liverpool. It traces the rise of the man, his bank and his adopted city showing how each contributed to and served the interests of the other.

The Cotton Triangle and Liverpool

Cotton would prove to be the essential fulcrum of the Brown family businesses for much of the 19th century, dominating their merchandising and banking activities in the Northern US cities; in New Orleans where they serviced the needs of Southern cotton growers; in the Southern states where the term “Cotton Triangle” was used almost pejoratively to describe the system ‘by which New York bankers diverted the product from its natural route to market for the purpose of extracting a tax’; and in Liverpool where William Brown established William & James Brown & Co and then Brown Shipley & Co as the primary bankers to the cotton trade in England. Alexander Brown had chosen well for this purpose. Where else but Liverpool where the business, shipping and dockside infrastructures were already in place; where the natural gateway to the world’s greatest concentration of cotton mills stood but thirty miles distant; and where traders and investors after 1807 and the end of the slave trade were seeking new opportunities in sugar, timber, grain and above all in cotton.

Everything was in place. The same ships could be used, the same docks and the same counting houses around the Exchange. Risks were high but profits were also high. Far from sliding into decline as the slave trade terminated, Liverpool’s economy soared and its grip on foreign trade grew. Its domination of transatlantic commerce was affirmed in the strength of its relationships with the American cities in which Alexander Brown and his sons were already operating. Cotton drove the city’s prosperity and dominated its economy.

It is clear from Alexander Brown’s early endeavours in Baltimore in the early 1800s that he understood and was quick to anticipate the powerful economic link that would be built between the states of the Confederacy and the port of Liverpool and its Lancashire hinterland. It was therefore inevitable, when Civil War later broke out, that the South would expect its English ‘friends’ to come to its aid. With hindsight we can see how tensions would develop between the South-leaning Liverpool partners – William Brown excepted – and the firm’s American partners, so strongly embedded in the Northern cities of Philadelphia and New York.

It was Liverpool ships and Southern cotton merchants who manoeuvred their way around the Northern blockade of Southern ports. Liverpool and Cumbrian shipyards built forty or more ‘blockade busters’, co-funded by Liverpool and Southern cotton money, to provide the Confederacy with an economic lifeline. Liverpool Members of Parliament were resonant in their support for the South. The strangulation of trade at that time can be seen in the collapse during the Civil War of cotton imports into Liverpool – down from 2.5 million bales in 1860 to a residual 72,000 in 1862. Banks foundered, businesses collapsed, merchants were bankrupted. In the Lancashire mills an estimated quarter of a million workers were made unemployed. It took five years to restore the fortunes of cotton and of Liverpool, a ‘saviour’ appearing in the unlikely form of the transatlantic cable which had the effect of removing the middle man. An initially sceptical William Brown would preside as first President of the Atlantic Cable Company.

From Ballymena to Baltimore

To trace the beginning of the Brown story we have to look to the rural backwater of Ballymena in the North of Ireland at a time of tumult in Anglo-Irish relations. The rejection by Parliament in London of attempts to treat Britain and Ireland as a single fiscal and trading entity, which would have enabled all Irish goods to trade in the English market, coincided with revolt in Ireland and with the backdrop of war with revolutionary France. The massacre by British troops of United Irishmen, disposed to the French in the hope of reform at home, at Vinegar Hill on 21st June 1798 presaged a gathering storm.

Alexander Brown was one of many Ulster Presbyterians who concluded that Ireland was no longer a safe place to raise a family or to sustain a stable business. He was already known in Ballymena, Belfast and Liverpool itself as a successful, if small, linen and dry goods merchant. By the time of his departure in 1798 at the height of the rebellion in Ireland, only William, at sixteen the oldest of his four sons, had left school. Alexander is said to have arrived in Baltimore USA with £4,000 in his pocket, a significant sum in those days and worth about £300,000 in 2008.

Baltimore was an obvious choice for Alexander Brown to start anew. His older brother Stuart had settled here ten years earlier on the eve of the French Revolution and there was also a brother-in-law living in the town. This pre-

settlement illustrates from the outset the role that family and kinship would come to play in a business house that would be built on trust between its partners and in its dealings with clients. Family links and commercial relationships with Ireland would persist, not least through Alexander Brown's friendship with his fellow merchant and Presbyterian, William Gihon.

Baltimore was an important centre for exports from the Eastern seaboard of the United States. Its prosperity was based on internal trade around the American coast, with the West Indies, and with Europe, much of this via Liverpool. Alexander Brown's business was already thriving by 1805 when his son William was taken into partnership. Even at this early stage the firm was already dealing in foreign exchange alongside its core dry goods business.

A second son George joined the firm in 1808. William Brown's 'apprenticeship' began with his establishment in Philadelphia in 1806 of a branch of his father's merchandising business. However, it was left to another brother John to re-establish and make a success of the firm there in 1818, kindling the origins of what would eventually become Brown Brothers Harriman.

Industrious, enterprising, and single-minded, Alexander Brown would become so successful that by the time of his death in 1834 he was one of America's richest men and his four sons were presiding over banking and merchant houses as far afield as Baltimore, Philadelphia, New York and Liverpool. He left a personal estate of over \$2 million, equivalent to about \$50 million at 2008 values though worth far more in terms of its 'buying power'. By then his banking house had secured a place in American history. But it was in Liverpool where for half a century the Brown family firm was to leave its most indelible impression.

Muddy Pool to Liverpool

When William Brown arrived in Liverpool in 1810 it was already a centre of a global commerce, its prosperity largely based on the slave trade. In the period from 1750 till abolition of that trade in 1807 three quarters of all slaving ships left from Liverpool. The city's origins however go back to 1207 when King John gave the then fishing village its charter. The 'Pool' was a tidal inlet from the River Mersey which provided shelter from westerly gales. One story suggests that the ancient name for this muddy pool was 'lifer pol' from which the city's name probably derives.



