

206. **Financial reforms.**—The heavy cost of the wars during the reign of William made it necessary, in order to lighten the burden of taxation, to borrow money from the wealthy people of the kingdom for the purposes of the government. In 1694, William Paterson, a Scotsman, suggested that a bank be established, which would receive deposits from the people and lend the money to the government. The plan was adopted, and in this way the Bank of England, probably the strongest financial institution in the world, had its beginning. A further financial reform was the recoinage of all the money in the kingdom. Much of it was worn out and mutilated by clipping. The coin



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had been made with smooth edges, so that with a sharp knife one could cut a strip of metal from a coin and it would not be noticed. But the new coins were made with milled edges, in order that no metal could be cut off without showing. The public sent in their old money to the government, and received in exchange fresh, new coins of full weight, the government bearing the loss of the difference in value.