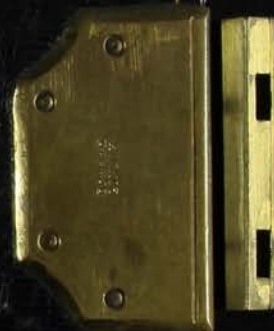


COMMITTEE OF TREASURY

MINUTE BOOK

50



Wednesday, the 28th April, 1926.

A full Committee
and the Comptroller

The minutes of the last Meeting were read and confirmed.

The Weekly Statement of Discounts and Advances granted to Bill Brokers &c was read.

CT 99

The Committee considered the question of the Bank Rate: as the Federal Reserve Bank of New York had, somewhat unexpectedly, reduced their rate of discount a week ago to $3\frac{1}{2}$ per cent it might be thought proper on general grounds to propose a reduction here to $4\frac{1}{2}$ per cent, but in view of the uncertainty as to an immediate Coal Strike it was agreed not to recommend any change.

CT 72

It was agreed to recommend to the Court that Members of the Committee of Treasury be authorised to sign and act on behalf of the Governor at the request of one of the Governors.

The Governor informed the Committee that the Bank of Czechoslovakia would probably ask the Bank to arrange a credit for the stabilisation of their currency; any such credit, if granted, would be treated as a Central Banking transaction and secured on gold and/or Foreign Bills. He understood that the Government of Czechoslovakia were endeavouring to arrange a similar credit in New York.

28th April 1926

With reference to Minutes of May and July 1924 and later, on the question of the Bankers' Deposit Rate, the Governor called the attention of the Committee to certain passages in a Speech by Mr. Snowden in the House of Commons on the 27th April.

Present

The Governor
The Deputy Governor
Lord Reusselkirk
Lord Allen of Ashbourne
Mr. Lubbock
Sir Charles Adair
Mr. Wallace
Mr. Whigham and
The Comptroller

Wednesday, the 5th May, 1926

The Minutes of the last Meeting were read and confirmed.

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

CT 99.

Having noted the exceptional demand for Advances and Currency Notes, due to apprehensions concerning the General Strike, and having agreed that for the moment such demands should as far as possible be supplied, the Committee decided that no alteration be recommended in the Bank Rate.

CT 67.02

It was agreed to contribute a sum of £200 to meet the deficit in the Accounts of the Sports Club at the end of the year 1925/6.

The Quarterly Report of the Audit Committee with a recommendation as to the
procedure

5th May 1926

procedure by the Committee of Sundry Waiting in regard to bills purchased by the Bank was submitted and referred back to the Audit Committee for reconsideration.

It was agreed to decline a request of the Manchester & District Bankers Institute to nominate a member of the Court to act as Chairman for the ensuing year.

The Governor acquainted the Committee of the following matters—

10.21
or 177 With reference to Minutes of the 3rd February and the 10th March last it would appear that the arrangements between the Ministry of Agriculture and the Bankers for the formation of a long term Land Mortgage Company have broken down.

or 95.04 After some discussion with the Chancellor and believing the Mint to be open to all, the Chairman of the Midland Bank recently purchased on the market at a price in excess of the statutory price several parcels of gold amounting together to about £600,000. The Chairman professed ignorance of the undertaking given on the 16th April 1925 by all Clearing Bankers not to acquire or hold gold for their own account for two years—although he and the Deputy Chairman were present at that Meeting. The Midland Bank were to-day paying in the above parcels of gold to the Bank.

In

5th May 1926

4

10-20
N/E
ETI

In connection with the Irish Bank Note Circulation he raised the question whether the Committee considered it advisable to take advantage of this opportunity to endeavour to arrange by payment for abolition of the Fiduciary Issue of Northern Ireland, which amounts to less than £1,500,000, distributed among six Banks; the Committee were generally agreed that it would not be advisable to take any action.

He regretted that the Strike had prevented Dr. Schacht and Dr. Vissering from coming here at the same time as Mr. Strong and that the meetings of Central Bankers for which he had hoped had therefore fallen through.

The Deputy Governor reported that on the evening of the 3rd May the Supervisor of the Printing Section at St. Luke's had asked for instructions as to the attitude of the Bank in general to the Union employees at St. Luke's who had enquired whether the Bank would stand by them if they handed in their tickets to their Union. He was informed that the attitude of the Bank was one of strict neutrality. In no case was any inducement to be offered to the men to stay in on the terms suggested as this would commit the Bank to honouring the obligations of the Unions to their members and would tie the Bank's hands in dealing with their employees in future. Warning could be given that any pensions to which employees might become entitled might be jeopardised.

Present.

The Governor
 The Deputy Governor
 Lord Revelstoke
 Lord Cullen of Ashbourne
 Mr. Lubbock
 Sir Charles Adie
 Mr. Wallace
 Mr. Whigham
 The Comptroller

Wednesday, the 12th May, 1926.

The minutes of the last Meeting were read and, after amendment, confirmed.

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

With reference to the daily figures it was reported that had it not been for special action by the Clearing Banks, the total of Currency Notes in circulation would be in excess of the legal maximum.

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

The Quarterly Report of the Staff Committee with "Overs & Shorts" and a Report of the Committee on St. Luke's on the attitude of the Bank towards Trades Union employees were submitted and referred to the Court.

The Governor acquainted the Committee of the following matters—

On the 9th instant under the Emergency Powers Act the Home Secretary had issued an Order dealing with monies which may be transmitted from abroad in support of the General Strike.

On

12th May 1926

6

CT-40

On the 8th instant at the request of the French Government, M^{ons}. Parmentier interviewed Mr. Shong and himself to ascertain if it were possible for his Government to obtain a credit for £20,000,000 on the security of the Bank of France Gold. M. Parmentier was informed, inter alia, that business concerning the Bank of France could only be discussed with that Bank.

~~1 Q 15~~
CT-4

He was arranging to obtain from the Commonwealth Bank in New York the proceeds of \$4,000,000 gold to be shipped by them to America during the next 4 months.

He had had very friendly interviews with Mr. Garvan, the Chairman of the Commonwealth Bank, who in course of conversation had shown him a cable he had sent to his Governor in Australia suggesting that the Comptroller be invited to visit Australia to report on the position and future of that Bank. He had told Mr. Garvan that the suggestion had been made without his knowledge or consent and could only be discussed on its merits if it came up again.

In connection with the General Strike, the Deputy Governor reported the position of the Staff at Head Office and at St Luke's and the progress of the work at St Luke's on the June dividend warrants.

Present

The Governor
 The Deputy Governor
 Lord Revelstoke
 Lord Cullen of Ashbourne
 Mr. Lubbock
 Sir Charles Adie
 Mr. Wallace
 Mr. Whigham and
 The Comptroller

Wednesday, the 19th May, 1926.

The minutes of the last Meeting were read and confirmed.

The Weekly Statement of Discounts and advances granted to Bill Brokers &c. was read.

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

The following were submitted and referred to the Court -

Minutes of the Staff Committee and of the Committee on St. Luke's recommending appointments.

Report of the Staff Committee recommending the election of 31 Probationary Clerks to the Permanent Staff.

~~10.4~~
N/E. Minute of the Committee on St. Luke's as to the rent of Overton Mill.

It was agreed to suggest to the Court that a donation of £1000 be made to the National Police Fund.

It was agreed to recommend to the Court that pensions be granted during pleasure and in accordance with the scale to -

Thomas Moore Johnson, Senior Messenger to the Secretary, £144 : 2 : - a year.

