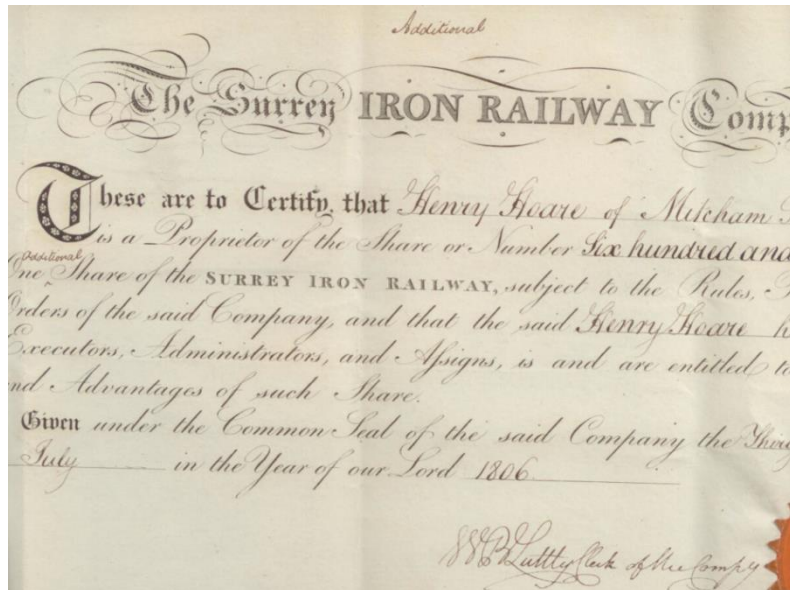


Manuscript of the Month
January 2013

Share certificate issued by The Surrey Iron Railway Company, July 1806



These are stirring times for London's rail network. Crossrail, Europe's biggest construction project, is well underway. December 2012 saw the final link in the city's overground orbital route completed. And January 2013 marks the 150th anniversary of the first underground railway line, from Paddington to Farringdon via King's Cross. Life today would be inconceivable without railways in general and, for

Londoners, the Tube in particular. But a full sixty years before the Paddington to Farringdon line opened, the world's first public railway was launched. And one of its earliest backers was bank partner Henry Hoare (Mitcham).

The Surrey Iron Railway emerged out of proposals to build two canals along the Wandle Valley linking Croydon with the Thames at Deptford. Supporters argued this would allow goods to be moved in and out of the capital quickly and cheaply and enable Croydon, Streatham, Sydenham and Dulwich to be supplied with piped water. But not everyone was in favour. Wandsworth's wharfingers feared for their livelihoods and there was widespread concern at the detrimental effect the canals might have on the river Wandle: *Next to the [Thames] the [Wandle] is the most important to the metropolis of all the streams in its vicinity, since, in the course of only eight or nine miles, it drives above fifty mills; and never being frozen over within the memory of man, it furnishes the best security to London for a supply of flour in seasons of long-continued frost, when the Thames, the canals, and all the other streams are locked up. It is a pretty hazardous project...to divest the sources of such a river!* (Morning Chronicle, 3 Jan 1800). When the plans were put to engineer William Jessop in December 1799 he too cautioned against such a scheme. He did however suggest an alternative. An iron railway.

Even in 1799 railways were not an entirely new idea. Wooden horse-drawn tramways had been in use since the 1600s, while from the mid 1700s stone plateways laid with iron rails had become an increasingly common sight in collieries and ironworks up and down the country. The proprietors of the Surrey Iron Railway Company, though, had a more radical plan in mind – a nine mile double-track railroad running from the canal basin at Wandsworth, via Tooting and Mitcham, to a canal basin at Croydon, open to anyone with goods to transport upon payment of a fixed fee.

A Bill for making and maintaining a Railway from the Town of Wandsworth to the Town of Croydon, with a Collateral Branch into the Parish of Carshalton, and a Navigable

Communication between the River Thames and the Railway at Wandsworth, all in the County of Surrey was laid before Parliament in February 1801 and received Royal Assent three months later. On 4 June 1801, the Surrey Iron Railway Company's proprietors held a meeting at the Spread Eagle Inn, Wandsworth, during which a committee of thirty men was appointed to steer the project through to completion. Among them was the bank's senior partner, Henry Hoare, who owned several mills and a country house, Mitcham Grove, along the Wandle.

Initial estimates put the cost of the railway at £24,000 (about £1.5M today), although this was later revised to £35,000 after it was decided to add a branch line to Carshalton. To pay for its construction, shares priced at £100 (about £6K today) apiece were made available to investors. Henry Hoare's private accounts show that he purchased five shares, paying an initial deposit of £15 on 21 February 1800 and various other sums, never exceeding £50 (10%), over the next couple of years. At the same time, he also bought £500 worth of shares in the Croydon Canal, which had finally been allowed to proceed.

