

two predominant classes, the Chinese and Siamese. There is great commercial activity, the principal articles of trade being sugar, pepper, and rice. The supplies of the last article can be brought from a long way inland by means of the river and various canals, such as the *Petrio*, which joins the Bang-Pa-Kong at Kanat. Cardamoms, timber, and tin are also largely exported. European manufactures are extensively imported, the natives being very ready to adopt new methods and machinery; and steam-mills for various purposes are being set up. The river is kept clear by a steam-dredger, and iron bridges of European construction are built across the canals. Gas is used in the palaces of the kings and the houses of many of the nobility. A considerable number of European firms carry on business in the city, and the English Government maintains a consul. Christian missions, both Protestant and Roman Catholic, are maintained, the latter church having established a bishopric. The population is said to amount to 400,000.

The reader will find much curious information on Bangkok in Crawford's *Embassy to Siam*, 2 vols. 1830 (plan at p. 214 of vol. ii.); Pallegoix's *Description du royaume Thai, ou Siam*, 1854; and Bowring's *Siam*, 1857. See also *Jahresbericht des Vereins für Erdk. zu Dresden*, viii. and ix.

BANGOR, a parliamentary borough and market-town of Carnarvonshire, North Wales, nine miles N.E. of Carnarvon, to which it is a contributory borough. It consists mainly of one narrow crooked street of nearly a mile in length, stretching N.E. and S.W. through a romantic valley between two ridges of rock. It stands near the northern entrance of the Menai Strait, and the beauty of its scenery attracts thousands of visitors every year. The principal buildings are the cathedral, episcopal palace, deanery-house, Roman Catholic chapel, several dissenting meeting-houses, free schools, union poorhouse, infirmary, market-house (1862), assembly rooms, temperance hall, three banks, and railway station. The cathedral is an embattled cruciform structure, with a low massive tower crowned with pinnacles. It occupies the site of a more ancient edifice, originally founded about 525, but destroyed by the English in 1071. It was afterwards rebuilt, but suffered severely in the wars between the Welsh and Henry III.; and in 1402 it was burned down during the ravages of Owen Glendower. For more than ninety years it remained in ruins. The choir was rebuilt by Bishop Dean in the time of Henry VII., and the tower and nave were added by Bishop Skeffington in 1532. The principal trade of Bangor consists in the export of slates, which are raised in the quarries six miles distant, and conveyed by a railway to Port Penrhyn, at the mouth of the River Cegid, a little to the east of the town. This port is accessible for vessels of from 200 to 300 tons at all states of the tide, and has a quay upwards of 300 yards in length. Population of burgh in 1871, 9859.

BANGOR, a seaport and market-town of Ireland, county Down, on the south side of Belfast Lough, 12 miles E.N.E. of Belfast. It carries on a considerable trade in cotton and linen and embroidered muslin, and has a bank, a market-house, a parish church, several chapels, and a public library. It is greatly frequented as a bathing-place, especially by the people of Belfast. Remains of an ancient abbey, said to have been destroyed by the Danes in 820, are still to be seen. Population in 1871, 2560.

BANGOR, a seaport town in the state of Maine, North America, capital of the county of Penobscot, on the river of that name, at its junction with the Kenduskeag, 60 miles from the sea. Lat. 44° 47' 50" N., long. 68° 47' W. It was incorporated as a town in 1791, and raised to the rank of a city in 1834. The harbour is spacious, and affords anchorage for the largest vessels at high tide. The chief article of trade is timber, which employs about 2000 ships annually; and there are saw-mills, planing-mills,

ship-yards, foundries, and manufactories of furniture. There are numerous good schools arranged on a graduated scale, and churches of about ten different denominations. A theological seminary belonging to the Congregationalists was founded in 1816. A library, instituted in 1843, has upwards of 11,000 volumes. Population in 1870, 18,289.

BANIALUKA, a town and fortress of Turkey, in the cyalet of Bosnia, situated on the Verbas or Verbitza, a navigable tributary of the Save. Its warm baths, for which it is still known, would seem, from the antiquities discovered on the spot, to have been frequented by the Romans. There are upwards of forty mosques in the town, and one of them is regarded as the finest in Turkey. An active trade is carried on, and gunpowder and cloth are manufactured, while in the neighbourhood silver-mining is also prosecuted with success. Banialuka was for a long time the seat of the Bosnian governors, and has been frequently exposed to the vicissitudes of war. In 1688 it was captured for the Austrians by Louis of Baden. Population, 15,000.