Town and Port of Liverpool with Street Names (J Chadwick 1725)

As trade developed the ‘muddy pool’ began to acquire some of the attributes of a borough and port. Its castle was completed in 1237 followed by the Chapel of St Mary del Key in 1257, which later gave its name to Chapel Street, the future home of Brown Shipley. By 1295 this modest backwater was sending two members to Parliament in London. In the mid 14th century Liverpool’s population was around 1000-1200 inhabitants.

Liverpool’s next stage of growth centred on its burgeoning trade with Ireland featuring yarn, animal skins and livestock and its role as a point of departure for English troops sent there to quell rebellion in the 16th and 17th centuries. Garrisons spend money and the town flourished. On his second visit to the area in 1690 Daniel Defoe wrote that “ Liverpool is one of the wonders of Britain.” On a later visit in 1722 he observed that “ The town has now an opulent, flourishing and increasing trade, not rivalling Bristol, in the trade to Virginia and the English colonies in America only, but is in a fair way to exceed and eclipse it by increasing every way in wealth and shipping.”

Liverpool was quick to grasp the benefits to be gained from a robust infrastructure to ensure the inland delivery of raw materials coming in through

its port and of manufactured goods going out. In the mid 18th century its merchants invested in a network of canals that opened up the North West of England and accelerated Liverpool's advantages as an Atlantic port. The canalised Sankey Brook opened in 1757, followed in 1759 by the world's first industrial canal, the Bridgewater, which opened up the St Helens and Worsley coalfields and linked the two great emerging cities of Liverpool and Manchester.

The Leeds-Liverpool Canal was commenced in 1770 and completed in 1816, instrumental in opening up the Lancashire and Yorkshire mill towns. The 18th century also saw the beginnings of an advanced dock system and the restructuring of the port to accommodate the world's largest and fastest ships. In the seventy-five years to 1790 Liverpool more than quadrupled its tonnage. By 1800 four new wet docks were added to the capacity of the Old Dock to handle sugar, tobacco, molasses, corn and, in its dying years, to facilitate the slave trade. Docks and more docks were to follow in the first quarter of the 19th century with customs revenues multiplying fivefold. By the time William Brown & Co was established Castle Street had already undergone its first programme of widening and improvement.



East Side of Strand Street featuring The Custom House (WG Herdman)

The reach and consolidation of Liverpool's interests was so emphatic that a further period of growth was assured. This provided the confidence to transform its architectural, cultural and civic landscape. The new Exchange (1803-08) in particular included all the ingredients desired by a flourishing business community. Liverpool also had a Corporation determined to play its part in re-planning the city. It was into this self-confident 'can do' environment that Alexander Brown sent his eldest son William in 1810.

Open For Business

In securing the first office for Alexander Brown's Liverpool house at 34 Strand Street William Brown gravitated to a group of warehouses adjoining the quayside close to the Old Dock. Ten years later the Dock would be filled in and the Customs House would rise on its site. By then William would be trading as William & James Brown & Co. It was an excellent vantage point to view the scores of American ships berthed within walking distance of the town centre. It heaved with taverns and dimly lit coffeehouses animated by everything from the respective merits of Adam Smith to the raising of import duties, shipping news and opportunities for fees and commissions. His father Alexander will have guided him on whom to meet, and will have provided useful letters of introduction. William will have recognised the opportunities with which he was being presented.



Lithograph of Exchange Flags - 1847

By the time the firm took root here in 1810, close to 'the Pool' and within its seven ancient streets, Liverpool was a major population centre of 100,000 people available and ready to those with the ability to employ them. So what were the factors in this growth from a barely known tidal pool to becoming the world's leading port in the mid 19th century? What ingredients were already in place by the time of William Brown's arrival and, more importantly, what did the Brown houses, here and in the USA, contribute to its success?

Location, existing trading relationships and the prospect of new opportunities were clearly key factors in the commercial decision to establish a presence in Liverpool. Moreover, the need to safeguard and develop growing transatlantic interests was given further weight by uncertainties arising from Britain's war with Napoleonic France. The pursuit of trade at this time was complicated by blockades, trading restrictions and by attempts on both sides to prohibit the other's commerce. Yet Alexander Brown found ways not only to continue shipping cotton but to increase the quantity of cargo dispatched to Liverpool on ships registered in neutral ports.



*The Fourth Custom House
and the Old Dock
(WG Herdman
watercolour - 1810)*

Having a son in Liverpool in charge of an office there and able to relay up to date information on the situation in Europe made sound business sense. It would fall to William to ensure that any ship arriving fully laden in Liverpool under his father's commission would return the same way, quickly and replete with cargo for Baltimore.

On his way to Liverpool in 1809 William returned to Ballymena and revived a romance with Sarah Gihon, marrying her on 1st January 1810. They made their first home in Liverpool at 3 St George's Square. William started a business under the name of William Brown & Company operating out of a counting house at 34 Strand Street close to the Old Dock. Initially he was little more than an agent for the business in Baltimore.

England and America at War

In 1812 William returned to Baltimore to introduce his new wife and baby to his family and to report on trading and political conditions in Liverpool and Europe. The visit also provided the opportunity to explore ideas for expanding the Liverpool business. No sooner had he returned to Baltimore than war broke out between America and Britain, the outcome of British trade restrictions imposed on the US for its support of France, American reaction to the repeated press-ganging of its citizens into the Royal Navy, and hostility to Britain's support for Native Americans.

