

A

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Etc. Etc.

LONDON:

PRINTED FOR THE AUTHOR,

AND SOLD AT 25, FINCH-LANE, CORNHILL.

1803.

pestuous weather, preventing such lighters being navigated to take away the same. S. 8.

Owners or masters of every ship or vessel out of which any ballast shall be taken by any lighter or vessel belonging to the said corporation, shall pay sixpence per ton for every ton of ballast received by the said corporation, out of any such ship or vessel, within the space of twenty-four hours after any such ballast shall be carried away, which money shall be applied and disposed of for the use of the poor of the said corporation. S. 9.

If any ballast of any kind or denomination whatsoever shall be unloaded, put or thrown out of any ship or vessel into the river Thames, or below the high water mark in the said river; such master or commander of every respective ship shall forfeit for every such offence the sum of five pounds. S. 10.

Persons unloading or throwing rubbish, earth, ashes, dirt or soil from any wharf, quay, or bank adjoining the said river, or from any barge or lighter, &c. and being convicted thereof in manner prescribed by this act, shall forfeit for every such offence the sum of 40s. S. 11.

Dung, compost, earth or soil for ballast, shall be delivered into, or put on board any such coaster or collier immediately, from any laystall, wharf, quay, or other place on shore, adjoining or near to the said river Thames; and all dung, compost, &c. so delivered, shall be carried to every such coaster or collier in and by some lighter, barge or vessel, which shall be weighed, marked and numbered as directed by this act, and shall be delivered or put on board such coaster or collier, from such numbered and marked lighter, barge or vessel only, and not in any other manner, under penalty of five pounds for each offence.

The above act has been continued by various subsequent acts till June 24, 1805.

BANK. The banking system is founded on the principle of depositing a value, which is forthcoming and answerable for written promises issued, called notes, and which pass from hand to hand as a circulating medium, or as the coin of the country.

The variety of ways in which this principle is reduced to practice will be best understood by giving an account of the banks that are now in existence, beginning with the bank of England, which possesses

a credit and advantages never experienced by any other establishment of the same nature.

A few words may, however, be said on the different nature of banks.

A bank may be termed a common repository where several persons keep their cash to be secure, and always ready for their direction and use.

The first institution of banks was in Italy, and the term bank derives its etymology from the word *banco* or bench, the Jews in Lombardy keeping benches in the market places for the exchange of money and bills. Banks are of two kinds; public, consisting in a company of monied men, who being duly established and incorporated by the laws of their country, agree to deposit a considerable fund or joint stock to be employed for the use of the society; as lending money upon good security, buying and selling bullion, discounting bills of exchange, &c. 2d, Private banks; where individuals, either single or in partnership, transact their business in the same mode as the former, upon their own individual capital and credit. Banking companies and private bankers, as they are termed, from having no public act to incorporate the persons who have shares, are of great utility in making transfers of payment from one town to another, and from one country to every other, by which means merchants, at the greatest distance, settle their accounts without any actual transfer of cash, which is always attended with risque and expence. Travellers also, by means of banks, are supplied with money without the trouble of carrying it along with them, by which means they avoid personal inconveniency and danger. See *Cash-Notes, and Checks*.

BANK OF ENGLAND. The first bank in point of consequence and extent of circulation in Europe was formerly the bank of Venice, but is now the bank of England, which was established in the year 1694, upon a plan suggested by Mr. Patterson, a merchant of considerable eminence in the reign of William the Third, who, knowing the advantages that had resulted to his own country from the bank of Amsterdam, was ready to patronize a plan, which, while it afforded facility to commerce, gave stability to government. Its object was to supply the exigencies of government as well as of mercantile men, and the scheme, after being debated for some time in the privy council,

was at length adopted, and the company incorporated by stat. 5 and 6 Will. and Mary, by the name of the Governor and Company of the Bank of England. The immediate consideration was the sum of 1,200,000*l.* granted to the government, for which the subscribers received nearly eight per cent. interest.

By the above charter the company are not to borrow under their common seal, except by act of parliament. They are not to trade or suffer any person in trust for them to trade in any goods or merchandize; but they may deal in bills of exchange, buying and selling bullion, foreign gold and silver coin, &c.

By 8 and 9 Will. III. c. 20, they were empowered to enlarge their capital stock, 2,201,171*l.* 10*s.* It was then also enacted, that bank stock should be a personal, and not a real estate, as formerly. The act of incorporation further says, that no member of the said company shall be adjudged or liable to be a bankrupt, within the intent and meaning of all or any of the statutes made against or concerning bankrupts, for or by reason of their stock and interest in the said company, and that no stock belonging to them jointly shall be subject or liable to any foreign attachment, by the custom of London or otherwise. And that no contract, either in word or in writing, for buying or selling bank stock, should be good in law, unless registered in the books of the bank within seven days, and the stock transferred within fourteen days, and that it shall be felony, without benefit of clergy, to counterfeit the common seal of the bank, or any sealed bank bill, made or given out in the name of the governor and company, for payment of any sum of money, or any bank note of any sort whatsoever, or to alter or erase any indorsements on any such bills or notes. By 7 Anne the bank were empowered to increase their capital to 4,402,843*l.* on advancing to government the further sum of 400,000*l.* and in 1714 they advanced another loan of 1,500,000*l.*

In the third year of the reign of king George the First, the interest in their capital stock was reduced to five per cent., when the bank agreed to deliver up as many exchequer bills as amounted to 2,000,000*l.* and to accept an annuity of 100,000*l.*, and it was declared lawful for the bank to make a call upon their members, in proportion to their interests in their capital stock, for such sums of money as in a

general court should be found necessary; and that if any member should neglect or refuse to pay his share of the monies so called for at the time appointed, after due notice for that purpose, it should be lawful for the bank not only to stop the dividend of such member, and to apply it towards payment of the money in question, but also to stop the transfers of the share of such defaulter, and to charge him with an annuity of five per cent. per annum for the money so omitted to be paid; and if the principal and interest should be three months unpaid, the bank should have power to sell so much of the stock belonging to the defaulter as should satisfy the same. After this the bank reduced the interest of 200,000*l.* lent to government from five to four per cent., and purchased several other annuities, which were afterwards redeemed by government, and the national debt to the bank reduced to 1,600,000*l.*; but in 1742 the bank engaged to advance to government 1,600,000*l.* at three per cent. which is now called the three per cent. annuities, so that government was then indebted to the company in 3,200,000*l.*, one moiety bearing four and the other three per cent. interest.

In the year 1746 the company agreed that the sum of 986,800*l.* due to them in exchequer bills unsatisfied should be cancelled, and in lieu thereof to accept an annuity of 39,442*l.*, being the interest of that sum at four per cent. The company also agreed to advance the further sum of 1,000,000*l.* into the exchequer, upon the credit of the duties arising by the malt and land tax, at four per cent. for exchequer bills to be issued for that purpose, in consideration of which the company were enabled to increase their capital 986,800*l.*, the interest of which, as well as that of the other annuities, was reduced to three and a half per cent. until the fifth day of December 1757, when it was reduced to three per cent.