BANIM, JOHN, an Irish novelist of great power and ability, was born at Kilkenny in 1798. He received a good education, and at a very early age gave evidence of remarkable genius. In his thirteenth year he entered Kilkenny College, where many other eminent Irishmen have received their training, and devoted himself specially to drawing and painting, in which he became so proficient that he resolved to adopt the profession of an artist. He accordingly proceeded to Dublin and studied for two years in the schools connected with the Royal Society, where he obtained high prizes. For some time afterwards he taught drawing in his native town, and while doing so had the misfortune to fall violently in love with one of his pupils. His affections were returned, but the parents of the young lady interfered and removed her from Kilkenny. She pined away and died in two months. The occurrence made a deep impression on Banim's mind, and this, together with his exposure to the weather on the night of her funeral, caused a severe illness which completely shattered his health. After a partial recovery he set out for Dublin and settled finally to the work of literature. He published a poem, *The Celts' Paradise*, and had some success as a writer for the stage. During a short visit to Kilkenny he married, and at the same time planned, in conjunction with his brother Michael (born 1796), a series of tales illustrative of Irish life. He then set out for London, the great centre of literary activity, and supported himself by writing for magazines and for the stage. A volume of miscellaneous essays was published anonymously in 1824, called *Revelations of the Dead Alive*. In April 1825 appeared the first series of *Tales of the O'Hara Family*, which achieved immediate and decided success. One of the most powerful of them, *Crohoore of the Bull Hook*, was by Michael Banim. In 1826 a second series was published, containing what is decidedly one of the best Irish novels in our literature, *The Nowlans*. John's health had almost entirely given way, and the next effort of the "O'Hara family" was almost entirely the production of his brother Michael. *The Croppy, a Tale of 1798*, is hardly equal to the earlier tales, though it contains some wonderfully vigorous passages. *The Denounced, The Mayor of Windgap, The Ghost Hunter* (by Michael Banim), and *The Smuggler*, followed in quick succession, and were received with considerable favour. Banim, meanwhile, had completely broken down in health, and had become much straitened in circumstances. During his absence in France a movement to relieve his wants was set on foot by the English press, headed by Sterling in the *Times*. A sufficient sum was obtained to remove him from any danger of actual want, and to this Government afterwards added a pension

of £150. He settled in Windgap Cottage, a short distance from Kilkenny; and there, a complete invalid, he passed the remainder of his life. His last piece of literary work was the novel, entitled *Father Connell*. He died in July 1842, aged 44. Banim's true place in literature is to be estimated from the merits of the *O'Hara Tales*; his later works, though of considerable ability, are not unfrequently prolix, and are marked by too evident an imitation of the *Waverley Novels*. The *Tales*, however, show him at his best; they are masterpieces of faithful delineation. The strong passions, the lights and shadows of Irish peasant character, have rarely been so ably and truly depicted. The prevailing quality is a wonderful vehemence, combined with a gloominess extending at times to natural phenomena as well as to the characters of the tale; the incidents are striking, sometimes even horrible, and it is not without some justice that the authors have been accused of *sensationalism*, of straining after melodramatic effect. The lighter, more joyous side of Irish character, which appears so strongly in *Lover*, does not receive due prominence from the Banims. (See P. J. Murray, *Life of John Banim*, 1857.)

BANJARMASSIN, a district in the south-east of Borneo, which was incorporated by the Dutch in consequence of the war of 1860, in regard to the succession in the sultanate, which had been under their protection since 1787. It is watered by the river system of the Banjar, and traversed by a chain of mountains that in some places

reaches the height of 3000 feet. The district has been divided by the Dutch into the residency of Kween and the sub-residencies of Amuntal and Martapura. The town of Martapura was the seat of the sultan from 1771. The principal productions of the district are gold, diamonds, coal, pepper and other spices, drugs, edible birds' nests, gum, wax, rattans, &c. The inland portion is covered with forest, while the flat and swampy seaboard is largely occupied by rice-fields. The inhabitants, who are for the most part Dayaks, are roughly estimated from 300,000 to 600,000.