While in Baltimore William wrote home to Liverpool about the opportunities that might arise from the war. He instructed his cousin William A Brown, then

‘minding’ the Liverpool business, to set aside £3,000 or £4,000 (around £500,000 in 2008 values) to invest in goods with high scarcity value. At the end of August 1812 he was able to secure a berth on a ship from New York. His brothers George and John awaited him in Liverpool. The business had not prospered as it should have done in his absence. The incipient partnership with his cousin was dissolved, although hindsight suggests that his brother George was probably at fault. He had made the elementary but expensive error of selling tobacco at its lowest ebb just as the war began, failing to see that scarcity would almost certainly inflate its value.

The Liverpool and Baltimore houses then invested in a range of goods whose prices were likely to escalate – tobacco, flour, dry goods, tin, timber, blankets – all of them basic needs of the militia and the civilian population. Alexander Brown had reduced his stocks of merchandise to free up cash, ready to take advantage of the price rises that would come. The Baltimore house in particular would reap the benefits of buying low and selling high. William later applied the same lessons in Liverpool.

The war resulted in the demise of a number of the leading merchant houses in New York, Philadelphia and Boston. The Brown firm had, however, successfully anticipated the conflict and had put in place a strategy to take advantage of it. Commitments were restricted, stocks were liquidated, new avenues for business were developed, ships were kept in transit and, above all, goods were delivered. The firm’s business was now on an assured growth path.

William Brown and the Liverpool house were powerful factors in this growth which saw the now renamed Alexander Brown & Sons achieve a virtual monopoly of the transatlantic linen trade. When the war ended in 1814 William Brown & Co was renamed as William & James Brown & Co and the four brothers William, George, James



The Brown Brothers (l - r) John, James and George (photo by F Gutekunst of Philadelphia circa 1841)

and John became partners in each other's businesses. Alexander Brown decided to invest heavily in the Liverpool house, not least to safeguard it against the effects of post-war speculation. The interlocking nature of the Brown businesses made this essential. William was sent an additional 5,000 shares of United States bank stock for this purpose. Looking back we can see that the firm's power base was already shifting towards William in his control of the English house and in America into the hands of his youngest brother James.

American Cousins

The Liverpool house of William & James Brown & Co proved to be the most crucial partnership. It was pivotal in accelerating and expanding the growth of the Brown business at large. It anticipated and powered the main axis of the transatlantic trade, the relationship between the port of Liverpool and New York, the capital of the new world.

As Baltimore's influence in the US economy waned, so Philadelphia's star rose. The direct lineage of what is now Brown Brothers Harriman & Co can be traced back to the Philadelphia firm, John A Brown & Co – established as a regional importer of Irish linen for the Baltimore headquarters in 1818.

In the same way that an expanding canal system had opened up the industrial centres of Lancashire, Yorkshire and the Midlands to the port of Liverpool, so in America the breakthrough in steamboat navigation into the US interior, culminating in the completion of the Erie Canal in 1825, opened up endless import/export opportunities for New York, Philadelphia and New Orleans. New York and Philadelphia were by 1815 the pre-eminent maritime and commercial centres of a voracious sub-continent. New Orleans meanwhile was the focal point for the family's interests in Southern cotton. Between them these three cities and their cousin in Liverpool would dominate a significant portion of world trade for fifty years.

John's subsequent absence from Philadelphia for three years from 1820, following the death of his wife, created the circumstances for the youngest brother James to take charge of the Philadelphia business and to develop further its foreign exchange and credit operations. Crucially, it also provided an opportunity to strengthen ties with the Liverpool house now trading as William & James Brown & Co. When in 1825 James founded Brown Brothers & Co in New York it was seen in part as a means to promote in the United

States the interests of his joint venture with William in Liverpool. Its core business was described as the purchase in New York and export to Liverpool of cotton grown by the Brown's customers and associates in the South. Following Alexander Brown's death in 1834 it was the youngest son who assumed control of the family's international banking operations.

The parallels between New York and Liverpool were also evident in the pace of construction and infrastructure projects in both cities and in the proliferation of banks, new insurance companies and increasingly competitive shipping lines. By 1826 no less than sixteen ships sailed on regular timetables between Liverpool and New York. As William had done in Strand Street, so James established Brown Brothers & Co in offices at 191 Pearl Street in New York close to the quayside from which the Liverpool ships sailed.

Both cities and their respective houses also prospered from innovation in the design of ships and of the docks that they used. In Liverpool Jesse Hartley designed the world's first secure and fireproof warehouses which contributed significantly to the success of the Brown family businesses. However, it was the invention of steamships which revolutionised transatlantic crossing times and which caught the imagination of the business community, of civic leaders and of the public at large.

New fleets of ships had assumed serious importance for their investors and for the cities in which they were registered. The establishment of the Black Ball Line, for example, heralded the arrival of a transatlantic liner able to make timetabled, frequent and guaranteed fast sailings between New York and Liverpool regardless of capacity or load. The uncertainty that had dogged transatlantic shipping for the previous century was over. A new era had begun.



Crossing the Atlantic - The Armata

At last business could plan ahead.

James Brown's arrival in Philadelphia in 1820 had also provided a decisive boost to William's longstanding wish to develop a shipping business. In 1822, following an overture from Thomas Cope and Sons, he had helped the establishment of the Cope Line, the first dedicated Philadelphia-

Liverpool service for which William & James Brown & Co were the Liverpool agents. In New York the firm also became the agent for the Swallowtail Line. These undertakings put paid to any lingering hopes that the port of Baltimore would initiate its own dedicated Liverpool line. Alexander Brown & Sons threw its full weight behind the Philadelphia-Liverpool initiative.

The development of its own shipping line or a substantial stake and guiding voice in a third party enterprise had long been a gleam in the eye of the Browns. They understood that fast ships, fully laden outbound and inbound and departing and arriving on schedule were fundamental to the continuing success of a merchandising and banking business increasingly dependent on predictability.

