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PAPER-MONEY—BANKS.

PART I.—PAPER-MONEY.

Utility of paper-money.

We endeavoured to explain, in the fifth section of the article Money, the reasons why paper has been used as a substitute for coins in the ordinary transactions of society, and the principles on which its value is maintained. It is consequently unnecessary to enter at length, on this occasion, on either of these subjects; but, to facilitate the understanding of what is to follow, we may shortly observe, that the employment of paper as a medium of exchange is an obvious means resorted to by society for saving expense and facilitating payments. An individual or an association, in whose wealth and discretion the public have confidence, issues promissory notes, binding himself or themselves to pay certain sums on demand, or at some specified period after the date of the notes. And it is obvious, that so long as these notes are punctually paid when due, and are not issued in excess, their circulation, besides being a source of profit to the issuers, is a great public accommodation. The weight of 1000 sovereigns exceeds twenty-one pounds troy, so that to pay or receive a large sum in metal would be exceedingly inconvenient; while there would be a great risk from loss, as well as a heavy expense incurred in the conveyance of specie from place to place. But with paper this may be effected with extreme facility, and payments of the largest sums, and at the greatest distances, may be

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made with almost no inconvenience or expense. And while the interest of individuals is thus consulted by the introduction and use of paper, it is of the greatest service to the public. Its employment, and the various devices for the economizing of currency to which it has led, enable the business of a commercial country like England to be carried on with a *tenth part*, perhaps, of the gold and silver currency that would otherwise be necessary. The cheapest instruments by which exchanges can be effected are substituted in the place of the dearest; and, besides doing their work better, this substitution enables the society to employ the various sums they must otherwise have employed as money, as capital in industrious undertakings, by which the public wealth and comforts are largely augmented. Of the various means, whether by the introduction of machinery or otherwise, that have been devised for promoting the progress of wealth and civilization, it would not be easy to point out one better calculated to attain its end than the introduction of a properly organized paper-money.

Definition of paper-money.

But paper-money, like many other highly useful inventions, is liable to great abuse, and, if not issued on sound principles, may become the cause of much mischief. By paper-money we mean notes issued by individuals or associations, for certain sums, and made payable on demand, or when presented. This description of paper is known in this country by the name of bank-paper, or bank-notes, from its being issued only by bankers. Bills of exchange, or bills issued by bankers, merchants, or other individuals, and payable some time after date, perform, also, in some respects, the functions of money; and being transferred from individuals, make payments much in the same way as if they consisted of bank-notes for the same amount.

Distinction between paper-money or bank-notes and bills of exchange.

But though there are many points in which a bill of exchange and a bank-note closely resemble each other, there are others in which there is a distinct and material difference between them. A note bears to be payable on demand; it is not indorsed by a holder on his paying it away; the party receiving has no claim on the party from whom he received it, in the event of the failure of the issuers;[1] and every one is thus encouraged, reckoning on the facility of passing it to another, to accept bank-paper, "*even though he should doubt the ultimate solvency of the issuers.*"[2] Bills, on the contrary, are almost all drawn payable at some distant period; and those into whose hands they come, if they be not in want of money, prefer retaining them in their possession, in order to get the interest that accrues upon them. But the principal distinction between notes and bills is, that every individual, in passing a bill to another, has to indorse it, and by doing so makes himself responsible for its payment. "A bill circulates," [illegible] dence placed by each receiver of it in the last indorser, his own correspondent in trade; whereas the circulation of a bank-note is owing rather to the circumstance of the name of the issuer being so well known as to give it an universal credit."[3] Nothing, then, can be more inaccurate than to represent bills and notes in the same point of view. If A pay to B L.100 in satisfaction of a debt, there is an end of the transaction; but if A pay to B a bill of exchange for L.100, the transaction is not completed; and, in the event of the bill not being paid by the person on whom it is drawn, B will have recourse upon A for its value. It is clear, therefore, that a great deal more consideration is always required, and may be fairly presumed to be given, before any one accepts a bill of exchange in payment, than before he accepts a bank-note. The note is payable on the instant, without deduction—the bill not until some future period; the note may be passed to another without incurring any risk or responsibility, whereas every fresh issuer of the bill makes himself responsible for its value. Notes form the currency of all classes, not only of those who are, but also of those who are not, engaged in business, as women, children, labourers, &c. who in most instances are without the power to refuse them, and without the means of forming any correct conclusion as to the solvency of the issuers. Bills, on the other hand, pass only, with very few exceptions, among persons engaged in business, who are fully aware of the risk they run in taking them. There is plainly, therefore, a wide and obvious distinction between the two species of currency; and it cannot be fairly argued, that because government interferes to regulate the issue of the one, it should also regulate the issue of the other.

When, therefore, we speak of notes, or paper-money, we mean notes issued by banks, and payable on demand. And unless when the contrary is mentioned, it is to these only that the subjoined statements apply.

Regulations with respect to the issue of notes.

To obviate the endless inconveniences that would arise from the circulation of coins of every weight and degree of purity, were there no restrictions on their issue, all governments have forbidden the circulation of coins not of a certain specified or standard weight and fineness. And the recurrence of similar inconveniences from the issue of notes for varying sums, and payable under varying conditions, have led, in all countries in which paper-money is made use of, to the enacting of regulations forbidding the issue of notes below a certain amount, and laying down rules for their payment. In England at this moment no note payable to bearer on demand can be issued for less than five pounds, and they must all be paid the moment they are presented. In Scotland and Ireland the minimum value of bank-notes is fixed at one pound, the regulations as to payment being the same as in England. In order to preserve the monopoly of the London circulation to the Bank of England, no notes payable to bearer on demand are allowed to be issued by individuals or associations, other than the Bank of England, within sixty-five miles of St Paul's. But beyond these limits every one who complies with the above regulations as to the minimum amount of notes, and who promises to pay them on demand, may, on paying the stamp-duty, and making returns of the issues to the stamp-office, circulate any amount of notes they can succeed in getting the public to take off.

Regulations as to the issue of notes defective.

We think it might be safely inferred, even if we [illegible] so issued, experience of the actual [illegible] unavoidably lead to the great- that a syst[illegible] The public is very apt to be deceived, in the first instance, in giving confidence to or taking the paper of an individual or an association; and though that were not the case, the condition of the individual or company may subsequently change from bad or expensive management, improvident speculation, unavoidable losses, and fifty other things of which the public can know nothing, or nothing certain. The fact that any particular banker who issues paper enjoys the public confidence, is, at best, a presumption merely, and no proof that he really deserves it. The public believes him to be rich and discreet; but this is mere hypothesis; the circumstances which excite confidence at the outset, and which preserve it, are often very deceptive; and in the vast majority of instances the public has no certain knowledge, nor the means of obtaining any,

[1] Practically speaking, this is the fact; but a person paying away a bank-note is liable to be called upon for repayment should the bank fail before it was in the power of the party to whom it was paid, using ordinary diligence to present it. The responsibility seldom exceeds a couple of hours, and can hardly in any case exceed a couple of days. In practice it is never adverted to.

[2] Thornton on Paper Credit, p. 172.

[3] Ibid. p. 40.

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as to the real state of the case. But it is unnecessary to argue this point speculatively. There have, unfortunately, been innumerable instances in which it has turned out that bankers who had long been in the highest credit, and whose notes had been unhesitatingly accepted by the public, have been found to be, on the occurrence of any thing to excite suspicion, quite unable to meet their engagements.

The confining of the issue of notes to joint-stock associations would not give them additional security or value.

It has been supposed that the objections to the issue of notes on our present system, because of the risk of non-payment, might be obviated were they issued only by associations or joint-stock companies. But it is not easy to see on what principle leave should be granted to fifty or sixty individuals to do that which is to be denied to five or six. And though this difficulty were got over, the measure would not have the effect supposed. A single individual may possess more wealth than a number of individuals associated together; and the chances are, that if he engage in banking, or any other business, it will be better managed than by a company. Under our present system, and in fact it is impossible to prevent it under any system, the partners in joint stocks, as in other banks, may be men of straw, or persons without property, and unable to fulfil their engagements. It is of the essence of a secure and well-established paper currency, that the notes of which it consists should be of the exact value of the gold or silver they profess to represent, and that, consequently, they should be paid the moment they are presented. But it is not enough to order that this condition shall be uniformly complied with. Such order is obeyed only by the opulent, prudent, and conscientious banker, and forms little or no check on the proceedings of those of a contrary character. It is the latter class, however, that it is especially necessary to look after; and it is needless to say that any system that permits notes to be issued without let or hindrance by speculative, ignorant, or unprincipled adventurers, must be essentially vicious.

The issue of notes affords great temptation to, and facilities for, the commission of fraud.

The issue of notes is of all businesses that which seems to hold out the greatest prospect of success to the schemes of those who attempt to get rich by preying on the public. The cost of engraving and issuing notes is but an inconsiderable item compared with the sums for which they are issued; and provided they be got into any thing like extensive circulation, they become at once considerably productive. They are not issued, except, as explained in the article Money (sect. 5), on the deposit of bills or other securities, yielding a considerable rate of interest; so that if an individual, or set of individuals, with little or no capital, contrive, by fair appearances, promises, and similar lic confidence, insinuate himself or themselves into the pub- L.100,000 in circulation, he or they secure L.50,000, or in the mean time; and when the bubble bursts, and the imposture is detected, they are no worse off than when they set up their bank. On the contrary, the presumption is, that they are a great deal better off; and that they have taken care to provide, at the cost of the credulous and deceived public, a reserve stock for their future maintenance; hence, seeing the facilities for committing fraud are so very great, the propriety, or rather necessity, of providing against them.

Bank-paper substantially legal tender.

It has sometimes been contended, in vindication of our present system, that bank-notes are essentially private paper; that the accepting of them in payment is optional; and that as they may be rejected by every one who either suspects or dislikes them, there is no room or ground for interfering with their issue! But every body knows that, whatever notes may be in law, they are, in most parts of the country, practically and in fact, legal tender. The bulk of the people are totally without power to refuse them. The currency of many extensive districts consists in great part of country notes, and such small farmers or tradesmen as should decline taking them would be exposed to the greatest inconveniences. Every one makes use of, or is a dealer in, money. It is not employed by men of business only, but by persons living on fixed incomes, women, labourers, minors, and in short by every class of individuals, very many of whom are necessarily, from their situation in life, quite unable to form any estimate of the solidity of the different banks whose paper is in circulation. Such parties are uniformly severe sufferers by the failure of banks. The paper that comes into their hands is a part of the currency or money of the country, and it is quite as much a part of the duty of government to take measures that this paper shall be truly and substantially what it professes to be, as that it should take measures to prevent the issue of spurious coins, or the use of false or deficient weights and measures.

Security ought to be taken from the issuers of notes.

Now, it will be found, should the circulation of provincial notes be allowed to continue, that there is but one means of making sure of the solvency of the issuers, and of providing for their being paid when presented; and that is, by compelling all issuers of such notes to give security for their payment. This, and this only, will hinder the circulation of spurious paper, and afford a sufficient guarantee that the notes the public are obliged to take are really, and in fact, what they profess to be. The measure, too, is one that might be easily enforced. To carry it into effect, it would merely be necessary to order that all individuals or companies, on applying for stamps, should be obliged, previously to their obtaining them, to lodge in the hands of the commissioners an assignment to government stock, mortgages, landed or other fixed property, equivalent to the amount of the stamps issued to them, to be held in security for their payment.

It has been objected to this plan, that it would be injurious, by locking up a portion of the capital of the banks; but this is plainly an error. Its only effect in this respect would be to force such banks as issued notes to provide a supplemental capital, as a security over and above the capital required for conducting their business. But this supplemental capital would not be unproductive. If it consisted of lands, the owners would receive the rents; and if it consisted of government securities, they would receive the dividends or interest due upon them, precisely in the same way that they are received by other persons; while the fact being known that they possessed this supplemental capital, or that they had lodged security for the payment of their notes, would, by giving the public perfect confidence in their stability, enable them to conduct their business with a less supply of floating or immediately available capital than would otherwise be necessary.

It is absurd to object to this plan on the ground of its interference with the private pursuits of individuals. It is business or pursuit that might otherwise become publicly injurious. On this principle it interferes to prevent the circulation of spurious coins, and of notes under a certain sum, and not payable on demand; and on the same principle it is called on to interfere to prevent the act ordering the payment of notes becoming again, as it has very frequently done already, a dead letter, by making sure that it shall be complied with. The interference that would take place under the proposed measure is not only highly expedient, but would be of the least vexatious kind imaginable. All that is required of the persons applying for stamps for notes is, that they should deposit in the hands of the commissioners a certain amount of exchequer bills, or other available securities, according to their demand for stamps. They are not asked to state how they mean to dispose of these stamps,—to whom or in what way they are to be issued. They are merely required to give a pledge that they shall be paid, or that they shall not be employed, as so many others have been, to deceive, or defraud the

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public. It is little else than an abuse of language to call this an interference with private affairs.

The taking of security in the way now suggested, from the issuers of notes, would effectually provide for their payment when presented. Adventurers without capital, and sharpers anxious to get themselves indebted to the public, would find that banking was no longer a field on which they could advantageously enter. Notes would be made, in fact as well as in law, equivalent to the specie they profess to represent; and the paper currency would acquire a solidity of which it is at present wholly destitute.

The exacting of security from the issuers of paper would not obviate fluctuations in its amount and value, and would not, therefore, place the currency on a proper footing.

But though the plan of taking security would completely obviate the risk of loss from the circulation of worthless paper, or of paper issued by parties without the means, and probably also the inclination, to pay it on presentation, it would not touch another abuse inherent in the present system, that is, it would leave the currency exposed, as at present, to all those constantly recurring fluctuations in its amount—those alternations of glut and deficiency—by which it has been affected since provincial banks became considerably multiplied, and which are in the last degree injurious. A paper currency is not in a sound or wholesome state,—unless, 1*st*, means be taken to insure that each particular note or parcel of such currency be paid immediately on demand; and unless, 2*d*, *the whole currency vary in amount and value exactly as a metallic currency would do were the paper currency withdrawn and coins substituted in its stead.* The last condition is quite as indispensable to the existence of a well-established currency as the former; and it is one that cannot be realised otherwise than by confining the issue of paper to a single source.

All local issues of paper-money should be suppressed.

It is supposed by many, that there can be no greater fluctuations in a paper than in a metallic currency, provided the paper rest on an undoubted basis, and be regularly paid the moment it is presented. But this is an error. Wherever there are numerous issuers, there may be, and the chances are fifty to one there will be, perpetually recurring fluctuations in the amount and value of the currency. An over-issue of convertible paper is not, of course, indicated by any difference between the value of such paper and gold at home, but it is indicated by a fall of the exchange, and by an efflux of bullion to other countries. If paper were only issued by the Bank of England, or some one source in London, and then only in exchange for bullion, the currency would be in its most perfect state, and would fluctuate exactly as it would do were it wholly metallic. But at present it is quite otherwise. The currency is supplied by hundreds of individuals and associations, all actuated by different and frequently conflicting views and interests. The issues of the Bank of [illegible] the state of the exchange, or rather by the influx and efflux of bullion, increasing when it flows into, and decreasing when it flows out of, the country. But it is quite otherwise with the provincial bankers. Their issues are not regulated by any such standard, but by the state of credit and prices in the districts in which they happen to be situated. If their managers suppose that these are good or improving, they rarely hesitate about making additional issues. Hence, when the state of the exchange, and the demand on the Bank of England for bullion, show that the currency is redundant, and ought to be contracted, the efforts of the Bank to effect its diminution are often impeded, and met by a contrary action on the part of the country banks. This is not owing to the ignorance of the latter. Under the supposed circumstances, the country bankers see, speaking generally, that they ought also to contract; but being a very numerous body, comprising several hundred establishments scattered over all parts of the country, each is impressed with the well-founded conviction, that all that he could do in the way of contraction would be next to imperceptible; and no one ever thinks of attempting it, so long as he feels satisfied of the stability of those with whom he deals. On the contrary, every banker knows, were he to withdraw a portion of his notes, that some of his competitors would most likely embrace the opportunity of filling up the vacuum so created; and that consequently he should lose a portion of his business, without in any degree lessening the amount of paper afloat. Hence, in nineteen out of twenty instances, the country banks go on increasing their aggregate issues long after the exchange has been notoriously against the country, and the Bank of England has been striving to pull up.

Issues of country bankers not dependent upon the exchange.

Efforts of the Bank of England to stop the efflux of bullion in 1836 counteracted by the country banks.

The circumstances now stated were strikingly exemplified in the course of 1836 and the early part of 1837. The excessive multiplication of joint-stock banks in 1836, the great additions they made to the number of notes afloat, and the still greater additions they made to the number of bills, checks, and other substitutes for money, occasioned a redundancy of the currency, a fall of the exchange, and a drain upon the Bank of England for gold. But while the latter was narrowing her issues, by supplying the exporters of bullion with gold in exchange for notes, the country banks went on increasing their issues! What the former did by contracting on the one hand, the latter more than undid by letting out on the other. The vacuum created by the withdrawal of Bank of England paper was immediately filled up, and made to overflow, by the issue of a more than equal amount of provincial paper; so that had it not been for the rise in the rate of interest, and the other repressive measures adopted by the Bank, the probability is, that she might have gone on paying away bullion for notes till she was drained of her last sixpence, without in any degree affecting the exchange. But this is not all. Not only do the country banks almost universally increase their issues when they ought to be diminished, but the moment they are compelled to set about their reduction, they run headlong into the opposite extreme, and unreasonable suspicion takes the place of blind unthinking confidence. The cry of *sauve qui peut* then becomes all but universal. It is seldom that a recoil takes place without destroying more or fewer of the provincial banks; and, provided the others succeed in securing themselves, little attention is usually paid to the interests of those they have taught to look to them for help. It may be worth while, in order to exhibit the truth of what has now been stated, shortly to advert to the destruction of country-bank paper in 1792–93, 1814, 1815, and 1816, 1825–26, and more recently in 1836–37.

Destruction of country banks and paper in 1792–93.

[illegible] England did not issue [illegible] for less than L.20; but having then commenced the issue of L.10 notes, her paper was gradually introduced into a wider circle, and the public became more habituated to its employment in their ordinary transactions. The distress and embarrassment that grew out of the American war proved exceedingly unfavourable to the formation of country banks, or of any establishments requiring unusual credit and confidence. No sooner, however, had peace been concluded, than everything assumed a new face. The agriculture, commerce, and still more the manufactures of the country, into which Watt and Arkwright's inventions had been lately introduced, immediately began to advance with a rapidity unknown at any former period. In consequence, that confidence which had either been destroyed or very much weakened by the disastrous events of the war was fully re-established. The extended transactions of the country required fresh facilities for carrying them on; and a bank was erected in every market-town, and almost in every village. The prudence, capital, and connections of those who set up these establishments were but little attended to. The great object of a large class of traders was to obtain discounts; and the bankers of an inferior description were equally anxious to accommodate them. All sorts of paper were thus forced into circulation, and enjoyed nearly the same degree of esteem. The bankers, and those with whom they dealt, had the fullest confidence in each other. No one seemed to suspect that there was anything hollow or unsound in the system. Credit of every kind was strained to the utmost; and the available funds at the disposal of the bankers were reduced far below the level which the magnitude of their transactions required to render them secure.