William Simonds, Senior Bullion Porter, £176 : 1 : 8 a year.

An

19th May 1926HA 24
Estab

An application was considered from C. H. S. Carter, a Pensioner, for a continuance of the Supplementary Pension of £50 a year granted to him in 1920 and renewed in 1923 for a further 3 years: it was agreed to grant him, for a further 2 years, a Supplementary Pension of £25 a year.

With reference to previous Minutes, the Governor acquainted the Committee of the following matters -

+B 32
CT 192

After full consideration and in order to postpone the uncertainties and dangers of a Receivership he had arranged that if necessary he would make further advances against security to Messrs Armstrong Whitworth & Co. to an amount not exceeding £500,000 beyond their estimated requirements to the 30th June next.

-CT 40

Discussions had taken place between the Chancellor and Mons. Peret on the details of the French Debt settlement on which agreement had not been previously reached: he had at the same time received two visits from representatives of the Bank of France, who at the first interview announced that they had come to London to discuss the agreement as to the Bank of France credit and at the second interview stated that they were merely paying a visit of courtesy and had no business to discuss.

The

19th May 1926

The terms to be offered to Mr. Siepmann were discussed and generally approved.

On the question of appointing persons from outside the Staff of the Bank to superintend Central Banking work the name of James Baxter had been recommended to him as a man who might be suitable for undertaking that section of the work relating to the French speaking Countries; further he considered that in addition to the above persons it was necessary to appoint someone from outside the Staff of the Bank who would be competent to advise the Bank on all questions connected with the Exchanges

HA 23
CT 80

Present

The Governor
The Deputy Governor
Lord Cullen of Ashbourne
Mr. Lubbock
Sir Charles Adair
Mr. Whigham and
The Comptroller

Wednesday, the 26th May, 1926

The proceedings of the last Committee were read and agreed.

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

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

The Monthly Report of the Committee on Advances and Discounts was submitted and approved.

The Governor informed the Committee that Certificates had been received from Messrs. Deloitte in respect of their audit of the Bank's accounts for the

half

26th May 1926

half year ended 28th February last. In this connection the Committee were generally of opinion that it would be desirable to build up a Reserve against the contingent liability of £1,250,000 in respect of Bank Notes outstanding for more than 40 years.

With reference to Minutes of February and March last as to amalgamation of Note Issues the Committee directed that enquiries be made in order to ascertain the best methods for ensuring adequate protection against forgery of £1 and 10/- Notes.

Present

The Governor
The Deputy Governor
Lord Revelstoke
Mrs. Cullen of Ashbourne
Mr. Lubbock
Mr. Charles Adair
Mr. Wallace
Mr. Whigham and
The Comptroller

Wednesday, the 2nd June, 1926.

The proceedings of the last Committee were read and agreed.

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

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

10-2
N/E

It was agreed to pay the Operatic, Dramatic and Orchestral Society a sum of £50 to make good the deficiency in their Funds for the past years.

The Results of the Election of the Staff Representatives on the Advisory Council of Directors and Staff was reported.

2nd June 1926

It was agreed to recommend to the Court of Directors that the Official Representatives for the ensuing year be -

Lord Revelstoke (Chairman)

Mr. Trotter

Mr. Goschen

Mr. Gladstone

Mr. Walker

Mr. Cattermole

It was agreed to recommend to the Court of Directors -

(a) That a contribution of £50 be made to a Guarantee Fund in connection with the forthcoming visit to Hull of the Association of British Chambers of Commerce.

(b) That a pension of £595 : 6 : 8 be granted during pleasure and in accordance with the scale to Joseph D. Barker, Deputy Principal of the Register Office, from the 1st September inclusive.

A letter from the Ministry of Transport with further reference to the question of the widening of Princes Street was submitted and referred to the Committee on Re-building of the Bank.

A question raised by the Deputy Governor as to certain poundage on Income Tax was discussed and deferred.

With reference to Minute of the 26th August 1925 the Governor informed the Committee that the exchange of German Government Securities under the Valorisation Act was now practically complete and that subject to the concurrence of the Agent General for Reparations he had arranged for exchanges, on similar

2nd June 1926

similar lines, of pre-war securities of the German States, Communes and Communal Associations to be made in this Country by the Bank of England on behalf of the Reichsbank.

With reference to a Minute of the 5th May as to Meetings of Central Bankers which had fallen through by reason of the General Strike the Governor informed the Committee that during the past week he had had long interviews with Dr. Schacht and he outlined some of the points which had been discussed.

Present

The Governor
The Deputy Governor
Lord Revelstoke
Lord Cullen of Ashbourne
Mr. Lubbock
Sir Alan Anderson
Sir Charles Adair
Mr. Wallace and
The Comptroller

Wednesday, the 9th June, 1926

The proceedings of the last Committee were read and agreed.

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

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

The following were submitted and referred to the Court -

Minute of the Staff Committee recommending appointments etc.

Draft of the proposed reply to the Ministry of Transport as to widening of Princes Street.

With

9th June 1926HCZ
Office File 154

On a letter from Mr. Spencer-Smith it was agreed to recommend to the Court of Directors that a donation of £200 a year be granted for 3 years to the Royal Institute of International Affairs.

With reference to previous Minutes -

The Governor informed the Committee -

N/E
HCZ
CT 4

That he had arranged to obtain from the Commonwealth Bank against payment in Securities the proceeds of a further £5,000,000 gold to be shipped by them to America during the next few months. In anticipation of the expiry of our credit in New York he thought that no limit below the equivalent of, say, £40,000,000 should be placed on the Bank's holdings and balances with Foreign Central Banks, towards which some £90,000,000 was at present in New York, but he was not at present prepared to define the purposes for which these monies might be employed.

CT 29.

That he regarded the present position of Belgium as uncertain: he was expecting discussions with M. Hankain, who would be in London to-morrow, and with M. Francqui, who was expected next week.

HCZ
CT 192

That an article in the Economist of the 5th June on Messrs. Armstrong Whitworth & Co's position contained criticism of the Bank's position in regard to that Company's debenture issue in December 1924: and that he was pleased to have

learned

9th June 1926

learnt that Messrs. Armstrong's Annual General Meeting yesterday had passed off satisfactorily:

and the Deputy Governor informed the Committee

That the Agreement with Messrs de la Rue & Co. Ltd. for purchase of machinery and ink for the printing of £1 and 10/- Notes was now completed and would probably be ready for signature in a few days.

The Governor also acquainted the Committee of the following matters which had arisen since the last Meeting -

He had had visits from M. Bachmann, President of the National Bank of Switzerland, who was friendly and anxious to assist in the work of co-operation among Central Banks.

~~A 20~~
CT 36

Mr. Clegg had proposed to open a Branch of the South African Reserve Bank in London but having now abandoned the idea for the present he had asked if the Bank would agree to allot space and staff for Reserve Bank business. He considered that the Bank of England should do all in their power thus to help the Reserve Bank and he would reply that in principle there was no objection to the proposal.

The Governor
 The Deputy Governor
 Lord Revelstoke
 Lord Cullen of Ashbourne
 Mr. Lubbock
 Sir Alan Anderson
 Sir Charles Addison
 Mr. Whigham and
 the Comptroller

Wednesday, the 16th June 1926

The proceedings of the last Committee were read and referred back for amendment.

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

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

The Quarterly Report of the Audit Committee was again submitted, with an amended recommendation as to the procedure by the Committee of Daily Waiting in regard to Bills purchased by the Bank, and was referred to the Court.