Alexander Brown commissioned the construction of the Brown's first ship *Armata* in New York as early as 1811-1812 to expand trade between Baltimore and Liverpool and along the American East coast. In the 1820s the *Alexander* was built for service in the Philadelphia-Liverpool run for the Cope Line and in 1827 the *William Brown* would achieve a record crossing of 26 days from New Orleans to Liverpool.

The Liverpool Manchester Railway

William Brown also ventured into railways. He was a key investor among a group of leading Liverpool businessmen who had lobbied strongly for the creation of a railway link between Liverpool and Manchester. The building of the line was eventually entrusted to George Stephenson who was assisted in this, and in the design of the *Rocket*, by his son Robert and Henry Booth. On 15th September 1830 the momentous opening of the Liverpool Manchester Railway took place attended by the then Prime Minister, the Duke of Wellington. This event was to set the pattern for early rail travel throughout the world, not least in the United States where it was taken up by George Brown in his efforts to progress the Baltimore and Ohio Railway. He shared William's passion for transport and was by 1827 already an influential figure in early initiatives to develop his country's rail and steam infrastructure.

By the time the Liverpool Manchester Railway was commissioned the site of the Old Dock had been filled in to create Canning Place, a piazza ready to receive the magnificent Custom House (1829-39). This was the ultimate tribute by Liverpool to its own self worth. The neighbouring warehouse was the building occupied by William Brown & Co before it moved to Union

Court. Elsewhere Liverpool had quickly imitated London in the development of fine residential squares and in speculative office buildings and William Brown would become a keen property developer in his own right. However, an attempt to enlist the family in a proposal to invest in a northern mill was met with the riposte that they knew little of real estate and were “doing well enough as it is”.

The opening of the railway brought, as William Brown and his fellow stockholders believed it would, a further surge of investment in the port and city and by 1848 the Bank of England would establish in Liverpool its first branch, situated between Cook Street and Union Court, where Brown Shipley & Co had its offices.

Family Connections and Inspired Outsiders

Family connections in Ireland continued to feature throughout the early growth of the Brown businesses and are linked with the family’s Presbyterian tradition. James Brown, for example, continued to undertake business with William Gihon & Sons of Ballymena through the New York and Liverpool houses. In 1825 he set up Samuel Nicholson, a successful dry goods merchant, to handle the Ballymena account. Nicholson was one of a number of inspired choices of ‘outsider’ recruited to the firm. He became a New York partner a short time later.



*William Brown circa 1840
(engraving by J Stephenson)*

A circular dated the 1st January 1826 describes Nicholson having made arrangements to guarantee consignments of any English, Irish or Scottish goods shipped through the New Orleans office, essentially as an agent for the New York house. By the late 1820s consignments and commissions on the same terms were being routed through a circle comprising William & James Brown & Co (Liverpool), Brown Brothers & Co (James Brown in New York), John A Brown & Co (Philadelphia), Alexander Brown & Sons in Baltimore and via Samuel Nicholson’s agency in New

Orleans. From 1838 cotton was traded, almost exclusively for a time, between the key Southern cotton growers and the Brown houses in New York and Liverpool.

Further invention lay in the creation of a service for UK clients which translated the proceeds from sales of other goods into American cotton, despatching it onward to Liverpool at competitive prices capable of yielding a tidy profit from UK brokers who sold it on to the mills of Lancashire. This proved to be an imaginative and profitable venture for William & James

Brown & Co and it had the additional benefit in the US of rendering the family firm increasingly indispensable to Southern cotton growers and business interests.



*Miniature of Joseph Shipley
circa 1826*

The Rise of the Liverpool House 1820s-1830s

By 1830, just twenty years after setting up in Liverpool, William Brown was the personification of the city's Atlantic trade, revered by those whose fortunes he helped to create or to sustain; regarded with suspicion perhaps by others who questioned his overly pro-American loyalties; and derided by those who disliked his free trade politics. He had been elected a Freeman of the City in 1824, just 14 years after his arrival. In

1831, demonstrating his growing stature, he became the first chairman of the new Bank of Liverpool, the world's first joint stock bank.

At the same time he became a trustee of one of the world's first insurance companies which arose out of the need to protect the dockside storage and shipping interests of the merchant community – The Liverpool and London Fire Insurance Company. Almost inevitably William & James Brown & Co was its first customer.

The governance and interests of the Liverpool house were also being refined by a new player in the Brown business, another of the inspired outsiders. The partnership of the American and Liverpool operations was nowhere better personified than by Joseph Shipley, a Quaker merchant from Wilmington, Delaware who had arrived in Liverpool in 1819 as an agent for John Welsh

and Co of Philadelphia. A reputation for integrity and a sound grasp of US affairs made him an obvious target for the Liverpool business.

In the same way that Alexander Brown had needed someone in Liverpool to understand and attend his American interests, so Joseph Shipley was to provide the missing link in a Liverpool house that urgently needed someone at hand who understood the finer points of the US market. Trade between the Philadelphia and New York houses with Liverpool was accelerating and becoming more complex. Arriving from his own agency Shipley, Welsh & Co, Joseph Shipley became a partner in William & James Brown & Co. in 1824. He proved to be the right man in the right place.

The Head Who Thinks for Us – The Death of Alexander Brown in 1834

It was George who referred to his father in this way and it was an accurate portrayal. Alexander Brown had recognised as early as 1814 that his sons had the capability to build the family business beyond his imagination. His death in 1834 marked a significant watershed in the evolution of the firm.

James Brown was by now exerting a wider influence within the firm at large, including in Liverpool. He had been a key voice in the need for the Liverpool house to grip the opportunities presented by his ‘agencies’ in Philadelphia and New York. By 1834 New York was the commercial and financial centre of the new world and he was determined to make Brown Brothers & Co a leading cog in it. The Liverpool house was a key asset in the firm’s US growth and needed strengthening for this purpose. In New York, he took the decision to break with merchandising and focus exclusively on merchant banking, supplying the credit and foreign exchange that would help fuel American growth.