The catastrophe which followed was such as might easily have been foreseen. The currency having become redundant, the exchanges took an unfavourable turn in the early part of 1792; a difficulty of obtaining pecuniary accommodation in London was not long after experienced; and notwithstanding the efforts of the Bank of England to mitigate the pressure, a violent revulsion took place in the latter part of 1792 and the beginning of 1793. The failure of one or two great houses excited a panic which proved fatal to many more. When this revulsion began, there were about three hundred and fifty country banks in England and Wales, of which about a hundred were compelled to stop payments, and upwards of fifty were totally destroyed, producing by their fall an extent of misery and bankruptcy till then unknown in England.

"In the general distress and dismay, every one looked upon his neighbour with caution, if not with suspicion. It was impossible to raise money upon the security of machinery, or shares of canals; for the value of such property seemed to be annihilated in the gloomy apprehension of the sinking state of the country, its commerce and manufactures; and those who had any money, not knowing where they could place it with safety, kept it unemployed and locked up in their coffers. Amid the general calamity, the country banks, which had multiplied greatly beyond the demand of the country for circulating paper currency, and whose *eagerness to push their notes into circulation* had laid the foundation of their own misfortunes, were among the greatest sufferers, and, consequently, among the greatest spreaders of ruin and distress among those connected with them; and they were also the chief cause of the drain of cash from the Bank of England, exceeding any demand of the kind for about ten years back. Of these banks above a hundred failed, whereof there were twelve in Yorkshire, seven in Northumberland, seven in Lincolnshire, six in Sussex, five in Lancashire, four in [illegible]shire, four in Somersetshire, &c."[1]

crisis was not occasioned by an [illegible] show that this having been forced into circulation, but by the agitation caused by the war then on the eve of breaking out. But there do not seem to be any good grounds for this opinion. The unerring symptoms of an overflow of paper—a fall of the exchange, and an efflux of bullion—took place early in 1792, or about twelve months before the breaking out of hostilities. Mr Chalmers states, that none of the great houses that failed during this crisis had sustained any damage from the war. The efforts of the country bankers to force their paper into circulation occasioned the redundancy of the currency, and it was on them, and on the country dealers and farmers dependent on them, that the storm principally fell.[2] It is of importance to remark, that the Bank of England had no notes for less than L.10 and the country banks for less than L.5 in circulation when the crisis of 1792–93 took place.

2. During the period from 1800 to 1813 the number of country banks had increased from about 400 to 922; and in consequence partly of this rapid increase, and partly of the suspension of cash payments at the Bank of England in 1797, and the issue of one-pound notes by that establishment and the country banks, the amount of paper afloat was vastly increased, particularly after 1808, when it sunk to a heavy discount as compared with bullion. Mr Wakefield, whose extensive employment in the management of estates in all parts of the country gave him the most favourable opportunities for acquiring correct information, stated to the agricultural committee of 1821, that "down to the year 1813 there were banks in almost all parts of England, forcing their paper into circulation at an enormous expense to themselves, and in most instances to their own ruin. There were bankers who gave commission, and who sent persons to the markets to take up the notes of other banks; these people were called money-changers, and commission was paid them." (Report, p. 213.) And among the various answers to the queries sent by the Board of Agriculture in 1816, to the most intelligent persons in different parts of the country, there is hardly one in which the excessive issue of country-bank paper is not particularly specified as one of the main causes of the unprecedented rise of rents and prices previously to 1814.

Destruction of country banks and paper in 1814, 1815, and 1816.

Influenced partly by this extraordinary increase of paper, and partly by deficient harvests and the exclusion of foreign supplies, the price of corn rose to an exorbitant height during the five years ending with 1813. But, owing partly to the luxuriant crop of that year, and partly and chiefly, perhaps, to the opening of the Dutch ports, and the renewed intercourse with the continent, prices sustained a very heavy fall in the latter part of 1813 and the beginning of 1814. And this fall, having produced a want of confidence and an alarm among the country bankers and their customers, occasioned such a destruction of country-bank paper as has not been paralleled except by the revulsion of 1825–26. In 1814, 1815, and 1816, no fewer than 240 country banks stopped payment, and eighty-nine commissions of bankruptcy were issued against these establishments, being at the rate of *one* commission against every *ten and a half* of the total number of banks licensed in 1813! This destruction of bank-paper is said to have produced an extent of wretchedness and misery never equalled in any European country by any similar catastrophe, except, perhaps, by the breaking up of the Mississippi scheme in France.

Destruction of country banks and paper in 1825–26.

3. The destruction of country paper during the period now referred to, by reducing the amount of the currency, raised its value in 1816 nearly to a par with the value of bullion, and enabled measures to be taken for reverting [illegible] which was ef- ing the ample experience that had been supplied by the occurrences of 1792–93 and 1814–16, of the mischievous consequences of the issue of paper by the country banks, and of their want of solidity, nothing whatever was done, when provision was made for returning to specie payments, to restrain their issues, or to place them on a better footing. The consequences of such improvidence were not long in manifesting themselves. The prices of corn and other agricultural products, which had been greatly depressed in consequence of abundant harvests, in 1820, 1821, and 1822, rallied in 1823; and the country bankers, true to their invariable practice on similar occasions, immediately began to enlarge their issues. It is unnecessary to inquire into the circumstances which conspired, along with the rise of prices, to promote the extraordinary rage for speculation exhibited in 1824 and 1825. It is sufficient

[1] Macpherson's Annals of Commerce, vol. iv. p. 266.

[2] Comparative Estimate, p. 226, ed. 1812.

to observe, that in consequence of their operation, confidence was very soon carried to the greatest height. It did not seem to be supposed that any scheme could be hazardous, much less wild or extravagant. The infatuation was such, that even the most considerate persons did not scruple to embark in the most visionary and absurd projects; while the extreme facility with which discounts were procured upon bills at very long dates, afforded the means of carrying on every sort of undertaking. The most worthless paper was readily negotiated. Many of the country bankers seemed, indeed, to have no object other than to get themselves indebted to the public. And such was the vigour and success of their efforts to force their paper into circulation, that the amount of it afloat in 1825 is estimated to have been nearly fifty per cent. greater than in 1823.

The consequences of this extravagant and unprincipled conduct are well known. The currency having become redundant, the exchange began to decline in the summer of 1824. But the directors of the Bank of England having entered, in the early part of that year, into an engagement with the government to pay off such holders of four per cent. stock as might dissent from its conversion into a three and a half per cent. stock, were obliged to advance a considerable sum on this account after the depression of the exchange. This tended to counteract the effect of the drain on the Bank for gold, and in consequence the London currency was not very materially diminished till September 1825. This reduction was accompanied by a repetition of the events of 1793, but on a larger and more magnificent scale, and with more destructive consequences. The country banks began to give way the moment they experienced a considerably increased difficulty of obtaining accommodation in London, and all confidence and credit were immediately at an end. Suspicion having awakened from her trance, there were no limits to the run. Paper was not carried to the banks to obtain gold, in the view of exporting it, as a mercantile adventure, to the Continent, but for the purpose of escaping the loss which it became obvious a large portion of the holders of country notes would have to sustain. The destruction of country paper was so sudden and extensive, that in less than six weeks above seventy banking establishments were swept off, and a vacuum was created in the currency which absorbed from eight to ten millions of additional issues by the Bank of England; at the same time that myriads of those private bills that had previously swelled the amount of the currency, and added to the machinery of speculation, were wholly destroyed.

Measures for establishing joint-stock [illegible] 1826.—Inadequacy of these measures.

4. Notwithstanding nations are proverbially slow and reluctant learners, the events of 1825–26, taken in connection with those of the same sort that had previously occurred, to improve the system of country banking in England. But we regret to have to add, that the measures adopted in this view were very far indeed from being effectual to their object. In 1708 a law had been passed limiting the number of partners in banking establishments to six. This law was now repealed; and it was enacted that banks with any number of partners might be established for the issue of notes anywhere beyond sixty-five miles from London; and that banks not issuing notes might be established in London itself with any number of partners. The circulation of notes for less than five pounds in England and Wales was at the same time forbidden.

Much benefit was expected, but without any sufficient reason, to arise from these measures. So long as every one is allowed to issue notes without check or control, a thousand devices may be fallen upon to insure the circulation of those that are most worthless. Besides, there is no foundation whatever for the supposition, that the mere fact of a bank consisting of fifty or a hundred, instead of five or ten partners, renders it more worthy of confidence, or is any security that it will be better managed. The probability seems, in fact, to be rather the other way. A few wealthy individuals engaged in banking, or any other sort of business, must, if they would protect themselves from ruin, pay unremitting attention to their concerns, and act in a discreet and cautious manner. But the partners and managers of a great joint-stock company act under no such direct and pressing responsibility. The former, indeed, seldom take the trouble to inquire carefully into the business of the company; and the responsibility of their managers is of a very different kind from that of an opulent individual whose fortune is answerable for every error and false step he may commit. The recent history of the Northern and Central Joint-Stock Bank, and of various other associations, sufficiently establishes the truth of what has now been stated. The fact that there is a number of partners in a joint-stock bank, and the consequent notion, that though its affairs were to get into disorder, some of them would be able to make good the claims upon it, tends to procure a circulation for the notes of these establishments to which they may be very little entitled. They in truth afford very great facilities for the perpetrating of fraud both upon the partners and the public. And even when best managed, and resting on an impregnable foundation, they may and *do* issue in excess; and thus produce those fluctuations in the amount and value of the currency that are everywhere most disastrous, but especially in a commercial country.

The prohibition of the issue of one-pound notes has gone far to shut up one of the most convenient channels by which the inferior class of country bankers formerly contrived to get their notes into circulation; but there are many other channels still open to them, and of these they have not failed to avail themselves. We have already seen that there were no notes for less than five pounds in circulation in 1792–93, and yet fully a third part of the country banks then in existence stopped payments! This is enough to show how little security can be expected from this limitation.

Progress of the joint-stock system.

Those who supposed that joint-stock banks would be immediately set on foot in all parts of England, were a good deal disappointed with the slowness with which they spread for some years after the act permitting their establishment was passed. The heavy losses occasioned by the downfall of most of the joint-stock projects set on foot in 1824 and 1825, made all projects of the same kind be looked upon for a considerable period with suspicion, and deterred most persons from embarking in them. But this prejudice gradually wore off; and the increasing [illegible] obtain from try, and the [illegible] return, generated of new a disposition to adventure in hazardous projects. A mania for embarking in speculative schemes acquired considerable strength in 1835, and during the first six months of 1836 it raged with a violence but little inferior to that of 1825. It was at first principally directed to railroad projects; but it soon began to embrace all sorts of schemes, and, among others, joint-stock banks, of which an unprecedented number were projected in the course of the year. The progress of the system has been as follows:

	Banks.		Banks.
In 1826 there were registered	3	In 1832 there were registered	7
In 1827	4	In 1833	9
In 1828	0	In 1834	10
In 1829	7	In 1835	9
In 1830	1	In 1836	45
In 1831	9		
		Total	104

Paper-Money.

In point of fact, however, the number of banks created in 1836 was vastly greater than appears from this statement. We believe that, at an average, each of the forty-five banks established in that year, like those previously established, has from five to six branches; and as these branches transact all sorts of banking business, and enjoy the same credit as the parent establishment, from which they are frequently at a great distance, they are, to all intents and purposes, so many new banks; so that, instead of forty-five, it may safely be affirmed that about *two hundred* new joint-stock banks were opened in England and Wales in 1836, and mostly in the first six months of that year!

Over-issue by the joint-stock banks in 1836.

In January, February, and March 1836, when the rage for establishing joint-stock banks was at its height, the exchange was either at par, or but slightly in our favour, showing that the currency was already up to its level, and that if any considerable additions were made to it, the exchange would be depressed, and a drain for bullion be experienced. But these circumstances, if ever they occurred to the managers of the joint-stock banks, do not seem to have had, and could not in truth be expected to have, the least influence over their proceedings. Their issues, which amounted on the 26th of December 1835 to L.2,799,551, amounted on the 25th of June to L.3,588,064, exclusive of the vast mass of additional bills, checks, and other substitutes for money they had put into circulation. The consequences were such as every man of sense must have foreseen. In April 1836 the exchange became unfavourable, and bullion began to be demanded from the Bank of England. The latter, that she might the better meet the drain, raised the rate of interest in June from four to four and a half per cent., and this not being sufficient to lessen the pressure on her for discounts, she raised it in August from four and a half to five per cent. But during the whole of this period the country banks went on increasing their issues. We have already seen that, on the 25th of June 1836, their issues were L.788,513 greater than they had been on the preceding 26th of December; and notwithstanding the continued drain for bullion, and the rise in the rate of interest by the Bank of England in June and August, and the reduction of her issues, the issues of the joint-stock banks increased from L.3,588,064 in June, to no less than L.4,258,197 on the 31st of December, being an increase of nearly twenty per cent. after the exchange was notoriously against the country; and the most serious consequences were apprehended from the continued drain for bullion on the Bank of England!

It may perhaps be imagined that the increased issue of the joint-stock banks would be balanced by a corresponding diminution of the issues of the private banks, and that on the whole the amount of their joint issues might not be increased. This, however, was not the case. Some private banks were abandoned in 1836, and others incorporated with joint-stock banks; and it is farther true, that those which went on managed their affairs with more discretion than their associated competitors. But, from the 26th of September 1835 to the 31st of December 1836, the issues of the private banks were diminished only L.159,087, whilst those of the joint stocks were increased during the same period L.1,750,160, or more than *ten times* the falling off in the others!

Reasons why there should be only *one* issuer of paper-money.

These statements show conclusively the extreme inexpediency of having more than one issuer of paper. Its issue ought in all cases to be governed exclusively by the state of the exchange, or rather, as already stated, by the influx and efflux of bullion. But the provincial banks may go on over-issuing for a lengthened period without being affected by a demand for bullion, or even for Bank of England paper. A drain for bullion always operates in the first instance on the Bank of England; and were she the sole issuer, she might always check the drain at the outset, by narrowing her issues, or by ceasing to replace the notes brought to her in exchange for bullion. But the country banks, not being immediately or speedily affected by the drain, take no steps to get rid of that redundancy of the currency by which it is occasioned; and, provided their credit be good, they may and *do* frequently go on for a lengthened period adding to their issues, and aggravating all the bad symptoms in the state of the currency. Thus we have seen the joint-stock banks in the early part of 1836 making large additions to their issues when the currency was already quite full; and, not stopping there, we have next seen them persisting, for more than six months, in increasing their issues in the teeth of a heavy and continued drain for bullion, a rapid rise in the rate of interest, and great apprehensions in the public mind. This conduct has nothing to do with the solidity of the banks. There is no reason whatever to think, supposing they had *all* given security for their issues, they would have been in any degree diminished. On the contrary, the probability is, that by putting an end to every doubt as to their stability, it would have materially facilitated their issues, and tempted them to increase them to a still greater extent.

But, in the end, an efflux of bullion is sure, by rendering money and all sorts of pecuniary accommodation scarce in the metropolis, to affect the country banks as well as the Bank of England; and then the shock given to industry, and the derangement of prices and transactions of all sorts, is severe in proportion to the previous over-issue. A revulsion of this sort seldom occurs without destroying some of the provincial banks, and exciting a panic, as was the case in 1792-93, and in 1825-26. But even when this is not the case, the check given to the practice of discounting, and the withdrawal of their accustomed accommodations from vast numbers of individuals, necessarily occasion a great deal of inconvenience and distress. The Bank of England, by bolstering up the Northern and Central Bank in November 1836, averted the bankruptcy of that establishment, which had no fewer than *forty* branches, and by doing so prevented the occurrence of a panic, and a run that would most likely have proved fatal to many other joint-stock and private banks. Still, however, the shock given to all sorts of industrious undertakings, by the revulsion in the latter part of 1836, although unaccompanied with any panic, was very severe. All sorts of commercial speculations were for a while completely paralysed, and there were but few districts in which great numbers of individuals were not thrown out of employment. In Paisley, Birmingham, and various other towns, the distress occasioned by the revulsion was very general and long-continued. The following memorial, subscribed by all the leading manufacturers, merchants, and traders of Birmingham, was presented to Lord Melbourne in March 1837. It sets the disastrous influence of fluctuations in the amount and value of the currency in a very striking light.

"My Lord,—We, the undersigned merchants, manufacturers, and other inhabitants of the town of Birmingham, beg leave respectfully to submit to your Lordship the following facts:—1. During the last two or three years a very great improvement has taken place in the trade and commerce of the town and neighbourhood. The workmen have generally been placed in a condition of full employment and good wages, producing a general state of satisfaction and contentment among them. Their employers also have enjoyed a condition of ease and security which might be called affluence when compared with the losses, difficulties, and anxieties which they endured for several years before. No stock of goods was accumulated, no overtrading of any kind existed; the products of one man's industry were readily exchanged for those of another; and all the products of industry in every trade were carried off into the absolute consumption of the people quite as fast as they could be produced.

"2. Suddenly within the last three months, with all the elements of general prosperity remaining unimpaired, this gratifying state of things has disappeared, and has been succeeded by a general state of difficulty and embarrassment, threatening the most alarming consequences to all classes of the community. Orders for goods are countermanded and discontinued, both for the foreign and home trade.

"The prices of goods are falling, so as in many cases to occasion a loss instead of a profit on their production. The process of production is thus obstructed; the workmen are beginning to be discharged, or to be placed upon short employment; and we are confident, that unless remedial measures be immediately applied, a large proportion of our population will shortly be thrown entirely out of employment.

"3. We earnestly solicit the serious and immediate attention of his majesty's government to this alarming state of things, confidently hoping that they will forthwith adopt decisive and effectual measures for its relief."

Certainly the legislature will most strangely neglect its duty, if it allow a system productive of such fatal consequences to continue to spread its roots and scatter its seeds on all sides. As long as any individual, or set of individuals, may usurp the royal prerogative, and issue money without let or hindrance, so long will it be issued in excess in periods when prices are rising and confidence high, and be suddenly and improperly withdrawn when prices are falling and confidence shaken. All the causes of fluctuation inherent in the nature of industry are aggravated a thousandfold by this vicious system, at the same time that it brings many new ones into existence. There is not, in fact, any reason for supposing, that if our currency had been either metallic, or made to fluctuate exactly as it would have done had it been metallic, that the difficulties in which we were involved in 1836 and 1837 would ever have been heard of. The inordinate increase of banks, of money, and of the facilities for obtaining money, in the spring of 1836, contributed powerfully to the rapid and uncalled-for increase of prices, the multiplication of wild and absurd projects, and the excess of confidence which distinguished that period; at the same time that, by bringing on a fall of the exchange and a drain for bullion, they insured the subsequent revulsion. If it be wished that the country should be kept for ever under an intermittent fever—now suffering from a hot and then from a cold fit, now in an unnatural state of excitement, leading to, and necessarily ending in, an unnatural state of depression—the present money system is the best possible. But we believe the reader will agree with us in thinking, that a fever of this sort is not more injurious to the animal than to the political body. So dangerous a disorder is not to be trifled or tampered with. This is not a case in which palliatives and anodynes can be of any real service. If a radical cure be not effected, it will go far to paralyse and destroy the patient.