With reference to Minutes of the 18th February last, it was agreed that the National Institute of Industrial Psychology be authorised to continue their investigations for a further period of three months at their present fee of 125 guineas a month.

Following on the Minutes of the 21st April last as to the appointment of a London Committee for the Commonwealth Bank of Australia, the Governor read to the Committee a letter he had written on the 12th May to the Chairman of that Bank.

Wills

16th June 1926.

With reference to previous Minutes, the Governor informed the Committee -

That the control of Austria and Hungary by the League of Nations will end on the 30th June.

CT 123

That the Anglo-Austrian Bank had now sold to the Credit Anstalt the whole of its Austrian business and that the negotiations between the Anglo Austrian Bank and the British Trade Corporation were proceeding.

CT 29

That he had agreed with M. Franqui to continue for a further three months the amount of the Belgian credit still outstanding.

+ 1832

CT 192

That as a temporary arrangement pending reconstruction of Messrs. Armstrong Whitworth & Co., or the appointment of a Receiver, he had arranged for the Bank to pay Mr. Frater Taylor £2500 a quarter for 12 months ending 30th April 1927 - Mr. Frater Taylor to pay all taxes.

In this connection it was agreed that it would be advisable to consider the constitution of a Committee which would represent all the Bondholders and work in co-operation with a Receiver if it were at any time found necessary to appoint one.

The Deputy Governor informed the Committee -

That

16th June 1914

That the terms of Mr. Siepmann's engagement had now been settled: that his appointment would date from the 1st July and that he would take up his duties towards the end of that month.

That the agreement with Messrs de la Rue & Co. was not yet ready for signature as further questions had arisen.

That the proposed reply to the Ministry of Transport as to the widening of Prince's Street had been re-drafted and would again be submitted to the Court to-morrow.

The Governor also acquainted the Committee of the following matters—

He had declined a suggestion of the Coalowners that he, in company with certain Bankers, would ask the Prime Minister to stiffen his attitude towards the miners.

ET. 2

The League of Nations had made a conditional promise to Bulgaria of a Refugee loan in the autumn on similar lines to the Greek Refugee loan.

ET. 106

10.28

He read a memorandum to the effect that the time had come for all possible support to be given to the Ottoman Bank and through them to English holders of Turkish Bonds. He wished to come to a close understanding with the Bank and

through

16th June 1926

through a body of shareholders, including the Bank, in London to assure the adoption of a policy favourable to the interests of this Country. He also proposed to restore the privileges in regard to acceptances which they enjoyed before the War.

Present

The Deputy Governor
Lord Reuelstone
Lord Cullen of Ashbourne
Mr Lubbock
Sir Charles Adair
Mr Wallace and
the Comptroller

Wednesday, the 23rd June, 1926

The proceedings of the Committee on the 9th instant were approved as amended.

The proceedings of the last Committee were read and agreed.

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

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

The Monthly Report of the Committee on Advances & Discounts was submitted and approved.

The following were submitted and referred to the Court:-

Report of the Committee on Advances and Discounts on the Discount Business of the Bank for the year 1925.

Letter

23rd June 1926

Letter from the Chancellor of the Exchequer applying for advances during the ensuing Quarter.

Letter from Mr. Whigham asking permission to join the Board of the Central Argentine Railway.

An application for a donation to the National Association for Prevention of Tuberculosis was declined and a similar application on behalf of the Anglican Church in New Delhi was considered and deferred.

With reference to Minutes of the 2nd June it was agreed that in accordance with a request from the Board of Inland Revenue the Bank would not in future claim poundage in respect of Trade Facilities Act loans issued by English Companies.

The Deputy Governor acquainted the Committee -

(1) That since the beginning of June there had been a small but constant demand for sovereigns for Spain which he had reason to believe were being sold to prospective emigrants to South America.

(2) That he had informed M. ^{Isodoros} ~~Isidoros~~ Deputy Governor of the National Bank of Greece, at a recent interview that the Bank could not assist in regard to stabilisation in Greece until the question of their War Debt had been settled.

(3) That two persons had recently been convicted of forgeries in connection with Transfer of Stocks.

PresentWednesday, the 30th June 1926.

The Deputy Governor
 Lord Revelstoke
 Lord Cullen of Astibonnie
 Mr. Lubbock
 Sir Alan Anderson
 Sir Charles Addis
 Mr. Wallace
 Mr. Whigham
 and
 The Comptroller.

The proceedings of the last Committee were read and agreed.

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

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

It was agreed to recommend to the Court of Directors -

(1) That a pension of £360 a year be granted, during pleasure and in accordance with the scale, to Miss Louisa S. Edwards, Superintendent of Women Clerks, as from the 7th July when she will attain the age of 50 years.

(2) That, on the advice of the Actuary, the Bank Provident Society be authorized to grant assurances for educational purposes at the ordinary rates for Endowment assurances.

The Deputy Governor reported that on the 24th June he had suspended G. W. Peacocke, a 3rd Class Clerk in the Cashier's Department who was believed to have had dealings with professional moneylenders.

The Deputy Governor informed the Committee that since the last Meeting he had

Seen

20th June 1926

seen M. Roussin who had raised the question of stabilisation and had received a reply similar to that already given to M. ^{Isenderos} ~~Isenderos~~.

CT. 2.

He had also had a visit from Bulgarian representatives who are in London making arrangements as to their pre-war debts. The Bank may be asked for a loan of about £500,000 later in the year in anticipation of the loan proposed by the League of Nations for the settlement of refugees and after completion of the necessary preliminary arrangements.

Present

The Deputy Governor
Lord Revelstoke
Lord Cullen of Ashbourne
Mr. Lubbock
Sir Alan Anderson
Sir Charles Adair
Mr. Wallace
Mr. Wingham and
The Comptroller

Wednesday, the 7th, July, 1926.

The proceedings of the last Committee were read and agreed.

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

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

It was agreed to recommend to the Court of Directors that a Pension of £566:13:4 a year be granted, during pleasure and in accordance with the scale to Frederick J. H. Callam, a Sub Cashier, as from the 15th July, when he attains the age of 65 years.

The

7th July 1926

The following were submitted and referred to the Court -

Minute of the Staff Committee recommending appointments etc.

Report of the Staff Committee recommending the election of 14 Probationary Male Clerks to the Permanent Staff.

CT. 40

The Deputy Governor informed the Committee that if a settlement were reached in regard to the French Debt, the Governor would be prepared to discuss with the Bank of France the possibility of some modification in the terms of repayment of their credit.

With reference to previous Minutes the Committee agreed in principle that in the event of a Pension Fund being established it would be advisable to set aside a sum to provide for existing pensions plus the sum representing the annual payments or premiums at compound interest in respect of each member of the present Staff which would have accumulated had the Fund been in existence, and thereafter an annual payment in respect of each member of the present and future Staff.

Present

The Deputy Governor
 Lord Revelstoke
 Lord Cullen of Ashbourne
 Mr Lubbock
 Sir Alan Anderson
 Sir Charles Addey
 Mr Wallace
 Mr Whigham
 and
 The Comptroller

Wednesday, the 14th July 1926

The proceedings of the last Committee were read and agreed.

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

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

It was agreed to make a grant of £500 to the Samaritan Fund.

It was agreed to grant during pleasure the usual scale allowance of £28 a year to the widow of Henry Hewell, a Pensioner, formerly a Porter.

A Report from the Audit Committee on Audits taken by the Audit Department was submitted and referred to the Court.

The Deputy Governor reported that judgment had been given against the Bank in the Wilson case, that the Stock was being replaced and that steps were being taken to recover from the Stockbrokers concerned.

