

**THE BANK OF ENGLAND'S
CHARTERS, THE CAUSE OF
OUR SOCIAL DISTRESS**

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The Bank of England's charters, the cause of our social distress by Thomas W. Huskinson

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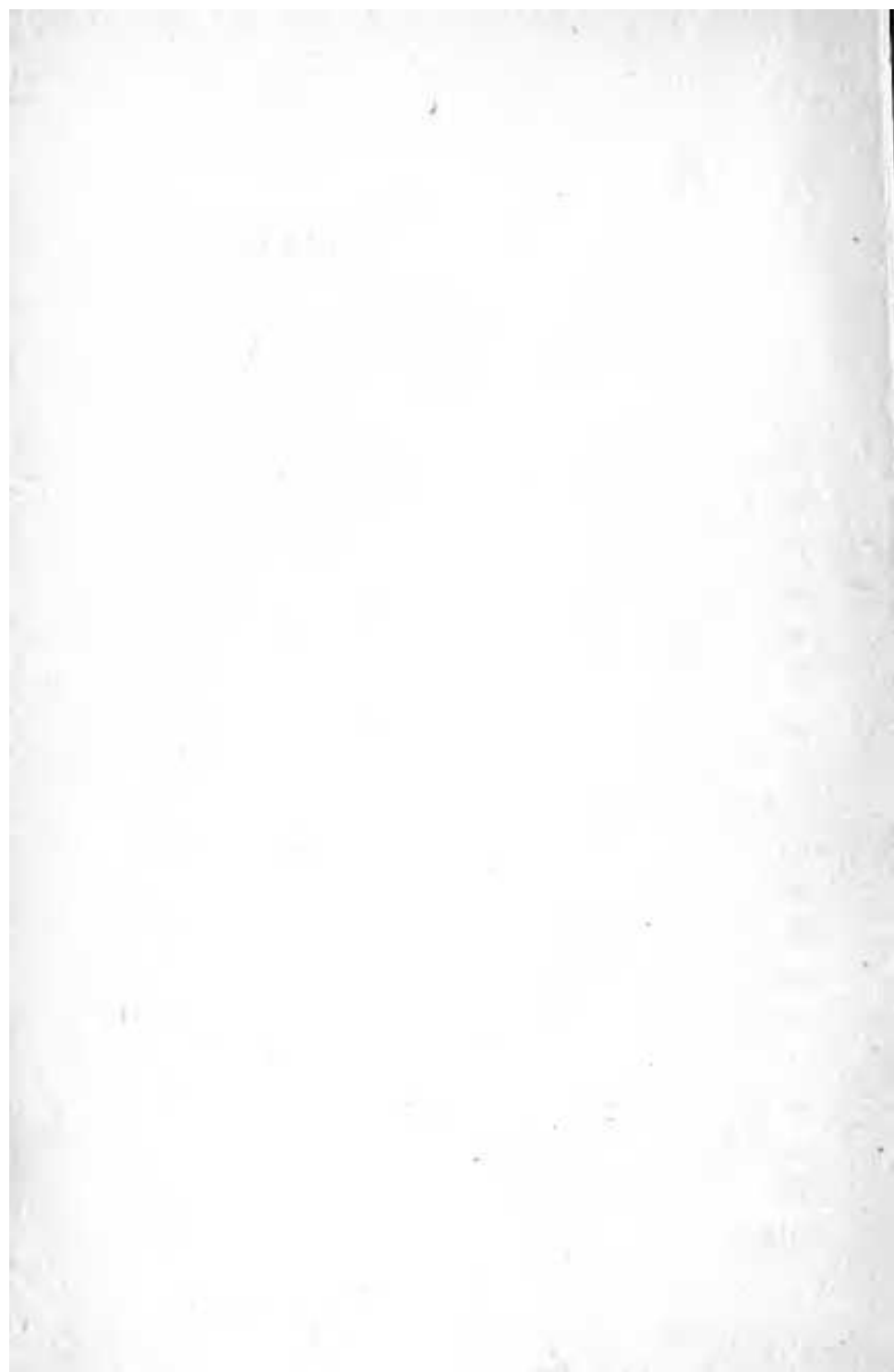
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By
THOMAS W. HUSKINSON

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PREFACE

A CAREFUL watch on the events of a quarter of a century has convinced me that the vicious social developments of the nineteenth century were abnormal and were due to an artificial, and therefore removable, cause. That the cause is deep, insidious and subtle goes without saying: had it been obvious it would have been easily discovered.