BANJARMASSIN, the chief town of the above district, also known as Fort Tatas, is situated about 15 miles from the mouth of the Banjar, in lat. 3° 23' S., long. 114° 37' E. The most of the houses are built on piles, as the town is subject to frequent inundations. In 1700 the East Indian Company established a factory here; but the place was found to be unhealthy, and the Company's servants were finally attacked by the natives, whom they repulsed with great difficulty. The settlement was abandoned. The English again seized Banjarmassin in 1811, but restored it in 1817. The trade consists in the export of the products of the surrounding country and the import of cloth, Chinese pottery, all kinds of metal goods, opium, tobacco, and salt. The population is of a very mixed character, and is estimated at upwards of 30,000. Of the commercial community the Chinese form a very important portion. The coal mines, discovered in 1846 at Mount Pengaron, to the E., are largely worked by the Dutch.

## BANKING

A BANK, in its simplest form, is an institution where money may be deposited for safe keeping; but banks are usually established to lend as well as to receive money; and the profits of a banker are commonly derived from the excess of the interest he receives from those indebted to him over the interest he allows, so far as he allows any, to those who have deposited money with him. Early denunciations of usury (Exod. xxii. 25) show the antiquity of the practice of lending money at interest; but this must have long preceded the origin of the business of both borrowing and lending money. When this first appeared it was not, at least in modern Europe, a distinct profession, but was undertaken by goldsmiths and dealers in precious metals. In the progress of the separation of employments, which is a characteristic of an advancing society, banking became a business of its own, which has again been subdivided into many branches independently pursued. It was, for example, formerly generally allowed to be part of the business of a banker to borrow money by issuing promissory notes payable to bearer, which passed from hand to hand as money, within the sphere of the operations of the banks, and banks thus borrowing money were called *Banks of Issue*; but it has been contended of late years that the function of issuing notes passing by delivery as money should be reserved for the state, or for some institution controlled and directed by the state; and we shall have hereafter to notice the controversy that has arisen on this point, and the steps that have been taken in consequence of it. An explanation of the different species of banks will also properly be deferred till a later stage, but it will be convenient here to give a general sketch of the nature of the business of an ordinary banker. We have said he receives and lends money; he may receive money either on a deposit or on a current or drawing account. When money is received on deposit it is commonly repayable to the depositor alone, to whom a deposit note or receipt is given; but it may also be paid to any one to whom the depositor gives an order on the bank either

endorsed on the deposit note or receipt or accompanying it. If the banker undertakes to pay interest on deposits, the rate varies according to the length of the notice the depositor agrees to give before withdrawing the money, the ability of the banker to deal with it being, of course, dependent upon the time he may rely upon keeping it. When money is received on a current or drawing account, the customer of the banker draws it out, as he requires, by means of orders, to which the specific name cheques is given; and, partly for convenience and partly by way of security against fraud, bankers are in the habit of giving their customers books of forms of cheques consecutively numbered. Cheques are generally payable to the person in whose favour they are drawn (the payee) or bearer, though they are sometimes payable to the payee or order, in which case endorsement by the payee is necessary before the money can be received. By the usage of bankers in the United Kingdom a "crossed" cheque, that is, a cheque across the face of which two parallel lines, with the name of a banker or the words "— & Co." inserted between them, have been drawn, has been long held payable by the banker on whom it is drawn to the payee alone or to another banker; and this usage received the force of law by statutes of the present reign (19 and 20 Vict. c. 25, and 21 and 22 Vict. c. 79).

Bankers lend money by opening credits in their books, against which their favoured customers may draw to the extent of the credits opened; by discounting bills; by the purchase of securities; or by advancing money on securities, &c., &c. It will have been gathered that they also undertake the business of collecting the money for cheques, for bills, and for other securities as they mature, which they may have received from their customers. The labour of collection is much facilitated in England by the fact that bills of exchange are almost invariably made payable in London, and that every country banker has a correspondent among the London bankers who collects for him and pays for him; and the London bankers again maintain an

establishment called the Clearing-house (see p. 328), where their clerks meet to effect their interchanges.

