

Present

The Governor (Lord Cunliffe)
 The Deputy Governor (Mr. Colquhoun)
 Mr. Sandeman
 Lord Hollenden
 Mr. Wallace
 Mr. Campbell
 Mr. Johnston
 Mr. Cole
 Mr. Newman
 Sir Bernard Hambro
 Lord Kerecloth
 Mr. Norman

Discounts and Advances
 to Bill Brokers, &c.

Robert E. Coles, a 1st
 class clerk at the
 Western Branch, to
 be allowed to retire
 with a pension.

Wednesday, the 7th March 1917

The proceedings of the last Committee
 were read.

The Weekly Statement of Discounts
 and Advances granted to Bill Brokers, etc., was
 laid before the Committee.

The Committee had before them a
 letter from Robert E. Coles, a 1st class clerk at
 the Western Branch, tendering his resignation
 owing to failing eyesight, and a Report from
 the Bank Medical Officer to the effect that
 Mr. Coles is unfit for work and that it is
 advisable that he should relinquish his
 duties at the Bank.

Mr. Coles has been absent on sick
 Leave for the past five months, and in the
 ordinary course would complete 32 years' service
 on the 18th June. His record at the Branch
 has been very good, and it was agreed to
 recommend to the Court of Directors that
 Mr. Coles' resignation be accepted and that he
 be granted a pension equal to his salary of £400
 a year until the 18th June next, and thereafter,
 during pleasure, a pension, calculated on the
 basis of 32 years' service, of £197:6:8 a year,
 in accordance with the scale.

Present

a Full Committee

Wednesday, the 14th March, 1917.

The proceedings of the last
 Committee were read.

The

12th March 1917.

Discounts and
advances granted to
Bill Brokers, &c.

The Weekly Statement of Discounts, and Advances granted to Bill Brokers, etc., was laid before the Committee.

House List for
1917.

The House List of the Governors and Directors for the ensuing year was arranged, and referred to the Court of Directors.

The Widow of
Herbert D. Robertson
Pensioner and formerly
Senior Cashier, granted
an Allowance.

On an application from the Widow of Herbert D. Robertson a Pensioner and formerly Senior Cashier, it was agreed to grant her, during pleasure, an allowance of £60 a year in accordance with the scale.

Annual Report
upon the Samaritan
Fund and the
Clerks' Guarantee
Fund.

The Annual Report by the Deputy Secretary upon the Samaritan Fund and the Clerks' Guarantee Fund was submitted to the Committee.

Alberic A. T. W.
Fiennes, a 1st class
Clerk at the
Western Branch to
be allowed to retire
with a pension.

The Committee had before them a letter from Alberic A. T. W. Fiennes, a 1st class Clerk at the Western Branch, in which he asked to be allowed to retire from the service of the Bank owing to continued ill health.

Fiennes was elected on the 17th June 1886, and has completed 30 years service. He is 51 years of age and his salary is £400 a year.

Fiennes has been absent on Sick Leave since the 20th June 1916, suffering from acute neurasthenia, and the Bank Medical Officer considers it advisable for him to be allowed to relinquish his work at the Bank.

It was agreed to recommend to the Court of Directors that Fiennes' resignation be accepted and that he be granted, during pleasure, a pension in accordance with the scale of £184.15.- a year.

PresentThe Deputy Governor
(Mr. Bokayne)

Mr. Sandeman

Lord Hollenden

Mr. Campbell

Mr. Johnston

Mr. Cole

Mr. Newman

Sir Everard Hambro

Lord Revelstoke

Mr. Norman

Discounts and
Advances to Bill
Brokers etc.Wednesday, the 21st March 1917

The proceedings of the last Committee were read.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, etc., was laid before the Committee.

NoteMeeting
14th March 1917

at the Meeting of the Committee held on the 14th March, 1917,

Resolved,

Dividend on Bank
Stock.

That, having examined the state of the Bank's Accounts, the Committee are of opinion that it will be desirable to recommend to the General Court on the 22nd instant

That a Half-Year's Dividend of Interest and Profits be made on the 5th April next of 2.5 per cent, less Income Tax.

Friday, the 23rd March 1917.

The Governor explained that the former practice of lending customers' money on the Market became quite impracticable at the outbreak of the War, and had since then been highly undesirable as the Bank had been almost constantly in the position of requiring to take money off the Market. He had therefore been borrowing customers' surplus funds at interest, and hoped the Committee would approve, not only of this course having been followed recently, but also of its being continued in lieu of the former practice

23rd March 1917.Customers Money

practice of lending on the Market, which was in many ways objectionable. He thought, however, that it would be well, not only for the guidance of future Governors, but also as shewing the intention of the Committee in authorizing this course, to lay down in the following rules the main principles on which such borrowing ought to be conducted, viz:-

- (1) That no money be borrowed from any Bank or Customer who does not keep and maintain an ample and adequate balance.
- (2) That special care be taken that the practice of paying interest on borrowings be not used to compete with the Bankers, and it should be kept well in view that the main object of the Bank in adopting the system of borrowing at interest is to keep control of the Money Market.

The Committee, who had already on more than one occasion recently discussed the question informally with the Governors, approved of the Governor's past action and proposed policy and also of the general rules set out above.

Present

The Governor (Lord Cunliffe)
 The Deputy Governor (Mr. Bokoyus)
 Mr. Sandeman
 Lord Hollenden
 Mr. Campbell
 Mr. Johnston
 Mr. Cole
 Mr. Newman
 Lord Kewelsbake
 Mr. Norman

Accounts and Advances
 to Bill Brokers, etc.

The Widow of Samuel
 Rawson, a Superintendent
 in the Consols Office,
 granted an Allowance

Wednesday, the 28th March 1917.

The proceedings of the last Committee
 were read.

The Weekly Statement of Discounts
 and Advances granted to Bill Brokers etc., was
 laid before the Committee.

On an application from the Widow
 of Samuel Rawson, a Superintendent in the
 Consols Office, it was agreed to grant her,
 during pleasure, an allowance of £60 a year
 in accordance with the scale.

On an application from the
 Chancellor of the Exchequer it was agreed to
 recommend to the Court to advance during
 the current and the next quarter under the
 authority of the 3rd Section of the Consolidated
 Fund (No. 1) Act 1917 such sums as may be
 required to carry on the public service; the
 sums so advanced to bear interest at 5% subject
 to reconsideration on the basis of the rates of
 tender for Treasury Bills on the 30th instant,
 and to be repaid as by the said Section
 directed.

Present

The Governor (Lord Cunliffe)
 Lord Hollenden
 Mr. Campbell
 Mr. Johnston
 Mr. Cole
 Mr. Newman
 Sir Gerard Hambro
 Lord Kewelsbake
 Mr. Norman

Accounts and Advances
 to Bill Brokers, etc.

Wednesday, the 4th April 1917.

The proceedings of the last Committee
 were read.

The Weekly Statement of Discounts
 and Advances granted to Bill Brokers, etc., was
 laid before the Committee.

Present

The Governor (Lord Bunsby)
 Lord Hollenden
 Mr Campbell
 Mr Johnston
 Mr Cole
 Sir Everard Hambro
 Lord Revelstoke
 Mr Norman

Discounts and
 Advances to Bill
 Brokers, &c.

Wednesday, the 11th April 1917.

The proceedings of the last Committee
 were read.

The Weekly Statement of Discounts
 and Advances granted to Bill Brokers, etc., was
 laid before the Committee.

Present

The Deputy Governor
 (Mr Colquhoun)
 Lord Hollenden
 Mr Campbell
 Mr Johnston
 Mr Cole
 Mr Newman
 Sir Everard Hambro
 Lord Revelstoke
 Mr Norman.

Discounts and
 Advances to Bill
 Brokers, &c.

Wednesday, the 18th April 1917.

The proceedings of the last Committee
 were read.

The Weekly Statement of Discounts
 and Advances granted to Bill Brokers, etc., was
 laid before the Committee.

Present

The Deputy Governor
 (Mr Colquhoun)
 Mr Sandeman
 Mr Campbell
 Mr Johnston
 Mr Newman
 Lord Revelstoke
 Mr Norman

Discounts and
 Advances to Bill
 Brokers, &c.

Wednesday, the 25th April 1917.

The proceedings of the last Committee
 were read.

The Weekly Statement of Discounts
 and Advances granted to Bill Brokers, etc., was
 laid before the Committee.

Francis C. Miller,
 Principal of the
 Bullion Office, to be
 allowed to retire
 with a pension.

The Committee had before them a
 letter from Francis C. Miller, Principal of the
 Bullion Office, who in the 61st year of his age
 and

25th April 1917.

and after 39 years' service, asked to be allowed to retire owing to ill-health.

It was agreed to recommend to the Court of Directors that Miller's resignation be accepted and that he be granted, during pleasure, a pension of £410:13:4 a year in accordance with the scale.

The Committee had before them a Memorandum by Sir William Leese dated the 24th instant, in regard to certain proposed alterations in the Bank of England's practice in connection with the management of Stocks inscribed at the Bank, and approved the alterations not requiring legislation, contained in the Memorandum in question.

The Deputy Governor informed the Committee that the Treasury, while anxious that the Bank should not suffer the loss, found some difficulty in passing an entry for the refund of the £250 in 10/- Treasury Notes, which were missing at the Leeds Branch on the 5th January last, and that he had given instructions for the deficit, now amounting to £200, to be written off in the Bank Books.

The Deputy Governor also mentioned that it was contemplated to re-issue £5 Notes and £10 Notes (London Notes) without their again being passed through the Store and Issue Departments but merely remaining in the Banking Department, and that the matter was at the present moment under the consideration of the Officials of the Bank.

The Committee saw no fundamental objection to the project.

PresentThe Deputy Governor
(Mr Colquhoun)

Mr Sandeman

Lord Hollenden

Mr Campbell

Mr Johnston

Mr Newman

Sir Everard Hambro

Lord Leveson-Gower

Mr Norman

Discounts and
Advances to Bill
Brokers etc.

N/E

CT 44.

Wednesday, the 2nd May 1917

The proceedings of the last Committee were read.

The Weekly Statement of Discounts and Advances granted to Bill Brokers etc. was laid before the Committee.

It was agreed to recommend to the Court of Directors that the Memorandum of March 1916, with Modifications redrafted April 12th 1917, setting forth the terms of the arrangement made between the Bank of England and the Federal Reserve Bank of New York, be approved.

The Deputy Governor submitted the draft Prospectus of the British Trade Corporation, a newly formed Undertaking, which was about to make an Issue of Share Capital, and wished the Bank to act as its sole Bankers.

While the Committee agreed that there was no objection to allowing the name of the Bank to appear on the Prospectus as Bankers to the Corporation, and as being willing to receive applications for Shares on its behalf they did not consider that it would be proper for the Bank to take Shares in the Undertaking.

Present

The Deputy Governor
(Mr. Colquhoun)

Mr Sandeman
Lord Hollenden
Mr Wallace
Mr Campbell
Mr Cole
Mr Newman
Sir Gerard Hambro
Lord Kewlesoke
Mr Norman

Discounts and Advances
to Bill Brokers, &c.

Present

The Deputy Governor
(Mr. Colquhoun)

Mr Sandeman
Lord Hollenden
Mr Wallace
Mr Campbell
Mr Johnston
Mr Cole
Mr Newman
Lord Kewlesoke
Mr Norman

Discounts and
Advances to Bill Brokers, &c.

Present

Mr Sandeman
Lord Hollenden
Mr Wallace
Mr Campbell
Mr Johnston
Mr Cole
Mr Newman
Sir Gerard Hambro
Lord Kewlesoke
Mr Norman

Discounts and
Advances to Bill
Brokers.

Wednesday, the 9th May 1917.

The proceedings of the last
committee were read.

The Weekly Statement of Discounts and
Advances granted to Bill Brokers, etc., was laid
before the committee.

Wednesday, the 16th May 1917.

The proceedings of the last
committee were read.

The Weekly Statement of Discounts
and Advances granted to Bill Brokers, etc., was
laid before the committee.

Wednesday, the 23rd May 1917.

In the absence of the Governor
and Deputy Governor, Mr Sandeman was requested
to take the Chair.

The proceedings of the last committee
were read.

The Weekly Statement of Discounts
and Advances granted to Bill Brokers, etc., was
laid before the committee.

23rd May 1917

Lord Revelstoke stated that he had intended to raise again the question of the Bank's liability in connection with the American Exchange Account, which is reported to have a debit balance of \$85,000,000, but that owing to the absence of the Governor and Deputy Governor he would refer to it next week.

PresentThe Deputy Governor
(Mr. Cokayne)

Mr. Sandeman

Lord Hollenden

Mr. Wallace

Mr. Campbell

Mr. Johnston

Mr. Cole

Lord Revelstoke

Mr. Norman

Wednesday, the 30th May 1917.

The proceedings of the last Committee were read.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, etc., was laid before the Committee.

With reference to last week's minute, the Deputy Governor mentioned to the Committee that he had some days ago informed the Treasury that in the opinion of the Exchange Committee the loan in New York in the Bank of England's name ought to be paid off as quickly as possible, and that this very morning he had had an opportunity of impressing the same view on the Chancellor of the Exchequer, who, while saying that it was impossible to do anything in the desired sense during the present urgent need for cash both in the United States and Canada, promised that the matter should not be lost sight of but should be attended to as early as practicable.

Henry W. W. Goudge,
a Cashier, to be
allowed to retire
with a pension.

It was agreed to recommend to the Court of Directors that a pension of £333:6:8 a year in accordance with the scale be granted, during pleasure, to Henry W. W. Goudge, a Cashier, as from the 3rd June, when he will attain the age of 65 years.

On

30th May 1917.

The Widow of Ernest A. Oldham, a Pensioner, and formerly Principal of the Dividend Office, granted an Allowance.

On an application from the Widow of Ernest A. Oldham, a Pensioner and formerly Principal of the Dividend Office, it was agreed to grant her, during pleasure, an allowance of £60 a year, in accordance with the scale.

The Widow of John Evans, Messenger to the Chief Cashier, granted an Allowance.

On an application from the Widow of John Evans, Messenger to the Chief Cashier, it was agreed to grant her, during pleasure, an allowance of £78 a year, in accordance with the scale.

Present

The Deputy Governor
(Mr. Cockayne)

Mr Sandeman
Lord Hollenden
Mr Wallace
Mr Campbell
Mr Johnston
Mr Cole
Mr Newman
Sir Edward Hambro
Lord Revelstoke
Mr Norman

Discounts and
Advances to Bill
Brokers &c.

Wednesday, the 6th June 1917.

The proceedings of the last Committee were read.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, etc., was laid before the Committee.

Present

The Governor (Lord Cunliffe)
The Deputy Governor (Mr. Cockayne)

Mr Sandeman
Lord Hollenden
Mr Wallace
Mr Campbell
Mr Johnston
Mr Cole
Mr Newman
Sir Edward Hambro
Lord Revelstoke
Mr Norman

Discounts and Advances
to Bill Brokers, etc.

Wednesday, the 13th June 1917.

The proceedings of the last Committee were read.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, etc., was laid before the Committee.

Wednesday, the 20th June 1917.

Present
The Governor (Lord Cunliffe)
The Deputy Governor (Mr. Colquhoun)
Mr. Sandeman
Lord Hollenden
Mr. Campbell
Mr. Johnston
Mr. Cole
Mr. Newman
Sir Gerard Hambro
Lord Levalloke.

Discounts and
Advances to Bill
Brokers, &c.

Arthur Sayer, a
1st Class Clerk in the
Power of Attorney
Office, to be allowed
to retire with a pension.

The proceedings of the last Committee were read.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, etc. was laid before the Committee.

The Committee had before them a letter from Arthur Sayer, a 1st class clerk in the Power of Attorney Office, who, in the sixty-first year of his age and after forty one years' service, asked to be allowed to retire owing to ill-health.

It was agreed to recommend to the Court of Directors that Sayer's resignation be accepted and that he be granted, during pleasure, a Pension of £245:6:8 a year, in accordance with the scale.

It was agreed to grant F. Morgan, Foreman of the Works Department, an increase of £1 a week to his personal additional wages.

John Mason, a
House Porter and
Watchman, to be
retired from the
Service owing to ill-
health and granted
a pension.

The Committee had before them a Memorandum on the case of John Mason, a House Porter, from which it appeared that for some years past he has been subject to Epileptic Fits.

Mason is 40 years of age and has completed 14 years' service. He was called to the Colours in August 1916 and transferred to the Reserve on the 30th March last. Since his return to work at the Bank he has had four further seizures, and the Bank Medical Officer considers that in all the circumstances of his case he should relinquish his work at the Bank.

Mason has always given every satisfaction in the discharge of his duties, and it was agreed to recommend to the Court of Directors that he be retired from the Service and granted a Pension, during pleasure,

20th June, 1917.

pleasure, and according to Scale, of £27:10:- a year.

It was agreed to grant a donation of £105 to the Printers Pension, Almshouse and Orphan Asylum Corporation.

Present

The Governor (Lord Cunliffe)
The Deputy Governor (Mr. Cokayne)
Mr. Sandeman
Lord Hollenden
Mr. Cole
Mr. Newman
Lord Revelstoke

Wednesday, the 27th June 1917.

The proceedings of the last Committee were read.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, &c. was laid before the Committee.

Present

The Governor (Lord Cunliffe)
The Deputy Governor (Mr. Cokayne)
Lord Hollenden
Mr. Campbell
Mr. Cole
Mr. Newman
Lord Revelstoke

Wednesday, the 4th July 1917.

The proceedings of the last Committee were read.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, &c. was laid before the Committee.

The Governor reported to the Committee that he had on the previous afternoon been shewn a telegram from Messrs. J.P. Morgan & Co. to their firm here saying that they were obliged to call up at once their two demand loans to the British Government for one of which amounting to some \$65,000,000 the Bank of England figured as the borrower. The Governor explained that, when in Washington, he was given to understand that the two loans, amounting together to about \$400,000,000, were to be repaid by the United States Government

SEC. 10.

4th July 1917

out of the first proceeds of the "Liberty Loan," but that the Government now declined to repay them. He could not say what had happened to upset the arrangement, because in spite of the fact that the Chancellor of the Exchequer was always most frank about the dealings with America and had instructed the Treasury Officials to keep the Governor supplied with copies of all telegrams exchanged, yet these officials had not done so.

The Governor added that in the circumstances he had been compelled to telegraph to Canada to place some £17,500,000 of gold at Messrs. Morgan's disposal in order to finally liquidate the No. 1 Loan of. This would absorb all the remaining gold set aside for the Bank of Italy and would reduce the Bank's published bullion by some 8½ millions when all the gold was taken. But unfortunate as this would be, the Governor considered it preferable to allowing the Bank to default on its debt.

The Committee approved the Governor's action in the matter.

It was agreed to propose to the Court of Directors for adoption the following recommendations of the Committee for Appointments and Promotions of the Staff, viz:— That, in view of the retirement on the 7th May of Mr. H. S. Inman, the Secretary,

Mr. Harry Tilden, Deputy Secretary, be appointed Secretary, and that

Mr. Ronald C. G. Dale, Assistant Secretary, be appointed Deputy Secretary.

Present
 The Governor (Lord Leiffie)
 The Deputy Governor (Mr. Cokayne)
 Mr. Sandeman
 Lord Hollenden
 Mr. Newman
 Lord Revelstoke
 Mr. Norman

See also file in

Secretary's

Private Safe

SEC. 10.

See folio 117^a

Monday, the 9th July, 1917.

