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THE
GOVERNMENT
 AND THE
BANK :
 BEING
 A STATEMENT OF TRANSACTIONS
 SUBSISTING BETWIXT
THE PUBLIC
 AND
The Bank of England ;
 CONTAINED IN SIX LETTERS
 Which have appeared in the
BRITISH PRESS & GLOBE NEWSPAPERS.

A system of profusion on the part of your Government, and of rapacity on the part of the Bank, that has no example in the history of European finance.

The late Mr. Horner's Speech in the House of Commons on Bank Affairs, May 1, 1816.

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APRIL, 1818.

TO
THE MEMBERS
OF THE
SELECT COMMITTEE

ON
Finance;

AND
TO OTHER MEMBERS OF THE HOUSE OF COMMONS,
WHO TAKE AN
INTEREST IN SUCH MEASURES AS MAY BE ADOPTED
FOR THE
RELIEF OF THE COUNTRY,
FROM ANY PART OF ITS PUBLIC EXPENDITURE,—

THESE LETTERS
ARE RESPECTFULLY SUBMITTED.

3d April, 1812.

THE
BANK OF ENGLAND. *

WE have frequently called the public attention to the internal economy of the Bank, and its transactions with Government. A more important subject cannot be submitted to the consideration of the country. We now recommend to the perusal of our readers some statements upon the same subject, with which we shall from time to time present them, and of which the following is the first number. They are founded on what has lately been disclosed in Parliament, and on documents now before the House of Commons, on the subject of our public contracts, and other pecuniary transactions with the Bank.

EDITOR.

* Extract from the British Press, of Monday, May 19th, 1817.

THE
GOVERNMENT & THE BANK.

LETTER I.

THE Bank of England was established in 1694. From that time down to 1797, when the Restriction Act passed (*a period of more than a century*), the profits of the Bank, divided amongst the Proprietors, amounted, upon the average *for the whole of that period*, to something under *six and three quarters per cent. per annum*, or 6*l.* 15*s.* for 100*l.* capital stock. No other species of profit under the denomination of BONUS, or, indeed, under any other name, had been divided amongst the Proprietors during that century.

The capital stock of the Bank, in 1797, amounted to 11,642,400*l.*, upon which, since

the year 1788, an annual dividend had been paid of *seven per cent.*

The affairs of the Bank were investigated by Parliament in 1797, when it appeared,

That in addition to this capital of	£11,642,400
The Bank possessed a SURPLUS unappropriated profit of	3,826,890

Making together a net capital, in money, amounting to	£15,469,290
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of which, however, 11,686,800*l.* produced only *three per cent.* interest; that sum having been lent to Government, at that rate of interest, for many years past, as the price of the Charter.

With this capital, then, of about 15½ millions, of which more than 11½ millions produced only three per cent. interest, the Bank commences its operations in 1797, under the *Restriction Act*; paying an annual dividend of *seven per cent.* on 11,642,400*l.*—Let us now see what the Bank has done since; that is, within the last twenty years.

It appears, then, *that in addition to*, and over and above, the annual dividend of seven per cent. the Bank have given to their Proprietors since 1797,

In Bonuses,	32½ per cent.	} Together
In increase of Dividend, 3 per cent. per annum, since 1807, 31½ per cent.		

A Bonus, given in May, 1816, called "*Increase of Capital*," worth, in money, about SEVEN MILLIONS.

The payment of Property Duty for the Proprietors since 1806.

And if to these bonuses and emoluments, *distributed amongst the Proprietors*, be added the increased market value of their stock *at present*, as compared with its value in 1797,* the result of the whole will shew, that the Bank, trading with a capital, *in money*, of 15½ millions in 1797, (of which 11½ millions are lent at three per cent.), have gained, in the last twenty years, a sum exceeding TWEN-

* In framing this calculation, the present value of Bank Stock is taken at 255; its value in 1797 was 125; but it would be fallacious and unfair, to take the whole difference between these two prices, as BANK PROFITS, in the view here presented, because the three per cent. Consols, which are now at 73, appear, from an account lately produced to Parliament, to have been in February, 1797, at 54, and in September following at 52. Taking then the average at 53, and applying to the market price of Bank Stock, as it was in 1797, the same proportionate advance that has taken place in the *three per Cents.*, the price of Bank Stock is considered in this calculation as having been at 172, in 1797.