Banking appears to have reached a high state of development among the ancients. The bankers of Greece (*τραπέζιται*) and Rome (*argentarii, mensarii, nummularii*) exercised nearly the same functions as those of the present day, except that they do not appear to have issued notes. They received money on deposit, to be repaid on demands made by cheques or orders, or at some stipulated period, sometimes paying interest for it, and sometimes not. Their profits arose from their lending the balance at their disposal at higher rates of interest than they allowed the depositors. They were also extensively employed in valuing and exchanging foreign moneys for those of Athens, Corinth, Rome, &c., and in negotiating bills of exchange. In general they were highly esteemed, and great confidence was placed in their integrity. The rate of interest charged by the bankers was sometimes very high, but that was not a consequence, as has been alleged, of their rapacity, but of the defective state of the law, which, as it gave every facility to debtors disposed to evade payment of their debts, obliged the bankers to guarantee themselves by charging a proportionally high rate of interest.<sup>1</sup> Banking reappeared in Italy upon the revival of civilization. The bank of Venice is reputed the first in date in the history of modern Europe; but it did not become a bank, as we understand the term, till long after its foundation. Historians inform us that the republic being hard pressed for money, was obliged, upon three different occasions, in 1156, 1480, and 1510, to levy forced contributions upon the citizens, giving them in return perpetual<sup>2</sup> annuities at certain rates per cent. The annuities due under the forced loan of 1156 were, however, finally extinguished in the 16th century; and the offices for the payment of the annuities due under the other two loans having been consolidated, eventually became the Bank of Venice.<sup>3</sup> This might be effected as follows:—The interest on the loan to Government being paid punctually, every claim registered in the books of the office would be considered as a productive capital; and these claims, or the right of receiving the annuity accruing thereon, must soon have been transferred, by demise or cession, from one person to another. This practice would naturally suggest to holders of stock the simple and easy method of discharging their mutual debts by transfers on the office books, and as soon as they became sensible of the advantages to be derived from this method of accounting, bank-money was invented. It will, however, be seen that the establishment thus described was at first no more than the transfer office of a National Debt, transfers of which were accepted at par in discharge of private debts, and it is indeed said that the funded debt transferred sometimes commanded an agio or premium above the current money of the republic. This establishment was ruined, after passing through many changes, by the invasion of the French in 1797.

The origin of modern banking may be traced to the money-dealers of Florence, who were in high repute as receivers on deposit and lenders of money in the 14th century; and banking was indeed practised at Florence in the 13th if not in the 12th century. Mr Macleod writes (*Banking*, vol. i. 289)—

“The names of the Bardi, Acciajuoli, Peruzzi, Pitti, and Medici were famous throughout Europe. In 1345 the Bardi and the

<sup>1</sup> Boeckh's *Political Economy of Athens*, i. 168, &c.; *Voyage d'Anacharsis*, cap. 55, *passim*; Smith's *Dictionary of Greek and Roman Antiquities*, s. v. *Argentarii*, &c.

<sup>2</sup> The annuities of the forced loan of 1480 were to be suspended during periods of war.

<sup>3</sup> Cleirac, *Du Negoce, de la Banque*, &c. (Bordeaux, 1656), pp. 112-117, a scarce and valuable volume.

Peruzzi, the two greatest mercantile houses in Italy, failed. Edward III. owed the Bardi 900,000 gold florins, which his war with France prevented him paying; and the king of Sicily owed them 100,000 gold florins. The deposits of citizens and strangers with the Bardi were 550,000 gold florins. The Peruzzi were owed 600,000 gold florins by Edward III., and 100,000 by the king of Sicily, and the deposits they owed their customers were 350,000 gold florins. The fall of these two great pillars of credit involved that of multitudes of other smaller establishments, and, says Villani (*Istor. Fiorent.*, xii. 55), the community of Florence had never been thrown into such ruin and disorder before. And thereupon he breaks out against the folly of his fellow-citizens entrusting their money to the care of others for the love of gain. The city, however, recovered from this terrible disaster, and we find that between 1430 and 1433 seventy-six bankers at Florence lent 4,865,000 gold florins. At one time Florence is said to have had eighty bankers, but not any public bank.”

The business of banking was not introduced into England till the 17th century, when it began to be undertaken by goldsmiths in London, who appear to have borrowed it from Holland. It was attacked as innovations commonly are. Mr Gilbert, in his *History and Principles of Banking*, quotes, from a pamphlet published in 1676, entitled *The Mystery of the New-Fashioned Goldsmiths or Bankers Discovered*, a passage that may be reproduced,—

“Much about the same time—the time of the civil commotion—the goldsmiths (or new-fashioned bankers) began to receive the rents of gentlemen's estates remitted to town, and to allow them, and others who put cash into their hands, some interest for it if it remained but a single month in their hands, or even a lesser time. This was a great allurements for people to put money into their hands, which would bear interest till the day they wanted it; and they could also draw it out by one hundred pounds or fifty pounds, &c., at a time as they wanted it, with infinitely less trouble than if they had lent it out on either real or personal security. The consequence was that it quickly brought a great quantity of cash into their hands, so that the chief or greatest of them was now enabled to supply Cromwell with money in advance, on the revenues, as his occasion required, upon great advantages to themselves.”