Now, to accomplish this radical cure, that is, to make sure that *the fluctuations of the currency shall not exceed those which would occur were it wholly metallic*, it is indispensable, as already stated, that all local notes should be suppressed, and the issue of paper confined entirely to one body.

The exacting of security previously to the issue of notes would guarantee the holders from loss, and be in so far advantageous; but it would not hinder that competition among the issuers that is so very injurious, nor prevent the supply of paper being at one time in excess, and at another deficient. If we would provide for that unity of action and that equality of value that are so indispensable, we must make an end of a plurality of issuers. If one body only were intrusted with the issue of notes, it would be able immediately to narrow the currency when bullion began to be exported, and to expand it when it began to be imported; and it would be easy for the legislature to lay down and enforce such regulations as would effectually prevent the fluctuations in the amount and value of the currency ever exceeding those that would take place if it consisted wholly of the precious metals. But nothing of the sort need be attempted, so long as it is supplied by more than one source. Every thing must then be left to the discretion of the parties. And it will certainly happen in time to come, as it has invariably happened in time past, that some of them will be increasing their issues when they should be diminished, and diminishing them when they should be increased.

Mr S. J. Loyd, whose authority on all questions of this sort is so deservedly high, states distinctly, that "an adherence to sound principle would certainly lead to the conclusion, that the issues of paper-money should be confined to *one body, intrusted with full power and control over the issues, and made exclusively responsible for the due regulation of their amount*."[1] He is, however, disposed to think that the practice in this country, of individuals and associations issuing notes, has been so long established, and become so intimately connected with the habits and prejudices of the people, as to leave but little hope of its eradication. We do not, however, think that the difficulties in the way of the suppression of local notes would be found to be nearly so great were it set seriously about, as Mr Loyd seems to infer. Were parliament to enact that all local or provincial notes payable on demand in England and Wales should cease to circulate some two or three years hence, their withdrawal might, we apprehend, be effected with very little trouble and inconvenience. The circulation of notes, now that those for less than L.5 have been suppressed, is far from being one of the principal sources of banking profits. The stamp-duty, the expense of engraving, and the still heavier expense necessary to keep notes afloat, and to provide for their payment when they may happen to be presented, cut deep into the profits made by their issue. Our readers are no doubt generally aware that several country banks have, within the half dozen years ending with 1837, withdrawn their own notes from circulation, and issued in their stead those of the Bank of England, according to certain terms agreed on with the latter. The banks in question would not certainly have done this had it made any serious inroad on their profits. But it has not sensibly diminished them; and the proof of this is, that the banks which have made this arrangement realise quite as large profits as are realised by those that continue to issue notes of their own. We submit that this is decisive of the whole question. It proves that the profits of the provincial banks are not sensibly impaired by the substitution for their own, of Bank of England notes. Had the project for suppressing local notes been productive of any considerable loss to the issuers, it would have furnished a plausible, though by no means a valid, argument against it; for it would be contradictory and absurd to pretend that any set of persons can be entitled permanently to enjoy a privilege injurious to the community. But there is no room nor ground even for an appeal *ad mi-*

[1] Reflections on the Pamphlet of Mr Horsley Palmer, p. 52.

misericordiam on the part of the private issuers. The fact that numbers of them have spontaneously, and without solicitation of any kind, abandoned the privilege of issue, and replaced their own notes with those of the central issuer in London, shows conclusively that the privilege in question is worth little or nothing, and, consequently, that it may be withdrawn without entailing any considerable hardship on any one. It is essential to the placing of the currency on a proper footing, that all local notes should be suppressed; and as their suppression would not be injurious to the issuers, what possible reason can be alleged for continuing their circulation?

Mode in which a single issuer of paper should act so as to make the amount and value of the currency vary exactly as if it were metallic.

We have said that it would be easy, were there only one issuer, to enforce compliance with such rules and regulations as would make the amount and value of the currency vary at all times exactly as if it were metallic. This has been doubted; but nothing could be more facile. Suppose that all local notes are withdrawn, and that there is only one issuer of paper; all that would be necessary to maintain an identity of amount and value between gold and paper would be, to regulate the currency exclusively by the influx and efflux of bullion; that is, never to issue an additional note except it be paid away for an equivalent amount of bullion brought to the office, nor to withdraw a note except when it is received in payment of an equivalent amount of bullion demanded from the office. The business of such an office would be entirely routine. Its managers would have no sort of discretion; their duty being merely to give paper for gold and gold for paper, according to the demands of the public. It has been frequently objected to the establishment of a national bank, that it would become a focus of intrigue and jobbing, and would be prostituted, or supposed to be prostituted, for the advancement of mere party purposes; and this, no doubt, would be the case were it allowed to discount and to transact ordinary banking business. A national bank for such purposes would be a national nuisance, that would very soon require to be abated. But were it confined, as it should be, to the mere issue of paper on the principle and in the way now stated, it could not be perverted to any sort of sinister object. Its conductors would be restricted to a sort of mill-horse path, and it would be impossible for them, even if so disposed, to show favour or partiality to any one. All would depend on an invariable rule; and the amount and value of the paper afloat would never exceed nor fall short of the amount and value of the bullion that would circulate in its stead were it withdrawn.

Supposing the average amount of paper afloat with a single issuer to be from thirty to forty millions, a stock of ten or twelve millions of bullion would be more than sufficient to begin with; for, it is hardly possible to imagine, under such a system, that any thing should ever occur to lessen the paper currency so much as twenty per cent., or consequently to occasion a demand for so much as six or eight millions of bullion.

Principle on which the Bank of England endeavours to govern her issues: Counteracting agencies to which she must attend.

The Bank of England has endeavoured, for a considerable number of years past, to govern her issues nearly in the way now pointed out. But, in her present situation, having her operations frequently counteracted by other issuers, she neither can nor ought always to regulate her conduct by a regard to strict principle. She must look to the proceedings of others, by which she may be deeply compromised; and she must not only consider what may be the effect of the measures she may adopt on the exchange, or on the influx and efflux of bullion, but how they may be regarded by the provincial banks, and expected to influence them. Hence the Bank may frequently be justified in narrowing her issues when, had she been the sole issuer, she ought to have increased them, and conversely. But it is needless to say that this is a most unsatisfactory state of things, both as respects the Bank and the country. The former is obliged to exercise a discretion which cannot be safely confided to any set of individuals, whilst the latter is sure to suffer from all the errors into which the directors may fall, as well as from the disastrous consequences resulting from that competition of rival and conflicting issues, against which no degree of intelligence on the part of the directors of the Bank of England can possibly guard. In fact, we have no idea that it will be practicable for the latter and the country banks to go on together on their present footing. As matters now stand, the Bank of England may be brought at any time, and frequently is brought, into the greatest jeopardy by the proceedings of parties over whom she has no sort of control. The over-issue of the provincial banks, by depressing the exchange, drains the Bank of gold; and then their discredit, and perhaps failure, may, by exciting a panic, bring her to a stand still! Provided banks of deposit be established on sound principles, there cannot be too many of them. But it is quite otherwise with banks of issue. The more they are multiplied, the greater is the chance of fluctuation in their issues, and consequently in prices, credit, and so forth. Had the Bank of England been the sole issuer of paper, the crashes of 1792–93 and of 1825–26, and the revulsion of 1836–37, would not have occurred. They grew entirely out of the competition and proceedings of the provincial banks, and are in no degree whatever ascribable to anything else, domestic or foreign.

According to existing arrangements, the charter of the Bank of England must continue on its present footing till 1845. But we have no doubt, that were parliament to set about suppressing local issues,—an improvement that must precede every other,—the Bank would readily concur in any arrangement by which the proper regulation of her issues might be provided for and secured. But the suppression of local paper is indispensable as a preliminary to pave the way for other measures. Fluctuations in its amount and value are of the essence of a currency supplied by different issuers. If the country continue to tolerate the latter, it will unavoidably continue to suffer the perpetual recurrence of the former.

PART II.—BANKS.

Classes of banks.

Banks are commonly divided into banks of deposit and banks of issue; that is, banks that take care of other people's money, and banks that issue money of their own. But there are very few banks of issue that are not at the same time banks of deposit. This class of banks, as they exist in this and most other countries, are places where the money of individuals is received in deposit, payments being also made on their account, and loans made to the public. The managers of such banks are sometimes accustomed, as in most parts of England and Scotland, to pay interest at about one or two per cent. under the market rate for the money deposited in their hands; but when the business to be transacted in the receipt and payment of money on account of depositors is very large, it is not the practice for bankers, unless the deposits be proportionally great, to allow interest. The latter is the case in London. It is there customary for merchants and other people to send all the bills and drafts payable to them to their bankers, who make themselves responsible for their regular presentation for payment, and for their noting if not paid; and it is there also the practice to make all considerable payments by checks on bankers. Banking business is conducted in London at a heavy expense, and no little risk; and the

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London bankers do not, therefore, except in special cases, allow interest on deposits. They are in the habit of stipulating, in order to indemnify themselves for their trouble and outlay, that the individuals dealing with them should keep an average balance of cash in their hands, varying according to the amount of business transacted on their account. The bankers then estimate, as well as they can, the amount of cash they must keep in their coffers to meet the probable demands of their customers, and employ the balance in discounting mercantile bills, in the purchase of government securities, or in some other sort of profitable adventure; so that their profits consist of the sum they realize upon such parts of the money lodged in their hands as they are able to employ in an advantageous way, after deducting the various expenses attendant on the management of their establishments. A bank of deposit would never be established if it had to depend on its own capital. It makes no profit, in its capacity of bank, till it begins to employ the capital of others.

Introduction and growth of private banking.

The business of banking was not introduced into London till the seventeenth century. It was at first conducted by the goldsmiths, who borrowed money from their customers at a certain rate of interest, and lent it to government and to private individuals at a higher rate. In the course of time, the business came to be conducted by houses who confined themselves to it only, and nearly in the mode in which we now find it. From 1708, as already stated, down to 1826, with the exception of the Bank of England, no company with more than six partners could be established, either in London or anywhere else in England and Wales, for conducting banking business; and by far the largest portion of that business is still conducted in the metropolis by firms with a small number of partners, or by what are called private banks.

Clearing house.

In 1775, the London, or rather the "city" bankers, established the "clearing house." This is a house to which each banker who deals with it is in the habit of daily sending a clerk, who carries with him the various bills and checks in the possession of his house that are drawn upon other bankers: and having exchanged them for the bills and checks in the possession of those others that are drawn upon his constituents, the balance on the one side or the other is paid in cash or Bank of England notes. By this contrivance the bankers connected with the clearing house are enabled to settle transactions to the extent of several millions a day, by the employment of not more, at an average, than from L.200,000 to L.500,000 cash, or Bank of England notes.

Regulations to which banks for deposit only should be subjected.

The security afforded by a bank of deposit is a matter as to which there must always be more or less of doubt. When, indeed, a banking company confines itself to its proper business, and does not embark in speculations of unusual hazard, or from which its funds cannot be easily withdrawn, in the event of any sudden run or demand, it can hardly ever fail of being in a situation to meet its engagements: whilst the large private fortunes that most commonly belong to the partners afford those who deal with it an additional guarantee. Much, however, depends on the character of the parties, and on a variety of circumstances with respect to which the public can never be correctly informed; so that though there can be no doubt that the security afforded by many private banks of deposit is of the most unexceptionable description, this may not be the case with others.

All joint-stock banks, or banks having more than six partners, whether for deposit and issue, or for deposit merely, are ordered, by the act 3 and 4 Will. IV. cap. 83, to send quarterly returns of the number and names of their partners to the stamp-office. We see no good reason why similar returns should not, and several why they should, be required from *all* banks; and provided means were adopted for the proper publication of such returns, so that everybody might know with whom they were dealing, but little if any farther information would be required with banks not issuing notes. There is in this respect a wide difference between them and banks of issue. It is the duty of the government to take care that the value of the currency shall be as invariable as possible; but it has never been pretended that it is any part whatever of its duty to inquire into the security given by the borrowers to the lenders of money, any more than into the security given by the borrowers to the lenders of any thing else. Government very properly obliges a goldsmith to have his goods stamped, this being a security to the public that they shall not be imposed on in buying articles of the quality of which they are generally ignorant; but it does not require that the persons to whom the goldsmith sells or lends his goods should give him a guarantee for their payment. This is a matter as to which individuals are fully competent to judge for themselves; and there neither is nor can be any reason why a lender or depositor of bullion or notes should be more protected than a lender or depositor of timber, coal, or sugar. Gold being the standard or measure of value, government is bound to take effectual precautions that the currency shall truly correspond in the whole and in all its parts with that standard,—that every pound note shall be worth a sovereign, and that the amount and value of the aggregate notes in circulation shall vary exactly as a gold currency would do were it substituted in their stead. But this is all that government is called upon to do. If A trust a sum of money in the hands of B, it is their affair, and concerns no one else. Provided the money afloat correspond with the standard, it is of no importance, in a public point of view, into whose hands it may come. The bankruptcy of a deposit bank, like that of a private gentleman who has borrowed largely, may be productive of much loss or inconvenience to its creditors. But if the paper in circulation be equivalent to gold, such bankruptcies cannot affect either the quantity or value of money; and are, therefore, injurious only to the parties concerned.

Establishment and history of the Bank of England.

The Bank of England, which has long been the principal bank of deposit and circulation, not in this country only, but in Europe, was founded in 1694. Its principal projector was Mr William Paterson, an enterprising and intelligent Scotch gentleman, who was afterwards engaged in the ill-fated colony at Darien. Government being at the time much distressed for want of money, partly from the defects and abuses in the system of taxation, and partly from the difficulty of borrowing, because of the supposed instability of the revolutionary establishment, the Bank grew out of a loan of L.1,200,000 for the public service. The subscribers, besides receiving eight per cent. on the sum advanced as interest, and L.4000 a year as the expense of management, in all L.100,000 a year, were incorporated into a society denominated the Governor and Company of the Bank of England. The charter is dated the 27th of July 1694. It declares, amongst other things, that they shall "be capable, in law, to purchase, enjoy, and retain to them and their successors, any monies, lands, rents, tenements, and possessions whatsoever; and to purchase and acquire all sorts of goods and chattels whatsoever, wherein they are not restrained by act of parliament; and also to grant, demise, and dispose of the same.

"That the management and government of the corporation be committed to the governor and twenty-four directors, who shall be elected between the 25th of March and the 25th day of April each year, from among the members of the company duly qualified.

"That no dividend shall at any time be made by the said governor and company, save only out of the interest,

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profit, or produce arising by or out of the said capital stock or fund, or by such dealing as is allowed by act of parliament.

"They must be natural-born subjects of England, or naturalized subjects; they shall have in their own name, and for their own use, severally, viz. the governor at least L.4000, the deputy-governor L.3000, and each director L.2000, of the capital stock of the said corporation.

"That thirteen or more of the said governors and directors (of which the governor or deputy-governor must be always one) shall constitute a court of directors, for the management of the affairs of the company, and for the appointment of all agents and servants which may be necessary, paying them such salaries as they may consider reasonable.

"Every elector must have, in his own name and for his own use, L.500 or more capital stock, and can only give one vote. He must, if required by any member present, take the oath of stock, or the declaration of stock in case he be one of the people called Quakers.

"Four general courts to be held in every year, in the months of September, December, April, and July. A general court may be summoned at any time, upon the requisition of nine proprietors duly qualified as electors.

"The majority of electors in general courts have the power to make and constitute by-laws and ordinances for the government of the corporation, provided that such by-laws and ordinances be not repugnant to the laws of the kingdom, and be confirmed and approved, according to the statutes in such case made and provided."

The corporation is prohibited from engaging in any sort of commercial undertaking other than dealing in bills of exchange, and in gold and silver. It is authorized to advance money upon the security of goods or merchandise pledged to it; and to sell by public auction such goods as are not redeemed within a specified time.

It was also enacted, in the same year in which the Bank was established, by statute 6 William and Mary, c. 20, that the Bank, "shall not deal in any goods, wares, or merchandise (except bullion), or purchase any lands or revenues belonging to the crown, or advance or lend to their majesties, their heirs or successors, any sum or sums of money, by way of loan or anticipation, or any part or parts, branch or branches, fund or funds, of the revenue, now granted or belonging, or hereafter to be granted, to their majesties, their heirs and successors, other than such fund or funds, part or parts, branch or branches, of the said revenue only, on which a credit of loan is or shall be granted by parliament." And in 1697 it was enacted, that the "common capital or principal stock, and also the real fund, of the governor and company, or any profit or produce to be made thereof, or arising thereby, shall be exempted from any rates, taxes, assessments, or impositions whatsoever, during the continuance of the Bank; that all the profit, benefit, and advantage from time to time arising out of the management of the said corporation, shall be applied to the uses of all the members of the said association of the governor and company of the Bank of England, rateably and in proportion to each member's part, share, and interest in the common capital and principal stock of the said governor and company hereby established."

In 1696, during the great recoinage, the Bank was involved in great difficulties, and was even compelled to suspend payment of her notes, which were at a heavy discount. Owing, however, to the judicious conduct of the directors, and the assistance of the government, the Bank got over the crisis. But it was at the same time judged expedient, in order to place her in a situation the better to withstand any adverse circumstances that might afterwards occur, to increase her capital from L.1,200,000 to L.2,201,171. In 1708, the directors undertook to pay off and cancel one million and a half of exchequer bills they had circulating two years before, at four and a half per cent., with the interest upon them, amounting in all to L.1,775,028, which increased the permanent debt due by the public to the Bank, including L.400,000 then advanced in consideration of the renewal of the charter, to L.3,375,028, for which they were allowed six per cent. The bank capital was then also doubled, or increased to L.4,402,343. But the year 1708 is chiefly memorable, in the history of the Bank, for the act previously alluded to, which declared, that during the continuance of the corporation of the Bank of England, "it should not be lawful for any body politic, erected or to be erected, other than the said governor and company of the Bank of England, or of any other persons whatsoever, united or to be united in covenants or partnership, exceeding the number of six persons, in that part of Great Britain called England, to borrow, owe, or take up any sum or sums of money on their bills or notes payable on demand, or in any less time than six months from the borrowing thereof." This proviso, which has had so powerful an operation on banking in England, is said to have been elicited by the Mine-Adventure Company having commenced banking business, and begun to issue notes.

The charter of the Bank of England, when first granted, was to continue for eleven years certain, or till a year's notice after the 1st of August 1705. The charter was further prolonged in 1697. In 1708, the Bank having advanced L.400,000 for the public service, without interest, the exclusive privileges of the corporation were prolonged till 1733. And in consequence of various advances made at different times, the exclusive privileges of the Bank have been continued by successive renewals, till a year's notice after the 1st of August 1855, under the proviso that they may be cancelled on a year's notice to that effect being given on the 1st of August 1845.

Renewals of Bank charter, with the conditions.

We subjoin an account of the successive renewals of the charter, of the conditions under which these renewals were made, and of the variations in the amount and interest of the permanent debt due by government to the Bank, exclusive of the dead weight.

