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[Goulburn, Henry]

A copy of the correspondence between the Chancellor of the Exchequer and the Bank of England.

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OF THE

CORRESPONDENCE

BETWEEN THE

CHANCELLOR OF THE EXCHEQUER

AND THE

BANK OF ENGLAND,

RELATIVE TO THE

RENEWAL OF THE CHARTER.

[by Henry Goulbourn]

1833.

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TO



RECEIVED

A COPY OF CORRESPONDENCE,

&c.

Downing-street, April 1, 1833.

GENTLEMEN,

THE proposition which I am directed to make to you on the part of His Majesty's Government, is

First. That the Charter of the Bank of England shall be renewed for ten years, from the 1st of August, 1834.

Second. That no Bank shall be established within the metropolis, or within twenty-five miles from London, consisting of more than six partners; but that Banks established at a greater distance, whatever may be the number of their partners, may issue notes payable in London and shall also be relieved from all the restrictions at present imposed upon them as to drawing bills upon London.

Third. That Bank of England notes shall be a legal tender, except at the Bank, or at any of its Branches.

Fourth. That bills, not having more than three months to run before they become due, shall be exempted from the usury laws.

Fifth. That the accounts of the Bank shall be published : that is to say, an account shall be published weekly, in the Gazette, of the amount of bullion which was in the possession of the Bank three months previous to the day of publication ; an account of the amount of securities in their hands at the same time ; an account of the amount of the deposits in their hands, and of the amount of their issues at the same time. Thus shewing the weekly progress of the account, but at a date three months antecedent to the day of publication.

Sixth. That the Directors of the Bank of England, who retire from the Direction in rotation, shall be immediately re-eligible.

Seventh. That all Banks in which there are more than six partners shall be considered Joint Stock Banks.

Eighth. That no such Joint Stock Bank shall be established within the metropolis, or within twenty-five miles from London, nor shall any such Joint Stock Bank be established or permitted in any part of England and Wales, except by a Charter from the Crown, which it shall be in the power of the Crown to refuse if it shall so think fit.

Ninth. That in the case of such Joint Stock Bank intending to issue its own notes, the following conditions shall be inserted in the Charter:

1st. That the partners shall be subject to unlimited liability.

2nd. That one half of the subscribed capital shall be paid up and deposited in government or other available securities.

3rd. That the Firm or Corporation of the Bank, as such, shall not hold any of the shares.

4th. That the accounts of such Joint Stock Bank shall be periodically published.

Tenth. That in the case of a Joint Stock Bank not having the privilege of issuing its own notes, the Charter shall only necessarily contain these two conditions :

1st. That the shares shall not be less than one hundred pounds each.

2nd. That the Firm or Corporation of the Bank shall not, as such, hold any of the shares.

But in this case unlimited liability, and the publication of the accounts, need not be required.

Eleventh. That in the case of private Banks of Issue, consisting of not more than six partners, a periodical statement of their available assets and liabilities shall be transmitted as a confidential paper to the Chancellor of the Exchequer. That these individual statements shall be kept secret, but that the whole shall be consolidated into one account, and shall be open for inspection, or be published as may be most desirable.

Twelfth. All Banks shall compound for the

stamp duty on their notes on the same terms as the Bank of England.

In other respects it is not proposed to interfere in the management of such private Banks.

It will be obvious to you that these proposals will be very advantageous to the Bank of England; this is not, I need hardly say, the reason for making them, but while I consider them calculated to improve the system by which the paper circulation of the Country is conducted, they do confer substantial advantages on the Bank of England. The discouragement given to Joint Stock Banks of Issue, as compared with Joint Stock Banks not of Issue, and the making Bank of England notes a legal tender, must increase the circulation of the Bank of England very considerably, while the relieving bills drawn for short dates, from the Usury Laws, will facilitate the operations of the Bank in times of difficulty to a very great degree.