Sir Josiah Child also attacked “that innovated practice of bankers in London” in his *New Discourse of Trade*, though he subsequently became himself a banker; and his house, Messrs Child & Co., of Temple Bar, and the house of Messrs Hoare, in Fleet Street, still survive as the only private banks now in existence in London which were established previous to the Bank of England.

#### Foundation and Early History of the Bank of England.

The Bank of England, which has long been the principal bank of deposit and circulation in Great Britain, and indeed in Europe, was founded in 1694. Its principal projector, Mr William Paterson, an intelligent Scotch gentleman, was afterwards engaged in the ill-fated Darien enterprise. Government being at the time much distressed for want of money, partly from the defects and abuses in the system of taxation, and partly from the difficulty of borrowing because of the supposed instability of the Revolutionary establishment, the bank grew out of a loan of £1,200,000 for the public service. The subscribers, besides receiving 8 per cent. on the sum advanced as interest, and £4000 a year as the expense of management, in all £100,000 a year, were incorporated into a society denominated the Governor and Company of the Bank of England. The charter is dated the 27th of July 1694. It declares, amongst other things, that they shall “be capable, in law, to purchase, enjoy, and retain to them and their successors, any moneys, lands, rents, tenements, and possessions whatsoever; and to purchase and acquire all sorts of goods and chattels whatsoever, wherein they are not restrained by Act of Parliament; and also to grant, demise, and dispose of the same.

“That the management and government of the corporation be committed to the governor and twenty-four direc-

tors, who shall be elected between the 25th of March and the 25th day of April each year, from among the members of the company duly qualified.

“That no dividend shall at any time be made by the said governor and company, save only out of the interest, profit, or produce arising by or out of the said capital, stock, or fund, or by such dealing as is allowed by Act of Parliament.

“They must be natural-born subjects of England, or naturalized subjects; they shall have in their own name, and for their own use, severally, viz., the governor at least £4000, the deputy-governor £3000, and each director £2000, of the capital stock of the said corporation.

“That thirteen or more of the said governors and directors (of which the governor or deputy-governor must be always one) shall constitute a court of directors, for the management of the affairs of the company, and for the appointment of all agents and servants which may be necessary, paying them such salaries as they may consider reasonable.

“Every elector must have, in his own name and for his own use, £500 or more capital stock, and can only give one vote. He must, if required by any member present, take the oath of stock, or the declaration of stock in case he may be one of the people called Quakers.

“Four general courts shall be held in every year, in the months of September, December, April, and July. A general court may be summoned at any time, upon the requisition of nine proprietors duly qualified as electors. The majority of electors in general courts have the power to make and constitute bye-laws and ordinances for the government of the corporation, provided that such bye-laws and ordinances be not repugnant to the laws of the kingdom, and be confirmed and approved according to the statutes in such case made and provided.”

The corporation is prohibited from engaging in any sort of commercial undertaking other than dealing in bills of exchange, and in gold and silver. It is authorised to advance money upon the security of goods or merchandise pledged to it, and to sell by public auction such goods as are not redeemed within a specified time.

It was also enacted, in the same year in which the bank was established, by statute 6 William and Mary, c. 20, that the bank “shall not deal in any goods, wares, or merchandise (except bullion), or purchase any lands or revenues belonging to the Crown, or advance or lend to their majesties, their heirs or successors, any sum or sums of money, by way of loan or anticipation on any part or parts, branch or branches, fund or funds of the revenue, now granted or belonging, or hereafter to be granted, to their majesties, their heirs and successors, other than such fund or funds, part or parts, branch or branches of the said revenue only on which a credit of loan is or shall be granted by Parliament.” And in 1697 it was enacted, that the “common capital or principal stock, and also the real fund, of the governor and company, or any profit or produce to be made thereof, or arising thereby, shall be exempted from any rates, taxes, assessments, or impositions whatsoever during the continuance of the bank; that all the profit, benefit, and advantage from time to time arising out of the management of the said corporation, shall be applied to the uses of all the members of the said association of the governor and company of the Bank of England, rateably and in proportion to each member's part, share, and interest in the common capital and principal stock of the said governor and company hereby established.”