Construction of the railway got underway almost immediately and by June 1802 the press was able to report significant progress: *several hundred carriages of all descriptions passed over the iron rails [at Wandsworth] without meeting with the least obstacle.* (Bury & Norwich Post, 9 June 1802). A year later, on 26 July 1803, the Surrey Iron Railway opened for business. Fees were set at 1d per ton per mile for dung, 2d per ton per mile for lime, ashes, sand, bricks, stone, clay and chalk and 3d per chaldron per mile for coal. Additionally, a toll of 3d per ton was levied on all goods entering or leaving the Wandsworth basin. The benefits soon became apparent. Goods could be moved in and out of London without delay, while towns and villages within easy reach of the line were able to purchase coal, bricks and other supplies at reduced rates. Landowners too sought to cash in on the railway's proximity: *In the Parish of Wandsworth, About 200 acres of land in high cultivation, fit for the immediate entry of a Farmer or Gardiner...about five miles from London, near the Thames, having the Surrey Iron Railway pass through part of it.* (The Morning Post, 28 August 1802).

By then, however, the proprietors of the Surrey Iron Railway had fixed their sights on an even more ambitious project; an extension of the line to the naval dockyard at Portsmouth. At a time when Britain was at war with France, such a plan held out the hitherto unimaginable possibility of being able to transport troops and stores from Woolwich to Spithead in a single day. There would also be significant economic benefits, since regular supplies of fresh fish, meat, butter, eggs and poultry could be brought in from as far afield as Ireland. According to the Surrey Iron Railway Company's calculations, tolls from this increase in freight traffic would yield an annual £300 per mile, which in turn would provide a return to shareholders of 10%. Thus *an Iron Railway from Merstham to Portsmouth...to communicate with the Surrey Iron Railway will not only be of great national service, but attended with numerous advantages to the line of country through which the same shall pass.* (Salisbury & Winchester Journal, 12 Sept 1803).

In October 1802, the Surrey Iron Railway Company met to inspect plans for a line to Reigate, with a collateral branch to Godstone, generally regarded as the first step towards extending the line to Portsmouth. Once again, it was agreed to raise an initial £35,000 through the sale of £100 shares. Several London banking houses were authorised to receive payments, including Messrs Castell, Powell & Co, Messrs Barclay, Tritton & Co, Messrs Weston, Pinhorn & Co and Messrs Hoare, along with local bankers in Portsmouth, Gosport, Chichester, Lewes, Guildford, Southampton, Brighton, Arundel and the Isle of Wight. An

account opened at Hoare's Bank later that month took in £3,655 from investors during the next two years. Among them was Henry Hoare, who purchased an additional £500 worth of shares, Sir Isaac Heard, Garter King of Arms, and James Smithson, a self-made man whose fortune would later fund the establishment of the Smithsonian Institution in Washington.

Royal Assent for the Croydon, Merstham & Godstone Iron Railway was granted in May 1803. Three months later it was announced that shares totalling £400,000 (about £28.5M today) would be made available to subscribers. But the vision of a line stretching from London to Portsmouth was never fulfilled. By the time it reached Godstone in 1805 the funding had dried up. Nor did investors see any return on their outlay. Share values steadily declined and in the late 1830s the entire line was sold to the London & Brighton Railway Company. Part of the track around Mitcham Junction was subsequently incorporated into the Wimbledon & Croydon Railway and, more recently, into the Croydon Tramlink.

Despite its relatively short life, the Surrey Iron Railway proved to be a glimpse of the future, although that future would be one driven by steam rather than horsepower. The Stockton & Darlington Railway (1825) and the Liverpool & Manchester Railway (1825), the latter powered by Stephenson's Rocket, signalled the beginning of a new era in railway building. And by the time Queen Victoria embarked on her first train journey from Slough to Paddington in 1842, railway speculation had Britain firmly in its grasp. Between 1842 and 1846, the number of new railway companies increased six-fold to nearly 300, while share prices soared by up to 167%. Favourable economic conditions – rising industrial output and falling interest rates – coupled with a burgeoning middle-class eager for opportunities to invest its spare cash, combined to fuel the frenzy. Just as in more recent times people were tempted to stretch themselves financially by taking out zero-deposit, interest-only mortgages, so Victorians were seduced by the apparent ease with which it was possible to become shareholders, a deposit of 10% being all that was required. Spurred on by promises of negligible risk and quick profits, many plunged their entire life savings into railway share deposits. Leveraging was rife and at times blatantly encouraged: *Persons possessing only sufficient capital to pay the deposit, may more than double it in a day.* (The Railway Investment Guide: How to make money by railway shares, being a series of hints and advice to parties speculating in the shares of British, colonial and foreign railways, by one of the initiated, behind the scenes, Anon, 1845). Not everyone was convinced though. In a memorandum to staff dated 5 December 1845, the Hoares warned: *All the Clerks are cautioned against speculating in Railway shares etc.*

By then, however, it was too late. Reports of fraudulent or mismanaged companies had begun to surface. And as the true cost of construction dawned on railway companies, they started issuing calls for the remaining share monies owed to them. Inevitably the bubble burst. Share prices collapsed, thousands saw their savings wiped out and newspapers reported (in lurid detail) countless tales of suicide and destitution.

Despite the obvious pain this short-lived mania for railway speculation caused, it did enable several thousand miles of track to be built and was followed by a sustained period of railway construction. By 1900, nearly 20,000 miles of railway track had snaked its way across the landscape, from Cornwall to the Highlands, overcoming innumerable mountains, lochs, rivers and peatbogs along the way. And railway building had become big business. British locomotives, rolling stock and engineering expertise were in demand the world over, while much of the capital required to fund railway construction was raised on London's financial markets.