The Governor reported that since telegraphing to Canada (as mentioned to the Committee on Wednesday last) to release some £17,500,000 of gold to Messrs Morgan, he had received information that Sir Hardman Lever had continued withdrawing gold from the stock at Ottawa. He had therefore been obliged on the 5th instant to cause a telegram to be sent to Canada saying that while preference might be given to the more or less £2,250,000 already taken by Sir Hardman Lever no further deliveries of gold under fresh instructions from him were to be made until the £17,500,000 had been delivered to Messrs Morgan. The Treasury had been immediately advised that these instructions had been sent to Canada.

On the 6th instant the Governor called on the Prime Minister at the latter's request and learnt that the Chancellor was much upset at the Bank's action in the matter of the gold. The Governor had accordingly sent to the Prime Minister a letter dated 7th instant addressed to the Chancellor, a copy of which was shown to the Committee; but the Governor was not aware whether the Prime Minister had passed it on. On the same day, (6th) seeing that Sir Hardman Lever was still withdrawing gold from Ottawa, a letter had been addressed to the Treasury requesting them to instruct him to discontinue doing so.

The Governor again expressed regret that he should ever have allowed anyone outside the Bank to dispose at will of the Bank's gold. But he mentioned, in extenuation, that at the time when he authorised Sir Hardman Lever to help himself to the gold in Ottawa there was a large stock of the metal on which the Bank had merely made advances to the Bank of Italy and/or the Bank of France, so that it did not figure in the Bank's published holding of bullion.

The Governor also referred to the difficulties of the internal situation, pointing out that the Chancellor of the Exchequer had disparaged the issue of 6% Exchequer Bonds and had undertaken not to raise a loan on terms that would yield more than the 5% loan which moreover was still

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COPY
PRIVATE

BANK OF ENGLAND,
7th July, 1917.

Dear Mr. Bonar Law,

I was extremely sorry to learn from the Prime Minister that, in telegraphing to the Canadian Authorities that after giving preference to the Gold so far ordered by Sir Hardman Lever they were to complete the Bank's order before doing more for Sir Hardman, you consider the Bank has damaged your credit in Canada.

I can absolutely assure you that nothing was further from my wishes or those of the Bank, and the instructions were purposely framed to imply that after the completion of the Bank's order Sir Hardman's further orders should be complied with, thus giving the Treasury time to instruct him privately to pass his orders for Gold which has not been paid for by the Treasury (and is therefore still in our figures) through the Bank in future.

I have of course to admit that in my anxiety to assist the Exchange Committee at a very critical time, and with implicit faith in your goodself and Sir Hardman Lever, I made an unpardonable mistake, for which there is no excuse, in allowing anyone to control Gold in the Bank's figures, and I am sure my Court will not only never permit it again but censure me for having betrayed my trust in ever permitting it. But short of reverting to that system I will do anything you can suggest to remove any idea that the Bank's faith in you and Sir Hardman Lever is impaired, as such is not the case and never has been.

Believe me,

Yours sincerely,

(Sd.) CUNLIFFE.

The Rt.Hon.A.Bonar Law, M.P.

Monday, the 9th July, 1917.

Present
The Governor (hon)
The Deputy Governor
Mr Sandeman
Lord Hollenden
Mr Newman
Lord Revelstoke
Mr Norman

P 711

See also p
Secreta
Priv
SEC

See folio 117

... BANK OF ENGLAND ...
 ... 9th July, 1917 ...
 ... that since telegraphing ...
 ... to the Committee on Wednesday ...
 ... I was extremely sorry to learn from the Prime ...
 ... Minister that, in telegraphing to the Canadian Authorities ...
 ... that after giving preference to the Gold as far as orders ...
 ... Sir Benjamin Levesley there were to complete the Bank's order ...
 ... before being made for Sir Benjamin, you consider the Bank ...
 ... has damaged your credit in Canada ...
 ... I am absolutely assured you that nothing ...
 ... further from my relations or those of the Bank, and the ...
 ... instructions were expressly framed to fulfil that after the ...
 ... completion of the Bank's order Sir Benjamin's further orders ...
 ... should be completed with, thus giving the Treasury time to ...
 ... instruct him privately to pass his orders for Gold which has ...
 ... not been held for by the Treasury (and is therefore still in ...
 ... our hands) through the Bank in future.

I have of course to state that in my order to ...
 ... assist the Exchange Committee as a very explicit time and ...
 ... with insight faith in your goodness and Sir Benjamin Levesley ...
 ... I made an unpropitious mistake, for which there is no excuse ...
 ... in allowing anyone to control Gold in the Bank's hands ...
 ... and I am sure my Govt will not only never permit it again ...
 ... but censure me for having betrayed my trust in ever permitting ...
 ... it. But short of reverting to that system I will do ...
 ... anything you can suggest to remove any idea that the Bank's ...
 ... faith in you and Sir Benjamin Levesley is impaired, as such is ...
 ... not the case and never has been.

Believe me,
 Yours sincerely,
 A. H. ...

(Sd) CHAIRMAN

The Rt Hon A. Bonar Law, M.P.
 The Chancellor of the Exchequer
 The Treasury
 London

would yield more than the 5% loan which moreover was still

9th July, 1917.

still far from having been paid for in full by the holders, while a so called "forced loan" would be most difficult and prejudicial to the situation. On the other hand nothing could be more vicious than that the government should finance itself largely on Ways and Means advances from the Bank, so that the only alternative left was to make large sales of Treasury Bills which were already excessive in amount. Moreover, although these bills were now selling more freely since the rate had been raised to $4\frac{3}{4}\%$ (a step for which the Governor had had to assume the responsibility) the rate might have to be again raised before long which would probably entail a rise in the Bank Rate also. These considerations had all been submitted by the Governor to the Chancellor.

Present.

The Governor (Lord Cunliffe)

The Deputy Governor
(Mr. Cocks)

Lord Hollender

Mr. Campbell

Mr. Cole

Mr. Newman

Lord Roselotke

Mr. Norman

Wednesday the 11th July, 1917.

The proceedings of the Committee on the 4th instant were read.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, etc. was read.

The Governor reported that the Japanese Government had renewed for one year £10,000,000 5 per cent Treasury Bills on which the exchange had been guaranteed by the Bank at \$4.76 $\frac{1}{2}$ at the request and under the guarantee of His Majesty's Government.

The Governor reported that on the evening of the preceding day the Prime Minister had shown him a long and angry letter from the Chancellor who had evidently received the Governor's letter of the 7th as he referred to it. The Chancellor stated in that letter that ever since the Governor's return from America he had been complaining that the London Exchange Committee of which he was Chairman was not kept properly posted with information by the Treasury, and he believed that

the

SEC. 10.

11th July, 1917.

the Bank's action with regard to the gold at Ottawa was taken "as a reprisal" for that omission. The Chancellor demanded the resignation of the Governor, but the Prime Minister, though he spoke sternly to the Governor and talked of taking over the Bank, was evidently anxious to smooth matters over and said frankly that he did not wish to lose either the Chancellor or the Governor. The Prime Minister finally submitted to the Governor, with a request that he should sign it, a memorandum in his own handwriting as follows:-

"10 July, 1917.

"That during the War the Bank must in all things act on the directions of the Chancellor of the Exchequer whenever in the opinion of the Chancellor National interests are concerned and must not take any action likely to affect credit without previous consultation with the Chancellor."

The Governor had replied that he could not sign this document without submitting it to his colleagues and he now wished to take the Committee's opinion on the matter. The Committee unanimously decided that it was impossible for the Bank thus to renounce its functions, and after discussing whether it would be wise for the Governor to sign a modified undertaking, came to the conclusion that it would be far better for him to see the Prime Minister again and to explain that while the Bank could not authorise the signature of the memorandum in question its earnest desire was to work in harmony with the Chancellor for the common good.

The Governor further mentioned that in addition to the gold taken by Sir Hardman Lever as reported to the Committee on the 9th instant, a further parcel of £4,000,000 had since been ordered by him from Ottawa, and that in spite of the Bank's request to the Treasury on the 6th instant that they should instruct Sir Hardman Lever to desist from withdrawing the Bank's gold, he had reason to believe that no such instructions had been sent.

The Committee considered whether it would be well that

11th July, 1917

that the Court of Directors should be informed of the situation which had arisen but decided that it would be better not to do so until there was something more definite to lay before them.

Present.

The Governor (Lord Cunliffe)

The Deputy Governor
(Mr. Coakley)

Mr. Sandeman

Lord Stollenden

Mr. Campbell

Mr. Cole

Mr. Newman

Lord Revelstoke

Mr. Norman

SEC-10

Thursday, the 12th July, 1917.

The Governor reported that in obedience to the wishes of the Committee he had again seen the Prime Minister on the evening before but had been unable to get any nearer to a solution of the difficulty. Mr. Lloyd George had said that as the Bank would not sign the undertaking which he had submitted the Government would have to take over the Bank. The Governor had suggested that as the Chancellor's complaints appeared to be against him personally it might be well for him to absent himself at any rate for a time, and he told the Prime Minister that he had actually intended leaving for Scotland last Thursday and had arranged to leave to-day. The Prime Minister had promised to let him know this morning if that course would help matters, but as no message from the Prime Minister had come the Governor informed the Committee that he had cancelled his arrangements for going to Scotland.

The Committee discussed the situation at length and expressed a desire that personal questions and those relating to the London Exchange Committee should be eliminated from the present controversy which should be limited to the question whether the Bank was or was not justified in tendering payment, by the only means in its power, of a debt which it had incurred and of which payment was demanded.

At the same time the Committee were anxious to do everything in their power to facilitate an agreement with the Chancellor and the suggestion was made that regret might be expressed that the Chancellor was not consulted before the telegrams about the gold at Ottawa were sent. It was pointed

12th July, 1917.

pointed out that if the Chancellor had forbidden the sending of the telegrams the Bank would have been obliged to insist on permission to pay its debt. But it was eventually decided that the Governor should endeavour to again see the Prime Minister and to lay before him the following memorandum

"The Committee of Treasury desired the Governor to express the regret of the Bank that the telegrams with reference to the transfer of the gold should have been despatched without previous consultation with the Chancellor of the Exchequer, but pointed out that the course taken was the only one which seemed possible in view of the sudden demand made upon the Bank to meet its obligation".

The question of laying the facts of the situation before the Court was again considered. But it was decided that as the Bank had as yet received no formal communication on the subject from the Government the matter was not ripe for submission to the Court.

Present

The Governor (Lord Cunliffe)
The Deputy Governor
(Mr. Colquhoun)

Mr. Campbell
Mr. Cole
Mr. Newman
Lord Revelstoke
Mr. Norman

SEC. 10

Friday, the 13th July, 1917.

The Governor reported that he had seen the Prime Minister on the evening of the preceding day and had shown him the memorandum referred to in yesterday's minutes. Mr. Lloyd George had enquired who composed the "Committee of Treasury" and whether the Governor was present at the meeting. On learning that he was he observed that the memorandum was "pretty stiff" and returned it to the Governor saying that he had better take his proposed holiday and write to the Chancellor later on sending the letter through himself (the Prime Minister). The Governor added that there was no mention on this occasion of the idea that the Government should take over the Bank,

and

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and that he intended going to Scotland in accordance with Mr Lloyd George's suggestion.

The Deputy Governor reported that in consequence of a summons received last night he had ~~waited on~~^{waited on} the Chancellor of the Exchequer at 10.30 this morning. The Chancellor, who had seen the Prime Minister since the latter's last interview with the Governor, evidently supposed that the Governor had already left for Scotland, and began by discussing with the Deputy Governor the best method for bringing the Exchange Committee into closer touch with the Treasury. He then asked how much the Deputy Governor knew about the question which had arisen between himself and the Governor, and proceeded to discuss the Bank's action with regard to the Ottawa gold. He remarked that when he complained to the Governor that the telegrams had been sent to Canada without previous consultation with the Treasury the Governor had replied "But that is not how we are working", thus implying that the Treasury's failure to keep the Exchange Committee properly informed was the reason why the Bank did not consult the Treasury before sending the telegrams in question.

The Deputy Governor, in reply to all the above, had assured the Chancellor that he was convinced that there was no ulterior motive on the Governor's part in sending the telegrams referred to, that in point of fact the Governor was not even in the Bank when they were sent, having had to leave at 2.45 for the New Issues Committee, that he himself (the Deputy Governor) had sent them after having agreed with the Governor earlier in the afternoon that there was no other course open to the Bank than to tender payment, by the only means in their power, of their debt which was falling due.

The Chancellor had then asked what was to be done next and showed the Deputy Governor a telegram from Lord Northcliffe saying that in his opinion the Governor could personally arrange with Mr J. P. Morgan that the gold tendered should not be taken. The Deputy Governor had replied that although that was quite possible yet it did not follow that Messrs J. P. Morgan & Co would agree to this on a request from the Bank. The Chancellor then suggested that he should himself telegraph to Mr Morgan asking him to release the gold and he enquired whether that course would be agreeable

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to the Bank. The Deputy Governor said that he would have to consult his colleagues on the point but that if the liability for \$85,000,000 were left outstanding the Bank's position would not be enviable.

The Committee decided that it would be impossible for the Bank to withdraw from Messrs Morgan the gold already placed at their disposal so long as their debt which the gold was intended to discharge remained unpaid. They suggested that the difficulty would best be met by the Government arranging with Messrs Morgan that it should assume the sole liability ^{for the \$85,000,000} (thus eliminating the Bank's name from the obligation) and should also take over the Bank's undertaking to hold the £17,500,000 of gold at Messrs Morgan's disposal. Then, provided Messrs Morgan consented to waive their claim to all or any of the £17,500,000 gold the Government would be *pro tanto* as much able to deal therewith as it would have been if the Bank had never tendered the gold in payment.

The Deputy Governor was requested to make this suggestion to the Chancellor, reminding him that if all the said gold were used a large proportion of it would have to come out of the Bank's published figures, and he was also requested to arrange with the Chancellor that no further withdrawals of the Bank's gold in Canada should be made by the Government's representatives until it had been previously bought by the Government from the Bank.

The Committee also desired the Deputy Governor to remind the Chancellor that even if the Bank were relieved of the debt of \$85,000,000 it would still be under heavy liability for Government account on the Dutch bills and the Japanese bills in America.

The Committee once more discussed the question of submitting the facts to the Court but decided that it would still be undesirable to do so as it was hoped that the liability for the \$85,000,000 would shortly disappear. But in view of the objection that had been raised to the Bank promptly discharging this liability directly it fell due it was considered more necessary than ever that the Court should be acquainted with the other foreign liabilities just mentioned

which

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which the Bank had assumed for Government account and also with the debt of £25,000,000 unless it were liquidated before next Thursday. In this connection the Governor admitted that he had already done more in the way of pledging the Bank's credit for Government purposes than he was strictly justified in doing, at any rate without the sanction of the Court.

Present.The Deputy Governor
(Mr. Colquhoun)

Mr. Sandeman.

Lord Hollenden

Mr. Johnston

Mr. Cole

Mr. Newman

Lord Revelstoke

Mr. Norman

Monday, the 16th July, 1917.

With reference to the Minutes of the preceding meeting the Deputy Governor remarked that the Governor had told him that he could not remember ever having used the expression "But that is not how we are working" and is certain that he never used it in the sense attributed by the Chancellor.

The Deputy Governor reported that he had by appointment seen the Chancellor of the Exchequer on Saturday morning the 14th. The Chancellor had repeated that he had no personal animosity against the Governor and did not wish him to resign but that it was impossible that matters should go on as at present and that he hoped the Prime Minister would see the Governor again that very day and get the matter settled. The Deputy Governor replied that he knew that the Governor was prepared to express regret that the Chancellor was not consulted before the telegrams were sent, that the Governor had no wish to quarrel with him and that if the Chancellor had had time to attend to these matters himself he (the Deputy Governor) was convinced that no disagreement would have arisen.

The Chancellor said that what had really made him so angry was that these telegrams to Canada had come immediately on the top of the Governor's complaints about the conduct of the Treasury officials and that the two matters were obviously connected, and although the Deputy Governor said he was convinced that there was no connection ~~whatever~~ between them and reminded the Chancellor that he (the Deputy Governor) was equally responsible for the sending of the telegrams, yet the Chancellor maintained his opinion.

The Deputy Governor had then put forward the
effusion

SEC. 10.

16th July, 1917

suggestion made at the last Treasury Committee meeting for dealing with the \$85,000,000 loan and the £17,500,000 of gold. The Chancellor liked the suggestion but thought that before accepting it or even formally receiving it he ought to consult Sir Hardman Liversidge. He therefore drafted a telegram to this gentleman in which he first explained to him (for he had not yet been told) that when Messrs Morgan called their loans the Bank had thought it necessary to place £17,500,000 of the gold at Ottawa at their disposal. The telegram then proceeded "Bank now suggests that H.M. Government should be substituted for them both as the debtor for \$85,000,000 and also as the tenderer of £17,500,000 gold". The message then suggested that Sir Hardman Liversidge would thus be free to make any arrangements possible about that gold and concluded by asking him what he thought of the proposal.

The Chancellor then sent for Sir Robert Chambers and asked him what he thought of the telegram. Sir Robert suggested "having out the words" and as tenderer of the £17,500,000 gold" and remarked that after all the Bank were merely a second name on the debt, but the Deputy Governor reminded him that unfortunately in this particular debt the Bank's was the first name. The Chancellor ordered Sir Robert to send the telegram as it was.

The Deputy Governor had informed the Chancellor that the fear lest, if the Chancellor had been consulted before the recent telegrams were sent, he would have raised objections to the tendering of the gold and thus have ~~caused~~ ^{caused} the Bank to default, had made the Committee of Treasury feel increasingly nervous about the Bank's guarantee of exchange both on the Treasury bills in Holland and on those issued to the Japanese Government against American dollars.

He had also suggested to the Chancellor that in future H.M. Government should buy gold from the Bank before placing it at the disposal of their representatives in America. The Chancellor entirely agreed with the suggestion and handed the Deputy Governor a rough note to be considered at his leisure but gave him no time to read it as he proceeded at once to discuss the affairs of the Exchange Committee.

The

16th July, 1917

The Chancellor's rough ^{note} draft read as follows:-

- "1) If possible get gold at Ottawa free.
- "2) Have note of all gold held by Bank of England not published in "returns". This gold to be sold to Treasury and kept at disposal of "Exchange Committee
- "3) Future accretions of Bank's stock of gold to be treated in same "way".

The Committee agreed that paragraphs 1 & 2 were unobjectionable but that No 3 was too sweeping as it would deprive the Bank of the power of ever increasing its reserve or of paying any of its own foreign obligations in gold without decreasing it, although the general policy of the Bank would of course be in future as in the past to reserve accretions of gold as far as possible for the use of Her Government. But the Committee considered that as no reply to the note had been asked for it was unnecessary to raise objections to it unless it were referred to again.

The Committee then considered a draft letter to the Chancellor which had been submitted by the Prime Minister to the Governor for his signature on Friday night (13th instant) enclosed in a note saying "My dear Governor. I suggest a letter on these lines from you to the Chancellor. The sooner the better."

The Draft Letter was as follows:-

"13th July, 1917.

"I much regret that I sent instructions as to the
 "removal of the gold at Ottawa without consulting you and
 "the Bank is sending a formal letter of regret in regard to the
 "telegram instructing the Canadian Government not to act on
 "the instructions of Sir St. Leger. I can assure you that I shall
 "in future not fail to consult you before taking any action
 "involving the general conditions of national credit or substantially
 "affecting the gold holding of the Bank. Indeed, the relationship
 "between the Treasury and the Bank must, during the war, be so
 "intimate that if you felt that there could not be complete and
 "harmonious co-operation between yourself and me, I should not
 "think it compatible with the public interest that I should continue
 "to occupy my position as Governor of the Bank of England."

The Deputy Governor reported that on returning to the Bank from his interview on Saturday with the Chancellor he had, in view of the latter's evident anxiety to get the matter settled quickly, sent the Chancellor a personal note saying that the Governor was in town & had already heard
 from

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from the Prime Minister and would sign any letter which the Committee of Treasury would authorize him to send.