The question of remuneration of Directors was again discussed.

~~10-29~~
 Office File.

~~10-22~~
 Establishments
 Filing

CT. 76 ~~10-42~~

CT. 70-01

~~10-2~~

Present

The Deputy Governor
 Lord Revelstoke
 Lord Cullen of Ashbourne
 Mr Lubbock
 Mr Wallace
 Mr Wingham and
 The Comptroller

Wednesday, the 21st July 1926

The proceedings of the last Committee were read and agreed.

The Weekly Statement of Discounts and advances granted to Bill Brokers &c was read.

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

It was agreed to recommend to the Court of Directors that a General Court to consider of a Dividend be held at the Bank on Thursday, the 23rd September.

The Deputy Governor informed the Committee -

(1) That the Transfer Committee are meeting in London on Saturday, the 21st July, and that the Governor had placed a room in the Bank at their disposal.

ET. 2. (2) That Bulgarian negotiations with the League of Nations, referred to in the Minutes of the 16th June, were still progressing, but that nothing definite had yet been arranged.

(3) That the Finance Committee of the League of Nations were now discussing Bank Note Forgeries.

(4) That

21st July 1926

(4) That he was now satisfied, on the advice of Sir William Keese, that G. W. Peacocke, whose suspension was reported on the 30th June, had had dealings with professional moneylenders and that he therefore proposed to dismiss him from the service of the Bank. The Committee agreed in all the circumstances to recommend that an allowance of £3 a week be granted during pleasure to Mrs. Peacocke.

1230
CT-40

The Deputy Governor read and explained to the Committee a letter from M. Caillaux, written before the fall of M. Briand's cabinet, inviting the Governor to discuss the question of stabilisation and the Governor's reply declining the invitation.

The Committee agreed that if invited to do so the Bank would consent to nominate a representative on a Currency Board which Iraq are setting up.

Present

The Governor
The Deputy Governor
Lord Cullen of Ashbourne
Mr. Lubbock
Sir Alan Anderson
Sir Charles Adair
Mr. Wallace and
The Comptroller

Wednesday, the 28th July 1926.

The proceedings of the last Committee were read and agreed.

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

28th July 1926

26

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

The Monthly Report of the Committee on Advances and Discounts was submitted and approved.

A minute of the Staff Committee recommending that Miss Katherine M. Rumsey, Deputy Superintendent of Women Clerks, be appointed Superintendent in the room of Miss Edwards was submitted and referred to the Court.

It was agreed to recommend to the Court that a pension of £200 : 2 : 8 a year be granted during pleasure and in accordance with the scale to Alfred Fountain, a Machinist at St Luke's Printing Works.

The Governor acquainted the Committee of the following matters:-

CT 40
(1) With reference to the recent scheme for the settlement of the French Debt to this Country the Chancellor had, without consultation, taken note in writing of the claim of M. Caillaux that the French Government should not in the early years be committed to the schedule of payments unless the Bank modified the terms of repayment of the Bank of France credit; in these circumstances an alteration in the terms seemed inevitable, but he did not propose to

agree

25th July 1926

agree to any such alteration until the Debt Settlement had been ratified by the French Parliament; he pointed out that any modification would deprive the Bank of France of the right to the special rebate of interest granted in 1923.

He was of opinion that in the event of the French Government making a public issue in this country the position of British holders of Franc loans issued since 1914 would have to be considered.

(2) He was about to go to Paris on a private ^{of courtesy} visit to M. Moreau, the new Governor of the Bank of France, and he hoped that his meeting with Dr. Schacht, Dr. Vissering and Mr. Strong which, as mentioned in earlier Minutes, had fallen through because of the General Strike would take place next week.

ET. 40

Present

The Governor
The Deputy Governor
Lord Cullin of Ashbourne
Mr. Lubbock
Sir Alan Anderson
The Comptroller

Wednesday, the 4th August, 1926.

The proceedings of the last Committee were read and agreed.

The Weekly Statement of Discounts and Advances granted to Bill Brokers &c was read.

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

Minutes

4th August 1926

Minutes of the Staff Committee recommending appointments and the election of Probationary Clerks to the Permanent Staff were submitted and referred to the Court, together with the Quarterly Report of that Committee.

It was agreed to recommend to the Court that pensions of £113 : 3 : - and £95 : 10 : 4, respectively, be granted during pleasure and according to the scale to W R Tyles and E E Broad, Compositors at St. Luke's Printing Works, who had asked permission to retire from the Service on account of ill-health.

On the question of Pensions, referred to on the 7th July last and earlier, it was agreed to recommend to the Court that existing pensions continue to be paid as at present; that, subject to satisfactory arrangement of details, a Fund be established for payment of pensions granted subsequent to 1st September 1926; that an annual payment of £29 be made to the Fund in respect of each member of the Permanent Male Clerical Staff; that a sum of approximately £1,500,000 be transferred to the Fund to represent the annual payments with compound interest at 4% which would have accumulated in respect of the members of the Permanent Male Clerical Staff had the Fund been in existence when they entered the Service; and that an annual sum, at present about £22,000, be set aside in respect of Auxiliary Male Clerks.

The

4th August 1926

ET 40.

The Governor described his conversations with and the peculiar difficulties of M. Moreau; he explained the uncertainties of the French parliamentary situation and the possibility of the question of stabilisation being eventually handed over to the Bank of France under definite conditions and after ratification of the American and British Agreements.

He had told M. Moreau that while a claim to vary the Credit repayments could no longer be entirely refused the need for any absolute variation was not evident; but after complete stabilisation postponement in part of repayments might be reasonable if a threat to the maintenance of the new basis of stabilisation called for a penal Bank Rate in France: he had mentioned the position in that event in regard to the special ^{rebate} ~~rate~~ of interest.

ET 4.

With reference to the Minute of the 12th May and as the Committee were aware, letters having been received from the Governor of the Commonwealth Bank and from their Manager in London extending an invitation to Sir Ernest Harvey to visit Australia and to advise as to the affairs of that Bank, in the interests of Central Banking the Committee agreed to recommend to the Court of Directors that in 1926 and 1927 Sir Ernest Harvey be granted leave of 6 or 8 months in order to visit Australia, with liberty to travel direct or via Pretoria.

Present

The Deputy Governor
Mr. Abbott
Sir Alan Anderson
The Comptroller

Wednesday, the 11th August, 1926

The proceedings of the last Committee were read and agreed.

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

CT 99.

With reference to the Bank Rate the Deputy Governor informed the Committee that an increase to 4% in the New York rate was probable this week. It was agreed that no alteration be recommended in the Bank Rate here.

The Committee had before them a letter from Mr. Francis H. Smith, the Agent at the Plymouth Branch, requesting permission to retire on the 31st October next on account of ill-health. It was agreed to recommend to the Court that Mr. Smith's resignation be accepted as from that date and that he be granted, during pleasure, a pension of £938 : 13 : 4 a year according to the scale.

The Deputy Governor informed the Committee of the position in regard to the Pension Scheme.

Present

The Governor
The Deputy Governor and
Sir Alan Anderson
Sir Gordon Nairne attended
by invitation.

Wednesday, the 18th August, 1926.

The proceedings of the last Committee were read and agreed.

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

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

The Monthly Report of the Committee on Advances and Discounts was submitted and approved.

A minute of the Staff Committee recommending appointments was submitted and referred to the Court.

It was agreed to recommend to the Court that pensions be granted, during pleasure and in accordance with the scale, to the following persons -

Francis de S. Green, a Sub-Cashier, who is 62 years of age and has completed 41 years' service, £521 : 6 : 8 a year as from the 1st November, inclusive.