And in order to enable them to circulate such exchequer bills, they established what they now call bank circulation, the nature of which is as follows:

They opened a subscription, which they renew annually, for 1,000,000*l.*, wherein the subscribers advance ten per cent., and enter into a contract to pay the remainder, or any part thereof, whenever the bank shall call upon them, under the penalty of forfeiting

the ten per cent. so advanced; in consideration of which the bank pays the subscribers four per cent. interest for the money paid in, and one-fourth per cent. for the whole sum they agree to furnish; and in case a call should be made on them, then for the whole or any part thereof. The bank further agrees to pay them at the rate of five per cent. per annum for such sum, until repayment, which they are under obligation to do at the expiration of the year. By this means the bank obtains all the purposes of keeping 1,000,000l. by them, and though the subscribers, if no call be made upon them, (which is generally the case) receive six and a half per cent. for the money they advance, yet the company gains the sum of 23,500l. per annum by the contract, as will appear by the following statement:

The bank receives from government for the advance of a million	- -	£.30,000
The bank pays the subscribers, who advance 100,000l., and engage to pay (when called for) 900,000l. more		6,500

The clear gain to the bank is £.23,500

Bank stock may properly be called a trading stock, since with this they deal very largely in foreign gold and silver, discounting bills of exchange, &c. exclusive of which the bank is allowed large sums of money annually for the management of the annuities paid at their office.

The company make dividends of the profits half-yearly, of which notice is publicly given, when those who have occasion for their money may readily receive it; but private persons, if they deem it more convenient, are permitted to continue their funds, and to have their interest added to their principal.

The bank of England is managed by a governor, deputy governor, and 24 directors, who are annually elected by the general court; 13 or more compose a court of directors for managing the affairs of the company. The officers and clerks of this company are very numerous, and are by the act of incorporation placed entirely under the jurisdiction of the court of directors. The capital stock, which has been enlarged by various statutes, is exempted from taxes, accounted a personal estate, assignable over, not subject to forfeitures, are redeem-

able by parliament on paying of the money borrowed.

The stability of the bank of England is almost equal to that of the British government. All that it has advanced to government must be lost before the creditors can sustain any considerable loss.

No other banking company in England can be established by act of parliament, or can consist of more than six members; and those who hold the shares in any other banking company are personally liable for the whole debts of the society. This last is a very material consideration, and prevents any formidable rival from starting up in opposition to what may very properly be called a *national bank*. Its action is not only as an ordinary bank, but as a great engine of state, receiving and paying the greater part of the annuities which are due to the creditors of the public, circulating exchequer bills, and advancing to government the annual amount of the land and malt taxes, which are frequently not paid up until some years thereafter. It has, likewise, upon several different occasions, supported the credit of the principal houses of commerce, not only in England but in other parts of Europe; upon one occasion it is said to have advanced for this purpose in one week about 1,600,000l., and a great part of this in bullion.

Officers or servants of the company embezzling any bank note, &c. wherewith they are entrusted duly, and convicted thereof, shall suffer death as felons.

By 13 G. III. c. 79, persons not authorized by the bank, making or using moulds for the making of paper, with the words *bank of England* visible in the substance, or having such moulds in their possession, are guilty of felony, without benefit of clergy; and persons issuing notes and bills, engraved to resemble those of the bank, or having the sum expressed in white characters on a black ground, may be punished by imprisonment, not exceeding six months; but innocent persons possessed of such notes, carrying them for payment, are not affected by this statute.

Private banks were of much earlier origin than national or public banks. Previous to the year 1640, the Royal Mint and the Tower of London had been used by merchants as a kind of bank for the security of their money; but Charles I. having made free with their money, the mint lost public confidence.

Private banking originated in this country with the Goldsmiths' Company.

The proper business of the London goldsmiths had always been to buy and sell plate, bullion, and foreign coins of gold and silver, to melt and cull them, to coin some at the mint, and with the rest to supply the refiners, plate makers, and merchants, as they found convenient for the advantage of trade. But in consequence of the civil broils which broke out about the period of king Charles's reign, the merchants and principal traders began to lodge their money in the goldsmiths hands for the greater security. This became so much the fashion, that in a very short time the banking scheme constituted a very considerable branch of their business. The goldsmiths began to discount merchants' bonds and bills, both in town and from the country, and also to receive the rents of gentlemen's estates remitted to town, and to allow interest if it remained only for a single month. This was a great allurements to the people to put out their money, and an invention that brought an immense quantity of cash into their hands, so that they were enabled to supply government, as the bank of England does now, with temporary sums, for which these bankers took 10 per cent., and on bills, tallies, orders, and debts due to the king, they sometimes got from twenty to thirty per cent., to the great dishonour of the government. Thus they became a sort of public bank, with individual and private direction, as the security depended on the public, but the management on particular people. This great gain induced the goldsmiths more and more to become lenders to government, to anticipate all the revenue, to take every grant of parliament into pledge as soon as it was given, so that in fact all the revenue passed through their hands. Thus they went on to the year 1672, when they had jointly and severally amassed of the public's money 1,328,526l., which was deposited for safety in the king's treasury, and whence they were in the habit of receiving weekly whatever sum or sums were wanted for their customers.

At this time Charles II. happening to be much in want of cash, he shut up the exchequer, and seized upon all the money to carry on his war with Holland. This violent measure bankrupted the goldsmiths, and is said to have brought near ten thou-

sand families to poverty. A general murmur ran through the nation; and the public became so clamorous, that the king, for his personal safety, was obliged to bind himself to pay the principal out of his revenue, and till that should be effected to allow an interest of six per cent. per annum; but the principal was never paid. However, the parliament, 12 Wil. III. c. 12, provided for a large arrear of interest then due, and settled the interest at three per cent. for the future. The debt was hereby made redeemable, on paying one moiety of the principal sum, viz. 664,263l. further confirmed by an act of Queen Anne, which moiety then became the proper debt of the public, and was finally subscribed into the South Sea capital stock in the year 1720; and many years after, when the present custom of receiving and paying money from morning till night in an open shop came first to be introduced, it was thought to be very singular; and Sir Josiah Child, and several other authors of credit, wrote very vehemently against it. The bankers were accused of being a set of usurers, of keeping the interest of money at least two per cent. higher than otherwise it would be, which was productive of many evils, and also that they made money scarce amongst individuals, by surreptitiously collecting all they could into their own possessions, whereby the country was drained in every part, and the subject injured; whereas it is since bankers established themselves in different parts of the country, and banks have been established in large towns, that money is become plenty and the interest low. The fact relative to the first *bonus* allowed by the bank of England to government of a loan at nearly eight per cent. interest, which was considered advantageous to the borrower, is a decisive proof in favour of the reduction of interest by those establishments. But upon the whole, whatever might have been the practice of bankers then, the case is now quite otherwise. The dispatch given by our modern bankers to merchants and dealers in general is found so convenient to trade that people are greatly accommodated by lodging cash with them, to be drawn out from time to time, as they want it, without receiving or expecting any interest whatever; and the facility with which bills, notes, drafts, bonds, and real personal securities, are and may be converted into immediate money through the me-

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dium of private banks, both in London and in the country, must be acknowledged to be not only a very great public conveniency, but one of the most important aids to commerce and trade that custom ever invented or introduced.

By each person keeping his money with a banker, those individual sums with which no operation in commerce could be carried on, as they are too fluctuating and inconsiderable, form one large capital, with which the banker can accommodate such of his customers as want it, by discounts or employ in other business. Thus, then, a capital that must have lain dormant, divided in the hands of individuals, is brought into activity in that of their banker, to the great advantage of individuals and the public.

The operations of the bank of England may be considered under three distinct heads: the first relates to the general circulation, or circulating medium of the country; the second, to its transactions with government by loans, payment of dividends, &c.; the third, to commercial discounts. Circulation, as the word implies, must have a pivot or centre, on which the whole can turn; and that centre, as far as relates to the island of Great Britain, is the bank of England, whose paper or notes represent that medium for every useful and convenient purpose: but paper may be as good a representative sign as gold, and in some instances better, because it is more easy to manage and transfer, and enjoys perfect confidence. It is more portable than gold, and so long as it can at will be converted into that precious metal, it answers every purpose without the inconveniency attending the use of it. The only difference consists in such paper being the circulating medium only for the country where it issues, while gold or silver are the circulating mediums in every part of the world; but both are no more than representative signs. If there were more gold than is wanted, confidence in it as a representative sign would slacken, and it would no longer be a circulating medium. If bank notes were augmented, so as to be sold at a discount, confidence would vanish, and those notes be no longer a circulating medium. See *Circulating Medium*.

