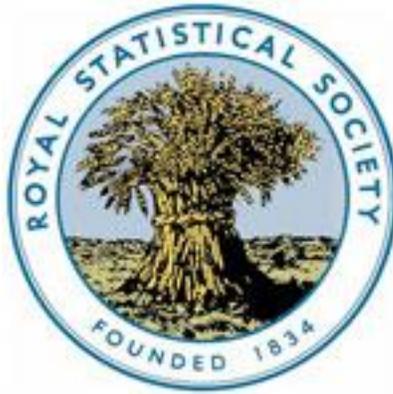


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On Our Home Monetary Drains, and the Crisis of 1866

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Source: *Journal of the Statistical Society of London*, Vol. 33, No. 2 (Jun., 1870), pp. 216-242

Published by: Wiley for the Royal Statistical Society

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On our HOME MONETARY DRAINS, and the CRISIS of 1866.

By R. H. PATTERSON, ESQ.

[Read before the Statistical Society, April, 1870.]

CONTENTS :

	PAGE		PAGE
I.—Introductory	216	B.—Issue of Notes by Bank of England, February to July, 1866	232
II.—The Periodical Drains	217	C.—Position of Bank of England and Bank of France	233
III.—The Non-Periodical Home Drains	220	D.—Lord Clarendon's Circular on the Crisis of 1866	234
IV.—The Crisis of 1866	222	E.—Effects of Quarterly Monetary Tides on Bank of England	236
APPENDIX.			
A.—Gold and Note Circulation during the Crisis.....	230	F.—Gold Circulation in 1868.....	242

I.—*Introductory.*

EVERY one knows the important effect upon the rate of discount which is produced by variations in the stock of gold in bank: and in this country the influence of those variations is, rightly or wrongly, much greater than in any other. In this paper, I propose to examine the causes of some of the variations in the Bank of England's stock of gold, and also the extent of those variations,—leaving for subsequent consideration the effect which they produce upon the Rate of Discount. I do not propose to deal with Foreign drains of gold (the consideration of which would open up a field of inquiry wider than I can deal with at present), but only with Home drains—with the movements of gold within the limits of our own country—the ebb and flow of the precious metal between the banks and the public; and especially with that ebb and flow as regards the Bank of England, the centre of our banking system, and the great fountain of our currency.

For several years past, the monthly returns of the Board of Trade have been of great use in enabling us to discriminate between foreign and home drains. By the aid of those returns, and still more by the daily unofficial statements of the gold taken into and out of the Bank of England, we can tell, when any drain of gold upon the banks takes place, how much of it has been due to a foreign drain (*i.e.*, to an *export* of gold), and how much to a home drain—that is to say, to an increased requirement for coin on the part of our own people—or, if we take the case of the Bank of

England alone, by the conjoint requirements of the public and of the other banks of the country.

It is a matter of great importance, at all times, to distinguish correctly between home and foreign drains of gold; but I must say that even yet the discrimination between such drains is very imperfectly made by our journalists and other writers on the subject. I have been surprised to observe how little attention is given by financial writers as to whether the drain has been purely domestic or not, and what gross inaccuracies are occasionally published on the subject. I could mention several important instances of recent date in which a drain of gold from the Bank of England is currently believed to have been mainly of foreign origin—when in reality the imports of gold have exceeded the exports to the full ordinary amount—namely, at the rate of about 4,000,000*l.* or 5,000,000*l.* a-year (the greater part of which amount appears to be consumed in articles of art and luxury).

II.—*The Periodical Drains.*

As regards the home drains from the banks, and especially from the Bank of England, I desire, in the first place, to call attention to some of those drains which are of a strictly Periodical character—a regular ebb and flow alike of notes and coin—Monetary Tides, in fact, as steadily recurrent as the tides of the ocean.

There are several periodical financial requirements which do not produce any appreciable drains of money from the banks. Of this kind are the various Monthly Settlements: namely, 1, in connection with our home trade bills—the settlement of accounts between the wholesale houses and the retail dealers who have purchased their goods; 2, the Colonial settlements; and, 3, the settlements in connection with the buying and selling operations on the Stock Exchange. These monthly settlements produce a great interchange of cheques among the banks, as may be seen by the weekly returns of the Clearing House. But as almost the whole of those monthly and fortnightly payments are made by cheques, hardly any money is needed; no notes or coin are thereby withdrawn from the banks: the amount is merely transferred from one man's banking account to another's, or at most from one bank to another: so that the effect produced upon the stock of money in the banks by those payments is in most cases not perceptible. Accordingly they do not require to be further noticed in this paper.

The *periodical* drains, or monetary tides, of which I desire to speak, are, the quarterly tides in England, the half-yearly tides in Scotland, the autumnal drain, and the Christmas one.

Firstly. The quarterly drains upon the Bank of England. These are produced by the Government payments of salaries and of

the interest on the National Debt, &c.,* and also by the payments of rent and other quarterly obligations on the part of the public. These quarterly payments occasion a large temporary withdrawal of money from the bank. A considerable portion of the Government payments of salaries, and also of the quarterly dividends on the Debt, is made to persons of small means, who do not keep a banker's account, and who, therefore, cash the cheques which they receive, spending a portion of the amount and keeping the remainder beside them. Moreover (whether they keep banking-accounts or not), the recipients of these quarterly payments, and also the community at large, have considerable payments to make for rent and other debts incurred during the quarter: so that a large sum in notes and coin is at such times paid to landlords, tradesmen, and others, and is thus temporarily absorbed in the circulation. But in about three weeks' time, all the money required for these quarterly payments finds its way back into bank, being re-deposited, sometimes after passing through many hands.

The effect of these Quarterly drains upon the Bank of England is shown in a table, subjoined to this paper, in which are given the statistics for each quarter during the last eight years. On the average it appears that the drain upon the bank for notes has amounted to 1,830,000*l.* for each of the April and July quarters, 2,270,000*l.* for the January quarter, and 1,370,000*l.* for the October quarter. But, as will be seen from the Table (Appendix, E), the

* In 1868 the interest on the National Debt, payable half-yearly, was as follows:—

<i>In January and July—</i>		£
Consols.....	Interest	5,846,689
New Five per Cents	„	10,574
„ Three and a half per Cents	„	4,231
„ Two and a half „	„	44,048
Annuities for various terms of years	„	27,014
		<hr/>
		5,932,556
		<hr/>
<i>In April and October—</i>		£
New Three per Cents.....	Interest	2,864,339
Reduced „	„	1,592,579
Exchequer Bonds (1853)	„	5,458
Annuities, Great Britain	„	4,67,900
Exchequer (?)	„	6,307
Annuities (1885)	„	238,013
Savings banks? (1885)	„	322,886
Red Sea	„	18,000
		<hr/>
		5,515,482
		<hr/>

Exclusive of floating debt and interest on deficiency bills, which, in 1868, amounted altogether to 213,075*l.* per annum.

variations for each quarter are so great that little is to be learnt merely from the averages. To have made the table complete, I should also have given the amount of coin simultaneously withdrawn from the bank for home circulation : but no returns of this kind are published, and the computations by which the amount of coin so withdrawn can be ascertained are somewhat laborious ; so that I have given this item of the statistics only for a single year (1868).*

Secondly. The Half-yearly monetary tides in Scotland. These occur in May and November, and are produced by the system of half-yearly payments of rent for houses and farms, and of servants' wages, and also because a considerable portion of the interest on mortgages, &c., is made payable at those half-yearly terms. More notes at such times are needed by the Scotch banks ; and as these banks cannot (under the Act of 1845) issue more notes without increasing their stock of gold to an equal amount, a considerable sum in gold is always withdrawn by them from the Bank of England in May and November ; but it is returned as soon as the monetary tide is over—usually in three weeks or a month. The gold itself is never needed, and the packages containing it are frequently returned to the Bank of England without ever being opened. This half-yearly drain for Scotland amounts (so far as I can ascertain) to about 400,000*l.* ; and it tends to increase, owing to the note circulation of the Scotch banks being fixed, while the monetary requirements of the country gradually increase.

Speaking of Scotland, I cannot help remarking the wonderful economy of the circulation which there prevails. I do not allude to the *1*l.** notes, which the Scotch so resolutely and wisely refused to part with, and the non-existence of which in England occasions such a waste of gold,—nor yet of the wonderful ramifications of the Scotch banking system, by means of which a dozen large banks amply suffice for the whole wants of Scotland, spreading their branches into every little town or hamlet. What has most surprised me of late years in my autumnal visits to Scotland, is to find to what an extent the cheque-book is made use of compared with our English practice. Many farmers regularly give cheques for payment of sums not larger than one pound sterling, and sometimes even for less. They do so for the important object of passing all their expenditure through their cheque-book. In fact, with them the cheque-book is at once a receipt-book and a record of all their receipts and expenditure ; and, what is hardly less worthy of notice is, that the Scotch banks make no objection to this : they are quite willing to incur all trouble connected with the accounts of their depositors. I may add that, although there is almost no demand for sovereigns in Scotland, as the *1*l.** notes serve the same purpose, half-sovereigns

* See Appendix, F.

are coming into use as more convenient than the bulkier silver coins.