In 1696, during the great recoinage, the bank was involved in great difficulties, and was even compelled to suspend payment of its notes, which were at a heavy discount. Owing, however, to the judicious conduct of the

directors, and the assistance of the Government, the bank got over the crisis. But it was at the same time judged expedient, in order to place it in a situation the better to withstand any adverse circumstances that might afterwards occur, to increase the capital from £1,200,000 to £2,201,171. In 1708 the directors undertook to pay off and cancel one million and a half of exchequer bills they had circulating two years before, at 4½ per cent., with the interest upon them, amounting in all to £1,775,028, which increased the permanent debt due by the public to the bank, including £400,000 then advanced in consideration of the renewal of the charter, to £3,375,028, for which they were allowed 6 per cent. The bank capital was then also doubled, or increased to £4,402,342. But the year 1708 is chiefly memorable in the history of the bank, for the Act previously alluded to, which declared, that during the continuance of the corporation of the Bank of England, “it should not be lawful for any body politic, erected or to be erected, other than the said governor and company of the Bank of England, or of 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 on demand, or in any less time than six months from the borrowing thereof.” This proviso is said to have been elicited by the Mine Adventurers Company having commenced banking business and begun to issue notes. It will be seen on examination that the proviso did not prohibit the formation of associations for general banking business; it simply forbade the issue of notes by associations of more than six partners; but the issue of notes was regarded as so essential to the business of banking, that it came to be believed that joint-stock banking associations were absolutely prohibited in England, and no such association was founded until after the legislation of 1826 (see p. 322) expressly permitting them to be established. The charter of the Bank of England, when first granted, was to continue for eleven years certain, or till a year's notice after the 1st of August 1705. The charter was further prolonged in 1697. In 1708, the bank, having advanced £400,000 for the public service, without interest, the exclusive privileges of the corporation were prolonged till 1733. And in consequence of various advances made at different times, the exclusive privileges of the bank were continued by successive renewals till the 1st of August 1855, with the proviso that they might be cancelled on a year's notice to that effect being given after the said 1st of August 1855.

We subjoin an account of the successive renewals of the charter, of the conditions under which these renewals were made, and of the variations in the amount and interest of the permanent debt due by Government to the bank, exclusive of the dead weight.

Date of Renewal.	Conditions under which Renewals were made and Permanent Debt contracted.	Permanent Debt.
1694	Charter granted under the Act 5 and 6 Will. III. c. 20, redeemable upon the expiration of twelve months' notice after the 1st August 1705, upon payment by the public to the bank of the demand therein specified. Under this Act the bank advanced to the public £1,200,000 in consideration of their receiving an annuity of £100,000 a year, viz., 8 per cent. interest and £4000 for management....	£ — s. d. 1,200,000 0 0
	Carry forward.....	1,200,000 0 0