TY-FIVE MILLIONS OF POUNDS STERLING, EXCLUSIVE of the ordinary annual dividend of seven per cent.

THE WHOLE of this has been gained by the Restriction Act, and by Contracts with the Public! Can any investigation of those Contracts be necessary, to demonstrate the exorbitancy of terms which have produced such enormous profits? Some details, however, upon these subjects, shall be given hereafter.

A. B.

May 17, 1817.

LETTER II.

*Balances of Public Money deposited with
the Bank.*

IN my former Letter it was stated, that the Bank, besides paying to their Proprietors an annual dividend of *seven per cent.* on their capital, had accumulated, within the last 20 years, TWENTY-FIVE MILLIONS STERLING.

One fruitful source of Bank profits has been the use of the public money, deposited with them, as the bankers of the Government.

In 1800, when the Bank Charter was renewed, and when Mr. Pitt claimed for the Public a direct participation in the profits resulting from the possession of this money, the aggregate amount of these deposits at the Bank was, in a most unaccountable (*and never yet accounted for*) manner, represented by the Bank to Mr. Pitt, as being, at that time, about *three millions*;* whereas it now appears, from accounts produced in consequence of discussions in the House of Com-

* Vide Mr. Thornton's evidence before the Committee on Public Expenditure, in 1807.

mons in the Session before the last, that even in the year 1800 these deposits exceeded in amount *six millions*.

But the Committee on Public Expenditure in 1807, first disclosed to the Public the magnitude of these deposits; at the same time demonstrating that they were productive to the Bank of a profit of *nearly six hundred thousand pounds per annum*, being about five per cent. on their aggregate amount, which at that period had risen to nearly *twelve millions*.

Mr. Perceval, upon this disclosure, immediately claimed for the Public a farther participation in the emoluments derived from the possession of this money—and, after some struggle and resistance on the part of the Bank,* the discussion ended by an advance (*as it was called*) of *three millions* by the Bank *without interest*.

Nothing more occurred with reference to these deposits, till the subject was again brought under the notice of Parliament and of the Public, in the Session of 1815.

It now appears, from Parliamentary docu-

* Vide Mr. Perceval's Correspondence with the Bank, in 1808.

ments, that the Bank have been possessed of the public money, as follows:—

In 1800, the aggregate average amount was . . . £6,251,488
 In 1806, ditto 12,197,303
 From 1806 to 1817, the amount has fluctuated betwixt eleven and twelve millions.

So that the Bank may fairly be said to have been in *quiet undisturbed possession* of a sum of the public money, exceeding ELEVEN MILLIONS sterling, during the last eleven years!—and the only pecuniary compensation made to the Public, for the loss of interest upon a deposit of this magnitude, has been by the following financial arrangements, viz.:

Three millions advanced by the Bank in 1806 at three per cent. (repaid, *with 780,000*l.* interest*, in 1814.)
 Three millions advanced in 1808, without interest.
 Six millions advanced in 1816, at four per cent.
 Three millions advanced in 1816, at three per cent.

The three last-mentioned advances, amounting together to twelve millions, are now in operation, and calculating money at five per cent. are equivalent to a compensation in favour of the Public, of 270,000*l.* per annum. Now, taking the present amount of public money with the Bank, at eleven millions only, producing at the same rate of interest

550,000*l.* per annum, there will still remain, on the balance, a loss in interest to the Public, and a profit to the Bank, of *two hundred and eighty thousand pounds* per annum, for the performance of no other public service, than that of acting as the public banker!