Thirdly. There is the Autumnal drain—which is occasioned by the operations of the agricultural classes, and also by the requirements of tourists and holiday-seekers. The operations of harvest, and the large sales made at the great autumnal fairs, are carried on chiefly by means of money, and not by cheques. Tourists, also, who go abroad, and the whole body of holiday-seekers who proceed to the moors or the seaside, provide themselves with an extra supply of money. For these various purposes gold coin is in unusual requirement:—for harvest purposes, because there are no small notes in England, and 5*l.* notes are too large for weekly wage-payments; for tourists, because, whether they go abroad or make journeys at home, sovereigns are more needed by them than usual. Ready money is indispensable to tourists, for they cannot run up bills as they do at home, and the cheque-book is of little efficacy when dealing with strangers.

Fourthly and lastly, there is the Christmas-tide, in the last week of the year, owing to the usual payment of Christmas bills, &c.; but this tide is not clearly seen by itself, as it is mixed with the quarterly tide in the first week of January.

From the above statement it will be observed that the periodical monetary tides, or drains on the bank, come most closely together in the latter portion of the year: for the Autumnal drain is followed by, and to some extent co-exists with, the Quarterly drain in the first week of October, which in turn is followed by the drain of gold for Scotland in the middle of November; and thereafter come the Christmas bills and the quarterly drain in the first week of January. These facts serve to explain the tightness of the money market which frequently prevails in October and November.

To what extent a new periodical rise and fall of the Bank's stock of money will be produced by the new mode of collecting the direct taxes, is a matter on which it is as yet premature to speak.

In a rightly constituted banking system such periodical drains *ought not of themselves to affect the rate of discount*: for both their amount and their duration are well known. They are mere temporary withdrawals of money from the banks—the notes and coin so withdrawn being quickly returned, the larger portion in a few days, and the whole amount usually within three weeks. The money goes out of bank simply to make certain regular payments, and returns into bank as soon as those periodical payments have been made.

III.—*The Non-Periodical Home-Drains.*

I have now done with Periodical drains. But Home drains include others of a different kind, which may be classed under two

heads. One of them arises from an increase of industrial enterprise and employment, which is a blessing; the other from a panic, or failure of credit, which, however produced, is a serious calamity.

When trade and enterprise are unusually active, a home drain upon the Bank of England necessarily occurs. As cheques cannot be used in payment of wages, more notes or coin, or both, are required; and, speaking roundly, this extra supply of currency can only be obtained from the Bank of England. At such times both the Scotch and the Irish banks withdraw more gold from the Bank: not that the gold is needed in those countries, but it is required by the banks to enable them to increase their issue of *1l.* notes. In England, where the note-issues of the provincial banks are absolutely fixed, more Bank of England *notes* are required, to supplement the provincial note-circulation; also, as in England there are no notes of less value than *5l.*, more *sovereigns* are needed for wage-payments, and accordingly have to be withdrawn from the Bank of England by the provincial banks. In this way an increase of trade and enterprise always tends to produce a drain upon the Bank of England.

When a Panic occurs, a much more serious home-drain is produced upon the Bank. At such a time cheques fall somewhat into disrepute, so that merchants in some cases require payment in cash. The public also, to some extent, take to hoarding,—that is to say, depositors withdraw their money from banks whose credit is shaken; and, although the greater part of the amount is doubtless redeposited in other banks, a portion of it is kept in hand—in other words, it is *hoarded*. But a very large part of the drain upon the Bank of England in the form of hoarding, which occurs during a panic, is made by the other banks: for these banks, being liable to unusual demands on the part of their customers, have to keep in hand a larger stock of money than usual. The Scotch and Irish banks, for the reasons above mentioned, withdraw gold from the Bank of England for this purpose; the English banks withdraw notes (mostly large ones), and a portion of coin sufficient to make the fractional parts of the payments then demanded of them.

I meant to have given an illustration of the former of these two kinds of home drains,—namely, a drain not produced by panic, but chiefly by an increase of trade and enterprise occurring simultaneously with two of the periodical drains, in connection with what I may call the semi-crises in the autumns of 1844 and 1845; but I regret that, owing to the very considerable difficulties to be encountered, I cannot do so in this paper. Should the Society take any interest in so small a matter, I will be happy to hand in an illustrative statement of this kind at a subsequent meeting during the present session.

IV.—*The Crisis of 1866.*

As an illustration of a home drain produced by a Panic, I shall take the most recent, and, in some respects, the most remarkable, event of this kind, namely, the crisis of 1866. We shall here find, what is well known, that a panic produces an increased requirement for currency far exceeding that occasioned by an extension of trade or any other cause.

I. *The Bank of England.*—The table (see Table A, Appendix) which I have compiled may perhaps seem too elaborate; but I have found, by experience in such investigations, that it is only by going to the bottom of the matter, and obtaining full and accurate statistics, that we can ever get rid of the startling diversities of opinion which prevail on such subjects, and which, even in the highest quarters, did actually prevail on some important points connected with the Crisis of 1866.

In this table the only novel feature is that shown in the columns (5, 6, 7, 8, 9, 10, 11) relating to the movements of gold, and especially the variations in the amount of gold in home circulation. I must explain the mode in which I have calculated those weekly variations. The Bank gives no information on this subject; but each day, in the City article of the London daily papers, it is usual to publish an unofficial statement of the Bank authorities of the amount of gold taken into the bank from abroad, and out of the bank for export—the amount being given only in round numbers. By means of these daily returns, I obtain the balance for the week, showing so much gold thus added to the bank's stock, or withdrawn from it. I then proceed as follows:—Suppose that the gold in bank amounts to 20,000,000*l.* at the end of any week, and that in the course of the following week the balance of the daily returns shows that 100,000*l.* in gold has been added to the bank's stock from abroad. Adding this amount to the 20,000,000*l.*, the bank's gold should amount to 20,100,000*l.*, if the home circulation of gold coin has remained unaltered in amount. But if the bank's stock of gold amounts only to 20,000,000*l.*, as before, this shows that 100,000*l.* in gold has been taken from the bank for home use. On the other hand, if the bank's gold amounts at the end of the second week to 20,200,000*l.*, this shows that the home circulation has decreased to the extent of 100,000*l.*, and that this amount has been paid into the bank by the public or the other banks.

Having made this explanation, I might leave the table to tell its own tale. I shall only direct your attention to one or two of the facts which it makes manifest. In the first place, columns 1 to 4 show clearly, that the Crisis was in no way occasioned by a foreign drain of gold: for the imports of gold in almost every week exceeded

the exports—an excess during the six months amounting to no less than 6,938,736*l.* Of this large amount, more than one-half (3,958,000) was added to the Bank of England's stock of gold; the remainder (2,980,736*l.*) being otherwise disposed of in home use.

It is next to be noticed that, owing to the unusual demand for Gold-coin, at the height of the panic, not only was all the foreign gold taken into bank immediately withdrawn from the bank for domestic circulation, but a considerable reduction took place from the same cause in what (as regards this table) may be called the bank's original stock of gold. The total withdrawal of gold from the bank for domestic circulation in the month of May amounted to 2,808,000*l.* But it is to be noted that part of this drain was owing to the periodical Scotch drain, which usually amounts to about 400,000*l.* It will also be seen that of the amount of gold coin withdrawn for home use in May, nearly the whole of it (2,653,000*l.*) was returned to the bank in the next five weeks. And as regards the whole period embraced by the table, of the 3,958,000*l.* of gold added to the bank's stock from abroad, 1,866,000*l.* was in bank at the end of that period, and 2,092,000*l.* still remained in circulation.

As regards the Notes of the bank. In the second week of May, when the panic was at its height, the note circulation of the bank increased to the extent of 3,776,000*l.*; and at the end of the six months embraced by the table, 3,127,410*l.* more were in circulation than on the 7th of March.

The total increase of the Circulation (bank notes and gold coin) at the height of the panic was 6,666,000*l.*; and at the end of the six months the circulation of Bank of England notes and coin was 5,732,000*l.* greater than at the beginning of the period.

The peculiarity of the Crisis of 1866 was, that the monetary difficulty was not occasioned by the note circulation of any bank of issue falling into discredit, but owing to a great run for deposits upon nearly all the metropolitan banks. The public, including the financial companies, suddenly withdrew from the London banks an unusually large amount of their deposits, and kept the amount (in notes) in their own hands, or for their own use. The consequence was that, at the height of the panic, nearly four millions in Bank of England notes were hoarded—partly by the public, but partly also by the banks themselves, which were apprehensive of a continuance of the run upon them, and which accordingly laid in an extra supply of notes to meet this possible emergency. This was the true cause of the great withdrawal of notes from the Bank of England. These notes were not required to give in exchange for other bank notes, but to pay out to panic-stricken depositors, and also to supply the place of the partially discredited commercial currency (*i.e.*, bills).

