

## Chapter 11: Blood, Toil, Tears and Debt

*Speaking quite frankly ... there is no doubt that we are both you and I equally ... spend-thrift and extravagant. We both know what is good – and we like to have it. Arrangements for paying are left to the future ... We shall very soon come to the end of our tether – unless a considerable change comes over our fortunes and dispositions. ... I sympathise with all your extravagances – even more than you do with mine – it just seems as suicidal to me when you spend £200 on a ball dress as it does to you when I purchase a new polo pony for £100. And yet I feel that you ought to have the dress and I the polo pony. The pinch of the matter is that we are damned poor.*

Winton Churchill

Letter to his mother (28 January 1898)

*Churchill himself, although undeniably an aristocrat, was very much an aristocrat of his time. ... Despite his ducal background and his father's successful pursuit of an heiress, he was a poor [because he was an improvident] man, and the books and the journalism were as much to pay the bills as they were expressions of his remarkable creativity. Like Lord Randolph, his finances were often precarious, and he needed the help of men like Baruch, Bracken and Beaverbrook to ensure that he remained solvent. On the eve of war [in 1939] his debts were so overwhelming that he had even considered selling Chartwell. And, as Lord Crawford had noticed back in the 1900s, Churchill was one of those who yearned for luxury, and who loved taking it from those who could provide it, from Lord Beaverbrook earlier in his life to Aristotle Onassis at the end.*

David Cannadine

*The Decline and Fall of the British Aristocracy* (1990)

*A common thread of exceptional risk-taking unites Churchill's financial dealings and his political career. ... I have never encountered risk-taking on Churchill's scale during my career of advising people about their finances ... Whatever the driving force behind the risks he took, Churchill left behind him a trail of financial failures that required numerous rescues by family, friends and acquaintances ... [He] ran up huge personal debts, gambled heavily, lost large amounts on the stock exchange, avoided tax with great success and paid his bills reluctantly.*

David Lough

*No More Champaign: Churchill and His Money* (2015)

In 1911, when Winston Churchill became First Lord of the Admiralty for the first time (he returned to the post at the outbreak of war in 1939), no nation could match Britain's diplomatic, economic, financial and military muscle. Although some did so grudgingly, leaders of other nations recognised its primacy. Britain wasn't the world's biggest economy (the U.S. certainly and Germany probably outranked it in that respect), but it was its premier trading nation: in the 1890s, the registered tonnage of its merchant fleet exceeded the rest of the world's, as did "invisible exports" from banking, insurance, shipping and other trading services. Britain was among the world's wealthiest nations and its empire was the largest since antiquity. Underpinning its power and prosperity, London was the world's financial centre; the pound sterling was the common denominator of international commerce; the yield of its long-dated bonds set the world economy's thermostat and the Royal Navy enforced a *Pax Britannica* which had prevailed since the defeat of Napoleon a century before.

Yet by 1955, when Churchill finally let office, Britain was no longer a global power. Arguably, it wasn't even a leading European nation: it lagged France and Germany, and by the 1970s was widely regarded as a nation in terminal decline. Reflecting upon its swift and comprehensive fall, Sir Roy Denman concluded that it was "the biggest secular decline in power and influence since 17<sup>th</sup>-century Spain."<sup>1</sup> In this and the next several chapters I detail – as a case study of the actions and consequences of an implacably anti-bourgeois ruling class – Churchill's role in and responsibility for Britain's decline. "I did not become the King's first minister in order to preside over the liquidation of the British Empire," he famously vowed on 11 November 1942, yet that was his legacy. Churchill devoted his life to three causes: preserving the Empire, keeping socialism at bay at home and preventing Europe's domination by any foreign power. By 1955, all three were but memories. Not merely because he achieved exactly the opposite of what he intended, but mostly because his actions triggered the deaths of scores of millions, it's reasonable to regard Churchill's career as a major catastrophe of global magnitude. He acknowledged that he strove in vain. He reflected not long before he died: "I have achieved so much, to have achieved nothing in the end."<sup>2</sup>

Why did he fail on such a titanic scale? *The key, I believe, is that aristocratic – that is, anti-bourgeois – pretences and obsessions ruled his life.* When he succeeded Neville Chamberlain in May 1940, Churchill became the first authentically genteel prime minister since Arthur Balfour (1<sup>st</sup> Earl Balfour). On this key point Cannadine (1990, p. 608) writes:

As C.P. Snow has rightly described him, Churchill was "the last aristocrat to rule – not preside over, rule – this country," and he did so with a mixture of power

---

<sup>1</sup> *Missed Chances: Britain and Europe in the Twentieth Century* (Indigo, 1997), p. 1.

<sup>2</sup> See also Jan Morris, *Farewell the Trumpets: An Imperial Retreat* (Harmondsworth, 1978), pp. 545-557.

and panache, eloquence and magnanimity, which exemplified patrician high-mindedness at its most majestic. His roots were firmly planted in the Whiggish traditions of the late-Victorian aristocracy; he was the grandson of a duke ...; throughout his life, he regarded Blenheim Palace as his second home; he was closely related to ... half the aristocracy of Britain; and he knew next to nothing about ordinary lives of ordinary people.

Churchill's lineage was patrician, but he was neither a landed, titled or wealthy aristocrat.<sup>3</sup> Although his Sovereign offered more than once to ennoble him, he declined because he lacked – and Parliament pointedly declined to provide – the wealth to live as he thought a duke should.<sup>4</sup> Yet many of his family and friends were nobles, and he absorbed their habits, tastes and mindset. Above all, his appetite was vast and his time horizon short; accordingly, from an early age he insisted that he was entitled to the best of everything – *now*. Craving social status but lacking financial means, he became addicted to spending and enslaved to debt. He also believed that Britain was a chosen nation, and more broadly that English-speaking people were a select people, and that he was destined to lead them to glory in battle (see in particular Cannadine, 2003, Chap. 4): hence he was a shameless warmonger.<sup>5</sup> His ethic was certainly non-Christian;<sup>6</sup> specifically, it was pre-Christian, probably Homeric and possibly even anti-Christian. His abiding interest was glory and prestige – both for himself and the Empire. By 1955 the cumulative costs of two world wars, as well as their unintended diplomatic, military, political and social consequences, toppled Britain from the paramount position it had occupied during the first decade of the 20<sup>th</sup> century.

Of course, nothing lasts forever: had Churchill never lived it's likely that Britain would have declined, at least in relative terms, during the half-century to the mid-1950s (in Chap-

---

<sup>3</sup> Winston was the grandson of the 7<sup>th</sup> Duke of Marlborough, nephew of the 8<sup>th</sup> and cousin of the 9<sup>th</sup>. If his cousin hadn't produced an heir, as seemed likely for quite some time, Winston would have inherited the title and become the 10<sup>th</sup> Duke. The 1<sup>st</sup> Duke, John Churchill (1650-1722), was the victor of battles (Blenheim was the most famous) in the War of the Spanish Succession (1701-1714). He was widely recognised then and later as one of Europe's great generals, and his leadership of Allied (Austrian, British, Dutch and Prussian) armies consolidated Britain's position as a Great Power.

<sup>4</sup> See David Cannadine (*The Decline and Fall of the British Aristocracy*, Picador, 1990, p. 675). Churchill wasn't alone: several others – including two other prime ministers – also declined dukedoms for this same reason (*ibid.*, p. 17).

<sup>5</sup> "Churchill was a man of war. He started adult life as a cavalry officer and ... never lost his fascination for things military. ... Deep down he yearned to be a great general and his supreme hero was Napoleon – another little man in a big hurry" (David Reynolds, *In Command of History: Churchill Fighting and Writing the Second World War*, Allen Lane, 2004, pp. xxii-xxiii).

<sup>6</sup> By 1900 Winston had, in his own words, rejected "the Christian or any form of religious belief" (see Randolph S. Churchill, *Winston S. Churchill, vol., 1: Youth, 1874-1900*, Heinemann, 1966, p. 406).

ter 15 I elaborate this point). Indeed, Britain's decline arguably commenced during the third quarter of the 19<sup>th</sup> century – before he entered parliament and began to wreak damage. In his own words, however, the 19<sup>th</sup> century ended amid “the glories of the Victorian era, and we entered upon the dawn of the 20<sup>th</sup> century in high hopes for our country, our Empire and the world.” *Judged by these standards and thanks to his actions, after he entered Cabinet the country's descent was far bloodier and more rapid than it would otherwise have been.* Equally clearly, Churchill's veneration and imitation of his celebrated ancestor, the 1<sup>st</sup> Duke of Marlborough, together with his impulsive disposition, didn't singlehandedly cause Britain's rapid and comprehensive fall. Yet except during the “wilderness years” of the 1930s, throughout his career he occupied powerful posts; in these positions he repeatedly committed catastrophic errors; and these blunders spurred Britain's decline.

*His problem, and the problem of the ruling class of which he was the leading figure, was that he possessed an excess of the aristocratic graces of honour, valour and profligacy – and sorely lacked the bourgeois virtues of conciliation, humility and prudence. In these fundamental respects, Churchill was the antithesis of Benjamin Franklin and the Robinson Crusoe Ethic – and a herald and exemplar of the Distemper of Our Times.* In his private affairs as well as his political career, Churchill craved immediate reward without heed to long-term consequences. In short, he was reckless; and his actions repeatedly demonstrated that he lacked wisdom. For if he and others who commanded the ship of state between 1911 and 1955 were wise, then how was it that within one generation Britain declined from a colossus into a mendicant whose only hope of avoiding defeat at Hitler's hands was to appease the Soviet Union and subsume the British Empire within a rising American imperium? And if Churchill's management of his personal finances was competent, then why at several crucial junctures – including the peak of the danger in June 1940 – did his solvency require bailouts from wealthy benefactors?

Britain during the first half of the 20<sup>th</sup> century – which, effectively, was Churchill's Britain<sup>7</sup> – wasn't an innocent victim of circumstances beyond its rulers' control. Instead, it suffered the consequences of the mindset – that is to say, the fantasies, indulgences and miscalculations – of the anti-bourgeois ruling class that had helped to create these circumstances. That makes the “Churchill cult,” which today fevers the minds of many members of America's ruling class (see Chapter 12), such a malign force: they insist that their country tread the disastrous war- and debt-strewn path down which Churchill led Britain.

We can encapsulate Churchill's contribution to Britain's demise: temperamentally, he was a Romantic<sup>8</sup> and a risk-taker; diplomatically and militarily, he was an adventurer and inter-

---

<sup>7</sup> See in particular David Cannadine, *In Churchill's Shadow: Confronting the Past in Modern Britain* (Oxford University Press, 2003).

<sup>8</sup> Churchill was a Romantic in the sense that he praised and sought to emulate hero-leaders, particularly military leaders, and national customs and institutions. He believed that Britain was great; and he asso-

ventionist; accordingly, he accelerated the reversal of "Splendid Isolation" – the policy which Britain had successfully pursued from the mid-19<sup>th</sup> into the first years of the 20<sup>th</sup> century (see Chapter 12).<sup>9</sup> To Churchill this policy was anathema: war created hero-leaders, and though war he would emerge as a hero-leader; yet non-intervention discouraged war – and thus the likelihood that he would fulfil his destiny. Britain abandoned Splendid Isolation gradually rather than suddenly, but the Entente Cordial (1902), which it concluded shortly after Churchill entered Parliament and by 1914 had yoked it to France, was the Rubicon.<sup>10</sup> In 1866, Edward Stanley (eventually the 15<sup>th</sup> Earl of Derby), who was Secretary of State for Foreign Affairs in 1866-1868 and 1874-1876, enunciated the policy's essence:

It is the duty of the Government of this country, placed as it is with regard to geographical position, to keep itself upon terms of goodwill with all surrounding nations, but not to entangle itself with any single or monopolising alliance with any of them, above all to endeavour not to interfere needlessly and veraciously with the internal affairs of any foreign country.

---

ciated national greatness not with culture, peace and prosperity but feats of arms. "In Churchill, the descendant of Marlborough and historian of past glories, the oldest strain of ruling tradition had resurfaced ... For five years, an aristocrat steeped in a romantic vision of this nation's role was the undisputed leader of an overwhelmingly working-class nation, of whose social conditions and daily concerns he was largely in ignorance" (Paul Addison, *The Road to 1945: British Politics and the Second World War*, Random House 1975, pp. 13, 276).

In this key sense, Churchill was a representative of his class. "As the last quarter of the 19<sup>th</sup> century opened," writes Cannadine (1990, pp. 264-265), "it was still generally agreed that 'war is the occupation of the nobility and gentry.' Because they were the leisured class, they were also the fighting class, duty-bound and historically conditioned to protect civil society from invasion and disruption. Honour and glory, courage and chivalry, gallantry and loyalty, leadership and horsemanship were quintessential patrician attributes ... The majority of army officers were still recruited from the aristocracy and the gentry; [and] their claims to command were based on character and social standing rather than expertise and professional training ..."

<sup>9</sup> "Splendid Isolation" was the foreign policy that Britain pursued during the late-19<sup>th</sup> century and especially under the tenure of Lord Salisbury (1885-1902). Sir George Foster, a leading member of Conservative governments in Canada from 1888-1896 and 1911-1921, coined the phrase in a debate in the Canadian Parliament on 16 January 1896 in order to praise Britain's policy of minimal intervention in European affairs. Some historians have debated whether Britain chose this policy or whether circumstances dictated it; John Charmley, for example, contends that before 1894 it was more apparent than real and that thereafter it was pursued reluctantly (see in particular *Splendid Isolation? Britain, the Balance of Power and the Origins of the First World War*, Hodder & Stoughton, 1999).