It is difficult to understand the principles upon which the bank of England is established, the nature of its public and private interests, and more parti-

cularly to appreciate the real situation of the country with respect to the paper circulation, without entering into some explanations with regard to past occurrences, and the relative state of the country banks; in which explanations it is material to observe, that the bank of England did never entirely absorb the whole of the national and commercial circulations. The amount of the bills discounted by the bank for common purposes was till lately not known; but before the state of their affairs was laid before parliament a few years since, the amount could not have been large, at least it must have borne a small proportion to the commerce and solid circulation of the country. If the amount of paper discounted for fictitious and stock-jobbing purposes be deducted, the remainder will bear a very small proportion indeed to the whole; and therefore the commerce of the country would not receive a fatal blow if the bank should decline discounts altogether, nor even should it fail. The convulsion would, no doubt, be great, the difficulty and distress incalculable, but the country would not be ruined. The existence of the bank depends on that of the country, but the existence of the country by no means depends on that of the bank.

Very few foreigners have understood the principles on which the bank of England is established; they have always considered its notes as government paper, and the experience they have had of the practice of governments in every country, induced them to suppose, that when gold was refused on the presentation of the notes Feb. 27, 1797, the bank and the country were equally on the brink of ruin. They could not distinguish between paper issued for the sole purpose of circulation, limited in its amount, and under the authority and responsibility of a corporate body absolutely independent; and that paper which government could issue *ad libitum*, bearing an interest that rendered it an object for persons to purchase as a productive investment of their capitals; they were very much astonished to find the total amount of notes in circulation to be so small, compared with the commerce and wealth of the country, and equally so, that after all, bank-notes continued to circulate at par. The ideas of foreigners have been farther misled on this subject than they otherwise would have been, by supposing that the English government, like
that

that of France, put the directors of the bank in a state of coercion, and obliged them to supply its exigencies. Except the sums borrowed on certain conditions for prolonging the charter, every other loan made by the bank is on some specific pledge, and for a limited time, for which the bank obtains such a security as would enable it, if necessary, easily to borrow the sum lent to government from individuals. These opinions, however, did not prevail at home, from the knowledge of the sources whence those notes issued, namely, deposits of bullion, loans to government, and commercial discounts, together with the confidence reposed in the directors from the open manner in which they met, and even courted public investigation, at the alarming crisis of their stopping payment. From long experience, the directors of the bank must understand correctly the amount to which their notes can circulate without depreciation or discount; and the event has proved, that they have conducted themselves with sound judgment, by not extending their issues beyond what the currency of the country requires, and can support. Thus, public confidence was restored to a degree much beyond what could have been expected.

There are in Great Britain, besides the banks of Scotland incorporated by parliament, about 400 private banks and bankers, all of whom issue notes payable on demand, which generally circulate in their neighbourhood, besides drafts or notes, payable at certain dates at banking-houses in the metropolis, and which circulate all over the kingdom. The total amount of paper thus circulated was not at all known until the bank of England published the state of its circulation subsequent to the stoppage of 1797. The best informed persons in the country rated its circulation at nearly double what it turned out to be. After such a circumstance, it would be absurd to pretend to state the circulation of individual private bankers, still less capable of being estimated.

Thus the circulation of the bank of England paper, although the most important, is not the only one in the kingdom. The establishment of most country banks is of modern date, yet there has been no material impediment, with regard to circulation, from the time of the rebellion in 1745, until that which happened by the failure of the Air bank in 1772.

That failure was accompanied with others of great extent at the same time in Holland; but it was evidently partial, and not general: the bank of England acted very wisely as well as liberally, by affording a support to those houses whose solidity was unquestionable, leaving others, which were rotten, to fall, and as they were swept away, confidence was gradually restored. The next check to commercial credit arose from the failure of a circulation established between Lancashire and London, well known in the courts of law by the case of *Gibson v. Johnson*, which has been so often tried; but although the amount was large, it moved in so narrow a line, that it produced no general effect in the country. What happened by the failure of so many private banks in the beginning of 1793, was, however, very different, far beyond any thing which preceded, or has followed it, in magnitude; it pervaded more or less every part or place in both islands, and affected every description of property.

During the interval between the failure of the Air bank and the distress of 1793, a very material change had taken place in regard to the general circulation. Banks had been established in almost every town, and even village, throughout the country; and in the larger towns rival establishments were formed. These produced a most important, and, whilst it was secure, a beneficial change to the country, by increasing its circulation; but unfortunately the principles on which those banks were mostly established were insecure, in their being compelled to invest or employ the deposit left in their hands, and thereby rendering themselves incapable of facing a sudden storm, or, as it is called, answering a run upon them, which, from natural events, must in the course of time arise. A banker in London never allows interest to his customers, and can afford to reserve a proportion of his deposits to enable him to answer sudden demands, or a run on his house, as he thereby sustains no real loss, but only diminishes the amount of his profit. The country banker is in a very different situation, for he allows interest on deposits, and therefore he cannot afford to suffer even a small sum to remain dormant and unproductive; for every 100l. which he suffers to remain in that predicament is a loss of the interest which he pays his customers.

and which interest he must get reimbursed, by investing the money before he can realize any profit for himself. Thus it will appear, that whilst the circulation was greatly increased, and its beneficial effects enjoyed by the commerce, manufactures, agriculture of the country, &c. it was founded on the most insecure principle, and liable to almost instantaneous convulsion, by unforeseen and even trifling circumstances. This might be promoted more or less by the practice of particular establishments; for if country banks, whose principals are men of large unquestionable property, should fail, the contagion will immediately spread, and the consequences are incalculable. Thus, for instance, in the beginning of the year 1793, and of 1797, the banks of Newcastle stopped payment, whilst those of Exeter and the west of England stood their ground. The partners in the banks of Newcastle were far more opulent, but their private fortunes being invested, could not be realized in time to answer a run on their banks. Their notes allowed interest to commence some months after date, and were then payable on demand, by which means they had not an hour to prepare for their discharge. The banks at Exeter, on the contrary, issued notes payable twenty days after sight, with interest to commence from the date of the note, and to cease on the day of acceptance. There can be no doubt but the practice of the banks at Newcastle is more lucrative, but it must for ever be liable to a return of what has happened, whilst the twenty days reserved at Exeter furnishes ample time to communicate with London, and to receive every degree of assistance which may be required.

Another circumstance contributed very materially to produce the distress of 1793, which was the sudden and unexpected declaration of war. That event is usually preceded by some indication which enables the commercial and monied men to make preparation. On this occasion, however, the short notice rendered the least degree of general preparation impossible. The foreign market was by this means shut up, or rendered more difficult of access to the merchant; of course he could not purchase from the manufacturer, and an important variation in the rate of exchange on the continent furnished a pretence to foreigners for withholding their remittances from both.

The manufacturers, in their distress, applied to the bankers in the country for relief, but as the want of money became general, and that want increased gradually by a general alarm, the country banks required the re-payment of old debts, being utterly incapable of increasing them, and which of course brought their own situation to the test. In this predicament, the country at large could have no other recourse but to London, and after having exhausted the bankers, that recourse finally terminated in an application to the bank of England. In the mean time the alarm in the country continued to increase. Confidence in their banks vanished. Every creditor was clamorous for payment, which he insisted should be made in gold, and which was complied with until the bankers in London were exhausted.