Is there any proportion betwixt the service here performed and the price paid for it? Is there a banker, or practical man of business in the kingdom, who does not know, that instead of *two hundred and eighty thousand pounds*, this service would be adequately and liberally paid with *twenty thousand pounds* per annum? Why is the Public to pay *two hundred and sixty thousand pounds per annum* more than would be paid by individuals, supposing these banking transactions to be within the range and compass of individuals, and of private bankers? Would any merchant, keeping large balances, *under various heads and titles*, at his bankers, find any difficulty in making an arrangement with those bankers, by which, after allotting to them the use of a certain specific sum as the banking remuneration, the remainder would, in some way or other, become productive of interest to himself? Is not this universally practised in the mercan-

tile world? And if such arrangements are easily made by individuals, whose deposits amount only to *thousands*, why not by the Public, whose deposits with *their* bankers—the Bank of England—amount permanently, and without interruption, to many millions? Why is that wholesome principle established of late years, and applied generally to our public contracts—namely, the principle of competition—wholly neglected and overlooked in our contracts and dealings with the Bank? The answer will perhaps be, that the Bank has no competitor: true—to a certain degree—But is that a reason why the Government should submit to any terms which a monopoly may demand from the Public?—If, indeed, this *be* the situation in which a Chancellor of the Exchequer is placed with the Bank—if he is forced to yield and bend before a powerful, irresistible monopoly—let it at once be avowed; let the Public know it, in order that we may endeavour, at least, to discover some means for counteracting the injury that such a state of things must necessarily, and inevitably, inflict upon the country,

A. B.

May 23, 1817.

LETTER III.

It was shewn in my last Letter, that the Bank, as the Government Banker, have been, during the last ten or twelve years, and are now, in possession of ELEVEN MILLIONS of the public money, at an expense to the Public, by the loss of interest, amounting at one period to between *five and six hundred thousand pounds*, and at present to *two hundred and eighty thousand pounds per annum*: the Public, therefore, at the same time that it annually borrows and pays interest for millions, upon its Exchequer Bills (*chargeable with interest*), which we exchange with the Bank for their paper (*bearing no interest*), leaves in the hands of its bankers—*this very same Bank*—ELEVEN millions of its money unemployed and unproductive.

This sum of eleven millions consists in the balances due from the Bank on various public accounts kept there, amounting, *in number*, as stated in the Parliamentary Papers for the year 1816, to *fifty-three accounts*;

under the heads of CUSTOMS, EXCISE, EX-CHEQUER DEPOSITS, TREASURER OF THE NAVY, PAYMASTER OF THE FORCES, and various other titles; being monies belonging to different departments of the Government: which accounts, exhausted, from time to time, by drafts from the departments to which they respectively belong, and replenished by the current receipts of the Revenue, and by sales of Exchequer Bills are precisely in the nature of an ordinary private banking transaction; except that the public accounts at the Bank are never (what is called) *over-drawn*, but have *uniformly* a balance in hand. This banking operation, then, is wholly free from risk or anxiety—requires a very small establishment of clerks for conducting it—and there is not a banking-house in the metropolis that would not consider *twenty thousand pounds* per annum as a remuneration—liberal almost to excess—for keeping these *fifty-three accounts*; which is, in fact, *all* that is done by the Bank of England; and for which the Public is now annually paying them *two hundred and eighty thousand pounds*.

Amongst the public accounts thus kept at the Bank, there is one that may deserve notice,

as differing, not in effect, but in form and structure, from an ordinary banking transaction—namely, THE EXCHEQUER DEPOSIT ACCOUNT; which is, to the Bank, the most valuable of all the public accounts kept there, the *average* balance thereon during the year 1816 having exceeded *five millions*; and it arises out of the following practice:—The Bank every day send to the Exchequer two or more of their clerks, who, in truth, perform all the Exchequer—pecuniary—transactions of the day, and who carry back daily to the Bank, the excess of the receipts beyond the expenditure of the Exchequer, which thus becomes AN EXCHEQUER DEPOSIT in the hands of the Bank. But as it would be a breach of the system established at the Exchequer, to suffer money to go out of the Teller's Chest, without receiving a deposit of securities of corresponding value, the Bank, in exchange for their own notes, which their clerks receive and carry away from the Exchequer, deliver to the Tellers, EX-CHEQUER BILLS, the growing interest upon which, whilst lodged in the Exchequer, is enjoyed, not by the Exchequer, but by the Bank! So that Exchequer Bills, originally acquired by the Bank upon an issue of their notes to the Go-