Eskier C. Reeve, an Assistant to the Superintendent of Women Clerks, £249 a year as from the 24th instant, when she attains the age of 50 years.

The Governor acquainted the Committee of the following matters -

(1) The effect on the general position of the increase to 4% in the New York rate of discount.

18th August 1926

CT 29

(2) During his recent visit to Holland he discussed the Belgian position with Dr. Vissering, Dr. Schacht, Mr. Strong and M. Francqui.

The Belgians are anxious to deal with their foreign floating debt and to stabilise, for which purpose they maintain that a loan of perhaps \$100,000,000 will be required: they had hoped to obtain from Germany, in return for a small piece of territory, a sum which would have greatly assisted them, but he feared that the plan had fallen through owing to the opposition of the French Government.

+A. 31
CT 2.

(3) It is necessary for Bulgaria to obtain before the end of the month the authorised advance of £400,000, which he therefore proposed to grant to the National Bank of Bulgaria in anticipation of the issue of the Bulgarian Refugee loan which has been authorised by the League of Nations.

(4) The Commonwealth Bank have expressed their appreciation at the forthcoming visit of the Comptroller to Australia. He proposed that the Comptroller's expenses be paid by the Bank of England.

Wednesday, the 25th August, 1926.

The Governor and the Deputy Governor being the only Members present the Minutes of the last Meeting were not read and no business was transacted.

The

25th August 1926

The following matters which in the ordinary course would have been recommended to the Court by the Committee on this date and which could not be delayed, viz.:

CT 2. ~~10.2~~

The loan to the National Bank of Bulgaria referred to on the 18th August, and

CT 70-01 ~~10.2~~

The postponement of the question of an increase in the annual allowances of the Governors and Directors,

were laid before the Court by the Governor on Thursday, the 26th August.

Present

The Governor
Lord Cullen of Robinowrie
Sir Alan Anderson
Mr Whigham and
The Comptroller

Wednesday, the 1st September, 1926

The proceedings of the last Committee were read and agreed.

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

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

+0.33
Estab.

It was agreed that until further particulars can be obtained from the Official Receiver in Bankruptcy a Compassionate Allowance of £20 a month be paid as from the 1st July last to Mrs. Jennick, wife of Major N.E. de B. Jennick, a Pensioner, whose pension was suspended on that date consequent on his having filed his petition in Bankruptcy.

1st September 1926

+0.36
Papers to Establs.

It was agreed to grant an allowance of £41 a year, during pleasure and in accordance with the scale, to the widow of Herbert L. Hawks, late a 1st class Clerk at the Birmingham Branch.

It was agreed to recommend to the Court that pensions be granted, during pleasure and according to scale, to the following persons -

Samuel J. Elyard, Principal of the Bank Stock Office, £800 a year as from the 9th September, when he attains the age of 65 years.

William R. Cotton, a 3rd class clerk in the Bill Office, who retires on the 7th September on attaining the age of 50 years, in accordance with an Order of Court of the 18th February 1926, - £257:8: - a year as from that date.

Bernard J. Williams, the Agent at the Bristol Branch, who has asked permission to retire on the 31st December next on account of ill-health - £260 a year as from that date.

The Governor called the attention of the Committee to the increase in the potential demands on this market for gold which would result from the adoption by India and/or Egypt of a gold ^{exchange} standard, involving an obligation upon the Central Banks of those Countries to sell gold, on demand, in place of the existing arrangements.

The Governor acquainted the Committee of the following matters -

(1) He

1st September 19261034
ET 29

(1) He had recently had several meetings with the Belgians and was impressed with what M. Franquini had already achieved. He had, however, been compelled to say that the proposal to repay the external floating debt by the sale of Short Bonds or of Railway Preference Shares here or in New York could not be entertained.

1032

ET 123.

(2) With reference to previous minutes on the subject of the amalgamation of the Anglo-Austrian Bank and the British Trade Corporation, he read a letter he had written to Mr Spencer-Smith as to the policy and management of the Bank after amalgamation.

ET 84.04

101

With reference to the policy of the Committee on St Luke's in regard to the designs of the £1 and 10/- Notes he asked the Committee to consider whether it would not be advisable to consult experts as to the artistic character of the proposed designs before any definite decisions were reached.

Present.

The Governor
Lord Revelstoke
Lord Cullen of Ashbourne
Sir Alan Anderson
Mr Wallace
Mr Hougham and
the Comptroller

Wednesday, the 8th September, 1926.

The proceedings of the last Committee were read and agreed.

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

3rd September 1926

ET 99

It was agreed that no alteration be recommended in the Bank Rate and in this connection the Governor mentioned that for purposes of market control he had arranged to give dollars for sterling to the extent of £4,000,000 for 3 or 4 months.

HB 32
ET 192

With reference to Minutes of the 19th May last approving further advances up to £500,000 to Messrs. Armstrong Whitworth & Co., if such should be necessary, the Governor informed the Committee that for legal reasons it was not possible for them to give further security for advances, that he had therefore purchased from them the outstanding balances of certain mortgages on ships, amounting to about £220,000 and that further similar purchases would probably be required.

The Committee agreed that for the Bank's convenience the general policy of refusing Agency Bills might be temporarily waived in the case of the Commonwealth Bank of Australia, provided that their Bills were not taken from the market.

ET 41

The Governor informed the Committee that Richard Quandt, an Official of the National Bank of Hungary, was coming to the Bank early in October for about 2 months to study English Banking methods.

Present

The Governor
 Lord Cullen of Ashbourne
 Mr. Lubbock
 Sir Alan Anderson
 Mr. Wallace
 Mr. Whigham
 and
 The Comptroller

Wednesday, the 15th September, 1926.

The proceedings of the last Committee were read and agreed as amended.

"The Weekly Statement of Discounts and Advances granted to Bill Brokers &c was read.

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

The Committee had before them a letter from Percy W. Lucas, a Porter to the Issue Office, asking permission to retire on the 29th November next when he will attain the age of 60 years. It was agreed to recommend that Lucas' resignation be accepted as from that date and that he be granted hereafter, during pleasure, a pension of £129:1:8 a year, in accordance with the scale.

The Reports of Messrs Deloitte, Plender, Griffiths & Co. on the Accounts of St Luke's Printing Works and of the Works Department were submitted and referred to the Court.

The Chief Accountant attended the Committee and produced the Accounts of the Bank for the past half-year. It was agreed to recommend to the Court that a half-year's dividend of interest and profits be made on the 5th October next of 6 per cent less Income Tax.

With reference to previous Minutes the Governor acquainted the Committee -

(1) That

ET 29

(1) That although no definite progress can yet be reported in regard to Belgian stabilisation the general prospect seems more hopeful. The Bankers are willing in principle to consider a long loan and a short credit, provided that the direction, management and policy of the National Bank of Belgium is placed in competent hands and provided that to this end the National Bank obtains Rediscount credits from other Central Banks. This must of necessity take time and he therefore proposed to renew the outstanding balance of the present credit maturing at the end of September. Further it may be necessary for the National Bank of Belgium to obtain the above Rediscount credit of, say, £5,000,000, of which the Bank's share would probably be £1/2,000,000.