The Government therefore think that they have a right to demand for the public a liberal compensation. They propose to pay off a part of the debt now due from the public to the Bank, and to reduce it from £14,500,000. to £7,000,000. This will reduce the annual payment from the Government to the Bank from £435,000. to £210,000. and will still leave a dividend to the Bank Proprietors of £939,000. or more than thirteen per cent. on the remain-

ing Capital of £7,000,000. which is obviously too much. The principle, however, on which this question must be considered, is not the amount per cent. which the Proprietors divide on their funded capital, but the amount per cent. which they divide upon their actual capital. This is stated to be £19,000,000., and the dividend of £1,164,000. is about six per cent. upon this. If the Government pay off £7,500,000., the actual capital will be reduced to £11,500,000. instead of £19,000,000., and six per cent. upon this will amount to £690,000. The proposal therefore of the Government, is to leave to the Proprietors a dividend of six per cent. as at present, upon the actual capital, which will remain to them when the £7,500,000. shall have been repaid, and consequently to reduce the dividend from £939,000.—which it would be if the Bank continued to do the Government business upon the same terms as at present—to £690,000., or to 6 per cent. on their real, and ten per cent. on their funded capital. The mode of effecting this will be, no longer to pay to the Bank the £248,000. now paid to them for the management of the Public Debt.

The result of this will be, the Government will pay the Bank £7,500,000., and the Bank will engage to continue the management of the Public Debt without receiving from the State any annual payment for the performance of this duty.

It is further proposed, that after the Proprietors of Bank Stock shall have received a dividend of ten per cent. upon their nominal Capital, which will then amount to £7,000,000., at the end of each year, whatever accumulation shall have taken place in their rest during the preceding year shall be divided into two equal portions, one of which shall be added to the Capital of the Bank and be at the disposal of the Proprietors, and the other half shall be deducted from the payments made to the Bank for interest or other charges which they may have against the Public.

Having thus had the honor of submitting to you the conditions on the part of His Majesty's Government, on which they propose a renewal of the Charter of the Bank of England, I have to request that you will lay them before the Court of Directors at an early period, in order to bring this important question to a final settlement.

I have the honor to be,

Gentlemen,

Your most obedient

humble Servant,

(Signed) ALTHORP.

*The Governor and Deputy
Governor of the Bank of
England, &c. &c. &c.*

Bank of England, 12th April, 1833.

MY LORD,

WE have laid before the Court of Directors, your Lordship's letter of the 1st inst., containing the terms upon which His Majesty's Government are disposed to recommend to Parliament a partial renewal of the exclusive privileges of the Bank, from the 1st August, 1834; and we are directed to submit for the consideration of His Majesty's Ministers, through your Lordship, the accompanying minute of the Court of Directors of the 11th instant.

We have the honor to be,

My Lord,

Your Lordship's

Most obedient humble Servants,

(Signed) J. HORSLEY PALMER, Gov.

R. M. RAIKES, Dep. Gov.

To the Right Honorable Lord

Viscount Althorp, &c.

Bank of England, 11th April, 1833.

THE Court of Directors, in giving their best consideration to the letter of the Chancellor of the Exchequer, of the 1st instant, will first recapitulate the general propositions,

which directly or indirectly have an effect upon the Bank of England, and which the Court understand to form the basis upon which the pecuniary concession required from the Bank is founded, they are as follow :

- I. That the Charter be renewed for ten years from 1st August, 1834.
- II. That no Bank be established within twenty-five miles of London, exceeding the number of six partners, but that Banks established at a greater distance, whatever may be the number of their partners, may issue notes and bills payable in London.
- III. That Bank of England Notes be a legal tender, except by the Bank of England in London and at the Branches.
- IV. That bills and promissory notes, not having more than three months to run before due, be exempted from the Usury laws.
- V. That the Bank Accounts (similar to the Consecutive Account from 1778) be published weekly in the Gazette, in the state in which they were three months previous to the day of publication.
- VI. That Directors going out annually by rotation, be immediately re-eligible.
- VII. That all Banks in which there are more than six partners, shall be Joint Stock Banks.