At first the bankers accommodated themselves to circumstances, and furnished large supplies, but could not support the daily and constant demand for guineas; and for the purpose of checking that demand, they curtailed their discounts to a point never before experienced, and which placed every part of the commerce of the country in a considerable degree of danger.

The determination of the bank was founded upon the demand which came from every quarter of the world for gold. The cause which gave rise to the demand for guineas seems attributable to the three following circumstances. 1st, As a medium of remittance to foreign parts, to supply the want of bills of exchange. 2dly, For the purpose of hoarding in the country, from a want of confidence in the government and in the circulating paper. 3dly, To enable country banks to discharge their demands, whilst confidence in the government and the bank of England remained entire.

The numerous bankruptcies that took place in 1793, have produced such a sensation, and been so much canvassed, that an account of the *first* cause, as well as the remedy, will not be useless, and cannot be unacceptable.

In the year 1792, a scheme was laid in France by mons. Claviere and the Brissotine party to drain the bank of England of specie, a matter in ordinary cases impracticable, but then founded on particular circumstances. The course of exchange between any two different.

different countries is regulated in general by the balance of trade between them, because in all countries payments are made either in gold or silver, or, which is the same thing, in paper that is at will convertible into those metals.

In France the circulating medium consisted in assignats, with which all bills of exchange were paid there, but which could not be converted at will nor at any certain price into metallic money, as in other countries, or in France at other times. The relation between assignats and gold or silver, and not the commercial intercourse between the two countries, fixed the rate of exchange at that period, so that by raising or lowering the *agio* between metal and paper, those who had given cash for bills on France might be made either to lose or gain.

When mons. Claviere came the second time to the comptroller generalship, he raised and sunk the value of paper as he pleased, in the following manner.

The exchange between paper and money was carried on by porters in the open street. If it was intended to lower the price of gold and silver on any particular day, a great number of persons were sent out with sacks under their arms, to offer a high price for paper; and when a contrary effect was intended to be produced, as the Brissotines or Girondists commanded the Jacobin Club at that time, emissaries (that is a mob) were dispatched to threaten and send away the money changers. This speculation was carried on with such violence, that several of those speculators in money and paper were actually murdered on the spot by the emissaries sent against them. By this means Claviere could easily gain 10 per cent. on all drawing and redrawing, as he regulated the price of gold. The agents he sent over to England, when they drew on Paris, converted the amount into guineas, which were sent over and melted down. The bank finding this, and tracing great quantities of guineas into foreign parts, drew in, as it is called, or diminished their discounts to the London bankers, who immediately on their part diminished their credits with their country banking correspondents; and thus the bankruptcies of 1793 were brought on, and they would have been much greater had not Claviere been cramped in his operations by his colleagues, who did not compre-

hend the plan, and would not give him the 100 millions he demanded for its execution. To confirm this statement, we find Brissot, when in prison, in the following year, and about to perish, accusing the Jacobins of Robespierre's party for not allowing this operation to be carried on to a sufficient extent.

Such was the cause of the failures; the remedy applied to which is more generally known. Government created five millions of exchequer bills, which were left at the disposition of a committee, for the aid of commercial men. 3,500,000 were only issued, and the discredit ended so quickly by the bank extending its discounts, that many loans were demanded which were never accepted, and others were reimbursed before the expiration of three months, and with some small gain on the part of government.

The history of the last ten years, which has in almost every respect been unprecedented, does not contain any thing of greater importance than the effect it has had on the credit of individual commercial men; and it is to be hoped, as well as expected, that governments, as they involve the destiny of private persons by their transactions, will, on great occasions, stand forward as the British ministry did, in supporting that credit upon which national property sometimes depends, and with which it is at all times more or less connected.

When it becomes necessary to export coin for want of bills, it is a dangerous predicament for the country, and therefore every means ought to be taken to prevent it; but it is inevitable if the balance of trade be against us. It was notorious at the above time, that large quantities of gold and silver were received from France, of course none could be sent thither, as is obvious from the then course of exchange. The following calculation will serve for Amsterdam, viz,

One hundred guineas cost, with freight, insurance, and charges, - - - £. 106 13 0

Sold at f. 12 each is f. 1200 Agio, 100½ per cent. is banco f. 1193, 11. and at the average exchange of 38, 6, from January to

March 1793, is - - - £. 103 6 0

Loss, - - - £. 3 6 0

The

The price of guineas at Amsterdam was invariably £. 12 from January to the 12th of April 1793; but guineas were hardly ever in sufficient quantity in Holland to become an object of trade, until the British troops landed there in February 1793. The calculation for Hamburgh appears still more unfavourable.

100 guineas cost with charges	-	£. 106 13 0
They contain in ducat gold at Hamburgh 225 ducats, at 96½ banco per ducat,		
is marks banco 1357, at the average exchange of 35.3	-	102 10 6

Loss	-	£. 4 2 6
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The price of 96½ is the par for a ducat, which was about the average price for January, February, and March 1793. In this situation of foreign exchange, it was impossible that the coin of the country could have been exported in the usual course of things; individuals will not act contrary to their own interest, which operates in such cases more effectually than acts of parliament, and is in reality the only wise restriction which ought to exist in a country so much dependant on its trade. Individuals must pay freight, insurance, brokerage, and some other small expences, in addition to the loss on the price. The export of foreign gold and silver ought always to be free, and the bank ought to supply the demand whenever it shall arise, under a certainty that the export will produce a beneficial effect on the course of exchange, and thereby insure its return (provided the balance of trade is in our favour) with additional profit. If the balance be against us, whether arising from the deficiency of our trade, or as the result of subsidies paid to foreign powers, that balance must be liquidated by gold or silver; and if there be not sufficient foreign bullion in the country for the purpose, guineas must and will be sent, or bank-notes will be reduced to an enormous discount. It is in vain to prohibit what cannot be prevented; the severest law will only tend to throw that profit into the pocket of the smuggler, that would otherwise belong to the fair trader.

We should distinguish, however, between that drain which is the result of a balance against the country, and the forced operations for temporary purposes,

which government, with the aid of the bank of England, can more or less prevent. Thus, for instance, at the commencement of the French revolution, the comptroller-general endeavoured to draw silver from hence, and from other places, to serve temporary purposes at Paris, which the British minister stopped. If his object had been to benefit this country, or to distress the finances of France, he ought to have encouraged and promoted such operations; or, which would have been more effectual, he ought to have remained a silent spectator. Such was the state of exchange at the time, that each transaction cost twelve and a half per cent.; and as those operations could have been performed four, five, perhaps six times in the course of a year, the benefit to this country, and the loss to France, could only have been limited by the extent of the powers of the latter, and which must in time have been exhausted, when 100l. sent from hence to silver shall be found to return in two, or at most in three months, with an addition of 12l. 10s. for profit. Such transactions would have produced a real effect, without the aid of acts of parliament, or the hand of power, whilst the superficial speculations on the consequences of the assignats and mandates of France quickly vanished in smoke.

To the charter of the bank of England this country is indebted in a high degree for the prosperity she has enjoyed; and to a clause in that charter, which prohibits any other establishment of a similar description, we may look as to a shield to protect us against projects such as those of the South Sea, Mississippi, the Air bank, &c. &c. It ought to prove a decisive answer to those who have suggested an increase of paper, by means of a new bank, that the bank of England can and must issue to the full extent which the circulation of the country can support with safety, for their charter obliges them, and it is their interest so to do. A new establishment of the same sort might be a dangerous experiment: the paper of one, perhaps of both banks, might suffer a depreciation, and cease to circulate at par, and consequently to serve as a circulating medium. A difficulty arises from the consequences which result from the two extremes. In the case of too great an excess, depreciation and distress will inevitably follow; but if too much curtailed, the exertion and industry of the

country will be chilled or paralyzed, and its growing prosperity thereby prevented. The bank of England, from their central position, are most fortunately placed to form a correct judgment on this subject, and the amount of their notes in circulation will constitute a perfect barometer, resulting from long experience and practice.

