

**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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THE BANK CHARTER ACT,
ETC., ETC.

THE BANK CHARTER ACT:

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

BY

JONATHAN DUNCAN, B.A.,

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

" Was man ordain'd the slave of man to toil,
Yok'd with the brutes and fettered 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 1817.*

" 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 effectually under the hand of money and the heel of power.*"—*Times' Newspaper, 5th 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.

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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.