VIII. That no Joint Stock Bank be established otherwise than by charter from the Crown, which the Government shall be authorized to refuse if they think fit.

IX. That all Joint Stock Banks intending to issue their own notes, shall have the following conditions inserted in their Charters:

1st. That the responsibility of the shareholders shall be unlimited.

2nd. That one-half of the subscribed capital shall be paid up, and invested in Government or other available securities.

3rd. That the Banks shall not hold any of their own shares.

4th. That their accounts be published periodically.

X. That Joint Stock Banks, not issuing their own notes, be chartered on the following terms:

1st. That the shares be not less than £100 each.

2nd. That the Banks shall not hold any of their own shares.

3rd. That the responsibility of their shareholders may be limited, if required.

XI. That private Banks issuing their own notes, shall make a periodical statement of their available assets and liabilities, as a confidential paper to the Chancellor of the

Exchequer, to be dealt with as he may judge proper.

XII. That all Banks shall compound for Stamp Duty on their circulation, upon terms similar to those required from the Bank:

(I.) The Court are desirous of confining their observations to those points which appear to bear directly upon the future action and interest of the Bank. They trust therefore, that, in any remarks which they may find themselves called upon to offer, the Chancellor of the Exchequer will give them credit for that intention, and believe that they have no desire unnecessarily to intrude their opinions, with respect to any general principle which His Majesty's Ministers may think proper to propose for a due regulation of the Currency of the country.

(II.) The Court purpose to limit themselves to two general heads:—

1st. Such of the propositions as immediately affect the public utility of the Bank.

2nd. The compensation proposed to be required from the Bank for a renewal of the exclusive privileges.

The first embraces five points:—

(1.) The period for which a renewal is to be granted.

(2.) The distance surrounding the Metropolis, within which the exclusive privileges are to be preserved.

(3.) The Directors annually retiring, to be immediately re-eligible.

(4.) The amount of capital now held by Government which it is proposed to reduce.

(5.) A weekly publication in the Gazette of the accounts of the Bank.

(III.) Notwithstanding that the pecuniary advantages, which the Bank now obtains, may be thought to be blended in the points here referred to, the Court of Directors consider that they are justified in discussing the merits of the propositions upon public grounds, it having been evident, after the lengthened and laborious enquiry by the Committee of the House of Commons in the last Parliament, that no other motive than the public good could warrant an expectation of a renewal of the Charter of the Bank of England.

If therefore it be deemed desirable on public grounds to renew the exclusive privileges of the Bank, the Court are disposed to doubt the policy of fixing the period for so short a term as Ten Years.

The Court admit the propriety of securing the country against improper management on the part of the Bank, and at the same time of affording to the Government a fair and just

participation in those advantages, which are derived by the Bank from its connection with the State. If these objects be now accomplished by a general arrangement, it appears to the Court of Directors, that the longer the period within moderate limits, for which the Charter of the Bank be renewed, the greater will be the advantage to the country, as it cannot fail of being admitted, that a frequent interference with the monetary system, and the channels through which it is administered, is an evil of no ordinary magnitude. With this opinion, the Court respectfully suggest that the renewal should extend to the usual period of Twenty-one years.

(IV.) The reasoning adduced in the foregoing paragraph in favor of an extended period for the duration of the Charter, is equally applicable against the circumscribed district, to which it is proposed to limit the existence of the exclusive privileges. The Court cannot refrain from observing in addition, that, if the principle of continuing the exclusive privileges of the Bank, as the pivot of the whole circulation of the kingdom, be sound, they are not aware upon what grounds it can be desirable to contract the sphere of its present action. The Court beg to observe, that it has not been shewn that the public are sustaining inconvenience from the present

limits, nor that greater advantages would be afforded to the community by the issue of notes by other bodies than the Bank within that circle. The Court are impresssd with the belief that collision between the issues of the Bank and other Establishments issuing paper money, is one of the evils of the present system; and if they are correct in that opinion, any extension of that collision, which must inevitably result from a contraction of the circle to which the exclusive privileges of the Bank are limited, cannot fail to increase the difficulties of its position, and to that extent prove prejudicial to the general interests of the country.