<sup>10</sup> Decades later, Churchill acknowledged that only Archibald Primrose (5<sup>th</sup> Earl of Rosebery, 1<sup>st</sup> Earl of Midlothian) understood the real meaning of the Anglo-French Entente. "Only one voice – Rosebery's – was raised in discord: in public 'Far more likely to lead to War than Peace;' in private 'Straight to War.'" Churchill praised Rosebery's foresight, but reiterated his firm support of the Entente, its secret understandings and disastrous consequences: "It must not be thought that I regret the decisions were in fact taken" (see Winston Churchill, *Great Contemporaries*, Thornton Butterworth, 1937, p. 27).

Americans might recognise the policy's gist: Splendid Isolation was Britain's version of the American policy, in the words of Thomas Jefferson, of "peace, commerce and honest friendship with all nations; entangling alliances with none." What's not to like? "[I] cannot help feeling that our isolation is dangerous," Queen Victoria fretted in 1896. "Isolation is much less dangerous," replied Lord Salisbury, her Prime Minister on three occasions over 13 years from 1885 until 1902, "than the danger of being dragged into wars which do not concern us."<sup>11</sup> A privy counsellor has never uttered wiser words to his Sovereign. *Never mind what today's elites relentlessly and falsely assert: non-interventionism isn't "isolationism;" instead, it seeks to isolate nations' governments – but not their goods, services and ideas – from one another.* Salisbury's policy, as Denman (p. 8) rightly notes, "was not one of isolation from Europe ... but isolation from the Europe of [blocs of antagonistic] alliances." Until the very end of his premiership, Salisbury successfully defeated all proposals that Britain sign formal treaties of alliance with any country. It was not constitutionally proper, he insisted, to enter into such alliances – particularly those involving future commitments to war. Parliament was supreme; hence no government of the day could, through a treaty, bind Parliament in advance (see Douglas Hurd and Edward Young, *Choose Your Weapons: The British Foreign Secretary, 200 Years of Argument, Success and Failure*, Phoenix, 2010, p. 202).

Lord Salisbury was genetically an aristocrat and philosophically an elitist. Indeed, as a descendant of William Cecil (1<sup>st</sup> Baron Burleigh) and Robert Cecil (1<sup>st</sup> Earl of Salisbury) – who were chief ministers of Queen Elizabeth I – he headed one of England's most patrician families. His credo was overtly and unapologetically reactionary: "Whatever happens will be for the worse, and therefore it is in our interest that little should happen as possible."<sup>12</sup> Yet Salisbury possessed a strong bourgeois streak. Prudence was a hallmark of his private and public dealings, and economy was neither a stranger nor an enemy; as a result, judging his actions and their results, he certainly didn't reject Benjamin Franklin's sober dictum "there never was a good war, and there never was a bad peace."

Churchill, however, rashly and even rabidly affirmed the opposite. Perhaps most notably, in *A Roving Commission* (Scribner's, 1930, p. 331) he wrote "those who can win a war can rarely make a good peace and those who could make a good peace would never have won the war." As a shameless plea for perpetual war in fruitless pursuit of transitory peace, these are among the most aristocratic and heroic – and the least bourgeois and wise – words that he ever wrote. Despite its demonstrably disastrous effects (which he acknowledged), Churchill nonetheless – and in terms and for reasons chillingly similar to Adolph Hitler – craved war. Armed conflict provided the opportunity to fulfil his ambition to preserve Brit-

---

<sup>11</sup> Robert Massie, *Dreadnought: Britain, Germany and the Coming of the Great War* (Ballantine, 1991), p. 241.

<sup>12</sup> Quoted in Andrew Roberts, *Salisbury: Victorian Titan* (Faber & Faber, 2012), p. 328; see also Douglas Hurd and Edward Young, *Choose Your Weapons: The British Foreign Secretary, 200 years of Argument, Success and Failure* (Phoenix, 2010), Chapter 4.

ain's – and Hitler's drive to restore Germany's – "national honour" and "national greatness."<sup>13</sup> Just as one must break eggs in order to make an omelette, scores of millions of people around the world had to die in order to sate Churchill's and Hitler's ambition, bloodlust and destiny. Hitler is rightly regarded among the most evil tyrants of all time – yet Churchill was *Time* magazine's Man of the Half-Century (1900-1950) and the BBC's Greatest Briton!

### Sir Winston Churchill: an Overview

Not least because he was a prolific and self-referential writer – he received the Nobel Prize in Literature in 1953 – the life of Sir Winston Spencer-Churchill<sup>14</sup> (KG, OM, CH, 1874-1965) has been exhaustively researched. He was born at Blenheim Palace, the ancestral home of his grandfather, the 7<sup>th</sup> Duke of Marlborough, on 30 November 1874. His mother, Jenny Jerome, was an American-born heiress; his father, Lord Randolph Churchill,<sup>15</sup> was the 7<sup>th</sup>

---

<sup>13</sup> "For Churchill," says Cannadine, "will-power, resolution, robustness and determination were all-important attributes. They were the very fibre and sinews of Britain's greatness." By this way of thinking, appeasement of Germany – that is, the recognition that the Treaty of Versailles (1919) had treated it unjustly – was anathema because it "proclaimed to the world that Britain was a nation and an empire in decline, suffering from a potentially fatal 'disease of the will.' [Magnanimity] was not how a great power should behave. Appeasement in India [that is, the recognition that Indians could, should and would govern themselves] was wrong because it was the negation of Britain's imperial mission. ... Giving way to Hitler was as bad as giving way to Ghandi ... What was needed, Churchill insisted, was a rediscovery of lost virtues, so as 'to raise again a great British nation, standing up before all the world.' There must be a 'supreme recovery of moral health and martial vigour,' so the country could 'arise gain.' ... Only by a reassertion of national will and the return to the heroic values of an earlier age, preferably under his own leadership, "could Britain's decline be averted" (*In Churchill's Shadow: Confronting the Past in Modern Britain*, Oxford University Press, 2003, p. 34-35).

<sup>14</sup> Winston's hyphenated legal surname stems from the fact that there was no 2<sup>nd</sup> Duke of Marlborough. The 1<sup>st</sup> Duke, John Churchill, sired no surviving male heirs. Hence Parliament legislated that the title should pass through his daughters. On John's death in 1722, his eldest daughter succeeded to the title; and since her son predeceased her, the title passed to Duke John's second daughter. She had married into the Spencer family – whose most famous descendants include Lady Diana and her son, William, the present Duke of Cambridge and second-in-line to succeed Elizabeth II to the Throne. As result, a branch of the Spencer family took the Marlborough title – and Blenheim Palace and its perpetual pension. Accordingly, and somewhat paradoxically, during the ca. 150 years that separates the death of the 1<sup>st</sup> Duke and the birth of Winston Churchill, the heirs to Blenheim were not called Churchill: their family name was Spencer and their heirs were styled Earl of Sunderland. Only in 1817 was the Churchill connection re-established: by Royal Licence, the Spencer family changed its surname to Spencer-Churchill. Another – and bigger – paradox is that, notwithstanding the undoubted zeal of Winston's emotional attachment to Duke John, the two shared a genetic endowment that was considerably less than 1% (see Peter Clarke, *Mr Churchill's Profession: Statesman, Orator, Writer*, Bloomsbury, 2012, pp. 6-7).

<sup>15</sup> Given his place in the primogenital pecking order, Randolph didn't inherit his father's title. Accordingly, he was styled "Lord Randolph" as a matter of courtesy only; as a matter of law, he was a commoner – and could thus sit in the House of Commons.

Duke's third son, a rising star in the Conservative Party and briefly Chancellor of the Exchequer until his impulsive resignation effectively ended his brief political career.

Except for a love of history and a mastery of English rhetoric, the young Winston was at best a mediocre student. After five years at Harrow, the Royal Military Academy at Sandhurst accepted his third application. There he graduated towards the top of his class in 1894. Two years later, the young cavalry officer arrived in Bombay; on leave, he sailed to Cuba in order to observe the Spanish army combat rebels, and then participated in a punitive expedition on the Afghan border to suppress a Pashtun uprising. His first book, *The Story of the Malakind Field Force* (1898), described the fighting. He then used his family's connections to attach himself to the staff of General Horatio Kitchener (later 1<sup>st</sup> Earl Kitchener), who was suppressing an uprising in Sudan; at Omdurman, Churchill rode in the final cavalry charge in the history of the British Army – and wrote *The River War* (1899), which alleged that Kitchener's lancers had mistreated wounded Dervishes.

These books made Churchill well-known in some circles in Britain, but his newspaper reports of and exploits in the Boer War made him famous worldwide. After arriving in South Africa, he was riding a military train to the front when Boer commandos took him prisoner. His account of his escape created an international sensation. He observed the British defeat at Spion Kop and the relief of Ladysmith, and returned to Britain as one of the world's most famous young men. In 1900, weeks before his 26<sup>th</sup> birthday, he rode this wave of acclaim to win the seat of Oldham (near Manchester, which he had unsuccessfully contested at a bye-election in 1898). He remained a Member of Parliament, albeit in different seats under different party banners and with two brief interludes, for the next 64 years.<sup>16</sup>

His rise in politics was meteoric: before his 40<sup>th</sup> birthday, Churchill occupied three senior Cabinet posts (President of the Board of Trade, Home Secretary and First Lord of the Admiralty) in the Liberal governments of Sir Henry Campbell-Bannerman and Herbert Asquith (later 1<sup>st</sup> Earl of Oxford and Asquith). But nothing rises forever: the disastrous campaign at Gallipoli (April-November 1915), of which he was the driving force, caused his disgrace within and expulsion from the government. He then briefly re-joined the army as commander of the 6<sup>th</sup> Battalion of the Royal Scots Fusiliers on a relatively quiet sector of the Western Front – where he enjoyed himself immensely, raised the troops' morale and acquitted himself bravely. By 1917 he had returned to the government (headed after Asquith's resignation by David Lloyd George, subsequently 1<sup>st</sup> Earl Lloyd-George of Dwydor) in var-

---

<sup>16</sup> Like his father, Winston entered politics as a Conservative. But by 1904 he rebelled against the Tory's repudiation of free trade. First he declared himself a "Unionist Free Trader ... opposed to what is generally known as Home Rule [for Ireland] and Protection in any form" (Charmley, p. 33). Shortly thereafter he crossed the floor of Parliament to join the Liberal caucus – just in time for the Liberals' landslide election victory in 1906. Later in life, reflecting upon his return to the Conservatives in the early 1920s, he flippantly rationalised: "Anyone can 'rat,' but it takes a certain ingenuity to 're-rat.'"



ious ministerial capacities. By the early post-war years, relationships with his constituency (Dundee in Scotland) and party had become strained. During the election of 1922, appendicitis confined him to bed and he finished fourth in the poll. He later quipped: "I found myself without an office, without a seat, without a party and without an appendix."

In 1924 he returned to Parliament as the "Independent Constitutionalist anti-Socialist" member for Epping in Essex. In that seat (which was split in two in 1945; he successfully contested the half renamed Woodford) he remained until 1964. Soon after the 1924 election he joined the Conservative caucus and was appointed Chancellor of the Exchequer in the government (1924-1929) of Stanley Baldwin (later 1<sup>st</sup> Earl Baldwin of Bewdley). Out of office and in the political "wilderness" during the 1930s not least because he vehemently (and foolishly) opposed home rule for India and vainly (and rashly) advised Edward VIII that he should not abdicate the Throne, Churchill was one of a small group of Conservative MPs who warned about Hitler Germany and campaigned for rearmament (which, together with appeasement, was the government's policy). Not until 1939, however, was he regarded as a leader of this group; and not until then did it wield influence.

At the outbreak of the Second World War, Neville Chamberlain appointed him First Lord of the Admiralty – the same post he had occupied at the outbreak of hostilities in 1914. Following Chamberlain's resignation on 10 May 1940 – ironically, as a result of a military fiasco in Norway which Churchill had instigated – Churchill became prime minister. His speeches and broadcasts inspired resistance – not just at home, but in occupied Europe and further afield, especially during the difficult days of 1940-1941 when Britain, its self-governing Dominions and its Empire stood alone against Hitler. Edward R. Murrow, an American journalist resident in London at the time, said that Churchill "mobilised the English language and sent it into battle." After the Conservatives lost the 1945 election, Churchill became Leader of the Opposition. After they won the 1951 election, he returned to 10 Downing Street. He was knighted and suffered a serious stroke in 1953 and retired as PM in 1955, but remained an MP until 1964. Upon his death the following year, Queen Elizabeth II granted him a state funeral – which saw one of the largest assemblies in history of the world's presidents, prime ministers and potentates. A poll that the BBC conducted in 2002 named him the "Greatest Briton of All Time."