Hence, as the return obtained by Alderman Salomons* shows, by far the greater part of the increased issues of the Bank of England at the time were in the form of large notes, suitable for the payment of deposits. The extra 3,776,000*l.* withdrawn from the Bank of England during the panic week was composed as follows:—

Denomination of Note.	9th May.	16th May.	Increase.	
	£	£	£	Per cent.
5 <i>l.</i>	8,063,000	8,711,000	648,000 =	to 8
10 <i>l.</i>	4,299,000	4,876,000	577,000 =	„ 13
20 <i>l.</i> to 100 <i>l.</i>	6,482,000	8,185,000	1,703,000 =	„ 26
200 <i>l.</i> „ 500 <i>l.</i>	1,798,000	2,337,000	539,000 =	„ 30
1,000 <i>l.</i>	1,703,000	2,012,000	309,000 =	„ 18

Here it appears that upwards of 80 per cent. of the increase was in notes of 10*l.* and upwards, and rather more than 67 per cent. in notes of 20*l.* and upwards. As the “Economist” justly observed at the time:—“This enables us at once to determine the purpose for which the great demand on the Bank of England was made. The demand for notes above 20*l.* could not be to supply the place of the country circulation, which consists wholly of 5*l.* and 10*l.* notes. A 200*l.* note or a 1,000*l.* note, would, in a circulation run, be wholly useless. All large notes—all above 20*l.*—may be assumed to be taken for deposits only. Many of the 5*l.* or 10*l.* notes *may* have been taken out for deposits also, but the higher denominations *must* have been so.”

II. *The Provincial Banks.*—Let me now say a word as to the condition of the English provincial banks of issue during this memorable crisis. I have already said that it is a peculiar feature of the crisis of 1866—and in this respect it stands alone—that the credit of the note circulation of the country remained in perfect integrity. Of the two hundred and more banks of issue in the kingdom, there was not one whose notes fell into discredit. Of the Scotch and Irish banks I need not speak. But at the time a serious charge was made in Parliament against the English provincial banks of issue. It was said that the notes of those banks fell into discredit: that their note issues, instead of increasing as they should have done, like those of the Bank of England during the crisis, diminished to the extent of “fully 1,000,000*l.*,”—that this was owing to those notes having become discredited—and that, in consequence of this, 1,000,000*l.* of the notes withdrawn from the Bank of England during the crisis must have gone to fill up this gap in the provincial circulation. The parliamentary return obtained by Alderman Salomons (above quoted) was not published at the time this charge was made; and I think the return sufficiently

* See Appendix, B.

rebutts the charge, by showing that the extra supply of notes taken from the Bank of England was meant to meet the demands of depositors only, and not to take the place of the small note circulation of the country banks. But I can rebut the charge by a more direct proof. I can show that when the panic was at its height, the circulation of the provincial banks, so far from diminishing, stood at the highest amount which it was practicable for those banks to issue; proving conclusively that the credit of their notes was wholly unimpaired even at the height of that terrible season of trial. I shall also show that the decline which ensued in the subsequent period was only what was to be expected when the crisis had passed, leaving trade and enterprise in a state of unusual depression. A similar decline (as will be shown) took place in the note circulation of the Bank of England—though to a lesser extent, owing to the longer duration of the panic in London than in the provinces.

In confirmation of this view of the case, I adduce the following statistics. I shall first show the highest amount of the note circulation of the provincial banks relative to their legal power of issue in times previous to the crisis—namely, in November, 1865. I then give similar statistics for the middle of May, 1866, when the panic was at its height. Next, the decline in the note circulation of these banks, and also of the Bank of England, in the two months immediately following the height of the crisis. And, lastly, the Board of Trade returns of the imports and exports of this country during the same period:—

1. *Amount of Note Circulation of the English Provincial Banks of Issue Relative to their Fixed Power of Issue.*

<i>November, 1865—</i>		£
Legal power of issue	7,365,000	
Notes in circulation	6,000,000	
Notes in reserve	1,365,000	
Number of banks 194.		
Average reserve of notes for each bank....	7,036	

2. *Similar Statistics during the Crisis of 1866.*

<i>May, 1866—</i>		£
Legal power of issue	6,814,000*	
Notes in circulation	5,568,000	
Notes in reserve	1,246,000	
Number of banks 190.		
Average reserve of notes for each bank....	6,557	

* This decrease in the legal power of issue was caused mainly by the resignation of its power to issue notes by the National Provincial Bank, which it was compelled (by the Bank Acts) to make when it opened an office in London. And it was partly owing to this cause that the other provincial banks had to increase their issues during the month of May, 1866.

3. *Decrease of Note Circulation in England after 16th May, 1866.*

	£		£
Bank of England, May 16	26,121,000	Country banks, May 12	5,568,744
„ July 25	25,363,000	„ July 21	4,700,219
Decrease of circulation	<u>758,000</u>	Decrease of circulation	<u>868,525</u>

4. *Decrease of Foreign Trade.*

	May.	June.	July.
	£	£	£
Imports	23,224,762	23,243,701	19,597,929
Exports	15,870,131	14,630,120	14,957,834
	39,094,893	37,873,821	34,555,763

From these statistics it will be seen (1) that the note circulation of the provincial banks of issue was higher at the height of the panic than (so far as I have been able to find) it ever was at any previous period, showing that the credit of their notes was perfectly unimpaired; (2) that the subsequent decrease in their note circulation was accompanied by a similar decrease in that of the Bank of England; and although the decrease of the Bank of England's note circulation was less than that of the provincial banks, this was owing to the fact that the panic was more felt, and much longer prevalent, in London than in the provinces. Lastly, we see the decrease which took place in the foreign trade of this country,—in addition to which there was a total collapse of joint-stock enterprise. These facts, as it seems to me, fully account for the decrease in the note circulation of the provincial banks in June and July, from the exceptionally high amount at which they stood in the middle of May. I may add that the half-yearly payment of rents, &c., which prevails in Scotland, extends also to some parts of the North of England; thereby tending to produce an increase in the issues of the English provincial banks in the middle of May.

III. *The Banks of England and France.*—The last group of statistics which I desire to lay before you in connection with the Crisis of 1866, relates to the relative position of the Banks of England and France during the crisis, and the imports and exports of coin and bullion into England and France during that period. These statistics are given in Appendix, C.

The Note-circulation of England, or rather the Bank's power of issuing notes, is dependent upon the amount of gold in the bank. Hence, when an increased demand for currency takes place, what is needed is an increase in the bank's stock of gold. Hitherto it has been believed and maintained that this object can be, and is attained by the Bank raising its rate of discount. Indeed the chief motive

for raising the bank-rate has been expressed in the following pithy sentence,—“to restrain the export of gold and to encourage its “import.” It has been unhesitatingly maintained that even a small difference in the bank-rate of two countries will cause gold to leave the country where the lower rate prevails, and flow into the country where the bank-rate is higher. In the autumn of 1865, only a few months before the great Crisis in this country, Baron Rothschild, when giving evidence before the French Government Inquiry upon Banking, laid it down as an incontrovertible fact, that if the Bank of France were to lend its money at 2. or 3 per cent. below the rate charged by the banks of another country, it would forthwith be wholly drained of its gold.

But what is the lesson taught us by this table? Even at the beginning (in March), the French bank-rate was $3\frac{1}{2}$ per cent. lower than that of the Bank of England, yet the gold in the Bank of France exceeded the Bank of England's stock by $4\frac{1}{2}$ millions, or *thirty* per cent. Here are two great banks, within twelve hours' distance of one another,—one of which holds $18\frac{1}{2}$ millions of specie and lends its currency to the public at 4 per cent., while the other has 14 millions of specie and charges 7 per cent. According to the theories which so long have been held sacred, such a condition of things ought to have been impossible, or at least it ought immediately to have drained all the gold from the Bank of France into this country. Yet no such result occurred. On the contrary, during the following nine weeks which intervened between this date and the commencement of the crisis in England, the specie in the Bank of France increased two millions, while the specie in the Bank of England remained stationary, or slightly declined.

Then came the Crisis, and the Bank of England raised its rate to 10 per cent., yet not an ounce of gold was thereby withdrawn from the neighbouring bank. Even an actual difference of 6 per cent. was powerless to attract gold from one side of the Channel to the other. In fact, when the Bank of England put on the screw, the difference in the amount of specie held by the two neighbouring banks became greater and greater in favour of the Bank of France. During the three months when the bank-rate in England was 10 per cent., the specie in the Bank of France rose from $20\frac{1}{2}$ millions to 29 millions, although the French bank-rate was only $3\frac{1}{2}$ and 4 per cent. If we look at the exports and imports of specie into the two countries, the same phenomenon presents itself,—namely, that the amount of foreign specie attracted to France was two-and-a-half times greater than the specie attracted to England, although the bank-rate in England was relatively 300 per cent. higher than the bank-rate in France!

These facts demonstrate in the most striking manner that other

influences are at work in times of crisis which wholly neutralise the effect of a rise in the bank-rate upon the international movement of specie. These influences are the panic which arises at home, and the consequent loss of credit which we sustain in the estimation of other countries. And this panic and loss of credit are most seriously aggravated by an excessive and long-continued rise of the bank-rate, such as occurred in 1866.*

In the face of facts so significant, and so opposed to some of the most strongly held opinions in this country on monetary science, perhaps I ought to apologise for not proceeding further, and for refraining to draw deductions from the statistics here given in relation to the present laws and practice of banking in England. But I desire only to lay the facts before you. I thought it would be more acceptable to the Society, and certainly more becoming on my part when addressing you for the first time, simply to make a humble contribution to the statistics, the stock of certain knowledge, which it is the principal object of this Society to accumulate, without presuming to lay before you any views of my own. I am aware, on this account, that the paper must be found by you bald and uninteresting,—and I thank you all the more for the kind patience with which you have listened to the reading of it.

