

**THE BANK CHARTER ACT: OUGHT
THE BANK OF ENGLAND OR THE
PEOPLE OF ENGLAND TO
RECEIVE THE PROFITS OF THE
NATIONAL CIRCULATION**

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The Bank charter act: ought the Bank of England or the people of England to receive the profits of the national circulation by Jonathan Duncan

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JONATHAN DUNCAN

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THE BANK CHARTER ACT:

DOUGHT THE BANK OF ENGLAND OR THE PEOPLE
OF ENGLAND TO RECEIVE THE PROFITS OF
THE NATIONAL CIRCULATION?

BY

JONATHAN DUNCAN, B.A.,

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Author of "*Aladdin's Letters on Monetary Science*," &c., &c.



"Was man ordain'd the slave of man to toll,
Yok'd with the brute; and fetter'd to the soil,
Weigh'd in the tyrant's balance with his gold;
No: Nature stamp'd him in a heavenly mould;
She bade no wretch his thankless labour urge,
And trembling take the pittance and the scourge."

Campbell's Pleasures of Hope.

"Nothing can be more absurdly presumptuous than to substitute machinery in such a case for human intelligence. A very short time ago, the interest of money was at 2½ to 3 per cent. Everybody found it difficult to employ their capital; Now, nobody can obtain it for the best security under 8, 10, or 12 per cent. The stagnation of the most legitimate trade is complete; the manufacturer stops his works, the minister is obliged to double the interest of his Exchequer Bills."—*Lord Ashburton on the Commercial Crisis of 1847.*

"We believe that for fifty years at the least, labour, taking its quality into account, has been cheaper in this country than in any part of Europe; and that this cheapness of labour has contributed vastly to the improvement and powers of the country, to the success of all mercantile pursuits, and to the enjoyment of those who have money to spend. This same cheapness has placed the labouring classes most effectively under the hand of money and the heel of power."—*Times' Newspaper, 3th July, 1851.*

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DEDICATION.

TO FRANCIS BENNOCH, ESQ.

I FEEL it my duty to address this volume to you, as an enlightened and persevering advocate of monetary reform. To that important subject you have contributed a large and valuable amount of practical knowledge. Public indifference has never damped your energy, nor has your moral courage ever quailed before the sneers of ignorance and prejudice.

On personal grounds it is grateful to my feelings to associate your name with this publication, as it affords me an opportunity of testifying my appreciation of your generous and unswerving friendship.

JONATHAN DUNCAN.

P R E F A C E.

A PARLIAMENTARY Committee has been appointed to investigate the merits and demerits of the Bank Charter Act of 1844, and to report to the House of Commons whether that Act ought to be renewed, modified, or abrogated. Under these circumstances this pamphlet is submitted to public consideration.

That law known as the "Bank Charter Act" is one of a series of monetary enactments commencing in 1816, consolidated in 1819, and complemented in 1854; and those collective measures are erroneously believed by many to have restored the ancient standard of value, the action of which was suspended during the Bank Restriction Act.

When the Bill of 1819 was passed, it was supposed that it would only lower prices four or five per cent.; in fact, it doubled the amount of the national debt. Mr. Ricardo was the author of that gigantic and ruinous mistake; but he honestly confessed the magnitude of his error before his death. Mr. Bankes declared that every member of the committee who

reported to the House of Commons in favour of the Bill of 1819 were grossly deceived as to its character. It was a measure passed in ignorance.

After the practical experience of a quarter of a century, its evils had become so patent that Sir Robert Peel, who had introduced it, brought forward the Act of 1844 as a buttress to prop up a falling edifice. That Act has been characterised by Mr. Samuel Jones Loyd, now Lord Overstone, in the following terms:—

“It has been justly described by its author as the complement of the Bill of 1819—as the further step which was necessary to render that measure complete, and to give to the public every possible security for the effectual maintenance of specie payments. This is the true object of the measure; and by its efficacy or otherwise in this respect, the success or failure of the measure ought to be tested.”*

The panic of 1847 was the result of the Act of 1844, and thus both the original building and its sustaining buttress were condemned.

Committees of both Houses of Parliament were appointed to inquire into the causes of that panic. The committee of the House of Commons held nineteen meetings. Of those members who recorded their votes in favour of the legislation of 1844, in support of the report of the Chancellor of the Exchequer, Sir Charles Wood, who was chairman of the committee, one never attended, and therefore never heard one word of the

* Thoughts on the Separation of the Two Departments of the Bank of England, p. 1 and 2.

evidence; two attended four times, and one five times. Of those who opposed the report embodying the resolutions, and who were present and voted when the resolutions were discussed, none attended the committee less than twelve times. Government only carried the Report by a majority of two votes; but the votes would have been equal had not Mr. Herries and Mr. Thomas Baring, who had manifested a decided opposition to the Act of 1844, been unavoidably absent.

Seventeen witnesses were examined before the committee; of these, thirteen condemned the Act of 1844, and its four supporters were three directors of the Bank of England, who supported their own monopoly; and Mr. Samuel Jones Loyd, its real author.

It was condemned by the most eminent bankers and merchants; by the late Mr. Samuel Gurney, by Mr. George Carr Glynn, by Mr. Lister, Mr. Horsley Palmer, Mr. Bevan, Mr. Bates, Mr. Pease, and Mr. Birkbeck of the Craven Bank, Yorkshire, who, on that occasion, was the accredited representative of all the country bankers.

In defiance of this adverse, preponderatingly adverse evidence, Sir Charles Wood, as chairman of the committee, reported to the House of Commons in favour of the Bill, in the following terms:—

“Your committee, after a careful review of ALL the evidence upon this part of the subject, are of opinion that it is not expedient to make any alteration in the provisions of the Bill.”

The committee of the House of Lords condemned the Bill.

It is under such circumstances that the whole subject is to be reviewed; and it is to be hoped that Mr. Cardwell, the chairman of the present committee, will not follow the unworthy example of Sir Charles Wood; that he will not act on his own preconceived opinions, whatever they may be, but on the evidence of the witnesses, as the judges act in the courts at Westminster. The nation requires the verdict of truth, not its perversion by the baleful spirit of party.

In all the efforts made by philanthropists to remove or mitigate the evils of society, the question of money has been ignored; and hence their lamentable failures. It has never occurred to them that money is the half of every bargain, or that modern usury is extorted, not for the *legitimate use* of money, but for its *artificial scarcity*.

Interest at 3 per cent. replaces capital in 33 years.

"	4	"	"	25	"
"	5	"	"	20	"
"	10	"	"	10	"
"	20	"	"	5	"

Is it surprising, then, under the Acts of 1819 and 1844, that the rich grew richer, and the poor poorer?

The people should be made to understand that their labour alone supplies the country with gold, and that cupidity exports that gold to foreign nations, in loans to governments, or to sustain foreign speculations, that usurious interest may be perpetuated at home. The currency question is emphatically a labour question, and till the working classes study it, and master it, they will never obtain any efficient relief from social