

Ten Per Cent. Bank of England Rate

Bank has Raised It to that Figure only Twice Previously—Remarkable Record Last Week When Rate was Raised Three Times on Three Consecutive Days.

THE Bank of England discount rate was raised to 10 per cent. on Saturday, August 1st, having been raised from 4 to 8 on Friday, and from 3 to 4 on Thursday. The rate had stood at 3 since January 29th, 1914. These increases were made to conserve the gold holdings of the bank. The ten per cent. rate has been equalled previously only on two occasions—in 1857 and 1866. In the latter year, it remained at 10 per cent. for three months. This rate was largely due to the crisis caused chiefly by the Gurney failure. In that year, the rate was changed fourteen times altogether. Last year it fluctuated only twice. Last week it was changed thrice.

In 1857, when the rate was also at 10 per cent., it was changed on nine occasions. The high figure was due to the effects of the Crimean War (1854-1856), and to numerous bank failures subsequently.

Seven Per Cent. in 1907.

The only occasion in modern times on which the rate has been unusually high was in 1907, when on November 7th it was raised to 7 per cent., and remained at that figure for 54 days.

The scene and situation in London upon the raising of the rate last week is described in a cable message as follows:—

"There has been nothing whatever in the nature of a panic or a run, but officials have been quietly paying out gold and silver since the European powers had decided to engage in a struggle for supremacy. There was nothing to give the public hope that a general war might be averted.

"While there has been little or no excitement such as might have been witnessed in other cities during a financial crisis of the dimensions of that which London is going through, the scenes in the city to-day were unlike any since the great Gurney Bank failure for \$55,000,000 in 1866, when the government found it necessary to suspend the bank act so that the Bank of England would not be compelled to pay gold for its notes.

All Wanted Gold.

"The main entrance to the Bank of England was besieged by holders of notes waiting to have them changed into gold, and in the afternoon the crowd became so great that the gold-laced officials formed the people into lines in the big quadrangle. Most of them were messengers from the smaller banks or from business houses.

"At the other frontage of the bank, which is not far from the stock exchange, dozens of two-horsed drays were drawn up awaiting their turn to get into the gate to be loaded with gold and silver, which the banks throughout London were getting in exchange for Bank of England notes held by them."

Remarkable Record Last Week.

The raise in the bank rate to 10 per cent. last week creates a remarkable record. This year, in January, the rate was as low as 3. The fluctuation therefore has been 7 per cent. Not only that, the rate was raised three times in as many days. The greatest change in any one year previously was in 1866, the period of the last crisis, when the aggregate fluctuation in the rate was 6½ per cent. The lowest rate in that year was 3½ per cent., the highest rate, 10 per cent. In five other years, the fluctuation varied from 5 per cent. to 6 per cent.

The fluctuations in order of severity from 7 per cent. to 5 per cent. at the Bank of England, have been as follows:—

Year.	Lowest rate %.	Highest rate %.	Fluctuation %.
1914	3	10	7
1866	3½	10	6½
1873	3	9	6
1858	2½	8	5½
1847	3	8	5
1861	3	8	5
1863	3	8	5

A glance at the detailed table accompanying shows that on many other occasions the fluctuations at the Bank, though not so severe, were very sharp as for instance, in 1857, when though the total fluctuation was only 4½ per cent., it was between a rate of 5½ and 10 per cent.

Year.	Low-est rate.	High-est rate.	Fluc-tua-tion.	Year.	Low-est rate.	High-est rate.	Fluc-tua-tion.
<i>Per ct. Per ct. Per ct.</i>				<i>Per ct. Per ct. Per ct.</i>			
1844.....	No change			1880.....	2½	3	½
1845.....	2½	3½	1	1881.....	2½	5	2½
1846.....	3	3½	½	1882.....	3	6	3
1847.....	3	8	5	1883.....	3	5	2
1848.....	3	5	2	1884.....	2	5	3
1849.....	2½	3	½	1885.....	2	5	3
1850.....	2½	3	½	1886.....	2	5	3
1851.....	No change.			1887.....	2	5	3
1852.....	2	2½	½	1888.....	2	5	3
1853.....	2	5	3	1889.....	2½	6	3½
1854.....	5	5½	½	1890.....	3	6	3
1855.....	3½	7	3½	1891.....	2½	5	2½
1856.....	4½	7	2½	1892.....	2	3½	1½
1857.....	5½	10	4½	1893.....	2½	5	2½
1858.....	2½	8	5½	1894.....	2	3	1
1859.....	2½	4½	2	1895.....	No change.		
1860.....	2½	6	3½	1896.....	2	4	2
1861.....	3	8	5	1897.....	2	4	2
1862.....	2	3	1	1898.....	2½	4	1½
1863.....	3	8	5	1899.....	3	6	3
1864.....	6	9	3	1900.....	3	6	3
1865.....	3	7	4	1901.....	3	5	2
1866.....	3½	10	6½	1902.....	3	4	1
1867.....	2	3½	1½	1903.....	3	4	1
1868.....	2	3	1	1904.....	3	3½	½
1869.....	2½	4½	2	1905.....	2½	4	1½
1870.....	2½	6	3½	1906.....	3½	6	2½
1871.....	2	5	3	1907.....	4	7	3
1872.....	3	7	4	1908.....	2½	6	3½
1873.....	3	9	6	1909.....	2½	5	2½
1874.....	2½	6½	3½	1910.....	3	5	2
1875.....	2	6	4	1911.....	3	4	1
1876.....	2	5	3	1912.....	3	5	2
1877.....	2	5	3	1913.....	4½	5	½
1878.....	2	6	4	1914.....	3	10	7
1879.....	2	5	3				

Fluctuations This Year.

The following are the changes in the Bank of England rate this year:—

	Per cent.
1913.	
October 2	5
1914.	
January 8	4½
January 22	4
January 29	3
July 30	4
July 31	8
August 1	10