vernment, are afterwards carried by the Bank to the Exchequer, and there deposited in exchange for Bank Notes—and during both these operations, the interest, chargeable against the Public on the Exchequer Bills, is enjoyed, *exclusively*, by the Bank of England! May it not frequently happen, on the very same day, when the Exchequer is giving Bank Notes to the Bank, in exchange for Exchequer Bills, that some other department of Government—the Navy for instance—is selling Exchequer Bills (*to the Bank itself perhaps!*) in exchange for Bank Notes? Improvidence and profusion on the part of the Government, *or*, MONOPOLY on the part of the Bank, can alone account for such a practice—and neither the one, nor the other, can justify it.

In concluding this branch of the subject, it seems unnecessary to discuss or combat the strange and unaccountable doctrine, maintained by the Bank in 1807 and 1808*—namely, “That the possession of the public money was *not* a source of profit to the Bank,

* *Vide* Report of Committee on Public Expenditure in 1807—Mr. Thornton’s Evidence—and Correspondence between Mr. Perceval and the Bank in 1808.

as contended for both by the Committee on Public Expenditure, and afterwards by Mr. Perceval.” The Loans made by the Bank to Government in 1808, *without interest*, and in 1816, at rates below the current rate of interest—and, above all, the anxiety manifested by the Bank, to introduce into the Acts authorizing those Loans, clauses, which have for their object to secure to the Bank the future possession of this public money—these circumstances prove, that the Directors of the Bank are, *at last*, become sensible of the productive nature and quality of these public balances, and of the importance to themselves, that they should continue to be possessed of them.

The Bank have now, indeed, abandoned the ground taken by them in 1807 and 1808, as to the *non-productiveness* of the Public Money deposited with them.—But they have *lately* discovered, that the possession of these deposits was *secured* to them, upon the renewal of their Charter in 1800; and that they, then, paid a consideration for the *uninterrupted* enjoyment of this public treasure, during the whole term of their renewed Charter (that is, till the year 1833) by an

advance of three millions, without interest, for six years—viz. from 1800 to 1806. This would, indeed, be a most valuable discovery for the Bank, *if there were any foundation for it*: But, besides the absence of all evidence in support of such a claim, its existence is wholly irreconcilable with what actually happened in the years 1806, 1808, 1814 and 1816—when loans were advanced by the Bank to the Public—some without interest, and all much under the then current rate of interest, upon the *avowed* and specific ground, of thereby giving to the Public *a participation* in the profits accruing to the Bank from the possession of this money. Now, if any person can believe, that the Bank would, *gratuitously* have made these sacrifices to the Public, *if their charter had secured them against such claims*, I will only observe, that he must entertain notions of disinterestedness and self-devotion, on the part of the Bank, of which I can perceive no traces, in their contracts and dealings with the Government, during the last twenty years.

A. B.

May 30, 1817.

LETTER IV.

Charges of Management of the National Debt.

THE *management* of the National Debt is another fertile source of Bank profits. This *management*, by the Bank, consists in keeping the books—in making the daily transfers—and in paying the quarterly dividends upon our whole public debt—excepting that small portion of it, which is managed by the South Sea Company. The manner in which this branch of the public service is transacted at the Bank is, in the highest degree, satisfactory to the stockholder, and creditable to the Bank. It is impossible that any business of a financial nature can be done better—but it is possible, that this or any other service, how well so ever performed, *may be over-paid*—and how far this is the case, with reference to the sum annually allowed by the Govern-

ment to the Bank, for the management of the National Debt, the Public may judge, from the following FACTS:—