Date of Renewal.	Conditions under which Renewals were made, and Permanent Debt contracted.	Permanent Debt.
		L. s. d.
1694	Charter granted under the act 5 and 6 Will. III. c. 20, redeemable upon the expiration of twelve months' notice after the 1st August 1705, upon payment by the public to the Bank, of the demand therein specified. Under this act the Bank advanced to the public L.1,200,000 in consideration of their receiving an annuity of L.100,000 a year, viz. eight per cent. interest, and L.4000 for management..............................	1,200,000 0 0
1697	Charter continued by 8 and 9 Will. III. c. 20, till twelve months' notice after 1st of August 1710, on payment, &c. Under this act the Bank took up and added to their stock L.1,001,171 exchequer bills and tallies.	
1708	Charter continued by 7 Anne, c. 7, till twelve months' notice after 1st of August 1732, on payment, &c. Under this act the Bank advanced L.400,000 to government without interest; and delivered up to be cancelled L.1,775,027. 17s. 10d. exche-	

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Date of Renewal.	Conditions under which Renewals were made, and Permanent Debt contracted.	Permanent Debt. L.	s.	d.
	Brought forward,	1,200,000	0	0
	quer bills, in consideration of their receiving an annuity of L.106,501. 13s. being at the rate of six per cent....................	2,175,027	17	10
1713	Charter continued by 12 Anne, stat. 1, cap. 11, till twelve months' notice after the 1st of August 1742, on payment, &c.			
	In 1716, by the 3d Geo. I. c. 8, the Bank advanced to government, at five per cent.......	2,000,000	0	0
	And by the same act, the interest on the exchequer bills cancelled in 1780 was reduced from six to five per cent.			
	In 1721, by 8 Geo. I. c. 21, the South Sea Company were authorized to sell L.200,000 government annuities, and corporations purchasing the same at 26 years' purchase were authorized to add the amount to their capital stock. The Bank purchased the whole of these annuities at 20 years' purchase........	4,000,000	0	0
	Five per cent. interest was payable on this sum to midsummer 1727, and thereafter four per cent.	9,375,027	17	10
	At different times between 1727 and 1738, both inclusive, the Bank received from the public, on account of permanent debt, L.3,275,027. 17s. 10d. and advanced to it on account of ditto L.3,000,000: Difference	275,027	17	10
	Debt due by the public in 1738..................................	9,100,000	0	0
1742	Charter continued by 15 Geo. II. c. 13, till twelve months' notice after the 1st of August 1764, on payment, &c.			
	Under this act the Bank advanced L.1,600,000 without interest, which being added to the original advance of L.1,200,000, and the L.400,000 advanced in 1710, bearing interest at six per cent., reduced the interest on the whole to three per cent......	1,600,000	0	0
	In 1745, under authority of 19 Geo. II. c. 6, the Bank delivered up to be cancelled L.986,000 of exchequer bills, in consideration of an annuity of L.39,472, being at the rate of three per cent.................	986,000	0	0
	In 1749, the 23d Geo. II. c. 6, reduced the interest on the four per cent. annuities, held by the Bank, to three and a half per cent. for seven years from the 25th of December 1750, and thereafter to three per cent.			
1764	Charter continued by 4 Geo. III. c. 25, till twelve months' notice fter the 1st of August 1786, on payment, &c.			
	Under this act the Bank paid into the exchequer L.110,000, free of all charge.			
1781	Charter continued by 21 Geo. III. c. 60, till twelve months' notice after the 1st of August 1812, on payment, &c.			
	Under this act the Bank advanced L.3,000,000 for the pub-			
	Carry forward........	11,686,000	0	0
	Brought forward,	11,686,000	0	0
	lic service for three years, at three per cent.			
1800	Charter continued by 40 Geo. III. c. 28, till twelve months' notice after the 1st of August 1833, on payment, &c.			
	Under this act the Bank advanced to government L.3,000,000 for six years without interest; but in pursuance of the recommendation of the committee of 1807, the advance was continued, without interest, till six months after the signature of a definitive treaty of peace.			
	In 1816, the Bank, under authority of the act 56 Geo. III. c. 96, advanced at three per cent., to be repaid on or before the 1st of August 1833..........	3,000,000	0	0
1833	Charter continued by 3 and 4 Will. IV. c. 98, till twelve months' notice after the 1st of August 1855, with a proviso that it may be dissolved on twelve months' notice after the 1st of August 1845, on payment, &c.	14,686,000	0	0
	This act directs that in future the Bank shall deduct L.120,000 a year from their charge on account of the management of the public debt; and that a fourth part of the debt due by the public to the Bank, or L.3,638,250, be paid off..................................	3,638,250	0	0
	Permanent advance by the Bank to the public, bearing interest at three per cent., independent of the advances on account of dead weight, or other public securities held by her...	11,047,750	0	0

For further details as to this subject, see the appendix, No. 1, of the Report of 1832 on the Renewal of the Bank Charter, and the acts of parliament referred to in it. See also James Postlethwayt's History of the Revenue, pp. 301–310; and Fairman on the Funds, seventh edition, pp. 85–88, &c.

The capital of the Bank on which dividends are paid has never exactly coincided with, though it has seldom differed very materially from, the permanent advance by the Bank to the public. We have already seen that it amounted in 1708 to L.4,402,243. Between that year and 1727 it had increased to near L.9,000,000. In 1746 it amounted to L.10,780,000. From this period it underwent no change till 1782, when it was increased eight per cent., or to L.11,642,400. It continued stationary at this sum down to 1816, when it was raised to L.14,553,000, by an addition of twenty-five per cent. from the profits of the Bank, under the provisions of the act 56 Geo. III. c. 96. The act for the renewal of the charter 34 Will. IV. c. 98, directed that the sum of L.3,638,250, the portion of debt due to the Bank to be repaid by the public, should be deducted from the Bank's capital; which, in consequence, is now L.10,914,750. (*Report on Bank Charter*, Appen. No. 33.)

Runs upon the Bank.

The Bank of England has been frequently affected by panics amongst the holders of her notes. In 1745 the alarm occasioned by the advance of the Highlanders, under the Pretender, as far as Derby, led to a run upon the Bank; and in order to gain time to effect measures for averting the run, the directors adopted the device of pay-

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ing in shillings and sixpences! But they derived a more effectual relief from the retreat of the Highlanders, and from a resolution agreed to at a meeting of the principal merchants and traders of the city, and very numerously signed, declaring the willingness of the subscribers to receive bank-notes in payment of any sum that might be due to them, and pledging themselves to use their utmost endeavours to make all their payments in the same medium.

During the tremendous riots in June 1780 the Bank incurred considerable danger. Had the mob attacked the establishment at the commencement of the riots, the consequences might have proved fatal. Luckily, however, they delayed their attack till time had been afforded for providing a force sufficient to insure its safety. Since that period a considerable military force is nightly placed in the interior of the Bank, as a protection in any emergency that may occur.

Suspension of cash-payments in 1797.

The year 1797 is the most important epoch in the recent history of the Bank. Owing partly to events connected with the war in which we were then engaged; to loans to the Emperor of Germany; to bills drawn on the treasury at home by the British agents abroad; and partly, and chiefly, perhaps, to the advances most unwillingly made by the Bank to government, which prevented the directors from having a sufficient control over their issues, the exchanges became unfavourable in 1795, and in that and the following year large sums of specie were drawn from the Bank. In the latter end of 1796 and beginning of 1797, considerable apprehensions were entertained of invasion, and rumours were propagated of descents having been actually made on the coast. In consequence of the fears that were thus excited, runs were made on the provincial banks in different parts of the country; and some of them having failed, the panic became general, and extended itself to London. Demands for cash poured in upon the Bank from all quarters; and, on Saturday the 25th of February 1797, she had only L.1,272,000 of cash and bullion in her coffers, with every prospect of a violent run taking place on the following Monday. In this emergency, an order in council was issued on Sunday the 26th, prohibiting the directors from paying their notes in cash until the sense of parliament should be taken on the subject. And after parliament met, and the measure had been much discussed, it was agreed to continue the restriction till six months after the signature of a definitive treaty of peace.

As soon as the order in council prohibiting payments in cash appeared, a meeting of the principal bankers, merchants, traders, &c. of the metropolis, was held at the Mansion-house when a resolution was agreed to, and very numerously signed, pledging, as had been done in 1745, those present to accept, and to use every means in their power to cause bank-notes to be accepted, as cash in all transactions. This resolution tended to allay the apprehensions that the restriction had excited.

Parliament being sitting at the time, a committee was immediately appointed to examine into the affairs of the Bank; and their report put to rest whatever doubts might have been entertained with respect to the solvency of the establishment, by showing, that at the moment when the order in council apeared, the Bank was possessed of property to the amount of L.15,513,690, after all claims upon her had been deducted.

Much difference of opinion has existed with respect to the policy of the restriction in 1797; but, considering the peculiar circumstances under which it took place, its expediency seems abundantly obvious. The run did not originate in any over-issue of bank-paper, but grew entirely out of political causes. As long as the alarms of invasion continued, it was clear that no bank-paper immediately convertible into gold would remain in circulation. And as the Bank, although possessed of ample funds, was without the means of instantly retiring her notes, she might, but for the interference of government, have been obliged to stop payment; an event which, had it occurred, must have produced consequences in the last degree fatal to the public interests.

Resumption of cash-payments in 1821.

The error of the government did not consist in their coming to the assistance of the Bank, but in their continuing the restriction after the alarm of invasion had ceased, and there was nothing to hinder the Bank from safely reverting to specie payments. We have already pointed out (see article MONEY, vol. xv. p. 402) the influence of the suspension upon the conduct of the Bank, and the depreciation to which it led. But the destruction of country-bank paper in 1814, 1815, and 1816, having, by reducing the amount of currency, raised its value nearly to a level with that of gold, the legislature was able to revert with comparatively little difficulty to the old standard. The act for this purpose, 59 Geo. III. cap. 78, has been commonly called Peel's bill, from its having been introduced and carried through parliament by Mr (now Sir Robert) Peel. To facilitate the return to specie payments, the Bank was authorized, in the first instance, to pay in bars of standard bullion. She, however, recommenced payments in coin in May 1821, and has since continued them without interruption.

Bank-notes made legal tender everywhere except at the Bank.

Having already given some account of the derangements of the currency in 1825–26, and in 1836–37, it is needless again to allude to them here. When the charter was renewed in 1833, the notes of the Bank of England were made legal tender everywhere except at the Bank. Of the wisdom of this regulation no doubt can be entertained. Bank-notes are necessarily always equivalent to bullion; and by making them substitutes for coin at country banks, the demand for the latter during periods of alarm or runs is materially diminished, and the stability of the Bank and of the pecuniary system of the country proportionally increased. Since 1826 the Bank has established branches in some of the great commercial towns.

Principle on which the Bank endeavours to regulate her conduct.

The principle which the Bank endeavours to keep in view in conducting her business is, that she should so manage her affairs as to have always on hand a stock of coin and bullion equal to a third part of her liabilities; that is, to a third part of the gross amount of her issues and deposits. But in practice she is obliged frequently to depart from this rule; and we have already seen that the circumstances under which the Bank is placed, in consequence of there being hundreds of rival issuers, are such as to make it impossible for her to abide constantly by any system in the regulation of her issues, or to act in the way that it would be for her interest as well as her duty to act were she the sole issuer of paper.

Bank of England in connection with the government.

The Bank of England transacts the whole business of government. "She acts not only," says Dr Smith, "as an ordinary bank, but as a great engine of state. She receives and pays the greater part of the annuities which are due to the creditors of the public; she circulates exchequer bills; and she advances to the government the annual amount of the land and malt taxes, which are frequently not paid till some years thereafter." Previously to 1834 the Bank received about L.270,000 a year from the public for her trouble in managing the national debt, paying dividends, transferring stock, &c. But the act renewing the charter having directed that L.120,000 should be deducted from this charge, it now amounts to about L.150,000 a year.

Assistance rendered by Bank to the mercantile interest.

The greater part of the paper of the Bank has generally been issued in the way of advances or loans to government, upon security of certain branches of the revenue, and in the purchase of exchequer bills and other government securities, and bullion. But her issues through the

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medium of discounts and loans to individuals have notwithstanding been at all times considerable, while during periods of distress they are often very large. Generally speaking, however, the directors do not think it advisable to enter into competition with private bankers in the transacting of ordinary banking business, or in the discounting of ordinary mercantile paper; and for this reason the interest charged by them is usually one or one and a half per cent. higher than that charged by private bankers and dealers in discounts. When, however, any circumstances occur to occasion a pressure in the money market, the market rate of interest immediately rises to the rate fixed by the Bank, and on such occasions the private bankers and the public generally resort to her for aid. She then becomes as it were a *point d'appui*—a bank of support—and has frequently rendered in that capacity essential service, as in the famous instances of 1792-93, 1815-16, 1825-26, and 1836-37. The interference of the Bank on the latter occasion, in propping up the Northern and Central Bank, though in some respects objectionable, and in supporting the American houses till they got their engagements greatly reduced, no doubt averted a severe pecuniary crisis.

The Bank of England allows no interest, either at the head office in London, or at the branches, for deposits. She is, we believe, influenced in this respect by an apprehension, that were she to allow interest, she might be encumbered with too great an accumulation of deposits, which it might be difficult to employ advantageously, and which, in a period of alarm, might endanger her security. It is not to be denied that there is great weight in these considerations.

The dividends on bank stock, from 1767 to the present time, have been:—From 1767 to 1781, five and a half per cent. per annum; from 1781 to 1788, six per cent.; from 1788 to 1807, seven per cent.; from 1807 to 1823, ten per cent.; and from 1823 to the present time (1838) eight per cent. The sums paid as dividends are exclusive of those which have occasionally been advanced as bonuses: the latter amount, since 1799, to L.3,783,780, over and above the increase of the Bank's capital in 1816, which amounted to L.2,910,600.

TABLES EXHIBITING THE CONDITION OF THE AFFAIRS OF THE BANK OF ENGLAND.

I.—*State of the Affairs of the Bank of England, 29th of February* 1832.

Dr.	L.	L.
To bank notes outstanding		18,051,710
To public deposits, viz.		
Drawing accounts	2,034.790	
Balance of audit roll	550,550	
Life annuities unpaid	85,030	3,198,730
Annuities for terms of years unpaid	38,360	
Exchequer bills deposited	490,000	
To private deposits, viz.		
Drawing accounts	5,683,870	5,738,430
Various other debts	54,560	
To the Bank of England for the capital		14,553,000
To balance of surplus in favour of the Bank of England		2,637,760
		L.44,179,630

Cr.	L.	L.
By advances on government securities; by exchequer bills on the growing produce of the consolidated fund in the quarter ending 5th of April 1832	3,428,340	
Ditto 5th of July 1832	697,000	4,134,940
Exchequer bills on supplies 1825	7,600	
Ditto for L.10,500,000 for 1825	2,000	
By the advances to the trustees appointed by the act 3 Geo. IV. c. 51, towards the purchase of an annuity of L.585,740 for forty-four years from 5th of April 1823		10,897,880
By other credits, viz.		
Exchequer bills purchased	2,700,000	
Stock purchased	764,600	
City bonds	500,000	
Bills and notes discounted	2,951,970	9,166,860
Loans on mortgages	1,452,100	
London Dock Company	227,500	
Advances on security, and various articles	570,690	
By cash and bullion		5,293,150
By the permanent debt due from government		14,686,800
		L.44,179,630
Rest or surplus brought down		2,637,760
Bank capital due to proprietors		14,553,000
		L.17,190,760

II.—*Account of the Amount of the Notes of the Bank of England in Circulation, of the Deposits in the hands of the Bank, of all Securities held by the Bank, of Bullion in her Coffers, and of the Rest or Surplus Capital of the Bank, on the last day of February in each of the following years.*

Years.	Notes in Circulation.	Deposits.	Public Securities.	Private Securities.	Bullion.	Rest, or Surplus Capital.
1778	7,440,330	4,662,150	7,198,292	3,322,228	2,010,690	1,128,730
1779	9,012,610	4,358,160	8,862,242	2,073,668	3,711,150	1,276,190
1780	8,410,790	4,723,890	9,145,659	1,755.371	3,581,060	1,347,410
1781	7,092,450	5,796,830	8,640,073	1,546,067	3,279,940	1,576,800
1782	8,028,880	6,130,300	10,346,055	3,448,015	2,157,860	1,792,750
1783	7,675,090	4,465,000	10,016,349	2,779,431	1,321,190	1,976,880
1784	6,202,760	3,903,920	7,789,291	3,829,929	655,840	1,168,380
1785	5,923,090	6,669,160	7,198,564	4,973,926	2,740,820	2,321,060
1786	7,581,960	6,151,660	6,836,459	3,516,781	5,979,090	2,598,710
1787	8,329,480	5,902,080	7,642,587	3,716,463	5,626,690	2,753,820
1788	9,561,120	5,177,050	7,833,857	4,030,653	5,743,440	2,869,780
1789	9,807,210	5,537,370	8,249,582	2,711,108	7,228,730	2,844,840
1790	10,040,540	6,223,270	8,347,387	1,984,733	8,633,000	2,701,310
1791	11,439,200	6,364,550	10,380,358	2,222,282	7,869,410	2,668,300
1792	11,307,380	5,523,370	9,938,799	3,129,761	6,468,060	2,705,870
1793	11,888,910	5,346,450	9,549,209	6,456,041	4,010,680	2,780,570
1794	10,744,020	7,891,810	9,950,756	4,573,794	6,987,110	2,875,830
1795	14,017,510	5,973,020	13,164,172	3,647,168	6,127,720	2,948,530
1796	10,729,520	5,702,360	12,951,812	4,188,028	2,539,630	3,247,590
1797	9,674,780	4,891,530	11,714,431	5,123,319	1,086,170	3,357,610
1798	13,095,830	6,148,900	11,241,333	5,558,167	5,828,940	3,383,710
1799	12,959,800	8,131,820	11,510,677	5,528,353	7,563,900	3,511,310
1800	16,844,470	7,062,680	13,975,663	7,448,387	6,144,250	3,661,150
1801	16,213,280	10,745,840	15,958,011	10,466,719	4,640,120	4,105,730
1802	15,186,880	6,858,210	14,199,094	7,760,726	4,152,950	4,067,680
1803	15,319,930	8,050,240	9,417,887	14,497,013	3,776,750	4,321,480
1804	17,077,830	8,676,830	14,684,686	12,314,284	3,372,140	4,616,450
1805	17,871,170	12,083,620	16,889,501	11,771,889	5,883,800	4,590,400
1806	17,730,120	9,980,790	14,813,599	11,777,471	5,987,190	4,867,350
1807	16,950,680	11,829,320	13,452,871	13,955,589	6,142,840	4,771,300
1808	18,188,860	11,961,960	14,149,501	13,234,579	7,855,470	5,088,730
1809	18,542,860	9,982,950	14,743,425	14,374,775	4,488,700	5,081,090
1810	21,019,600	12,457,310	14,322,634	21,055,946	3,501,410	5,403,080
1811	23,360,220	11,445,650	17,201,800	19,920,550	3,350,940	5,667,420
1812	23,408,320	11,595,200	22,127,253	15,899,037	2,983,190	6,005,960
1813	23,210,930	11,268,180	25,036,626	12,894,324	2,884,500	6,336,340
1814	24,801,080	12,455,460	23,630,317	18,359,593	2,201,430	6,937,800
1815	27,261,650	11,702,250	27,512,804	17,045,696	2,036,910	7,631,510
1816	27,013,620	12,388,890	19,425,780	23,975,530	4,640,880	8,639,680
1817	27,397,900	10,825,610	25,538,808	8,739,822	9,680,970	5,736,090
1818	27,770,970	7,997,550	26,913,360	3,991,970	10,055,450	5,192,270
1819	25,126,700	6,413,370	22,355,115	9,099,885	4,184,620	4,099,550
1820	23,484,110	4,093,550	21,715,168	4,472,322	4,911,050	3,520,880
1821	23,884,920	5,622,890	16,010,990	4,785,280	11,869,900	3,158,360
1822	18,665,350	4,689,940	12,478,133	3,494,947	11,057,150	3,674,940
1823	18,392,240	7,181,100	13,658,829	4,650,901	10,384,230	3,130,620
1824	19,736,990	10,097,850	14,341,127	4,530,873	13,810,060	2,847,220
1825	20,753,760	10,168,780	19,447,588	5,503,742	8,779,100	2,807,890
1826	25,467,910	6,935,940	20,573,258	12,345,322	2,459,510	2,974,240
1827	21,890,610	8,801,660	18,685,015	4,844,515	10,159,020	2,996,280
1828	21,980,710	9,198,140	19,818,777	3,762,493	10,347,290	2,749,710
1829	19,870,850	9,553,960	19,736,665	5,648,035	6,835,020	2,794,960
1830	20,050,730	10,763,150	20,038,890	4,165,500	9,171,000	2,561,510
1831	19,600,140	11,213,530	19,927,572	5,281,408	8,217,050	2,612,360
1832	18,051,710	8,937,170	18,497,448	5,836,042	5,293,150	2,637,760