~~1267~~
ET 99.03
2 ET 91

(2) That no progress had yet been made in the negotiations for disposal of the Branches of Lloyds Bank in India but that while the prospect as to those in Egypt was becoming clearer he doubted if complete agreement as to the value of goodwill could be reached between Lloyds Bank and the National Bank of Egypt. He pointed out that Lloyds Bank only went to Egypt because they were forced into taking over the business of Messrs. Cox & Co. and that they went there at the instigation and on the guarantee of the Bank. He thought that it might lead to agreement if the Bank undertook to increase by 50% whatever payment for goodwill (probably £100,000) was offered by the National Bank of Egypt for these Branches and that it would be for the general good as a further step towards the closing of foreign Branches of Clearing Banks.

The Committee, apart from Lord Cullen who took no part in the discussion, approved the proposal.

15th September 19461040
CT 85.

In connection with a draft of the proposed Rule No. 134 of the Stock Exchange the Governor informed the Committee as to the difficulties regarding liability for transactions in Bearers Bonds alleged to have been stolen and therefore "stopped" in one place or another prior to negotiation.

A letter was read from Sir Gordon Nairne stating that he had received in confidence an invitation to serve as a member of the Governing Body which it is proposed to constitute by Royal Charter to manage and control the Broadcasting Service. The Committee approved of the invitation being tentatively accepted and agreed to recommend the proposal to the Court in due course for acceptance.

It was agreed that Messrs. Deloitte, Plender, Griffiths & Co. be invited to examine the Bank's system of conducting the work of-

- (1) Safe custody of customers' securities,
- (2) Inscription and Management of Stocks
and
- (a) To report as to the protection afforded to the Bank against error and fraud (internal and external).
- (b) To suggest any improvements in existing methods which may appear to them to be desirable.
- (c) To state whether, in their opinion, any advantage would be gained by the institution of periodical audits carried out by their firm.

The Governor mentioned that in addition to Mr. Strong the following were now in London, viz:-

Mr. Footman

Deputy Governor elect of the South African Reserve Bank.

Mr. Williamson

15th September, 1926

40

Mr. Williamson
M. Mlynarski
M. Ryki

Financial Adviser to Estonia
Vice-President of the Bank Polski
President of the Finlands Banks.

Present

The Governor
The Deputy Governor
Lord Cullen of Ashbourne
Mr. Lubbock
Mr. Wallace
Mr. Whigham
and
The Comptroller

Wednesday, the 22nd September, 1926

The proceedings of the last Committee were read and agreed.

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

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

The Monthly Report of the Committee on Advances and Discounts was submitted and approved.

The following were submitted and referred to the Court—

Report of the Staff Committee on payments made during the Quarter.

Minutes of the Staff Committee recommending—

- (a) Appointments, etc
- (b) A Pension to Bernard J. Walker, Principal of the Bullion Office.

Letter from the Chancellor of the Exchequer applying for Advances during the ensuing Quarter.

The Governor

22nd September 1926

N/E CT29. 1035

The Governor informed the Committee that he felt under a certain obligation to General Mance, who at the request of Monsieur Janssen had been asked by the Bank to go to Brussels in connection with the Belgian Railways, and had made a report thereon copies of which were sent to Monsieur Janssen and to the Bank. He understood that General Mance had received no payment from the Belgian Government and unless otherwise dealt with he proposed to offer him a fee of not exceeding 250 guineas.

The Committee authorised an expenditure estimated at £2500/3000 at the Sports Club at Roehampton for new tennis courts, plunge bath, etc.

Present

The Governor
 Lord Revelstoke
 Lord Cullen of Astibonine
 Mr. Lubbock
 Sir Alan Anderson
 Mr. Wallace
 Mr. Wingham and
 The Comptroller

Wednesday, the 29th September, 1926.

The proceedings of the last Committee were read and agreed.

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

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

The Committee had before them a letter from Mr. Harry Jilden, the Secretary, asking to be
 allowed

29th September 1926

allowed to retire from the Service on account of ill-health, together with a Report from the Bank Medical Officer stating that in his opinion it was very doubtful whether Mr Tilden would again be fit to carry out his duties. It was agreed to recommend that Mr Tilden's resignation be accepted as from the 31st December next and that he be granted as from that date a pension equal to full salary for twelve months and thereafter of £1,493 : 6 : 8 a year during pleasure and in accordance with the scale.

The Governor acquainted the Committee of the following matters -

(1) He explained the reasons for and terms of the conversion of 5% Treasury Bonds due 1st February 1927 and regretted the method of announcement adopted by the Chancellor, in anticipation of the prospectus. He believed that this method had been adopted in consequence of the alleged leakage of information in connection with the issue of 3½% Conversion Loan in March 1925, as stated in the Minutes of the 1st April 1925.

(2) Sivasoca had, for the first time, gone elsewhere for their new issue of Stock, without any previous communication on the subject with the Bank.

(3) He had received a visit from M. Meunier, of the Javasse Bank, and was expecting M. Jetrode, of the Nederlandsche Bank on the 30th September and Dr. Schacht, M. Francqui and M. Franck, the newly appointed Governor of the National Bank of Belgium, on the 2nd October.

29th September 1926

Governor's File

S 82.

Farningham

1047
N/E

(4) He drew attention to the position of the Trustee Stocks of the Home Railways in the possible event of a failure to pay a dividend on their Ordinary Stocks consequent upon the Coal Strike.

Present

The Governor
Lord Revelstoke
Lord Cullen of Ashbourne
Mr. Lubbock
Sir Alan Anderson
Mr. Wallace and
Mr. Wingham

1047

CT 70 01

Wednesday, the 29th September, 1926.

With reference to the Order of Court of the 5th November 1925 approving a proposal to be submitted to the General Court of Proprietors for an increase in the Governor's allowances, and the further Order of the 26th August last postponing this proposal, the Governor stated that the Secretary of the Committee had received a sum of £1,000 to be devoted to an increase in the Deputy Governor's allowances for the half-year ended 31st August and that a promise had been made of a similar payment for the current half-year. He pointed out that these two sums represented the net amount, after deduction of Income Tax, required to bring the Deputy Governor's remuneration for the year up to £4,000.

The Governor was requested to inform the Court as to the foregoing Minute and the Secretary of the Committee was instructed to send a copy to the Deputy Governor.

PresentWednesday, the 6th October, 1926.A full Committee
and the Comptroller

The proceedings of the last Committee were read and agreed.

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

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

An application for a donation to the Willett Memorial Fund was declined.

The Governor informed the Committee of the following matters which have been referred to in previous Minutes:-

(1) The credit granted to the National Bank of Belgium, which expired on the 30th September, has been renewed for 3 months but is not in use.

+ Q. 37
CT. 29

(2) As a result of discussions during the past week he had been able to inform M. Franck, in a letter which was read to the Committee, that in the event of arrangements being concluded between the Belgian Government and the Private Bankers for the issue on behalf of Belgium of a loan and/or credit for an aggregate amount equivalent to not less than, say, £15,000,000, the Central Banks of England, Germany and Holland, the Federal Reserve Bank of New York, and possibly others, would be had reason to believe grant to the National Bank of Belgium advance and/or re-discount credits for the equivalent in all of not less than £5,000,000.

6th October 1936

+B32

CT.192

(3) The position of Messrs Armstrong Whitworth & Co. Ltd. is getting worse and he feared they would at least be unable to pay their fixed charges this year or next year.

A discussion took place as to the Bank tendering for Treasury Bills on behalf of a Central Bank or other client - or alternatively of the need for a Brokers' contract in all cases - and decision was deferred.

+B
CT.126

The Committee agreed in principle that it would be desirable for the Bank to undertake the issue of any Stocks that may be required by Joint Electricity Authorities constituted under the Electricity Supply Act 1922 and to act as Registrars, even though such Stocks do not at present rank as Trustee Stocks.