(V.) The nature of the advantages which will be likely to attend a change in the mode of electing the Directors, is not stated in the letter of the Chancellor of the Exchequer. The Court therefore are unable to offer any opinion upon that subject.

(VI.) With respect to the policy of reducing the Capital of the Bank to the extent proposed, the Court feel themselves called upon to express very considerable doubts. They understand from the verbal representation made by the Chancellor of the Exchequer to the Governor and Deputy Governor, that His Majesty's Ministers are impressed with the belief that the present Capital is unnecessarily large for the purpose of maintaining the credit of

the Bank, and affording adequate security to the public; and further, that the magnitude of the debt, at present due from Government to the Bank, might place the former in an inconvenient position, in the event of future negotiations, at a time when the rate of interest might be materially increased. In addition to these reasons, the Court are led to suppose that by the reduction of the Capital of the Bank, His Majesty's Ministers conceive themselves to be entitled to claim a larger present compensation for the renewal of the Charter, than could otherwise be required.

In reply to the first part of the reasoning of the Chancellor of the Exchequer, the Court of Directors respectfully submit that the reduction of the Capital, more especially at a time when a very considerable extension of the liabilities of the Bank is contemplated, by making its notes a legal tender, by all other parties throughout the empire, becomes, in the opinion of the Court, a measure of very questionable policy. At present, the credit of the Bank of England is proverbial, and which can only be attributed to the magnitude of the Capital of which it is known to be possessed; the breath of an opinion of a contrary character at any time entertained, would shake the whole Country to its centre; and the Court cannot contemplate the possibility of such an

occurrence without considerable apprehension. With reference to the argument that the present amount of debt due from the public to the Bank might embarrass future negotiations, the Court are of opinion that means might be devised for obviating the difficulty which seems to be contemplated by the Chancellor of the Exchequer upon that point.

With these opinions, the Court feel themselves bound to urge upon His Majesty's Ministers, through the Chancellor of the Exchequer, a reconsideration of this proposal. Supposing, however, His Majesty's Ministers to adhere to the propriety of reducing the Capital to the extent proposed, the Court of Directors can see no just grounds for the opinion expressed by the Chancellor of the Exchequer, that the Government would be entitled on that account to claim from the Bank a larger *present* compensation for the renewal of the Charter, than the public could expect, provided the existing Capital be continued, with the exception of so much as might arise from the difference of interest on the proportion of Capital returned to the Proprietors. The sentiments of the Court upon this point will be more fully expressed in the subsequent part of this minute, when they enter upon the pecuniary concessions required from the Bank.

(VII.) The last regulation affecting the public utility of the Bank, is that, which the Court consider by far the most important of any submitted for their consideration. They allude to the weekly publication of the accounts in the Gazette. Upon this momentous point the Court of Directors feel that the interests of the public and the Bank are completely identified. The Court trust therefore that it will be impossible to suppose they can have any separate interest to promote in offering their opinion upon this subject. Their sole object is to relieve themselves from the responsibility to which they might be subject from a supposition on the part of their Proprietors or the public, that they, by silence, concurred in the proposal.—The Court admit that a frequent periodical statement of the assets and liabilities of the Bank should be submitted to the notice of His Majesty's Government, but they entertain considerable doubts as to the safety of publishing those accounts in the form and manner suggested, under the existing collision between the issues of the Bank and other bodies in the interior of England, Ireland, and Scotland.—It must be evident to His Majesty's Government that the convertibility of the whole circulating medium of the interior is upheld by the surplus gold deposited in the Bank of