The text of the first portion of the telegram from Messrs J. P. Morgan & Co ^{to their firm here} referred to by the Governor at the meeting of the 4th instant was read to the Committee as follows:-

"Telegram received from Messrs J. P. Morgan & Co"

"3rd July 1917.

"~~47404~~ Dear Sir. Please inform the Chancellor of the Exchequer that all plans and movements during past two months have been predicated on our definite understanding that number 1 and 2 would be liquidated in full on 2nd of July as result of advances to the amount of \$400,000,000 to be made to the British Government by the American Government and paid to us for that specific purpose. Relying upon this understanding we have in many cases committed ourselves accordingly to financial Institutions who are participants in this loan to the extent of approximately \$235,000,000, there being in all about 60 such participants. It is a cause of great regret that conditions here make it clear that this loan payable on demand cannot be continued longer, and unless some other solution can be arranged for immediately, we feel we must proceed to sell collateral and apply proceeds toward reduction of loan.

"We would expect to begin such sales on Thursday morning."

The Committee after some discussion decided to authorize the Governor to send the letter to the Chancellor in the following form:-

"Private and Confidential"

"16th July 1917

"Dear Sir Chancellor,

"I much regret that I did not consult you before causing the recent telegrams to be sent to Canada about the Bank's gold in Ottawa.

"I have laid the matter before my Committee of Treasury and am authorized to assure you that the Bank fully realize that their relationship with the Treasury

"must

16th July, 1917

" must during the war be so intimate that complete and
 " harmonious co-operation between them is of paramount
 " importance.

" To this end the Bank will not fail to confer with
 " the Chancellor of the Exchequer before taking any action during
 " the war involving the general conditions of national credit or
 " substantially affecting the gold holding of the Bank "

" Yours sincerely,

(signed) " Cunliffe "

" The Right Honourable

" The Chancellor of the Exchequer "

It was also agreed that it would be wise for the
 Governor to write a letter to the Prime Minister covering his
 letter to the Chancellor.

Present

The Deputy Governor (Mr. Chapman)
 Mr. Vandeman
 Lord Hollenden
 Mr. Campbell
 Mr. Johnston
 Mr. Cole
 Mr. Newman
 Lord Kewstoke
 Mr. Norman

Wednesday, the 18th July 1917.

The proceedings of the Committee on the
 11th instant were read.

The Weekly Statement of Discounts and
 Advances granted to Bill Brokers, &c., was laid before
 the Committee.

The Deputy Governor brought before the
 Committee a Minute of the Audit Committee recommending
 that the Regulation affecting the Exchange or Withdrawal
 of Securities under Advance in the Chief Cashier's Office
 be rescinded, and that in future the Auditors
 be instructed to verify daily the details of any
 exchanges or withdrawals of Securities under Advance
 made during the previous business day and to satisfy
 themselves that the relative loans are still adequately
 secured, and that the character of the security is not
 impaired, referring any doubtful question to the
 Governors. The Deputy Governor desired, before
 putting the Minute to the Court, to take the opinion
 of the Committee of Treasury on the matter.

The Committee were doubtful whether the

Auditors

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Accounts and
 Advances to Bill
 Brokers, &c.

18th July 1917

Auditors were competent to judge whether the substitution of one security for another was of any material importance, and they thought it would be better to defer presenting the Audit Committee's Minute to the Court until they had had the opportunity of hearing the Governor's opinion.

On an application from the Widow of Richard G. Haskew, a Pensioner and formerly a Cashier, it was agreed to grant her, during pleasure, an allowance of £60 a year, in accordance with the scale.

It was agreed not to specially insure the lives of the Gate Porters and Firemen on Duty at the Bank against possible injury from Air Craft.

The Deputy Governor reported that the letter addressed to the Chancellor which the Committee had drafted at their meeting on the 16th instant had been sent by the Governor on the afternoon of that day in a covering letter to the Prime Minister as follows:-

16th July 1917

"Dear Mr Lloyd George,

"I enclose a letter which you would oblige me by forwarding to the Chancellor of the Exchequer.

"He will also allow me to convey to him an assurance of my regret that personal difficulties should have arisen. I can assure him that as long as I have the honor of occupying my present position I shall use my best endeavour to act in loyal cooperation with him for the national good; and I trust that he will receive this assurance in the spirit in which it is given and consider the recent incidents as closed -

"Yours very faithfully,
"Cunliffe

"Right Hon.^{ble}
"David Lloyd George,
"M.P."

The Deputy Governor said that he had heard

18th July 1917.

nothing further about the matter.

Present

The Deputy Governor
 Lord Hollenden (Mr. Skayne)
 Mr. Campbell
 Mr. Cole
 Mr. Newman
 Lord Revelstoke
 Mr. Norman

For Minutes of Meeting on Thursday the 19th instant, see folio 131

Friday, the 20th July 1917.

The Deputy Governor reported that the following acknowledgment had been received of the Governor's ~~personal~~ ^{formal} letter of the 16th instant to the Chancellor:—

"Treasury Chambers,
 "Whitehall, S.W.

"15th July, 1917.

My Lord,

"I beg to acknowledge the receipt of your letter of the 16th instant.

"Yours truly,

"A. Bonar Law.

"The Governor
 "of the Bank of England."

The Deputy Governor reported that he had seen the Chancellor of the Exchequer on the previous evening and had ascertained that no reply had so far been received from Sir A. Lever regarding the suggestion made to the Chancellor on the 14th instant. The Chancellor had stated that he had no quarrel with the Bank and did not even require the assurance from them contained in the Governor's letter of the 16th, but he discussed at some length his personal difficulty with the Governor which appeared still to be acute.

SEC. 10

Present

The Deputy Governor (Mr. Colquhoun)
 Mr Sandeman
 Lord Kellendon
 Mr Campbell
 Mr Cole
 Mr Newman
 Lord Revelstoke
 Mr Norman

SEC. 10.

Thursday, the 19th July 1917.

The Deputy Governor informed the Committee that Mr Casno Bonsor had this morning reported to him the substance of a conversation which he had had with Mr C. W. S. Whitburn. Mr Whitburn told Mr Bonsor that he had heard from the Chancellor all about the latter's trouble with the Governor and that the matter was very serious.

Lord Revelstoke said that he too had had a visit in his office from Mr Whitburn on the same subject but had declined to discuss it with him.

The Deputy Governor reported that he had heard nothing further about the suggestion which he had made to the Chancellor on the 14th instant, and the Committee agreed that the Deputy Governor should endeavour to see the Chancellor to-day to ascertain the result.

Present

The Deputy Governor (Mr. Colquhoun)
 Mr Sandeman
 Lord Kellendon
 Mr Campbell
 Mr Johnston
 Mr Cole
 Mr Newman
 Sir Everard Hambro
 Lord Revelstoke
 Mr Norman

CT. 72.

Wednesday, the 25th July 1917.

The proceedings of the Committee on the 19th and 20th instant were read.

The Weekly Statement of Accounts and Advances granted to Bill Brokers, &c., was laid before the Committee.

The Deputy Governor pointed out that the preparation of minutes of the recent Committee meetings had occupied more of his time than he could conveniently afford, and the Committee agreed that the Secretary be asked to remain in the room during future sittings of the Committee in order to make a record of the proceedings, instead of retiring as hitherto after the reading of the Minutes.

SEC. 10

The Deputy Governor reported that on Saturday last he had heard from the Chancellor that Sir H. Lever approved of the suggestion made to the Chancellor on the 14th and that Messrs. Morgan Grenfell & Co. had accordingly, at the Deputy Governor's request sent the following telegram the same day (21st) to their New York House :-

25th July 1917.

"To J. P. Morgan & Co., New York

"From Morgan Grenfell & Co., London.

"21st July 1917.

"You will greatly oblige both British Government and Bank of England if you will arrange as soon as possible to get former name substituted for latter both as the debtor to you for \$85,000,000 odd under No. 1 Account and also as the tenderer of the £17,520,000 Gold about which we cabled as per our 38690 thus eliminating Bank's name from both transactions.

"Government is cabling Sir Samuel Lever in same sense. Please cable when arranged.

On the 24th Messrs. Morgan Grenfell received the following reply from New York

"From J. P. Morgan & Co., New York,

"To Morgan Grenfell & Co., London.

"24th July, 1917.

"As to your suggestion, presume Authorities have overlooked that participations in No. 1 Loan were made in order to overcome legal limitation difficulties with certain Institutions already participating in No. 2 Loan.

"Believe it would be very unwise to attempt for the moment to disturb that situation.

"Five Institutions hold participations in No. 1 Loan aggregating \$27,000,000 odd. We find that \$12,500,000 of this could be transferred to No. 2 Loan, leaving \$14,750,000 odd that must be paid and for which we have no outlet if change suggested is made.

"As to tender in your 38690, Bank of England could cancel these instructions and instead ask the Government advise us that they had instructed Ottawa to hold £17,500,000 gold for our account.

"As for our participation in No. 1 of nearly \$58,000,000 we would be willing to transfer to No. 2 but how the \$14,750,000 balance could be taken care of we are at a loss to know.

"Under present stress of payments we could not assume this amount.

This

25th July 1917

This morning the Chancellor had shown the Deputy Governor a telegram from Sir H. Lever, who had evidently conferred with Messrs. Morgan, recommending that the matter be left as it is, but the Chancellor was, at the Deputy Governor's request, replying with the suggestion that the \$14 $\frac{3}{4}$ millions be paid off in gold and the balance of the \$85,000,000 transferred to No. 3 account, leaving the Government as tenderers of some 14 $\frac{1}{2}$ million sterling of gold in Ottawa. The Committee agreed that nothing further could be done until a reply to this suggestion had been received.

The Deputy Governor enquired whether the Committee would object to the account of the London Exchange Committee in the books of Messrs. Hope of Amsterdam, which at present figured in the name of Messrs. Baring Bros. & Co., being kept in future in the name of the Bank. The Committee considered that the Exchange Committee should first try to get its own name put on the account and if that were refused they would then consider whether the Bank should lend its name.

It was agreed to recommend to the Court of Directors

That the Half-yearly accounts be brought before the Court of Directors on Thursday, the 13th September:

That a General Court to consider of a Dividend (which will also be a Half Yearly Court) be held at the Bank on Thursday, the 20th September next;

That, with a view to the preparation of a Dividend, the balance of the Stock Ledgers of Bank Stock be taken on the night of Thursday, the 20th September next; and

That the Dividend Warrants be delivered on Friday, the 5th October next.

Present

The Deputy Governor
(Mr. Cokayne)

Mr Sandeman

Lord Hollenden

Mr Campbell

Mr Johnston

Mr Cole

Mr Newman

Sir Francis Hambro

Mr Norman

Wednesday the 1st August 1917.

The proceedings of the last Committee were read.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, etc, was laid before the Committee.

With reference to last week's Minutes, the Deputy Governor reported that the Chancellor of the Exchequer had informed him that Sir Hardman Lever had agreed to the suggestion that had been made for dealing with the loan to Messrs. J.P. Morgan & Co. viz.; that \$14½ million be paid off in gold and the balance of the \$85 million transferred to No. 2 Account, leaving the Government as tenderers of some 14½ million Sterling of gold in Ottawa; and that Messrs. Morgan had telegraphed that they were proceeding to effect this arrangement.

SEC. 10

The Deputy Governor also mentioned that the Chancellor had on more than one occasion stated that it might be necessary in certain eventualities to take the Bankers' gold, that, while the Bankers had made no positive opposition to this course they much disliked it and had suggested that they should pay all their gold into the Bank of England. The Committee agreed that it was not desirable that this additional gold should be added to the Bank's published stock of bullion.

It was agreed to recommend to the Court that no change in the rate of Discount be made this week.

In accordance with the wishes of the Committee, the Deputy Governor reported that he had written to Messrs. Hope of Amsterdam to enquire whether they would take the name of the Exchange Committee on behalf of the British Government on their books, in lieu of the name of Messrs. Baring Brothers.

It was reported that of the money lent by the Chilean Government to the Bank, now amounting to
about

12th August 1917.

about £4,250,000, £1,500,000 becomes due on the 20th August and that the Bank had offered to renew this at 5% for six months.

The Deputy Governor mentioned that the Bank of Liverpool felt aggrieved that they were allowed $\frac{1}{2}\%$ less ^{than} the rate allowed to the London Clearing Bankers on money borrowed by the Bank. The Committee agreed that although the Bank of Liverpool are very valued customers of the Bank, they were on quite a different footing to the Clearing Bankers.

Present

The Deputy Governor,
(Mr. Cokayne).

Mr. Sandeman.

Lord Hollenden.

Mr. Campbell.

Mr. Johnston.

Mr. Cole.

Sir Edward Hambro.

Mr. Norman.

Wednesday, the 8th August, 1917

The proceedings of the last Committee were read.

The weekly Statement of Discounts and Advances granted to Bill Brokers, etc., was laid before the Committee.

It was agreed to recommend to the Court of Directors that a pension of £266.13.4 a year in accordance with the scale be granted, during pleasure, to Charles P. G. Hill, a 1st Class Clerk in the Consols office, as from the 13th instant, when he will attain the age of 65 years.

With reference to the minutes of last week, in regard to the offer of the Bank to continue £1,500,000 of the money borrowed from the Chilean Government by the Bank, the Deputy Governor reported that the Chilean Government had now agreed to renew the loan of £1,200,000 for six months at 5% and wished to take the balance of £300,000 in gold; but that before complying with their request he would speak to the Treasury in regard to the question of furnishing the gold.

As

8th August, 1917.

As the American position had somewhat improved and the Chancellor of the Exchequer had not yet had cause to take the Bankers' gold, the question of recommending a change in the Bank Rate was considered not to arise for the moment.

The Deputy Governor reported that the Bank's account in New York had been closed, the balance of the overdraft outstanding being transferred to the name of H. M. Treasury.

The Deputy Governor informed the Committee of his intention to gradually increase the holding of Treasury Bills to £15,000,000, and the Committee approved.

The Deputy Governor also mentioned that at a meeting of Bankers at the Treasury this morning the Chancellor, while not requiring the Bankers' gold at present, had agreed that in order to improve the Bank's gold figures the London City & Midland Bank should pay in £1,000,000 today and a further million shortly against a similar amount of Currency notes.

Present.

The Governor, (Lord Curzon)

The Deputy Governor,
(Mr. C. Kaye)

Mr. Sandeman.

Lord Hollender.

Mr. Wallace.

Mr. Campbell.

Mr. Johnston.

Mr. Cole.

Mr. Norman.

Wednesday, the 15th August, 1917.

The proceedings of the last Committee were read.

The weekly Statement of Discounts and Advances granted to Bill Brokers, etc, was laid before the Committee.

The Governor mentioned that the American position was still somewhat uncertain and that it might be necessary before long to make a change in the Bank Rate, but as the Government were affected much more than the Bank at the present time, he would, before recommending any change, talk the matter over with the Chancellor of the Exchequer; and the Committee approved.

Present

The Governor (Lord Cunliffe)
 The Deputy Governor (Mr. Coakley)
 Mr. Sandeman
 Lord Hollenden
 Mr. Campbell
 Mr. Johnston
 Mr. Cole
 Mr. Norman

Thursday, the 16th August, 1917.

The proceedings of the last Committee were read.

The Committee agreed that on the invitation of Mr. Strong, the Bank should from time to time communicate with the Federal Reserve Bank as to the probable value of money and kindred subjects.

The Governor suggested that in the matter of profits it would be advisable to make some concession to the Government now rather than after the War, when the Bank's charges for management of the debt, etc., would undoubtedly come up for revision. He proposed, in order to show that the Bank did not desire to make any extra profit owing to War conditions, that the Bank should, subject to the sanction of the Proprietors, hand over to the State the whole of their excess profits for the past three years, the balance of which, taking into consideration payments already made, now amounts to about £1,500,000.

The Committee were not unanimous as to the desirability of adopting this course, and after discussion it was agreed that the matter be brought up again next week.

Present

The Governor (Lord Cunliffe)
 Mr. Sandeman
 Lord Hollenden
 Mr. Campbell
 Mr. Johnston
 Mr. Cole
 Mr. Bernard Hambro
 Mr. Norman

Wednesday, the 22nd August 1917.

The proceedings of the last Committee were read.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, etc., was laid before the Committee.

The Governor informed the Committee that Sir Adam Block had issued notices to the Bankers removing the restrictions hitherto placed upon the
 shipment

Discounts and Advances
 to Bill Brokers, etc.

22nd August 1917.

shipment and insurance of gold from the United States of America to other countries. The Governor pointed out to the Committee that this step was in entire opposition to the policy which has been consistently advocated by the Bank, the London Exchange Committee and the Cornhill Committee, and that in all probability Bankers and others here would at once commence to purchase gold (largely contributed by the Allies) for shipment from the United States of America to other countries, with the result that our credits in America might be seriously curtailed and the American Exchange adversely affected.

The Governor stated that in his opinion the Chancellor of the Exchequer was not fully informed as to the removal of these restrictions, and read to the Committee the following telegram which, with the addition of the last sentence the Chancellor had sent to Sir Hardman Lever in Washington on the 21st instant in pursuance of a suggestion put forward by the Exchange Committee on the 17th instant, viz:—

Telegram from the Treasury to Sir Hardman Lever.

17 August 1917.

"From conversation with Lord Cunliffe we learn that before he left America he discussed very fully with Mr. McAdoo and the Federal Reserve Board the question of preventing so far as possible shipment and insurance of gold from United States of America without directly prohibiting such business. We understand that both were very much in favour of this policy and agreed that while the business must not be definitely prohibited yet it should be made known that it is against the public interest to take part in such shipment and that Banks Insurance Companies and Shippers should be dissuaded from taking part in the export of gold. It was thought that the adoption of this course would with little doubt have the desired effect and Lord Cunliffe states that he promised to take up the question with us on his return to England. The policy outlined above has been adopted by the Bank of England with good effect here up to the present and the Bank of England wish of course to act in the matter as the British and United States

Governments

22nd August 1917.

"Governments may desire. The question is one upon which it is essential that our Government and that of the United States should be in accord and we are particularly anxious therefore that there should be no misunderstanding in the matter. Please take the question up again with Mr. McAdoo and cable whether he wishes us to facilitate or to discourage the shipment and insurance of gold from the United States of America to other countries. Of course you understand that I should be reluctant to impose disabilities on our Banks and Insurance Companies unless similar disabilities are imposed in the United States."

The Committee approved of the telegram and agreed that the circumstances be reported to the Court.

The Committee again considered the question of handing over to the Government the whole of their excess profits during the War. The Governor said that the Committee might prefer to make such payment in the form of a return of interest and other charges, the total to be that which the Inland Revenue had fixed as the amount of the Bank's excess profits. He also stated that he wished to bring the matter before the Court to-morrow.

After some discussion the principle of making a repayment to the Government was agreed to, subject to the opinion of the Court, discussion of details being left over for the present.

Present

The Governor (Lord Curcliffe G.C.B.)
Mr. Sandeman
Lord Hollenden
Mr. Campbell
Mr. Johnston
Mr. Newman
Mr. Norman

Wednesday, the 29th August, 1917.

The proceedings of the last Committee were read.

Accounts and Advances
to Bill Brokers, &c.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, &c., was laid before the Committee.

The

29th August 1917.

The Governor informed the Committee -

(1) That he had received a letter from Mr Benjamin Strong dated August 16th to the effect that he was anticipating great stringency in the autumn.