The National Debt, when originally created, was managed at THE EXCHEQUER. The first deviation from this practice, and the first transaction of the kind with the Bank, took place in the year 1714, when, upon the creation of a debt of *nine hundred and ten thousand pounds*, the Bank was allowed for managing it (under the provisions of the 1st Geo. I. cap. 19) the sum of *four hundred and fifty pounds* per annum. In the same year, upon another debt of *one hundred and sixty-nine thousand pounds* then created, and made transferable at the Bank, an annual allowance was made to the Bank of *two hundred pounds*. Both these debts were redeemed, and the allowance to the Bank thereon discontinued previously to 1726; in which year, ONE MILLION was raised by annuities, and made transferable at the Bank, who were allowed for managing the same—not under any express Legislative provision, but under an agreement betwixt the Bank and the Treasury—the annual sum of *three hundred and sixty pounds*. This allowance was considered

at that time as a sufficient and reasonable compensation for the management of ONE MILLION, and was continued to be annually paid to the Bank upon the million so raised, in that year, till the year 1786. This transaction was followed, in 1731, by the creation of a debt of *eight hundred thousand pounds*, upon which the Bank was allowed, for management, precisely the same sum as had been given to them upon one million in 1726—namely, 360*l.*—which allowance, however, applicable only to 800,000*l.* raised the rate of management, *per million*, to 450*l.*

In 1742, when the next transaction of this kind took place with the Bank, upon the creation of a debt of 800,000*l.*, an allowance was given to the Bank of 450*l.* which was equivalent to a rate, *per million*, of 562*l.* 10*s.* At this rate, then, the Bank have been paid for management, upon the whole debt, which progressively increased betwixt the years 1742 and 1786, from about *three millions* to *two hundred and twenty-four millions*! Without adverting to the rate of charge fixed in 1726, at 360*l.* *per million*, or to the circumstances by which that charge appears *accidentally* to have risen, first in the year 1731, to 450*l.* and

subsequently in the year 1742, to 562*l.* 10*s.* per million, is it not most obvious that if the last-mentioned sum was a reasonable and adequate allowance in 1742, upon an amount of debt *under three millions*, a considerable abatement might and ought to have been made from that charge, as the debt gradually rose to the amount of *two hundred and twenty-four millions*?

In the year 1783 the COMMISSIONERS OF ACCOUNTS made a report on the magnitude of the sum paid to the Bank for the management of the public debt; and in the year 1786 the COMMISSIONERS OF AUDIT submitted a statement upon the same subject to Mr. Pitt and the Treasury, in which they strongly urged the justice and expediency of a reduction in this charge—stating, amongst other interesting details, that if the Bank should not accede to a reasonable abatement from the sum of 562*l.* 10*s.* per million, which they had been receiving ever since 1742, for charges of management, “*they (the Commissioners) thought it their duty to suggest, that the service might be performed in a separate office for less than one-third of that charge,*” that is, for less than 187*l.* 10*s.* per million—

and particularly calling the attention of the Treasury to the fact, that 360*l.* was deemed a reasonable and fitting compensation to the Bank, for managing one million of debt created in 1726; and that if such a sum was sufficient, when only one million was transferable at the Bank, even a less rate than 360*l.* per million ought to satisfy the Bank, upon a debt exceeding 200 millions. The arrangement, however, effected by Mr. Pitt with the Bank in 1786, in consequence of these statements and discussions, went only to a reduction in this charge from 562*l.* 10*s.* to 450*l.* per million.

In 1797 the Finance Committee brought this subject under the consideration of the House of Commons, and adverting to the increase in the amount of the public debt since 1786, “*they submitted it as a question still deserving the attention of Parliament, whether a further reduction of expense cannot, and ought not to be made, upon this branch of the public expenditure?*” This suggestion, however, of the Finance Committee, appears to have passed without notice, till the subject was revived by the Committee on Public Expenditure, in 1807; and in consequence of

what was stated thereon in the Report of that Committee, Mr. Perceval, early in 1808, claimed from, and effected with the Bank, a further reduction in this charge, by which the Bank, instead of 450*l.* per million, agreed to take 340*l.* per million on 600 millions, and 300*l.* per million on all excess beyond 600 millions—the whole debt managed by the Bank, at that period, amounting to about 613 millions. Upon these terms, the debt, swelled since 1808 to a sum little short of 800 millions, is at present managed—and the allowance to the Bank, for this service, exceeds at present 250,000*l.* per annum!