England. Few, if any, Joint Stock or private Banks retain in their possession a larger quantity of coin than they require to meet their ordinary demands, relying upon the sale of their securities, when necessary, by which they may obtain gold from the Bank of England to meet any extraordinary pressure, whether arising from political or commercial discredit. The Bank has sustained these demands, at various times, from the three parts of the Empire which have been alluded to, and these are at all times more likely to occur after a foreign drain than before it.—The Court cannot refrain from referring to the disastrous period of 1825, in proof of their present statement, when the credit of the Bank was endangered solely by the extent of the internal demand for coin, which took place after the treasure had been greatly reduced by the long continuance of an adverse foreign exchange.—The Court are of opinion, that at that period, the difficulties of the Bank and the Country would have been materially increased by publicity of the Bank accounts, and that a similar effect might be produced by such a regulation, under circumstances of a like kind, should they ever unfortunately recur.

The Court are aware, that by making Bank of England notes a legal tender by other parties than the Bank, the extent of the internal

demand may be reduced ; nevertheless, they find themselves unable to concur in the proposed measure for the reasons above given.

(VIII.) The Court of Directors now proceed to consider the terms proposed for concession on the part of the Bank.

1st. To manage the public debt free of charge to the State.

2nd. To divide with Government any profit obtained by the Bank above a given amount of cash surplus, and an annual dividend of £10. per cent. on 7 millions of funded capital.

(IX.) The Court are impressed with the belief that the Chancellor of the Exchequer cannot consider the present remuneration derived by the Bank from the management of the circulation, the funded debt and the Government banking accounts, to be unreasonable, but His Majesty's Ministers seem to entertain an opinion that the reduction of capital, together with the advantages which the Bank may expect to derive from the proposed arrangements during the continuance of the new Charter, will justify the Government in expecting a present concession on the part of the Bank to the extent required. In considering these proposals, the Court of Directors are bound to look, first, at their present average annual profits, and the sources from whence they are derived, and secondly, the amount and sources of those

profits, after the proposed reduction of the Capital.

The present profits amount, upon an average, to about £1,170,000. per annum, from the following sources, after deducting the expences of the year :—

	£.
Interest of funded capital	440,000
Government business, as per account rendered to the Committee of the House of Commons	} 180,000
Private business.....	550,000
	<hr/>
Net profit of.....	£1,170,000

on the present aggregate capital of about 19 millions.

The profits, if the capital be reduced as proposed, will stand thus :—

	£.
Interest of funded capital	210,000
Government business as per account, with the addition of 1 per cent. on 7½ millions.....	} 255,000
Private business	475,000
	<hr/>
Net profit of	£940,000

on an aggregate capital of about 11½ millions.

From this latter amount it is proposed by the Chancellor of the Exchequer, that the Bank shall deduct about £250,000. per annum. The Court of Directors trust that they have only to submit to the Chancellor of the Exchequer the above plain statement of accounts, shewing the different sources from whence the advantages of the Bank are derived, in order to

exhibit the impossibility of their recommending such a proposal for acceptance by a General Court of Proprietors. The proposal is neither more nor less than that the Bank shall manage the funded debt, the circulation of paper money, and the Government banking accounts, gratuitously, depositing with the Government a capital of 7 millions as security for their transactions with the public, and finally, taking for their remuneration for such unrequited services, the profits of their private business, and the beneficial investments which they now possess, in neither of which have the Government any just or equitable right to participate. The Court of Directors are most willing to meet a proposal for compensation, and to recommend a concession by the Proprietors of a reasonable proportion of the advantages which are now derived from their connection with the Government, but the Court are unable to offer any expectation that the Proprietors will be likely to accede to any proposition founded upon a different basis.