(2) That last September, in order to assist the American Exchange, it had been arranged for the equivalent of £1,000,000 Metropolitan Water Board Bills to be taken up in New York by a syndicate headed by the Guaranty Trust Co. of New York, the rate for the twelve months being $6\frac{1}{2}\%$. Negotiations were now being carried on for renewal of these bills and an offer had been received from the Guaranty Trust Co for renewal at $7\frac{1}{2}\%$. He had advised the Treasury that this was a very high rate and that it should not be accepted without consultation with Mr McAdoo.

(3) That the British Government, with the knowledge and sanction of Mr McAdoo, are issuing 3 months dollar bills in New York at $5\frac{1}{2}$ per cent discount.

(4) That the Indian Council had raised the rate for their drafts to $1\frac{1}{5}$ but had left the price of rupees at 15 to the sovereign, which had the effect of putting a considerable premium on purchases of gold in America for shipment to India.

SEC. 10.
The Governor said that as he was to see the Chancellor this afternoon, he would take the opportunity of pointing out the position to him as it would probably mean a rise in the Bank Rate before long. He did not propose now or at any time to obtain the Chancellors special sanction in regard to such changes as might be contemplated in the Bank Rate.

The Governor laid before the Committee a letter from Messrs. Freshfield with Copy of Opinion by Sir John Simon to the effect that the purchase by the London City and Midland Bank Limited of the control of the Belfast Banking Company Limited did not affect the right of the Belfast Banking Company Limited to continue to issue Bank Notes in Ireland

On

29th August 1917.

On the recommendation of the Governor it was agreed that a bonus of £400 a year from the 1st January 1917 for the period of the War be granted to Dr Arthur J. Davies, the Bank Medical Officer, in view of the increase which had taken place in his work at the Bank.

It was agreed to recommend to the Court of Directors that a pension of £44.12.- a year, in accordance with the scale, be granted, during pleasure, to Walter F. Richmond, Principal of the Consols Office, as from the 5th September, when he will attain the age of 65 years.

The question of further employment, for which he had applied, was left open until it could be ascertained whether suitable work would be available.

The Committee had before them a letter from Ormsby J. Hill, Deputy Principal of the Accountants' Bank Note Office, who, at the age of 62 and after 40 years service, asked permission to retire from the Service owing to ill-health.

It was agreed to recommend to the Court of Directors that Hill's resignation be accepted and that he be granted, during pleasure, a pension equal to his salary until the 30th November next and thereafter of £300 a year in accordance with the scale.

The Governor informed the Committee that the experiment of working day and night shifts in the Transfer Department was started yesterday (28th instant).

Present

The Governor (Lord Amuliffe GCB)
Mr Campbell
Mr Johnston
Mr Cole
Mr Norman

Wednesday, the 5th September, 1917.

The proceedings of the last Committee were read.

Discounts and Advances
to Bill Brokers, &c.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, &c., was laid before the Committee.

The

5th September 1917

The Governor informed the Committee that he had heard privately that a reply to the Chancellor's telegram of the 21st August had been received from Washington but the London Exchange Committee had not yet been notified. He said that the position in regard to gold was getting worse but he could hardly advise a change in the Bank Rate, although

(1) Several of the Indian Banks are arranging for shipments of Gold from the United States,

(2) The London Exchange Committee had been asked by the India Office to suggest an amended price for gold in India and they had proposed 14 rupees 4 annas to the £. This proposal had not yet been accepted, but as the Secretary of State for India had been away the change in Council Drafts seemed to have been carried through without his knowledge.

(3) The representatives of the Metropolitan Water Board, under instructions from the Treasury and without reference to Mr McAdoo, had accepted the Guaranty Trust Co's offer to renew their Bills of the equivalent of £1,000,000 at $7\frac{1}{2}$ per cent, the Guaranty Trust Company having declined an offer by the Water Board of 7 per cent.

(4) The situation in the United States had got beyond Lord Northcliffe, who had cabled to ask if the Chancellor of the Exchequer and Lord Reading could go to America. The Chancellor could not go, but Lord Reading has gone and he will do his utmost while in America to obtain repayment of the debt to Messrs. Morgan which Mr McAdoo had promised should be repaid out of the first proceeds of the American ^{Liberty} Loan, but which had not been done. The Governor said that if Lord Reading were successful in this it would probably ease the situation - at any rate for a time.

The Governor read an extract from a letter from the Head Office of the Canadian Bank of Commerce to their London Office asking them to ascertain whether the English Government would object to surplus gold
at

5th September 1917.

at their Branches being sold for shipment to Spain. He also read copies of correspondence on the subject between the Bank and the Treasury - whose first reply had been suppressed by Mr Baldwin - and a copy of the Bank's reply to the Canadian Bank of Commerce - written at the request of the Chancellor - to the effect that the Governors of the Bank viewed the proposal with disfavour.

The Governor informed the Committee that he had attended a Meeting at the Treasury at which Mr Goschen representing the Banks, and Sir R. Milson had been present, to consider the question of a fresh Loan. Certain proposals had been made and Mr Goschen had approached some of the Banks, but the suggestions were unacceptable.

The Governor then laid before the Committee for consideration certain suggestions for Ten Year Bonds with various rights of conversion.

The Governor read to the Committee a letter from Messrs. Freshfield, with reference to his proposal regarding the Bank's excess profits and stated that in view of the facts contained therein his original proposal must be withdrawn, but that a scheme might be formulated which would avoid the difficulties and achieve the object in view.

Present

The Governor (Lord Curzon, G.C.B.)
Mr Campbell
Mr Johnston
Mr Cole
Sir Gerard Hambro
Mr Norman

Wednesday, the 12th September 1917.

The proceedings of the last Committee were read.

Accounts and Advances
to Bill Brokers, &c., including
Foreign Commitments

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including Foreign Commitments, was laid before the Committee.

The

12th September 1917

The Governor, after discussion, did not propose any alteration in the Bank Rate, and said that in his opinion it would be desirable to put up the Treasury Bill Rate before the Bank Rate.

The Governor was unable to report any change in the Indian position and informed the Committee that the Chancellor was apprehensive of a definite call for gold from the Government of India. Although the Council had a metallic reserve in India of over 40%, they were endeavouring to increase it rather than their Notes.

Mr Cole mentioned that, at the Governor's request, he called upon the Chancellor yesterday with reference to the shipment of gold from the United States of America, and that the Chancellor had then telegraphed to Washington, asking definitely what restrictions had been imposed, but that up to the present no reply had been received.

With reference to last week's report on the issue over the Counter of ten-year bonds, a question which required immediate settlement in order to avoid the necessity of a large funding operation, with which the Bank would find it difficult to cope, the Governor mentioned that the Chancellor hoped to discuss the matter further to-morrow.

The ^{Deputy} Chief Accountant produced the accounts of the Bank, for the past half year.

It was agreed that the sum of £35,080: 5: 11 being the half-year's profit, ending the 28th February last, on raw gold purchased in India, together with the sum of £2,535: 19: 4 included in the Accounts for the past half year, be rebated to the Government, the Bank having stated their intention to make no such profit during the War.

Present

The Governor (Lord Cunliffe)
 The Deputy Governor (Mr Skaype)
 Mr Sandeman
 Mr Campbell
 Mr Johnston
 Mr Cole
 Sir Everard Hambro
 Mr Norman

Wednesday the 19th September 1917.

The proceedings of the last Committee were read.

Discounts and Advances to Bill Brokers, including foreign commitments.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including foreign commitments, was laid before the Committee.

The Governor reported that so far as he was able to judge there was no change in the American position, although the rate for the sale of dollar Treasury bills in New York appeared to have been put up to $5\frac{1}{2}\%$; that the shipment of gold and silver from the United States of America had been definitely prohibited, except under license, and that the total of American Bank balances held in London now appeared to be at a minimum, or round about £10,000,000.

With reference to the question of the issue over the counter of 5% short-term bonds, the Governor said that the scheme already laid before the Committee was practically an issue with a net yield, including redemption, of about 4 guineas per cent. and had been approved by the Bankers, who had undertaken to use every endeavour to make it a success if brought out. The Chancellor seemed to be in favour of piling up Treasury Bills and "Ways and Means" Advances until early next year, when he felt he could bring out another funding Loan, but the Bankers were not in agreement with him - The Committee hoped the Chancellor would be persuaded to adopt the issue of short-term bonds, in order that without further delay, the way might be open for a rise in the rate for Treasury Bills and in the Bank Rate - in harmony with the increasing value of money in the United States of America - meanwhile no alteration in the Bank Rate was proposed.

The

19th September 1917.

The Governor brought forward a request from the Staff of the Bank, owing to the increased prices of food and the high rate of Income Tax, for some financial assistance, and the Committee agreed to ask the Deputy Governor, Mr Norman and Mr Lubbock to look into the question with the Governor and report to the Committee.

Meeting

20th September 1917

at the Meeting of the Committee on the 12th September, 1917.

It was Resolved,

Dividend on Bank
Stock.

That having examined the state of the Bank's Accounts, the Committee are of opinion that it will be desirable to recommend to the General Court on the 20th instant.

That a Half-Year's Dividend of Interest and Profits be made on the 5th October next of £5 per cent, less Income Tax.

Present

The Governor (Lord Cunliffe)
The Deputy Governor
(Sir Owen Cothran)

Mr Campbell
Mr Johnston
Mr Cole
Sir Edward Hambro
Lord Kewstoke
Mr Norman

Wednesday, the 26th September 1917.

The proceedings of the last Committee were read.

Discounts and
Advances to Bill
Brokers, including
Foreign Commitments.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including Foreign Commitments, was laid before the Committee.

It was agreed that no alteration be recommended in the Bank Rate this week.

The Governor mentioned that the arrangements for the issue over the Counter of various short term National War Bonds, in lieu of 5% Exchequer Bonds which had been withdrawn, were now complete; that the Chancellor was unable to make an announcement to-day to the Bankers as arranged and the Prime Minister had

26th September 1917.

had undertaken to address the Bankers at the Bank on the subject to-morrow afternoon.

It was agreed to recommend to the Court of Directors for adoption the proposals contained in the accompanying Report, viz:-

Recommending
gratuities to the Permanent
Clerical Staff &c.

"Committee of Treasury,
"26th September, 1917.

~~"It was agreed to recommend to the Court of Directors for adoption the proposals contained in the accompanying Report, viz:-~~

"Bank of England,
"25th September, 1917.

"The Committee appointed by the Committee of Treasury to look into the question of granting some financial assistance to the Clerical Staff of the Bank, to meet the increased price of food and the high rate of Income Tax, report that they have considered the matter and make the following recommendations, viz:-

1. "That some financial assistance be granted for the period of the War to the Permanent Clerical Staff of the Bank including Agents and Sub-Agents and to Pensioners who are not in receipt of adequate incomes from other sources.

2. "That the assistance take the form of gratuities based on the salaries and pensions payable at the present time, except as regards Agents and Sub-Agents who will if necessary be dealt with separately on the merits of each case.

3. "That the scale of gratuities be as follows:-

"To Men on the Permanent Staff and Pensioners
"while at work at the Bank.

"A sum of £10:- per An. to those in receipt of a salary of £300
"a year and under
" £12:10:- .. to those in receipt of a salary of over
"£300 a year and under £1,000

"To

26th September 1917.

"The Committee have further to report that they have considered the list of allowances granted to Widows, etc., but have no recommendations to make in regard thereto.

"Cunliffe"

Present

The Governor (Lord Cunliffe)
The Deputy Governor (Sir Brian Abney)
Mr Campbell
Mr Johnston
Mr Cole
Sir Gerard Hambro
Lord Revelstoke

Wednesday, the 3rd October 1917.

The proceedings of the last Committee were read.

Discounts and
Advances to Bill Brokers,
including Foreign
Commitments.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including Foreign Commitments, was laid before the Committee.

It was agreed that no alteration be recommended in the Bank Rate this week.

The Governor mentioned that a Parliamentary Committee on Public Expenditure had been formed and that he had been summoned to a Meeting of a Sub-Committee appointed by that Committee, to examine the expenditure of the Treasury. They suggested that economies should be effected in the charges paid by H. M. Treasury to the Bank.

The Governor informed the Committee of Treasury that he thought reductions might be made in the charges for management of the Public Debt and laid before them statements showing that the amount of Stock and Registered Exchequer Bonds managed by the Bank on the 31st August 1917 was £2,795,000,000; also that the estimated cost of management of the funded debt at the present time was £162 per £1,000,000 and the average amount received by the Bank was £202 per £1,000,000.

The Committee considered that in the circumstances it was desirable to make some concession to the Government and in view of the difficulty of arriving at a reliable basis on which to estimate the amount of profit earned by the Bank and having regard to the large amount of excess profits, it was agreed to submit to the Court of Directors, on the Governor's

3rd October 1917

Governor's suggestion, that the Bank should make an offer to H. M. Treasury to manage free of charge for one year or till the end of the War, whichever happens first, the whole of the Public Debt funded and unfunded, on the distinct understanding that the terms for management of the Public Debt come up for revision at the end of the War.

For the year ending April 1918 the estimated amount payable to the Bank on the funded and unfunded debt is £405,000.

The Governor referred to the recent criticisms, in the Press and elsewhere, of the Bank's constitution and practices and remarked that although some of those criticisms were illfounded there would no doubt be a demand for enquiry into the Bank at the end of the War. He therefore hoped the Committee would approve of the suggestion made to him by Lord Revelstoke that a Committee should be appointed from among the Members of the Court, especially the younger Members, to enquire into such matters and to make recommendations. He realised that there were difficulties in the way of such a course and he was not clear how far such an enquiry from within would ward off enquiry from without. - But he thought the plan was worth trying.

The Committee agreed that the Governor should moot the idea at to-morrow's Court with a view to submitting a more definite proposal later, and Lord Revelstoke suggested that the proposed Committee should consider, inter alia, the question whether a further Committee consisting partly of people outside the Bank should be appointed to consider their recommendations.

Present

The Governor (Lord Cunliffe)
The Deputy Governor (Sir
Brian Cokayne)
Lord Hollender
Mr. Campbell
Mr. Johnston
Mr. Cole
Lord Revelstoke
Mr. Norman

Wednesday, the 10th October 1917.

The proceedings of the last Committee were read.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including Foreign Commitments, was laid before the Committee.

The

Discounts and
Advances to Bill
Brokers, including
Foreign Commitments

10th October 1917

The Committee agreed that no alteration be recommended in the Bank Rate this week.

The Governor informed the Committee that the Sub-Committee appointed to examine the expenditure of the Treasury had asked for further information in regard to the Bank's affairs, such as the amount of Bankers' balances. He mentioned that the relations between the Bank and its customers had always been regarded as strictly confidential and he did not feel justified in giving these particulars unless obliged to do so. He had accordingly addressed a letter to Mr H. L. Samuel, the Chairman of the Select Committee on Public Expenditure, asking for the terms of reference and powers, but up to the present he had not received a reply. He did not therefore propose at present to recommend the Court to make an offer to the Treasury in regard to the management of the Public Debt.

The Committee referred again to the question of appointing a Committee to enquire into the general working of the Bank, etc., and after discussion it was agreed to recommend to the Court -

To appoint a Committee to consider whether any, and if so what, changes are desirable in the Direction and general working of the Bank

The Committee to report in the first instance to the Committee of Treasury as early as possible, with a view to a subsequent recommendation by the Committee of Treasury to the Court.

Any Director, not a Member of the Committee, may, if he wishes to do so, send in a written statement for consideration by the Committee, and any Director or Official of the Bank may be called by them to give his evidence or produce any documents required on any point on which they may think it desirable to have information. Any such statements or evidence will be considered strictly confidential.

The Committee to have power to ask for expressions of opinion in confidence from any
person

10th October 1917.

person outside the Bank whom they may consider it desirable to consult.

The Committee to consist of -

Lord Revelstoke Chairman

Mr Jackson

Mr Norman

Mr Lubbock

Sir Robert Sundersley

Secretary, Mr Dale.

Present

The Governor (Lord Carlisle)
The Deputy Governor
(in Brian Chappell)

Lord Hollenden
Mr Campbell
Mr Johnston
Mr Newman
Lord Revelstoke
Mr Norman

Wednesday, the 17th October 1917.

The proceedings of the last Committee were read.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including Foreign Commitments, was laid before the Committee.

It was agreed that no alteration be recommended in the Bank Rate this week.

The Governor pointed out, however, that though the applications for National War Bonds had so far been very good, the amount received had not kept pace with the expenditure and the Bank would have to advance £4,000,000 to-night on Ways and Means, in order to pay off Treasury Bills which would then amount to about £950,000,000.

As a means of helping the Government he had suggested to the Treasury that the Bank should discount at 1% below Bank Rate the money received by Bankers for War Loan applications which they hold for 15 days; but for some reason or other the Treasury did not see their way to accept the offer.

He asked the Committee to devise, if possible, some scheme which would overcome the present difficult position in regard to Government borrowings.

The Governor referred to the question of the selection of Governors for the ensuing year. He reminded the Committee that some time ago he had told them that if a new Governor were to be selected in November and an announcement made to that

* Amendment from 1/2 down to 1/4 on 21st Oct. agreed to by Committee on 27th Oct.

17th October, 1917.

effect he would prefer to relinquish the Governorship either at once or at the beginning of January rather than continue in office till April.

In the present circumstances he was strongly of opinion that it was inadvisable for many reasons that the selection and subsequent announcement of Governors should be made in November in conformity with the Order of Court of the 30th November 1848.

He pointed out that if it were known outside the Bank that a change of Governorship was to take place, it would probably lead to all kinds of awkward questions and would weaken his position as Governor, as well as being detrimental to the incoming Governor.

The Governor reminded the Committee that in November 1914 - when the Audit was delayed - the selection of Governors had been postponed till the 4th February 1915 and he asked them to concur in his proposal to suggest to the Court to-morrow that the selection of Governors be postponed until the end of February.

*. Amendment agreed to by Committee on 31st October.

* referred to the Governor's suggestion that he should leave in October or in January next and *
Mr Campbell proposed as an amendment that the matter should be postponed for a week, and after some discussion the Committee finally agreed that the Governor should give notice to the Court to-morrow that he would bring forward a Resolution next week to postpone the selection of Governors until the last Court of February next year.

It was agreed to concur in a Minute of the Audit Committee in regard to amending the Regulation relating to Advances in the Chief Cashier's Office.

Present.

The Governor (Lord Cunliffe)
The Deputy Governor (Sir Brad Coke)
Lord Hollenden
Mr Wallace
Mr Campbell
Mr Johnston
Mr Cole
Mr Newman
Sir Gerard Hambro
Lord Revelstoke
Mr Norman.

Discounts and Advances to Bill Brokers, including Foreign Commitments.

Wednesday, the 24th October, 1917.

The proceedings of the last Committee were read, and agreed to, subject to certain amendments.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including Foreign Commitments, was laid before the Committee.

It was agreed that no alteration be recommended in the Bank Rate this week.

The

24th October, 1917.

The Governor mentioned that the Ways and Means Advances now amounted to about £103,000,000: that on the 1st December next about £50,000,000 Interest on Government Securities would become due and that he did not see how this was to be met, except by Ways and Means Advances. He had suggested a scheme to the Joint Stock Banks under which they should in some way lend a further portion of their deposits to the Government direct without the Bank as intermediary, and although he was of opinion that the Bankers were willing to help the financial situation if possible, they were very anxious to maintain their proportion

The Committee agreed that the Suspense Account headed "Unappropriated Profits" in the Bank Books should in future be called "Suspense Account No. 1"

The Governor mentioned that he had received an application from the Banco de Bilbao for permission to open a Drawing Account with the Bank on their opening an Office in London. He was of opinion that for many reasons it was not desirable that foreign accounts should be opened, except in the case of State Banks. The matter would in the ordinary course come before the Court tomorrow and the Committee agreed with him that it was undesirable to open the Account in question.