The tranquillity, confidence, and general prosperity which succeeded the distress of 1793, continued through the years 1794, 1795, and part of 1796; but money again became scarce towards the end of that year, and the specie payments of the bank of England were suspended in the beginning of 1797, by the advice of the privy council. This very sudden transition from plenty to scarcity, from scarcity to distress, could arise from no common cause. Indeed, all convulsions in the circulation and commerce of every country must originate in the operations of the government, or in the mistaken views and erroneous measures of those possessing the power of influencing credit and circulation; for they are not otherwise susceptible of convulsion, and if left to themselves, they will find their own level, and flow nearly in one uniform stream.

The scarcity of guineas which took place towards the end of 1796, seems to have been in consequence of the increased amount of foreign subsidies and remittances to the continent for the public account. These had increased beyond the capacity of the current circulating paper to supply, and therefore could not be absorbed in the course of the year by the means of the balance of trade, but must be liquidated by gold and silver alone. At first, and indeed for many months, the bank acted in such a manner as to satisfy the public, and to keep the country quiet; but the demand for guineas must have been enormous. This will easily be understood, by a calculation of the profit to be obtained on exporting them to Hamburgh, in the months of January, February, and March, 1796. The price of gold abroad had advanced to 99 $\frac{3}{4}$ per ducat, which for 100 guineas makes 1402—12 marks banco, and at the average exchange of those months, 32.3 is £. 115 9 9 Deduct the cost, as before - - 106 13 0

Profit - - - - - 8 16 9

But as this was the highest price, it may be proper to quote the average of each month in 1796.

	Exchange in London.	Price of Gold at Hamburgh.	Produce on Exchange.	Profit.
In January	31.8	97 $\frac{1}{2}$	34.2	7 $\frac{1}{2}$
February	32.8	99 $\frac{3}{4}$	34.10	6 $\frac{1}{2}$
March	31.11	99	34.8 $\frac{1}{2}$	8 $\frac{1}{2}$

With such documents in the possession of every foreign merchant, it is easy to see that there must have existed some forced and unusual operation, by which the country was drained of its bullion and coin, beyond a possibility of continuing for any length of time; and this drain was in a great degree the imperial loan, aided by some other collateral circumstances.

As the public attention was particularly drawn to the imperial loan at the time, and as it formed the prominent feature in the remonstrances from the bank, it has been considered as the sole cause of the general embarrassment. But it was the magnitude of the sum, not the description of service, which created the difficulty. It must be indifferent to the country, if bullion is to be exported, to what service it is meant to be applied; but it is of infinite importance to know, whether the magnitude of the sum will exceed or fall short of the balance of our trade: and whether money so exported shall be applied to the payment of the British troops in Germany, for the foreign expenditure of fleets in the Mediterranean or Lisbon, or whether it shall be for an imperial loan or foreign subsidies, is exactly the same to the country; for whilst the balance of trade is favourable, the money will return.

It must not, however, be understood that foreign loans or foreign expenditures are subjects of indifference to the country; they are no doubt clear unequivocal losses, which the calamity of war has invariably produced. It is therefore most ardently to be wished that there should be no occasion for the exportation of bullion; but, during war, one of the most essential services that commerce can render for the aid and assistance of the public, is to furnish, from that treasure which the balance of trade has contributed to accumulate during peace, the gold and silver

silver which the exertions and exigencies of the state during war, shall require for the operations abroad during the war. It is by such means alone that the political and commercial powers have formed a combination of strength, both for offensive and defensive operations, which has astonished all Europe, although they have not always produced their proper effect. It was therefore not the nature or description of service which rendered the imperial loan so injurious; but so many drains acting at one time on the bullion of the country, of necessity produced the pernicious consequences. The alarm of the bank, and their remonstrances, were well founded, and their situation, if such operations had continued, was pregnant with real danger. They had struggled through the year 1796, and would certainly have surmounted every difficulty, as any further imperial loan had been abandoned, and the foreign exchange was turning in favour of the country, when an event happened which was decisive on the fate of the bank. This was the general rumour of a French invasion, which was confirmed in the minds of many, by the landing of a handful of French troops in Wales. This occasioned a panic, which gave rise to an immediate demand for money, to which neither gold nor silver bullion could be applied, as nothing would be accepted but the circulating coin of the kingdom. Persons of almost every description caught the alarm: tradesmen, mechanics, and particularly women and opulent farmers in the country, wanted guineas for the sole purpose of hording. In 1793, when confidence in the notes of country banks, and in every other description of paper, had vanished, those of the bank of England circulated with the utmost freedom, and without the slightest hesitation or doubt. But on this occasion bank-notes at first were considered almost as waste paper, so that it was impossible to satisfy the timid and ignorant with any other payment but guineas.

If this event had happened before the bank had been drained for foreign services, it might have produced a demand, which could have been supplied and parried with success, by means of their usual deposits, under a persuasion that the cause would soon be removed, on finding that the attempt on the part of the French was not supported. But it came at a

moment when their stock of guineas was already too low, and rendered the measure to which they adverted indispensable. The demand for guineas soon ceased, not because the desire of obtaining them had abated, but because the bankers and merchants united firmly to support the bank on their refusal to issue guineas, and to accept of their notes, in a voluntary manner, as a circulating medium. The cause of the calamity originated in those drains, which had previously existed, to supply the foreign loans and foreign services, on behalf of government, and which had never been properly combined with the capacity which the country possessed of supplying them; but what produced the crisis was the landing of the French troops. The timidity which appeared in many very sensible men on that occasion was surprising, since they must have known the impossibility of obtaining a sum in guineas in any degree proportionate to their property, as every person had an equal right to be supplied, and would hoard as well as themselves. Whatever sum they could obtain (as property, from its nature, cannot be entirely converted, but is more or less fixed or immoveable) would serve only for a short time, when their general property must serve at last for a purpose to which it is equally applicable from the first, namely, that of exchange or barter. If a foreign enemy could possibly land with an irresistible force, if the bank of England were annihilated, if the debt followed its fate, accompanied by general confusion, some order of things must either continue to exist, or soon be re-established. The circulating paper cannot entirely be destroyed; it must, in every event, preserve a certain value, unless it be in too great a quantity; in the first place it must liquidate, and at par, a large mass of engagements by a mutual exchange, as those who hold a large sum in paper have generally a large sum to pay. The balance which results after such liquidation will stand, however, in a very different predicament, and depends altogether on circumstances, but appears in such numerous intricate points of view, as to render a discussion very difficult. Those balances, however, even viewing them in their worst light, cannot be considered as of no value. Property must always exist under every government, and cannot be annihilated; its nominal value may vary considerably,

but its comparative value, although liable to be affected for a time by accidental circumstances, will in the end return nearly to what it was. The comparative advantages, therefore, of any one description over another, is at least dubious, and opens a wide field for opinion; it depends, in a great degree, upon the magnitude or value of such property.