That's the received view – based almost entirely upon his voluminous writings<sup>17</sup> and the public's response to his rhetoric in 1940. On 11 March 1916, on the other hand, in the wake

---

<sup>17</sup> Between 1923 and 1931, Churchill published a six-volume compendium about the Great War, entitled *The World Crisis*, which A.J. Balfour, the former Prime Minister, described as "Winston's brilliant Autobiography, disguised as a history of the universe." Later in the 1930s he published the four-volume *Marlborough: His Life and Times*, three other books and hundreds of newspaper articles. His six-volume memoir and apologia, entitled *The Second World War* and published between 1948 and 1953, should have made Churchill's fortune. In 1956-1958 he published the four-volume *A History of the English-Speaking*

of the disaster at Gallipoli which he more than anybody had fomented, *The Spectator* rightly denounced Churchill's "restlessness of mind and instability of purpose, joined with the impatient egotism of a political gambler, which would make him a most dangerous element." In his book *Pillars of Society* (1915), A.G. Gardiner provides what's perhaps the most astute and prescient assessment. He wrote of the young First Lord's mindset:

[Winston] sees himself moving through the smoke of battle – triumphant, terrible, his brow clothed with thunder, his legions looking to him for victory, and not looking in vain. He thinks of Napoleon; he thinks of his great ancestor. Thus did they bear themselves; thus, in this rugged and most awful crisis, will he bear himself. It is not make-believe, it is not insincerity; ... in that fervid and picturesque imagination there are always great deeds afoot with himself cast by destiny in that Agamemnon role. ... He will write his name big in the future. Let us take care that he does not write it in blood.

"Part of the problem," writes Cannadine (p. 94),

was that the very luxuriance of Churchill's rhetoric ... only served to reinforce the view, which became widespread very early in his career, and which lasted until 1940 and beyond, was that he was a man of unstable temperament and defective judgement, completely lacking in any real sense of proportion. ... Any policy, any scheme, any adventure which could be presented with verbal ingenuity and rhetorical attractiveness immediately appealed to him, regardless of its substantive merits – or drawbacks.

As Chamberlain put it in 1925, Churchill's

speeches are extraordinarily brilliant, and men flock to hear him ... [They're] the best show in London ... [But ] so far as I can judge, [his audience regards them] as a show, and are not prepared at present to trust his character, still less his judgement (quoted in Robert Rhodes James, *Churchill: Study in Failure, 1900-1939*, Penguin, 1970, p. 322).

Stanley Baldwin, Chamberlain's predecessor as prime minister and the man who rescued Churchill's career by appointing him Chancellor of the Exchequer, eventually shared this view. In 1936 he told parliament:

---

*Peoples*. Finally, between 1906 and 1961 he published more than 20 books of his collected speeches. These books' sales earned him a fortune. But it wasn't an enduring fortune because, as we'll see, he repeatedly squandered the proceeds.

When Winston was born, lots of fairies swooped down on his cradle bearing gifts – imagination, eloquence, industry, ability, And then came a fairy who said “No one person has a right to so many gifts,” picked him up and gave him such a shake and twist that with all these gifts, he was denied Judgement and Wisdom. And that is why, while we delight to listen to him in this House, we do not take his advice (quoted in William Manchester, *The Last Lion: Winston Spencer Churchill Alone, 1932-1940*, Little, Brown, 1983, p. 166).<sup>18</sup>

During the 1930s, most of Churchill’s fellow-Conservatives had long regarded him as ambitious, erratic and untrustworthy. As a result, and as late as July 1939, four-fifths of Conservative MPs didn’t want him in the Cabinet.<sup>19</sup> By the autumn of 1939, Chamberlain had relented somewhat by accepting that impulse rather than ambition drove Churchill: “Winston is in some respects such a child that he neither knows his own motives nor sees where his actions are carrying him” (quoted in Reynolds, p. 112). The diary entries for May 1940 of the Foreign Secretary, Edward Wood (1<sup>st</sup> Viscount Halifax from 1934 to 1944) are full of unflattering comments about Britain’s new leader. He praises Churchill’s courage and inspiration, yet laments his impulsiveness and poor judgement. “I have seldom met anybody with stranger gaps of knowledge, or whose mind works in greater jerks.” Churchill’s irregular hours, rambling meetings and habit of speaking in order to think were the antithesis of Halifax’s disciplined *modus operandi*. During the decisive War Cabinet meeting on the afternoon of 27 May, which resolved to fight alone rather than consider (let alone accept) any offer of peace from Hitler, the Foreign Secretary finally exploded: “I thought Winston talked the most frightful rot, and after bearing it for some time I said exactly what I thought [of him] ... It does drive me to despair when he works himself up into a passion of emotion when he ought to make his brain think and reason” (quoted in Reynolds, pp. 170-171).

Churchill’s belligerence, impulsiveness and consequent mammoth lapses of judgement, which we’ll detail in Chapters 12-14, were thus well-known when he became prime minister. As he had done all his life, so it was from Downing Street: in his haste to grab short-term advantage he discounted or ignored long-term consequences (Charmley, p. 538). And even in 1940, Cannadine (p. 35) concludes, “all he offered was [the rhetoric of resolution].

---

<sup>18</sup> For his part, and since the days of the Lloyd George coalition, “Churchill had come to nurse a distrust of what he once termed the ‘failed twentieth century.’ It had come to seem to him that the age in which he was living was one in which the great heritage bequeathed by generations of British heroes was being dissipated. ... Baldwin and Chamberlain were, he came to hold, small men, unfit to wear the mantle of Elizabeth I, Cromwell, Marlborough, Chatham, the younger Pitt and the other heroes of his long chronicle of English history. His feeling that the heritage of the past was slipping away was correct, but his diagnosis of why was too simple by half” (John Charmley, *Churchill, the End of Glory: A Political Biography*, Harcourt, 1993, p. 366).

<sup>19</sup> N.J. Crowson, *Facing Fascism: the Conservative Party and the European Dictators 1935-1940* (Routledge, 1997), p. 185.

This may have been admirable, but it was scarcely a solution to the underlying problem of reconciling too many commitments abroad with too few resources at home."

### Of Oil and Water, Churchill and Money

"Aristocracy," observed Robert Lacey (*Aristocrats*, McClelland & Stewart, 1984, p. 178), "does not stand up well to restraint. It is a fair-weather way of life." In that sense Winston Churchill was an aristocrat to his bootstraps. He once told Charles McMoran Wilson (later 1<sup>st</sup> Baron Moran), his personal physician, "I have in my life concentrated more on self-expression than self-denial." On another occasion he quipped: "My tastes are simple; I like only the best."<sup>20</sup> Chronic indiscipline and conspicuous consumption characterised his personal finances. He didn't lack money: as a prominent author and journalist,<sup>21</sup> throughout the 1920s and 1930s he ranked among the top-1% of income-earners in Britain.<sup>22</sup> His prob-

<sup>20</sup> Quoted in *Winston Churchill: The Struggle for Survival, 1940-1965* (Constable, 1966), p. 449 and Norman Rose, *Churchill: An Unruly Life*, Simon & Schuster, 1994, p.201. See also David Cannadine, "Winston Churchill as an Aristocratic Adventurer, in David Cannadine, ed., *Aspects of Aristocracy: Grandeur and Decline in Modern Britain*, Yale University Press, 1994, pp. 130-162).

<sup>21</sup> "Many ... writers in the inter-war years," observes Cannadine (1990, p. 399-401), "turn out, on closer inspection, to be [down-at-heel] landowners or [children of patricians] trying to make ends meet." By 1900, when he was 26 years of age, Churchill had written five books, several of which had been best-sellers, and was one of Britain's highest-paid journalists. During the Boer War, his journalism generated £250 per month – the equivalent of £10,000 per month today. And in 1903 he received an advance of £8,000 (the equivalent of £320,000 today) in order to write a biography of his father. In the opening years of the 20<sup>th</sup> century only about 2.5% of the population paid income tax – because they earned more than £160 per year. Between 1929 and 1937 – that is, the worst years of the Great Depression – his annual salary, most of it derived from writing, was ca. £12,750; that was twelve times what a prosperous professional (accountant, doctor, lawyer, etc.) would typically earn.

<sup>22</sup> According to Clarke (p. 133), "many exaggerated stories of Churchill's income have been put into circulation. Some of these are derived from his own compulsively optimistic private notes – they can hardly be called accounts – listing diverse expectations, which were often disappointed but seldom fully realised. Thus even the standard biographies recycle claims that his income [during his peak income-earning years in the 1930s] was £35,000 or even higher. ... Yet such sums are totally inconsistent with Churchill's tax returns."

"It is likely," Clarke (pp. 133-134) continues, "that Lloyds Bank, from long experience, had the best grip on the state of Churchill's unruly finances. In 1937 the Bank produced a clear summary of his tax returns, covering eight years. [It shows] that his assessed income totalled £10,495 in 1929-30, his first year out of Cabinet. In 1930-31, ... [it was] £12,883 ... almost exactly in line with the average of £12,738 for the eight years 1929-37. All exaggeration apart, this was a high income, whether by the standards of his day or ours. In today's values, his net annual income was certainly over £600,000, with tax taking about a third of this. By comparison, the best-known British professional historian of the post-war period, A.J.P. Taylor, who had earnings from television as well as print media, had a freelance income in his heyday, from the mid-1950s to the mid-1970s, that was impressively into six figures at today's prices,

lem was that he lacked the fortitude to cut his spending to match his income. According to Clarke (p. 37), "one thing is consistent in Winston's lifelong financial strategy – if it can be called that. This was to seek any means of boosting current income rather than to effect significant cuts in expenditure." Clarke (p. 76) added "Instead of new income covering existing commitments, it fed new needs. Churchill had a propensity to expand his ambitions in line with any increase in his resources." As a result,

Churchill's personal finances ... constituted one long crisis. His methods for dealing with it were various and versatile; but they all had the common theme of immediate crisis-management, with resort to expedients that could only be justified by unfailingly optimistic assumptions that the future would provide for itself. His normal strategy was to tackle the persistent gap between net income and net expenditure by a combination of lip-service to the possibilities for domestic economies together with a desperate search for increased income from his professional literary activities.

... Churchill's system depended on mortgaging the future to provide cash flow in the present. ... His ... personal finances inhabited a universe that observed dislocated chronologies. In the present, the author signed contracts for books that he promised to write several years in the future; he pocketed the gross proceeds and added them to his net salary, calling this sum his income in the present year; and out of income in future years he paid such taxes as belatedly came due on income that he had received (and spent) during years in the distant past. He knew that, if the music stopped, he would be insolvent (*ibid.*, pp. 117-121).

Immediately after he retired as prime minister, the government dispatched a young bureaucrat, Anthony Montague-Brown, to help him transition to private life. "Churchill is quite amazingly extravagant ..." he recounted in his memoirs (*Long Sunset: The Memoirs of Winston Churchill's Last Private Secretary*, Cassel, 1995, p. 233). Throughout his life Churchill flatly refused to economise – and thus paddled ever more frantically on a financial treadmill. He almost continuously spent more than he earned and borrowed ever greater sums in order to finance his excess of consumption over production. He also repeatedly borrowed heavily in order to speculate in currency and stock markets – which, he was always sure, would at last generate the big payoff that would enable him to clear his debts and spend as he wished once and for all.

---

but only in rare years even a quarter of what Churchill had been making in the 1930s (calculated from the table in Kathleen Burk, *Troublemaker: The Life and History of A.J.P. Taylor*, Yale University Press, 2000, pp. 418-419). It is doubtful whether any living historians, even in the age of media celebrity and television, can supplement their academic salaries with literary profits that would support a Chartwell ... Churchill was thus in a different league."

Churchill's attitude towards personal finance mirrored his attitude towards public finance: if deficits and debts shouldn't crimp his personal life, why should they constrain Britain's? And how, Churchill seemed to believe, can mere lifters and producers possibly begrudge aristocrats' desire to achieve personal glory and "national greatness" – whilst foisting its immense economic and financial cost upon others? *Churchill's personal attitude towards spending and debt bears an uncanny resemblance to today's popular attitude; and his approach to financial matters as a politician was a forerunner – indeed, is an exemplar – of the attitude of today's ruling class. These days, most people and politicians venerate the aristocratic Winston Churchill; accordingly, very few emulate the bourgeois Ben Franklin.*

Churchill's chronic overspending and indebtedness repeatedly generated personal crises: either a bank refused to increase his borrowings or demanded that he reduce them; or creditors or tax authorities demanded immediate payment that (because he typically spent his income as soon as it arrived, and didn't provision for future expenses, rainy days, etc.) he didn't have sufficient cash to meet; or a crash of his investments slashed the valuation of his assets but left his liabilities unimpaired. *Like today's households and politicians, Churchill reacted to crises of personal finance by deepening the financial hole into which he had dug himself.* He refused to slash his expenditures and use the resultant surplus of income over expenditure to repay debt; instead, he sought more loans and redoubled his efforts to earn more income, i.e., run even harder on the treadmill. And when his frenzied attempts failed and bankruptcy stared him in the face, he repeatedly sought and obtained bailouts.

#### *The Latest in a Long Line of Spendthrifts*

Throughout his life Churchill preached profligacy and practised mismanagement. He absorbed his financial habits from his parents, who in turn learnt them from theirs. His maternal grandfather, Leonard Jerome, used money from his wife's family to buy *The Rochester Daily American*. He and his brother trebled its circulation and then sold it at a great profit. The two brothers used the proceeds to found a successful stockbroking business, whose profits they ploughed, among other things, into the largest (ca. 20%) shareholding of *The New York Times*. Unfortunately, however, Jerome couldn't control himself. His contemporaries saw exactly what Churchill's many detractors later discerned: "an almost blind risk-taking, combined with a complete confidence in his own destiny."

[Jerome] used to paralyse his friends by the magnitude of his transactions. [His wife, Clara,] said she did not think he himself knew how many millions he had made or lost. Too many other interests held his attention.<sup>23</sup>

---

<sup>23</sup> Anita Leslie, *The Fabulous Leonard Jerome* (Hutchison, 1955), p. 90.