(X.) The Court of Directors admit the justice of a future participation on the part of the Government in the event of an increase in the issues of the Bank, the Government Deposits, or an advance in the rate of interest, and they therefore could not object to recommend to the favourable consideration of their Proprietors a

proposal for future participation on the part of Government in the form suggested by the Chancellor of the Exchequer, but the Court earnestly hope that the Chancellor of the Exchequer will be able so far to modify the proposals now before the Court, as to save them the pain of submitting to a General Court of Proprietors terms, which they cannot recommend, and which they see no prospect of being acceded to.

(XI.) Prior to closing this minute, the Court of Directors are most anxious to impress upon the Chancellor of the Exchequer, that they are governed by no illiberal spirit in considering the question of compensation on the part of the Bank, and in proof of that assertion, they beg to state their readiness to entertain any proposition founded upon the basis of a fair and just calculation of what the Government could obtain from a new Bank, if now formed with the Capital and upon the principle by which it is proposed the Bank of England shall in future be conducted, merely reserving for the latter those corporate rights, which are confirmed by numerous existing Acts of Parliament.

Bank of England, 15th April, 1833.

MY LORD,

WE have communicated to the Court of Directors the purport of the conversation

we had the honor to hold with your Lordship on Saturday, and the wish then expressed by your Lordship to receive from the Court the terms for a renewal of the privileges of the Bank, which they might think advisable to propose for the consideration of His Majesty's Government.

The Court of Directors have given the subject their best attention; and with reference to their minute of the 11th instant, we are directed to suggest the following conditions, as those which the Court of Directors would feel justified in recommending to the Court of Proprietors, supposing the general regulations alluded to in your Lordship's letter of the 1st instant, to be adopted by Parliament.

1st.—That the privileges of the Bank, within the limits proposed by the Chancellor of the Exchequer in his letter of the 1st instant, be continued for 21 years from 1st August, 1834.

2nd.—That no Joint Stock Bank be chartered for issuing paper money within 65 miles of the metropolis.

3rd.—That a weekly return of the liabilities and assets of the Bank be made confidentially to the Chancellor of the Exchequer, in a form similar to that delivered to the Committee of the House of Commons in August last, to be dealt with as he may deem proper. If however, His Majesty's Government determine to pro-

pose the publication of the accounts in the Gazette, it is submitted that such publication should be quarterly, containing the averages of the three months preceding.

4th.—That 25 per cent. of the Capital now held by Government be returned to the Proprietors, in lieu of $7\frac{1}{2}$ millions, as proposed by the Chancellor of the Exchequer.

5th.—That the Bank do deduct an amount equal to £100,000. per annum from the present charge for managing the public debt.

6th.—That the Bank be permitted to divide 9 per cent. per annum amongst their Proprietors, on the remaining capital held by Government, and to accumulate a cash surplus of £3,000,000. prior to any further allowance being made to the public, stipulating at the same time, that the cash surplus shall not be reduced below $2\frac{1}{2}$ millions.

7th.—That after payment of the dividend of 9 per cent. and accumulation of cash surplus as above-mentioned, one moiety of any further profits acquired by the Bank, shall be annually deducted from the sums payable by Government to the Bank.

N.B. Under this arrangement, the Bank must be secured against any interference by Parliament or His Majesty's Government in the management of its own concerns.

8th.—If in lieu of a participation in future profits by the public in the above form, His Majesty's Ministers prefer a defined compensation for the term of the new Charter, the Court propose that £1. per cent. per annum on any amount of Bank Notes in circulation and Government deposits, exceeding in the aggregate £24,000,000.*¹ be further deducted from the sums annually payable by Government to the Bank.

Circulation £20,000,000
 t. Deposits 4,000,000

 £24,000,000

The Court of Directors consider the three first propositions as matters more immediately relating to the general regulations of the Currency than to the pecuniary interest of the Bank; and the Court therefore beg that they may be considered merely in the character of suggestions offered by the Court for the consideration of His Majesty's Government.

We have the honor to be,

My Lord,

Your Lordship's most obedient
humble Servants,

(Signed) J. HORSLEY PALMER, Gov.