Under every situation of convulsion or invasion, most of the gold and silver would disappear, and something must be substituted. In such a predicament, what substance can equal the paper of the bank of England, the extent being so moderate compared to the circulation of the country, and issuing totally independent of the government? It would even be for the interest of an invading enemy to support a bank so established, for by destroying it, they would deprive themselves of the means of drawing from it any advantage. When the French took possession of Amsterdam, they were wise enough not to touch the bank; and bank-money at Amsterdam is worth more since that invasion than it was before. It was, therefore, not impossible, but that even in such an event as is now stated by way of supposition, paper of this description, instead of being the worst, would prove the best security in which property could be invested. At all events a wheat-stack may be consumed by fire, and the whole of the capital lost, but something must attach to a bank-note in the worst of times, so long as the independence of the bank on government shall be preserved, and that their notes in circulation do not much exceed the sum stated by the directors to parliament, on the 25th day of February 1797, which then amounted only to eight million and a half.

The alarming situation of the bank abovementioned was quickly removed in consequence of the very high course of exchange with Hamburgh, which soon followed, and produced a prodigious influx of gold and silver, so that the panic subsided, and confidence was generally restored. In this pleasing state of things, it only remains to consider the effects of the temporary indemnity bill, which empowers the bank of England to retain its gold, to issue notes without restriction, and makes, as far as relates to their corporate capacity, their own notes a legal tender.

On this subject, Sir Francis Baring observes as

follows:—"I am aware of all the objections which can be urged against the making paper of any description a legal tender, and I should have been forward in opposition to every such plan or proposal, if the bank had not stopped payment. But though we have suffered the disgrace, no serious consequences have arisen; yet if the same disgrace shall happen a second time, we may not be equally fortunate with regard to the consequences. I desire, however, to be understood, that I do not recommend government paper of any description as a circulating medium between that and the paper of a corporate, independent, responsible company; there is a wide difference, a long interval indeed. The exchequer bills issued by the government can never circulate, and never will be taken as a medium, because the public can never rely on the amount being confined within proper bounds. So long as they are paid, or can be absorbed in the revenue soon after they become due, they are of use to the executive government, and a benefit to the public. But when the amount exceeds the means of liquidation, they become a dead weight, and clog every channel of the general circulation in such a manner, as to compel the minister to reduce them again within proper bounds. If this were not the case, exchequer bills and assignats would be synonymous terms, and ultimately experience the same fate. The assignats were issued originally under a plan and promise for their gradual extinction; but when it was found that they continued to issue to an amount far beyond what was extinguished, the discount bore a proportion to that amount, and finally swallowed up the principal. We were at one time induced to suppose, that the destruction of assignats in France was necessary for the salvation of Europe. But if the intention of this country was to distress France by every possible means, we ought to have used every endeavour to encourage and support the assignats in France, because they would have entailed an enormous debt on that country, for which taxes must have been imposed sooner or later to defray the interest. What a situation the two countries would have been in if peace could have been made, leaving the assignats in existence, with a discount of 70 or 80 per cent. thereby entailing upon the country the necessity of imposing taxes sufficient

to pay the interest, and of course augmenting the price of labour in a proportionate degree. At present the debt of France is trifling, and the taxes scarcely affect the price of labour, whilst our own taxes, for the purpose of defraying the interest alone, amount to upwards of 30s. for every head, and which for every labourer, who generally pays for many others besides himself, cannot be less than three or four times that sum.

“ Amongst many other expedients to promote the circulation of assignats in France, when they bore a large discount, one was to fix the price of provisions, every article at which the seller should be compelled to receive those assignats in payment, and which was called the law of the maximum. So long as the real discount on the assignats bore a tolerable proportion to the maximum price fixed on the provisions, all went on smooth and well, but when the discount advanced, the provisions disappeared, which was the chief cause of the distress and famine that then prevailed in that country. The same fate will infallibly attend all government paper, or paper of any description, whether exchequer bills or bank notes, which may be issued beyond a capacity in the circulation of the country to receive at par. Not even the system of Robespierre could induce the farmers or graziers to sell corn and meat at the nominal price of the assignats; in a very short time, notwithstanding the terror of the guillotine, two prices were established by universal practice, the one for money, the other for assignats; the interval, however, had been dreadful, having produced real distress and famine. Let not the policy of this country fall into similar mistakes: if the government shall repose so much confidence in the bank of England, as to continue the present indemnity bill, it seems reasonable that the bank should be restrained and limited in the amount for which their notes shall be issued, as a security to the public with regard to the ability of the company afterwards to pay them, and also to prevent their becoming, either directly or indirectly, the means of introducing government paper as the circulating medium of the country. But if they are not thus restricted, and having besides the privilege of making their notes a legal tender for themselves, it seems to follow, in point of justice, that du-

ring the continuance of this indulgence, the same privilege should be allowed to the community at large, by making bank notes a general legal tender. The gentlemen in the profession of the law are very naturally against making them a legal tender, which is not surprising, since it is a principle abhorrent to the constitution of the country, and which nothing but absolute necessity can justify. The question, however, is not whether we shall do that which in itself is most desirable and right, for something stronger than opinion has already decided the point; but whether the public are disposed from motives of prudence and foresight, to take the only actual measures to prevent a return of those convulsions to circulation and commercial credit, which may possibly arise from the circumstances already described; and in this case it should be considered, whether the making bank notes a general tender for a time, and limiting the amount, is not better security for the public against abuse and danger, than to suffer the bank to remain with an exclusive protection, and a power to issue notes without limitation.”

Upon the whole, it seems peculiarly unjust, that by the indemnity act the governor and company of the bank of England should have the privilege of making their own notes a legal tender, and of paying them instead of gold to their creditors, and to every individual who receives payment at the bank; because, although a person is obliged to receive these notes instead of money at the bank, yet as they are not made a general legal tender, no one is obliged to receive them from him; so that with thousands in his pocket, his goods may be taken in execution, and himself committed to gaol, if his creditor do not choose to take bank notes in liquidation of the debt. But it is devoutly to be hoped that the indemnity bill will not be persisted in, but that the bank of England will continue its payments in sterling gold; and that the necessity of making paper a legal tender in any case will be thus superseded and done away. For since we have obtained a permanent peace, we may look forward to more auspicious times, when our commerce, no longer employed in the instrument of war, shall serve to extend our friendly and beneficial intercourse with mankind; and when our credit, established on its firmest foundations, peace, economy,

and

and liberty, shall secure to Great Britain that dignified respect and honour which will again elevate her to the state of being the most envied nation in the world.

As the bank of England never makes any advances either to government or to individuals, without holding a security that insures repayment within a limited time, and that never very distant, any thing like a serious run upon it is impossible. To illustrate this we must have recourse to hypothesis, and suppose that a general panic or discredit rose to such a height, as to incline all those who could, to realize their notes in gold. The case would be thus:

In every nation there are two sets of monied people, the one engaged in business, and only receiving money in order to pay it away again. There are another set who hoard or keep unemployed a part of their capital, and who have a certain sort of enjoyment in the possession of ready money, by means of which they have the feeling that they can supply their wants at any time.

In addition to those two classes of monied persons comes that portion of the public at large to whom money only comes in sufficient quantity to purchase what is expended in the course of living.

To the first and last classes bank paper is, so long as it passes at all, equally good as metallic money; to the other class, that has the disposition to hoard, gold and silver are preferable.

In this commercial and manufacturing country the class of monied people who wish to hoard is exceedingly small; and as experience has proved that stock in the three per cent. consols is realisable at a few hours notice at any time, the quantity of guineas wanted for the purpose of those hoarders is very inconsiderable indeed.

The wishes of the miserly class operate in a run upon the bank at a time of discredit; but the wants of the other two classes require that notes should remain in circulation; so that a constant action and re-action takes place that will, in every case in this country, soon put a stop to the run upon the bank.