During the late 1860s, losses in financial markets slashed his wealth by half or more; and during the Crisis of 1873, a telegram reached him while he was dining with friends. He waited until the end of the meal before he disclosed its contents:

Gentlemen, it is a message in which you are all interested. The bottom has fallen out of stocks and I am a ruined man. But your dinner is paid for and I did not want to disturb you while you were eating it (quoted in Leslie, p. 167).

Like Jerome's fortune, the Marlborough estate had been accumulated within one generation. Unlike Jerome's, however, it was vast; for that reason, and thanks to Acts of Parliament, it took much more time and effort to squander. George Spencer-Churchill (1766-1840), the 5<sup>th</sup> Duke, instigated the decline. Obligated to wait several decades to receive his inheritance (the 4<sup>th</sup> Duke was 27 years of age when the eventual 5<sup>th</sup> Duke was born, and lived another 51 years), George indulged himself lavishly by borrowing massively against his eventual inheritance. Within a few years, mortgagors seized unprotected real estate and bailiffs arrived at Blenheim in order to claim chattels not covered by the Act of Parliament that had bequeathed it solely to the 1<sup>st</sup> Duke and his successors.<sup>24</sup> "The family of the great General [the 1<sup>st</sup> Duke] is ... gone sadly to decay, and are but a disgrace to the illustrious name of Churchill," wrote Harriet Arbuthnot, a diarist, hostess and social observer (and the 1<sup>st</sup> Duke of Wellington's "closest woman friend") after visiting Blenheim in 1824. "The present Duke is overloaded with debt, [and] is very little better than a common swindler ..."<sup>25</sup>

When the 5<sup>th</sup> Duke died in 1840, his successor (also named George Spencer-Churchill, 1793-1857) inherited an estate that generated income of £10,000 per year but urgently required £80,000 in order to undertake long-neglected repairs. He sold unencumbered assets and borrowed against what remained.<sup>26</sup> Benjamin Disraeli sneeringly informed Queen Victoria that Winston's grandfather, John Winston Spencer-Churchill (1822-1883), the 7<sup>th</sup> Duke, was "not rich for a duke."<sup>27</sup> Unlike his immediate forebears, however, he strove to trim his expenditure to fit his income; alas, he didn't and eventually had to sell more assets. He persuaded his friends in the Government that the only way to save Blenheim was to amend the Act of Parliament that forbade the sale of the 1<sup>st</sup> Duke's possessions. The first to go, in 1862, were peripheral estates in Shropshire and Wiltshire; next, in 1870, went much of Blenheim's library (widely regarded as one of Europe's finest); then, in 1873, came the gemstones' turn.

---

<sup>24</sup> For details, see Mary Soames, *The Profligate Duke: George Spencer-Churchill, Fifth Duke of Marlborough and His Duchess* (Collins, 1987).

<sup>25</sup> Quoted in A.L. Rowse, *The Later Churchills*, (Macmillan, 1958), p. 201.

<sup>26</sup> Mary S Lovell, *The Churchills: A Family at the Heart of History* (Little, Brown, 2011), p. 17.

<sup>27</sup> Robert Blake, *Disraeli* (Eyre & Spottiswoode, 1966), p. 692

By the time his son, Randolph, announced his intention to marry Jenny Jerome, the 7<sup>th</sup> Duke had sold land in Buckinghamshire and parts of Blenheim – which was thereby reduced to 23,000 acres, well below the 30,000-acre threshold that marked Britain's top-250 landowning families (Rowse, pp. 229-231).

The next generation sold the paintings – including masterpieces by Gainsborough, Raphael, Rubens, Titian and Van Dyck. During the 1880s Winston's uncle, the 8<sup>th</sup> Duke (George Charles Spencer-Churchill, 1844-1892), "disposed of many of Blenheim's greatest treasures."<sup>28</sup> He also secured a bailout (Cannadine calls it "heiress hunting"):

The second wife of the 8<sup>th</sup> Duke was an American, as were both wives of his successor. Indeed, it was the \$4.2 million of railroad stock, and the guaranteed dividend income of 4% brought by Consuelo Vanderbilt, that enabled the 9<sup>th</sup> Duke [Winston's cousin, Charles Richard Spencer-Churchill, 1871-1934] to undertake the much-needed restoration of Blenheim in the late-19<sup>th</sup> and early-20<sup>th</sup> centuries. But the cost was high: the circumstances under which the marriage was arranged, in which the young and innocent Consuelo had scarcely any say, except to protest ineffectually against the venture, were peculiarly sordid and mercenary ... But the [Spencer-Churchills] were incorrigible ... (1990, pp. 397-398).

Not surprisingly, the union was not a success, they divorced in 1921 – and the Marlborough family's finances continued to deteriorate. Consequently the 9<sup>th</sup> Duke

inherited an estate in parlous financial condition. ... The Duke himself lived the whole of his life in the "depressing shadow" of aristocratic decline, and "was always conscious that he belonged to a system which had been destroyed, to a society which had passed away" (Cannadine, p. xiii-xiv).

Even before Lord Randolph and Lady Jenny married (on 15 April 1874) an absence of forethought plagued their relationship. Winston was born on 30 November. Some people noticed that the interval between marriage and conception was indecently short; the couple insouciantly insisted that their son had merely made a precocious entrance into the world. In *Lord Randolph Churchill* (vol. 1, Odhams, 1905, p. 72), Winston provided a candid view of his parent's extravagant and frivolous lifestyle: "little else was thought of but enjoyment." After they married, they used a gift of money from Randolph's father in order to buy a four-storey home near Berkeley Square in London. Their joint income, which mostly comprised funds from each spouse's parents (Leonard's allowance usually arrived late and often not at all), was ca. £3,000 per year. As Randolph's parliamentary career flourished, ministerial sal-

---

<sup>28</sup> David Cannadine, *The Decline and Fall of the British Aristocracy* (Picador, 1992), p. xiii-xiv.



aries increased his income. It should have been plenty (in mid-Victorian Britain, average earnings were no more than £50 per year), but difficulties soon emerged:

Lord Randolph could not throw off the Churchill penchant for gambling, whether at cards, on the horses or in casinos around the coast of France. Still less could his wife wean herself off Parisian couturiers when preparing her wardrobe for a summer season at London's dinner parties and country house weekends. ...

Writing his father's biography some thirty years later, [Winston] described how his parents resumed their life in London [after several years in Dublin where Randolph was the private secretary to his father, the viceroy] "on a somewhat more generous scale than their income warranted."<sup>29</sup>

In order to finance the couple's lavish lifestyle, during the next decade Lord Randolph repeatedly borrowed against his inheritance. Leonard re-mortgaged his only significant asset, his mansion in Manhattan (which he had rented) and gave to the couple a lump sum of capital – which they used to buy a new home at Hyde Park in London. Yet they remained short of funds. Randolph's impulsive resignation as Chancellor of the Exchequer in 1886 – for no clear reason and after less than six months in office – effectively ended his political career. It was a psychological as well as a financial shock (he and Jennie needed the income as much as the status), but neither "made any serious attempt to curb their spending" (Lough, p. 28). His marriage was under strain, and so too was his health. Unable to avoid economising, Jennie sold the house at Hyde Park and moved herself and the children (Winston and his younger brother Jack) into the dowager Duchess of Marlborough's house at Grosvenor Square. Unwilling to curb his expenditure, in an effort to increase his income Lord Randolph turned to horseracing and speculation on the stock market. One of his speculations bore fruit. He spent £1,150 buying shares of Deep Levels, a new mining company operating in the Witwatersrand district of the Transvaal, before it floated on the stock exchange: "The rapidly rising value of these shares was to fund Lord Randolph's family for the remainder of his life and to form the cornerstone of his legacy" (Lough, p. 30; Lovell, p. 41).

### *The Young Wastrel*

Winston's first plea for a bailout occurred when he lost his pocket money on his first day at boarding school. Over time his requests to his parents for cash grew more frequent: "you do get through it in the most rapid manner," Jennie – who knew all about profligacy – admonished him on one occasion.<sup>30</sup> When Winston was 14 years of age, she opened a bank account

---

<sup>29</sup> David Lough, *No More Champaign: Churchill and His Money* (Picador, 2015), pp. 24-25.

<sup>30</sup> Quoted in Ralph Guy Martin, *Jennie: The Life of Lady Randolph Churchill*, vol. I (1969, Sourcebooks Reprint, 2007), p. 91 – **confirm source?**

on his behalf. She directed the bank's manager to transfer into it £1 per month, and instructed Winston that he must not overdraw the balance. He ignored her. When his parents couldn't or wouldn't meet his usually-urgent financial requests, he tried his beloved nanny. On 4 November 1891, she wrote to the 17-year old:

I am extremely sorry my dear Boy I cannot oblige you this time it is utterly impossible unless you wish me to starve. I do think you are awfully extravagant to have spent 15 [shillings, i.e.,  $\frac{3}{4}$  of a pound] in a week. Some [families] of 6 or 7 people have to live upon 12 a week. You squander it away and the more you have the more you want to spend (quoted in Lough, p. 31).

### *How to Squander Several Windfalls*

In *My Early Life* (Butterworth, 1930 p. 195), Winston claimed that his father "died [in 1895] at the moment when his new fortune almost exactly equalled his debts." Most historians have taken him at his word. According to Lough (p. 35), however, after the payment of all bills and settlement of all debts, and thanks to his successful speculation in South African mining shares, Lord Randolph's estate totalled almost £55,000. Unlike his temperament, his will was prudent: it left to Jennie a cash legacy to meet immediate expenses and placed the rest of the assets in a trust. Although she was not entitled to any of its capital, she received all of the income that it generated; and upon her death, her children would inherit the right to receive the income. There was, however, a twist: if Jennie remarried, then trustees could divert half of the trust's income to Winston and Jack. Inexplicably, however, when Jennie remarried in 1900 – to a man younger than Winston – nobody recalled this proviso.

For the time being, his father's will and his mother's extravagance left Winston without income sufficient to meet his increasingly voracious desires. By then he had joined the cavalry as a subaltern in India. The pay was low and officers were expected to meet many of their own expenses. Most possessed private the means to do so, but Churchill didn't. In *My Early Life* (pp. 101-103) he described the financial pressures at that time:

It was ... better in a cavalry regiment in those days to supplement the generous rewards of the Queen-Empress by an allowance from home three or four times as great. Altogether we received for our services about fourteen shillings a day, with about £3 a month on which to keep two horses. This, together with [an allowance from Jennie of] £500 a year paid quarterly was my sole means of support: all the rest had to be borrowed at usurious rates of interest from the all-too-accommodating native bankers. Every officer was warned against these gentlemen: I always found them ... very fat, quite urbane and mercilessly rapacious.

Churchill unsurprisingly omits from *My Early Life* any mention of the fact that, during his army days in India, he had resorted to disreputable means of financing his lavish (compared to his income) expenditure – namely by writing cheques drawn on his overdrawn account. “Clearly,” writes Clarke (p. 37), “he was taking the chance that [his] bank [Cox’s in Pall Mall] would stick with him on the strength of either his name, his influence or his prospects – which it did. Cox’s, later taken over by Lloyd’s continued as his bankers, and were drawn into many of his later schemes for making money and, failing that, bailing him out as best they could.”

“The only thing that worries me in life is money,” Winston wrote to his brother, Jack, on 16 February 1898. He correctly added: “Extravagant tastes, an expensive style of living – small and diminished resources – these are fertile sources of trouble.” On 18 March he wrote in a similar vein to his mother: “These filthy money matters are the curse of my life and my only worry. I shudder sometimes when I contemplate the abyss into which we are sinking. ... We shall finish up stone broke.” Correspondence during these years between Winston and Jennie was, when it addressed financial matters, which it often did, monotonous: Winston chronically overspent his income and insistently requested an ever-bigger allowance; Jennie also habitually overspent and usually couldn’t afford to oblige Winston; the son admonished his mother’s extravagance because the money she spent was money she couldn’t give to him; and mother begrudged son’s profligacy because the money she gave to him was money she couldn’t spend, etc. Before long Churchill had begun to borrow against his life insurance and was exploring ways to borrow against his eventual inheritance.

It wasn’t just boredom: his constant shortage of cash, ravenous desire for fame and the higher income that he was sure would follow in its wake prompted Churchill to resign his commission and – exploiting his parents’ contacts – become a war correspondent and author. Later in 1898, when he returned to London, Jennie’s solicitor informed him that she could no longer afford to pay allowances to her sons (by now Winston was 24 years of age);<sup>31</sup> instead, the lawyer suggested that Winston borrow against his future inheritance in order to settle the unpaid bills he had accumulated in India and to finance his living expenses for the next few years.<sup>32</sup> He did – and by 1900 owed £3,500, at a time when many

<sup>31</sup> During Jennie’s divorce in 1912, her second husband complained of her “ghastly and persistent extravagances.” This episode “finally opened the Churchill brothers’ eyes to the true size of their mother’s income over the last twenty years: she had always claimed it to be barely in four figures, but her solicitor’s schedules showed that it had exceeded £5,000 a year. The problem was that two-fifths had disappeared in paying interest on £22,500-worth of ‘official’ loans, while another fifth had gone to unofficial moneylenders. In addition, Lady Randolph estimated her unpaid bills at £5,000, a sum that her ex-husband claimed at his bankruptcy proceedings she had spent each year on clothes alone” (Lough, pp. 101, 102-103). When she died in 1921, Jennie’s debts easily outstripped her assets.