Nowhere have I seen a full text of *Magna Charta*, which so illuminates the times of the Normans, save in a translation of a French History of England; the book came from Beckford's library and was in a fisherman's cottage. It is curious that in a translation of a Dutch work have I discovered the best historical account of the Bank of England. I refer to Bisschop's *Rise of the London Money Market*. But for that work I must have apologized for the

slenderness of the early history in this book. Bisschop's work makes an apology unnecessary; it is needless to multiply labour: where he leaves off the argument of this book commences.

In chapter iii, part I, Bisschop observes:—

“About this time [1780] the Bank [of England] adopted the unfortunate theory that the note circulation should be contracted simultaneously with an efflux of gold from the Bank, in order to bring about a reflux of the specie withdrawn, owing to the scarcity of circulating medium created by this action. The author of this idea was Mr. Bosanquet.”

It is also noted:—

“The theory, as amended [i.e., that the currency should vary with the foreign exchanges], found its way into the Bank Act of 1844.”

Where the base of the circulation is a mixed one or uncertain, the above result must be a necessary consequence. The object of this book is to bring forcibly home to the popular mind that the monetary circulation of this country is not based on its standard of value, as is generally supposed, but is—as a consequence of statute—based upon the Bank of England note,

a large portion of which is based on fiduciary security and not on bullion.

When the above is the condition, there must exist a sensitive state of the Money Market, a keen competition of commercial capitals for profit, and a consequent depression of wages to a minimum requirement.

That the remedy can be effected almost by a stroke of the pen is the one great hope. The hopes that the efforts and immense developments of the past two centuries would effect the alleviation of the general mass of mankind have been disappointed. The condition of those unendowed with capital is almost one of helotage after two centuries of marvellous invention in labour-saving appliances. It is very evident Society is shaking at its foundations with anger and despair, which if unrelieved must be followed by irretrievable disaster. But as Dessaix remarked at Marengo, "though the battle is most certainly lost there is still time to win another." There is still perhaps sufficient time to put our house in order before the day of Wrath.

That the energies of this country are

being confined to within a third of immediate possibilities by faulty statutory arrangements I am firmly convinced. If the error of the Bank Charter were amended, relief would be immediate, the poverty of a class would disappear in an incredibly short space of time, and I have sufficient faith in the verve of a really prosperous Society to doubt the possible existence of a really poor person. The old-time scourges of War, Pestilence and Famine might intervene to delay the process and, judging from history, probably will. Man's Evil Fate will not let him easily escape.

Where Bisschop leaves off, the argument of this book begins. Bisschop does not appear to refer to the controversy that arose in the "thirties" of the last century among the London Bankers, when the dangers of a mixed basis to the circulation began to be seriously apprehended. Peel was supposed by his Act to have based the circulation on the standard of value. I have the advantage of some communications from Mr. Ichabod Wright, an eminent Nottingham banker at that period and better known

as the translator of Dante, in which he points out that by not distinguishing the fiduciary portion of the Bank of England note issue from that against gold actually deposited Peel stultified the very object of his Act: the basis of the circulation remaining as uncertain under the Act of 1844 as previously.

The public is fortunately much more conversant with the subject of the Foreign Exchanges and Currency than formerly; but there is still a giant ignorance. This book is a very small stone to throw at so huge a Goliath, but, failing others, it is going to be thrown.

THE AUTHOR.