At the end of 1836 Stewart Brown and Samuel Nicholson became partners in each of the Brown houses. In 1837 John A Brown sold his shares to William and withdrew from the firm and in 1839 George, until then a family champion in shipping and transport innovation, but now affected by the death of his father, sold his interest to James for \$1.15 million. James’s position as the head of the firm in the US was now complete and a new team was in place to push it forward.

The 1836 -1837 Crisis: Threat to Survival

In 1837, just as the fortunes of Liverpool and New York and of the Brown houses looked so secure, William & James Brown & Co was challenged by a threat to its very existence. Cotton was the foundation stone of the Liverpool house and in 1836 it accounted for £10 million, two thirds, of its annual business. Yet by the end of that year a crisis set in which was to raise fears of suspension and insolvency.

The sheer pace and scale of US growth and an unrelenting thirst for new lines of funding to fuel investment and innovation produced the first cracks in the bank's foundations. Uncertainty about the solvency of the Bank of the United States had led to a run of \$8 million from its' deposits. In turn new state and regional banks which had expanded credit and encouraged speculation faltered. The economy also began to feel the consequences of the US Treasury's decision in 1836 to halt land speculation by requiring payment for public land in gold. Money became dearer and far more difficult to come by.



*The Bank of
England from
Threadneedle Street
- 1800s*

In England's Midlands and North West, where the interests of the Liverpool house were so closely interlocked with a myriad of enterprises, a similar tightening of funds was under way. The cost of building canals, railways, and dock projects and of funding factories and new forms of production was having an effect. These activities and the appetites of mercantile Liverpool and industrial Manchester were exceeding the capacity of the banking system to feed them.

There had also appeared in England a proliferation of new and frequently unstable 'joint stock banks' fuelling credit and recklessly encouraging

speculation. In the first few months of 1837 in Liverpool and Manchester alone no less than one hundred and four new banks were formed, wildly dispensing loans to anyone with an allegedly 'bright idea'. This ruinous race for easy finance was further damaging in that it diverted funds from projects, investors and entrepreneurs who actually knew what they were doing and had proof of achievement.

By early in 1836 rumours were surfacing of banks in trouble. The Bank of England was facing increasing withdrawals of gold, and an inquiry was initiated. Two chief culprits were identified, reckless English joint stock banks and the 'free for all' credit behaviour of a number of Anglo-American merchant banks. The latter's collateral for the loans they had raised from the Bank of England proved to be increasingly doubtful. The Bank responded by raising its lending rates and by limiting severely its service to Anglo-American houses. This provoked financial panic in the USA in the spring of 1837. Within William & James Brown & Co the partners were becoming alarmed, even for their own survival.

The reliance of the business community in the north-west of England on William & James Brown & Co was enormous, possibly calamitous. Remittances due to the Liverpool house from America on behalf of its customers in England might be seriously delayed or dishonoured. None could be guaranteed. About this time the major English banks decided to cease lending to discredited Anglo-American houses. There were runs on banks in a number of US towns and cities including New York and Philadelphia and cotton plummeted in value. It began to be possible that William & James Brown & Co. would be unable to keep its head above water.

On the 29th May 1837 the *Roscoe* arrived in Liverpool carrying advice from the United States that made clear that the future of the family's bank in America was under mortal threat. It was then clear that only the Bank of England would have the authority and the financial strength to save the Liverpool firm. William Brown wrote at the time "Nothing can be worse than the news. It is quite certain we cannot sustain ourselves".

The Intervention of the Bank of England - 1837

Despite having funds potentially in hand William & James Brown & Co found itself having to seek nearly £2 million of support from the Bank of England. Put

to the severest of tests, its reputation and solidity enabled it to draw on the trust of influential supporters in the Liverpool and London financial communities, notably its' bankers Heywood and its' London agents Denison & Co.

In May 1837, with William Brown ill in bed, it had fallen to Joseph Shipley to travel immediately to London to compose a strategy with Denison & Co to stave off insolvency. An initial letter of 1st June to the Bank of England seeking short term support met with encouragement. The exemplary record of the firm and its interconnections with so many other Northern businesses, not to mention the trust it enjoyed from men like John Heywood, ensured that it would be treated exceptionally. The alternative would be to risk the collapse of a significant part of the regional economy and of Britain's foreign trade.

In the days that followed three of the major Anglo-American merchant houses failed. On the 13th June Shipley met again with Denison & Co and then with the Governor of the Bank of England to demonstrate that William & James Brown & Co was on a sound footing. A surplus cash flow of £2 million for the year was projected provided the firm could be helped over a short term deficit. The Bank of England understood the far reaching ramifications if William & James Brown & Co went down. It recognised also that the bank's reputation for integrity was well-founded and a worthy basis for support. A powerful mix of national necessity and professional regard produced the support needed to ensure the Liverpool firm's survival. That support was paid back within six months.

Shipley sent a simple message to William Brown that spoke volumes..."All is well here.." and in a letter expressing his thanks to Joseph Shipley sent from New York on 6th September 1837 James Brown was certain that his compatriot's "Great exertion and perseverance saved the House".

1 840s-1850s: Early Tests for Brown Shipley

Joseph Shipley's efforts were rewarded on his return with a partnership in all four houses and a change of name from William & James Brown & Co to Brown Shipley & Co. A new chapter had begun. Such was the success of Brown Shipley after the crisis that by 1844 it was estimated to have 'possession of' one sixth of the entire trade that passed between the United States and Great Britain. The Free Trader Richard Cobden wrote at the time ..."There is hardly a wind that blows or a tide that flows in the Mersey, that does not bring a ship freighted with cotton



The Atlantic

or some other costly commodity for Mr Brown's house."

