

**THE STORY OF THE BANK OF  
ENGLAND, (A HISTORY OF  
ENGLISH BANKING, AND A  
SKETCH OF THE MONEY  
MARKET)**

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The story of the Bank of England, (a history of English banking, and a sketch of the money market) by Henry Warren

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**HENRY WARREN**

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# Bank of England

(A HISTORY OF ENGLISH BANKING, AND  
A SKETCH OF THE MONEY MARKET)

BY

HENRY WARREN

AUTHOR OF

"YOUR BANKERS' POSITION AT A GLANCE"

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## CONTENTS.

CHAPTER	PAGE
I. THE PERIOD OF MONOPOLY, 1708 TO 1826	1
II. BEFORE AND AFTER THE ACT OF 1844 . . .	24
III. THE BANK'S WEEKLY RETURN . . .	48
IV. THE ISSUE AND BANKING DEPARTMENTS	63
V. THE STORE IN THE ISSUE DEPARTMENT.	74
VI. WEEKLY DIFFERENCES IN THE RETURN . . .	85
VII. THE BANK AS AGENT OF THE MINT . . .	94
VIII. THE PRINCIPAL CURRENCY DRAINS . . .	101
IX. BANKS AND THE CREATION OF CREDIT . . .	113
X. THE BATTLE OF THE BANKS . . .	126
XI. THE LONDON MONEY MARKET . . .	139
XII. THE BANK RATE AND STOCK EXCHANGE SECURITIES . . . . .	154
XIII. THE BANKS AS STOCKBROKERS . . .	161
XIV. THE SHORT LOAN FUND AND THE PRICE OF SECURITIES . . . . .	169
XV. PANIC YEARS . . . . .	177
XVI. THE BANKS AND THE PUBLIC . . .	224
XVII. BANK STOCK . . . . .	240





## CHAPTER I.

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### The Period of Monopoly, 1708 to 1826.

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THE Bank of England, which is managed by a Governor, Sub-Governor, and twenty-four Directors, was incorporated in 1694 at the suggestion of a Scotsman, William Paterson, a man of roving disposition, whose Darien expedition proved a miserable fiasco, cost Scotland some £400,000, and shattered the health of Paterson, who died in London at the beginning of 1719, if not in poverty at least stripped of nearly all his fortune.

Schemes relating to the Isthmus of Darien (or Panama), that narrow little strip of land which unites the two Americas, have proved fruitful in disaster. France's great canal venture, we all remember, resulted in huge loss and grave scandal; and Paterson lived to bitterly regret his colonisation scheme, devoutly wishing that he had pinned his faith to his

finance company, the Bank of England, for a finance company it then was in every sense of the word.

Little is known of William Paterson's early career, the various accounts relating thereto being meagre and conflicting, his enemies describing him as a mere adventurer, and his friends declaring that he was actuated by the worthiest of motives. However, when it is remembered that his second great venture (the Darien scheme) involved thousands in ruin, it is evident that had the man been a saint he would not have lacked detractors, and though his public utterances sound quaintly pious to the modern ear, it seems probable that he was only an enterprising merchant, whose morality was neither better nor worse than that of the times in which he lived.

The son of a Scotch farmer, Paterson left home at an early age, and, after settling for a short time in the West of England, set sail for the West Indies, returning to Europe about 1686 with the Darien scheme in his brain. Receiving but scant encouragement in England, despite the fact that his bank had been successfully floated, he concentrated his energies upon Scotland, where his scheme fired the public imagination, almost every Scotsman with a

few pounds to invest eagerly taking the money to the company, convinced that Panama was the natural commercial centre of the world, and that gold would be rained therefrom upon fortunate Scotland. The whole nation went almost frantic with the fever, for Panama, with its gold mines and its world-wide trade, was going to make Scotland rich beyond the dreams of avarice. It is estimated that nearly half the capital of the country was sunk in the Darien scheme.

Chartered by the Scottish Parliament in 1695, three vessels sailed from Leith in July, 1698, with some twelve hundred settlers on board, Paterson and his wife among the number. All Edinburgh flocked down to Leith to wish the members God-speed, and then returned to their homes to dream of the streams of gold with which Scotland was to be flooded. In a few years everybody would be rich, and Edinburgh would be the greatest and proudest city in the world. Trade, however, was destined to flow to a city a little farther south.

The scheme proved a dismal failure. England and Holland opposed the new colony; the East India Company treated it as a rival, and Spain was actively hostile. The climate did the rest. Before the close of 1699