What is here stated appears to embrace all the facts, of any importance, connected with this source of Bank profits. In my next letter I will offer a few observations on the justice and expediency of making a call upon the Bank, on behalf of the Public, for a further reduction in this great branch of our public expenditure.

A. B.

June 6, 1817.

LETTER V.

UPON a review of the facts stated in my last (Letter IV.), with reference to the charge upon the Public for the MANAGEMENT OF THE DEBT, a circumstance presents itself to notice, upon which, indeed, the Commissioners of Audit laid great stress in their Report to the Treasury in 1786—namely, that the rate of the actual expense of management, PER MILLION, must have gradually *decreased*, in some proportion to the gradual *increase* of the debt itself—and that if 187*l.* 10*s.* per million provided for the expense of managing 224 millions of debt, as stated by those Commissioners in 1786, a much less rate per million must cover that expense, at present, upon an amount, increased almost four-fold, since that period. We have, nevertheless, seen, that no abatement was made by the Bank in the allowance, per million, between 1742 and 1786, although the debt, to which the allowance

applied, had augmented, within this period, from *three* millions, to *two hundred and twenty-four* millions. The same observation applies to the period betwixt 1786 and 1808, during which, the debt rose from 224 millions to an amount exceeding 600 millions, without any reduction in the charge of management, and since 1808 the debt has increased nearly *one-third*, the additional annual payment to the Bank, increasing in the same proportion.

If the Commissioners were well founded in 1786, in asserting that the expense of management on 224 millions was *less* than £187 10s. *per million*, is it too much to say, that the allowances given to the Bank by Mr. Pitt, in 1786, and by Mr. Perceval, in 1808, were greatly beyond what was warranted, either by the nature of the service itself, or by the circumstances existing betwixt the Public and the Bank, particularly at the latter of those two periods?

It has been stated by an Honourable Bank Director in the House of Commons (and stated rather whimsically, in proof, as it would seem, of the moderation and disinterestedness of the Bank), that the commission, or allow-

ance for the management of the Debt, with which the Bank, has contented itself, “*is no more* than seven-pence, or eight-pence, upon every hundred pounds.” True—a commission to the Bank of seven-pence and eight-pence,—*annually levied upon the whole amount of your National Debt!*—that is, upon a sum little short of *eight hundred millions!* And this is stated by a Director of the Bank as a proof of their moderation!

The Bank has, doubtless, incurred a considerable charge in buildings—their establishment of clerks, too, employed in this department, we know to be great and expensive—and the Bank is liable to loss, from frauds and forgeries, the amount of which, however, has hitherto been comparatively trifling.—But with all these considerations before us, will any person hesitate to characterise this annual commission of *even seven-pence per cent.* upon nearly EIGHT HUNDRED MILLIONS, as a charge wholly inconsistent—I will not say with moderation, but with common justice towards the Public? Observe too—the great mass of the public Debt is vested in trusts—in settlements—in corporations; or belongs to great companies and to individuals, who do not

bring it much, if at all, upon the market; so that it may be considered as locked up, in a sort of *mortmain*. This great portion of our Debt, then, is not the subject of transfer; and the only *management* by the Bank, applicable to it, is the making out and delivery of the dividend warrants half yearly.

It has been insinuated, that any alteration in the rates of allowance provided for by the Act of 1808, would be A BREACH OF PUBLIC FAITH! This is a device or argument to which it may be convenient to resort, rather than attempt any justification of the charge itself. *Nothing can be more unwise and destructive in policy, or more dishonest in practice, than any violation of the public faith: But if to alter this rate of charge, now, be a breach of faith, it was not less an infraction of that faith in 1808, to alter the rate of allowance existing at that period, and which had in like manner been specifically provided for by Legislative enactment—namely, by the statute of 1791. It seems impossible, however, for any impartial person to read the statutes of 1791 and 1808,* together with*

* 31 Geo. III. cap. 33; and 48 Geo. I. cap. 4.