Since this paper was put in type, the President, who is especially competent to express an opinion upon it, has told me that I ought to have proceeded further, by stating my opinions or deductions upon the facts given in this paper. I regret that I cannot adequately act upon this advice. I could not do so satisfactorily within the limits of time very properly assigned to the reading of a single paper. But in deference to the opinion expressed to me, I shall state the object I have in view, and the first part of which is carried out in the paper just read.

I object, on many points, to the banking and monetary system established in this country. I object most strongly to the artificial restrictions imposed by the Bank Acts of 1844 and 1845. I object also to the previous Act which suppressed the issue of small notes in England.

The cause of this Act being passed is worthy of a passing remark. In consequence of the many bank-failures in England in 1826, the Government of the day desired to lessen the injury to the lower classes arising from such bank-failures, by prohibiting the issue of small notes such as alone came into the hands of the working classes in the payment of wages, &c. But this, it seems to me,

* How serious was the loss of credit in the eyes of other nations which befell us in 1866, is shown, *inter alia*, by the official circular (given in Appendix, D) which Lord Clarendon, the Minister for Foreign Affairs, thought it necessary to address to our representatives at foreign courts.

was a most mistaken mode of remedy. In the first place, the numerous bank-failures in 1826, as in previous times of difficulty, took place because the English provincial banks were, as a rule, too small and weak to withstand a time of panic. But whose fault was that? It was the fault of the Government—of our past legislation. It was owing to the *monopoly of joint-stock banking* conferred long ago on the Bank of England, by which it was impossible for any but individuals or private firms to engage in banking. In Scotland, where banking was left *free* from the first, a very different state of matters naturally sprang up. The banks were established on the joint-stock system; and a few large banks, extending their branches all over the country, sufficed and still suffice for all the wants of Scotland. Now, in 1826, the real want in England was not to prohibit small notes, but to get strong banks. Get strong banks, and then their note-issues, whether large or small, will always be sound. Hence, as seems to me, the right remedy was, not to have prohibited small notes, but to have restricted the right of issuing notes to joint-stock banks possessing an adequate amount of capital. Such an arrangement would not only have been eminently useful of itself; but it would have tended to group, or consolidate by voluntary amalgamation, the excessively large number of provincial banks of issue then existing (and of which nearly 200 still remain) into a smaller number of large banks, with branches in the adjoining districts.

I must add that, while objecting to the Act of 1844, I also object very strongly to the mode in which this Act is ever and anon suspended. I fully assent to the necessity for its suspension, but not to the manner in which three successive Governments have suspended it. If I may dare to say so, I question also the conduct of the Bank itself, especially in some of the great crises which have made such havoc in the common industry of our country.

Holding such views, I think it will be obvious that so large a theme could not be properly dealt with in a single paper. The public is sick of the long and keen war of *opinions* which has been waged on this subject. If the question is to be satisfactorily dealt with at all, it must be upon an ample basis of facts. I have given you an instalment of those facts; and uninteresting as such statistics doubtless are, if the Society desires it, I will on a future occasion lay before you the statistics relating to the other leading points of the question. *Then* I will also venture to unite with those statistics the opinions or deductions which they seem to justify: and with such facts in their possession, the Society will be better able either to approve those opinions, on this most important national question, or to point out the mistakes into which I may inadvertently fall.

APPENDIX.

A.—Showing (1) the Imports and Exports of Gold,—(2) the Amount of Gold from Variations in the Circulation (Bank of England Notes

Week Ending	1 Imports of Gold.	2 Exports of Gold.	3 4 Gold in the Country.		5 6 7 8 Gold from Abroad taken into the Bank, and Gold for Export taken out of the Bank. [000's omitted.]				9 Gold in the Bank. [000's omitted.]
			Increase.	Decrease.	Into Bank.	Out of Bank.	Balance.		
							Into.	Out of.	
1866.									
Mch. 7....	120,366	41,254	79,112	—	135,	—	135,	—	14,051,
„ 14....	229,528	17,985	211,543	—	49,	—	49,	—	14,328,
„ 21....	70,684	20,960	49,724	—	186,	—	186,	—	14,456,
„ 28....	520,299	2,948	517,351	—	429,	—	459,	—	14,362,
April 4....	332,577	22,393	310,184	—	162,	—	162,	—	14,252,
„ 11....	60,277	41,769	18,508	—	60,	220,	—	160,	14,234,
„ 18....	300,671	200,583	100,088	—	—	4,	—	4,	13,889,
„ 25....	124,866	128,403	—	3,537	—	286,	—	286,	13,856,
May 2....	140,489	242,973	—	102,484	44,	99,	—	55,	13,509,
„ 9....	44,925	102,347	—	57,422	—	6,	—	—	13,156,
„ 16....	328,824	132,435	196,389	—	—	369,	—	369,	12,324,
„ 23....	364,164	237,686	126,478	—	217,	216,	—	1,	11,858,
„ 30....	1,050,708	1,134,232	—	83,524	1,254,	—	1,254,	—	11,879,
June 6....	2,034,102	365,119	1,668,983	—	1,196,	170,	1,026,	—	13,279,
„ 13....	2,395,584	992,900	1,402,684	—	324,	158,	166,	—	14,482,
„ 20....	1,347,317	811,389	535,928	—	63,	28,	35,	—	14,851,
„ 27....	1,500,454	1,289,421	211,033	—	70,	21,	49,	—	15,042,
July 4....	414,333	568,187	—	153,854	97,	997,	—	981,	14,877,
„ 11....	71,859	697,994	—	626,135	101,	272,	—	171,	13,993,
„ 18....	704,674	246,738	457,936	—	147,	110,	37,	—	13,646,
„ 25....	1,174,486	798,541	375,945	—	168,	38,	130,	—	13,717,
Aug. 1....	569,211	402,321	166,890	—	266,	316,	—	50,	13,793,
„ 8....	459,988	376,860	83,128	—	381,	—	381,	—	13,622,
„ 15....	469,919	407,226	62,693	—	616,	—	616,	—	14,151,
„ 23....	433,050	99,820	333,230	—	993,	102,	891,	—	14,772,
„ 29....	1,170,251	112,386	1,057,865	—	557,	150,	407,	—	15,832,
	16,433,606	9,494,870	7,965,692	1,026,956	7,545,	3,587,	5,984,	2,026,	—
	Excess of imports and increase of gold in country				Addition to Bank's stock of gold from abroad				More gold in Bank on Aug. 29, than on Feb. 28.
	£6,938,736		£6,938,736		£3,958,000		£3,958,000		£1,866,
<i>Summary for the Six Months—March to August, 1866.</i>									
				£	Addition to Bank's stock of gold from abroad			£	
	Excess of imports of gold			6,938,736	} 2,092,000			} 3,958,000	
	Gold added to Bank's stock			3,958,000	} 1,866,000			} 3,958,000	
	Gold not taken into Bank			2,980,736	} 1,866,000			} 3,958,000	

APPENDIX.

Abroad taken into the Bank, and of Gold for Export taken out of the Bank,—and (3) the and Coin), for each Week during the Crisis of 1866.

10		11		12		13		14		15		16		17		Week Ending
Gold in Circulation, i.e., in the Hands of the Other Banks and Public.				Bank's Note Circulation.		Bank's Note Circulation.		Bank's Note Circulation.		Total Circulation, Notes and Coin.		Total Circulation, Notes and Coin.		Bank Rate.		
Increase.	Decrease.	[000's omitted.]		Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.	Increase.	Decrease.					
51,070	—	20,734	—	—	33,675	—	—	17,325	—	7	—	7	Mch.	7		
—	228,114	20,523,	—	—	211,350	—	—	—	439,464	6	—	6	"	14		
58,095	—	20,636,	112,525	—	—	170,620	—	—	—	"	—	"	"	21		
552,126	—	21,622,	986,130	—	—	1,538,256	—	—	—	"	—	"	"	28		
272,450	—	22,333,	710,885	—	—	983,335	—	—	—	6	—	6	April	4		
—	142,171	22,045,	—	287,260	—	—	429,431	—	—	"	—	"	"	11		
341,006	—	22,304,	258,540	—	—	599,546	—	—	—	"	—	"	"	18		
—	252,659	22,161,	—	142,780	—	—	395,439	—	—	7	—	7	"	25		
291,631	—	22,873,	711,705	—	—	1,003,336	—	—	—	8	—	8	May	2		
353,000	—	22,344,	—	528,425	—	—	175,425	—	—	9	—	9	"	9		
463,335	—	26,121,	3,776,600	—	—	4,239,935	—	—	—	10	—	10	"	16		
467,019	—	25,470,	—	651,425	—	—	184,406	—	—	"	—	"	"	23		
1,233,010	—	26,019,	549,225	—	—	1,782,235	—	—	—	"	—	"	"	30		
—	374,185	25,453,	—	565,875	—	—	940,060	—	—	10	—	10	June	6		
—	1,036,934	25,966,	513,425	—	—	—	523,509	—	—	"	—	"	"	13		
—	334,225	25,107,	—	859,555	—	—	1,193,780	—	—	"	—	"	"	20		
—	142,279	24,824,	—	282,800	—	—	425,079	—	—	"	—	"	"	27		
—	765,548	25,812,	987,875	—	—	222,327	—	—	—	10	—	10	July	4		
712,477	—	25,193,	—	619,035	—	—	93,412	—	—	"	—	"	"	11		
384,495	—	25,421,	228,550	—	—	613,045	—	—	—	"	—	"	"	18		
59,146	—	25,263,	—	158,290	—	—	99,144	—	—	"	—	"	"	25		
—	126,571	25,520,	256,860	—	—	130,349	—	—	—	10	—	10	Aug.	1		
551,911	—	25,042,	—	477,750	—	74,161	—	—	—	"	—	"	"	8		
87,473	—	24,540,	—	502,200	—	—	414,727	—	—	8	—	8	"	15		
269,736	—	24,182,	—	357,885	—	—	88,149	—	—	7	—	7	"	22		
—	652,800	23,896,	—	286,605	—	—	427,405	—	—	6	—	6	"	29		
6,147,950	4,055,800	—	9,092,320	5,964,910	—	11,467,882	5,736,018	—	—	—	—	—	—	—		
Increase of Gold in circulation at end of August, £2,092,150				Increase of Note circulation at end of August, £3,127,410				Total increase of circulation at end of August, £5,731,864								
<i>Month of May, 1866.</i>										<i>Next Five Weeks, ending July 4, 1866.</i>						
£										£						
Increase of Gold in circulation				2,807,995				Gold returned to Bank				2,653,171				
" Notes				3,857,680				Notes returned to Bank				206,930				
Total increase of Circulation										Decrease of circulation						
6,665,675										2,860,101						

