

The Royal Mint Refinery, 1852–1968

Michele Blagg summarises the history of the Royal Mint Refinery, which is the subject of her PhD research.



Some of the most popular images adorning the walls of Rothschild offices in London are a series of black and white photographs of the gold refining enterprise operated by N M Rothschild & Sons between 1852 and 1968 under the trading title of the Royal Mint Refinery. As this article will show the Royal Mint Refinery was a business that required constant adaption to the changing economic, social and cultural forces of the nineteenth and twentieth centuries.

For centuries both the refining of gold and the minting of coins had been the responsibilities of the Master of the Royal Mint, an office created in the sixteenth century. The Mint itself had been located in the Tower of London from the late thirteenth to the early nineteenth century, until the demands of new steam press machinery necessitated a move into new premises at Tower Hill. Concerns and criticisms were frequently raised over the expense and the lack of accountability of the old contract style system of operation. These objections lead to the establishment of a Royal Commission in 1848. Of the many recommendations made by the Commissioners, it is that relating to the treatment of unrefined gold entering the country which interests us here. The Commissioners proposed that this business should be put out to tender.

The prospect of taking on the refining business appealed to the Rothschild family in London.¹ The responsibility for the negotiations fell to Anthony de Rothschild, one of the sons and business heirs of N M Rothschild who secured the lease from the Government in January 1852. An element of the negotiations related to the lease of premises and purchase of equipment housed adjacent to the existing Royal Mint at 19 Royal Mint Street. The decision to add the word 'refinery' to the previous title of the Royal Mint was a fortuitous one, affording an element of anonymity for the Rothschilds, whilst they also gained what would today be described as a world recognisable 'brand'. Under the terms of the contract the newly established Royal Mint Refinery was required to receive 100 pounds of precious metal consigned by the Master of the Mint and to return the correct quantity of refined metal within fourteen days.²

An interesting aspect of the new business was its Anglo-French nature. First of all Lionel de Rothschild, Anthony's elder brother, took the advice of his uncle in Paris, Baron James, who already had experience of gold refining through a joint venture in Paris with a business partner called Michel Benoit Poisat.³ Lionel decided to work with Poisat in developing the London

above, from left

The Royal Mint Refinery, 1933. Note the wooden sabots worn to protect the feet. Victor, 3rd Lord Rothschild, remembered that these were burnt to recover any precious metals which might have adhered to the soles.

Bullion room, with George Buess, manager 1912–1937, in the bowler hat. There are probably two shipments in view, one marked 'Paris' the other 'National Bank of India'.

opposite

Refined bullion bars. Each bar had a unique identity in the combination of the R-number and the year date. The circular stamp was that of N M Rothschild & Sons in its capacity as an authorised Melter.

refinery. It is clear that the family felt that there were advantages as well as disadvantages to this sort of partnership, as can be seen in this note of caution from Lionel's brother, Nat, who was by that time working in the Paris office:

[Poisat] is a cunning old fox and much more interested than formerly ... he has got plenty of money and likes adding to it. Nevertheless, he is a clever man and understands his business amazingly well. In a word, I think you had better come to terms with him, let him have half and keep the other for yourselves, but don't make your contract more than three years. At the expiration of that period the affair will be so well organised that you will not want our friend Poisat and will be able to manage it yourselves.⁴

It seems that Lionel followed Nat's advice to the letter. With a contract signed, Poisat served as the first manager of the Royal Mint Refinery from 1852 until 1854. The Anglo-French aspect to the venture went even further. Aside from an extensive knowledge of refining processes Poisat brought with him an experienced workforce from the Normandy area of France.

The Royal Mint Refinery profited from the acceleration in world gold production levels that were seen throughout the nineteenth century. In the first 50 years of the nineteenth century levels of new gold production were recorded at around 38 million fine ounces. However, production subsequently soared to over 334 million fine ounces from 1851 following the new gold discoveries in California in 1849, Australia in 1852 and South Africa in 1886.⁵ Although by the turn of the twentieth century refineries had been established in California and Australia catering for locally-mined gold, by 1905 the Royal Mint Refinery was reported to be refining annually 3.3 million gross weight ounces of gold, rising steadily to 6.8 million by 1913, the majority of which originated in South Africa.⁶





The First World War brought the first real challenges to the fortunes of the Royal Mint Refinery. Despite the significantly reduced level of gold imported to Britain from South Africa, a consequence of wartime disruption to the supply, the refinery survived the years of conflict. The first year of peace, 1919, saw record levels of gold – 10.4 million ounces – passing through the hands of the refinery staff. At the same time, the restoration of London to its pre-War position as the international market place for gold was seen as crucial by those in the City. The South African mining companies, whose output amounted to over half of the all the world’s newly mined gold, and who had channelled their gold to the Bank of England to support Britain’s reserves during the War, now sought an agency to market their output. The Bank of England entered into an agreement with the South African mining finance houses for them to ship gold to London for refining, prior to being sold through N M Rothschild ‘at the best price obtainable, giving the London market and bullion brokers a chance to bid.’