The Governor also referred to the application of the Credit Lyonnais to open an Account, which was declined by the Court of the 27th August 1914; he explained that though he had entirely forgotten the circumstances the fact remained that he had, contrary to the instructions of the Court, allowed the Account to be opened. He could not recollect why he had done so, but was under the impression that pressure had been brought to bear upon him by the Government at the request of the French Government. The average balance at the time the Account was opened was about £3,000,000: in 1915 it was £336,000: in 1916 it was £9,380, and this year it was £3,182.

Lord Revelstoke said he remembered discussing at the time in Paris the operations of the Credit Lyonnais, who were then assisting the French Government in connection with promissory Bills, which he thought would account to some extent for the large balance then standing to their credit, but he had not discussed the matter with the Governor.

The Governor asked the Committee to concur in his proposal to take the necessary steps to close the Account, which

24th October, 1917.

which he regretted should have been opened. The Committee agreed in principle that it was not advisable in the interests of the Bank to have foreign Drawing Accounts, except National Banks, and the case of the Credit Lyonnais was left over for further consideration, but it was decided that it was not desirable to require the account to be closed at the moment.

The Governor informed the Committee that the Federal Reserve Bank of New York had offered to telegraph weekly as to the financial position in America and that he proposed to send in reply such information as he thought they might like to have. The Committee concurred.

The Governor again referred to the questions which had been addressed to the Bank by the Sub-Committee appointed to examine the expenditure of the Treasury. It appeared that they were not justified in asking for the particulars of the Bankers' balances and that they had left it to the Bank to furnish such information as they were prepared to give. The relative information was laid on the table.

He mentioned that there was still a good deal of talk about the profits of the Bank at the present time, and although the Treasury had said that they did not expect the Bank to make a rearrangement of all the terms now, the Governor felt that it was desirable, if possible, to make some concessions.

Sooner or later the Bank would have to make terms for the management of the new War Bonds, as they did not come within the scope of any previous arrangements made for remuneration and the Governor suggested to the Committee that the Bank should issue and manage, free of all expense to the Government, the National War Bonds to the extent of, say, £1,000,000,000 pending the reconsideration of the terms of management etc., at the end of the War.

After a good deal of discussion the Committee were of opinion that under the circumstances it was not advisable to offer any concessions at the present time ~~and~~ thought that the matter should be left over until after the War, when the whole question of the terms for management, &c., would

have

24th October, 1917.

have to be considered.

It was agreed to decline an application for a donation from the Young Women's Christian Association for Girl War Workers.

Present

The Governor (Lord Ancliffe)
 The Deputy Governor
 (Sir Brien Colquhoun)
 Lord Hollenden
 Mr Wallace
 Mr Campbell
 Mr Johnston
 Mr Cole
 Mr Newman
 Sir Gerard Hambro
 Lord Revelstoke
 Mr Norman.

Wednesday, the 31st October 1917.

The amendments made to the Minutes of the 17th instant were read and agreed to.

The proceedings of the last Committee were read.

Referring to last week's Minutes in regard to the Drawing Account of the Credit Lyonnais, the Committee agreed that in the circumstances the Governor should see the Manager and ask him to close the Account either now or at the end of the War.

Weekly Statement of Discounts and Advances including Foreign Commitments.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including Foreign Commitments, was laid before the Committee.

It was agreed that no alteration be recommended in the Bank Rate this week.

Present

The Governor (Lord Ancliffe)
 The Deputy Governor
 (Sir Brien Colquhoun)
 Lord Hollenden
 Mr Wallace
 Mr Campbell
 Mr Johnston
 Mr Cole
 Mr Newman
 Lord Revelstoke
 Mr Norman.

Tuesday,
 Thursday, the 6th November, 1917.

The proceedings of the last Committee were read.

The Governor reported that he had seen the Manager of the Credit Lyonnais, who had undertaken to close their Drawing Account with the Bank at the end of the War.

The Committee took into consideration the question of the selection of Governors for the ensuing year.

It

6th November 1917.

It was agreed, on the suggestion of the Governor, to propose to the Court of Directors on Thursday next, that Sir Brin Bokayne be recommended to the Court of Proprietors in March next to be elected Governor, and that Mr. M. C. Norman be recommended to the Court of Proprietors to be elected Deputy Governor.

Present

The Governor (Lord Cunliffe)
The Deputy Governor (Sir Brin Bokayne)
Lord Hollender
Mr. Wallace
Mr. Campbell
Mr. Johnston
Mr. Cole
Mr. Norman
Lord Revelstoke
Mr. Norman.

Weekly Statement
of Discounts and
Advances including -
Foreign Commitments.

Wednesday, the 7th November, 1917.

The proceedings of the last Committee were read.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including Foreign Commitments, was laid before the Committee.

It was agreed that no alteration be recommended in the Bank Rate.

It was stated in answer to enquiries, that the liabilities on Bills endorsed in Holland were being reduced by shipments of gold and were now £10,556,000 as against £15,640,000 in May, but that no specific reserve had been set aside in gold against the Bank's liabilities in Holland or New York. The Governor hoped that it would be possible to still further reduce such liabilities this month, and promised the Committee a statement as to the exact position.

It was agreed that the Governor should, at his discretion, increase the Bank's holding of 15 millions of Treasury Bills.

The question having been raised as to the regular procedure in regard to the selection of Governors, it was explained that the course to be pursued was precisely laid down by an Order of Court dated the 30th November, 1848.

It was agreed to concur in a Report of the Committee for Branch Banks recommending the appointment of an additional Acting Sub Agent for the Branches, together with a revised scale of pay for Women Clerks at the Branches.

Present

The Governor (Lord Cunliffe)
 The Deputy Governor (Sir Brian Cokayne)
 Lord Hollenden
 Mr Wallace
 Mr Campbell
 Mr Johnston
 Mr Cole
 Mr Newman
 Sir Bernard Stambro
 Lord Revelstoke
 Mr Norman.

Discounts and
 Advances to Bill
 Brokers, including
 Foreign Commitments

Wednesday, the 14th November, 1917.

The proceedings of the last Committee were read.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including Foreign Commitments, was laid before the Committee.

It was agreed that no alteration be recommended in the Bank Rate.

The Governor submitted a statement -

(1) In regard to the Bank's liabilities on Bills endorsed in Holland, showing that the maximum amount of Bills outstanding at any one time was £15,641,000, of which £5,186,000 had been paid off, leaving £10,455,000 now outstanding.

(2) That the total liabilities on Bills payable in dollars at the exchange of 4.76½ on account of the Japanese Government amounted to £10,000,000.

The Governor informed the Committee that the Bank were allowing the London bearing Bankers 4½% on money at three days notice, held by them on behalf of foreign clients, on a declaration by the Bankers that it was actually foreign money. He was not yet altogether convinced that the scheme would work satisfactorily, but it was being tried as an experiment and as a means of possibly helping the financial position. The money received up to date amounted to £23,756,000.

He also mentioned that he would in all probability be called upon to give his opinion on the Issue of Premium Bonds before the House of Commons Committee which had been appointed to consider that question, and he felt that it would be helpful to him to get the views of the Committee and the Court on the subject if possible. The feelings expressed by Members of the Committee were not favourable to such an issue, but they were doubtful whether on this question it would be possible to get a definite expression of opinion from the Court as a whole.

Present

The Governor (Lord Cunliffe)
 The Deputy Governor
 (Sir Brian Corkayne)
 Lord Hallenden
 Mr Wallace
 Mr Campbell
 Mr Johnston
 Mr Cole
 Mr Newman
 Sir Edward Hambro
 Lord Revelstoke
 Mr Norman.

Wednesday, the 21st November, 1917

The proceedings of the last Committee were read and agreed to, subject to the insertion in the Minutes of the amount of foreign money received from the London Clearing Bankers up to that date, viz: £23,750,000.

It was agreed that no alteration be recommended in the Bank Rate.

Discounts and
 Advances to Bill Brokers
 including Foreign Commitments

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including Foreign Commitments, was laid before the Committee.

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Some discussion took place in regard to allowing the London Clearing Bankers $4\frac{1}{2}\%$ on money held by them on behalf of foreign clients, and the matter was adjourned for a fortnight.

The Deputy Governor read to the Committee a Resolution from the Clearing Bankers - a copy of which had also been sent to the Chancellor of the Exchequer - expressing regret at Lord Cunliffe's impending retirement from the Governorship, and the hope that his valuable services might still be secured to the country. Mr Harry Goschen had been commissioned in handing the Resolution to the Deputy Governor to inform him that it did not imply any want of confidence on the part of the Bankers in Mr Norman and himself.

The Committee agreed that the Deputy Governor should report the matter to the Court to-morrow.

The Deputy Governor also referred to the position of the Bank Provident Society, for which the Bank accepted full liability for the Assurance and Annuity Funds.

The Actuary had reported that, as a result of his valuation of the affairs of the Society as on the 30th November, 1916, he considered that, in spite of the depreciation in the value of the Securities amounting to about £60,000, the Society was in a position to declare a bonus, in view of the guarantee of the Bank. The Society was, however,

doing

21st November, 1917.

doing practically no new business and it was doubtful whether its affairs would materially improve. On the other hand the Bank's liability would remain, and the Committee agreed with the Deputy Governor's suggestion that he should discuss with the Managers of the Society the advisability of transferring the business to an outside Office, if satisfactory terms could be arranged.

Present:

The Governor (Lord Cunliffe)
The Deputy Governor
(Sir Brian Cokayne)

Lord Hollenden
Mr Wallace
Mr Campbell
Mr Johnston
Mr Cole
Mr Newman
Sir Gerard Hambro
Lord Revelstoke
Mr Norman.

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Wednesday, the 28th November 1917.

The proceedings of the Committee on the 21st instant were read and agreed to, subject to the following addition -

"At to-day's meeting of the Committee of Treasury during the discussion of the question of the Bank giving 4½% for Foreign money an arrangement to which it was understood effect had been given before the question was brought to the notice of the Committee on Wednesday last, the 14th instant, Lord Revelstoke submitted that it was not right that such negotiations should be carried on with the Clearing Banks and any such arrangement concluded, without due information being given to the Committee of Treasury."

It was agreed that in future the Secretary should submit to the Committee a draft of the Minutes of the previous Meeting and that the Minutes should not be entered in the Minute Book before being approved by the Committee.

It was agreed that no alteration be recommended in the Bank Rate.

Weekly Statement of Discounts and Advances to Bill Brokers, including Foreign Commitments.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including Foreign Commitments, was laid before the Committee.

The widow of Arnold J. Draper, 3rd Class Clerk at the Liverpool Branch granted an Allowance

On an application from the Widow of Arnold J. Draper, formerly a 3rd Class Clerk at the Liverpool Branch, who was killed in action on the 21st October, it was agreed to grant her, during pleasure, an Allowance of £34 a year, in accordance with the scale.

Present

The Governor (Lord Cunliffe)
The Deputy Governor
(Sir Brian Cokayne)

Lord Hollenden
Mr Wallace
Mr Campbell
Mr Johnston
Mr Cole
Mr Newman
Sir Gerard Hambro
Lord Revelstoke
Mr Norman

Wednesday, the 5th December 1917.

The proceedings of the last Committee were read and agreed to.

It was agreed that no alteration be recommended in the Bank Rate.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, etc., including foreign commitments was laid before the Committee.

The Committee again considered the question of allowing the London Clearing Bankers $4\frac{1}{2}\%$ on money held by them on behalf of named foreign clients. The Governor mentioned that the arrangement was only made at the urgent request of the Chancellor of the Exchequer, who wished to go even further; that he was not personally in favour of the scheme, even if merely experimental, as he thought there was too much risk of home money being included, in spite of the steps taken by the Bank to safeguard themselves; at the same time the risk was certainly lessened by the arrangement being confined to the Clearing Banks, although this risk was likely to increase as the arrangement continued.

It was reported that the foreign money received up to date amounted to £40,390,000.

Present

The Deputy Governor
(Sir Brian Cokayne)

Lord Hollenden
Mr Wallace
Mr Campbell
Mr Johnston
Mr Cole
Mr Newman
Sir Gerard Hambro
Lord Revelstoke
Mr Norman

Wednesday, the 12th December, 1917.

The proceedings of the last Committee were read and agreed to.

It was agreed that no alteration be recommended in the Bank Rate.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, etc., including foreign commitments, was laid before the Committee.

Discounts and
Advances to Bill Brokers,
including Foreign Commitments

The Widow of C. J. D. Clarke, a 2nd class clerk in the Branch Banks Office, granted an allowance.

On an application from the Widow of C. J. D. Clarke, formerly a 2nd Class Clerk in the Branch Banks Office, who was killed in action on the 15th September, it was agreed to grant her during

12th December, 1917.

pleasure, an Allowance of £34 a year in accordance with the scale.

It was agreed to concur in a Report of the Committee for the House and Servants, recommending a further increase of wages etc. to the Porters and Bank Note Stampers for the period of the war, together with an increase in the "personal" wages of the Head Gate Porter.

Present

The Governor (Lord Cunliffe)
The Deputy Governor
(Sir Brun Colquhoun)

Lord Hollenden
Mr Wallace
Mr Campbell
Mr Johnston
Mr Cole
Sir Bernard Hambro
Lord Revelstoke
Mr Norman

Wednesday, the 19th December, 1917.

The proceedings of the last Committee were read and agreed to.

It was agreed that no alteration be recommended in the Bank Rate.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, etc., including foreign commitments, was laid before the Committee.

With reference to the Russian Finance Bills that were from time to time being accepted and negotiated in London, the Governor mentioned that owing to the state of affairs in Russia, it might be physically impossible to get renewal Bills from Russia over to this Country, and that a Committee consisting of representatives of the Banks and Accepting Houses was being formed to look into the matter and see what could be done to meet the difficulty when the outstanding acceptances fall due. The Bank had been asked to appoint a representative on the Committee, but, although the Bank hold Russian Sterling Treasury Bills as Collateral Security, they are not Acceptors, and the Committee were of opinion that the Bank should not be represented, so that in the event of any subsequent appeal for aid they would be in a better position to advise H. M. Government than if they were represented on the Committee.

The Governor referred to the proposed new title which the National Provincial Bank of England Limited and the Union of London and Smiths Bank Limited wished to adopt on their recent amalgamation, viz.: "The National Provincial and Union Bank of England Limited": he mentioned that he had, in an interview with Lord Inchcape and Sir Felix Schuster, explained that the Bank would object most strongly to the new Bank being registered

Discounts and
Advances to Bill
Brokers, including
foreign commitments.

19th December, 1917

registered under a title ending with the words "Bank of England" but that he had been unable to persuade them to withdraw. He had mentioned the matter to Sir John Bradbury, and suggested that one way out of the difficulty would be by legislation, but Sir John was averse to taking any action of that kind at present. The Committee were unanimously of opinion that the Bank should endeavour to prevent the registration of these Banks under the proposed new title, and if necessary should in the last case take legal proceedings.

The opinion was expressed that the amalgamations of the leading Joint Stock Banks were undesirable in the interests of the community, owing to the very large amount of deposits which come under single control.

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SEC. 10.

With reference to the Committee's decision that the secretary should remain in the room during their meetings to take notes of the proceedings, the Governor, who was absent on that occasion, wished it to be put on record that he was not in favour of a departure from the old tradition that no official of the Bank should be present during discussions on the Bank Rate and further, that it was not advisable for full Minutes to be recorded of the conversations with the Chancellor which from time to time he reported to the Committee, as he felt that if it were known at the Treasury it might make the position difficult in the future.

It was agreed to concur in a Report of the Committee for Appointments and Promotions of the Staff recommending changes in the organization and control of the work in the Transfer Office, together with sundry appointments, &c.

The Widow of H. W. Brailsford, a Bank Note Stamper, granted an allowance.

On an application from the Widow of H. W. Brailsford, a Bank Note Stamper, who died on the 2nd instant, after 52 years' service in the Bank, it was agreed to grant her an allowance, during pleasure, of 7th a week, and it was left in the Governor's hands to supplement this by an allowance from the Samaritan Fund, in view of her necessitous circumstances.

It was agreed that the Committee should meet next week on Thursday, the 27th December, at 11 o'clock, instead of Wednesday, the 26th December.

Present

The Deputy Governor
(Sir Brian Clossie)
Lord Hollenden
Mr Campbell
Mr Johnston
Mr Cole

Thursday, the 27th December, 1917.

The proceedings of the last Committee were read and agreed to.

It was agreed that no alteration be recommended in the Bank Rate.

Discounts and advances granted to Bill Brokers, etc, including foreign commitments

The Weekly Statement of Discounts and Advances granted to Bill Brokers, etc, including foreign commitments, was laid before the Committee.

The Deputy Governor informed the Committee that the Chancellor of the Exchequer had decided that morning to put down the Treasury Bill Rates to 4 per cent, the object being, of course, to attract money out of Treasury Bills into National War Bonds. He pointed out that the effect of this measure would be to put the whole burden of the effort to retain foreign balances in this Country on to the Banks arrangements for paying an increased rate of interest on foreign money.

The question of passing a Vote of Thanks to the Staff was considered and it was agreed that no steps be taken at the present time.

Present

The Deputy Governor
(Sir Brian Clossie)
Lord Hollenden
Mr Campbell
Mr Johnston
Mr Cole
Sir Gerard Hambro
Lord Kenilworth
Mr Norman

Monday, the 31st December, 1917.

The proceedings of the last Committee were read and agreed to.

The Deputy Governor stated that, the Governor having gone on a Mission to Spain, he wished to inform the Committee in regard to an extension of the scheme at present confined to the London Clearing Bankers, for allowing interest at 4½% on money borrowed from them and held by them on behalf of named foreign clients. After discussion the Committee agreed that it was desirable to broaden the basis of the scheme so that as from the 2nd January inclusive foreign (non-British Empire) money be borrowed from any approved Bank, Firm or Company, having an account with the Bank of England; interest to be allowed at 4½% subject to three days' notice, and

a

31st December, 1917.

a minimum of £25,000. A list giving the names, amounts and domicile of the foreign clients for whose account the money is held to be furnished to the Bank from time to time in each case.

It was also stated that the Treasury had agreed to issue 3 and 1 month Treasury Bills at 4% to the extent of such monies (other than foreign monies as above stated, which would be lent to the Government on Ways and Means at 4½%) as the Bank might borrow, and that as from January 2nd the rate on monies borrowed from Clearing Bankers would be reduced from 4% to 3½% and from others in proportion.

The Deputy Governor mentioned that Sir William Leese, of Messrs. Freshfield, the Bank's solicitors, was not in favour of the Bank taking legal proceedings even as a last resort in the matter of the proposed new title which the National Provincial Bank of England and the Union of London and Smith's Bank wish to adopt on their recent amalgamation.

Reference was also made to a threatened suit against the Bank for freight on gold transported from South Africa in the early part of the War, which was held to be payable under an old statute. In point of fact freight had been duly paid by the Bank to the Admiralty, and the question was now in the hands of the Bank's solicitors and of the solicitors to the Admiral and officers concerned.

Present

The Deputy Governor
(Sir Brian Closser)
Lord Hollender
Mr Campbell
Mr Johnston
Mr Cole
Sir Bernard Hambro
Lord Revelstoke
Mr Norman

Wednesday, the 2nd January, 1918.

The proceedings of the last Committee were read and agreed to.

It was agreed that no alteration be recommended in the Bank Rate.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, etc., including foreign commitments, was laid before the Committee.

Referring

Discounts and
Advances granted to
Bill Brokers including
foreign commitments.

2nd January, 1918.

Referring to the arrangements to be made as from to-day for the borrowing of foreign money by the Bank, the Deputy Governor mentioned that enquiries had already been made by one of the Banks as to whether money held by them on behalf of one of their foreign branches would be accepted as foreign money. The Committee did not consider that a branch establishment could be accepted as sufficient description of the name of the foreign client or clients for whom the money was held.