B.—*Parliamentary Return. Bank Notes Issued by the Issue Department of the Bank of England in each Week, from the 21st day of February, 1866, to the 25th day of July, 1866.*

[000's omitted.]

Week ending	£5 Notes.	£10 Notes.	£20 to £100 Notes.	£200 to £500 Notes.	£1,000 Notes.	Notes held by the Public.	Notes held by the Bank.	Total Issue.	Securities.	Bullion.
	£	£	£	£	£	£	£	£	£	£
1866. Feb. 21....	7,389,	4,005,	5,916,	1,590,	1,663,	20,563,	7,409,	27,972,	15,000,	12,972,
„ 28....	7,354,	3,992,	6,090,	1,705,	1,627,	20,768,	7,345,	28,113,	„	13,113,
Mar. 7....	7,363,	3,995,	6,064,	1,649,	1,664,	20,735,	7,416,	28,151,	15,000,	13,151,
„ 14....	7,296,	3,975,	5,955,	1,597,	1,700,	20,523,	7,905,	28,428,	„	13,428,
„ 21....	7,299,	3,984,	6,014,	1,631,	1,708,	20,636,	7,918,	28,554,	„	13,554,
„ 28....	7,594,	4,166,	6,328,	1,753,	1,781,	21,622,	6,881,	28,503,	„	13,503,
April 4....	7,913,	4,271,	6,548,	1,915,	1,686,	22,333,	6,153,	28,486,	15,000,	13,486,
„ 11....	7,989,	4,262,	6,435,	1,634,	1,725,	22,045,	6,318,	28,363,	„	13,363,
„ 18....	8,052,	4,307,	6,424,	1,779,	1,742,	22,304,	5,738,	28,042,	„	13,042,
„ 25....	8,037,	4,291,	6,439,	1,740,	1,654,	22,161,	5,844,	28,005,	„	13,005,
May 2....	8,115,	4,332,	6,760,	1,954,	1,712,	22,873,	4,839,	27,712,	15,000,	12,712,
„ 9....	8,063,	4,299,	6,482,	1,798,	1,703,	22,345,	4,950,	27,295,	„	12,295,
„ 16....	8,711,	4,876,	8,185,	2,337,	2,012,	26,121,	731,	26,852,	„	11,852,
„ 23....	8,610,	4,764,	7,825,	2,248,	2,022,	25,469,	831,	26,300,	„	11,300,
„ 30....	8,520,	4,829,	8,154,	2,393,	2,123,	26,019,	415,	26,434,	„	11,434,
June 6....	8,548,	4,718,	7,902,	2,256,	2,029,	25,453,	2,167,	27,620,	15,000,	12,620,
„ 13....	8,576,	4,860,	8,156,	2,276,	2,098,	25,966,	2,730,	28,696,	„	13,696,
„ 20....	8,427,	4,803,	7,899,	2,103,	1,875,	25,107,	4,067,	29,174,	„	14,174,
„ 27....	8,445,	4,769,	7,726,	2,006,	1,878,	24,824,	4,347,	29,171,	„	14,171,
July 4....	8,752,	4,877,	7,995,	2,180,	2,008,	25,812,	3,336,	29,148,	15,000,	14,148,
„ 11....	8,770,	4,851,	7,674,	1,968,	1,930,	25,193,	3,095,	28,288,	„	13,288,
„ 18....	8,822,	4,894,	7,675,	1,944,	2,086,	25,421,	2,499,	27,920,	„	12,920,
„ 25....	8,787,	4,883,	7,687,	2,002,	1,904,	25,263,	2,630,	27,893,	„	12,893,

C.—Showing the Position of the Bank of England and Bank of France.

1866.		Imports and Exports of Coin and Bullion. March 1 to August 31, 1866. [000's omitted.]						1866.		Coin and Bullion in Banks of England and France. [000's omitted.]			
		England.			France.					England.	Bank Rate.	France.	Bank Rate.
		Imports.	Exports.	Excess of Imports.	Imports.	Exports.	Excess of Imports.						
	£	£	£	£	£	£		£	Per cent.	£	Pr. ct.		
March	1,520,	693,	827,	1,938,	1,057,	881,	Mch. 7	14,051,	7	18,648,	4		
							" 14	14,328,	6	18,874,	—		
							" 21	14,456,	—	19,808,	3½		
							" 28	14,362,	—	20,334,	—		
April ..	1,289,	843,	446,	2,304,	1,298,	1,006,	April 4	14,252,	—	20,193,	—		
							" 11	14,234,	—	20,149,	—		
							" 18	13,889,	—	20,418,	—		
							" 25	13,856,	7	20,707,	—		
May....	2,521,	2,258,	263,	4,076,	1,119,	2,957,	May 2	13,509,	8	21,076,	—		
							" 9	13,156,	9	20,809,	—		
							" 16	12,324,	10	20,585,	—		
							" 23	11,858,	—	21,466,	4		
							" 30	11,879,	—	22,524,	—		
June ..	7,137,	3,789,	3,348,	10,575,	3,119,	7,456,	June 6	13,279,	—	24,093,	—		
							" 13	14,482,	—	24,523,	—		
							" 20	14,851,	—	25,097,	—		
							" 27	15,042,	—	25,985,	—		
July....	3,513,	2,691,	822,	5,853,	3,450,	2,403,	July 4	14,877,	—	26,730,	—		
							" 11	13,993,	—	26,292,	—		
							" 18	13,646,	—	26,868,	—		
							" 25	13,717,	—	27,583,	3½		
Aug....	4,475,	2,551,	1,924,	4,500,	1,376,	3,124,	Aug. 1	13,793,	—	28,275,	—		
							" 8	13,622,	—	29,021,	—		
							" 15	14,151,	8	29,234,	—		
							" 22	14,772,	7	29,763,	—		
							" 29	15,220,	6	29,804,	3		
Total ..	20,455,	12,826,	7,630,	29,245,	11,419,	17,827,		—	—	—	—		

D.—*Lord Clarendon's Circular on the Crisis of 1866.*

“ FOREIGN OFFICE,

“ *May 12, 1866.*

“ SIR,—The monetary crisis through which this country is now passing will naturally attract great attention to other countries, and it is therefore desirable that a clear conception should be formed, both of its nature and probable extent, but more particularly of the measures which Her Majesty's Government have adopted to enable the mercantile community to meet the difficulties of the present situation.

“ Long-continued prosperity in commercial affairs, and the general wealth consequent on it, have produced their ordinary results in encouraging speculation, especially of a monetary or financial character, and fostering hopes of acquiring wealth by more speedy means than are presented by the ordinary method of commercial industry. Again, the events which are taking place on the continent have tended not only to produce immediate derangement in commercial transactions, but also to shake that confidence in the future without which a return to a sound state in monetary matters was not to be looked for.

“ The immediate cause, however, of the crisis lay in the stoppage of the great discount house of Overend, Gurney, and Co., in whose hands were lodged many millions sterling, which, in other times, would in great part have formed, and which, perhaps, ought to have formed, the reserve of the various private and joint-stock banks of the country. This failure directed the action of the panic against the banks in London, and it was to be apprehended that the movement in the capital would be followed by a similar agitation in the rest of the kingdom, where, in addition to the large deposits in the hands of the bankers, there are many millions of paper circulation resting only on the commercial credit of the issuers.

“ In this state of things it could not be surprising that the reserve of the Bank of England was heavily affected yesterday, and it was the combined consideration of what had then actually happened, and of what might follow on subsequent days, which induced Her Majesty's Government to adopt the measure on which, in the course of the evening, they decided. For, the money drawn from the banks having been withdrawn from circulation under the influence of panic, the Bank of England might, without some new resource, have been unable to continue its accustomed assistance. Thus the crisis which had been anxiously apprehended from this combination of circumstances, has come at last, but with a severity and suddenness, in regard to its immediate consequences, which could not have been anticipated.

