

The City of London loses its Barings

by Anthony K. Wikrent

The series of financial institutions founded by the family of Barings have played a crucial role in the British Empire for over 200 years. Since World War II, Barings has counted as clients Union Bank of Switzerland, the Royal Bank of Scotland, the Bank of England, Her Majesty's Government, and the World Bank. Today, a profile of the directors of Barings shows it was still a key part of the City of London establishment. Barings, in short, is not the sort of firm that would be considered "expendable" by the British oligarchs. The lightning-quick collapse of Barings over the weekend of Feb. 24-26, thus speaks volumes about the velocity, and ferocity, attained by the "great financial mudslide" of the 1990s.

Barings PLC traces itself to the partnership of John and Francis Baring & Co., founded in London in 1762. Being of German stock, the Barings had to wait one generation to be officially accepted into the ranks of the British aristocracy; nonetheless, in 1767, Francis (1740-1810) married Harriet Herring, cousin to the former Archbishop of Canterbury. By the 1770s, Francis had become a close confidant and adviser of the Earl of Shelburne (later Lord Lansdowne), and by 1783 was accepted as a member of the Court of Directors of the British East India Company. Barings money thus financed much of the world's opium trade. The major shipping firm for opium, the Peninsular & Orient Steam Navigation Co., was created at about this time with Barings money.

Francis's second son, Alexander (1774-1848), emerged as the foremost "America handler" of the British; by 1798, Alexander's businesses in the United States were bringing in £10,000 profit a year. Money dispensed by Alexander bought control of the Boston "Brahmin" opium- and slave-running families. Alexander himself married the daughter of Philadelphia millionaire William Bingham. Alexander was given a baronetcy in the second creation of the Lord Ashburton in 1835.

Over time, another four baronetcies were awarded the Barings: Northbrook, in 1866; Revelstoke, in 1885; Cromer, in 1901; and Howick of Glendale, in 1960.

The Third Earl of Cromer, Lord Errington, was made Minister to the United States in 1953. From 1962 to 1967, he was governor of the Bank of England, then chairman of Barings, until 1971, when he was dispatched to Washington as Her Majesty's ambassador a second time.

Top dog in the Barings tribe today is Lord Ashburton,

chairman of British Petroleum (BP) since June 1992, and a member of Prince Philip's 1001 Club Nature Trust. Lord Ashburton has been a director of Baring Brothers & Co. Ltd. since 1955. Lord Ashburton's second wife (taken in 1987), was the daughter of J.G. Spencer Churchill. Lord Ashburton was also a director of the Bank of England from 1983 to 1991, and has been a trustee of the Rhodes Trust since 1970, and chairman since 1987.

The present chairman of Barings PLC, Peter Baring, the great-grandson of the First Lord Revelstoke, joined Baring Brothers & Co. Ltd. in 1959 and has been a director since 1967. He has also been a director of Inchcape PLC since 1978. Inchcape is the holding company established to control the Peninsular & Orient Steam Navigation Co.

Peter's older brother, Nicholas Hugo, has been with Barings since 1958, and was deputy chairman in 1986-89. He is chairman of Commercial Union PLC, and has been on the executive committee of the National Trust since 1979.

Robert Malpas, has been with Imperial Chemical Industries Ltd. since 1948, and was a managing director of BP in 1983-89. He has been chairman of the Cookson Group since 1991. Malpas became a Barings director in 1989.

An old opium-trading firm

Barings PLC Deputy Chairman Henry Michael Pearson Miles is also an executive director of John Swire & Sons Ltd. (since 1988), one of the old-line opium-trading firms. Miles has been with Swire since 1958, and with Barings since 1989. The other deputy chairman, Andrew Marmaduke Lane Tuckey, started with Barings in 1968. He has been a director of Dillon Read Holding, Inc. since 1991 (when Barings bought 40%). In 1992, Tuckey joined the International Capital Markets Advisory Committee of the Federal Reserve Bank of New York.

Another director of Barings PLC, Miles James Rivett-Carnac, also serves as chairman of Baring Securities Ltd., which describes itself as "an international stockbroking company with an institutional client base specializing in markets of Japan, the Asia-Pacific region, and Latin America," and "a specialist in global futures and options markets." Rivett-Carnac has been a director of the London Stock Exchange since 1991, and of Allied-Lyons PLC since 1992.

Sir William Ryrie, who became a Barings director in 1993, was chief executive of the International Finance Corp. (IFC) at the World Bank from 1984 to 1993. He began his career as a lieutenant in the Intelligence Corps, posted to Malaya in 1952-53, when Sir Robert Thompson was developing the fine art of creating, then killing, communist insurgents. From Malaya, Ryrie was posted to the Colonial Office, and was in Uganda in 1956-58. He transferred to the Treasury and became Principal Private Secretary to the Chancellor of the Exchequer from 1969 to 1971. Ryrie was made U.K. executive director of the International Monetary Fund and the World Bank in 1975, before moving up to head the IFC in 1984.