The Governor acquainted the Committee -

(1) That Sir Alan Anderson was shortly going abroad until the end of February and had on this account tendered his resignation from the Committee of Treasury. He did not propose to deal with this question until after Sir Alan's departure.

(2) That he had had a satisfactory interview with Mr. Collins, formerly of the Australian Treasury, who is now in London as Financial Adviser to the Commonwealth Government, and will be a Member of the London Committee of the Commonwealth Bank of Australia.

(3) That

6th October 1926

46

CT 72.

(3) That the question had lately been raised as to what information should be given to the Court and he pointed out -

(a) That so far as Members of the Committee of Treasury are concerned the available information is given regularly and further particulars will be furnished at the request of any Member.

(b) That he believed the position of other Members of the Court to be still as defined in the Report of Lord Revelstoke's Committee "that they have disclaimed any desire to be particularly informed of the more confidential questions which concern the Bank, provided they are satisfied that these responsibilities, which every one of them has assumed on election, are delegated to and safeguarded by an efficient Committee over the nomination and election of which the entire Court has control."

(c) That he would like to rely on Members of the Committee as well as on the Secretary for suggestions regarding what matters should go to the Court.

Present.

The Governor
The Deputy Governor
Lord Revelstoke
Lord Cullen of Ashbourne
Mr. Lubbock
Sir Alan Anderson
Sir Charles Adair
Mr. Wingham and
The Comptroller

Wednesday, the 13th October, 1926

The proceedings of the last Committee were read and agreed.

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

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

an

13th October 1926

An application for a donation to the Funds of the Shropshire Orthopaedic Hospital was declined.

With reference to Minutes of the 21st April 1926 and earlier as to amalgamation of Note Issues, the Deputy Governor informed the Committee that copies were now available of a memorandum on the subject which had been prepared by the Deputy Principal of the Discount Office. It was agreed that future procedure should be decided at a later Meeting.

The Governor informed the Committee of the satisfactory result of the conversion of 5% Treasury Bonds 1927.

A discussion took place as to the discharge of the Comptroller's duties during Sir Ernest Harvey's absence in Australia, following a suggestion of the Staff Committee that J. D. Mackenzie be considered, with the assistance at his convenience of Sir Gordon Nairne.

Present

The Governor
The Deputy Governor
Lord Revelstoke
Mr. Lubbock
Sir Charles Addison
Mr. Wallace
Mr. Whigham and
The Comptroller

Wednesday, the 20th October, 1926.

The proceedings of the last Committee were read and agreed.

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

It was

20th October 1926

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

A request for a donation to the funds of the British Sailors Society was declined.

1044
Estab.

It was agreed to grant an allowance of £60 a year during pleasure and in accordance with the scale to the Widow of C. F. G. Hill, a Pensioner, formerly a First Class Clerk in the Consols Office.

A Minute of the Staff Committee recommending appointments, etc. and a Report of that Committee recommending the election of 20 Probationary Clerks to the Permanent Staff were submitted and referred to the Court.

It was agreed to recommend that a Pension of 10/- a week be granted, during pleasure and according to the scale, to G. W. Hunter, a Painter in the Works Department, who is 65 years of age and after 22 years' service is incapacitated from further work by reason of ill-health.

In accordance with
~~With reference to~~ Minutes of the 15th

September it was agreed to recommend to the Court that permission be granted to Sir Gordon Navine to serve as a Member of the Governing Body which it is proposed to constitute by Royal Charter to manage and control the Broadcasting Service.

With

20th October 1926

With reference to Minutes of the 16th June last the Deputy Governor stated that the National Institute of Industrial Psychology had now presented their Third Report on the Currency Note Office. Several useful suggestions had been made which are being adopted. It was originally suggested that the Institute should also examine conditions at St Luke's Printing Works, and it was agreed that if this is carried out they be authorised to continue the investigation for a further period of three months at the fee of 125 guineas a month.

With reference to previous Minutes the Governor informed the Committee -

(1) That he had arranged to obtain from the Commonwealth Bank of Australia against payment in Government Securities the proceeds of a further £1,000,000 gold to be shipped by them to America.

cf. 16

(2) That the Bank of Japan are participating to the extent of £500,000 in the proposed Central Bank credit to the National Bank of Belgium and that, as they are unable under their constitution to sign the original contract, he had arranged to sign the contract in respect of their participation and to take a covering guarantee from them.

The Governor also reported the following matters -

20th October 1936~~10.39~~
et 27.

(1) He informed the Committee of the purport of a conversation during the past week with Mr. Masson.

~~10.38~~
et 3.

(2) He read to the Committee a letter he had written to Sir Henry Brichenough at his request stating the advisability of a Sinking Fund in respect of Bonds to be issued by the Mashonaland and Rhodesian Railways.

(3) He had recently been made an Honorary Member of the Academy of Political Science in the City of New York and a Foreign Member (Economic Class) of the Swedish Royal Academy of Science.

(4) The report of the Indian Currency Commission contained 3 principal matters of interest for the Bank -

(a) Stabilisation of the Rupee at $\text{₹} 1 \frac{1}{2}$. This had already been adopted by the Government of India.

(b) Currency regulation.

(c) Establishment of a Central Bank. On the two latter points there had been no declaration of policy on the part of the Government of India and an uncertain situation had consequently arisen. He proposed to send a telegram to Sir Basil Blackett suggesting an announcement.

(5) He had, in company with the Comptroller, had a satisfactory interview with Mr. Bruce who, while entirely in favour of the development of the policy and practice of the Commonwealth Bank in the direction of orthodox Central Banking, is politically unable to initiate the changes necessary for the purpose, but has promised full support to the adoption of any measures suggested by Sir Ernest Harvey to secure that result.

Present

The Governor
 The Deputy Governor
 Lord Revelstoke
 Lord Cullen of Ashbourne
 Mr. Lubbock
 Sir Charles Adair
 Mr. Wallace
 Mr. Whigham
 and
 Mr. Christopher

Wednesday, the 27th October 1926.

The proceedings of the last Committee were read and agreed.

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

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

The Monthly Report of the Committee on Advances and Discounts was submitted and approved.

A Minute of the Committee on Advances and Discounts recommending the re-opening of a Discount Account and a Report of the Audit Committee on Audits taken by the Audit Department between the 6th July and the 11th October were submitted and referred to the Court.

It was agreed that consideration of Sir Alan Anderson's letter of resignation from the Committee, which was referred to in the Minutes of the 6th October, be postponed indefinitely.

N/E. CT 125 ~~1041~~

The Deputy Governor informed the Committee that the question had been raised as to the payment to the Bank of half commission upon the investments made for the Sinking Fund of the Great Indian Peninsular Railway, of which

Fund

27th October 1926

Find the Governors, with others, are Trustees. The Committee considered whether there should be any departure from the present practice, and decision was deferred until next week.

The Governor acquainted the Committee of the following matters -

(1) He laid before the Committee a copy of the Agreement in its final form between the National Bank of Belgium and the several participants in the new Central Bank Credit and mentioned three points in the Agreement which seemed to be worthy of notice -

1-034
CT-29

(1) Provision was made for payment to the participants of a commission of $\frac{1}{2}$ per cent on their respective shares in the Credit: but the Federal Reserve Bank declined to accept this commission.

(2) Provision was made for a minimum rate of interest of 6 per cent for sums drawn on the credit except that in the case of the Federal Reserve Bank the minimum rate was fixed at 5 per cent.