<sup>32</sup> Shortly after his return from India, Churchill enquired at Conservative Party headquarters about his prospects of finding a seat in Parliament. When a party manager asked him how much he could donate

middle class households earned ca. £500 per year. By October 1898, short of money as ever, he temporarily moved into the rented house in which Jennie resided. Yet he quickly found his forte: four books – *The Story of the Malakand Field Force* (1898), *The River War* (1899), *London to Ladysmith via Pretoria* (1900) and *Ian Hamilton's March* (1900) – together with his newspaper dispatches from South Africa, increased his income five-fold above what it had been in the cavalry. Years later, Churchill summarised the impact of wars in India and Africa upon his finances and political career:

If I had not been caught [by Boers in South Africa], I could not have escaped, and my imprisonment and escape provided me with enough materials for lectures and [books] which brought me enough money to get into parliament in 1900.<sup>33</sup>

That was true, but it wasn't the whole truth. In *My Early Years* (p. 358) he added:

For more than five months [in Britain, Canada and the U.S.] I had spoken for an hour or more almost every night except Sundays, and often twice a day, and had travelled without ceasing, usually by night, rarely sleeping twice in the same bed. But the results were substantial. I had in my possession nearly £10,000. I was entirely independent and had no need to worry about the future, or for many years to work at anything but politics. I sent my £10,000 to my Father's old friend, Sir Ernest Cassel,<sup>34</sup> with the instruction "Feed my sheep." He fed the sheep with great prudence. They did not multiply fast, but they fattened steadily, and none of them ever died. Indeed from year to year they had a few lambs; but these were not numerous enough for me to live upon. I had every year to eat a

---

to a constituency that might select him, Churchill could promise no more than to meet his own expenses. His and his family's lack of money presented a serious obstacle to a career in politics. Neither his military background nor his father's reputation or the Marlborough pedigree could offset his financial disadvantage, the party manager explained: in order to gain and hold a winnable seat, the prospective member often paid as much as £1,000 per year to local charities.

<sup>33</sup> Quoted in Richard Toye, *Churchill's Empire: The World That Made Him and the World He Made* (Pan, 2011), p. xxv. While in South Africa, Churchill befriended the newly-succeeded Duke of Westminster, whose vast holdings of property in London generated income of more than £250,000 per year. "It was the start of a lifelong friendship," Lough (p. 60) writes, "which proved a mixed blessing to Churchill; generous beyond measure in hospitality to his friends, the Duke drew [Churchill] into a circle whose lifestyle required more money than Churchill ever commanded."

<sup>34</sup> Sir Ernest Cassell was a Prussian-born capitalist and investment banker. Arriving penniless in Liverpool, he found work at a firm of grain merchants. Displaying strong intelligence, enormous capacity for hard work and natural business sense, he joined a bank and soon assembled profitable transactions. He developed an expertise in mining, infrastructure and heavy industry in South America, South Africa and the U.S. He became one of the wealthiest men of his day and a friend and confidant to Edward VII. He retired from business in 1910 and became one of Britain's biggest philanthropists.

sheep or two as well, so gradually my flock grew smaller, until in a few years it was almost entirely devoured.

In 1905, Churchill became Under-Secretary of State for Colonies at a salary of £1,500 per year. Public office didn't restrain his private spending: Lough estimates that, at a time when a gentleman bachelor in London could live well on £1,000 per year, Churchill spent ca. £1,400 in 1905 (p. 67) and £1,700 in 1906 (p. 77). There are ultimately two kinds of people: those who meet their obligation on time, and those who don't. Churchill mostly didn't. As his bank overdraft grew, he explained his philosophy of bill-paying to Jack's secretary: "they may as well wait a little longer, having already waited so long." He did, however, request that Jack keep an eye on the oldest bills: "I do not want to pay them now unless I am forced ... But I do not want [my creditors] to take legal proceedings and hope that you will let me know before the matter becomes urgent." "The truth was that Churchill could only pay by increasing yet again an overdraft limit that had already been raised" (p. 78).

In a letter dated 12 August 1908, Churchill requested Lady Blanche Ogilvy's permission to marry her daughter, Clementine Hozier, and truthfully added "I am not rich nor powerfully established." Indeed, financially speaking he was barely keeping his head above water. In 1900 he had calculated that his net worth was £4,000, and eight years later it remained at that level – with the important difference that £2,000 had been sunk into the lease and fittings of the new couple's house. That left net bank and investment balances of £2,000 – less than their annual expenditure, which, reflecting the desire to increase their social standing, henceforth rose considerably. Lady Blanche consented to Winston's proposal not least because, being unable to contribute little or nothing to the couple's assets, she coolly calculated that Clementine was unlikely to attract a wealthy suitor. Shortly after the wedding Churchill "sold £500-worth of investments, but was still unable to pay ... more than a proportion of his bills." Fortunately, most of his creditors were remarkably lenient: he smoked a dozen fine Cuban cigars a day, costing more than £13 per month, but hadn't paid their supplier's bills for five years (Lough, p. 91).

In 1910, Churchill became Home Secretary and a full member of Cabinet. Alas, even that salary – which reached £5,000 during his first full year of office – was insufficient to match his and Clementine's personal spending. Late that year he again sold some shares, but in 1911 borrowed in order to reduce the amounts (in each case more than £200) owed to his suppliers of cigars, saddles, shirts and wine. In return for all his remaining share certificates, his bankers trebled his bank loan to £3,000. That allowed Churchill finally to pay in full his supplier of cigars; the rest of his long-suffering creditors had to be content with payments of only half the amounts he owed them (Lough, p. 97).

Churchill finished 1913 with loans of £3,000, an overdraft of £2,740 and unpaid bills of at least £2,000 (*ibid.*, p. 104). Given his paucity of assets, he was technically bankrupt – and

could not have avoided that ignominy if his creditors had unanimously demanded what he owed them. The previous year, during Jennie's divorce proceedings from her second husband (she eventually married a third time, for the second time to a man younger than Winston), the clause in Lord Randolph's will that granted to his sons half the income from Lord Randolph's estate in the event that Jennie remarried finally came to light. The news greatly chagrined Winston: he realised that for more than a decade he had foregone significant income. He grasped that, subject to the court's approval, this clause would allow him to borrow more against his inheritance – which he took quick steps to do. He did so because, as he admitted to Clementine on 23 April 1914, "our finances are in a condition which requires serious and prompt attention ... The expense of the first quarter of our holiday trip is astonishing. Money seems to flow away." On 18 June, the probate judge ruled in his favour. The next day, he submitted the paperwork for a loan of £4,000; as security, he offered "a charge all his own and his wife's future inheritances under the various family settlements."

### *Saving Churchill from Himself*

Late in 1915, in the wake of the fiasco at Gallipoli and Churchill's resultant resignation from Cabinet, his loans – to which his bank consented only because relatives including the Duke of Marlborough had guaranteed them – totalled £9,000. The annual interest on this debt would absorb all his pay (£420 per year) as a major in the army. That left only his salary as a member of parliament (£400 per year) to support his family, which by then had grown to five children. Income of £800 or so per year was far too little to maintain them at the standard to which they had become accustomed (which now cost ca. £2,000 per year). Hence the first of several bailouts that rescued Churchill's finances: before leaving for the Western Front, on 18 November he visited Sir Earnest Cassel – who, although he had retired from the City in 1911, continued to manage Churchill's small remaining investments. Sir Earnest set Winston's mind at rest through an immediate advance of £1,000 and "unlimited credit" thereafter. Fortified by this assurance, Churchill's parting instructions to Clementine on 11 December did nothing to encourage thrift:

I really don't think you ... should deny yourself any reasonable comfort or convenience. Keep a good table; keep sufficient servants [the household included nine] and your maid; entertain with discrimination; have a little amusement from time to time. I don't see any reason for undue skimping. With about £140 a month there should be sufficient. Extra bills you must write to me about.

As usual, Winston's calculations were too optimistic: household expenses had been averaging £220 per month since 1915, and during his absence rose to £280 per month. Churchill's desires – which amounted to "glamping" in the trenches – didn't help: the day after he arrived on the Front, he requested from Clementine riding trousers, a warm brown leather waistcoat, a pair of wading boots and a sheepskin sleeping bag; three days later, he request-

ed a weekly "small box of food to supplement the rations" containing sardines, chocolate, potted meats and other things which may strike your fancy;" and until he left the Front he remitted to her streams of notes requesting extra clothes, drink and food (Lough, p. 113).

In 1917, having served his penance on the Front, Churchill resuscitated his career by re-entering the Cabinet as Minister of Munitions. But his ministerial salary of £4,000 failed to bolster his sagging finances: his loans had risen to almost £11,000; he had generated significant earnings from journalism, but immediately spent the proceeds and thus failed to provision for a significant tax bill; and he sold a residence in London but bought a more expensive one – which nonetheless required extensive repairs and renovations – in the country. (Winston "perched" with friends in London; the family remained in the rural retreat). As a result, in 1918 he requested from his bank another £2,000 to pay urgent bills. That brought his total bank debt to almost £15,000 – which didn't include ca. £10,000 that he had borrowed from stockbrokers in order to buy shares – at a time when a many middle-class salaries, despite considerable wartime inflation, remained less than £1,000 per year.

Something had to give, and second bailout in mid-1919 temporarily saved Churchill's bacon. His country house was one (the funds he had borrowed in order to buy shares were the other) source of his difficulties. General Sir Ian Hamilton – the subject of a book Churchill had written in 1900 – and his wealthy wife, Dame Jean, came to the rescue. Their search for a country seat had proved fruitless, and after visiting Winton's, Sir Ian suggested that he rent it. After inspecting it, Dame Jean insisted that they buy it outright. Winston was lucky: Sir Ian left his wife to settle the price, and was astonished to discover that she agreed to pay £10,000 (plus £1,885 for what Churchill ambiguously dubbed "commodities"). "The purchase of Lullenden by my wife from Mr Winston Churchill was entirely unbusinesslike and had no relation to any real value," Sir Ian recounted a few years later. "Had Lullenden belonged to anyone else but Mr Churchill or ... the two or three equally great friends I have, I would have waited for the auction and bought it, very likely, for £3,000" (Lough, p. 122).

The third bailout materialised before the end of 1919. Temporarily flush from the sale of his country house, Churchill sought a home in London. The 6<sup>th</sup> Duke of Wellington's younger son, Lord Gerald Wellesley (who succeeded to the dukedom in 1943), sought £2,300 for the lease to his four-storey residence at Hyde Park Gate. Churchill agreed to acquire the lease – but omitted to mention that the trust established by his father's estate would be the actual purchaser. The trust's lawyers insisted that they follow standard practice, i.e., arrange a survey and inspection of the residence. It revealed the need for expensive repairs, and so Churchill withdrew his bid. Not so fast: Wellesley's lawyers replied that Churchill's consent contained "all the essential terms of a legally-binding contract" – and warned that they'd sue for damages if he rescinded it. During the course of further correspondence, Wellesley did not object to Churchill's re-advertisement of the lease (his purchase was due for settlement on 24 December). Alas, in mid-December he still hadn't found a buyer. And by then,

his bank overdraft had risen to £5,500, taking the total owed to the bank to more than £22,000, and the bank declined to lend more. Having exhausted his credit, and refusing to sell his investments in a booming market,<sup>35</sup> Churchill visited Sir Ernest Cassel. The visibly-ailing financier immediately produced a cheque for £2,300.

One of Churchill's biggest windfalls – which might less charitably but nonetheless correctly be termed a bailout – occurred on 26 January 1921. That day, on a single-track line between Welshpool and Newtown in Wales, two trains collided. Among the fatalities was Lord Herbert Vane-Tempest. He had inherited his estate from his grandmother, and her will stipulated that in the event of his death the eldest surviving Spencer-Churchill male – that is, Winston – would inherit his estate. In 1919, it contained capital of ca. £90,000 (invested mostly in Irish stocks and bonds) and generated more than £4,000 of income per year (not including rents from land). Net of duty, the estate – *if managed wisely* – could transform Churchill's finances. On 8 February Clementine excitedly wrote to Winston:

I can't describe the blessed feeling of relief that we need never be worried about money again (except tho' our own fault of course)! It is like floating in a bath of cream. We will have to pay our bills more regularly now that we are substantial people, shan't we? Please may I have a little more money now that we are what the French call a "rentier"?