III.—*Average Quarterly Account of the Liabilities, Assets, and Surplus or Rest, of the Bank of England, as ordered by the Act 3 and 4 Will. IV. cap. 98.*

	Notes in Circulation.	Deposits.	Securities.	Bullion.	Rest, or Surplus Capital.
1834.					
January 1	L.18,216,000	L.13,101,000	L.23,596,000	L.9,948,000	L.2,207,000
February 4	18,377,000	14,086,000	24,762,000	9,954,000	2,253,000
March 4	18,700,000	14,418,000	25,547,000	9,829,000	2,258,000
April 1	19,097,000	14,011,000	25,970,000	9,431,000	2,293,000
May 6	18,978,000	14,081,000	26,691,000	8,884,000	2,516,000
June 3	18,922,000	14,539,000	27,312,000	8,645,000	2,496,000
July 1	18,895,000	15,096,000	27,593,000	8,695,000	2,261,000
July 29	19,110,000	15,675,000	28,502,000	8,598,000	2,315,000
August 26	19,147,000	15,384,000	28,679,000	8,272,000	2,420,000
September 23	19,126,000	14,754,000	28,691,000	7,695,000	2,506,000
October 21	18,914,000	13,514,000	27,840,000	7,123,000	2,535,000
November 18	18,694,000	12,669,000	27,138,000	6,781,000	2,556,000
December 18	18,304,000	12,256,000	26,362,000	6,720,000	2,522,000
1835.					
January 15	18,012,000	12,585,000	26,390,000	6,741,000	2,534,000
February 10	18,099,000	12,535,000	26,482,000	6,693,000	2,541,000
March 10	18,311,000	13,281,000	26,657,000	6,536,000	2,681,000
April 7	18,591,000	11,289,000	16,328,000	6,329,000	2,677,000
May 5	18,542,000	10,726,000	25,764,000	6,197,000	2,693,000
June 2	18,460,000	10,568,000	25,562,000	6,150,000	2,684,000
June 30	18,315,000	10,954,000	25,678,000	6,219,000	2,628,000
July 28	18,322,000	11,561,000	26,244,000	6,283,000	2,644,000
August 25	18,340,000	12,308,000	26,964,000	6,326,000	2,642,000
September 22	18,240,000	13,230,000	27,888,000	6,261,000	2,679,000
October 20	17,930,000	14,227,000	28,661,000	6,186,000	2,690,000
November 17	17,549,000	16,180,000	30,069,000	6,305,000	2,645,000
December 15	17,821,000	17,729,000	31,048,000	6,626,000	2,624,000
1836.					
January 12	17,262,000	19,169,000	31,954,000	7,076,000	2,599,000
February 9	17,427,000	18,366,000	31,022,000	7,471,000	2,700,000
March 8	17,439,000	16,966,000	29,806,000	7,701,000	3,802,000
April 5	18,063,000	14,751,000	27,927,000	7,801,000	2,914,000
May 3	18,154,000	13,747,000	27,042,000	7,782,000	2,923,000
May 31	18,051,000	13,273,000	26,534,000	7,663,000	2,873,000
July 1	17,899,000	13,810,000	27,153,000	7,362,000	2,806,000
July 28	17,940,000	14,495,000	28,315,000	6,926,000	2,806,000
August 25	18,061,000	14,796,000	29,345,000	6,325,000	2,813,000
September 22	18,147,000	14,118,000	29,406,000	5,719,000	2,860,000
October 21	17,936,000	13,324,000	28,845,000	5,257,000	2,842,000
November 17	17,543,000	12,682,000	28,134,000	4,933,000	2,842,000
December 15	17,361,000	13,330,000	28,971,000	4,545,000	2,825,000
1837.					
January 10	17,422,000	14,354,000	30,365,000	4,287,000	2,876,000
February 7	17,868,000	14,230,000	31,085,000	4,032,000	3,019,000
March 7	48,178,000	13,260,000	30,579,000	4,048,000	3,189,000
April 4	18,432,000	11,192,000	28,843,000	4,071,000	3,263,000
May 2	18,480,000	10,472,000	28,017,000	4,190,000	3,255,000
May 30	18,419,000	10,422,000	27,572,000	4,423,000	3,154,000
June 27	18,202,000	10,424,000	26,932,000	4,750,000	3,056,000
July 25	18,261,000	10,672,000	26,727,000	5,226,009	3,020,000
August 22	18,462,000	11 005,000	26,717,000	5,754,000	3,004,000
September 19	18,814,000	11,093,000	26,605,000	6,303,000	3,001,000
October 17	18,716,000	10,501,000	25,316,000	6,856,000	2,955,000
November 14	18,344,000	10,242,000	23,985,000	7,432,000	2,831,000
December 14	17,998,000	10,195,000	22,727,000	8,172,000	2,706,000
1838.					
January 12	17,900,000	10,992,000	22,606,000	8,895,000	2,609,000

N. B.—The rest is found by adding together the circulation and deposits, and deducting their amount from the amount of the securities and bullion.

Banks.

Joint-stock banks of England and Wales. How constituted.

It will be unnecessary, after the principles laid down and the details given in the previous parts of this article, to enter at any considerable length into an examination of the constitution of the joint-stock banks which combine with the business of deposit banks that of banks for the issue of paper. They consist of bodies of partners, varying from seven to nearly 1500, each holding one or more shares of the company's stock, and they are uniformly managed by boards of directors appointed by, and generally responsible to, the body of shareholders. The conditions of copartnery vary materially in different associations; but the above are distinguishing features common to them all. There can be no doubt that several of these banks are discreetly managed, possess adequate capital, and afford the amplest security to their customers and the public. But it is very doubtful whether this can be truly said of the greater number of these establishments. The shares in many joint-stock banks are very small, few being above L.100, the greater number not exceeding L.50, whilst many are only L.25, and some not more than L.10, and even L.5! Generally, too, it is understood, or rather it is distinctly set forth in the prospectus, that not more than five, ten, or twenty per cent. of these shares is to be called for, so that an individual who has ten or twenty shillings to spare may become a shareholder in a bank. And, owing to a practice, or rather a flagrant abuse, introduced into the management of various banks, by which they make large advances or discounts on the credit of the stock held by the shareholders, not a few individuals in doubtful, for even desperate circumstances, take shares in them, in the view of obtaining loans, and bolstering up their credit! The great danger arising from such banks is obvious; and were one of them to stop payment, it is plain, even though the claims on it should be ultimately made good, that they could be so only at the cost, and perhaps ruin, of such of its proprietors as had abstained from the abusive practices resorted to by others. It may well, indeed, excite astonishment, that any one who can really afford to make a *bona fide* purchase of shares in a bank should be foolhardy enough to embark in such concerns.

A knowledge of the circumstances now stated, and of the sort of agency by which certain joint-stock banks have been established and conducted,[1] having been generally diffused, a secret committee was appointed by the House of Commons in 1836, to inquire into the operation of the act 7 Geo. IV. cap. 46, permitting the establishment of joint-stock banks; and whether it was expedient to make any alteration in its provisions. The report of this committee, and of a second committee appointed in 1837, with portions of the evidence taken before them, have since been published, and confirm all the conclusions of those who had contended that the existing system required material amendment. The committee of 1836 stated that,—

Statements by the committee of 1836.

"Subject to the local restrictions imposed for the protection of the privilege of the Bank of England, it is open to any number of persons to form a company for joint-stock banking, whether for the purpose of deposit, or of issue, or of both.

"1. The law imposes on the joint-stock banks no preliminary obligation beyond the payment of a license duty, and the registration of the names of shareholders at the stamp-office.

"2. The law does not require that the deed of settlement shall be considered or revised by any competent authority whatever; and no precaution is taken to enforce the insertion in such deeds, of clauses the most obvious and necessary.

"3. The law does not impose any restrictions upon the amount of nominal capital. This will be found to vary from L.5,000,000 to L.100,000; and in one instance an unlimited power is reserved for issuing shares to any extent.

"4. The law does not impose any obligation that the whole or any certain amount of shares shall be subscribed for before banking operations commence. In many instances banks commence their business before one half of the shares are subscribed for, and 10,000, 20,000, and 30,000 shares are reserved to be issued at the discretion of the directors.

"5. The law does not enforce any rule with respect to the nominal amount of shares. These will be found to vary from L.1000 to L.5. The effects of this variation are strongly stated in the evidence.

"6. The law does not enforce any rule with respect to the amount of capital paid up before the commencement of business. This will be found to vary from L.105 to L.5.

"7. The law does not provide for any publication of the liabilities and assets of these banks, nor does it enforce the communication of any balance-sheet to the proprietors at large.

"8. The law does not impose any restrictions by which care shall be taken that dividends are paid out of banking profits only, and that bad or doubtful debts are first written off.

"9. The law does not prohibit purchases, sales, and speculative traffic on the part of these companies in their own stock, nor advances to be made on the credit of their own shares.

"10. The law does not provide that the guarantee fund shall be kept apart and invested in government or other securities.

"11. The law does not limit the number of branches, or the distance of such branches from the central bank.

"12. The law is not sufficiently stringent to insure to the public that the names registered at the stamp-office are the names of persons *bona fide* proprietors, who have signed the deed of settlement, and who are responsible to the public.

"13. The provisions of the law appear inadequate, or at least are disregarded, so far as they impose upon banks the obligation of making their notes payable at the places of issue.

"All these separate questions appear to your committee deserving of the most serious consideration, with a view to the future stability of the banks throughout the united kingdom, the maintenance of commercial credit, and the preservation of the currency in a sound state."

Remedial measures that should be adopted.

We do not, however, think that it would be at all necessary, in providing for a secure system of joint-stock banking, to make any regulations with respect to many of the points noticed by the committee, as to which the law is silent. At present every partner in a joint-stock bank is liable to the public for the whole debts of the firm; and this may be truly said to be the saving principle of the system, and without which it would be an unmixed intolerable evil. No individual should, however, by merely withdrawing from a joint-stock concern, get rid of his liabilities in connection with it. To prevent fraud, and to insure due caution, these ought to continue for a period of three years at least after he has publicly withdrawn his name. The public, too, are clearly entitled to know the partners in joint-stock associations, that is, to be informed

[1] See Edinburgh Review, No. 128, art. 6; and the accounts of the Norwich Bank, and of the Northern and Central Bank, in the Reports of the Committees of 1836 and 1837.

Banks.

who the individuals are with whom they are dealing, and who are responsible to them. But, unluckily, no effective means are taken for supplying the public with this necessary information, and, consequently, of properly discriminating between one establishment and another. The act of 1833 (3 and 4 Will. IV. c. 83) directed, as previously stated, that an account of the places where they carry on business, and of the names and residences of the partners, should be quarterly transmitted to the stamp-office. But doubts have been entertained as to the correctness of these returns, and comparatively little use has been, or indeed can be, made of them. The accounts of the names and residences of the proprietors are not published; but are carefully secluded from the public eye, in the repositories of Somerset House! It is true that these lists may be seen by those who choose to apply at the office, for a small fee, and that certified copies may be procured at no great expense. But few know that such returns exist, and still fewer have the opportunity or think of availing themselves of them as sources of information. To render them of any real utility, they should be brought under the public eye, by being hung up in the offices of the banks to which they refer; and periodically published in the newspapers of the places where they carry on business. By this means the public would know exactly to whom they had to look, and would act accordingly. They would not be deceived, as they are liable to be at present, by supposing that, because a bank has a number of partners, some of them must be opulent and trustworthy. They would know the precise state of the fact; and if it were seen from the quarterly returns, that opulent and intelligent individuals were withdrawing from any bank, every one would be put on his guard, and would naturally conclude that the parties had very sufficient reasons for quitting the concern. Thus far publicity may be made effectual, and would be of the very greatest importance. Neither is it possible to allege a single plausible objection to this proposal. It interferes in no degree, nor in any way, with the proceedings of the parties; all that it does is to declare who and what they are, and to this degree of publicity no honest man will object. But we have great doubts whether it be possible to carry publicity farther than this. The committee state that "the law does not provide for any publication of the liabilities and assets of these banks, nor does it enforce the publication of any balance-sheet to the proprietors at large;" and it has been proposed to compel the periodical publication of a statement of this sort. But it is very questionable whether any such publication would not be a great deal worse than useless. It is not proposed that commissioners should be appointed to inspect the accounts of the different banks, and to see that the returns are accurate. This would be too inquisitorial, too cumbrous, and too costly a plan to be thought of for a moment. There would be nothing for it, in fact, but to trust entirely to the honour of the parties. Hence, in all cases in which a disclosure would be really useful, the publication of an account of assets and liabilities would afford the means of deceiving the public, and of representing a bankrupt concern as being in a prosperous condition. Supposing, however, that the parties were in all instances perfectly honest, still the publication of a balance-sheet would be good for nothing. Every one knows how sanguine people are in relation to their own affairs; and that debts and obligations which other parties would hardly reckon worth any thing, are estimated by them as if they were so much bullion. But, independently of this, the futility of the thing is obvious. A bank with a capital of L.100,000 discounts bills and other obligations to the extent, perhaps, of L.300,000 or L.400,000; the fact that it has discounted them shows that it believes these bills and obligations to be good; and they will, consequently, be reckoned amongst its assets. But should a revulsion take place, or any circumstance occur to shake credit, these bills may not be worth L.100,000; and those who have dealt with the bank, on the hypothesis of its having capital and assets more than enough to meet all its obligations, will find to their cost that it is not possessed of a single shilling, but is, on the contrary, some L.200,000 or L.300,000 worse than nothing!

The committee seem to think that some regulation should be enacted, providing that a certain portion of its capital should be paid up before a bank begins business. But we incline to think that the better way would be to prohibit all advertising of *nominal* capitals; and to enact that the capital actually *paid up*, whatever its amount, shall always be represented as, and held to be, the capital of the bank. But although such a regulation were made, there would be no security that the capital said to have been paid up had really been paid into the coffers of the bank, or that, if received, it had not again been lent out, in one way or other, to the partners. Perhaps it might be good policy to enact that no shares should be issued under a certain sum, as L.50; and that no loans should be made to the partners on the credit of their stock. But we should not be inclined to lay much stress on the former regulation; and the latter might, and no doubt would, be defeated in a thousand ways.

We are decidedly hostile to a proposal we have heard made, and which seems to be countenanced by the committee, for obliging all banks to establish a guarantee fund; that is, for obliging them to accumulate a portion of their profits as a reserve stock. But where is the security that such reserve would be always deducted from the profits? The truth is, that bankrupt and fraudulent concerns, and none else, would gain by such a regulation; inasmuch as it would enable them, by appearing to be prosperous, the better to deceive the public, and to blind them as to the real state of their affairs. It is plainly worse than absurd to teach the public to depend on guarantees that cannot be enforced, and which consequently must be good for nothing, unless it be to tempt to and conceal fraud. The knowledge of who the partners are in a bank, and their unlimited responsibility, are the only securities that, speaking generally, are worth anything. If these cannot protect the public from fraud and loss, nothing else will; and the question will come to be, not whether the system should be reformed, but whether it should be entirely abolished.

We have already noticed the extraordinary multiplication of branch-banks all over the country; and it is not very difficult to discover why banks of issue, at least, are so very anxious about the establishment of these outworks. They are bound, it seems, by the present law, to pay their notes only at the parent establishment; so that, by issuing them at a branch bank, perhaps a hundred miles distant from the head bank, the chances are ten to one that they will continue for a much longer period in circulation, and that they will consequently be able to carry on business with a much less amount of capital, than if they were, as they ought to be, obliged to pay their notes at the branches as well as at the principal office. It is obvious, indeed, that the convertibility of the paper, even of first-class banks, into either cash or Bank of England notes, is at present exceedingly imperfect; and that very great facilities are afforded for getting the worst class of notes into circulation, and for keeping them afloat, even after their quality may be suspected. This defect in the law ought undoubtedly to be amended, by obliging all banks that issue notes to pay them indifferently at any of their offices. But we incline to think that parliament might go farther than this, and that it should enact that no branch be established, whether for the issue of notes or otherwise, beyond a certain distance (say fifty miles) from the head office.

Several of the points recapitulated by the committee, as to which the law is silent, respect the rights and interests of the partners in joint-stock banks, in relation to each other, and not as between them and the public. But it is always a very difficult matter to interfere to dictate the footing on which parties in any undertaking should stand amongst themselves. Much should, in such cases, be left to the judgment of the parties; and public regulations, if enforced at all, should only go to prevent obvious and acknowledged abuse. The parties may in most cases be safely left to take care of themselves. The protection of the public interest is the paramount consideration; and we do not well know what can be done to effect this, in the case at least of such banks as do not issue notes, other than the making known who their partners are.

The committee, like the manager who overlooked the part of the prince in casting the play of Hamlet, have omitted all reference to by far the most important matter connected with their inquiry,—the suppression of the issues of private and joint-stock banks. Though the regulations proposed or hinted at by the committee were adopted, and were as effectual as they are sure to be ineffectual and mischievous, they would do nothing to prevent those oscillations in the amount and value of money inherent in a currency supplied by different issuers, and which periodically overspread the country with bankruptcy and ruin. Even the exacting of security for their issues, the only regulation it is possible to adopt in regard to them which can be of any real value, though it would mitigate their violence, would not get rid of these destructive fluctuations. Nothing, as has already been fully shown, can do this short of the suppression of all local issues; and all schemes for the improvement of banking in England which do not proceed on this assumption, savour more of quackery and delusion than of anything else, and deserve but little attention.