Yet an external crisis ensued again when in the early months of 1848 trading conditions deteriorated sharply in both countries as a result of economic, political and social upheaval. Revolution in France, a key trading partner of the United States, triggered a series of calamitous events. The

failure of French business interests in the US together with political unrest in Britain pulled the rug from under Western European trade. Worldwide the consequences were deep.

Almost overnight America found itself in recession. The interdependence of the two economies made certain that events in one would have direct consequences for the other. In London, the markets restricted credit to US firms. For many, the effect on the cotton trade was ruinous. This time, however, Brown Shipley was as prepared as it could be. The evidence suggests that it worked its way through this crisis relatively free of the trauma that debilitated a number of its competitors. It may actually have emerged stronger as weaker players fell away and business coalesced around a robust house that could 'deliver'.

The underlying volatility of the transatlantic economies does not appear to have deflected the firm from its upward path. Fifteen or so years after their father's death the brothers' longstanding interest in shipping was resumed. By 1848 Brown Brothers & Co had invested a significant sum in the New York and Liverpool United States Mail Steam Ship Co (the Collins Line). Its first liner the *Atlantic* quickly raced through the transatlantic record books dominated hitherto by the Cunard fleet. In 1852 the *Pacific* made the New York to Liverpool crossing in just ten days. Breathtakingly fast and the height of luxury it opened a window on a new age of ship design and ocean travel in which the firm would have an influential stake.

In 1851 William Brown hosted a dinner on board the *Atlantic*, then at berth in Liverpool, for foreign leaders attending the Great Exhibition. Their real purpose in coming to the city was to inspect its vast new docks and warehouses. William Brown, as one of the trustees who had done much to create the new port, was able to wear both his commercial and his civic 'hats'. It offers a prime example of the influence that he and Brown Shipley now enjoyed.

The American Civil War – 1860 to 1865

The single greatest test for the firm and for the durability of its Anglo-American relationships now loomed in the tragedy of the American Civil War. By the autumn of 1857 the American partners were already deeply uneasy about the course of political events. However one of the Brown Shipley partners, F A Hamilton, was certain that the lessons learnt from 1837 would insulate and prepare the firm for the challenges ahead.

Yet events proved to be far bleaker than in 1837. In England the Bank Charter Act was suspended. A number of Scottish banks failed and business activity shrank sharply. Liverpool was already experiencing the effects of a free fall in the price of cotton and of manufactured goods. There was also a fall-out from the failure of the Collins Line in which the Brown houses had invested heavily. In New York the banks had already suspended payments in gold and the foreign exchange market crashed.

The political situation in America was changing rapidly. The partners in New York were strong supporters of the Union even at the risk of compromising business interests in the South and despite a period of tension with Brown Shipley partners in Liverpool. They were looking ahead to the long term benefits of growth as America set about rebuilding itself.

When hostilities broke out it was Lancashire mill owners and Liverpool's cotton merchants who sided with the South. There was determined support among businessmen and landowners in the north west of England for their



*Wood Engraving of
William Brown MP - 1851*

Southern 'friends' while working class sentiments, opposed to slavery and influenced by the struggle for representation and democracy at home, directed their sympathies towards the North. Britain's leading politicians were also divided. Russell and Gladstone were keen to recognise the Confederacy and disposed to secession while Palmerston was determined to take the long view.

'Neutrality' became the official position of the British Government and in Liverpool it helped to secure the position of Brown Shipley & Co. The forcible removal of two Southern envoys from a

British vessel, the *Trent*, by a Northern naval commander provoked indignation in Britain. Feelings in Liverpool were made clear in a pointed letter of 27th November 1861 from Brown Shipley & Co to Brown Brothers & Co in New York. Its' meaning was clear. Regardless of other loyalties actions of this type and the tumult they provoked served only to threaten the firm's business interests.

Cracks opened up in the relationship between Brown Shipley and Brown Brothers as to the policy of the firm. Brown Shipley was unwilling to engage in business that would, or could be seen to, breach the terms of the neutrality. In New York, however, the partners were Northern born and bred and wished to secure a quick and definite victory against the South. They pressed their English partners at Brown Shipley, William Brown, F A Hamilton and the fast rising Mark Collet, to facilitate supplies and munitions to the Northern war effort. F A Hamilton was asked to express the position of the Liverpool house. He did so in a cautionary letter of 7th August 1861 which sought to elevate long term considerations above short-term territorial interests. Collet meanwhile wrote to his American partner in the Liverpool house, Stewart Brown, that he would prefer to see Brown Shipley's credit business suspended for a time rather than aggravate the situation in the United States. With hindsight we might read into this a wish to avoid further tension and division within a firm whose progress had been founded on the unanimity and shared interests of its American and English partners.

In a further twist, James Brown who remained in close contact with William Brown and with Union politicians, wrote later that month to advise his English partners against such caution. The view at Brown Shipley was however that the American partners were being too optimistic about the duration and outcome of the war. Hamilton was despatched to New York to assess the lie of the land. No doubt he pressed the concerns of the Liverpool house but his visit may also have been a timely attempt at rebuilding bridges.

William Brown, by now a Member of Parliament and at the height of his political influence, was to play a significant part in events. He had access to the British Prime Minister and his advice on trading matters had been sought on a number of occasions.

In supporting the North he was at odds with the views of leading figures in the British Government and with those of his own partners at Brown Shipley. Like Palmerston he took the 'long view'. He judged that secession would be counterproductive to Anglo-American relations and to the firm's future

interests. He is credited with presenting ‘an alternative view’ of the Northern position. It was William Brown who persuaded the American Secretary of State William Seward to send a high level diplomatic mission to London to meet with the British Government. William Brown saw that if the two countries fell out over the Confederate secession war between Britain and America would be a possibility.