Jenny's death later in 1921 (and the redistribution to Winston and Jack of the stream of income from Lord Randolph's trust) presented a second, albeit not nearly so lucrative, windfall and opportunity to change his wayward financial ways. The trouble, of course, was his (and to a much lesser extent Clementine's) entrenched mindset: *Winston didn't manage these inheritances as long-term assets for the next and succeeding generations: instead, he plundered them as short-term windfalls to finance his ravenous appetite for goods and services.* The Churchills' day-to-day expenditure (including his more frequent and costlier visits to casinos in France) rose considerably; Winston soon liquidated his safe Irish investments and used the proceeds not to eliminate or even significantly reduce debt but to speculate. He also purchased a Rolls-Royce and another country house. Chartwell, in Kent, was a 22-bedroom manor – far bigger than Lullenden – with a domestic staff of 13 and 70 acres of grounds tended by an outdoor staff of as many as 20. Henceforth Churchill and Chartwell would become inextric-

---

<sup>35</sup> Late in 1920, when the prices shares began to collapse, Sir Abraham Bailey extended to Churchill a personal guarantee "against any loss on all shares purchased on my advice" (Lough, p. 126). "Sir Abe," as he was known to friends, was an Anglo-South African diamond tycoon, financier and politician. Through business ties to Cecil Rhodes, he acquired substantial mining and agricultural properties in Rhodesia. One of a number of "Randlords" (political entrepreneurs who controlled diamond and gold mining industries in southern Africa between 1880 and 1920), he was knighted in 1919 and by the 1930s was (according to abebailey.org) "one of the world's richest men." His son was briefly married to Winston Churchill's eldest daughter.



cably associated (see Stefan Buszacki, *Churchill & Chartwell*, Frances Lincoln, 2007).<sup>36</sup> For its renovation Churchill originally budgeted £8,500 but eventually spent more than £40,000. Its ongoing expenses were also exorbitant: on Churchill's instructions, staff heated Chartwell's outdoor swimming pool to 75F (24C) throughout the year. This required a coal-fuelled boiler of the same type used in the House of Commons. As a result of these extravagances, by 1935 Churchill had largely squandered his windfalls of 1921.<sup>37</sup>

### *Winston the Incurable Speculator*

In 1905, one of Churchill's stockbroking friends, Cecil Grenfell, recommended particular shares to him, which he duly bought – and soon thereafter sold, thereby foregoing considerable long-term profit. In a letter to Jack dated 26 August 1906 (who by this time had become a broker and the following year became a partner of his firm), Winston admitted that Grenfell as well as Sir Ernest Cassel had criticised his habit of "darting in and out" of the market. That set the pattern for decades of folly – and cumulatively staggering losses. The most appalling occurred just before, during and immediately after the Great Crash of 1929. After the Conservatives' loss of government (and his loss of the Chancellorship) in May 1929 – which, unfortunately for him, occurred soon before the apex of what was the most frenzied stock-market bubble of the 20<sup>th</sup> century – Churchill undertook a speaking and lecture tour of Canada and the United States. "The Churchill Troupe," as Winston called it, sailed in August. It comprised Winston and his brother, Jack, as well as their respective

---

<sup>36</sup> According to Clarke (pp. 77-79), "everything [at Chartwell] was on a far grander scale than before. ... Winston was right to see a fine aspect with a stupendous view. ... And Clementine was likewise right to see huge, expensive problems in the conversion and reconstruction of a rather ugly Victorian mansion, ... the ongoing commitments, ... in a style that Winston considered appropriate, were henceforth on a dizzying scale of expense." Clarke adds (pp. 129-132) that Churchill "regarded these projects as improving the estate; Clementine saw them as consuming their stretched income by putting extra workers onto an already large payroll. ... At Chartwell ... the wages bill [during the 1930s] must have approached £2,000 per year. ... [His youngest daughter] Mary learnt from an early age that she "did not understand 'til later – when my mother impressed it upon me – that my father earned his living, indeed our family's living, by his pen, and that our domestic economy at certain periods survived precariously from article to article and book to book." Clarke (p. 170) concludes that Chartwell exhausted [Clementine's] patience. She saw, all too clearly and too often, that [for the sake of its maintenance and extension] Winston was taking on commitment after commitment that he simply couldn't afford, without ever counting the true cost in advance."

<sup>37</sup> By the end of 1921, and including the year's two windfalls, Churchill's gross assets totalled £65,000. Less bank loans of approximately £35,000, however, net assets were ca. £30,000. His family trusts contained another ca. £55,000 of net assets and the value of Clementine's marriage settlement (mostly insurance) was ca. £15,000. That took the entire family's total net worth above £100,000 – a level which it wouldn't regain (thanks to huge losses in the late-1920s and early-1930s) until the final stages of the Second World War, when Churchill concluded mammoth book publishing, newspaper syndication and other media royalty deals.

sons; Clementine, recovering from the removal of her tonsils, was disappointed that she was unable to join them. They travelled in great luxury: particularly in Canada, wealthy benefactors provided private railcars and plush accommodation. Always the optimist, Churchill intended during his travels to progress the writing of his next book, *Marlborough*, whose various contracts (publishing and serialisation in newspapers in Britain and North America), signed earlier in 1929, would generate cash advances of almost £20,000. Before leaving, and anticipating his advances, Churchill had arranged with Lloyds Bank to increase his borrowing limit to £9,000. This, in effect, was his stock speculation fund. According to Lough (p. 186),

Across Canada Churchill found himself intoxicated by the country's money-making opportunities, especially in exploration for oil and gas. Gripped by investment fever as he reached the Prairies, he asked [his publisher] to pay his next set of royalties early and to [his stockbroker,] not the bank, explaining: "I see various opportunities of profitable investment in the money of this country which may not be open by the time I return."

At Winnipeg, Churchill began to implement his exuberant plan. He opened an account at James Richardson & Sons Ltd, local investment bankers whose president, James Richardson,<sup>38</sup> was a director of the Canadian Pacific Railway (which had paid most of his travel expenses in Canada), and began to trade. As his entourage reached Alberta, the epicentre of Canada's burgeoning petroleum industry, Churchill related to Clementine the "cautionary tale" of Weetman Pearson (1<sup>st</sup> Viscount Cowdray) – who allegedly declined the opportunity to invest \$C80,000 in an oilfield that eventually sold for \$C80 million. By writing and "investing" (he actually meant "speculating"), Churchill added, he had earned nearly £6,000 since leaving London. He committed more money to Richardson when he reached Vancouver – including a major purchase of Structure Oil Ltd, a Calgary exploration venture that the fast-talking Fred Schultz avidly promoted. On 3 September 1929, Schultz wrote:

Now Mr Churchill, to be quite frank with you I liked your manner of fast action in accepting our proposition, showing that we Britishers can make up our [minds] in a hurry as well as any Yankee can.<sup>39</sup>

---

<sup>38</sup> Founded in 1853, James Richardson & Sons Ltd and its successors have been synonymous with grain trading in Western Canada. James Armstrong Richardson (1885-1939) became the firm's president in 1919. Perhaps his greatest contribution was to commercial aviation: in 1926 he founded Western Canadian Airways Ltd, which by 1929 had developed a transcontinental network (and the second-biggest in the Empire). In the late 1930s it became incorporated into Trans-Canada Air Lines (a predecessor of Air Canada). Today, Winnipeg's international airport bears Richardson's name.

<sup>39</sup> Churchill's utter foolishness as a speculator was typical of his class. Cannadine (1990, pp. 405-406) writes of the "sad stories," debts, divorces and gambling, of dissolute aristocrats: "In [their] memoirs, ...

Before he left Canada, Churchill's final move was to open another account with Richardson in order to trade American stocks. In total, Churchill transferred £3,000 of cash from London to Winnipeg, borrowed another £4,000 and purchased £7,000 of speculative Canadian equities. "I do not expect to hold [non-oil and gas] shares for more than a few weeks," he informed Richardson. He was true to his word. He then proceeded to San Francisco and Los Angeles. Between late-night parties with Hollywood glitterati, he resolved to keep one half of his investments in London and the other in North America. He retained his shares of Canadian oil and gas exploration companies, but – eager to join the American stock market frenzy – transferred the rest of his cash from Winnipeg and London to E.F. Hutton in San Francisco. After lunch with Charlie Chaplin on 25 September 1929, Churchill reported his first American success to Clementine:

Since my last letter from Santa Barbara, I have made another £1,000 by speculating in a stock called Simmons. It is a domestic furniture business. They say "You can't go wrong on a Simmons mattress." ... There is a stock exchange in every big hotel. You go and sit and watch the figures being marked up on slates every few minutes.

According to Clarke (pp. 127-128), Winston's letters to Clementine at this time

give an impression of a pyramid of wealth, conjured up by increasing his stakes in the bull market of which he saw so many amazing signs in the United States. ... Winston, in his usual fashion, totted up every kind of gain, capital and income alike, actual and prospective, and assured his wife that "there is money enough to make us comfortable ..." Thus not only living expenses but further investment in Chartwell could easily be financed.

Intoxicated by his rapid and apparently easy success, and convinced that plenty more was there for the taking, Churchill sold shares in London moved more than half of his total funds to the U.S. "Over the next four days," writes Lough (p. 191),

---

the same themes recur constantly: their inability to come to terms with their reduced inheritance; the urge to 'enjoy' themselves ...; the ease and extent to which they spent money in pursuit of [unrealisable objectives]; and their amazing innocence when they were forced out from the protected environment of the landed estate into the much harsher world outside.

"Inevitably, having frittered away their money, or having had none to inherit, such people became a confidence trickster's dream. Partly through the peculiar conditions of the time in which they lived, these men and women were both innocent and irresponsible, easily beguiled into lending their names and their money to the most absurd and preposterous schemes. As such, their experience forms an integral part of the history of the British landed establishment of the years from the 1880s."

Churchill's turnover with E.F. Hutton reached \$200,000, mostly in quick trades in and out of Simmons. ... At this stage, Churchill began to lose track of his positions, which were spread across at least three different brokers, countries and time zones. ... Undeterred by the confusion, Churchill increased his turnover during the week between Monday 14 and Friday 18 October to \$420,000.

By the time he travelled eastwards across the U.S. and arrived in New York on 23 October, the prices of several of Churchill's stocks had sagged significantly. At the opening bell on "Black Thursday," 24 October, "the Great Crash finally overtook the stock exchange, bringing many over-confident investors to their knees, Churchill among them" (Clarke, p. 129). On that day prices plunged by an average of 11%; and just as they'd done in 1907, leading Wall Street bankers stemmed the panic by authorising the vice president of the New York Stock Exchange to bid generously for large blocks of leading shares. On this basis, Churchill's advisers including Bernard Baruch<sup>40</sup> counselled that he keep his nerve and resist any urge to sell. On Monday 28 October, Churchill tried to make sense of E.F. Hutton's statement of his holdings based upon prices at the close of business on the previous Friday. The "bottom line" figure was little more than \$25,000, whereas Churchill was expecting an amount closer to \$40,000. He sent an urgent cable to Hutton asking if there had been some mistake. "No," the firm replied. Churchill didn't fully appreciate the dramatic extent of his losses until Tuesday 29 October – by which time prices had fallen another 20% and he had commenced his return passage across the Atlantic. By the end of the month his loss on Simmons alone exceeded \$32,000; another major holding, the department store chain Montgomery Ward, plunged to half of what Churchill had paid and cost him another \$12,000.

The mood on the return voyage was the polar opposite of the optimism that had carried the troupe westward from London, across Canada and down to California. For years afterwards, he told friends that his losses in the Wall Street Crash of 1929 totalled \$50,000 (£10,000). But this was only part of the story: he incurred losses of \$50,000 on purchases he made through E.F. Hutton; he escaped damage on purchases made through Bernard Baruch's brokers because his wealthy friend felt responsible for his advice and compensated Churchill in full for his losses. Taking into account the shares he had purchased through brokers in London and Winnipeg, Churchill's losses in 1929 certainly exceeded £15,000 and possibly neared £20,000. He decided to wait until he met Clementine at the dockside in Portsmouth before he told her that, in effect, he had lost the equivalent of the book and newspaper advances on *Marlborough* – without having yet written a single word.

---

<sup>40</sup> Bernard Baruch (1870-1965) was an American speculator, financier, philanthropist and advisor to presidents Woodrow Wilson and Franklin Roosevelt. Before the age of 30 he amassed a fortune speculating in the sugar market; and by 1903 he had founded his own brokerage firm. His refusal to ally it to any other financial house gained him the reputation as "the Lone Wolf of Wall Street." For details, see James Grant, *Bernard M. Baruch: The Adventures of a Wall Street Legend* (Wiley, 1997).

According to Clarke (p. 129),

Churchill went at once to see the manager at Lloyds Bank in Pall Mall, trying to buy time. On 13 November, with authorisation for his loan of £9,000 set to expire within days, he was pointedly reminded that "when permission was given it was on the assumption that certain sums you promised would be paid in by the end of October," which had evidently not happened; and he was asked to make "a substantial reduction" accordingly. His American investments had collapsed; since many of them had been acquired on credit, he owed the money to the bank; now this line of credit was to be cut; and meanwhile, as the bank had already advised him, his tax bill in January, hanging over from more prosperous days, would be over £4,000.

Yet Churchill couldn't or wouldn't mend his ways – and more losses soon followed. On 15 November, Baruch cabled Churchill: "Financial storm definitely passed." Ignoring his looming tax bill, by Christmas Churchill was buying more shares of Montgomery Ward; and in January and February of 1930 he was trading Simmons – despite the warning of his brokers in London that it was a "gambling stock." By mid-year Churchill had lost an additional £7,000. By that time, Lough (p. 197) concludes, no amount of lecturing and writing, could recoup his losses:

Instead Churchill tried to persuade publishers to make cash advances for new books that he could quickly conjure up from past [newspaper] articles. ... By mid-summer 1930 Churchill faced a series of what he called "inescapable payments," ... His secretaries' list of unpaid bills ran to two pages, interest was due to the bank at the end of June and large life insurance payments loomed in September. ... His cousin [the Duke of Marlborough]... had to guarantee a temporary new loan of £2,000, while Sir Abe Bailey was asked to reaffirm his personal guarantee ... "I thought I had paid you off £2,000," he told Churchill. "At any rate whatever you wish me to do I will gladly do for you." Yet another crisis had been averted (pp. 199-100).

Early in January 1931, Churchill lost a further £3,000 buying and selling shares of Montgomery Ward. To cover the loss, he tried to borrow from one of his daughters' endowments but his lawyers forbade him. As a result, he requested that his friend, Sir Howard Frank, senior partner at Knight Frank & Rutley & Co., put Chartwell on the market. Sir Howard cautioned Winston on 12 January: "I do not think anyone will ever give you [the £30,000 that you think it will fetch], but, of course, ... if the right person comes along one day and gives you a fancy price, all well and good."