The Committee agreed with the Deputy Governor that money specially earmarked for payments in this country could not be accepted, it being held that only money "liable to withdrawal from this country" could be regarded by the Bank as entitled to the special rate for "foreign money."

It was agreed that Messrs. Freshfield's Bill for Law Charges to the 30th September last, amounting to £829:2:8, be referred to the Court for payment. Of this amount, £417:11:6 was in respect of Charges in connection with questions raised on behalf of Scottish Investors in Government Stocks and the steps taken to procure a settlement of the clause relating to Government Stocks, for insertion in the Finance Bill of 1917, which subsequently became law.

It was agreed to recommend to the Court that a pension of £74:13:8 a year be granted, during pleasure, to John H. Collins, a House Porter, as from the 6th instant, when he will attain the age of 65 years.

John H. Collins,
a House Porter, to
be allowed to retire
with a pension.

Present

The Deputy Governor
(Sir Brian Boleyn)
Lord Hollender
Mr Campbell
Mr Johnston
Mr Cole
Mr Newman
Sir Gerard Hambro
Mr Norman

Wednesday, the 9th January, 1918.

The proceedings of the last Committee were read and agreed to.

It was agreed that no alteration be recommended in the Bank Rate.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, etc., including foreign commitments was laid before the Committee.

It was reported that the foreign money borrowed now amounted to £58,800,000.

The Deputy Governor mentioned that whilst record applications for National War Bonds, amounting to

9th January, 1918.

to £35,000,000 had been received for the past week, the demand for Treasury Bills was still being maintained, and that £20,000,000 on account of Ways and Means Advances had been paid off.

A letter from the Chancellor of the Exchequer was read, applying for advances during the current Quarter, which it was agreed to refer to the Court. The question of the rate to be charged to the Government on these advances was left over until the Governor's return.

With reference to certain miscellaneous extinct Securities, being part of those standing in the Bank Books for many years at a nominal figure of £100, which the Bank Brokers state are valueless, the Committee agreed that they should be removed to the Record Office at Roehampton, with a value of 1^s. placed on the package.

The Deputy Governor mentioned that it had been thought advisable to arrange for a longer lease of the Bank's premises at 60, London Wall (Transfer by Deed Offices), with an option over two other floors on the premises for 7, 14, or 21 years.

Present.

Mr Norman in the Chair
 Lord Hollenden
 Mr Campbell
 Mr Johnston
 Mr Cole
 Mr Newman
 Lord Revelstoke

Thursday the 10th January, 1918.

The Committee met to consider what steps, if any, should be taken in connection with the position of Acceptors under the "arrangement for rehabilitating Russian Exchange" in London dated 10th October, 1915.

The Deputy Governor and Sir Everard Hambro withdrew, owing to their firms being participants in the above Credit arrangement.

Mr Norman mentioned his meetings with the Acceptors Committee and read a memorandum as to his interview with the Chancellor on the 9th instant, and the question was discussed in detail from various standpoints.

The

10th January, 1918.

The Committee agreed to meet on the following day, Friday, at 11.45 a.m., for special consideration of the following points -

(1) An offer to all acceptors, of facilities similar to "cold storage" on the lines put forward in the Bank's official letter to the Treasury of the 7th instant, to be made by the Bank on its own responsibility or if possible on behalf of the Treasury.

(2) An immediate assumption by the Bank of financial liability for all or any part pro rata of the collateral security (owing to the suggested possibility of a moral obligation) or

(3) The adoption at once of No. 1 leaving consideration of No. 2. until after the Governor's return.

Mr Norman was authorised to invite other Members of the Court to attend to-morrow's Meeting.

Present

Mr Norman in the Chair
Mr Campbell
Mr Johnston
Mr Cole
Mr Newman
Lord Revelstoke.

Friday, the 11th January, 1918.

Mr Marks and Sir Robert Kindersley attended the Committee.

The Committee again met to consider the question of the position of Acceptors under the "arrangement for rehabilitating Russian Exchange in London."

After further discussion the Committee agreed, subject to the approval of the Deputy Governor, that so long as the Russian Government Treasury Bills remain in the hands of the original Acceptors, such Treasury Bills be regarded as "first-class Bank Bills" for the purpose of obtaining Advances at the Bank of England; either for account of the Treasury or of the Bank, as might be arranged.

It was recognised that this course would "bring down" the Russian financial position in London, so causing a danger to the London financial community, and Mr Norman was requested to again draw the attention of the Chancellor to this position, which the Committee regarded as serious.

Present.

The Deputy Governor
(Sir Brian (Baker))
Lord Kellendon
Mr Campbell
Mr Johnston
Mr Cole
Mr Newman
Sir Gerard Hambro
Mr. Norman

Wednesday, the 16th January 1918.

The proceedings of the Committees held on Wednesday, the 9th instant; Thursday, the 10th instant, and Friday, the 11th instant, were read and agreed to.

It was agreed that no alteration be recommended in the Bank Rate.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, etc., including foreign commitments, was laid before the Committee.

It was reported that the foreign money borrowed amounted to £62,850,000.

The Deputy Governor mentioned that no official announcement had been received from the Chancellor of the Exchequer regarding the Russian Acceptances which would shortly fall due.

He also referred to a suggestion that had been made to admit the Paymaster General to a seat in the Clearing and the Committee were of opinion that the Bank should at all times be ready to undertake the necessary clearing for the Paymaster General.

The question of making an allowance to the Widow of John Bagshaw, a Pensioner, formerly of the Printing Department, was deferred for the present, pending certain enquiries which the Secretary was instructed to make as to the assistance she receives from her two sons, who are of Military Age and have been granted temporary Exemption, and the amount of statutory allowance she will receive when her sons are called up.

Present.

The Deputy Governor
(Sir Brian (Baker))
Mr Johnston
Lord Revelstoke
Mr Norman.

Monday, the 21st January, 1918.

The proceedings of the last Committee were read and agreed to.

The Committee met at the Deputy Governor's request to consider if anything should be done by the Bank, over and above the Treasury scheme, in the matter

21st January, 1918.

matter of the Russian Bills.

As regards the £10,000,000 Russian Government Sterling Treasury Bills, issued by the Bank with the approval of the Treasury, which mature on the 25th instant, the Committee were made acquainted with the Government proposals recently announced, under which the above bills, in the event of their non-payment at maturity, may be exchanged for 3% Exchequer Bonds repayable 1930.

The Deputy Governor reminded the Committee that these were the same terms which were accepted in the case of the Russian Bills drawn in accordance with the arrangement made in October 1915, and the Committee were of opinion that there was no obligation on the part of the Bank to do more, or to urge the Chancellor to do more than the above.

With regard to the Advances made by the Bank at 1% below Bank Rate on 3½% War Stock which mature on the 1st March next, the Deputy Governor explained the arrangements under which prompt steps would be taken to close all Loans on that date, and if necessary to realise the security rather than continue such Advances on special terms, and the Committee approved the course to be taken.

Present

The Deputy Governor
(Sir Brian Cokayne)
Lord Hollenden
Mr Campbell
Mr Cole
Mr Newman
Sir Gerard Hambro
Lord Revelstoke
Mr Norman

Wednesday, the 23rd January, 1918.

The proceedings of the last Committee were read and agreed to.

It was agreed that no alteration be recommended in the Bank Rate.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including foreign commitments, was laid before the Committee.

It was reported that the foreign money borrowed amounted to £63,900,000.

With reference to the question of transferring the Life Assurance business of the Bank Provident Society to an outside office, as agreed with the Managers on the 26th November last, the Deputy Governor brought forward a Report just received from Mr Mandling, an Insurance expert, who had investigated the affairs of the Society.

The

23rd January, 1918.

The Report was held over for later consideration.

A copy of certain proposed Regulations between the Treasury and the Bank, relating to alterations in the Bank's practice for dealing with Government Stocks, was submitted, and left for further consideration by Sir William Lese and the Chief Accountant.

As regards the New South Wales 3½% Stock, repayable on the 1st September next, the Deputy Governor announced that he intended to decline to forward the London County and Westminster Bank's prospectus to the Stockholders, but was going to see the Agent General on the matter.

With reference to the application for an Allowance from Mrs Bagshaw, Widow of John Bagshaw, a Pensioner, it was reported that her two sons had agreed between them to allow her 9/6^d a week until called up for Military Service, and it was agreed to make her a gift of £5, to be disbursed at the rate of 10/ a week; her case to be brought up again when the question of her allowance as a dependant is dealt with by the State, on her sons being called up.

Mr Cole referred to a conversation which, as Sir Edward stated was with the Governor's approval, he had had with Sir Edward Holden a short while ago at the latter's request.

Sir Edward had mentioned that he proposed to refer in his speech at the forthcoming half-yearly Meeting of the London City & Midland Bank to the Banking methods of this Country as compared with America, France and Germany; that he intended to make an attack on the Bank Act of 1844, which he considered for various reasons should be repealed. He had also stated that in the early days of the War the Note issue had exceeded the statutory limit, a statement which Mr Cole had at once contradicted. Mr Cole was disposed to think that he should give a further denial before any such statement could be made in Sir Edward Holden's speech, but after consideration the Committee generally concluded that under the circumstances the less said the better.

Present.

The Deputy Governor
(Sir Brian Cokayne)
Lord Hollenden
Mr Wallace
Mr Johnston
Mr Newman
Sir Edward Hambro
Lord Revelstoke
Mr Norman.

Tuesday, the 29th January, 1918.

The proceedings of the last Committee were read and agreed to, and with reference thereto the Deputy Governor mentioned that the Regulations relating to alterations in the Bank's practice for dealing with Government Stocks had been signed by the Bank of England and the Bank of Ireland, and would now be laid on the table of the House of Commons.

The Deputy Governor explained that he had called the Committee together to receive the Report of the Special Committee appointed by the Court of the 11th October 1917.

A copy of the Report was given to each Member of the Committee, and consideration of the question of submitting the Report to the Court on Thursday next was deferred until to-morrow. The Deputy Governor proposed that no copy of the Report should be allowed to be taken out of the Bank, and it was agreed that this proposal be further considered to-morrow, but that in the meanwhile no copy should be taken away.

Present

The Deputy Governor
(Sir Brian Cokayne)
Lord Hollenden
Mr Wallace
Mr Campbell
Mr Johnston
Mr Newman
Sir Edward Hambro
Lord Revelstoke
Mr Norman

Wednesday, the 30th January 1918.

The proceedings of the last Committee were read and agreed to.

It was agreed that no alteration be recommended in the Bank Rate.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including foreign commitments, was laid before the Committee.

It was reported that the foreign money borrowed amounted to £70,675,000.

Referring to the Report of the Special Committee appointed by the Court of the 11th October 1917, the Committee agreed that a copy of the Report should be placed before each Member of the Court on Thursday, notwithstanding the fact that the Committee had not yet had time to fully consider the Report or to make any recommendation thereon.

It

30th January, 1918.

It was further agreed to recommend that no copy of the Report should be taken out of the Bank and that consideration of the Report by the Court be deferred until the 14th February.

The Committee decided to meet on Tuesday, the 5th February, at 12 o'clock, to consider the Report.

The Deputy Governor mentioned that the accounts of the Sports Club for the past year showed a deficiency of about £250, and that it was anticipated that the deficiency would be considerably greater this year, as owing to pressure of work at the Bank, the Staff had little or no opportunity of making use of the Club. The Record Office and Club House had been lent, free of all expense, to the Government for the use of the men of the Royal Naval Air Service.

The Committee were of opinion that it was advisable to make good the deficiency.

With reference to the New South Wales 3½% Stock repayable on the 1st September next, the Deputy Governor announced that he had arranged with the Agent General that the Bank should send to the Stockholders a circular from the Agent General in regard to the conversion scheme, and that the Bank's claim in regard to Commission had been satisfactorily arranged.

He also mentioned that he had seen the Chancellor of the Exchequer and the President of the Board of Trade in the matter of the proposed new title which the National Provincial and the Union Bank of London wished to adopt, but that the Chancellor did not appear to be particularly sympathetic. A letter protesting against the registration had been written by Sir William Leese of Messrs. Freshfields, on behalf of the Bank to the Board of Trade, but at present no reply had been received.

The Deputy Governor also mentioned that Sir Edward Holden had offered to send him for perusal a copy of the address which he proposed to deliver to the Shareholders of the London City & Midland Banks, but that he had as politely as possible declined the offer on the ground that it was too late for any suggestions from him to be acted upon.

With

30th January, 1918.

With reference to the Compassionate Allowance of £1 a week, hitherto granted to Mrs Fiddy, wife of a Clerk dismissed in 1902, a letter was read from P. H. Fiddy, stating that his mother died on the 26th instant and asking that the Allowance might be continued to his father, who is now 74 years of age, in indifferent health and penniless.

It was agreed in all the circumstances to continue the Allowance to P. H. Fiddy for the benefit of his father, during pleasure.

Present.

The Governor
(Lord Cunliffe)
The Deputy Governor
(Sir Brian Clarke)
Lord Hollenden
Mr Wallace
Mr Campbell
Mr Johnston
Mr Cole
Mr Newman
Sir Everard Hambro
Lord Rendelstoke
Mr Norman

Tuesday, the 5th February, 1918.

The proceedings of the last Committee were read and agreed to, and with reference thereto the Deputy Governor mentioned that the Board of Trade did not feel justified in declining to give their consent to the change in its title which the National Provincial Bank of England wish to effect on their amalgamation with the Union of London and Smiths Bank.

The Committee thought that Counsel's opinion should be sought without delay as to the advisability of taking legal action in the matter.

The Committee had before them the Report of the Special Committee appointed by the Court of the 11th October 1917, and considered verbatim the recommendations commencing on Page 9 of the Report, with a special view to disposing at this Meeting of clauses which could be agreed to *rem con*.

A. Governor and Deputy Governor.

- Clause 2. Agreed
Clause 3. Discussed and left over for further consideration.

B. Directorate

Clause 1. Agreed in principle, subject to the possible desirability of amplifying the definition of the Banks referred to.

Clauses 2, 3 and 4. Agreed.

Clause 5. Agreed, subject to possible modification with respect to the proposed assistant to the Governors.

Clause 6. Agreed, subject to "three" being substituted for "five" consecutive years.

Clause

Clause 7. The Committee were not unanimous, and the matter was left over for further consideration.

Clause 8. Agreed in principle, subject to definition as in Clause 1.

Clause 9. Agreed.

Clause 10. Left over for further consideration.

C. Committee of Treasury.

Clause 1. Agreed, subject to further consideration of the Appointment of a Director to assist the Governors, and to the last sentence reading as follows "and at least one Director who has passed the Chairs"

Clauses 3, 4, 5, 6 and 7. Agreed.

D. Amalgamation of Standing Committees.

Agreed.

Mr Newman raised the question whether such heavy work as would be entailed on the Staff Committee should not be specially paid, and enquired whether the Special Committee had considered this point. Lord Revelstoke replied that the Special Committee had considered the question of Directors' remuneration and had formed the definite opinion that, while it was impossible to assess the value of the services of the Governors the present scale of fees even of the Directors of the Bank was inadequate and ought to be raised. This Committee did not, however, feel that it was for them to make any such recommendation which would come better from Proprietors who were not connected with the Directorate.

He felt that an increase in the general fees would be the best way of remunerating any work which Directors might be called upon to perform.

The opinion was also expressed that the work entailed on the Directors as a whole would be far less with the reconstituted Committee than it was at present.

In this connection it was felt that as Members of the reconstituted Committee of Treasury would in all probability have to hold themselves in readiness to confer with the Governors more frequently than hitherto, they should not be called upon to serve on other Committees.

Present

The Deputy Governor
(Sir Brian Cokayne)
Lord Hollenden
Mr Wallace
Mr Campbell
Mr Johnston
Mr Cole
Mr Newman
Sir Gerard Hambro
Lord Revelstoke
Mr Norman

Wednesday, the 6th February, 1918.

It was agreed that no alteration be recommended in the Bank Rate.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, etc. including foreign commitments, was laid before the Committee.

It was reported that the Foreign Money borrowed amounted to £72,350,000.

As regards the advisability of taking legal action in the matter of the proposed change of title of the National Provincial Bank of England on amalgamation with the Union of London and Smiths Bank, a letter was read from Sir William Leese of Freshfields, intimating that although the Board of Trade had not felt justified in withholding their consent to the change, they had informed him that orders had been given to the Registrar of Joint Stock Companies not to allow any new Company to be registered with the words "Bank of England" as part of its title.

Sir William Leese was endeavouring to get this confirmed in writing, and in these circumstances the Deputy Governor thought that further action on the part of the Bank should be withheld for the present.

Counsel's opinion of the 26th February 1909 in connexion with the registration of the Union Bank of England, Ltd., was read and was distinctly adverse to legal proceedings being then instituted.

Present.

The Deputy Governor
(Sir Brian Cokayne)
Lord Hollenden
Mr Wallace
Mr Campbell
Mr Johnston
Mr Cole
Mr Newman
Sir Gerard Hambro
Lord Revelstoke
Mr Norman

Thursday, the 7th February, 1918.

The proceedings of the Committee on Tuesday, the 5th instant, were read and agreed to.

The Committee resumed consideration of the Report of the Special Committee.

A. Governor and Deputy Governor

Clause 1. Agreed by majority after a good deal of discussion.

B.

7th February 1918.B. Directorate.

Clause 7. Agreed

Clause 10. The Committee after lengthy discussion agreed by majority to recommend that this clause be deleted.

C. Committee of Treasury.

Clause 2. Agreed.

Present

The Governor (Lord Cantliffe)
The Deputy Governor
(Sir Brian Colquhoun)
Lord Hollenden
Mr. Wallace
Mr. Campbell
Mr. Johnston
Mr. Cole
Mr. Newman
Sir Gerard Hambro
Lord Revelstoke
Mr. Norman

Friday, the 8th February, 1918.

The proceedings of yesterday's Meeting were read and agreed to.

The Committee had under consideration

A. Governor and Deputy Governor, Clause 3 of the Report of the Special Committee, relating to the appointment of a Member of the Court to assist the Governors, and after considerable discussion the Clause was left over for further consideration on Monday next, the 11th instant, at 2.15 p.m.

Present.

The Governor (Lord Cantliffe)
The Deputy Governor
(Sir Brian Colquhoun)
Lord Hollenden
Mr. Wallace
Mr. Campbell
Mr. Johnston
Mr. Cole
Mr. Newman
Sir Gerard Hambro
Lord Revelstoke
Mr. Norman

Monday, the 11th February, 1918.

The Committee resumed consideration of A. Governor and Deputy Governor, in the Report of the Special Committee, and after considerable discussion an amendment was approved agreeing to recommend that Clause 3 should read as follows:-

"That should the necessity arise, a Member of the Court be appointed from time to time and for a limited period to assist the Governors, and that his signature be accepted in lieu of that of the Governor or Deputy Governor."

B. Directorate

Clauses 1 and 8 agreed.

The Secretary was instructed to prepare.

11th February 1918.

prepare a draft of the Committee's recommendations on the Report of the Special Committee and submit it to the Deputy Governor.

In all the discussions on the Special Committee's report Lord Revelstoke and Mr Norman, who were members of that Committee, attended but abstained from voting.

Present

The Governor (Lord Curzon)
The Deputy Governor
(Mr Bran Thayer)

Mr Wallace
Mr Campbell
Mr Johnston
Mr Cole
Mr Newman
Sir Bernard Hambro
Lord Revelstoke
Mr Norman

Wednesday, the 13th February 1918.

The proceedings of the Committee on Wednesday, the 6th instant and on Monday, the 11th instant were read and agreed.

It was agreed that no alteration be recommended in the Bank Rate.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including foreign commitments, was laid before the Committee.