Mr. Perceval's correspondence with the Bank at the latter period, without being convinced, that so far from the scale of allowance, fixed in 1808, being final and permanent, the whole arrangement is founded upon Mr. Perceval's Letter to the Bank, dated 15th of January, 1808, in which he expressly declares, "*that he accedes to the scale of allowances proposed by the Bank, SO FAR AS IT APPLIES TO PRESENT CIRCUMSTANCES, or to such as can be expected to occur* WITHIN ANY SHORT PERIOD.

A. B.

June 20, 1817.

LETTER VI.

As it is only by the intervention of Parliament that the abuses existing in the transactions between Government and the Bank are likely to be corrected, I have purposely delayed, till now, to state, the very little that remains for me to add to the five Letters which I sent to you, in the last Session of Parliament, upon this subject. In those Letters, I enumerated certain profits made by the Bank, since the Restriction Act passed in 1797, arising, partly, from the balances of public monies deposited with them, as the public bankers; and partly, from the annual charge for the management of the National Debt. The following items of charge must also be noticed as sources of profit, derived by the Bank from its connexion with the Public.

1st. The sum of 4,000*l.* per annum paid to the Bank ever since the original grant of

its Charter, and secured to them upon every successive renewal of that Charter. It would puzzle, I believe, the Bank, to shew upon what ground of services rendered to the Public, this annuity continues to be paid. It has been called, "ALLOWANCE FOR MANAGEMENT." Management of what? Of any thing belonging to the Public? No—It can only mean then—*management of their own private banking concerns.* At another time it has been designated, and in official documents too, coming direct from the Bank, as an "ALLOWANCE FOR HOUSE EXPENSES;" and it is generally understood to have been, originally, when the Charter was first granted, given to them as a sort of *douceur*; a contribution towards house rent, clerks' salaries, and other expenses, incidental to their infant establishment. By whatever name, however, it is now called, there is no doubt but this extraordinary charge is secured to the Bank, for the remaining period of their Charter. Nevertheless, Mr. Perceval, in 1808, feeling the impropriety of such a charge upon the Public, under the present circumstances of the Bank, whatever might have justified it in the days of King William, opened a

negociation with the Bank for its immediate suppression. He failed, however, in effecting this object; the Bank refusing to give up that, to which the strict letter of their Charter entitles them, and the Public must therefore submit to this extraordinary charge for the present. It is presumed, however, that those who may, on the part of the Public, hereafter conduct the negociation for a renewal of the Bank Charter (which will expire in 1833), will take care, that this charge be no longer a burden upon the Public, after that period.

2dly. The Public have paid annually to the Bank, since the year 1720, a sum of 1,898*l.* for what is called THE MANAGEMENT of four millions of the public debt purchased by the Bank from the South Sea Company, in that year. In addition to the dividends payable on this portion of our funded debt, the Bank have continued to receive this annual allowance (being about 475*l.* per million), which was formerly paid to the South Sea Company, under the head of MANAGEMENT; though it is evident that ever since this debt was transferred from the South Sea Company to the Bank, the only management connected with the transaction, consists in the Bank

receiving, for its own use, the half-yearly dividends thereon. It is contended by the Bank, that this allowance for MANAGEMENT was transferred to them by the South Sea Company with the debt itself. Indeed! what right had the South Sea Company to transfer this, as a perpetual charge upon the Public in favour of the Bank, without the Public being a party and consenting to it? Where is the evidence of any such consent on the part of the Public? Admitting, too, notwithstanding the transfer of this debt to the Bank, and the consequent cessation thereon, of what is understood by MANAGEMENT, that the Bank are entitled to *some* allowance, upon what principle should this allowance be the same *now*, as that which was given to the South Sea Company in the beginning of the last century? The allowance to the Bank, for management of the public debt, as has been already stated in my former Letter, IV. has been gradually reduced from 562*l.* 10*s.* per million, to 300*l.* per million; and it has been shewn, that even at this diminished rate, it is a charge that ought in justice to undergo a further reduction.—Upon what principle, then, can

the Bank claim a rate of allowance for management, of 475*l.* per million, upon this sum of four millions of the public debt, whilst they receive only 300*l.* per million upon that portion of the debt which is daily brought to market, and the repeated transfer of which creates that trouble and expense to the Bank, which constitutes what is called MANAGEMENT? If this charge be not wholly suppressed, it ought, at least, to be reduced to the same level with that allowed for the management of the other portions of our funded debt.