Warnings from Baruch in June and July 1931 prompted Churchill to restrain his speculating and prune his exposure. But in August he returned to trading – and sustained further losses. Early in 1932, the value of his British shares had sunk to £4,900 and loans from brokers in London rose to £5,700. Towards the middle of the year he resolved to change his approach: quite sensibly, he requested that his brokers provide a list of large and sound American companies whose shares had plummeted. He planned to buy them and hold them for two or three years. Superficially, it seemed that Churchill had at last abandoned his speculative ways and adopted the mien of an investor. Alas, in a letter to his broker dated 21 June he revealed that his gambling impulse remained undimmed: "I am very much afraid of missing the bus. I do not think America is going to smash. On the contrary I think that they will quite soon recover." And in a note to Jack on 28 July he added:

Undoubtedly the whole force of the Republican Party will be to make a better market before the [presidential election in November], and give the appearance the corner has turned. The risk of investments in America now is incomparably less than it was a year ago ...

Churchill implemented his new plan in July and August, but abandoned it in September – when he traded his old favourite, Montgomery Ward, 16 times in four days. Ignoring the warning of his broker in London, he borrowed heavily in order to trade currencies and shares – beating a retreat on Baruch's advice in October. During this period

Churchill watched America anxiously, convinced that the stock markets were about to reverse four years of falling prices and help him break the cycle of debt that he could not escape through writing alone. ... Every dollar that Churchill invested was borrowed. ... Wholly dependent on [as much as \$50,000 of] borrowed money, Churchill did not dare to expose himself to the markets for long, so he traded in and out of a few selected shares, where he thought he understood the usual price ranges (Lough, p. 222).

Whether or not as a result of the presidential election – which the Democrat, Franklin Roosevelt, won in a landslide – the Dow Jones Industrial Index rose from 54 in July 1932 to almost 60 in December. But Churchill's speculative urges failed him: during 1932 he lost a £7,500 – compared to £6,000 in 1931 – in casinos and on the stock market (Lough, p. 221, 224). And so it went during the next several years. During the parliamentary recess in mid-1935, for example, Churchill accelerated the pace of his trading:

He asked his brokers to telephone every day with the New York prices, then he traded his favourite names, ... moving in and out of each share according to [what he regarded] as its usual price range. Each day his secretary supplied him with a slip showing his gross and net [of loans] balances. August was not a suc-

cess. Churchill started the month with net holdings of \$42,000 and an accumulated loss of \$4,500, but he finished it with positions of \$62,000 [financed mostly with borrowed money] and the loss more than doubled (*ibid.*, p. 237).

### *Churchill Requires Two Major Bailouts*

By 1937, things had come to a sorry pass. Royalties from Churchill's latest book *Great Contemporaries* – which his assistants had compiled from old newspaper articles – might for a few months ease the rising pressure upon his cash flow. But royalties, which he chronically over-estimated, had never been able to repair his finances' fatal flaw: his deficit of income vis-à-vis expenditure, and thus his high and usually mounting pile of debt. His only significant unencumbered asset, Chartwell, had not found a buyer willing to pay anything close to the price he sought. There was, however, a glimmer of hope: an advisor suggested that he might be able to sell his rights to the income (rents from tenants) from the property he had inherited in Ireland (Churchill had long since mortgaged the property itself) for as much as £12,000. He enthusiastically agreed – but was thwarted when he rashly mentioned it to Lloyds Bank, which demanded that he use the proceeds to reduce the balance (more than £30,000) of their loan to him. When the American stock market tanked in August 1937, Churchill's losses grew to the point where his brokers demanded regular repayments of their loan. Alas, he offered them a legal commitment to pay them from the proceeds of the sale of the Irish rents – which he had already promised to Lloyds (Lough, p. 258).

"The trouble," according to Clarke (p. 184),

was not that Churchill's income declined in the 1930s. Its peak figure of £16,312 in 1935-36 would be worth over £800,000 at to-day's prices ... The real problem was that income needed to be maintained at these extraordinary levels in order to meet Churchill's outgoings. Hence his continued vulnerability. He was ill-equipped to face a fall in his income to £12,914 in 1936-37, even though this figure was in line with his average earnings. The Chartwell system was simply too heavy a financial burden to be maintained, as he intermittently recognised. Intermittently, then, he had to face the possibility of selling up.

As 1938 dawned the noose tightened. He somehow found the cash to make a large payment of tax – but was dismayed to learn, upon returning from a holiday, that he still owed £4,500 of tax payable immediately. Lloyds also stated in writing its "disappointment" that he had not honoured his promise to reduce his borrowings; accordingly, it now demanded a legal charge over the rents in Ireland – which was impossible, since Churchill had previously (and without informing Lloyds) formally pledged them to his stockbrokers. Not only was he unable to pay this tax bill; he could not honour commitments to bankers and brokers (who, in the meantime, pressed him immediately to pledge more assets against growing

gap – £12,000 in March – between their loans to him and the value of the shares they held on his behalf). Churchill was again on the verge of insolvency – which, among other consequences, would oblige him to resign his seat in parliament. On the day before Hitler's troops marched into Austria, he requested that his solicitors raise an emergency loan of at least £5,000, which he would back by buying more life insurance. His lawyers indicated that this move would increase his debts to insurers alone to more than £13,000, costing him £1,650 a year, but he had nowhere else to turn.

On the very day that Cabinet decided that Britain must appease Adolf Hitler rather than fight a war over Czechoslovakia – an action that he vociferously denounced – Churchill sought desperately to appease his creditors. He gave his friend and subsequently parliamentary secretary and First Lord of the Admiralty, Brendan Bracken (later, thanks to a grateful Churchill, 1<sup>st</sup> Viscount Bracken), a list of his stock market accounts. Churchill requested that Bracken – who published *The Economist* and founded *The Financial Times* – mount a discreet rescue operation that might keep Churchill afloat a bit longer. Bracken went straight to his close friend and co-owner of *The Economist*, Sir Henry Strakosch,<sup>41</sup> who agreed to pay Churchill's brokers the original cost (£18,000) of his shares.<sup>42</sup>

That bailout removed the pressure from Churchill's brokers; alas, it did nothing to relieve pressure from his mounting tax assessments, bank loans, interest payments and various bills. On 10 May 1940, Churchill became prime minister. His salary doubled to £10,000 – but £9,000 of it would soon disappear in overdue tax payments and the remainder wouldn't meet the interest payable on his bank loans. He faced large payments of interest and tax at the end of June, but lacked the means to pay them. A prime minister declaring bankruptcy whilst the Hun approached Calais wasn't a good look, particularly at the very point when Churchill had just achieved his life-long ambition to lead Britain into battle; accordingly, he again handed the mess to Bracken and requested that he arrange another rescue. For a second time Bracken visited Sir Henry Strakosch; the mining magnate immediately wrote a cheque for £5,000<sup>43</sup> – payable to Bracken to help disguise the identity of Churchill's secret benefactor. Bracken immediately endorsed the cheque to Churchill, whose account it

---

<sup>41</sup> Since 1927 Sir Henry had chaired Union Corporation Ltd., a South African mining concern and one of Gencor's ancestors. He was also one of the group who for several years had been feeding to Churchill confidential information about Germany's rearmament.

<sup>42</sup> According to Clarke (pp. 186-187), "In March 1938 Strakosch offered to take over Churchill's holdings on Wall Street, at the price that Churchill had misguidedly paid for them [they had since fallen by more than two-thirds], and to hold them at his own expense for three years, meanwhile paying Churchill £800 a year in interest for the privilege."

<sup>43</sup> During 1942, Churchill negotiated royalties from film deals and books of his speeches – part of whose proceeds he used to repay Sir Henry's loan of June 1940. Sir Henry died in October 1943. In his will he left a legacy of £20,000 to Churchill – and forgave the loan to Churchill in 1938.



reached on 21 June – the same day the French government announced that it would request an armistice from Hitler, and the day after 4,000 British troops evacuated from Dunkirk lost their lives when their ship sank in the worst maritime disaster in British history. A desperately-desired royalty cheque arrived in Churchill's account the same day. "Thus fortified," writes Lough (p. 9), Churchill "paid a clutch of long-overdue bills from shirt-makers, watch-repairers and wine-merchants before he turned his attention back to the war."

In the first half of 1942, Britain's military fortunes – and consequently Churchill's political position – reached a low point. Singapore capitulated, gravely (and, in retrospect, terminal-ly) weakening the Empire's presence in the Far East, and Britain's position in the Mediterranean and North Africa deteriorated. The public pressures upon Churchill were immense. Yet his personal tax bill, boosted by several adverse rulings, didn't escape his attention. Churchill's view was that, since he had "retired" from journalism and writing, any revenues from reprints should be treated as capital gains (which incurred no tax) rather than income (which did). In a private tribunal earlier in 1942, tax officials begged to differ. Churchill engaged a tax specialist and on 19 May summoned him to 10 Downing Street. Years later, Anthony Moir recollected his experience:

I was warned that [Churchill] would probably give [me no more than] ten minutes, that I must be very brief and that I must tell him (if such was the case) that he had two or more courses open to him. Thereafter [I was advised] he would instantly make up his mind which course he would pursue ... I was ushered into the Cabinet Room ... and [briefly] said the piece I had carefully prepared. [Churchill] got up ... and started walking around the table, taking as he did so, ... My "ten minutes" eventually turned into one and a half hours ... I remember walking down Whitehall and buying an evening paper, the headline of which was "Why Wasn't Churchill in the House Today?" and felt that was a question I could answer with some conviction! (quoted in Lough, p. 299-300).<sup>44</sup>

Thanks to the entry of the U.S. into the war, during the second half of 1942 Britain's fortunes began to recover – and by mid-1943 Churchill's bankability had soared. Brendan

---

<sup>44</sup> In fairness to Churchill, Moir's memory was imperfect: the House of Commons didn't sit on 18 May 1942. In fairness to Moir, however, Churchill's absence from the House during that period generated widespread criticism. But this incident raises a fundamental issue: was Churchill corrupt? Mostly, he wasn't: his supporters' money tended to follow his convictions rather than vice versa. In 1912, for example, Sir James Caird, a wealthy Scots businessman, gave Churchill £33,500 in order to promote free trade (which Churchill supported) and Home Rule for Ireland and Scotland (which he didn't). Lough finds no evidence that Churchill handled these funds improperly, and there's certainly no evidence that he used them for personal purposes. On the other hand, by today's standards Churchill surely abused his office when as prime minister he summoned the head of Inland Revenue in order negotiate more favourable tax treatment of his earnings from authorship and journalism.

Bracken extracted an offer of £20,000 from Alexander Korda for the film rights to *Marlborough*. After playing one filmmaker against another, Bracken sold the rights – Korda lost the bidding war – for £50,000. Contracts were exchanged and a first tranche (£30,000) appeared in Churchill's account in October; the remaining £20,000 was paid in July 1944. Korda wasn't deterred: in January 1944 he offered £50,000 for the film rights to *A History of the English Speaking Peoples*. Churchill had half-completed the book before the war, and his publishers didn't begrudge the fact that they had long ago paid their advances but his accession to the premiership blocked its completion. Bracken and others spent the 15 months clearing a path through the legal and tax complexities, and on 6 April 1945 Churchill received Korda's cheque for £50,000. According to Reynolds (p. 19), neither filmmaker actually intended to turn these books into movies; instead, they were ardent admirers who sought to express their appreciation. "These payments, for doing nothing, showed how Churchill's stock had risen."<sup>45</sup> Also by the war's end, royalties from his wartime speeches and other writings flooded into his coffers; syndication deals promised to earn him much more. From the point of view of his personal finances, Churchill had a very good war: he began it with a gaping hole below the waterline; as it drew to a close, his bank balance approached £100,000.

On 5 July 1945 Britons went to the polls. The return of servicemen's ballots from around the world took time; hence not until 26 July were the results announced: Labour was heading for a massive victory. The news shocked Clement Atlee, the Labour leader, no less than Churchill. At his most optimistic, Atlee had hoped that the Conservatives' massive majority at the previous election in 1935 might reduce to as little as 40; instead, Labour won a majority of 146. Only twice previously – after the Great Reform Bill in 1832 and at the Liberal landslide in 1906 – had the Tories suffered a bigger defeat. Clementine consoled Winston: "It may well be a blessing in disguise." Her humiliated husband grunted his reply: "At the moment it seems very well disguised."

His despondency deepened as he pondered his finances. If he and Clementine resumed their pre-war level of spending, his large bank balance would support them little more than four years. And if he resumed his writing, marginal rates of income tax well above 90% would allow him to keep very little of what he earned. Late in September, he spoke gloomily to William Berry (1<sup>st</sup> Viscount Camrose, the owner of *The Sunday Times*, *The Financial Times*, *The Daily Telegraph* and other newspapers) about money matters. Churchill's state of mind was such that he wondered whether at some point he'd have to sell Chartwell. Lord Camrose consulted his solicitor and the two hatched a plan (you decide whether it was yet another bailout): Camrose's business friends would purchase Chartwell and then donate it

---

<sup>45</sup> The contract with Metro Goldwin Meyer to bring *My Early Years* to the big screen gave Churchill some say over the script, choice of director and actor who'd play the young Churchill. According to the contract, MGM undertook to avoid any known "alcoholic or sex deviant or communist or man scandalously involved with women or having a criminal record" (Lough, p. 392).

to the National Trust on the understanding that it would rent it to Winston and Clementine as long as either lived. In 1946 the terms were agreed: the Churchills received £50,000 – almost twice what they had sought unsuccessfully in 1938 – paid annual rent of £330 and accepted responsibility for insurance, rates, gardening and internal repairs; the Trust maintained the roof, walls, timbers and plumbing.