The Governor mentioned that the Sub-Committee of the Select Committee on National Expenditure had now reported on the arrangement existing between the Treasury and the Bank as regards the remuneration paid to the Bank for its services to the Government. Some of the Bank's charges were considered by the Committee to be too high and to require revision, and in the Governor's opinion it was necessary for the Bank to look into the matter without delay. In the meantime he was having a detailed commentary prepared on the report.

The Widow of
Thomas Tovey, Porter to
the Issue Office, granted
an allowance.

On an application from the Widow of Thomas Tovey, Porter to the Issue Office, who died on the 2nd instant, it was agreed to grant her a special allowance of 10/- a week, during pleasure, together with an allowance for "Bread Money" of 2/- a week for the period of the War.

It was agreed to recommend that, in view of the Allowances made by the Bank to the Bank of England Club towards meeting the cost of meals supplied to the Clerical Staff at the Head Office, an Allowance for "Food" of £4 a quarter be granted during the War to those Members of the Staff at all the Branches and Pensioners working thereat, who receive Gratuities under the provisions of the Order of Court of the 29th September 1917: the Allowance in question to begin and to be paid simultaneously with the Gratuities referred to above.

The

13th February 1918.

The Committee reviewed the list of Charitable Subscriptions granted annually by the Bank and agreed to renew the following subscriptions for the current year, viz: -

City of London Trues Society	£10 : 10 : -
Royal National Life Boat Institution (City of London Branch)	£21 : - : -
Royal Surgical Aid Society	£10 : 10 : -
Bank Clerks' Orphanage	£52 : 10 : -
King Edwards Hospital Fund for London	£250 : - : -
Queen Victoria's Jubilee Institute for Nurses	£10 : 10 : -
The Rector of St. Margaret's, Lothbury, of a Lectureship "See"	£21 : - : -
Bishop of London's Fund	£20 : - : -
East London Church Fund	£5 : - : -
Poor Parishes adjacent to the City	£20 : - : -
Easter Gift	£10 : 10 : -

It was agreed to recommend to the Court to grant donations as follows, viz: -

Young Men's Christian Association Special appeal for carrying on the work at the Institutes and Huts established on all Fronts for the benefit of the troops	£100 : - : -
Royal Free Hospital, Grays Inn Road	£100 : - : -
Samaritan Free Hospital for Women, Mary- lebone Road: Special Appeal for Cancer Ward.	£50 : - : -
City of London Lying-In Hospital, City Road.	£100 : - : -
Westminster Hospital: Special Appeal	£100 : - : -
Queen Victoria's Jubilee Institute for Nurses	£100 : - : -
Royal St. Anne's Schools, Redhill	£100 : - : -

It was agreed to add the City of London Lying-In Hospital to the list of Institutions which receive annual subscriptions, with a view to making a grant of £10:10:- commencing next year.

A letter was read from the Board of Trade
in

13th February, 1918.

in reply to Messrs. Freshfield's representations, stating that the Board were not in a position to give an assurance that no new Company would be registered with the words "Bank of England", as part of its title, but that arrangements had been made by which no such title would be accepted for registration without the matter being brought to the knowledge of the Bank of England.

As there still remained the further danger of alteration in or addition to some existing name, the Deputy Governor mentioned that he had instructed Messrs. Freshfield again to write to the Board of Trade in the matter.

The Deputy Governor submitted a draft of the Committee's recommendations on the Report of the Special Committee. Some discussion took place in connection with the question of management, arising out of A(3) of the Special Committee's Report, and on Mr Cole's suggestion it was agreed to recommend "that the management of all the Offices of the Bank shall be under one head official, whose duty it shall also be to be present at the Meetings of the Court and of the Treasury Committee.

The recommendations to the Court were as follows:-

"The Committee have had under consideration the Report, dated the 23rd January 1918, of the Special Committee appointed by the Court of the 11th October 1917. They desire to place on record their appreciation of the able manner in which the members of the Special Committee have carried out their work, and have pleasure in recommending to the Court that the recommendations enumerated on Pages 9 to 11 of the Report be adopted in their entirety, with the exception of A.3 and B.10, the substitution of "three years" for "five years" in Clause B6 and a slight verbal alteration in C.1.

A. Governor and Deputy Governor.

"(3) The Committee do not feel that a change of this character is necessary in normal times, but they are of opinion that in abnormal conditions, such as obtain at the present time, it may be desirable to arrange for a member of the Court to assist the Governors temporarily, and they recommend that the Clause should read as follows:-

"That, should the necessity arise, a member of the Court be appointed from time to time and for
" a

13th February 1918.

"a limited period to assist the Governors, and that his signature be accepted in lieu of that of the Governor or Deputy Governor.

"The Committee fully realise that it would be a distinct advantage to the Bank to co-ordinate both sides of the House under one Head, and they agree with the Special Committee that the Chief Cashier, with his wide knowledge of the internal affairs of the Bank, would be eminently suited to be entrusted with management powers. They cannot, however, admit that a seat on the Court would be necessary to achieve this purpose, while they feel that if he were appointed to the Directorate to act as an Assistant to the Governors, power would tend to become more and more centred in his hands, and he would virtually become a sub-Governor, to the possible disadvantage of the Governors. They, therefore, regret that they cannot see their way to recommend the suggestion made by the Special Committee.

"They recommend, however, that the management of all the Offices of the Bank shall be under one head official, whose duty it shall also be to be present at the Meetings of the Court and of the Treasury Committee.

B. Directorate

"(6) The Committee consider that in the event of a large accession of new Directors within a few years, the Committee, unless exclusively composed of new Directors, might become unduly numerous, and for this reason, as the clause merely fixes the minimum time that should be devoted to the duties in question, the Committee recommend the substitution of "three years" for five years as the period of service.

"(10) The Committee fully realise that there are advantages in fixing an age limit to the term of Directorships of the Bank, but in the first place they are not convinced that the advantages outweigh the disadvantages of such a system, and in the second place, they find themselves unable to recommend the adoption of a rule which, while pronouncing in favour of the system, abstains from applying it to the present Directors.

"They therefore recommend that the Clause be deleted.

C. Committee of Treasury

"(1) The Committee understand that it was
"the

13th February, 1918.

"the intention of the Special Committee that the words "at least" in this clause should apply to the whole of the remainder of the paragraph, and they therefore recommend that for greater clearness the words "at least" be inserted after the word "and" in line 5. The Clause would then read as follows :-

"and at least one Director who has passed the Chairs"

"With reference to the suggestion on Page 5 of the Report in regard to the selection of Candidates for the Direction, the Committee recommend that a Committee of Selection be appointed at once.

"The resolutions of the Committee of Treasury on Clauses B6 and B10 were only carried by a majority of votes and those on A3 and C1 were carried nem. con. with one or more abstentions.

"Although Lord Revelstoke and Mr Norman attended all the meetings of the Committee of Treasury on this matter they naturally abstained from voting."

The Deputy Governor mentioned that, as he hoped to get away for a short holiday on Thursday, the 21st instant, and would probably be absent when the Report was under discussion by the Court, he had written a memorandum as to his views in connection with the suggestion of the Special Committee, arising out of A(3), which he proposed to circulate to the individual Members of the Court to-morrow.

* Copy in P.128

Present.

The Governor (Lord Cunliffe)
The Deputy Governor
(Mr Brian Cogan)

Lord Hollender
Mr Campbell
Mr Johnston
Mr Cole
Mr Norman
Sir Francis Hambro
Lord Revelstoke
Mr Norman

Wednesday, the 20th February, 1918.

The proceedings of the last Committee were read and agreed.

It was agreed that no alteration be recommended in the Bank Rate.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including foreign commitments, was laid before the Committee.

It was reported that the foreign money borrowed amounted to £50,775,000.

The Committee had before them a Report from
the

20th February, 1918.

the Committee for Appointments and Promotions of the Staff, suggesting sundry additions to Salaries etc., and it was agreed to recommend to the Court of Directors that the following additions be made as from the 1st March -

Samuel J. Thjard, a Deputy Principal of the Bank Stock Office, to be granted a personal additional salary of £50.

Philip A. Plumble, Principal of the Over of Attorney Office, to be granted a personal additional salary of £50.

Charles J. Rickards, Deputy Principal of the Dividend Accounts Office, to be granted a personal additional salary of £50.

A gratuity of £50 to be granted to Flora Burkill, Deputy Superintendent of Women Clerks, in recognition of the additional work thrown upon her owing to the absence on account of ill-health of Miss Edwards.

James Ross, Deputy Principal of the In-Tellers Office, to be granted a further personal additional salary of £25.

Roland Grahame, Principal of the Public Drawing Office, to be granted a personal additional salary of £100.

Francis M. Whiting, Deputy Principal of the Public Drawing Office, to be granted a personal additional salary of £50.

Frank F. Somers, Principal of the Dividend Pay Office, to be granted a personal additional salary of £100.

Reginald H. Prideaux, First Auditor, to be granted a personal additional salary of £100.

Harry F. A. Willis, Second Auditor, to be granted a personal additional salary of £50.

Henry W. Townsend, Staff Superintendent, to be granted a personal additional salary of £50, and

The ordinary salary of Frederick B. Withers, Chief Clerk at the Leeds Branch, to be raised from £525 to £556.

A letter was read from the Board of Trade to Messrs. Freshfield stating that although they could not give an assurance as to the course which might be taken in future with regard to the change of name of any company, the promise already given to the Bank in the case of any new Company making application to be registered with the words "Bank of England" as part of its title, might be taken as to apply to a proposed change of name of any existing Company.

On

20th February, 1918.

On the proposal of the Governor, it was agreed to recommend to the Court that -

The Deputy Governor
Mr. Cole
Mr. Norman
Mr. Lubbock

W. be appointed Members of the Committee to consider ~~the~~ question of the limitation of the War Profits of the Bank, etc. and report as to the necessity of a revision of the Bank Act of 1844, and that -

The Governor
Mr. Cole
Mr. Grenfell

be appointed Members of the Committee to consider the question of the limitation of the War Profits of the Bank, etc.

Further discussion took place in regard to (C) Committee of Treasury, paragraph 1 of the Report of the Special Committee and it was agreed to put forward an amendment to delete the words "and the Director appointed to assist the Governors" and to omit the words "and at least one Director who has passed the Chairs"

Present

The Governor (Lord Cunliffe)
Lord Hollenden
Mr. Wallace
Mr. Campbell
Mr. Johnston
Sir Gerard Hambro
Lord Revelstoke
Mr. Norman

Wednesday the 27th February, 1918.

The proceedings of the last Committee were read and agreed.

It was agreed that no alteration be recommended in the Bank Rate.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including foreign commitments, was laid before the Committee.

It was reported that the foreign money borrowed amounted to £52,950,000.

In view of the efforts to be made next week in regard to the sale of National War Bonds the Governor raised the question as to whether the Bank should invest

27th February 1918.

invest its Excess Profits, amounting to about £2,000,000 in these Bonds. After considerable discussion it was decided not to do so.

The Governor reported that the Special Committee appointed by the Court last week had considered the Report of the Sub-Committee of the Select Committee on National Expenditure, in regard to the arrangements existing between H. M. Treasury and the Bank, and had drafted a letter in reply, which was read. After discussion it was thought that it would be better to write to the Select Committee a letter dealing with matters of fact and criticism, at the same time intimating to them that the Bank would put themselves in communication at once with H. M. Treasury in regard to making certain concessions in their charges.

The Governor read a letter from the Credit Lyonnais, asking that the "foreign money" balances held by them on behalf of their Branches abroad might be regarded by the Bank as entitled to the special rate for foreign money. The Committee did not consider that the name of a branch establishment could be regarded as sufficient in lieu of the name of the foreign client, or clients, for whom the money was held, and agreed that the application be declined.

The Governor also read a letter from the Chancellor of the Exchequer, conveying the thanks of the Government on the action of the Bank in arranging for the continuance of the facilities for special advances against the 3½% War Loan.

Present.

The Governor (Lord Amulph)
 Lord Hollenden
 Mr Wallace
 Mr Campbell
 Mr Johnston
 Mr Cole
 Sir Gerard Hambro
 Lord Revelstoke
 Mr Norman

Thursday, the 28th February 1918.

At the request of the Court, the Committee reconsidered the draft reply of the Special Committee to the Select Committee on National Expenditure, which they considered should be divided into two parts, the one being limited to matters of fact and criticism and addressed to the Select Committee, the other, offering certain

28th February 1918.

certain changes in the Bank's charges, being addressed to H. M. Treasury.

It was left to the Special Committee to re-draft and forward both letters accordingly.

Present.

The Governor
(Lord Cunliffe)
Lord Hollenden
Mr Wallace
Mr Campbell
Mr Johnston
Mr Cole
Lord Kenelake
Mr Norman

Wednesday, the 6th March 1918.

The proceedings of the last Committee were read and agreed.

It was agreed that no alteration be recommended in the Bank Rate.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including foreign commitments, was laid before the Committee.

It was reported that the foreign money borrowed amounted to £87,175,000.

The Governor read a Minute of the Committee for the Selection of Candidates for the Direction, recommending that Sir Alan Garrett Anderson, K.B.E. be recommended to the Court of Proprietors for election on the 27th instant, in view of the approaching retirement of Mr A. F. Wallace from the Direction, and after discussion it was agreed to refer the matter to the Court.

Consideration of the Report of the Committee for Appointments and Promotions of the Staff, recommending a revised scale of pay for the Temporary Women Clerks, was postponed pending the Deputy Governor's return.

On an application from the Widow of J. H. Johnson, a Pensioner, and formerly Principal of the Cashier's Store Office, who died on the 3rd January, it was agreed to grant her an Allowance, during pleasure, and according to scale, of £60 a year.

The Governor mentioned that Messrs Portal had recently purchased, and were now equipping, a new Mill near Keighley, Yorkshire, in order to cope with the probably increasing demands of the Government of India in connection with the issue of 1 and 2½ Rupee Notes. Messrs Portal had asked that until the whole of the output

is

GT 98.

6th March, 1918.

is required entirely by the Bank, either for the manufacture of paper for India Notes or otherwise, authority might be granted them to utilize any surplus powers of production in the manufacture of paper for general trade purposes.

In view of the Minute of the Committee of Treasury dated the 5th July 1815, it was agreed that Messrs. Portal be asked to make formal application by letter.

The Governor referred to the Drawing Account of the Roumanian Government, in which power to operate was vested in the Roumanian Minister, who had now gone back to Roumania. H. M. Treasury are prepared to accept the signature of M. Boreco, the Chargé d'Affaires, in connection with transactions arising out of the discounting of Bills for the Roumanian Government by H. M. Government and have authorized the Bank to act similarly so far as these proceeds are concerned. Certain other moneys are, however, occasionally passed through the Roumanian Government Account and as some doubt existed as to M. Boreco's powers in respect of these moneys, now that Roumania is no longer one of the Allies, it was thought advisable to consult the Foreign Office and Sir Adam Block before taking any definite steps.

Referring to the arrangements under which foreign money is borrowed by the Bank, and to the case of the Credit Lyonnais, whose application had been declined last week, the Governor mentioned several cases of foreign banks and companies with offices in this country, whose money had been included in the scheme. After discussion it was agreed that no matter through whom their money was tendered, such foreign Banks and others as maintained offices in London, e.g. the Bank of Spain and the Bank of Chili, should not be entitled to the special rate, but that there might be certain exceptions where the agencies or offices in England were used solely for other than Banking purposes, as for instance a Telegraph Company.

Wednesday, the 13th March 1918.

The proceedings of the last Committee were read and agreed.

It was agreed that no alteration be recommended in the Bank Rate.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including foreign commitments was laid before the Committee.

It was reported that the foreign money borrowed amounted to £87,425,000.

The House List of Governors and Directors for the ensuing year was read and referred to the Court of Directors.

It was agreed to support the Ex-Officers' Employment Bureau by allowing the name of the Bank to appear on the List of Members of the Association.

It was agreed to make a donation of thirty guineas to the Royal National Hospital for Consumption at Ventnor, which with the donation of twenty guineas granted in 1915 will entitle the Bank to one Letter of Recommendation annually for a period of fifteen years.

With reference to the Allowance of 10/- a week granted since 1909 to Mrs McLean in respect of her two children (which allowance ceased on the 28th February), it was agreed to continue the Allowance for another year, when Mrs McLean states that her boy will be leaving school and making a small start in life.

Lord Hollenden wished the following to be recorded on the Minutes, viz:-

"When the Bank took the large amount of the 3½% Loan in 1914, was it shewn in the published accounts of the Bank of England?

If it was not shewn, did the Bank as published convey a false impression of its position and does the Bank hold any letter or document from the then Government absolving the Bank from any responsibility?"

The

Present.

The Governor
(Lord Cunliffe)
The Deputy Governor
(Sir Brian Cocksedge)
Lord Hollenden
Mr Wallace
Mr Campbell
Mr Johnston
Mr Cole
Sir Everard Hambro
Lord Penelope
Mr Norman

13th March 1918.

The Governor stated that the 3½% War Loan 1914 was shown in the published accounts, some under the head of Government Securities and the rest under that of "Other Securities". This certainly might convey a wrong impression to the Public, or rather to Parliament, but was, he considered, necessary at that time in the National interest, and was surely not so misleading as the placing of "Other Securities" among "Government Securities" which had been a practice of the Bank for many years. He said that he had asked the Chancellor of the Exchequer at the time for a letter indemnifying the Bank in the action which they had taken, and he had made a similar request to the present Chancellor, but so far without result.

The Committee were of opinion that it was advisable to get such a letter to regularise the Bank's position in the matter.

Present

The Governor (Lord Cunliffe)
 The Deputy Governor
 (Sir Brian Cokayne)
 Lord Hollenden
 Mr Wallace
 Mr Campbell
 Mr Johnston
 Mr Cole
 Mr Newman
 Sir Gerard Hambro
 Lord Penelope
 Mr Norman.

Wednesday, the 20th March 1918.

The proceedings of the last Committee were read and agreed.

It was agreed that no alteration be recommended in the Bank Rate.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including foreign commitments was laid before the Committee.

It was reported that the foreign money borrowed amounted to £93,150,000.

It was agreed to concur in a Report of the Committee for Appointments and Promotions of the Staff, recommending a revised scale of pay for the Women Clerks.

It was agreed to recommend to the Court of Directors for adoption the proposals for sundry additions to Agents' Salaries etc. contained in the accompanying Minute of the Committee for Branch Banks.

The

20th March 1918.

The Committee for Branch Banks

"19th March, 1918.

Resolved,

"That it be recommended to the Committee of Treasury to propose to the Court of Directors to make the following additions to salaries as from the 1st instant, viz:-

"The personal additional salary of Mr J. H. Brand, Agent at the Leeds Branch, to be increased from £100 to £200.

"The ordinary salary of Mr A. B. Howe, sub-Agent at the Law Courts Branch, to be raised from £500 to £600, and a gratuity of £150 to be granted to him in recognition of the special work which he has done at the Branch during the past year in connection with the Public Trustee Accounts, of a German Banks.

"A gratuity of £150 to be granted to Mr G. H. Gair, Sub-Agent at the Newcastle Branch, in recognition of the additional responsibility incurred owing to the absence of the Agent on Military duty.

"Arien O'Keefe."

The Governor reported that he had received the following letter from the Chancellor of the Exchequer dated the 15th instant, regularising the Bank's action in the matter of the 3½% War Loan and other Government securities taken up by the Bank.

SEC. 10

Treasury Chambers,
Whitehall, S.W. 115th March, 1918.

Dear Mr. Governor,

I have your letter of the 21st ultimo on the subject of the subscriptions of the Bank of England to the 3½ per cent. War Loan of 1915 and the 3% Exchequer Bond issue of the same year.