3dly, The Bank charge the Public with a commission of £800 per million upon every addition made to our National Debt by Loans; and in the course of the last war, this commission amounted to many hundreds of thousands of pounds. In one year, namely, the last year of the war, it exceeded the sum of forty thousand pounds. The service performed for this remuneration consists in receiving the instalments of the Loan at the Bank, and in calculating the discount payable to those subscribers who may be disposed to anticipate the payments before the periods when they become due—THIS IS ALL!

—It is nothing more, in fact, than receiving, as the Public Banker, the deposits carried to the Bank by the subscribers; and for this trifling service, the Public have hitherto paid the Bank a commission at the rate above-mentioned.* Now, when we consider the advantage arising out of this transaction to the Bank, from the issue of its paper, on advancing the instalments for the Loan subscribers, at the rate of five per cent.—when, too, we recollect that every new Loan, with which the Public is burdened, lays the foundation for a new and permanent annual allowance to the Bank, under the head of Management, would it have been too much to expect, that this comparatively trifling service should have been performed by the Bank, for the Public, gratuitously?

There are other charges made by the Bank against the Public, which, though inconsiderable in amount, are objectionable in principle, and are evidences of that system of exorbitancy on the part of the Bank, and of profusion on the part of the Government, which was reprobated by the late Mr. HORNER

* It amounts to a commission of about 1*s.* 7*d.* per 100*l.* on the whole amount of every Loan raised for the public service.

in terms so severe, but at the same time so just, in his able speech on Bank Affairs, on the 2d of May, 1816. Such are, for instance, the commission to the Bank of *one shilling* for every Lottery Ticket issued; and the commission of *an eighth per cent.* or *half-a-crown* in the hundred pounds, charged by the Bank from the year 1806, upon the whole amount of the Property Duty which individuals have carried to the Bank, and deposited with them, as the public bankers, in its way to the Exchequer. Much, too, may be observed upon the immense advantages enjoyed by the Bank in consequence of the Restriction Act, under the operation of which they have extended the circulation of their paper, *for their own sole and exclusive benefit*, from about TWELVE to at least TWENTY-EIGHT MILLIONS! But as this subject, and the profits accruing to the Bank from the Restriction on cash payments, are now so well understood, it would be superfluous to swell this Letter with any general observations upon it.

In taking my leave of these subjects, I will only further observe, that no pecuniary concession is to be expected on the part of

the Bank in favour of the Public; The Directors of that great establishment (most respectable, doubtless, as individuals) are, nevertheless, in their collective characters, as a Court of Directors, naturally animated by a sort of—corporate feeling—an *esprit de corps*—influenced too, I verily believe, more by their oaths which they have taken, and by the duties which they conceive they owe, to their proprietors, than by any selfish feeling for their own individual interests; all which irresistibly impels them, in their dealings with the Government, to make the best bargain they possibly can for their constituents. It is not then, from a body so constituted, that any voluntary abandonment of profits, of which they are in possession, is to be expected; nor is much to be hoped from negotiations or discussions carried on by the First Lord of the Treasury, or by the Chancellor of the Exchequer, with the Bank upon these subjects, so long as the Treasury shall continue to depend so much, as for many years past they have done, upon the Bank, for pecuniary accommodations, in carrying on the public current services.

TO PARLIAMENT, and to PARLIAMENT

ONLY, then, can the Public look, with confidence for the correction of the abuses which I have noticed in the Six Letters now addressed to you; in which, I trust, enough has been stated to prove the extravagance and profusion which have hitherto characterised our transactions with this Corporation, and to shew the justice and expediency of adopting, as the basis of our future operations with them, such a system as may be consistent with what is due to the Public, and with good faith, equity, and liberality towards the Bank of England.

A. B.

March 18, 1818.

TO THE EDITOR OF THE BRITISH PRESS.

THE END.