“ The Bank of England is prepared to extend relief to the utmost of its means, to all cases which are justly deserving of its support; while Her Majesty's Government, in full reliance on the eventual sanction of Parliament, if it should be necessary to go

beyond the law as it now stands, have signified to the Bank of England their permission to hold itself free from the observance of the ordinary limitations on its issues, if the exigencies of the time require such an extraordinary measure. Her Majesty's Government trust, that by this timely assistance, all commercial establishments which are based on sound principles, and have been conducted with proper prudence, will be enabled to withstand the shock to which the panic occasioned by the recent great failure in the City will have exposed them. Her Majesty's Government have no reason to apprehend that there is any general want of soundness in the ordinary trade of this country which can give reasonable ground for anxiety or alarm, either in this country or abroad; they are satisfied, on the contrary, that the present crisis, peculiar and unprecedented as it is, is one of a character essentially more favourable than others which have been successfully passed through; and all that is required is, that all classes should co-operate with the Government in endeavouring to allay needless alarm, and in acting with prudence and forbearance while so much agitation prevails.

"It appears to Her Majesty's Government to be of great importance that the commercial interests abroad should be reassured in regard to what is passing in this country; and I have, therefore, lost no time in authorising you to make known to the Government to which you are accredited, and generally to those who have a direct interest in such matters, the view taken by Her Majesty's Government of the present state of affairs, the active measures which have been adopted to avert any evil consequences, and the confidence which Her Majesty's Government feel that those measures will be attended with success.

"The abatement of the panic in the City this morning is, Her Majesty's Government trust, an earnest of the good result likely to attend the measures which they have authorised the Bank of England to adopt.

"I am, with great truth,

"Your most obedient humble Servant,

"CLARENDON."

E.—Effects of the Quarterly Monetary Tides upon the Bank of England, 1862-69:—
 Showing (1) the Amount of the Government Payments, as Indicated by the Decrease in the Government Deposits; (2) the Increase of Private Deposits, chiefly in consequence of the Government Payments; (3) the Increase of the Private Securities (Loans to the Public), in consequence of the Quarterly Payments of Rent, &c., on the part of the Public; (4) the Increase in the Note Circulation, in connection with those Payments on the part of the Government and the Public. The approach of the Quarterly Tide is first Indicated by an Increase in the Private Securities: then come, almost simultaneously, the Government Payments, and the Increase in the Private Deposits and in the Note Circulation.

[000's omitted.]

	Government Deposits.		Private Deposits.		Private Securities.		Circulation.
	£		£		£		£
Jan. 1, 1862	7,341,	Dec. 25, '61 Jan. 1, '62 " 8, "	—	Dec. 18, '61 " 25, " Jan. 1, '62	16,523,	Dec. 25, '61 Jan. 1, '62 " 8, " " 15, " " 22, "	20,201,
" 8, "	4,543,		13,310,		16,826,		20,818,
	—		15,036,		18,761,		21,087,
	—		18,206,		—		21,461,
Decrease ...	2,803,	Increase ...	4,897,	Increase ...	2,238,	Increase ...	1,497,
April 2, 1862	8,456,	Mar. 26, '62 April 2, " " 9, "	13,154,	Mar. 26, '62 April 2, "	18,245,	Mar. 26, '62 April 2, " " 9, " " 16, "	20,815,
" 9, "	5,625,		13,623,		18,906,		21,502,
" 16, "	5,225,		16,336,		—		21,822,
	—		—		—		22,048,
Decrease ...	3,231,	Increase ...	3,182,	Increase ...	661,	Increase ...	2,234,
July 2, 1862	9,672,	June 25, '62 July 2, " " 9, "	13,399,	June 25, '62 July 2, "	20,243,	June 25, '62 July 2, " " 9, " " 16, "	21,173,
" 9, "	5,430,		13,852,		21,529,		22,242,
" 16, "	5,223,		17,199,		—		22,504,
	—		—		—		23,085,
Decrease ...	4,449,	Increase ...	3,800,	Increase ...	1,286,	Increase ...	1,912,
Sept. 24, 1862	9,268,	Oct. 1, '62 " 8, " " 15, " " 22, " " 29, "	13,595,	Sept. 17, '62 " 24, " Oct. 1, "	19,493,	Sept. 24, '62 Oct. 1, " " 8, " " 15, " —	21,307,
Oct. 1, "	8,487,		13,530,		19,525,		22,365,
" 8, "	8,334,		15,712,		19,791,		22,138,
" 15, "	6,254,		15,198,		—		22,395,
" 22, "	5,944,		16,456,		—		—
Decrease ...	3,324,		Increase ...		2,925,		Increase ...
Dec. 24, 1862	8,654,	Dec. 24, '62 " 31, " Jan. 7, '63 " 14, "	14,306,	Dec. 17, '62 " 24, " " 31, "	19,358,	Dec. 24, '62 " 31, " Jan. 7, '63 " 14, "	20,150,
" 31, "	8,339,		15,469,		20,115,		20,516,
Jan. 7, 1863	8,783,		14,393,		21,146,		20,930,
" 14, "	4,280,		16,773,		—		21,019,
Decrease ...	4,502,	Increase ...	2,466,	Increase ...	1,788,	Increase ...	868,

E.—Effects of the Quarterly Monetary Tides upon the Bank of England—Contd.

[000's omitted.]

	Government Deposits.		Private Deposits.		Private Securities.		Circulation.
	£		£		£		£
Mar. 25, 1863	10,364,	Mar. 25, '63	12,742,	Mar. 18, '63	20,192,	Mar. 25, '63	20,136,
April 1, "	10,107,	April 1, "	13,172,	" 25, "	20,505,	April 1, "	20,965,
" 8, "	6,714,	" 8, "	14,830,	April 1, "	21,310,	" 8, "	21,279,
" 15, "	5,769,	" 15, "	15,013,		—	" 15, "	21,327,
	—		—		—	" 22, "	21,413,
Decrease	4,595,	Increase	2,271,	Increase	1,119,	Increase	1,277,
July 1, 1863	10,356,	June 24, '63	13,810,	June 24, '63	21,408,	June 24, '63	20,526,
" 8, "	5,594,	July 1, "	16,275,	July 1, "	25,343,	July 1, "	21,739,
" 15, "	4,948,	" 8, "	18,596,		—	" 8, "	22,048,
	—		—		—	" 15, "	22,195,
Decrease	5,408,	Increase	4,786,	Increase	3,935,	Increase	1,669,
Sept. 30, 1863	9,270,	Sept. 23, '63	12,860,	Sept. 16, '63	19,414,	Sept. 23, '63	21,516,
Oct. 7, "	9,510,	" 30, "	13,717,	" 23, "	19,723,	" 30, "	22,313,
" 14, "	4,616,	" 7, "	12,894,	" 30, "	22,513,	Oct. 7, "	22,545,
" 21, "	4,438,	" 14, "	16,353,	Oct. 7, "	22,592,	" 14, "	22,561,
Decrease	5,072,	Increase	3,493,	Increase	3,178,	Increase	1,345,
Dec. 30, 1863	10,842,	Dec. 23, '63	12,712,	Dec. 23, '63	21,411,	Dec. 23, '63	20,263,
Jan. 6, '64	10,002,	" 30, "	13,021,	" 30, "	22,354,	" 30, "	20,687,
" 13, "	5,264,	Jan. 6, '64	13,053,	Jan. 6, '64	22,433,	Jan. 6, '64	21,322,
	—	" 13, "	15,412,		—	" 13, "	21,396,
Decrease	4,738,	Increase	2,700,	Increase	1,022,	Increase	1,131,
Mar. 30, 1864	10,280,	Mar. 23, '64	12,480,	Mar. 23, '64	20,742,	Mar. 23, '64	20,367,
April 6, "	9,819,	" 30, "	12,659,	" 30, "	22,199,	" 30, "	20,909,
" 13, "	5,930,	April 6, "	13,348,	April 6, "	22,853,	April 6, "	21,529,
" 20, "	5,787,	" 13, "	13,586,		—	" 13, "	21,786,
	—	" 20, "	13,684,		—		—
Decrease	4,493,	Increase	1,204,	Increase	2,111,	Increase	1,419,
June 29, 1864	10,214,	June 29, '64	12,800,	June 22, '64	20,730,	June 22, '64	20,625,
July 6, "	9,489,	July 6, "	13,471,	" 29, "	22,079,	" 29, "	21,154,
" 13, "	4,684,	" 13, "	15,083,	July 6, "	23,067,	July 6, "	21,890,
" 20, "	4,462,		—		—	" 13, "	22,161,
	—		—		—	" 20, "	22,303,
Decrease	5,751,	Increase	2,283,	Increase	2,338,	Increase	1,677,
Sept. 28, 1864	7,084,	Oct. 5, '64	11,732,	Sept. 21, '64	19,901,	Sept. 28, '64	20,752,
Oct. 5, "	6,878,	" 12, "	13,206,	" 28, "	20,404,	Oct. 5, "	21,916,
" 12, "	7,023,	" 19, "	14,098,	Oct. 5, "	20,837,	" 12, "	21,574,
" 19, "	3,274,		—	" 12, "	21,923,	" 19, "	21,829,
Decrease	3,810,	Increase	2,367,	Increase	2,022,	Increase	1,077,

E.—Effects of the Quarterly Monetary Tides upon the Bank of England—Contd.