TABLES EXHIBITING THE NAMES, PARTNERS, CAPITAL, &C. OF JOINT-STOCK BANKS.

I.—Official Return of all Places where United or Joint-Stock Banks have been established under the Act 7 Geo. IV. c. 46; with the Dates when such Banks were established, and the Number of Partners therein, down to the 22d November 1837. Subjoined is the paid-up Capital and Circulation of certain Banks, according to the Returns rendered to the Secret Committee of 1837.

Places.	Name of the Bank.	Date when Established.	Number of Partners.	Paid-up Capital. L.	s.	d.	Circulation. Quarter ended Dec. 31, 1836. L.
Ashton-under-Lyne	Ashton, Staleybridge, Hyde, and Glossop Bank	June 18, 1836.	317	20,330	0	0	...
Barnsley	*Barnsley Banking Company	Jan. 25, 1832.	112	25,100	0	0	8,247
Liverpool	Bank of Liverpool	April 23, 1831.	503	380,170	0	0	...
Manchester, Stockport, Bolton, and Newton	*Bank of Manchester	March 19, 1829.	677	741,030	0	0	136,366
Stockport	Bank of Stockport	May 3, 1836.	331	66,625	0	0	...
Walsall and Penkridge	*Bank of Walsall and South Staffordshire	August 10, 1835.	154	30,575	0	0	16,680
Kendal	*Bank of Westmoreland	June 8, 1833.	153	21,450	0	0	21,376
Bilston	*Bilston District Banking Company	August 31, 1836.	150	27,375	0	0	9,706
Birmingham	Birmingham and Midland Bank	August 18, 1836.	265	36,400	0	0	...
Ditto	Birmingham Town and District Banking Company	July 4, 1836.	398	...			...
Ditto	Birmingham Banking Company	Sept. 30, 1829.	298	50,000	0	0	...
Bolton	Bolton Joint-Stock Banking Company	May 30, 1836.	183	20,670	0	0	...
Bradford	*Bradford Banking Company	July 7, 1827.	167	77,900	0	0	33,019
Ditto	*Bradford Commercial Joint-Stock Banking Company	Feb. 27, 1833.	155	48,095	0	0	20,575
Bristol	*Bristol Old Bank	June 16, 1826.	7	140,000	0	0	104,352
Bury	Bury Banking Company	June 14, 1836.	110	63,925	0	0	8,256
Appleby, Carlisle, and Wigton	*Carlisle and Cumberland Banking Company	Oct. 8, 1836.	284	50,950	0	0	6,997
Cheltenham and Tewkesbury	Cheltenham and Gloucestershire Bank	May 19, 1836.	151	22,625	0	0	9,555
Chesterfield	*Chesterfield and North Derbyshire Banking Company	Dec. 21, 1831.	97	23,280	0	0	16,255
Manchester, Preston, Burnley, Birmingham, Chester, Leek, Burslem, Liverpool, Blackburn, Ashbourn, Rochdale, Shrewsbury, Ellesmere, Uttoxeter, Whitchurch, Hanley, Newport, and Ludlow	Commercial Bank of England	July 2, 1834.	664	262,485	0	0	113,527
Gloucester, Cheltenham, Burford, Cirencester, Farringdon, Tetbury, Dursley, Northleach, and Stroud	*County of Gloucester Bank	August 1, 1836.	281	176,750	0	0	87,424
Coventry and Nuneaton	Coventry and Warwickshire Banking Company	Dec. 13, 1835.	284	40,490	0	0	31,225
Ditto	Coventry Union Banking Company	May 12, 1836.	151	32,700	0	0	18,439
Workington, Cockermouth, Maryport, Wigton, and Penrith	*Cumberland Union Banking Company	March 13, 1829.	146	18,810	0	0	36,870

N.B.—The banks to which an asterisk is prefixed issue notes payable to bearer on demand. Where blanks are left no returns have been made.

TABLE I.—*Continued.*

Places.	Name of the Bank.	Date when Established.	Number of Partners.	Paid-up Capital.	Circulation, Quarter ending Dec. 31, 1836.
				L. s. d.	L.
Darlington, Stockton, Stokesley, Barnard Castle, Northallerton..	*Darlington District Joint-Stock Banking Company..................	Dec. 22, 1831.	250	55,425 0 0	73,285
Derby and Belper......................	*Derby and Derbyshire Banking Company..............................	Dec. 28, 1833.	192	40,900 0 0	27,656
Plymouth, Devonport, Kingsbridge, Totness, Bodmin, Ashburton, St Austell, Liskeard, Dartmouth, Newton-Abbot, Exeter, Collumpton, Faristock, Crediton, and Launceston.......	*Devon and Cornwall Banking Company..............................	Dec. 31, 1831.	200	56,820 0 0	110,762
Dudley and Westbromwich........	*Dudley and Westbromwich Banking Company.................	Dec. 30, 1833.	185	32,325 0 0	42,030
Norwich, Great Yarmouth, Ipswich, Swaffham, Lynn, East Dereham, Foulsham, Fakenham, Harleston, Eye, Saxmundham, Bungay, Watton, Lowestoft, Beccles, Bury St Edmund's, North Walsham, Aylsham, Kenninghall, Thetford, Halesworth, Wrentham, Stowmarket, Woodbridge, Ixworth, Mildenhall, Downham...........	*East of England Bank................	Feb. 27, 1836.	541	156,322 10 0	84,574
Swansea and Neath..................	Glamorganshire Banking Company..................................	Sept. 8, 1836.	107	32,500 0 0	...
Gloucester, Stroud, Newnham, Evesham, Tewkesbury, Cheltenham..............................	*Gloucestershire Banking Company..................................	June 28, 1831.	248	100,000 0 0	76,132
Halifax and Huddersfield.........	Halifax and Huddersfield Union Banking Company...............	June 29, 1836.	408	83,775 0 0	44,549
Halifax..................................	Halifax Commercial Banking Company..........................	June 21, 1836.	167	65,000 0 0	13,348
Ditto....................................	*Halifax Joint-Stock Banking Company............................	Nov. 11, 1829.	207	44,475 0 0	25,395
Southampton, Fareham, Rumsey...	*Hampshire Banking Company......	April 29, 1834.	152	28,445 0 0	26,466
Helston...................................	*Helston Banking Company.........	August 4, 1836.	19	4,190 0 0	2,896
Hereford, Ross, Leominster, Ledbury, Kington, Hay, Monmouth, Coleford, Bromyard, and Abergavenny..................	*Herefordshire Banking Company...	August 5, 1836.	126	30,300 0 0	...
Huddersfield and Holmfirth..........	*Huddersfield Banking Company...	June 7, 1827.	326	65,180 0 0	38,580
Hull, Barton, Beverley, Brigg, Gainsborough, Goole, Grimsby, Lincoln, Louth, South Cave, Caistor, Market-Raisin, Retford, Howden, Snaith, and Market-Weighton..................	*Hull Banking Company.............	Nov. 30, 1833.	239	44,200 0 0	74,960
Knaresborough, Ripon, Wetherby, Easingwold, Hemsley, Thirsk, Boroughbridge, Masham, Pateley Bridge, Otley, and Harrogate..................................	*Knaresborough and Clare Banking Company............................	Sept. 14, 1831.	162	21,620 0 0	37,944
Lancaster, Ulverstone, and Preston.......................................	*Lancaster Banking Company.......	October 9, 1826.	127	60,750 0 0	48,701
Leamington Priors..........................	*Leamington Bank........................	May 8, 1835.	165	40,125 0 0	287
Leamington Priors, Southam, Warwick, Kenilworth, and Banbury.......................................	*Leamington Priors and Warwickshire Banking Company...	August 27, 1835.	111	22,920 0 0	24,145
Leeds..	*Leeds Banking Company............	Nov. 22, 1832.	430	120,450 0 0	34,193
Ditto..	Leeds Commercial Banking Company....................................	June 21, 1836.	216	50,000 0 0	21,975
Leeds and Bradford....................	*Leeds and West Riding Banking Company............................	Nov. 28, 1835.	245	67,725 11 6	37,695
Leicester, Ashby-de-la-Zouch, Hinckley, Market-Harborough, and Melton-Mowbray............	*Leicestershire Banking Company..................................	August 28, 1829.	139	49,440 0 0	36,332
Litchfield, Rugeley, Tamworth, and Birmingham..................	Litchfield, Rugeley, and Tamworth Banking Company.........	Nov. 21, 1835.	158	28,000 0 0	...
Lincoln, Gainsborough, Louth, Horncastle, Brigg, Market-Raisin, Caistor, Sleaford, Alford, Spilsby, Epworth, and Partney.	*Lincoln and Lindsay Banking Company..............................	Aug. 10, 1833.	225	53,510 0 0	67,055
Liverpool..................................	Liverpool Borough Bank..............	June 28, 1836.	407	206,225 0 0	...
Ditto..	Liverpool Commercial Banking Company..............................	Dec. 29, 1832.	311	338,900 0 0	...

TABLE I.—*Continued.*

Places.	Name of the Bank.	Date when Established.	Number of Partners.	Paid-up Capital.			Circulation, Quarter ending Dec. 31, 1836.
				L.	s.	d.	L.
Manchester, Liverpool, Oldham, Warrington, Ashton-under-Lyne, Bury, Blackburn, Wigan, Preston, Staleybridge, Rochdale, Hyde, Stockport, Nantwich, Hanley, Stafford, Burslem, Leek, Lane-End, Cheadle, Rugeley, Market-Drayton, and Glossop	*Manchester and Liverpool District Bank	Nov. 26, 1829.	1302	749,725	0	0	...
Manchester	Manchester and Salford Bank	June 15, 1836.	239	271,900	0	0	...
Newport, Ponty-Pool, Usk, Chepstow, Cardiff, Sydney, Monmouth, Abergavenny, and Tredegar Iron-Works	Monmouthshire and Glamorganshire Banking Company	July 28, 1836.	341	128,580	0	0	32,879
Nottingham	*Moore and Robinson's Nottinghamshire Banking Company	July 12, 1836.	146	51,282	0	0	22,433
Aberystwith, Birmingham, Brecon, Llandovery, Hay, Bath, Shepton-Mallet, Boston, Castle Cary, Somerton, Bideford, Southmolten, Torrington, Bury St Edmund's, Cheltenham, Cardiff, Bridge-End, Dursley, Gloucester, Hereford, Honiton, Stowmarket, Ipswich, Woodbridge, Lichfield, Rugby, Tiverton, Wisbeach, Whittlesea, Chatteris, Long Sutton, Worcester, Ledbury, Wotton-under-Edge, Yarmouth, Bristol, Leicester, Dolgelly, Amlwch, Bala, Barnstaple, Okehampton, Cowbridge, Crewkerne, Darlington, Machynlleth, Exeter, Kington, Exmouth, Plymouth, Ilfracombe, Deal, Ramsgate, Wem, Kingsbridge, Whitchurch, Manchester, Newcastle, Emlyn, Stockton, Devonport, Pwllheli, Tremadoe, Portmadoc, Barnard Castle, Stokesley, Holbeach, March, Bromyard, Lowestoft, and Halesworth	*National Provincial Bank of England	Dec. 27, 1833.	800	367,635	0	0	329,480
Newcastle-upon-Tyne	*Newcastle Commercial Banking Co.	July 16, 1836.	134	40,425	0	0	4,372
Newcastle-upon-Tyne, North and South Shields, Sunderland, Durham, Alnwick, Alston, Morpeth, Hexham, Hartlepool, Blyth, and Bishop's Auckland	*Newcastle, Shields, and Sunderland Union Joint-Stock Banking Company	July 11, 1836.	446	115,168	10	0	58,798
Newcastle-upon-Tyne	Newcastle-upon-Tyne Joint-Stock Banking Company	June 27, 1836.	71	20,317	10	0	3,835
Liverpool, Dolgelly, Bangor, Machynlleth, Aberystwith, Holywell, Wrexham, Pwllheli, Bala, Denbigh, Oswestry, Llanidloes, Ruthin, Llanroost, Fastiniog, Mold, Newtown, Chester, Caernarvon, Llangefni, Welchpool, Bishop's Castle, Llangfyllin, and Holyhead	North and South Wales Bank	April 30, 1836.	529	150,360	0	0	52,358
Newcastle-upon-Tyne, Sunderland, North Shields, Berwick-upon-Tweed, Morpeth, Hexham, South Shields, Durham	North of England Joint-Stock Banking Company	Nov. 28, 1832.	625	240,000	0	0	105,670
Manchester	*Northern & Central Bank of England.	March 12, 1834.	1171	...			305,082
Northampton, Daventry, Wellingborough, Kettering, Stamford, and Market-Harborough	Northamptonshire Banking Company	May 23, 1836.	317	47,630	0	0	33,657
Northampton, Daventry, and Wellingborough	Northamptonshire Union Bank	May 13, 1836.	419	107,500	0	0	89,776
Newcastle-upon-Tyne, Sunderland, North and South Shields.	Northumberland and Durham District Banking Company	May 23, 1836.	304	123,812	10	0	...
Melksham, Devizes, Bradford, Trowbridge, Westbury, Calne, Chippenham, Warminster, Corsham, Wotten-Bassett, Marshfield, Swindon, Marlborough, Highworth, and Malmesbury	*North Wilts Banking Company	Nov. 6, 1835.	240	37,975	0	0	60,152

Table I.—*Continued.*

Places.	Name of the Bank.	Date when Established.	Number of Partners.	Paid-up Capital.			Circulation. Quarter ending Dec. 31, 1836.
				L.	s.	d.	L.
Nottingham, Newark, Mansfield, Loughborough, Worksop, and East Retford	*Nottingham and Nottinghamshire Banking Company	April 12, 1834.	341	81,450	0	0	52,522
Leicester, Hinckley, Loughborough, and Melton-Mowbray	*Pares's Leicestershire Banking Company, or the Leicestershire Union Banking Company	March 15, 1836.	46	16,350	0	0	30,138
Liverpool	Royal Bank of Liverpool	April 30, 1836.	258	352,930	0	0	...
Saddleworth, Ashton, and Oldham	*Saddleworth Banking Company	June 29, 1833.	110	30,850	0	0	20,790
Sheffield and Rotherham	*Sheffield Banking Company	June 24, 1831.	203	92,170	0	0	35,778
Sheffield	Sheffield and Hallamshire Banking Company	May 20, 1836.	617	115,057	10	0	18,771
Sheffield, Rotherham, and Bakewell	Sheffield and Rotherham Joint-Stock Banking Company	June 25, 1836.	275	33,125	0	0	48,295
Shiffnal, Wellington, Newport, and Coalbrook Dale	Shropshire Banking Company	May 27, 1836.	276	40,215	0	0	50,509
Manchester	South Lancashire Bank	May 25, 1836.	411	150,212	10	0	...
Stamford, Spalding, Boston, Oundle, Bourn, and Peterborough	*Stamford, Spalding, and Boston Joint-Stock Banking Company	Dec. 28, 1831.	88	44,080	0	0	68,748
Stourbridge, Kidderminster, and Stratford-upon-Avon	*Stourbridge and Kidderminster Banking Company	April 9, 1834.	220	45,000	0	0	67,167
Bristol, Axbridge, Bridgewater, Taunton, Wellington, Crewkerne, Chard, Ilminster, Langport, Wells, Glastonbury, Shepton Mallet, Bruton, Wincanton, Frome, Castle Cary, Yeovil, Bamwell, Weston-super-Mare, Williton, Martock, Somerton, South Petherton, Ilchester, Midsomer, Norton, and Stowey	*Stuckey's Banking Company	Oct. 9, 1836.	38	65,000	0	0	289,070
Liverpool	Union Bank of Liverpool	May 2, 1835.	341	257,350	0	0	...
Manchester	Union Bank of Manchester	May 6, 1836.	449	155,425	0	0	...
Wakefield	*Wakefield Banking Company	Oct. 25, 1832.	102	44,920	0	0	10,950
Warwick, Leamington, Stratford-on-Avon, Southam, Henley-in-Arden	*Warwick and Leamington Banking Company	Sept. 10, 1834.	125	32,900	0	0	43,505
Bristol, Bath, Barnstaple, Exeter, Swansea, Taunton, Bridgewater, Cardiff, Newport, Wells, Glastonbury, Merthyr Tydvil, Williton, Axbridge, and Somerton.	*West of England and South Wales District Bank	Dec. 23, 1834.	558	213,530	0	0	76,405
Salisbury, Warminster, Devizes, Trowbridge, Melksham, Chippenham, Marlborough, Malmesbury, Wootton-Bassett, Frome, Yeovil, Dorchester, Blandford, Wimborne, Poole, Bridport, Sherborne, Mere, Fordingbridge, Christchurch, Lymington, Paulton, Gillingham, and Marshfield	*Wilts and Dorset Banking Company	Jan. 11, 1836.	454	63,105	0	0	74,976
Devonport, Plymouth, Totnes, Kingsbridge, Falmouth, Penzance, Truro, and St Columb	*Western District Banking Company for Devon and Cornwall	Sept. 1, 1836.	312	...			17,880
Whitehaven and Penrith	*Whitehaven Joint-Stock Banking Company	May 25, 1829.	215	28,050	0	0	42,331
Wolverhampton	*Wolverhampton and Staffordshire Banking Company	Dec. 28, 1831.	234	69,435	7	2	51,228
York, Malton, Selby, Howden, Scarborough, and Boroughbridge	*York City and County Banking Company	March 2, 1830.	266	75,000	0	0	94,500
York, Driffield, Thirsk, Malton, and Burlington	*York Union Banking Company	April 23, 1833.	267	63,000	0	0	81,090
York, Whitby, Malton, Driffield, Pocklington, Hull, and Leeds	Yorkshire Agricultural and Commercial Banking Company	July 27, 1836.	604	72,875	0	0	16,224
Leeds, York, Hull, Sheffield, Halifax, Doncaster, Selby, Thirsk, Malton, Bradford, Pontefract, Ripon, Knaresborough, Huddersfield, Beverley, Richmond, Dewsbury, Wakefield, Settle, Northallerton, Barnsley, Skipton, Easingwold, Barnard Castle, and Otley	*Yorkshire District Bank	July 30, 1834.	1113	389,985	0	0	231,483
Whitehaven and Wigton	Bank of Whitehaven	Jan. 23, 1837.	123	...			...
Birmingham	Birmingham Borough Bank	March 28, 1837.	116	...			...

