

SSRN Working Paper

July 2018

The Role of Bank of England Note Issues Amongst the Causes of the Panic of 1825

George Pickering

Summary

Despite the fact that the Panic of 1825 was arguably Britain's most severe economic crisis of the first half of the nineteenth century, many of the subsequent explanations of its causes have been briefly-stated and incomplete. The goal of this paper is to clarify and deepen the credit expansion explanation of the Panic put forth by certain prior studies. The clarification will be in emphasizing that credit expansion after 1822 was significant specifically because it caused a decline in lending standards and borrowing costs, stimulating an unsustainable boom in long-term and risky investments. The deepening of the credit expansion explanation will be by an investigation of the significant and previously under-appreciated influence of Bank of England note issues on the extent to which the British banking system at large was able to expand credit in the years 1822-25, due to the legally privileged status of Bank of England notes.

To view this article in its entirety please use the link provided below.

[View Full Article](#)

Recommended Citation

Pickering, George. 2018. "The Role of Bank of England Note Issues Amongst the Causes of the Panic of 1825." *SSRN Electronic Journal*.
<https://www.ssrn.com/abstract=3208923>.