1 863 - 83: The Decline of the Liverpool House

The end of the Civil War in 1865 brought to a close the dry goods business of Brown Shipley & Co. and heralded its decline in Liverpool. Ironically, the bank had moved into grand new offices at Richmond Buildings at 26 Chapel Street in 1860 as the war took hold. The new offices had been commissioned by William Brown and were built in the late 1850s. They were designed by his friend James Picton with whom he was also pressing for the establishment of the Liverpool library and museum.

In the firm’s regular private letter in January 1863 Mark Collet remarked to his American partners that the “increasing competition we have to meet in



Richmond Buildings (1965) Main Elevation

various directions has revived the question, often discussed before, of opening a house in London". In England, at least, the partners had come to the conclusion "that it will be in the interest of the house to open such an establishment". The letter suggested that the Liverpool house should reduce in size, scope and importance. It transpired that Collet acquired the former premises of the Central Telegraph Station in Founders Court for £22,000, a stone's throw from the Bank of England. The London office opened there on 15th December 1863.

By the end of the Civil War the long-term future of Brown Shipley in Liverpool was in fact in question. Thereafter, as American political and economic power consolidated in the North, the family's transatlantic relationship, no longer dominated by cotton interests, began to focus on London. As the American economy recovered it was the fast developing London office that became of primary interest. Victorian London was at the time the greatest city in the world and the capital of an expanding Empire, but it was tending to look east and south. Political and economic affinities with the US were changing. New markets and commodities, new diplomacy and ways of conducting trade were opening up. The Liverpool partners were prescient in realising that the geography which had served Liverpool so well for two centuries would be far less important towards the end of the 19th century. London made absolute sense for Brown Shipley and for its American partners. Liverpool's time was passing.



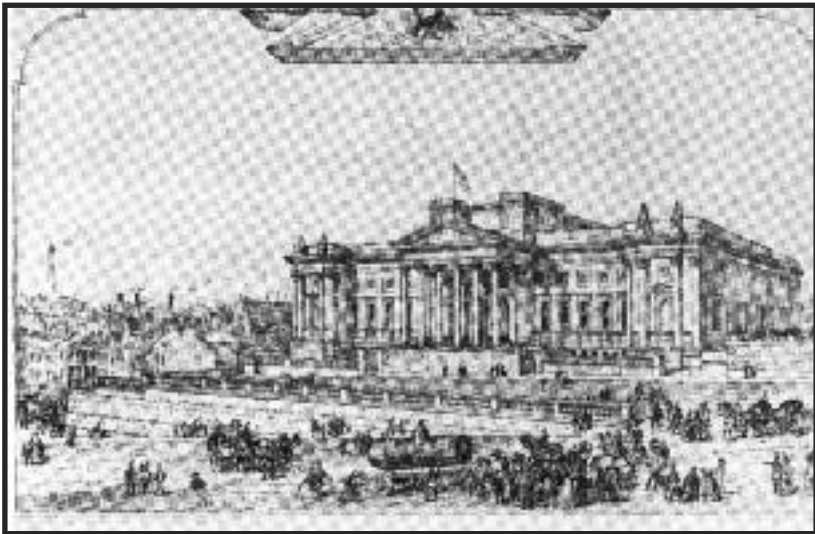
*Exterior of Central
Telegraph Station –The
new Founders Court*

The Legacy of Sir William Brown and Brown Shipley & Co.

From the 1820s onwards William & James Brown & Co had become a significant player in Liverpool's economy and its principal had emerged as a prominent figure in the city's business community. In 1824, just 14 years after his arrival, William Brown's contribution was notable enough for him to be made a Freeman of the City. By the time Brown Shipley was founded in 1837 he was at the centre of events generally. His rise owed much to the success of the enterprise he had created and to the qualities of the partners who



William Brown Laying the Cornerstone to William Brown Library 15 April 1857



Lithograph of the William Brown Library

surrounded him, particularly during a twenty year period from the late 1830s to the late 1850s when his outside interests drew him away from day to day involvement. William Brown achieved for himself and for Brown Shipley a remarkable degree of influence across the whole spectrum of Liverpool life.

The extent of his private interests and public duties outside the firm grew considerably. He held the office of Alderman of Liverpool and Justice of the Peace for Lancashire. In 1852 he was appointed Deputy Lieutenant of Lancashire and then High Sheriff in 1863. His lifelong support for Free Trade and for the repeal of the Corn Laws led to him serving for fifteen years (1846-59) as Liberal Member of Parliament for South Lancashire. During his time in Parliament he lobbied successfully for the 1852 Act which allowed Liverpool to raise a penny rate to fund part of the cost of what would become the William Brown Library; he campaigned for the introduction of a Penny Post; and established in 1854 a Parliamentary Committee to consider the case for decimal coinage.

He was notable also for his efforts to provide civil protection through the local militia, raising and funding the 1st Battalion of the Liverpool Brigade of Artillery, Lancashire Volunteers and serving as its Lieutenant Colonel. He was honoured for his public works, ostensibly his benefaction of the William Brown Library, with the award of a baronetcy by Queen Victoria on 24th January 1863, then becoming Sir William Brown of Richmond Hill.

William Brown understood better than most the commercial imperatives for Liverpool to expand and to modernise its dock system. He might have cited his part in the expansion of the port itself as his most far reaching legacy. He was not alone in encouraging this but he was prescient in supporting and finding the investment backing for the engineer Jesse Hartley to transform the docks, effectively firing the starting pistol for the greatest period of growth in Liverpool's history. This created an unrivalled maritime infrastructure in which firms like William & James Brown & Co and later Brown Shipley & Co thrived.