Table I.—*Concluded.*

Places.	Name of the Bank.	Date when Established.	Number of Partners.	Paid-up Capital. L. s. d.	Circulation Quarter ending Dec. 31, 1836. L.
Carlisle and Cockermouth..........	Carlisle City and District Banking Company........................	Feb. 20, 1837.	280	...	...
Liverpool..............................	Liverpool Albion Bank (formerly called Liverpool Tradesmen's Bank)..............................	March 22, 1836.	434	94,375 0 0	...
Liverpool and St Helens.............	Liverpool Phœnix Bank.............	Jan. 26, 1837.	134	...	...
Liverpool..............................	Liverpool Banking Company (formerly called Liverpool United Trades' Bank)........................	May 12, 1836.	201	113,719 5 7	...
Oldham..................................	Oldham Banking Company...........	Sept. 30, 1836.	69	10,210 0 0	...
Richmond, Leyburn, and Bedale	Swaledale and Wensleydale Banking Company........................	Dec. 30, 1836.	223	26,325 0 0	...
Huddersfield, Dewsbury, and Wakefield..........................	West Riding Union Banking Company (formerly called Mirfield and Huddersfield Banking Company................................	Dec. 29, 1832.	457	63,900 0 0	40,360
Southampton..........................	Southern District Banking Company................................	Nov. 22, 1837.	124	...	...

II.—An Account of the aggregate Number of Notes circulated in England and Wales by Private Banks, and by Joint-Stock Banks and their Branches, distinguishing Private from Joint-Stock Banks. From Returns directed by 3 and 4 William IV. c. 83.

Quarters Ended	Private Banks.	Joint-Stock Banks.	Total.
1833. December 28.	8,836,803	1,315,301	10,152,104
1834. March 29......	8,733,400	1,458,427	10,191,827
... June 28........	8,875,795	1,642,887	10,518,682
... September 27.	8,370,423	1,783,689	10,154,112
... December 28.	8,537,655	2,122,173	10,659,828
1835. March 28......	8,231,206	2,188,954	10,420,160
... June 27........	8,455,114	2,484,687	10,939,801
... September 26.	7,912,587	2,508,036	10,420,623
... December 26.	8,334,863	2,799,551	11,134,414
1836. March 26......	8,353,894	3,094,025	11,447,919
... June 25........	8,614,132	3,588,064	12,202,196
.. September 24.	7,764,824	3,969,121	11,733,945
... December 31.	7,753,500	4,258,197	12,011,697
1837. April 1.........	7,275,784	3,755,279	11,031,063
... July 1..........	7,187,673	3,684,764	10,872,437
... September 30.	6,701,996	3,440,053	10,142,049
... December 30.	7,043,470	3,826,665	10,870,135

III.—A Return of Joint-Stock Banks in Ireland, with the Dates of their Establishment, the Names of the several Towns and Places where such Banks and their Branches have been Established, and the Number of Partners in each.

Joint-Stock Banks.	When Established.	Towns and Places where the Banks or their Branches have been Established.	Number of Partners.
Hibernian Joint Stock Company.	June 1825, By Special Act, 5 Geo. IV. c. 159.	Dublin.	225
Provincial Bank of Ireland.	Sept. 1825, Under General Act, 6 Geo. IV. c. 42.	Armagh. Athlone. Banbridge. Bandon. Ballina. Ballymena. Ballyshannon. Belfast. Cavan. Coleraine. Clonmell. Cootehill. Cork. Downpatrick. Dungannon. Dungarvan.	

Joint-Stock Banks.	Where Established.	Towns and Places where the Banks or their Branches have been Established.	Number of Partners.
Provincial Bank of Ireland—*Continued.*		Ennis. Enniskillen. Galway. Kilkenny. Limerick. Londonderry. Lurgan. Mallow. Monaghan. Moneymore. Omagh. Parsonstown. Strabane. Sligo. Tralee. Waterford. Wexford. Youghal.	707
Northern Banking Company.	Dec. 31, 1825.	Armagh. Belfast. Ballymena. Coleraine. Carrickfergus. Downpatrick. Lisburn. Londonderry. Lurgan. Magherafelt. Newton Limavady.	207
Belfast Banking Company.	July 31, 1827.	Armagh. Aughnacloy. Ballymena. Ballymoney. Belfast. Banbridge. Coleraine. Cookstown. Dungannon. Londonderry. Lurgan. Larne. Letterkenny. Monaghan. Magherafelt. Ne. Limavady. Newtown Ardes. Portadown. Strabane. Stewartstown. Tanderagee.	285

TABLE III.—*Continued.*

Joint-Stock Banks.	When Established.	Towns and Places where the Banks or their Branches have been Established.	Number of Partners.
Agricultural and Commercial Bank of Ireland.	Oct. 28, 1834.	Armagh. Ballina. Ballinasloe. Ballymena. Bandon. Belfast. Boyle. Castlebar. Cavan. Clifden. Clones. Coleraine. Cork. Dungannon. Ennis. Enniscorthy. Enniskillen. Fermoy. Galway. Kanturk. Kilkenny. Kilrush. Killarney. Kinsale. Limerick. Londonderry. Longford. Loughrea. Mallow. Nenagh. New Ross. Omagh. Parsonstown. Roscrea. Roscommon. Skibbereen. Sligo. Strabane. Strokestown. Thomastown. Thurles. Tipperary. Tuam. Waterford. Lurgan. Tralee. Donegal.	3892
National Bank of Ireland.	Jan. 24, 1835.	Athlone. Boyle. Castlebar. Castlerea. Ballinasloe. Galway. Kilkenny. Longford. Loughrea. Moale. Roscommon. Sligo. Tuam.	290
Limerick National Bank of Ireland.	Aug. 17, 1835.	Limerick. Charleville. Ennis. Kilrush. Rathkeale.	553
Clonmel National Bank of Ireland.	May 20, 1836.	Clonmel. Cashel. Thurles.	487
Carrick-on-Suir National Bank of Ireland.	May 21, 1836.	Carrick-on-Suir.	416
Waterford National Bank of Ireland.	May, 23, 1836.	Waterford. Dungarvan. New Ross. Tallow.	451

TABLE III.—*Concluded.*

Joint-Stock Banks.	When Established.	Towns and Places where the Banks or their Branches have been Established.	Number of Partners.
Wexford and Enniscorthy National Bank of Ireland.	May 24, 1836.	Wexford. Enniscorthy.	416
Tipperary National Bank of Ireland.	May 26, 1836.	Tipperary. Fermoy. Mitchelstown. Nenagh. Roscrea.	458
Tralee National Bank of Ireland.	May 27, 1836.	Tralee. Caherciveen. Dingle. Kanturk. Killarney. Tarbert.	444
Kilkenny National Bank of Ireland.	June 7, 1837.	Kilkenny.	379
Cork National Bank of Ireland.	March 17, 1837.	Cork.	415
Ulster Banking Company.	April 15, 1836.	Antrim. Armagh. Belfast. Banbridge. Ballymoney. Comber. Downpatrick. Enniskillen. Lurgan. Monaghan. Portadown. Tanderagee.	789
Royal Bank of Ireland.	November 1836.	Dublin.	363
Southern Bank of Ireland.	Feb. 11, 1837.	Cork.	92

History and constitution of Scotch banks.

The act of 1708, preventing more than six individuals from entering into a partnership for carrying on the business of banking, did not extend to Scotland. In consequence of this exemption, several banking companies, with numerous bodies of partners, have always existed in that part of the empire. The Bank of Scotland was established by act of parliament in 1695. By the terms of its charter, it enjoyed, for twenty-one years, the exclusive privilege of issuing notes in Scotland. Its original capital was only L.100,000. But it was increased to L.200,000 in 1744, and now amounts to L.1,500,000, of which L.1,000,000 has been paid up.

The Royal Bank of Scotland was established in 1727. Its original capital was L.151,000. At present it amounts to L.2,000,000, which has been all paid up.

The British Linen Company was incorporated in 1746, for the purpose, as its name implies, of undertaking the manufacture of linen. But the views in which it originated were speedily abandoned, and it became a banking company only. Its paid up capital amounts to L.500,000.

Exclusively of the above, there are two other chartered banks in Scotland; the Commercial Bank, established in 1810, and the National Bank of Scotland, established in 1825. The former has a paid-up capital of L.600,000, and the latter of L.500,000.

None of the other banking companies established in Scotland are chartered associations; and the partners are jointly and individually liable to the whole extent of their fortunes for the debts of the firms. Some of them, as the Aberdeen Town and County Bank, the Dundee Commercial Bank, the Perth Banking Company, &c. have very

Banks.

numerous bodies of partners. Generally speaking, they have been eminently successful. An original share, L.150, of the stock of the Aberdeen Banking Company, established in 1767, is now (1838) worth no less that L.2500! Their affairs are uniformly conducted by a board of directors chosen by the shareholders.

There are very few banks with less than six partners in Scotland. Almost all the great joint-stock banks have numerous branches, so that there is hardly a town or village of any consequence without two or more banks.

The Bank of Scotland began to issue one-pound notes as early as 1704, and their issue has since been continued without interruption. With only one exception, all the Scotch banks issue notes; and, taking their aggregate circulation at from L.3,500,000 to L.4,000,000, it is supposed that from L.2,000,000 to L.2,500,000 consists of notes for L.1. In 1826 it was proposed to suppress one-pound notes in Scotland as well as in England; but the measure having been strongly objected to by the people of Scotland, as being at once oppressive and unnecessary, was abandoned.

Reasons for the few failures among Scotch banks.

There have been very few bankruptcies amongst the Scotch banks. This superior stability is to be ascribed to a variety of causes; partly to the great wealth of the early established banks, which had a considerable influence in preventing an inferior class of banks acquiring any hold on the public confidence; partly to the comparatively little risk attending the business of banking in Scotland; partly to the facilities afforded by the Scotch law for attaching a debtor's property, whether it consist of land or moveables; and partly and principally, perhaps, to the fact of the Scotch banks being but indirectly and slightly affected by a depression of the exchange and an efflux of bullion.

Suppression of local notes in Scotland unnecessary.

The circumstances now mentioned render it unnecessary to enforce that suppression of local issues in Scotland which is so indispensable in England, where the system of provincial banking is of a very inferior description, the risk attending the business much greater, and where any excess in the amount of the currency necessarily occasions a fall of the exchange and a demand for bullion. The commerce and population of Scotland are too limited, and that country is too remote from the metropolis, or from the centre of the monied world, the pivot on which the exchanges turn, to make it of importance that her currency should be identical with that of England. We believe that the Scotch attach much more importance than it deserves to the issue of paper, and especially to the issue of one-pound notes; still, however, we do not think that the circumstances are at present such as to call for or warrant any attempt to introduce any material changes in their banking system.

Deposits.

All the Scotch banks receive deposits, even of the low amount of L.10, and allow interest on them at from one to two per cent. below the market rate. But should a deposit be unusually large, as from L.5000 to L.10,000, a special agreement is usually made with regard to it. This part of the system has been particularly advantageous. It, in fact, renders the Scotch banks a sort of savings' banks for all classes; and their readily receiving all sorts of deposits at a reasonable rate of interest, has tended to diffuse a spirit of economy and parsimony among the people that would not otherwise have existed. The total deposits in the hands of the Scotch banks are believed at present (1838) to exceed L.25,000,000, of which fully a half is understood to be in sums of from L.10 to L.200.

Cash-accounts.

The Scotch banks make advances in the way of discounts and loans, and on what are called cash-credits or cash-accounts. By the latter are meant credits given by the banks for specified sums to individuals, each of whom gives a bond for the sum in his account, with two or more individuals as sureties for its payment. Persons having such accounts draw upon them for whatever sums within their amount they have occasion for, repaying these advances as they find opportunity, but generally within short periods. Interest is charged only on the average balance which may be found due to the bank. The total number of these accounts in Scotland in 1826 was estimated at about 12,000; and it may now, perhaps, be taken at about 14,000. They are believed to average about L.500; few are for less than L.100, and fewer still above L.5000.

It has been contended, and by no less an authority than Adam Smith, that this species of accommodation gives the Scotch merchants and traders a double command of capital. "They may discount their bills of exchange," says he, "as easily as the English merchants, and have, besides, the additional conveniency of their cash-accounts."[1] But this is an obvious error. The circulation will take off only a certain quantity of paper; and to whatever extent it may be issued by means of cash-accounts, so much the less can be issued in the way of discounts. The advantage of a cash-account does not really consist in its enabling a banker to enlarge his advances to his customers, but in the extreme facility it affords of making them. An individual who has obtained such an account may operate upon it at any time he pleases, and by drafts for any amount; an advantage he could not enjoy to any thing like the same extent, without an infinite deal of trouble and expense, were the loans or advances made to him through the discounting of bills.

The Scotch banks draw upon London at twenty days' date. This is denominated the par of exchange between London and Edinburgh.

The following table, extracted from a very useful publication,[2] exhibits the partners, branches, capital, prices of shares, dividends, &c. in the five chartered banks, in December 1837; and it also shows the aggregate partners, branches, capital, &c. of the other joint-stock banks then existing in Scotland.

	Partners.	Branches.	Paid up Capital.	Dividend. Rate per Cent.	Dividend. Amount.	Dividend. Payable.	Shares Paid.			Present Price.
			L.		L.		L.	s.	d.	L.
Bank of Scotland	672	25	1,000,000	6	60,000	April & Oct.	83	6	8	159
Royal Bank	764	7	2,000,000	5½	110,000	Jan. & July.	100	0	0	161
British Linen Company	164	42	500,000	8	40,000	June & Dec.	100	0	0	236
	1600	74	3,500,000	6	210,000					
Commercial Bank	521	48	600,000	6	36,000	Jan. & July.	100	0	0	173
National Bank	1238	33	500,000	6	30,000	Ditto.	10	0	0	16
Twelve other Joint-Stock Cos.	4128	72	1,937,700	6·04	116,995					
Total	7487	227	6,537,700	6·01	392,995					

[1] Wealth of Nations, book ii. cap. 2.

[2] Oliver and Boyd's Almanack for 1838.

Banks.

System of banking in Ireland.

"In no country, perhaps," says Sir Henry Parnell, "has the issuing of paper-money been carried to such an injurious excess as in Ireland. A national bank was established in 1783, with similar privileges to those of the Bank of England, in respect to the restriction of more than six partners in a bank; and the injury that Ireland has sustained from the repeated failure of banks may be mainly attributed to this defective regulation. Had the trade of banking been left as free in Ireland as it is in Scotland, the want of paper-money that would have arisen with the progress of trade, would in all probability have been supplied by joint-stock companies supported with large capitals, and governed by wise and effectual rules.

"In 1797, when the Bank of England suspended its payments, the same privilege was extended to Ireland; and after this period the issues of the Bank of Ireland were rapidly increased. In 1797, the amount of the notes of the Bank of Ireland in circulation was L.621,917; in 1810, L.2,266,471; and in 1814, L.2,986,999.

"These increased issues led to corresponding increased issues by the private banks, of which the number was fifty in the year 1804. The consequence of this increase of paper was its great depreciation; the price of bullion and guineas arose to ten per cent. above the mint price; and the exchange with London became as high as eighteen per cent., the par being 8⅓. This unfavourable exchange was afterwards corrected, not by any reduction in the issues of the Bank of Ireland, but by the depreciation of the British currency in the year 1810, when the exchange between London and Dublin settled again at about par. (See article Exchange.)

"The loss that Ireland has sustained by the failure of banks may be described in a few words. It appears, by the Report of the Committee on Irish Exchanges in 1804, that there were at that time in Ireland fifty registered banks. Since that year a great many more have been established, but the whole have failed, one after the other, involving the country from time to time in immense distress, with the following exceptions:—*First*, a few that withdrew from business; *secondly*, four banks in Dublin; *thirdly*, three at Belfast; and, *lastly*, one at Mallow. These eight banks, with the new Provincial Bank and the Bank of Ireland, are the only banks now (1827) existing in Ireland.

"In 1821, in consequence of eleven banks having failed nearly at the same time, in the preceding year, in the south of Ireland, government succeeded in making an arrangement with the Bank of Ireland, by which joint-stock companies were allowed to be established at a distance of fifty miles (Irish) from Dublin, and the bank was permitted to increase its capital L.500,000. The act 1 and 2 Geo. IV. c. 72, was founded on this agreement. But ministers having omitted to repeal in this act various restrictions on the trade of banking that had been imposed by 33 Geo. II. c. 14, no new company was formed. In 1824 a party of merchants of Belfast, wishing to establish a joint-stock company, petitioned parliament for the repeal of this act of Geo. II.; and an act was accordingly passed in that session, repealing some of its most objectionable restrictions. (5 Geo. IV. c. 73.)

"In consequence of this act, the Northern Bank of Belfast was converted into a joint-stock company, with a capital of L.500,000, and commenced business on the 1st of January 1825. But the restrictions of 33 Geo. II., and certain provisions contained in the acts 1 and 2 Geo. III., and 5 Geo. IV., obstructed the progress of this company, and they found it necessary to apply to government to remove them; and a bill was accordingly introduced, which would have repealed all the obnoxious clauses of the 33d Geo. II., had it not been so altered in the committee as to leave several of them in force. In 1825 the Provincial Bank of Ireland commenced business with a capital of L.2,000,000; and the Bank of Ireland has of late established branches in all the principal towns.

"The losses that have been sustained in Ireland by abusing the power of issuing paper have been so great, that much more is necessary to be done by way of protecting the public from future loss, than the measure proposed last session (1826) by ministers, of abolishing small notes, and the measure already adopted, of allowing joint-stock companies to be established in the interior of the country. As the main source of the evil consists in the interference of the law in creating a national bank with exclusive privileges, the first step that ought to be taken for introducing a good system into Ireland, is the getting rid of such a bank, and opening the trade of banking in Dublin. The next measure should be the requiring of each bank to give security for the amount of paper that is issued; for after the experience of the ignorance with which the Irish banks have conducted their business, and the derangement of the natural course of the trade, by the long existence of the Bank of Ireland, it would be unwise to calculate upon a sound system of banking speedily supplanting that which has been established.

"Under the circumstances in which Ireland is placed, nothing would so much contribute to her rapid improvement in wealth, as the introducing of the Scotch plan of cash credits, and of paying interest on deposits. By cash credits, the capital which now exists would be rendered more efficient, and the paying of interest on small deposits, would lead to habits of economy, and to the more rapid accumulation of new capital.

"The charter of the Bank of Ireland has still to run till the year 1838."[1]

Since Sir Henry Parnell published the valuable pamphlet from which we have taken the foregoing extract, several joint-stock banking companies have been founded in Ireland. The Provincial Bank, to which Sir Henry alludes, has a paid up-capital of L.500,000, and has been well and profitably managed. But others have been less fortunate. The Agricultural and Commercial Bank of Ireland, established in 1834, with 2170 partners, a paid-up capital of L.352,790, and many branches, stopped payment during the pressure in November 1836, and by doing so involved many persons in great distress. It would appear, from the statement of the auditors appointed to audit the accounts, &c. of this bank, given in the Appendix to the Commons' Report of 1837, that it had, to say the least, been very ill managed. "We have found," say the auditors, "that there was no efficient control over the branches, and that the system of inspection was most imperfect. A complete absence of plan for checking the accounts existed at the head office in Dublin; and *the book-keeping has been so faulty, that we are convinced no accurate balance-sheet could at any time have been constructed.* We have looked in vain for an account of 'outfit,' or of 'premiums' received; and we must add, that the personal accounts at the head office require a diligent and searching revision."