R. M. RAIKES. Dep. Gov.

To the Right Hon. Lord Viscount Althorp,

&c. &c. &c.

Downing Street, May, 2, 1833.

GENTLEMEN,

AFTER duly considering the conversations which I have had with you, the substance of which I have reported to my colleagues, His Majesty's Government have directed me to make the following proposals to you, for the purpose of renewing the Bank Charter.

I. We propose to renew the Charter for Twenty-one years, subject however to this condition, that if, at the end of Ten Years, the then existing Government should so think fit, they may give a Twelvemonths' notice to the Bank, that the Charter shall expire at the end of Eleven Years.

II. That no Banking Company, consisting of more than Six Partners, shall issue Notes, payable on demand, within the Metropolis, or within 65 miles from the Metropolis. Banking Companies, however, consisting of any number of Partners, established at a greater distance from the Metropolis than 65 miles, shall have the right to draw Bills on London, without restriction as to their amount, and to issue Notes payable in London.

III. Bank of England Notes shall be a legal tender, except at the Bank of England, or at any of its Branches.

IV. Bills not having more than Three Months

to run, before they become due, shall not be subject to the Usury Laws.

V. An Account, similar to that laid before the Bank Committee, of the amount of Bullion and Securities in the hands of the Bank, and of the amount of Notes in circulation, and of the deposits in the hands of the Bank, shall be transmitted, as a confidential paper, weekly to the Chancellor of the Exchequer. These accounts shall be consolidated at the end of each Quarter, and the average state of the Bank Accounts for the preceding Quarter, published quarterly in the Gazette.

A Bill will also be introduced into Parliament, with the view of regulating Country Banks. The provisions of this measure will be such as to hold out an inducement to the establishment of Joint Stock Banks, who will not issue their own notes.

His Majesty's Government direct me to call your attention to the advantages which these different propositions are likely to confer upon the Bank. Their tendency must be to extend the circulation of its Notes; and by relieving Bills at short dates from the Usury Laws, to facilitate its operations, while, on the other hand, the only relaxation in its exclusive privileges, as they at present exist, which is required, is the permission given to Joint Stock

Banks established at a greater distance than 65 miles from the Metropolis, to draw Bills, and to issue Notes, payable in London. His Majesty's Government therefore think that they have a right to expect some considerable pecuniary advantages from the Bank, in the management of the Government business. They consequently propose that Government should repay to the Bank, 25 per Cent. of the debt of £14,500,000. now due, and that the Bank shall deduct from the payments made to them from the Government, for the transaction of the Government business, the annual sum of £120,000.

I hope that this proposal will be satisfactory to the Bank Directors, and that by making this arrangement, an end may be speedily put to the suspense now existing.

I have the honor to be,

Gentlemen,

Your most obedient humble Servant,

(Signed) ALTHORP.

*To the Governor and Deputy Governor
of the Bank of England.*

Bank of England, 4th May, 1833.

MY LORD,

I HAVE the honor of acknowledging the receipt of your Lordship's letter addressed to the Governor and Deputy Governor, containing the terms upon which your Lordship is willing to propose the renewal of the Bank Charter, to the House of Commons.

This letter has been laid before the Court of Directors; and as it is very material that no delay should arise in making this communication to a Court of Proprietors, may I request the favor of your Lordship informing me, at what time this question will be brought before the House of Commons, so that the Court of Proprietors might be held on the same day.