Date of Renewal.	Conditions under which Renewals were made and Permanent Debt contracted.	Permanent Debt.	Date of Renewal.	Conditions under which Renewals were made and Permanent Debt contracted.	Permanent Debt.
		£ s. d.			£ s. d.
	Brought forward.....	1,200,000 0 0		Brought forward.....	11,686,000 0 0
1697	Charter continued by 8 and 9 Will. III. c. 20, till twelve months' notice after 1st of August 1710, on payment, &c. Under this Act the bank took up and added to their stock £1,001,171 Exchequer bills and tallies.		1764	Charter continued by 4 Geo. III. c. 25, till twelve months' notice after the 1st of August 1766, on payment, &c. Under this Act the bank paid into the Exchequer £110,000, free of all charge.	
1708	Charter continued by 7 Anne, c. 7, till twelve months' notice after 1st of August 1732, on payment, &c. Under this Act the bank advanced £100,000 to Government without interest, and delivered up to be cancelled £1,775,027, 17s. 10d. Exchequer bills, in consideration of their receiving an annuity of £106,501, 13s., being at the rate of 6 per cent.....	3,175,027 17 10	1781	Charter continued by 21 Geo. III. c. 60, till twelve months' notice after the 1st of August 1812, on payment, &c. Under this Act the bank advanced £30,000,000 for the public service for three years, at 3 p. cent.	
1713	Charter continued by 12 Anne, stat. 1, c. 11, till twelve months' notice after the 1st of August 1742, on payment, &c. In 1716, by the 3 Geo. I. c. 8, the bank advanced to Government, at 5 per cent..... And by the same Act the interest on the Exchequer bills cancelled in 1780 was reduced from 6 to 5 per cent. In 1721, by 8 Geo. I. c. 21, the South Sea Company were authorized to sell £200,000 Government annuities, and corporations purchasing the same at 26 years' purchase were authorized to add the amount to their capital stock. The bank purchased the whole of these annuities at 20 years' purchase..... Five per cent. interest was payable on this sum to midsummer 1727, and thereafter 4 per cent. At different times between 1727 and 1738, both inclusive, the bank received from the public, on account of permanent debt, £3,275,027, 17s. 10d., and advanced to it, on account of ditto, £3,000,000: Difference..... Debt due by the public in 1738.....	2,000,000 0 0	1800	Charter continued by 40 Geo. III. c. 28, till twelve months' notice after the 1st of August 1833, on payment, &c. Under this Act the bank advanced to Government £3,000,000 for six years without interest; but in pursuance of the recommendation of the committee of 1807, the advance was continued, without interest, till six months after the signature of a definitive treaty of peace. In 1816, the bank, under authority of the Act 56 Geo. III. c. 96, advanced at 3 per cent., to be repaid on or before the 1st of August 1833.....	3,000,000 0 0
		4,000,000 0 0	1833	Charter continued by 3 and 4 Will. IV. c. 98, till twelve months' notice after the 1st of August 1855, with a proviso that it may be dissolved on twelve months' notice after the 1st of August 1855, on payment, &c. This Act directs "that in future the bank shall deduct £120,000 a year from their charge on account of the management of the public debt; and that a fourth part of the debt due by the public to the bank, or £3,671,000, be paid off..... Permanent advance by the bank to the public, bearing interest at 3 per cent., independent of the advances on account of dead weight, or other public securities held by it.....	14,686,000 0 0
		9,375,027 17 10			8,671,000 0 0
		275,027 17 10	1844	Charter continued by 7 and 8 Vict. c. 32, till twelve months after the 1st of August 1855, on payment, &c. This Act exempts the notes of the bank from all charge on account of stamp-duty, and directs that in future the bank shall deduct a further sum of £180,000 a year from the charge on account of the management of the public debt. It also allows notes of the value of £14,000,000 to be issued on securities, separates the banking from the issuing department of the establishment, and effects other important changes.	11,015,000 0 0
1742	Charter continued by 15 Geo. II. c. 13, till 12 months' notice after the 1st of August 1764, on payment, &c. Under this Act the bank advanced £1,600,000 without interest, which, being added to the original advance of £1,200,000, and the £400,000 advanced in 1710, bearing interest at 6 per cent., reduced the interest on the whole to 3 per cent..... In 1745, under authority of 19 Geo. II. c. 6, the bank delivered up to be cancelled £986,000 of Exchequer bills, in consideration of an annuity of £39,472, being at the rate of 3 per cent..... In 1749, the 23d Geo. II. c. 6, reduced the interest on the 4 per cent. annuities, held by the bank, to 3½ per cent. for seven years from the 25th of December 1750, and thereafter to 3 per cent. Carry forward.....	6,100,000 0 0	861	The Act 24 and 25 Vict. c. 3, provides fresh terms of payment to endure until the 5th April 1886. The amount to be deducted to be £80,000 plus the whole allowance out of profits of issue, making in all at that time £188,078, and now (1875) about £200,000. The amount to be issued on securities was raised to £15,000,000 on 21st February 1866.	
		1,600,000 0 0			
		986,000 0 0			
		11,686,000 0 0			

The capital of the bank on which dividends are paid has never exactly coincided with, though it has seldom differed very materially from, the permanent advance by the bank to the public. We have already seen that it amounted in 1708 to £4,402,342. Between that year and 1727 it had increased to near £9,000,000. In 1746 it amounted to £10,780,000. From this period it underwent no change till 1782, when it was increased 8 per cent., amounting to £11,642,400. It continued stationary at this sum down to 1816, when it was raised to £14,553,000, by an addition of 25 per cent. from the profits of the bank, under the provisions of the Act 56 Geo. III. c. 96. The Act for the renewal of the charter 3 and 4 Will. IV. c. 98, directed that the sum of £3,671,700, being the fourth part of the debt due by the public to the bank, should be paid to the latter, giving the bank the option of deducting it from its capital. But that has not been done; and after sundry changes, the capital of the bank amounts, as formerly, to £14,553,000.

The Bank of England has been frequently affected by panics amongst the holders of her notes. In 1745 the alarm occasioned by the advance of the Highlanders, under the Pretender, as far as Derby, led to a run upon the bank; and in order to gain time to effect measures for averting the run, the directors adopted the device of paying in shillings and sixpences! But they derived a more effectual relief from the retreat of the Highlanders, and from a resolution agreed to at a meeting of the principal merchants and traders of the city, and very numerous signed, declaring the willingness of the subscribers to receive bank-notes in payment of any sum that might be due to them, and pledging themselves to use their utmost endeavours to make all their payments in the same medium.