Whatever may be the precise position as regards the legality of these subscriptions, there is no doubt in the opinion of His Majesty's Government that in the circumstances of the time the making of them was essential in the national interest and having regard to this fact and to the fact that the taking up by the Bank of these portions of the loans which were not otherwise subscribed was with the knowledge and approval of the then Chancellor of the Exchequer, I am satisfied that in the event of the action of the Bank being challenged whoever might be Chancellor of the Exchequer

when

20th March 1918.

when the question arose would feel it to be his duty to recommend to Parliament that the Bank should be indemnified both in respect of the subscriptions themselves and in respect of the manner in which the securities subscribed for and any Treasury Bills subscribed for under similar conditions were entered in the returns of the Bank.

Yours sincerely,

A. Bonar Law.

The Governor of the Bank of England.

ET. 72.

Referring to the Election of the Treasury Committee at the Court on the 25th March, the Deputy Governor submitted a suggested scheme to be followed for the Election, which the Committee approved.

Some discussion took place as to the course to be pursued in the event of an equality of votes for the last name, and the Committee were of opinion that should this happen, the Governor should exercise his statutory right to give the casting vote.

Present.

The Governor (Sir Brian Stokes)
 The Deputy Governor (Mr. Norman)
 Lord Hollenden
 Mr. Campbell
 Mr. Johnston
 Mr. Cole
 Mr. Newman
 Lord Revelstoke

Wednesday the 27th March 1918.

The proceedings of the last Committee were read and agreed.

It was agreed that no alteration be recommended in the Bank Rate.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including foreign commitments, was laid before the Committee.

It was reported that the foreign money borrowed amounted to £96,500,000.

ET 98.

Referring to Messrs. Portals' request, which was before the Committee on the 6th March, the Governor read to the Committee Messrs. Portals' letter

letter

27th March 1919.

letter, dated the 14th March, from which it appeared that not only did they desire to make use of the Turkey Mill, Loughton, when equipped, for any surplus powers of production as might be available, but they asked for similar facilities at the Bramshott Mill, should it not be required to its fullest Capacity in connection with the manufacture of Portal Order and other paper now made for the Bank.

After discussion it was agreed that Messrs. Portals request be met as regards "Turkey Mill," but as regards "Bramshott Mill" further consideration should be given to the arrangements existing between the Firm and the Bank.

The Governor referred to the question of the various duties of the Directors, such as Out Cash, Audit of Branches, both London and Country, and the Committee of Daily Waiting.

For some years past the Members of the Committee of Treasury have been excluded from taking the Out Cash and the Branch Audits, and for the past four years they have only served for one fortnight in the year on the Committee of Daily Waiting. The Governor explained that, as it was possible that some of the junior Members of the Court might be elected to the Treasury Committee in place of some of the older Members, the allocation of the duties in question would require consideration.

The Committee had before them the case of George M. C. Hart-Smith, formerly of the Western Branch, who has applied to have his Pension, which was discontinued in 1912, restored.

In all the circumstances of the case, as detailed in a separate Minute the Committee agreed to recommend that Hart-Smith be granted, during pleasure, his former pension of £89:9:4 a year.

The Committee had before them an application for assistance from Miss M. C. Sharp, daughter of R. H. Sharp, a Pensioner, who died on the 3rd instant, aged 84.

It appeared that at the time of his death, the only property Sharp is known to have had was his Insurance with the Bank Provident Society, amounting, with bonuses, to £250, and a house at Loughton, which is heavily mortgaged and in bad repair, and by her father's death, Miss Sharp, who is 52 years of age, is left practically penniless and without any relatives able to render her any assistance.

In view of all the circumstances, it was agreed to grant her a Compassionate Allowance, during pleasure, of £50 per annum.

On

27th March, 1918.

On an application from the Widow of Herbert W. Tilly, a Pensioner, and formerly Senior Cashier in the Treasury, it was agreed to grant her, during pleasure, an Allowance according to scale of £60 per annum.

On an application from the Widow of W.A.L. Maitland, a 3rd Class Clerk in the Private Drawing Office, who died on the 9th instant, after 16 years service, it was agreed to grant her, during pleasure, an Allowance of £23:10/- per annum, being the reduced Allowance to which she is entitled, her husband having only insured his life with the Bank Prudent Society for the minimum amount of £200.

It was also agreed, in view of her necessitous circumstances, to make her a grant of £50 from the Samaritan Fund.

The Committee had before them the case of Charles H.S. Carter, a 2nd Class Clerk in the India Office, who is 49 years of age and will have completed 30 years' service on the 19th April.

It was agreed, as detailed in a separate Minute, to recommend to the Court that Carter be granted, during pleasure, a pension, calculated on the basis of 30 years' service, of £164:19/- a year, in accordance with the scale.

The Deputy Governor mentioned the case of Messrs. Bambridge Limited of Newcastle, sole customers of the Branch, who had applied for an unsecured overdraft of £100,000. Their capital is stated to be £280,000 net and there are three partners, stated to be worth between £700,000 and £800,000.

As the question was one more of the general policy of the Bank at the Branches as a whole, the matter was held over for further consideration next week.

He also mentioned that Messrs. Armstrong of Newcastle, who at present are allowed an overdraft up to £2,500,000 on securities of a miscellaneous character, had made application for a large increase in their overdraft, to enable them to meet the increased cost of labour and materials for Government contracts.

The Deputy Governor thought that the increased overdraft should be permitted, and that it would be possible to get First or Second Debentures as security, which he ventured to think would improve the position of the Bank.

The Committee concurred

The

27th March, 1918.

SEC. 10

The Governor referred to the Annual Return which the Bank are required to make to Parliament of all Advances to Government under the Act 55 Geo. 3. C. 76 and read to the Committee a letter dated the 23rd March from H. M. Treasury in reply to the Bank's letter of the 19th February.

19th February, 1918.

Dear Sir John,

"I send you the draft of the Return which the Bank of England propose to make under Act 5 Geo. III C. 76 for the year ending 5th January 1918.

"There is one item which is not at present included in the Return and to which I desire to draw your attention, viz. the Imperial Russian Government Sterling Treasury Bills amounting to £1,500,000, due the 25th January last, which were taken by the Bank on behalf of His Majesty's Government in January 1917, in terms of Treasury Letter No. 2054 of the 24th January 1917. Whether this should or should not be included in the present Return is I feel for the Treasury to decide as the Bank of England are quite prepared to fall in with their instructions on the understanding that if the Chancellor prefers that this item should be omitted he will take whatever steps may be necessary to protect the Bank.

"With the following exceptions all transactions with or for His Majesty's Government have always been included in the Annual Return, transactions of a private character concerning the Bank of England alone not being included. The exceptions are when, during the South African War, the Bank took £9,000,000 (part of £30,000,000 placed privately) of an issue of £60,000,000 Consols, and when they took £2,000,000 (part of £16,000,000 placed privately) of an issue of £32,000,000 Consols - also, during the present War, when sundry amounts of Exchequer Bonds and 3½% War Loan were taken by the Bank to bring the total subscribed up to the amount offered, as well as sundry amounts of Treasury Bills at various times. On none of these occasions, so far as I am aware, was any official application for their support made to the Bank. To these exceptions must be added certain Foreign Government Treasury Bills taken on sundry dates. Though in these cases the Bank of England do not appear to have received the usual application in writing I think that they should be considered on their merits as under a certain construction of the Act it might be held that they should have been included in the Return.

The Returns for 1915 and 1916 were, owing to
pure

27th March 1918

"pure inadvertence, possibly incomplete. We only
 "discovered this a few months ago and the whole
 "question has really arisen in consequence. We
 "naturally only wish to do what is right. The
 "important point is of course that of public policy. It
 "seems hardly practicable to make further Returns now
 "for past years, though the Bank would be quite ready
 "to do it. In all the circumstances the Chancellor
 "prefers that this should not be done, I hope we may
 "receive his assurance that measures will be taken to
 "protect us from any consequences that may arise.

Yours sincerely,

(Signed) Cunliffe

"Sir John Bradbury, K.C.B.,
 "Treasury Chambers,
 "Whitehall, S.W. 1"

"Treasury, S.W.

23rd March, 1918.

"Dear Mr Governor,

SEC-10

"I am sorry not to have sent you an
 "earlier reply to your letter of the 19th ultimo enclosing
 "a draft of the Return you propose to make under
 "the Act 55 Geo. III c. 76 for the year ending 5th
 "January last, returned herewith. The question is
 "closely connected with that of the subscriptions of the
 "Bank to the 3½% War Loan and the 3% Exchequer
 "Bonds upon which you have been in correspondence
 "with the Chancellor of the Exchequer, and though
 "the present point was not actually raised in that
 "correspondence, I felt some difficulty in dealing with
 "it until the other points were settled.

"I have now had an opportunity of consulting
 "the Chancellor of the Exchequer and I find that in
 "view of the fact that the clear intention of the Act
 "in imposing upon the Bank the duty of presenting
 "the return directly to Parliament was to provide a
 "check upon the Treasury and that this object would
 "be entirely defeated if we were to advise you as to what
 "transactions ought or ought not to be included in
 "the return, he thinks that the question whether the
 "Act requires the Bank to include any particular
 "transaction or not is one which the Bank must decide
 "for itself.

"If

27th March 1918.

"If the Bank should decide that it is bound to include any transactions which it appears to be in the public interest not to disclose the proper course in the Chancellor's opinion would be to defer presenting the return altogether until the War ends when the transactions in question can be disclosed without detriment to the public interest.

"Should this course become necessary, the Chancellor would be quite prepared to defend it and if the action of the Bank in delaying the presentation were challenged he would recommend to Parliament that the requirement to present should be waived during the War.

"So far as the possible incompleteness of past returns is concerned, the Chancellor is satisfied that these have been presented on consistent lines by the Bank in the bona fide belief that they included all transactions which they were required by law to include and he feels no doubt that if any question of omission should arise in regard to them Parliament would be prepared to relieve the Bank from responsibility.

Yours sincerely,
(Signed) John Bradbury

Present.
The Governor
(Sir Brian Cokayne)
The Deputy Governor
(Mr Norman)
Mr Campbell
Mr Cole
Lord Revelstoke
Mr Fenfell

Wednesday, the 3rd April, 1918.

The proceedings of the last Committee were read and agreed.

It was agreed that no alteration be recommended in the Bank Rate.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including foreign commitments, was laid before the Committee.

It was reported that the foreign money borrowed amounted to £99,375,000.

The Governor read to the Committee a letter from Mr Jackson dated the 1st instant, in which he asked, for two definite reasons, to be excused from serving on the Committee of Treasury for the present year. The Committee felt that they had no alternative but to recommend the Court to accept Mr Jackson's resignation with regret.

The Governor again referred to the question of the allocation of the various duties of the Directors, i.e. the Committee of Daily Working, Standing Committees, Out Cash, Audits
of

3rd April, 1915.

Audits of Branches, etc. and after discussion it was agreed to recommend to the Court a scheme for these duties for the ensuing year as detailed in a separate Minute.

The Governor reported a great shortage of silver and a decreasing supply of coin. He hoped steps would be taken with a view to obtaining more silver from the United States of America; more freedom in direct buying by the Mint and some restriction of the jewellery trade. By these means it was hoped to avoid the issue of 5/- Notes, which would inevitably lead to an issue of 1/- Notes, but the outlook in this respect was most discouraging.

It was reported that as regards printing dividend warrants, book, etc., very few warrants for War Loan or National War Bonds could be printed without further machines being authorised by the Ministry of Munitions, and it was uncertain what arrangements could be made and how soon they could be made effective.

It was reported that at the request and for account of the Netherlands Bank, £500,000 Bar Gold would be received in safe custody from a London correspondent, provided it had been the absolute property of that Bank since before the War.

Present

The Governor (Sir Brian Sturges)
The Deputy Governor (Mr Norman)
Mr Campbell
Mr Cole
Sir Gerard Hambro
Lord Rosetothke
Mr Penfell

Wednesday, the 10th April, 1918.

The proceedings of the last Committee were read and agreed.

It was agreed that no alteration be recommended in the Bank Rate.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including foreign commitments, was laid before the Committee.

It was reported that the foreign money borrowed amounted to £107,000,000.

With reference to Mr Jackson's resignation as a Member of the Committee of Treasury, the Governor

mentioned

10th April, 1918.

mentioned that he would give notice at the Court to-morrow that on Thursday, the 25th instant, he would move that an election be held to fill the vacancy.

The Governor read a letter, dated the 4th instant, from Mr. Sandeman, in which he intimated that owing to his age and inability to fulfil his duties at the Bank, he felt compelled to resign his position as a Director.

It was agreed to refer the letter to the Court to-morrow.

It was agreed to concur in a Minute of the Staff Committee recommending that Mr. F. J. C. Strettell, Agent at the Bristol Branch, be allowed to retire with a pension, and that various appointments etc. consequent thereon, be made.

The Annual Reports by the Secretary upon the Clerks' Guaranty Fund and the Samaritan Fund were submitted and referred to the Court.

The Governor reported that the Chief Cashier had brought to his notice a memorial signed by the Staff, asking for an increase in their present War Bonus, and a revision of the hours of work, etc. He had asked the Chief Cashier to let it be known that while the Directors were always very ready to consider and meet, if possible, any grievances on the part of the Staff, they could not approve the manner in which the request had been put forward.

The Governor thought, however, that it would probably be necessary to increase the War Bonus before long.

The question of filling the vacancy caused by the retirement of Mr. Sandeman was considered, and after discussion the matter was held over until next week.

It was agreed that when the business before the Committee is not completed on Wednesday, a second Meeting be held, if possible, on Friday at 12.30 p.m.

Present:-

The Governor
(Sir Brian Cokayne)
The Deputy Governor
(Mr. Norman)
Mr. Campbell
Mr. Cole
Lord Revelstoke
Mr. Grenfell

Wednesday, the 17th April, 1918.

The proceedings of the last Committee were read and agreed.

It was agreed that no alteration be recommended in the Bank Rate.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including foreign commitments, was laid before the Committee.

It was reported that the foreign money borrowed amounted to £115,000,000.

The question was raised as to whether a payment on account of the Excess Profits Duty, which will amount to about £2,500,000 for the past year, should be made under discount at the present time, and after discussion the matter was generally approved, subject to the necessary investigation.

The Committee agreed that it was desirable to appoint a "Candidates Committee" from among the Junior Members of the Court, but that the constitution of the Committee be held over until the vacancy on the Committee of Treasury has been filled.

A discussion took place as to a Candidate to fill the vacancy caused by the retirement of Mr. Sandeman.

Present.

The Governor (Sir Brian Cokayne)
The Deputy Governor (Mr. Norman)
Mr. Campbell
Mr. Cole
Lord Linlithgo
Sir Everard Hambro
Lord Revelstoke
Mr. Grenfell

Wednesday, the 24th April 1918.

The proceedings of the last Committee were read and agreed.

It was agreed that no alteration be recommended in the Bank Rate.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, including foreign commitments was laid before the Committee.

It.

24th April, 1918.

It was reported that the foreign money borrowed amounted to £118,925,000.

It was agreed to recommend to the Court that a donation of One thousand pounds be granted to the Funds of the London Hospital.

An application for a donation from the Stock Exchange Benevolent Fund was declined.

The Deputy Governor reported that he had authorised an allowance to Porters as compensation for presumed loss of overtime when on Nightly Watch Duty.

Present

The Governor (Sir Brian Storer)
The Deputy Governor (Mr Norman)
Mr Campbell
Mr Cole
Sir Richard Hambro
Lord Revelstoke
Mr Greenfell
Col. Hanbury

Wednesday, the 1st May 1918.

The proceedings of the last Committee were read and agreed.

A long discussion took place on the subject of the Bank Rate, which at the present time was felt to be quite out of touch with Market Rates.

The position generally was very artificial, Bankers' Deposit Rates having been lowered to meet the Government's requirements; and if necessary they could be further altered without any raising or lowering of the Bank Rate.

The Committee felt that in the National interests and in view of conditions in the United States of America, it was not advisable to recommend any decline in the Bank Rate at the present time.

The Weekly Statement of Discounts and advances granted to Bill Brokers, including foreign commitments, was laid before the Committee.

It was reported that the foreign money borrowed amounted to £122,000,000.

The Governor mentioned that as the foreign money was continually increasing, the question arose as to the desirability of making some fresh arrangement, and suggested that it might be desirable to lengthen the notice required for the withdrawal from 3 to 7 or more days.

After discussion the feeling was against any such change.

It

1st May 1918.

It was agreed to recommend to the Court that a special Committee consisting of Mr Trotter, Mr Lubbock and Sir Robert Kinderley, be appointed for the submission to the Committee of Treasury of the names of Candidates for the Direction.

In consequence of the retirement of Mr Sandeman, it was agreed to sound Sir Charles Addis, of the Hongkong and Shanghai Banking Corporation, as to his willingness to become a candidate for the Court, and unless he should previously dissent, to propose his name to the Court to-morrow.

The Governor mentioned that the Lord Mayor had called upon him with reference to the visit to the City of their Majesties, the King and Queen, on the occasion of their Silver Wedding; that the Lord Mayor had said their Majesties had expressed their willingness to accept a present from the City of London and desired that the present should take the form of a piece of old silver Plate, together with a purse of money to be distributed to such War Charities as they thought fit.

The Committee were not altogether in favour of the scheme, especially to that part of it which referred to the presentation of silver, and it was left in the hands of the Governor to ascertain what the other Banks were doing in the matter.

It was agreed to recommend to the Court that Sir Gordon Naime relinquish his duties as Chief Cashier and be appointed Comptroller of the Bank.

That his signature be accepted, within the Bank, in lieu of that of the Governor or Deputy Governor.

That he attend the Court, the Committee of Treasury, and the Standing Committees.

That his duties be particularly to manage the internal affairs of the Bank and to co-ordinate the two sides and generally to assist the Governors.

The question of his remuneration was raised, and while the Committee were of opinion that no salary should attach to the post, it was decided to postpone any decision as to the amount of personal salary.

An application from Miss Gough, daughter of Mrs Harriet Gough, Widow of a Pensioner, who died on the 23rd April for a continuance of the allowance of £40 a year was considered. It appeared that Miss Gough, who is 60 years of age, is left practically penniless and has no relatives in a position to help her.

It

1st May, 1918.

It was left in the hands of the Governor, to give her what assistance he thought fit from the Samaritan Fund.

The Deputy Governor reported that he had authorised an advance of wages of 12½ per cent. to men in the Works Department to accord with the recent advance to men in the Building Trade.

Present

The Governor (Sir Brian Colquhoun)
The Deputy Governor (Mr. Thomson)
Mr. Campbell
Mr. Cole.
Lord Cunliffe
Sir Gerard Hambro
Lord Revelstoke
Col. Hanbury

Friday, the 3rd May, 1918.

A Notice to the Press on the subject of Sir Gordon Naime was laid before the Committee.

The Governor mentioned that it had been reported in the City that the Bank would probably subscribe £1,000 to the Silver Wedding Fund to the King and Queen. He had thereupon called upon the Lord Mayor and informed him that the Committee of Treasury could not put the Lord Mayor's application forward to the Court of Directors as it was presented to them, as the Bank could not identify itself with the purchase of Silver Plate, and that the Lord Mayor had replied that he hoped the Bank would see their way to give a subscription and make it conditional, but that it was too late to alter the programme. The Governor had also referred the matter to the Clearing Bankers yesterday afternoon, and he gathered that some of them had more or less pledged themselves to support the scheme.

The question of the Bank's subscription to the Lord Mayor's Fund was deferred until next Wednesday.

The Governor also mentioned that there was a great shortage of silver in Ireland as well as here and that to meet the Chancellor's urgent wishes, he had authorised the silver due from the Mint to the Bank this week to be diverted to Ireland. He felt that the "silver" position was perilous, and that it would probably lead, at an early date, to the issue of 5^s notes.