[000's omitted.]

	Government Deposits.		Private Deposits.		Private Securities.		Circulation.
	£		£		£		£
Dec. 28, 1864	8,601,	Dec. 28, '64	13,041,	Dec. 21, '64	18,754,	Dec. 28, '64	19,810,
Jan. 4, '65	8,500,	Jan. 4, '65	13,875,	" 28, "	19,787,	Jan. 4, '65	21,007,
" 11, "	4,446,	" 11, "	16,174,	Jan. 4, '65	21,712,	" 11, "	21,013,
" 18, "	4,185,		—		—	" 18, "	21,224,
Decrease	4,414,	Increase	3,134,	Increase	2,967,	Increase	1,413,
Mar. 29, 1865	9,839,	Mar. 29, '65	13,478,	Mar. 15, '65	20,084,	Mar. 22, '65	20,029,
April 5, "	9,332,	April 5, "	14,172,	" 22, "	21,204,	" 29, "	20,389,
	5,826,	" 12, "	15,415,	" 29, "	21,151,	April 5, "	21,353,
	—		—	April 5, "	21,515,	" 12, "	21,751,
Decrease	4,013,	Increase	1,936,	Increase	1,431,	Increase	1,722,
June 28, 1865	10,488,	June 28, '65	13,724,	June 21, '65	20,750,	June 21, '65	21,154,
July 5, "	9,349,	July 5, "	14,443,	" 28, "	22,036,	" 28, "	21,478,
" 12, "	4,590,	" 12, "	16,229,	July 5, "	23,230,	July 5, "	22,718,
	—		—		—	" 12, "	22,944,
Decrease	5,898,	Increase	2,505,	Increase	2,479,	Increase	1,790,
Oct. 4, 1865	6,892,	Sept. 27, '65	14,492,	Sept. 27, '65	21,257,	Sept. 27, '65	22,133,
" 11, "	7,229,	Oct. 4, "	13,799,	Oct. 4, "	24,170,	Oct. 4, "	23,322,
" 18, "	3,589,	" 11, "	13,506,	" 11, "	—	" 11, "	22,862,
	—	" 18, "	14,014,	" 18, "	—	" 18, "	22,884,
	—		—	" 25, "	—	" 25, "	23,370,
Decrease	3,303,	Decrease	986,	Increase	2,913,	Increase	1,238,
Dec. 28, 1865	8,544,	Dec. 28, '65	13,236,	Dec. 20, '65	21,628,	Dec. 28, '65	20,864,
Jan. 4, 1866	7,579,	Jan. 4, '66	14,728,	" 28, "	22,507,	Jan. 4, '66	22,222,
" 11, "	3,644,	" 11, "	16,232,	Jan. 4, '66	24,732,	" 11, "	21,901,
" 18, "	3,270,		—		—		—
Decrease	5,274,	Increase	2,996,	Increase	3,104,	Increase	1,358,
Mar. 28, 1866	8,375,	Mar. 28, '66	13,332,	Mar. 21, '66	19,392,	Mar. 21, '66	21,033,
April 4, "	7,693,	April 4, "	13,351,	" 28, "	21,879,	" 28, "	22,008,
" 11, "	4,057,	" 11, "	14,956,	April 4, "	22,095,	April 4, "	22,776,
" 18, "	4,045,		—		—		—
Decrease	4,330,	Increase	1,624,	Increase	2,702,	Increase	1,743,
June 27, 1866	7,965,	June 27, '66	20,840,	June 20, '66	31,209,	June 27, '66	25,383,
July 4, "	6,800,	July 5, "	19,940,	" 27, "	30,884,	July 5, "	26,498,
" 11, "	2,727,	" 11, "	21,472,	July 5, "	30,750,	" 11, "	25,899,
" 18, "	2,162,		—		—	" 18, "	26,186,
Decrease	5,804,	Increase	1,533,	Increase	1,460,	Increase	1,114,

E.—Effects of the Quarterly Monetary Tides upon the Bank of England—Contd.

[000's omitted.]

	Government Deposits.		Private Deposits.		Private Securities.		Circulation.
	£		£		£		£
Sept. 26, 1866	6,389,	Oct. 3, '66	17,210,	Sept. 26, '66	21,752,	Sept. 26, '66	23,627,
Oct. 3, "	6,169,	" 10, "	17,455,	Oct. 3, "	22,941,	Oct. 3, "	24,996,
" 10, "	6,266,	" 17, "	18,779,		—		—
" 17, "	3,393,		—		—		—
" 24, "	3,218,		—		—		—
Decrease ...	3,171,	Increase ...	1,569,	Increase ...	1,189,	Increase ...	1,369,
Dec. 26, 1866	8,706,	Dec. 26, '66	18,592,	Dec. 19, '66	19,825,	Dec. 26, '66	22,384,
Jan. 2, '67	8,162,	Jan. 2, '67	20,592,	" 26, "	20,241,	Jan. 2, '67	23,745,
" 9, "	4,444,	" 9, "	23,050,	Jan. 2, '67	22,817,	" 9, "	23,796,
	—		—		—	" 16, "	23,810,
Decrease ...	4,262,	Increase ...	4,457,	Increase ...	2,991,	Increase ...	426,
Mar. 27, 1867	9,324,	Mar. 27, '67	17,170,	Mar. 20, '67	18,877,	Mar. 27, '67	22,828,
April 3, "	8,619,	April 3, "	17,671,	" 27, "	20,018,	April 3, "	23,656,
" 10, "	8,711,	" 10, "	19,046,	April 3, "	20,752,	" 10, "	23,660,
" 17, "	5,398,	" 17, "	—		—	" 17, "	23,907,
Decrease ...	3,925,	Increase ...	1,876,	Increase ...	1,875,	Increase ...	1,079,
June 26, 1867	11,105,	June 26, '67	17,854,	June 19, '67	18,516,	June 26, '67	23,736,
July 3, "	9,357,	July 3, "	18,868,	" 26, "	20,098,	July 3, "	24,824,
" 10, "	5,121,	" 10, "	21,233,	July 3, "	20,456,	" 10, "	24,509,
" 17, "	4,618,		—		—	" 17, "	24,673,
Decrease ...	6,487,	Increase ...	3,378,	Increase ...	1,940,	Increase ...	1,089,
Sept. 25, 1867	8,361,	Sept. 25, '67	18,919,	Sept. 25, '67	17,122,	Sept. 25, '67	23,951,
Oct. 2, "	7,527,	Oct. 2, "	18,430,	Oct. 2, "	17,253,	Oct. 2, "	25,460,
" 9, "	7,557,	" 9, "	18,303,	" 9, "	17,164,	" 9, "	25,080,
" 16, "	4,457,	" 16, "	20,433,		—	" 16, "	25,596,
" 23, "	4,408,		—		—		—
Decrease ...	3,953,	Increase ...	2,130,	Increase ...	131,	Increase ...	1,646,
Dec. 25, 1867	7,179,	Dec. 25, '67	18,766,	Dec. 18, '67	17,219,	Dec. 25, '67	23,931,
Jan. 1, '68	6,314,	Jan. 1, '68	21,655,	" 25, "	17,519,	Jan. 1, '68	24,242,
" 8, "	3,651,	" 8, "	23,417,	Jan. 1, '68	20,125,	" 8, "	24,880,
" 15, "	3,225,		—		—	" 15, "	24,905,
Decrease ...	3,954,	Increase ...	4,650,	Increase ...	2,906,	Increase ...	1,075,
Mar. 25, 1868	7,287,	Mar. 25, '68	19,502,	Mar. 18, '68	17,967,	Mar. 25, '68	23,335,
April 1, "	6,910,	April 1, "	20,292,	" 25, "	19,040,	April 1, "	24,692,
" 8, "	3,894,	" 8, "	21,147,	April 1, "	20,698,	" 8, "	25,124,
Decrease ...	3,393,	Increase ...	1,644,	Increase ...	2,731,	Increase ...	1,789,

E.—Effects of the Quarterly Monetary Tides upon the Bank of England—Contd.

[000's omitted.]