Suppose the bank has in circulation 15,000,000 in notes, and only 3,000,000 in specie in its coffers, and that a run begins, then the bank, in its self-defence, will

refuse farther discounts to merchants or advances to government; so that every day will decrease the quantity of paper in circulation. One-half at least of the paper out at any time is issued on securities that return in two months, one-third of it at least being in discounts to merchants, and all under two months. Seven millions and a half will then come in, in about seven weeks and a half; suppose (to save fractions) one million a week, or 143,000l. every day, Sunday included. Suppose that during the same period the bank pays 157,000l. a day in cash, which would keep the tellers very seriously occupied, then 300,000l. of paper would return every day, except Sunday, when 143 only would come in. This would make in 20 days a diminution of six millions, before which time the trading part of the nation would find there was not enough of paper to serve for the usual purposes; bank notes would then become a commodity in demand; they would be all employed; and the hoarders must find some other mode of collecting gold than by going with notes to the bank of England.

In France, which never was a commercial country, proprietors of public stock could not always realise their effects; the class of hoarders was great in comparison to the other two classes. A run on a bank there was natural and unavoidable in cases of discredit; add to which, the quantity of specie in circulation was sufficient for the business of the day without the aid of paper, which at the best of times only circulated in the metropolis itself.

Having seen in our own days repeatedly this discredit and run upon a bank at Paris which was in itself solvent; having seen private banks in this country liable to the same ruinous event; it is natural enough to suppose that the bank of England partakes of the danger to which so many other establishments of the same sort are liable; but though this opinion be natural it is unfounded. No panic, no discredit can ruin the bank of England. Nothing less than a disaster attending the government, and a suspension of the revenues of the country, can bring on its destruction; it is therefore to be hoped that those useless fits of uneasiness which we have sometimes witnessed, will never more take place, as they arise only from a total ignorance of circumstances, and the nature of the business.

While it is evident that the bank is entitled to the full confidence of persons of all descriptions, and they are solicited to avoid an useless panic and unfounded mistrust, it is to be hoped also that the bank will act on all occasions with liberality to commercial men, and repose in them that confidence which they merit, and which, when occasionally withdrawn, has been attended with the most disastrous consequences.

Until after the suspension of specie payments in February 1797, the quantity of paper issued by the bank was kept a profound secret; but it has since been published, to the no small credit of the bank.

The issues in 1800 were as follow:

From	Notes of 5l. and above. £.	Notes of 1l. and 2l. £.	Totals. £.
25th Oct. to 25th Nov. 1800,	15,816,700	2,061,700	15,878,400
25th Nov. to 25th Dec.	13,135,500	2,148,700	15,284,200
25th Nov. to 25th Jan. 1801,	13,845,800	2,519,400	15,365,200

Since the bank made its payments in paper, the credit of the country, and of that establishment, has increased, which is a great and unanswerable argument in favour of publicity, *where there is good management at the bottom*. Had not the accounts been made publicly known, the whole of the inconveniency and evil arising from the high price of provisions would have been attributed to the increased circulation of the bank; but as matters stand, that is impossible, as the one and two pound notes scarcely supply the place of the gold which used to circulate, and which has disappeared since their emission.

The charter of the bank of England, granted by William and Mary, in the year 1695, is as follows:

The corporation, or body politic and corporate, established under the name of the Governor and Company of the Bank of England, is empowered to buy and sell manors, lands, &c. and all sorts of goods and chattels not particularly excepted in said charter, also to sell, alienate, and dispose of the same. They may sue, implead, be sued or impleaded, answer and defend, in the same manner as any other corporate body. They shall have a common seal, and have power to alter and renew it as they may think proper. The stock of the company, consisting of 1,200,000l. to be reputed and esteemed the common capital and

principal stock of the corporation, in which each subscriber shall have a share, in proportion to the sum or sums subscribed. The first governor, deputy-governor, and twenty-four directors, chosen by a majority of stockholders, not being possessed individually of less than 500l. stock each, are then nominated until the 25th day of March 1696; and it is made lawful for the company to assemble for the choice of a governor, deputy-governor, and directors, and to make bye-laws, ordinances, rules, orders, and directions for the government of the said corporation, and for any other business concerning it, on giving public notice, affixed on the Royal Exchange, twelve days at least previous to the said meeting.

The members present to form a general court. Provisions are then made in case of death, and for calling and regulating the meetings, for the purpose of annual elections, &c. each voter being constantly under the obligation of swearing to the *bona fide* and actual possession at the time of 500l. or more of said stock, limiting each to one vote only, whatever greater share of stock he or they may hold. The governor must have 4000l. stock, and the deputy-governor 3000l. and be British born subjects, or naturalized; the whole body of directors being chosen from such proprietors as are British subjects, and hold each at least 2000l. stock. On selling any portion of stock after election, so as to reduce the actual portion held to less than would qualify as above, the place of governor, deputy-governor, or director is to be vacated, and others to be chosen in their place. All persons elected must previously have taken the oaths appointed by an act for abrogating of the oaths of supremacy and allegiance, and for appointing other oaths, and also an oath declaratory of his holding the quantity of stock regulated as aforesaid; and, after his election, every governor, deputy-governor, or director, must take an oath to preserve the privileges and liberties of the bank, defend its interests, and promote its prosperity, to the best of his power and understanding. The said oaths to be administered by the lord chancellor of England, chancellor of the exchequer, lord chief baron of the exchequer, or by the preceding governor or deputy-governor. The individual stockholders are, previous to their voting on an election or general question, to take the oaths required in the

act for abrogating the oaths of supremacy and allegiance, and appointing other oaths. This they are to do in presence of the governor or deputy-governor, who are empowered by the charter to administer the same. The individual voter must also swear to act according to the best of his understanding, and in every general court to forward the interests of the corporation. The governor and directors are furthermore authorized to administer an oath to all inferior agents or servants, to the purport of their faithful discharge of duty in their respective places. The term of ten days after the election to be allowed for taking the aforesaid oaths, but no longer.

It is next ordained, that no dividend shall be made, except out of sums arising from lawful commerce carried on by said corporation, or the interest of money lent to government; nor can it be done without the previous consent of a general court of proprietors.

There are to be four general courts held annually, viz. in April, July, September, and December, which are to be called by the governor, or, in his absence, by the deputy-governor; and in case of a failure of holding the said courts, by the default of the governor or deputy-governor, any three or more directors may call a general court to be held the ensuing month. And it is farther ordered, that on the demand or requisition of any nine stockholders, having votes, the governor or deputy-governor shall call a general court; and in case of default of the governor or deputy-governor, the said nine members may call such general court themselves, by affixing ten days notice in writing on the Royal Exchange; which general court shall be competent to hear and dispatch any business relative to the affairs of the corporation, and to hear and debate any complaints that shall or may be made against the governor, deputy-governor, directors, or any of them, for mismanagement; and if the person or persons so accused do not clear himself or themselves of such accusation to the satisfaction of a majority of the court, that then another court shall be held, in ten days more, in order finally to determine the same by a majority of votes, and which may displace the said governor, deputy-governor, or directors, for such misdemeanors or abuse of office, and choose others in their place.

In case of death, or the office of a governor, &c. becoming void, then a general court is to be called for the purpose of naming a successor, who shall remain in office till the next ensuing general election.

The governor, deputy-governor, and directors, or thirteen of them, of which the governor or deputy must always be one, may, from time to time, meet at any convenient place, and as often as they see cause, to manage the affairs of the corporation, or to call general courts; and in such cases they are to act according to such bye-laws, constitutions, orders, rules, or directions as shall, from time to time, have been made by the general court; and where such rules, orders, or bye-laws are wanting, they are to direct and manage the business of the corporation in borrowing and receiving money, giving security for the same under the common seal, and in their dealing in bills of exchange, goods, wares, or merchandizes whatsoever, as shall really and *bona fide* be left or deposited with the said corporation for money lent or advanced thereon, and which shall not be redeemed at the time agreed, or within three months after, or in selling such goods as shall be the produce of lands purchased by the said corporation, or in the lending or advancing of the monies of the said corporation, and taking pawns or other securities for the same, and to choose or appoint agents, servants, &c. subject, nevertheless, to such restrictions, limitations, &c. as are in that case ordained.