During the tremendous riots in June 1780, the bank incurred considerable danger. Had the mob attacked the establishment at the commencement of the riots, the consequences might have proved fatal. But they delayed their attack till time had been afforded for providing a force sufficient to insure its safety. Since that period a considerable military force occupies the bank every night as a protection in any emergency that may occur.

#### Progress of Banking in England down to Restriction Order of 1797.

The business of banking had meanwhile been undertaken in several of the country towns of England. The still existing bank of Messrs Smith & Co. of Nottingham, the parent of the London establishment of Messrs Smith, Payne, and Smiths, claims to have been established in 1688; the Bristol Old Bank (Messrs Baillie, Cave, and Co.) dates from 1750; the Hull Old Bank (Messrs Pease and Co.) from 1754; and many other country banks trace back their history to the latter half of the last century. It is believed that all these bankers issued their own notes payable to bearer as part of their business; and they were not very scrupulous in regard to the magnitude of the sums for which they were given. The Bank of England had not issued any notes for less than £20 previously to 1759, when it commenced the issue of £10 notes; but the country bankers put in circulation notes for such small sums that Parliament enacted, in 1775, that none should be issued for less than £1. In 1777 this minimum limit was further raised to £5, but in spite of this restriction the number and the amount of the issues of the country bankers soon became dangerously multiplied. The termination of the American War was followed by a great industrial and commercial development at home. Agriculture, commerce, and still more, manufactures, into which Watt and Arkwright's inventions had been lately intro-

duced, immediately began to advance with a rapidity unknown at any former period. In consequence, that confidence which had either been destroyed, or very much weakened by the disastrous events of the war, was fully re-established. The extended transactions of the country required fresh facilities for carrying them on, and these were supplied in the utmost profusion. The number of banks, which in 1784 was certainly under 150, increased so rapidly, that in 1792 they amounted to about 350. In consequence, a banking office was opened in every market-town and in most considerable villages. And such being the case, it is needless, perhaps, to add, that the prudence, capital, and connections of those who set up these establishments were but little attended to. The great object of a large class of traders was to obtain discounts; and the bankers of an inferior description were equally anxious to accommodate them. All sorts of paper were thus forced into circulation, and enjoyed nearly the same degree of esteem. The bankers and those with whom they dealt had the fullest confidence in each other. No one seemed to suspect that there was anything hollow or unsound in the system. Credit of every kind was strained to the utmost; and the available funds at the disposal of the bankers were reduced far below the level which the magnitude of their transactions required to render them secure.

The catastrophe which followed was such as might easily have been foreseen. The currency having become redundant, the exchanges took an unfavourable turn in the early part of 1792. A difficulty of obtaining pecuniary accommodation in London was not long after experienced; and, notwithstanding the efforts of the Bank of England to mitigate the pressure, a violent revulsion took place in the latter part of 1792 and the beginning of 1793. The failure of one or two great houses excited a panic which proved fatal to many more. Out of the 350 country banks in England and Wales, when this revulsion began, about 300 were compelled to stop payments, and upwards of 50 were totally destroyed, producing by their fall an extent of misery and bankruptcy till then unknown in the country.

Attempts have sometimes been made to show that this crisis was not occasioned by an excess of paper money having been forced into circulation, but by the agitation caused by the war then on the eve of breaking out. But there does not seem to be any good grounds for this opinion. The symptoms of an overflow of paper—a fall of the exchange, and an efflux of bullion—took place early in 1792, or about twelve months before the breaking out of hostilities.

#### Suspension of Cash Payments in 1797.

The year 1797 is a most important epoch in the history of English banking. Owing partly to events connected with the war then carried on, to loans to the Emperor of Germany, to bills drawn on the treasury at home by the British agents abroad, and partly, and chiefly, perhaps, to the advances most unwillingly made by the bank to Government, which prevented the directors from having a sufficient control over their issues, the exchanges became unfavourable in 1795, and in that and the following year large sums of specie were drawn from the bank. In the end of 1796 and beginning of 1797, considerable apprehensions were entertained of invasion, and rumours were propagated of descents having been actually made on the coast. In consequence of the fears that were thus excited, runs were made on the provincial banks in different parts of the country; and some of them having failed, the panic became general and extended itself to London. Demands for cash poured in from all quarters upon the bank, which, on Saturday the 25th of February 1797, had only £1,272,000 of cash and bullion in its coffers, with