

THE OLD LADY OF THREADNEEDLE STREET.

**A Series of Short Articles upon the Bank of England.
Its Working Methods and World Influence.**

VII.—Early Rivalry with other Banks.

When William Paterson, that canny and farsighted Scotch merchant, presented to Royal William and Mary his scheme for founding a public joint-stock bank, he met with no little opposition from the goldsmiths and the money-lenders who in the 17th century exercised in part the functions of modern banking. However, in 1694 the act establishing the Bank of England was passed, the basis of the bill being that those subscribing the £1,200,000 capital should be incorporated as: "The Governor and Company of the Bank of England." The entire sum forming the capital was to be lent to the Government at the rate of 8 per cent. per annum, together with certain expense allowances which brought up the total yearly receipts to £100,000. The first charter, which was for ten years only, limited the Bank's note-issuing power by the amount of its capital. For any liabilities above this, the members were in their private capacities liable.

It was not until 1708 that a practical monopoly of joint-stock banking was granted to the Bank, the act passed in that year providing that it was unlawful for any other "body politic or corporate whatsoever, or for any other persons whatsoever, united or to be united in covenants or partnership, exceeding the number of six persons, in that part of Great Britain called England, to borrow, owe, or take up any sum or sums of money on their bills or notes, payable at demand, or at a less time than six months from the borrowing thereof." It will be noted—and the fact is important in its subsequent bearing—that the charter did not actually prohibit joint-stock banking except as to the issue of notes. However, at that time, the issue of notes was considered the main business of a bank and no one seemed to consider that a joint-stock institution without power of issue could continue its business. Consequently, for over a century, the Bank of England kept the field clear of joint stock competitors. Private banks in increasing number were a feature of this period. These were not debarred from issuing their own notes, though before the close of the 18th century all the London banks had let the privilege fall into disuse, owing to the proximity of their overshadowing rival. By 1813 it was estimated there were nearly one thousand private banks in existence throughout England. But the country's needs demanded widespread credit facilities of a more assured character, and in response to pressure the Bank of England, in 1826, agreed to establish branches in various parts of England and to give up its claim to a general monopoly of joint-stock banking; but considering

as yet its own, the district measured by a radius of sixty-five miles from London. But still the country demanded greater banking freedom and convenience, and in 1833 the charter of the Bank was so changed by Parliament that it had to relinquish its assumed monopoly. From this time on joint-stock banks were allowed anywhere in England, with the proviso, however, that no bank having more than six partners and located within the established sixty-five mile limit of London "could borrow, owe, or take up in England, any sum or sums of money on their bills or notes payable on demand, or at any less time than six months." It may be mentioned that it was this Bank Act of 1833 that made Bank of England notes a legal tender, except by the Bank itself or its branches.

Sir Robert Peel's noted Bank Act of 1844, which gave the Bank of England its present charter, has already been dealt with in some detail. It will suffice to repeat here the principal provisions having to do with its relation to other banks. These were:

First, that the Bank's Issue Department should be authorized to increase its note issue against securities to the extent of two-thirds the amount of such issue as might be relinquished by any banker having power of issue on the 6th May, 1844—the profits on such increase to belong, however, to the Government.

Secondly, that bankers having power of issue at 6th May, 1844, might continue to enjoy that privilege under certain conditions and to an amount specified—and without any reserve being required by law—it being stipulated, however, that lapsed issues could not be revived, nor new rights of issue be acquired.

Thirdly, that banks comprising more than six partners, though within the formerly interdicted limit of sixty-five miles from London, might draw, accept, or endorse bills of exchange not being payable to bearer on demand. It will be remembered that the Act of 1833 had prohibited such banks obtaining money on their "bills or notes payable on demand, or at any less time than six months."

Having thus traced the early connection between the Bank of England and other banking institutions, it will be next in order to examine the relations existing under modern conditions.

THE RETURNS OF ORIENTAL IMMIGRATION to Canada for the past seven years, as shown by the immigration department, give a total of 12,229. Of these 8,682 were Japanese, 641 Chinese, and 2,906 Hindoos. These figures include those who have arrived up to the end of July last. The total oriental population of Canada is at present about 30,000.