	Government Deposits.		Private Deposits.		Private Securities.		Circulation.
	£		£		£		£
June 24, 1868	8,095,	June 24, '68	19,531,	June 24, '68	18,160,	June 24, '68	24,154,
July 1, "	7,021,	July 1, "	21,497,	July 1, "	20,452,	July 1, "	25,224,
" 8, "	4,396,	" 7, "	23,158,	" "	—	" "	—
" 15, "	3,360,	" "	—	" "	—	" "	—
" 22, "	3,140,	" "	—	" "	—	" "	—
Decrease	4,955,	Increase	3,627,	Increase	2,291,	Increase	1,070,
Sept. 30, 1868	5,385,	Sept. 30, '68	18,735,	Sept. 23, '68	15,999,	Sept. 23, '68	24,175,
Oct. 7, "	5,307,	Oct. 7, "	18,022,	" 30, "	16,367,	" 30, "	25,013,
" 14, "	3,838,	" 14, "	20,231,	Oct. 7, "	16,054,	Oct. 7, "	25,297,
" 21, "	3,550,	" 21, "	20,406,	" "	—	" "	—
Decrease	1,835,	Increase	2,383,	Increase	368,	Increase	1,122,
Dec. 30, 1868	7,302,	Dec. 23, '68	17,851,	Dec. 16, '68	17,495,	Dec. 23, '68	23,374,
Jan. 6, '69	6,466,	" 30, "	19,489,	" 23, "	18,339,	" 30, "	23,917,
" 13, "	3,638,	Jan. 6, '69	19,496,	" 30, "	20,781,	Jan. 6, '69	24,447,
" "	—	" 13, "	21,118,	" "	—	" 13, "	24,625,
Decrease	3,664,	Increase	3,267,	Increase	3,286,	Increase	1,251,
Mar. 31, 1869	7,891,	Mar. 24, '69	17,033,	Mar. 24, '69	19,124,	Mar. 24, '69	23,370,
April 7, "	4,755,	" 31, "	17,479,	" 31, "	20,131,	" 31, "	24,090,
" 14, "	4,306,	April 7, "	18,803,	" "	—	April 7, "	24,452,
Decrease	3,585,	Increase	1,770,	Increase	1,006,	Increase	1,082,
June 30, 1869	8,762,	June 23, '69	16,973,	June 23, '69	16,465,	June 23, '69	23,120,
July 7, "	4,456,	" 30, "	19,150,	" 30, "	20,552,	" 30, "	23,845,
" 14, "	3,920,	July 7, "	21,091,	" "	—	July 7, "	24,471,
Decrease	4,842,	Increase	4,129,	Increase	4,087,	Increase	1,342,
Sept. 29, 1869	5,590,	Sept. 29, '69	17,222,	Sept. 22, '69	14,825,	Sept. 22, '69	23,595,
Oct. 6, "	3,971,	Oct. 6, "	19,642,	" 29, "	16,697,	" 29, "	24,276,
" 13, "	3,489,	" "	—	Oct. 6, "	16,378,	Oct. 6, "	23,834,
" "	—	" "	—	" "	—	" 13, "	24,816,
Decrease	2,102,	Increase	2,420,	Increase	1,873,	Increase	1,221,

E contd.—SUMMARY, 1862-69.

[000's omitted.]

Year.	Quarter.	Government Deposits (Decrease).	Private Deposits (Increase).	Private Securities (Increase).	Note Circulation (Increase).	Gold in Circulation (Increase).
		£	£	£	£	£
1862	January.....	2,803,	4,897,	2,239,	1,497,	—
'63	"	4,502,	2,466,	1,788,	869,	—
'64	"	4,738,	2,700,	1,022,	1,134,	—
'65	"	4,415,	1,413,	3,134,	2,967,	—
'66	"	5,274,	1,358,	2,996,	3,104,	—
'67	"	4,262,	426,	4,457,	2,991,	—
'68	"	3,954,	1,075,	4,650,	2,906,	50,
'69	"	3,664,	1,251,	3,267,	3,286,	—
		33,611,	15,586,	23,553,	18,754,	—
	Average.....	4,201,	1,948,	2,944,	2,344,	—
1862	April.....	2,232,	3,182,	661,	2,234,	—
'63	"	4,595,	2,271,	1,119,	1,277,	—
'64	"	4,493,	1,204,	2,111,	1,419,	—
'65	"	4,013,	1,722,	1,936,	1,431,	—
'66	"	4,380,	1,743,	1,624,	2,702,	—
'67	"	3,925,	1,079,	1,876,	1,875,	—
'68	"	3,393,	1,789,	1,644,	2,732,	{ 732,—2 weeks ending April 15
'69	"	3,585,	1,082,	1,770,	1,006,	—
		31,566,	14,072,	12,741,	14,676,	—
	Average.....	3,946,	1,759,	1,593,	1,834,	—
1862	July.....	4,449,	3,801,	1,286,	1,913,	—
'63	"	5,408,	4,786,	3,935,	1,669,	—
'64	"	5,751,	2,283,	2,338,	1,678,	—
'65	"	5,898,	1,790,	2,505,	2,479,	—
'66	"	5,804,	1,114,	1,533,	1,460,	—
'67	"	6,487,	1,089,	3,378,	1,940,	—
'68	"	4,955,	1,070,	3,627,	2,291,	{ 715,—3 weeks ending July 15
'69	"	4,842,	1,342,	4,129,	4,087,	—
		43,594,	17,275,	22,731,	14,597,	—
	Average.....	5,449,	2,159,	2,841,	1,825,	—
1862	October.....	3,324,	2,925,	299,	1,095,	—
'63	"	5,072,	3,493,	3,178,	1,345,	—
'64	"	3,810,	2,367,	2,021,	1,077,	—
'65	"	3,303,	1,238,	985,	3,914,	—
'66	"	3,171,	1,369,	1,569,	1,189,	—
'67	"	3,953,	1,646,	2,130,	131,	—
'68	"	1,835,	1,123,	2,383,	368,	{ 1,500,—4 weeks ending October 21
'69	"	2,102,	1,221,	2,420,	1,873,	—
		26,570,	15,381,	13,015,	10,991,	—
	Average.....	3,321,	1,923,	1,627,	1,374,	—

F.—Table showing (Cols. 1 and 2) the Balance of Gold taken into Bank from Abroad, and of Gold taken out of Bank for Export; Col. 3 the Amount of Gold in Bank, and Cols. 4 and 5 the Increase and Decrease of Gold Coin in Home Circulation. (Gold in Bank on 25th December, 1867, = £21,941,047).

[000's omitted.]

1868. — Week ending	1 Balance.		3 Gold in Bank.	4 5 Gold in Circulation.		1868. — Week ending	1 2 Balance.		3 Gold in Bank.	4 5 Gold in Circulation.	
	In.	Out.		In- crease.	De- crease.		In.	Out.		In- crease.	De- crease.
Jan. 1....	£ 71,	—	22,002,	—	50,	July 1	£ 107,	—	22,751,	319,	—
„ 8....	53,	—	22,061,	55,	—	„ 8	74,	—	22,552,	274,	—
„ 15....	—	23,	22,086,	—	49,	„ 15	—	241,	22,187,	124,	—
„ 22....	—	26,	22,201,	—	141,	„ 22	17,	—	22,077,	126,	—
„ 29....	—	89,	22,320,	—	208,	„ 29	—	55,	22,965,	—	942,
Feb. 5....	—	529,	21,755,	35,	—	Aug. 5	—	200,	22,372,	393,	—
„ 12....	—	445,	21,605,	—	295,	„ 12	150,	—	20,801,	1,721,	—
„ 19....	—	537,	21,192,	—	124,	„ 19	86,	—	20,735,	152,	—
„ 26....	—	103,	21,350,	—	261,	„ 26	82,	—	20,774,	43,	—
Mar. 4....	—	252,	21,136,	—	38,	Sept. 2	260,	—	20,847,	187,	—
„ 11....	—	73,	21,180,	—	116,	„ 9	123,	—	20,736,	234,	—
„ 18....	—	11,	21,281,	—	113,	„ 16	32,	—	20,776,	—	8,
„ 25....	—	11,	21,438,	—	168,	„ 23	293,	—	20,965,	104,	—
April 1....	—	143,	21,104,	181,	—	„ 30	231,	—	20,501,	695,	—
„ 8....	82,	—	20,825,	361,	—	Oct. 7	159,	—	20,708,	—	48,
„ 15....	77,	—	20,711,	191,	—	„ 14	—	10,	20,164,	534,	—
„ 22....	—	224,	20,527,	—	40,	„ 21	106,	—	19,947,	323,	—
„ 29....	110,	—	20,633,	4,	—	„ 28	—	71,	19,845,	31,	—
May 6....	—	53,	20,403,	177,	—	Nov. 4	—	204,	19,478,	163,	—
„ 13....	—	144,	20,291,	—	32,	„ 11	—	120,	19,359,	—	1,
„ 20....	290,	—	20,789,	—	208,	„ 18	—	176,	18,357,	826,	—
„ 27....	315,	—	21,291,	—	187,	„ 25	—	158,	18,257,	—	58,
June 3....	627,	—	21,970,	—	52,	Dec. 2	—	165,	18,037,	54,	—
„ 10....	131,	—	22,205,	—	104,	„ 9	—	118,	17,842,	78,	—
„ 17....	135,	—	22,571,	—	231,	„ 16	65,	—	18,158,	—	252,
„ 24....	212,	—	22,963,	—	180,	„ 23	26,	—	18,292,	—	107,
						„ 30	66,	—	18,446,	—	88,
	2,103,	2,663,	—	1,004,	2,596,		1,877,	1,518,	—	6,380,	1,504,
	£560, out			Decr. £1,592,			£359, into			Incr. £4,876,	

SUMMARY.

Less Gold in Bank on 30th December, 1868, than } on 25th December, 1867	£	£
	—	3,495,189
Gold taken out of Bank for export.....	201,000	
Increase of Gold in circulation	3,284,189	
		3,485,189*

* There is an error of 10,000l. here in the result of the calculations, but I cannot discover the source of it.