The method of making transfers is next established, whether personally, or by warrant of attorney. It is provided also, that any person holding stock may dispose of or devise the same by his last will or testament, witnessed by three or more credible witnesses; but the devisee cannot transfer the same, or be entitled to receive any dividend, until an entry or memorandum of so much of the said will as relates to the said stock shall have been made in the book or books to be kept for that purpose.

The governor or deputy-governor to have no vote, except where there is an equality, either in a general court, or court of directors. Provided, nevertheless, that all things which the governor, or deputy governor, or directors shall, in manner as aforesaid, order and direct to be done by such committees, or other persons under them, shall and may be done by such

persons so appointed. It is then declared, that the most favourable construction for the said corporation of the bank shall be put upon every thing contained in said letters patent, notwithstanding any defect, non-recital, &c. that may be therein. A promise then follows by the sovereign for his heirs, &c. to grant whatever they lawfully may, and as may be reasonably advised and devised by counsel learned in the law on the part of the bank, and as shall be approved of by the attorney and solicitor general for the time being.

By writ of privy seal, 27th July 1695.

Method of opening an account with the bank of England.

Accounts opened at the bank are either

1. Cash accounts, or
2. Discount accounts, for the purpose of discounting only.

To open the former, application must be made to the chief clerk of the drawing office in the hall, who will deliver a book, on the parties paying in 500l., being the lowest sum with which an account can be opened.

To open the latter account, application must be made to a director, in order to its being laid before the court of directors for their approbation.

When approved of, the account is raised in the same manner as the cash account, by application to the chief clerk of the drawing office, where the signature or signatures are taken in a book kept for the purpose, where also the accounts are kept, and, when required, powers of attorney are granted, to enable persons to act for their principals.

The chief clerk of the drawing office then gives the party a book, wherein the said account is opened. This book the party keeps in his possession, and also receives a quantity of checks, on which he draws out such sums as he occasionally requires.

In the books, different columns are appropriated for the entries of *cash paid*, *cash received*, and also for the entries of *bills deposited* in the bill office until due, which when received are passed forward in the party's book.

To pay cash into the bank, take it with the book to one of the tellers, who gives a voucher to the drawing office, and it will be immediately entered to your credit; and when you have occasion to pay, draw the sum wanted upon one of the checks in the following manner:

Jan. 7th, 1803.

To the cashiers of the bank of England.

Pay to John Doe, or bearer, one hundred pounds.

£.100

A. B. C.

This is immediately complied with, and the account debited accordingly in the bank books.

When you wish to have your accounts examined, carry the book and leave it in the accountant's office, where all drafts paid are written off the bank book, and returned cancelled to the drawer.

No money will be paid either to yourself or order without such a *check* or *draft*, or a *write-off*, which is a printed slip of paper, with a blank for the sum. These slips are always hung up with pens and ink, at a desk in the great hall, and are filled up as follows:

Jan. 7th, 1803.

Write off from my (*or our*) bank book the sum of one hundred pounds.

£.100

A. B. C.

Upon delivering the same with your book to one of the clerks of the drawing office, he writes off the sum required, and gives money or notes thereon, reserving the write-off as a voucher.

Bills payable in London, which are intended to be received, should be indorsed and taken with the book to the bill office, where they are written in short; these are allowed in the bank book so left, the day after they are paid. The charges of noting and protesting are paid to the clerks of the bill office; the bills dishonoured are returned by them.

If it be intended that the bank shall pay any bills that are drawn upon you, accept them payable at the bank; and before they become due an order must be addressed to the cashiers of the bank to pay the same when due, which order is a short abstract of a *bill book*, specifying by whom drawn, to whom payable, the amount, and day when due, which order must be signed by the acceptors, in the same manner as if it were a draft for cash.

No bill can be discounted for less than 100l.; but there is no limit to their amount, provided the directors are satisfied of the responsibility of the drawers, acceptors, and indorsers. No bills at a longer date than two months are discounted.

Bills intended for discount are to be sent to the discount office, with a list of the same, containing

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the names on whom drawn, the day when due, and sum, subscribed by the person or persons who send them in to be discounted.

The chief clerk of the discount office lays the bills before the committee, who either allow or reject the same without assigning any cause. In the former case the money is paid immediately, with a deduction of the discount, by application to the drawing office.

The bank will receive by way of deposit from any of their customers *bullion, jewels, or other effects* which are not bulky, and take care of them till they are called for. But no receipt will be given for them, nor will the bank be responsible for their security, as they do not make any charge for the attendance of their clerks, either at the receipt, delivery, or for the deposit.

Articles so deposited are sealed and ticketed with the names of the owners, who may have them returned in the same state as delivered.

No person is obliged to pay a personal attendance for any transaction with the bank, opening accounts excepted; but may send another with the book of entries, &c. and the business of every person is dispatched in his turn.

Exclusive of discounting bills the bank will advance money on government securities, or on a deposit of foreign specie or bullion; they will likewise purchase gold and silver bullion (after assaying), Spanish dollars, &c.

BANK OF AMSTERDAM. Previous to the year 1609 the great quantity of clipp and worn foreign coin, which the extensive trade of Amsterdam brought from all parts of Europe, reduced the value of its currency about nine per cent. below that of good money fresh from the mint. The new money no sooner appeared than it was melted down and carried away, as it always will be in similar cases; so that a sufficient quantity of good money to pay bills of exchange, and perform the other operations of commerce, was wanting; and the value of those bills, in spite of several regulations made to prevent it, became in a great measure uncertain. To remedy this inconvenience, a bank was established in 1609, under the guarantee of the city. The bank received both foreign coin and the light and worn coin of the country, at its real and intrinsic value, according to the

good standard money of the country, deducting only so much as was necessary for defraying the expence of coinage and management. For the value which remained, after this small deduction was made, it gave a credit in its books. This credit was called *bank money*, which, as it implied or expressed money newly coined according to the standard of the mint, was always of the same real value, and intrinsically worth more than current money. It was at the same time enacted, that all bills drawn upon or negotiated at Amsterdam, of the value of 600 guilders and upwards, should be paid in bank money. Every merchant, in consequence of this regulation, was obliged to keep an account with the bank, in order to pay his foreign bills of exchange, which necessarily occasioned a certain demand for bank money.

Bank money, over and above its fixed intrinsic value, has likewise several other advantages: it is secure from loss by fire, robbery, or other like accidents; the city of Amsterdam is security for its payment; it can be paid away to any amount by a simple transfer, without the trouble of counting, or the risk of transporting it from one place to another. In consequence of those different advantages, it seems from the beginning to have borne an *agio*; and it is generally believed that all the money originally deposited in the bank was allowed to remain there, nobody caring to demand payment of a debt which he could sell for a premium in the market. Besides this, money could not be brought from those coffers without previously paying for keeping it. These deposits of coin, or which the bank was bound to restore in coin, constituted the original capital of the bank, or the whole value of what is represented by bank money. At present they are supposed to constitute but a very small part of it. To facilitate the trade in bullion, the bank has been for many years in the practice of giving credit in its books upon deposits of gold and silver bullion: this credit is generally about five per cent. below the mint price of such bullion. The bank grants, at the same time, what is called a receipt, entitling the person who makes the deposit, or the bearer, to take out the bullion again at any time within six months, upon re-transferring to the bank a quantity of bank money equal to that for which credit had been given in the transfer books.

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