Two personal factors appear to have influenced the distinctive route that the Liverpool house took. William Brown was a vital spark and continuing inspiration in the development of the firm and there was little room for anyone else to lead. Although there were times when others, such as Shipley and Hamilton, took a prominent part he remained the outstanding figure until his death. A second factor in the decline of the Liverpool office was succession. There was no family heir ready to step into his shoes.



William Brown Street, Liverpool - 2010

William Brown died on 3rd March 1864 fifty four years after his arrival in Liverpool and just short of his 80th birthday. It was half a century since he had co-founded William & James Brown & Co and more than a quarter of a century since he had established Brown Shipley and Co.

His best known legacy to the city of Liverpool is without doubt the street and library which bear his name. There is no finer epitaph of his worth than this admirable ‘forum’ which gave Liverpool a civic and cultural quarter to rival any. It provides a permanent reminder of his generosity and of Liverpool’s debt to the business which made it possible, Brown Shipley.

The prime mover in the development of the library was James Picton and he found in his close friend William Brown a benefactor keen to bring his ‘vision’ to fruition. Estimates of William Brown’s contribution range from £42,000 upwards (say £5 million in 2008 values). In any case it was indeed generous and a grateful city named the street in his honour.

The Library opened on 18th October 1860 and the occasion was marked by three days of celebrations embracing all classes of Liverpool society. It forms the centrepiece of one of the world’s most striking civic quarters. William Brown’s generous act of financial support was all the more significant because it triggered the wider ‘vision’ that is now William Brown Street. In a notable gesture to their time together at Brown Shipley & Co, Joseph Shipley

purchased and donated to the new William Brown Library John James Audubon's acclaimed work *Birds of America*.

Although the Library is the most obvious symbol of William Brown's and Brown Shipley's time in Liverpool it forms part of a much wider inheritance. They are outstanding characters in a broader story of exceptional enterprise that made Liverpool one of the most prosperous and outward-looking cities in the world. They were vital to her ascent in commerce and in the realisation of her infrastructure, and they played a valuable part in enabling the neo-classical revival of the city in the 19th century. Their contribution bred confidence for the later development of Victorian and Edwardian Liverpool, affirming the city as one of England's architectural and cultural jewels.

Recognition of this at home and abroad was marked by the designation of Liverpool as European City of Culture in 2008, eight centuries after the granting of its royal charter. The opening ceremony was centred fittingly on St George's Hall and William Brown Street.



*Brown Shipley London office -
Moorgate Entrance*

Illustration Page No	Image and Description
1	Alexander Brown and four sons (brothers l to r James, William, John and George) grouped below a portrait of their father. Painted by Thomas C Corner in 1916-17. Restored and hanging in the reception of Brown Shipley, Founders Court.
5	A map of all the streets, lanes and alleys within the town of Liverpool with one side of the River Mersey - J Chadwick 1725
6	East Side of Strand Street featuring The Custom House - watercolour WG Herdman
7	In this 1847 lithograph depicting Liverpool's merchants meeting on the Exchange flags, William Brown is the wizened Dickensian figure depicted at full length just in on the right hand side talking to two well-fed colleagues.
8	The Fourth Custom House and the Old Dock, Liverpool - watercolour by WG Herdman circa 1810
9	Photograph showing from l to r John, James and George Brown (photo by F Gutekunst of Philadelphia circa 1841)
11	The Brown Brothers Ship the <i>Armata</i> , crossing the Atlantic
13	The earliest known picture of William Brown circa 1840 (engraving by J Stephenson).
14	Miniature of Joseph Shipley probably in Liverpool shortly before 1826, when he became junior partner in William & James Brown & Co.
16	The Bank of England from Threadneedle Street in the 1800s
19	The first Collins liner, the <i>Atlantic</i> , which sailed from New York for Liverpool on 27 April 1850. On her return trip she broke Cunard's record and on her second voyage broke all records in both directions.
20	Wood engraving of William Brown MP. It appeared in the Illustrated London News on 12 July 1851. The cut was made from an early type of photograph (produced on chemically treated silver) by Claudet.
22	Richmond Buildings, Liverpool (photo 1965) were built by William Brown in the late 1850s from designs by James A Picton. Brown Shipley & Co maintained its offices here from 1860 to 1888 when it transferred all its operations to the London office.
23	The Exterior of Central Telegraph Station –The new Founders Court, secured in 1863 by Collet for £22,000 as Brown Shipley's London office.
24	William Brown laid the cornerstone of the library on 15 April 1857 at a ceremony recorded by an unknown photographer.

Illustration Page No	Image and Description
24	This Lithograph of the William Brown Library was distributed with the Liverpool Mercury two days after the opening on 18 October 1860. It was built to house the Free Library and a museum of natural history based upon the collection of Lord Stanley's grandfather - the 13th Earl of Derby.
26	William Brown Street, Liverpool February 2010. The William Brown Library is the circular pillared building.
27	Brown Shipley's London Office - Founders Court as viewed from the Moorgate entrance. The Bank of England can be seen on the southern corner of Lothbury with pillars and roundel.

For a better view and for a limited period, all illustrations and photographs, as well as an electronic copy of this booklet, can be viewed on the Brown Shipley website www.brownshipley.com/williambrown

A *note on the Author*

Michael McCarthy was born and educated in Liverpool. He is a strategy consultant to a number of private, public and charitable organisations. He is trustee of the Nationwide Foundation and a Fellow of the Royal Society of Arts. He is Director of Work House Limited www.workhouse-ltd.co.uk and has written widely on social policy, politics and community.

This booklet has been produced to mark the two hundredth anniversary of William Brown's arrival in Liverpool, his foundation there of a merchant house in 1810, and his later donation of Liverpool's free Public Library to its City and people in 1860. It was commissioned by the descendents of William Brown and generously sponsored and produced by the two banks originally founded by them, Brown Brothers Harriman and Brown Shipley respectively.

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