The choice of N M Rothschild to host this operation resulted from the expertise in the bullion business developed by the bank over the previous century was the obvious choice. In 1919 Rothschild was in a pivotal position – both as a major refiner and an agent for the South African gold producers.⁷

However, the Refinery’s fortunes were to be mixed over the following decades. Pressure was mounting from local producers and mine owners for the establishment of a South African refinery and Mint in Pretoria. The new South African refinery subsequently opened in 1922, to the detriment of the Royal Mint Refinery. Gold refining records show a sharp decline from 1922 to an all time low of 800,000 ounces passing through the Rothschild refinery in 1929.⁸ However

The Royal Mint Refinery stand at the Castle Bromwich exhibitions in the 1950s.

there was a slight reprieve for the business following new discoveries of gold in West Africa during the early 1930s: with refining levels rising sharply to just over 12.5 million ounces for 1932.⁹ The boom was short-lived and decline soon set in. The outbreak of the Second World War further hampered the level of gold entering the country and recorded gold refining levels at the Rothschild refinery dropped significantly to a low point of around 32,000 gross weight ounces in 1941, before creeping back up to around 1.5 million ounces by 1952.¹⁰

Many historians have made reference to the ability of the Rothschild family to diversify into other areas of profitability when traditional business lines have come under threat. The operation of the Royal Mint Refinery is certainly a prime example of this. During both periods of world conflict the refinery was turned over to the manufacture of munitions and specialist equipment. At the end of the Second World War a reorganisation of the operation took place. Although the refining of gold was still the main strand of the refinery's business, levels had dropped considerably from their peak. New business opportunities were explored and developed. The main area of growth in the operation of the refinery focused upon the manufacture and production of non-ferrous metals in cast and strip form, including copper foil and plated wires. The modern rolling mill and annealing plant, which had been added in 1943 to cater for Government orders, in peacetime was set to work producing a wide variety of products that met the needs of industry. Promotional brochures produced for the firm's stand at the 1948 British Industries Fair held each year at Castle Bromwich – the forerunner of the National Exhibition Centre – provide an insight into the full range of activities of the Royal Mint Refinery. The Government-backed British Industries Fair was a chance for UK firms to





Promotional material in the 1950s, linked to the industrial exhibitions, demonstrated the refinery's efforts to adapt to changing markets.



expand their export endeavours providing an invaluable ‘gigantic shop window’ to international customers.¹¹ The Rothschild stand received over 180 enquiries, of which 150 were reported as new contacts.¹² While it was acknowledged within the business that twelve months might elapse before enquiries developed into actual orders, it was also noted that the event had provided existing customers with a chance to see the range of their products and new developments. The refinery staff who had attended the event recorded that ‘many people were surprised that we were producers of such things as copper strip, silver solders and plated wires, and it has definitely given [Royal Mint Refinery] a better chance to sell these products without extensive advertising in trade journals.’¹³

Throughout the 1950s the refining of gold continued steadily. Nevertheless, as the business operation was streamlined skilled workers were often re-deployed to work in the expanding engineering department, taking with them a wealth of technical knowledge.

By 1961 a period of reviews into the activities of the Royal Mint Refinery led to specific areas of the business being sold off to more specialised firms. When in 1965 the copper foil plant was sold to Brush Clevite, a number of employees moved over to the new company and relocated to Southampton. The remainder of the operation was sold to Engelhard Industries Limited in October 1967. One employee of the company has described the process of deciding whether the trappings of the last one hundred and fifteen years was sent to the new works, scrapped or sold off.¹⁴ The remaining staff either transferred to the new company, went to work for the main Rothschild business in London, were retired or opted for redundancy. Early in November 1968 the building at 19 Royal Mint Street stood empty and the factory gates and the buildings were closed for the last time.

Michele Blagg is a PhD student based at the Centre for Contemporary British History, working under the supervision of Professor Richard Roberts and Dr Michael Kandiah. The research project 'The Royal Mint Refinery, a business adapting to change, 1852–1968' began in October 2008. The research project is the first of three Collaborative Doctoral Awards to be hosted at The Rothschild Archive Trust in partnership with the Arts and Humanities Research Council and the Centre for Contemporary British History.



NOTES

- 1 Rothschild Archive London (henceforth RAL) XI/09.
- 2 RAL 148/29.
- 3 Some records of the Paris refinery may be found at The Rothschild Archive within the Bullion Department's series (VII/207).
- 4 RAL 000/1242.
- 5 *The Times*, 'Gold', a reprint of the Special Number, 20 June 1933 p.21.
- 6 RAL 148/24.
- 7 The 'Gold Fixing' tradition took place at New Court, the bank's London offices, from 1919 to 2004.
- 8 RAL, 148/24/3, RMR Silver and Gold Treated from 1 January 1905 – 31 December 1948.
- 9 *ibid.*
- 10 *ibid.*
- 11 *The Economist*, 10 May 1947, pp.30–31.
- 12 RAL, 148/18, Report entitled 'BIF Castle Bromwich 3 May – 14 inclusive'.
- 13 *ibid.*
- 14 RAL 000/1242.