I have the honor to be,

My Lord,

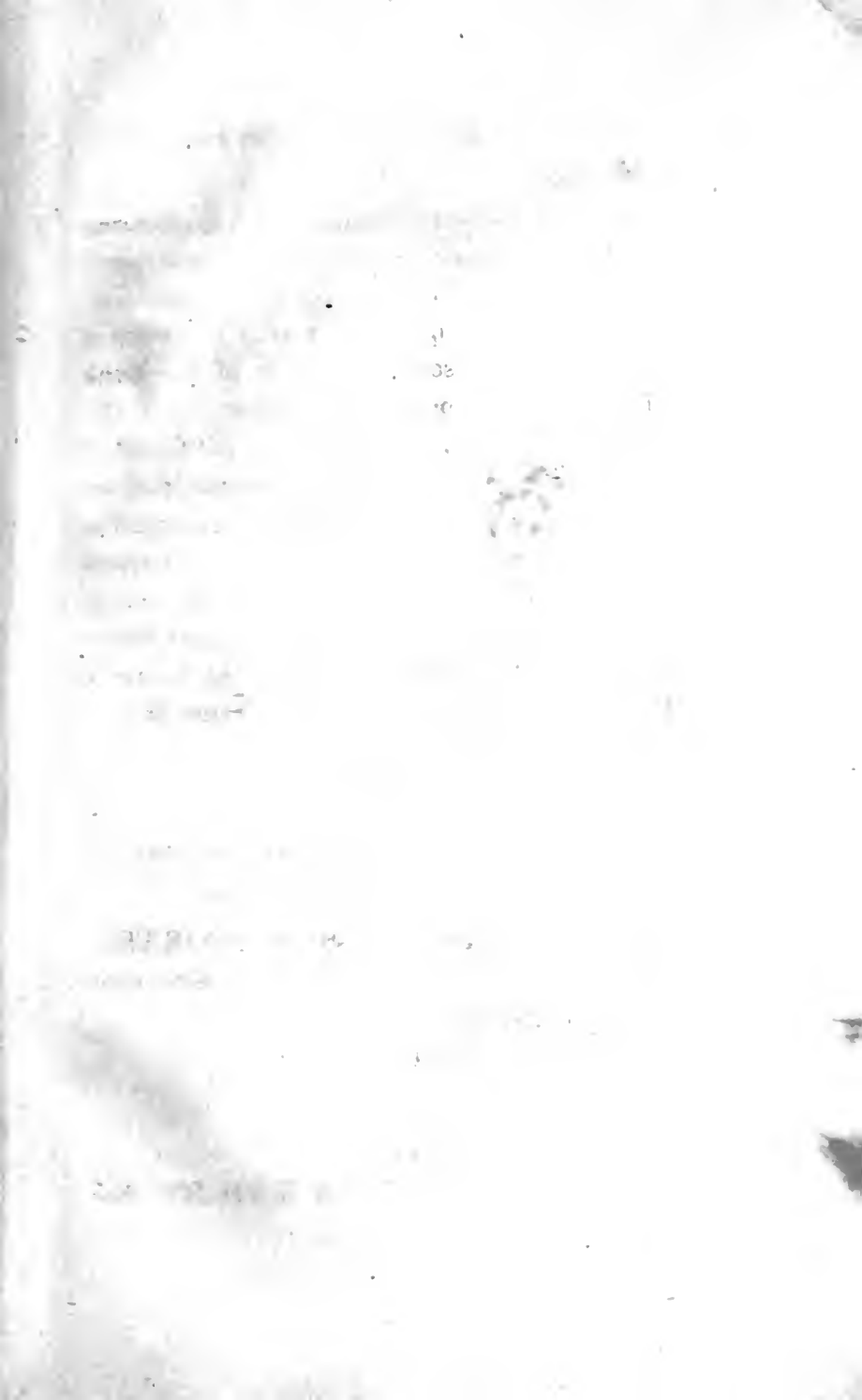
Your Lordship's most obedient
humble Servant,

(Signed) R. M. RAIKES,
Governor.

*To the Right Hon.
Lord Viscount Althorp,
&c. &c. &c.*

By Order,
JOHN KNIGHT, Sec.

*Bank of England,
3rd June, 1833.*





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[Goulburn, Henry]
A copy of the correspondence between
the Chancellor of the Exchequer and the
Bank of England.

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