More than half of the existing Irish joint-stock banks, amounting to eighteen, were established in 1836 and 1837. It is to be hoped that these establishments will take warning by the disasters in which the Agricultural Bank has been involved, and adopt a safer course. But if the power to issue paper-money be continued to these establishments, it is clear that no time should be lost in compelling them to

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[1] Observations on Paper-Money, &c. by Sir Henry Parnell, pp. 171-177.

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give security for its payment. Unless this measure be inforced, or the issues be entirely suppressed, we run little risk in affirming that Ireland has not seen either the last or most severe of those violent oscillations in the amount and value of money which produce so much bankruptcy and ruin.

The capital of the Bank of Ireland amounts to L.2,769,230. The rate of dividend from 1830 to 1836 was nine per cent.; in 1836 it was eight and a half per cent. The charter, which expires in the course of the present year, has not as yet been renewed. It is almost needless to add, that there is no room or ground whatever for the continuance of the exclusive privilege the Bank of Ireland has hitherto enjoyed. We subjoin an

Account showing the Circulation of the Bank of Ireland from 1823 *to* 1836, *both inclusive.*

Years.	Large Notes.	Small Notes.	Post Bills.	Total Average Circulation.
	L.	*L.*	*L.*	*L.*
1823	1,827,700	1,383,600	1,859,100	5,070,500
1824	1,938,200	1,451,600	2,190,800	5,579,700
1825	1,969,300	1,677,500	2,662,500	6,309,300
1826	1,502,700	2,644,200	1,758,000	4,905,000
1827	1,460,300	1,491,800	1,411,300	4,363,600
1828	1,540,200	1,668,800	1,375,900	4,585,000
1829	1,615,200	1,459,300	1,362,700	4,437,300
1830	1,541,800	1,385,100	1,147,700	4,074,700
1831	1,488,600	1,399,300	1,025,000	3,913,000
1832	1,534,400	1,519,600	1,028,900	4,083,100
1833	1,600,600	1,472,300	943,400	4,016,500
1834	1,608,400	1,363,300	862,700	3,834,500
1835	1,623,400	1,249,800	763,600	3,636,900
1836	1,708,500	1,087,400	633,200	3,429,300

Foreign banks.

It would far exceed our limits to enter into any detailed statements with respect to the banks and banking systems of foreign countries; we shall therefore confine ourselves to a brief notice of such banks as have been most celebrated, or are at present of the greatest importance.

Bank of Venice.

The Bank of Venice was the most ancient bank in Europe. Neither its date nor the circumstances which led to its establishment are exactly known. Historians inform us, that in 1171, the republic being hard pressed for money, levied a forced contribution on the richest citizens, giving them in return a perpetual annuity at the rate of four per cent. An office was established for the payment of this interest, which, in the sequel, became the Bank of Venice. This might be effected as follows: The interest on the loan to government being paid punctually, every claim registered in the books of the office would be considered as a productive capital; and these claims, or the right of receiving the annuity accruing thereon, must soon have been transferred, by demise or cession, from one person to another. This practice would naturally suggest to holders of stock the simple and easy method of discharging their mutual debts by transfers on the office books, and as soon as they became sensible of the advantages to be derived from this method of accounting, bank-money was invented.

The Bank of Venice was essentially a deposit bank. Though established without a capital, its bills bore at all times an agio or premium above the current money of the republic. The invasion of the French in 1797 occasioned the ruin of this establishment.

Bank of Amsterdam.

The Bank of Amsterdam was founded in 1609, on strictly commercial principles and views, and not to afford any assistance, or to commix with the finances of the state. Amsterdam was then the great entrepôt of the commerce of the world, and of course the coins of all Europe passed current in it. Many of them, however, were so worn and defaced as to reduce their general average value to about nine per cent. less than their mint value; and, in consequence, the new coins were immediately melted down and exported. The currency of the city was thus exposed to great fluctuations; and it was chiefly to remedy this inconvenience, and to fix the value or par of the current money of the country, that the merchants of Amsterdam established a "bank," on the model of that of Venice. Its first capital was formed of Spanish ducats or ducatoons, a silver coin which Spain had struck in the war with Holland, and with which the tide of commerce had enriched the country it was formed to overthrow! The bank afterwards accepted the coins of all countries, worn or new, at their intrinsic value, and made its own bank-money payable in standard coin of the country, of full weight, deducting a "brassage" for the expense of coinage, and giving a credit on its books, or "bank-money," for the deposits.

The Bank of Amsterdam professed not to lend out any part of the specie deposited with it, but to keep in its coffers all that was inscribed on its books. In 1672, when Louis XIV. penetrated to Utrecht, almost every one who had an account with the bank demanded his deposit, and these were paid off so readily, that no suspicion could exist as to the fidelity of the administration. Many of the coins then brought forth bore marks of the conflagration which happened at the Hôtel de Ville, soon after the establishment of the bank. This good faith was maintained till about the middle of last century, when the managers secretly lent part of their bullion to the East India Company and government. The usual "oaths of office" were taken by a religious magistracy, or rather by the magistracy of a religious people, that all was safe; and the good people of Holland believed, as an article of their creed, that every florin which circulated as bank-money, had its metallic constituent in the treasury of the bank, sealed up and secured by oaths, honesty, and good policy. This blind confidence was dissipated in December 1790, by a declaration that the bank would retain ten per cent. of all deposits, and would return none of a less amount than 2500 florins.

Even this was submitted to and forgiven. But, four years afterwards, on the invasion of the French, the bank was obliged to declare that it had advanced to the states of Holland and West Friesland, and the East India Company, more than 10,500,000 florins, which sum they were unable to make up to their depositors, to whom, however, they assigned their claims on the states and the company. Bank-money, which previously bore an agio of five per cent., immediately fell to sixteen per cent. below current money.

This epoch marked the fall of an institution which had long enjoyed an unlimited credit, and had rendered the greatest services. The amount of the treasure in the vaults of the bank, in 1755, was estimated by Mr Hope at 33,000,000 of florins.[1]

Bank of Hamburg.

The Bank of Hamburg was established in 1619, on the model of that of Amsterdam. It is a deposit bank, and its affairs are managed according to a system that insures the fullest publicity. It receives no deposits in coin, but only in bullion of a certain degree of fineness. It charges itself with the bullion at the rate of 442 schillings the mark, and issues it at the rate of 444 schillings, being a charge of four ninths, or nearly one half per cent., for its retention. It advances money on jewels to three fourths of their value. The city is answerable for all pledges deposited with the bank: they may be sold by auction if they remain one year and six weeks without any interest being paid. If the value be not claimed within three years, it is forfeited to the poor. This bank is universally admitted to be one of the best managed in Europe.

[1] Storch, *Cours d'Economie Politique*, tom. iv.

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Bank of France.

The Bank of France was founded in 1803. The exclusive privilege of issuing notes payable to bearer was granted to it for forty years. The capital of the bank consisted at first of 45,000,000 francs, but it was subsequently increased to 90,000,000 francs, divided into 90,000 shares or *actions* of 1000 francs each. Of these shares, 67,900 are in the hands of the public; 22,100, being purchased up by the bank, form part of her capital. The notes issued by the bank are for 1000 and 500 francs. The dividend varies from six to ten and a half per cent., the latter being its amount in 1837; and there is, besides, a *reserve* retained from the profits, which is vested in the five per cents. A bonus of 200 francs a share was paid out of this reserve to the shareholders in 1820. No bills are discounted that have more than three months to run. The customary rate of discount is four per cent., but it varies according to circumstances. The discounts in 1834 amounted to 306,603,000 francs, but they vary materially from year to year, and are sometimes more than double this amount. The bank is obliged to open a *compte courant* for every one who requires it; and performs services for those who have such accounts, similar to those rendered by the private banks of London to their customers. She is not allowed to charge any commission upon current accounts, so that her only remuneration arises out of the use of the money placed in her hands by the individuals whose payments she makes. This branch of the business is said not to be profitable. There are about 1600 accounts current at the bank; and of the entire expenses of the establishment, amounting to about 900,000 francs a year, *two thirds* are said to be incurred in this department. The bank advances money on pledges of different kinds, such as foreign coin or bullion, government or other securities, &c. It also undertakes the care of valuable articles, as plate, jewels, bills, title-deeds, &c. The charge is one eighth per cent. of the value of each deposit for every period of six months or under. The average circulation of bank notes in 1834 was 207,321,000 francs, the price of a share of the bank's stock on the 8th of January 1838 was 2555 francs, a proof that its condition is believed to be eminently flourishing.

The administration of the bank is vested in a council general of twenty members, viz. seventeen regents, and three censors, who are nominated by two hundred of the principal proprietors. The king appoints the governor and deputy governor. The first must be possessed of a hundred and fifty, and the latter of fifty shares. A *compte rendu* is annually published, and a report by the censors, which together give a very full exposition of the affairs of the bank. The institution is flourishing, and enjoys unlimited credit. (For further details with respect to the Bank of France, see Storch, *Cours d'Economie Politique*, Paris, 1823, tom. iv. pp. 168–180; and the *Comptes Rendus* of the different years.)

For further information as to continental banks and paper-money, the reader is referred to the interesting chapter on that subject in the fourth volume of the *Cours d'Economie Politique* of M. Storch, and to M'Culloch's *Commercial Dictionary*.

System of banking in the United States.

The system of banking in the United States has recently attracted a great deal of attention in this country. The Bank of the United States was incorporated by Congress in 1816, with a capital of 35,000,000 dollars, for the issue of notes and the transacting of ordinary banking business. Its head office was in Philadelphia, but it had branches that carried on an extensive business in most considerable towns of the Union. The charter was limited to twenty years' duration; and the question, whether it should be renewed, was debated with extraordinary vehemence in all parts of America. The late president, General Jackson, was violently opposed to the reincorporating of the bank, and rejected a bill for that purpose, that had been sanctioned by the other two branches of the legislature. A majority of Congress having come round to the president's views, the charter was allowed to expire. It has since, however, received a new charter from the state of Pennsylvania. But this merely enables it to carry on business in that state; though it may obtain, and has, in fact, already obtained leave from some of the other states to establish branches within their limits. It is, however, no longer a national or government bank; but it is now, as formerly, the first monied institution of the new world, and in this respect, indeed, is second only to the Bank of England.

We cannot help thinking, that the American government acted throughout the whole of this affair on the most erroneous views. Banking in America is, if possible, in a still worse condition than in England; and there can hardly be a doubt that the establishment of the Bank of the United States was of signal service to the republic, by affording a currency of undoubted solidity, readily accepted in all parts of the Union, and by its operating as a salutary check on the conduct of other banks. General Jackson, and the party of which he was the head, have, or affect to have, a great horror of paper-money. But it would be practising too much on the patience of our readers were we to endeavour to prove by argument the great utility, not to say necessity, of a paper currency of some sort or other, to all great commercial countries like the United States. To suppose that it should be altogether dispensed with, is as absurd as it would be to suppose that they should dispense with their improved roads and carriages. A wise statesman should not attempt to suppress what is indispensable, but should exert himself to obviate its defects, and to make it as suitable as it can be made to the objects in view. This, however, General Jackson and his party have not done. On the contrary, they declared war against the only unexceptionable bank in the Union, and to injure it gave full scope to the rest. Hence, instead of obviating any one of the gross defects inherent in the existing banking system, the proceedings of General Jackson have aggravated and multiplied them in in no common degree; and it is now infected with every vice that it seems possible can belong to banking.

The American banks are all joint-stock associations. But instead of the partners being liable, as in England, for the whole amount of the debts of the banks, they are in general liable only for the amount of their shares, or for some fixed multiple thereof. It is needless to dwell on the temptation to commit fraud held out by this system, which has not a single countervailing advantage to recommend it. The worthlessness of the plan on which the banks were founded was evinced by the fact, that between 1811 and the 1st of May 1830, no fewer than a hundred and sixty-five banks became altogether bankrupt, many of them paying only an insignificant dividend; and this exclusive of a much greater number that stopped for a while, and afterwards resumed payments. The wide-spread mischief resulting from such a state of things has led to the devising of various complicated schemes for insuring the stability and prudent management of banks; but as they all involve regulations which it is impossible to enforce, they are practically worse than useless. In Massachusetts, for example, it is provided that no bank for the issue of notes can go into operation in any way, until at least half its capital stock be paid in gold and silver into the bank, and be actually existing in its coffers, and seen in them by inspectors appointed for that purpose; and the cashier of every bank is bound to make specific returns once a year of its debts and assets, on being required to do so by the secretary of state. But our readers need hardly be told, that these elaborately contrived regulations are really good

Banks. for nothing, unless it be to afford an easy mode of cheating and defrauding the public. Instances have occurred of banks having borrowed an amount of dollars equal to half their capital, for *a single day*, and of such dollars having been examined by the inspectors appointed for that purpose, and reported by them, and sworn by a majority of the directors to be the first instalment paid by the stockholders of the bank, and intended to remain in it.[1] We do not of course imagine that such disgraceful instances can be of common occurrence; but what is to be thought of a system that permits a company for the issue of paper-money, founded on such an abominable fraud, to enter on business with a sort of public attestation of its respectability? The publicity, too, to which the American banks are subject, is injurious rather than otherwise. Those who are so disposed may easily manufacture such returns as they think most suitable to their views; and the more respectable banks endeavour, for a month or two previously to the period when they have to make their returns, to increase the amount of bullion in their coffers, by temporary loans, and all manner of devices. The whole system is, in fact, bottomed on the most vicious principles. But it is unnecessary, after what occurred in 1836 and 1837, to insist further on the gross and glaring defects of American banking. Perhaps no instance is to be found in the history of commerce, of such a wanton over-issue of paper as took place in the United States in 1835 and 1836. The result is known to every body; the revulsion to which this over-issue necessarily led having, in May 1837, compelled every bank in the Union, without, we believe, a single exception, to stop payments!

Banks. It is, we are afraid, impossible, owing to the privilege claimed by the different states, and exercised without interruption from the Revolution downwards, to effect the suppression of local paper in America, or to establish a paper currency that should at all times vary in amount and value, as if it were metallic. But the states have it in their power to do that which is next best,—they may compel all banks that issue notes to give security for their issues. This, though it would not prevent destructive oscillations in the amount and value of the currency, would, at all events, prevent those ruinous and ever-recurring stoppages and bankruptcies of the issuers of paper-money, that render the American banking system one of the severest scourges to which any people was ever subjected. Common sense and experience alike demonstrate the inefficacy of all the regulations enacted by the American legislature to prevent the abuse of banking. It is in vain that they lay it down that the issues shall never exceed a certain proportion of the capital of the bank, and so forth. Such regulations are all very well, provided the banks choose to respect them; but there are no means whatever of insuring their observance; so that their only effect is to make the public look for protection and security to what is altogether impotent and worthless for any good purpose. The suppression of local issues is indispensable to make a paper currency what it ought to be. If, however, this be impossible in America, there is nothing left but to take security from the issuers of notes. All schemes for the improvement of banks, by making regulations as to the proportion of their issues, and advances to their bullion, capital, &c. are mere downright delusion and quackery. (O. O. O.)

Table showing the Number and Capital of the various Banks existing in the United States at the undermentioned periods.

(See Letter of the Secretary of the Treasury, 4th of January 1837.)

States.	1st January 1811.		1st January 1820.		1st January 1830.		1st January 1836.			1st December 1836.		
	No. of Banks.	Capital estimated.	No of Banks.	Capital estimated.	No. of Banks.	Capital estimated.	No. of Banks.	No. of Branches.	Capital paid in.	No. of Banks.	No. of Branches.	Capital authorized.
		Dollars.		Dollars.		Dollars.			Dollars.			Dollars.
Maine	6	1,250,000	15	1,654,900	18	2,050,000	36	0	3,935,000	59	0	5,535,000
New Hampshire	8	815,250	10	1,005,276	18	1,791,670	26	0	2,663,308	23	0	2,663,308
Vermont	0	...	1	44,955	10	432,625	19	0	1,125,624	20	0	2,200,000
Massachusetts	15	6,292,144	28	10,485,700	66	20,420,000	105	0	30,410,000	138	0	40,830,000
Rhode Island	13	1,917,000	30	2,982,026	47	6,118,397	61	0	8,750,581	64	0	9,100,581
Connecticut	5	1,933,000	8	3,689,337	13	4,485,177	31	3	8,519,368	31	3	8,519,368
New York	8	7,522,760	33	18,988,774	37	20,083,353	86	2	31,281,461	98	2	37,303,460
Pennsylvania	4	6,153,150	36	14,631,780	33	14,610,333	44	0	18,858,482	50	0	59,658,482
New Jersey	3	739,740	14	2,130,949	18	2,017,009	25	0	3,970,090	26	0	7,575,000
Delaware	0	...	6	974,906	5	830,000	4	4	817,775	4	4	1,197,775
Maryland	6	4,895,202	14	6,708,131	13	6,250,495	18	2	8,203,575	28	3	29,175,000
West of Columbia	4	2,341,395	13	5,525,319	9	3,875,794	7	0	2,339,738	7	0	3,500,069
Virginia	1	1,500,000	4	5,212,192	4	5,571,100	5	18	6,511,300	4	18	6,711,300
North Carolina	3	1,576,600	3	2,964,887	3	3,195,000	3	4	1,769,231	3	4	2,600,000
South Carolina	4	3,475,000	5	4,475,000	5	4,631,000	8	2	7,936,318	8	2	10,356,318
Georgia	1	210,000	4	3,401,510	9	4,203,029	14	11	8,209,967	14	11	8,209,967
Florida	0	...	0	...	1	75,000	5	0	1,484,386	9	0	9,800,000
Alabama	0	...	3	469,112	2	643,503	2	4	6,558,969	3	4	14,458,969
Louisiana	1	754,000	4	2,597,420	4	5,665,980	14	31	34,065,284	15	49	54,000,000
Mississippi	0	...	1	900,000	1	950,000	5	8	8,764,550	11	12	21,400,000
Tennessee	1	100,000	8	2,119,782	1	737,817	3	4	4,546,285	3	4	5,600,000
Kentucky	1	240,460	42	8,807,431	0	...	4	10	5,116,400	4	10	9,246,640
Arkansas	0	...	0	...	0	...	0	0	...	2	0	3,500,000
Missouri	0	...	1	250,000	0	...	0	1	...	0	0	...
Illinois	0	...	2	140,910	0	...	2	5	478,220	2	6	2,800,000
Indiana	0	...	2	202,857	0	...	1	10	1,279,857	1	10	1,980,000
Ohio	4	895,000	20	1,797,463	11	1,454,386	31	1	8,369,744	32	1	12,900,000
Michigan	0	...	0	...	1	100,000	7	3	909,779	17	3	7,500,000
Wisconsin Territory	0	...	0	...	0	...	0	0	...	1	0	100,000
States' Banks	88	42,610,601	307	102,210,611	329	110,102,268	566	123	216,875,292	677	146	378,421,168
Union States Bank.	1	10,000,000	1	35,000,000	1	35,000,000	1	23	35,000,000	0	0	...
Total	89	52,610,601	308	137,210,611	330	145,192,268	567	146	251,875,292.	677	146	378,421,168

N.B.—Some of the returns of capital in the last column are incomplete.

[1] Gouge's Paper-Money and Banking in the United States, part ii. p. 157.