In 1946-1947 Churchill's advisers adopted complex but legal means to avoid confiscatory levels of taxation. Churchill sold "his" papers (Cabinet documents and the like; these days they'd be regarded as the government's rather than a minister's property) to a special-purpose Trust. Winston, Clementine and other family members were its beneficiaries, but Bracken and other confidants oversaw it as trustees. The Trust then hired Winston and his staff to produce books and other research from these papers, and sold their copyrights to the highest bidder. Churchill's six-volume memoir and apologia, entitled *The Second World War* and published between 1948 and 1953, was the major product of this arrangement. In 1947, in the world's largest non-fiction publishing deal up to that time, the series' worldwide copyright – including syndication in newspapers and magazines – fetched £555,000 (paid in instalments over the next six years). Because the Trust rather than Winston sold these rights, their proceeds were regarded not as royalties but as the fruits of capital; hence they escaped much taxation.<sup>46</sup> With an eye towards his short-term mortality, Churchill sold his memoirs for "much less than he might have secured long-term from royalties. But he wanted the money up front ..." (Reynolds, pp. 63 and 144). Film deals also generated large sums. By the end of 1946, these transactions had transformed Churchill's finances. Including assets owned by family trusts, and net of all debts, his net worth approached £190,000.<sup>47</sup>

---

<sup>46</sup> The total purchase price, including worldwide newspaper and magazine serialisation rights, was £555,000 (ca. \$2.25 million). After deducting £5,000 for stamp duty, the Trust received £375,000 and Churchill (as author) £175,000. Taxes in the U.S., however, reduced these sums to £322,500 and £122,500; Churchill's receipts, but not the Trust's, were also subject to tax in Britain. Depending on how one calculates the shrinkage of purchasing power, "the deal would have been worth anything from \$18 to \$50 million" (Reynolds, pp. 62-63). For somewhat different figures see William Berry, William Camrose, *Giant of Fleet Street* (Weidenfeld & Nicolson, 1992), pp. 334-335 and Lough, Chap. 23.

<sup>47</sup> During the immediate post-war, Churchill's net worth likely placed him among the top-1% in Britain. He certainly possessed the means to travel overseas; but in an attempt to prevent its further devaluation the Bank of England virtually forbade the private sale of sterling and purchase of foreign currency. How, then, could Churchill take his accustomed foreign holidays? For several years, Time-Life, Inc. (the American publishing conglomerate whose magazines serialised his writings) paid his holiday expenses to various exclusive, exotic, sunny and warm places. Late in 1952 the senior executive that disbursed these funds recollected: "They were very lavish trips. Always some of the family went along ... [and Churchill] had his cronies with him; he sent for various people from England. He had the best in food and hotels. We paid for his sort of state dinner to noteworthy folk, and the expedition to Marrakech presented an expense account I wouldn't want anyone to peer into too far" (Lough, p. 370; see also Reynolds, p. 83).

In June 1949, Winston's decision to follow his father's footsteps into the world of racing appalled Clementine; fortunately, however, over the next decade his stable produced more than its share of winners and thus didn't lose great amounts of money. His decision to buy a farm for one of his daughters and her husband didn't, either; and he gambled less in casinos and stock markets. Prodigious consumption, however, continued to erode his finances. In April-May 1949, for example, at Chartwell were consumed – not least by Churchill himself – 454 bottles of champagne, 311 bottles of wine, 69 of port, 58 of brandy and another 58 of sherry and 56 of whiskey.<sup>48</sup> By 1951 his personal spending was approaching £5,000 per month; and by the time he returned to 10 Downing Street on 26 October of that year, his personal net worth (i.e., not counting the Trust) had shrunk to ca. £50,000 – not enough, in other words, to finance a year's worth of champagne, Cuban cigars, custom-made shirts and the like. A year earlier, a journalist, Malcolm Muggeridge, visited Churchill and Chartwell. He noted in his diary:

Churchill has this characteristic 18<sup>th</sup> century nobleman's ... insatiable need for money. ... His family costs him a lot, ... he lives amply and travels with a great suite, which is very expensive (*Like It Was: The Diaries of Malcolm Muggeridge*, HarperCollins, 1981 p. 408).

Although as PM he lived in official residences (10 Downing Street and Chequers, ca. 65 kilometres from central London), during the summer of 1952 his personal spending reached £40,000 per year – versus his salary of £7,000. By September 1951 his personal bank account was virtually empty. From Lord Camrose he requested and immediately received an extra "loan" of £15,000, increasing to £30,000 his debt to the newspaper magnate (in 1952, Churchill repaid £10,000). In mid-1953, soon after Churchill suffered his first stroke, his staff requested additional funds from Camrose: although the balance of the prime minister's personal investment account was more than £40,000, his cheque balance was overdrawn. Camrose discreetly lent another £12,000, taking his total loans to Churchill to £32,000.

In November 1954, as his 80<sup>th</sup> birthday approached, Churchill requested that his advisors review his finances. Discounting proceeds anticipated from *A History of the English-Speaking Peoples*, which was published in 1956, total assets (personal and Trust) totalled £158,000. Net of £85,000 of loans, unpaid bills and taxes, however, total net assets didn't exceed £50,000.

---

<sup>48</sup> "It is as common to exaggerate how much Churchill was drinking as how much he was earning," writes Clarke (pp. 135-136). "But in each respect it is still impressive, as the surviving accounts demonstrate. In 1935 Churchill's bills show £400 for wines and spir-its supplied to Chartwell and just over £400 for the Churchills' flat in London. The total was £515 or ca. £10 per week – about three times the earnings of a male manual worker at the time, or enough to employ six female domestic servants at Chartwell. This expenditure is in real terms about double what Churchill had been spending on wine before 1914; it represents about 6% of his average disposable income after tax in the 1930s, or, in today's money, about £500 a week."

At that juncture Churchill received his final bailout. Admirers established the Winston Churchill 80<sup>th</sup> Birthday Presentation Fund. Almost 100,000 members of the general public contributed approximately £150,000 and several wealthy individuals another ca. £100,000. Lord Moran recalled his patient's reaction to the Fund's establishment:

If it's for me so that I can do what I want with it, I would like it very much. But I don't want them to raise a sum for charity just to bring home some coloured gentleman from Jamaica to complete his education. Of course, I might give some of the money subscribed to a charity that I was connected with. But I'm not a rich man ... (*Winston Churchill: The Struggle for Survival, 1940-1965*, p. 607).

By April his bank accounts held nearly £300,000. Yet his expenditure remained lavish; accordingly, his advisers would have to invest wisely in order to see Winston and Clementine to the end of their days in the style to which they had long been accustomed:

Churchill told his bank manager that he wanted very safe investments at one end of the scale, but speculative young oil and gas companies, preferably Canadian, on the other. [The manager] started at the safer end, investing £80,000 in a mixture of building society deposits and Victory Bonds that carried death duty advantages. ... All and sundry were asked to suggest ideas for the shares of young Canadian companies ... Churchill chose three of his own ... Each was active in Alberta, where he had first [speculated] and lost practically everything thirty years earlier. [A friend of Churchill's assistant] Anthony Montague-Brown ... was entrusted with investing a further £46,000.

At went well at first. After asking for weekly valuations, Churchill watched his portfolio climb in value during July from £86,000 to £93,000, before it dropped to £77,000 in August. ... Uncharacteristically, Churchill continued to sit tight, advised to do so by his former private secretary Jock Colville, ... By early November his portfolio's value had fallen to £55,000 and the first six months of his retirement had seen his bank balances fall by near £50,000 ... (Lough, pp. 389-390).

Five years later, in 1960, Winston's net worth had fallen to £150,000, including building society deposits of £35,000 and an investment portfolio of bonds and shares worth £73,000:

Two of Churchill's own choices, Van-Tor Oils and Explorations Ltd and Permo Oil and Gas Ltd, had cost £10,000 each but were now practically worthless and proved impossible to sell; eight other shares, which had cost £46,000, fetched only £16,500. ... These losses worried Churchill. His household spending was now running at more than £55,000 ... (Lough, pp. 396-397).

At Churchill's death in 1965, his executors provisionally estimated that his estate's value, before death duties and other taxes, was ca. £300,000. That's equivalent to almost £10 million in 2016. Trustees required four years to settle its affairs (a complex dispute with American tax authorities was the major sticking point). Alas, even after bureaucrats exempted Churchill's paintings and papers from death duties and politicians encouraged sweetheart deals for the sale of papers and paintings (which included *Pont de Londres* by Claude Monet), his estate paid almost £260,000 of tax. That left a final, post-tax estate of just £40,000 in 1969 – the equivalent of ca. £1.3 million in 2016 currency. Just as during much of his adult life Churchill couldn't afford to buy a residence in London that satisfied his desire for status, today's value of his pre-tax estate likely wouldn't do so, either. Equally tellingly, the estate of the bourgeois par excellence, Ben Franklin, benefitted deserving tradesmen for two hundred years after his death, whereas that of the impulsive aristocrat, Winston Churchill didn't outlast Clementine (who died in 1977).

### **Churchill's Pernicious Legacy: Blood, Toil, Tears and Debt**

Churchill's life exemplifies and encapsulates the eclipse of the long-term ethos (the Robinson Crusoe Ethic) and the triumph of the short-term (and consequent Distemper of Our Times). Throughout his life, his time horizon was short: he couldn't, or at any rate wouldn't, trace the consequences into the distant future of his impulsive actions in the present; nor could he act wisely today, wait patiently and reap the long-term rewards. Hence his personal financial affairs were throughout his life chaotic, debt-ridden and spendthrift; and (as we'll detail in the next chapters) his policies as a politician produced death, destruction and impoverishment on a vast scale. His actions as a private citizen necessitated repeated bailouts by friends and admirers; his decisions as a politician led to Britain's wartime military rescue (Lend-Lease) and post-war economic bailout (Anglo-American Loan) by the U.S. *In these critical respects, Churchill was a forerunner – indeed, he was an exemplar – of today's ruling class. Prudence and the delay of gratification were as alien to him as the dark side of the moon; in that fundamental respect, his outlook matched that of most people – rulers and ruled – in Western countries today. Perhaps that's why he's remained so popular both within the corridors of power and among average men and women in the street.*

On 13 May 1940, three days after he became prime minister, Churchill declared to Parliament: "I have nothing to offer but blood, toil, tears and sweat." He shed none of his own blood – but 400,000 men and women across Britain, its self-governing Dominions and its colonies and dependencies perished during military operations between 1939 and 1945; perhaps a million more suffered physical wounds, and untold numbers more endured mental and psychological trauma. During the Second World War Churchill certainly toiled – but certainly no more, and likely far less, than millions of his countrymen. No doubt his tears were sincere: but so were those of millions of others who lost family and friends. Churchill offered Britons his sweat: in reality, he liquidated their assets and pledged their debt. As in

his personal life, so too in his political career: Churchill's reckless actions necessitated massive borrowing. In Chapters 12-14 we'll see that Britain and its Empire sustained economic losses during the two world wars that it would never recoup. By 1918, His Majesty's Government's debt had zoomed 14 times from its level on the eve of war in 1914; and by 1945 Britain the combined effect of the two world wars had pushed its debt as a percentage of GDP to the level at which it stood after the defeat of Napoleon at Waterloo in 1815 – which was the highest in its recorded history (see Figure 15.1).

What was Winston Churchill's legacy? His entry into the Cabinet in 1910 and his final departure from Downing Street in 1955 bookend Britain's collapse as a Great Power. During the first decade of the 20<sup>th</sup> century, it unquestionably was one; in 1956, as the débâcle of the Suez Crisis demonstrated, it almost certainly wasn't. In May and June 1940, Charmley concludes, Churchill was indeed the essential man; but during the next year "a growing number of people" had concluded that Britain and her Empire would emerge from the war with little more than nominal independence. "It was certainly better to be an American rather than a German protectorate; but given that the war was fought to preserve Britain's independence and the balance of power in Europe, that reflection was of little comfort to many Englishmen" (p. 440).

When Churchill left the premiership in 1955, the U.S. and Soviet Union were the hegemons of Europe, and Britain's former Dominions looked to Washington rather than London for finance and protection. From the point of view of individuals' and households' standards of living, and compared to their dire circumstances during the Great Depression and two world wars, it's important to acknowledge what Harold Macmillan told his countrymen at the 1957 election: most Britons "never had it so good."<sup>49</sup> *Britain's steep decline, in other words, was relative and national-level – not absolute and individual-level.* But that would have been cold comfort to Churchill: not since his earliest days in the Liberal government of Sir Henry Campbell-Bannerman had Churchill devoted himself to individuals' life chances and prospects; in the diplomatic and military contexts which had long obsessed him, after 50 years of his blunders and disasters, by the 1950s Britain was – by his criteria – no longer great.

---

<sup>49</sup> See in particular Peter Hennessy, *Having It So Good: Britain in the Fifties* (Penguin, 2007) and Dominic Sandbrook, *Never Had It So Good: A History of Britain from Suez to the Beatles* (Little, Brown, 2005).