(3) The Bank of France and the Reichsbank are participants in the Credit for equal amounts.

(2) The prospectus of the German Sterling Loan of 1924 stated that it was intended after two years to apply for a quotation on the London Stock Exchange for Sterling Bonds issued elsewhere than in London and he now proposed to proceed towards this application.

(3) He

27th October 1926

CT. 40

(3) He was negotiating with the Bank of France in the hope of buying later ^{in the year} some of the gold they are now acquiring from their own countrymen.

~~1034~~

CT. 30

CT. 29.

(4) On the 23rd October at the suggestion of Mr. Frank he had as an act of courtesy given the details of the Belgian Central Bank Credit to Dr. Nathan with an invitation to the Bank of Italy to take a participation. Dr. Nathan, after considerable hesitation, agreed to telegraph details of the credit to the Bank of Italy leaving it to the Governor, Dr. Stringher, to ask for a participation if he wished to do so.

On the 25th October he had told Mr. Whitney that, as stated in letters to Mr. Strong in March and May last, he would hesitate to enter into large commitments with the Bank of Italy so long as its Governor remained under the dominance of the Minister of Finance.

CT. 85

(5) The Clearing Bankers have agreed not to dissent from the proposal of the Committee of the Stock Exchange, mentioned in the Minutes of the 15th September, to introduce Rule 134 to meet the admitted difficulty arising as to liability for transactions in Beaver Bonds "stepped" in one place or another prior to negotiation; the rule would place great power in the hands of the Stock Exchange but they did not expect to apply the rule to Bonds originally issued in this country and it would serve as a warning and bring London into line with New York, Paris and Amsterdam.

CT. 53

(6) He had appointed a Committee consisting of the Deputy Governor, Mr. Lubbock and Sir Gordon
Nasime

27th October 1926

54

Navine to make recommendations in general on the conduct of the Foreign business of the Bank and in particular on -

Personnel from within and without.

Co-ordination of work and effort.

Correspondence and its examination, including confidential letters and cables of the Governor.

Relation to the Chief Cashier's Office
and

Arrangements to be made during the absence of the Comptroller.

(7) In connection with the Foreign business of the Bank Mr. Siepmann had gone to Prague and would probably visit Zurich, Vienna, Budapest and Belgrade before returning to London.

Present

The Governor
The Deputy Governor
Lord Revelstoke
Lord Allen of Aldersburgh
Mr. Lubbock
Sir Charles Adair
Mr. Wallace
Mr. Whigham
and
The Comptroller

Wednesday, the 3rd November, 1926

The proceedings of the last Committee were read and agreed.

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

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

The Quarterly Report of the Staff Committee with "Overs and Shorts" was submitted and referred to the Court.

The

3rd November 1876

The Deputy Governor acquainted the Committee of the following matters—

(1) He had been informed by Sir William Leese that the Inland Revenue Authorities would not approve the Trust Deed in connection with the proposed Pension Fund in its present form and that all reference to the pleasure and discretion of the Court would have to be deleted. He considered it might be undesirable for the Bank to forego their present practice and suggested raising the matter again after obtaining further information.

CT. 76 + 042

(2) With reference to the "Wilson" case and the desire of the Bank to obtain a legal decision as to their liability in respect of forged transfers of Seed Stock, Sir William Leese considered that the principle for which the Bank were contending had practically been admitted, but that it would be impossible to obtain a definite legal decision in this case and that he considered a compromise was desirable. It was agreed that the matter be left in the hands of the Deputy Governor.

N/E CT 128⁵ + 041

(3) With reference to last week's Minutes as to the payment to the Bank of half commission on investments made by the Amenity Trustees of the Great Indian Peninsula Railway, he did not feel that the Bank could justify a claim to continue the present practice. After discussion he was asked to make a definite recommendation later.

The Governor acquainted the Committee of the following matters referred to

in

3rd November 1926 in the last or earlier Minutes -

CT 77.

(1) Under the original scheme for the amalgamation of the Anglo Austrian Bank and the British Trade Corporation it was proposed that the Anglo Austrian Bank should acquire British Trade Corporation Shares to the value of about £287,000 - the purchase money being advanced by the Bank of England. Subsequently the scheme of amalgamation was changed, mainly to meet the views of the Board of Trade, the British Trade Corporation going into liquidation. As it would not be legally possible for the Anglo Austrian Bank to become the future owner of Anglo International Bank shares the advance came to be in the name of Mullens Marshall & Co. and until the liquidation is complete, which will take some time, the Shares must so remain.

12.40
CT 85.

(2) In connection with the proposed new rule No. 134 of the Stock Exchange he instanced the case of a well-known London Firm who for some months had been, and was still, unable to obtain ^{of the coupons} payment on an Egyptian Preference Bond, which they had purchased in the ordinary way of business, payment having been "stopped" on account of the alleged theft of the Bond. The Bank are themselves the Agents for payment of the Coupons on these Bonds and have been repeatedly instructed by the Caisse de la Dette Publique d'Egypte to refuse payment of the Coupons.

CT 40

(3) It has now been arranged that the gold which he had hoped to buy from the Bank of France should go to Belgium, but the National Bank of Belgium will still require about £1,200,000 of gold to comply with their new statutes.

3rd November 1926

The Governor and the Deputy Governor then left the Committee.

The Minutes of Special Meetings of the Directors on the 28th September and the 14th October were read: it was agreed that these Minutes be retained by the Secretary and exhibited by him to any Director who may wish to see them.

Present

The Governor
The Deputy Governor
Lord Revelstoke
Lord Cullen of Ashbourne
Mr. Lubbock
Sir Charles Addis
Mr. Wallace
Mr. Wigram
and
the Comptroller

Wednesday, the 10th November, 1926

The proceedings of the last Committee were read and agreed.

The Weekly Statement of Discomts and Advances granted to Bill Brokers &c. was read.

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

It was agreed to recommend to the Court that Pensions be granted during pleasure and in accordance with the scale to the following persons -

R. P. Newham, Chief Clerk in the Branch Banks Office
£600 a year as from the 16th November when he attains the age of 65 years.

E. B. Gillett, a Cashier, £600 a year as from the 19th November, when he attains the age of 65 years.

James Ross, Principal of the Issue Office, who has attained the age of 61 years, £700 a year as from the 25th February 1927.

N/E. CT 125

~~1254~~

With reference to previous Minutes as to the payment to the Bank of half commission upon the investments made for the Sinking Fund

of

10th November
1926

58

of the Great Indian Peninsular Railway, of which I find the Governors with others are Trustees, the Deputy Governor informed the Committee that he had had a further informal interview with Mr. Levine and Mr. Goldney and he understood that the Amenity Trustees would be prepared to keep an adequate balance with the Bank.

The Committee agreed that the present practice might be discontinued in this and other similar cases where the investments made for the Sinking Funds were not made through the Bank and an adequate balance was kept.

The Governor acquainted the Committee of the following matters -

(1) Although the Italian Floating Debt had now been compulsorily consolidated and although early stabilisation ^{was favoured} ~~had been recommended~~ by American Bankers subject to and in conjunction with a Central Bank credit, he had again made it clear, ^{that} as he had informed the Committee on the 2nd October, that under present conditions he was not willing to enter into any large engagement with the Bank of Italy.

(2) Letters attached to the Prospectuses of the recent Prussian and Hamburg loans contained statements of a highly technical nature which may hereafter be thought to conflict with, though they cannot affect, the position of the Bondholders of the German External Loan 1924. After discussion with the Agent General, he has therefore drawn the attention of those concerned to the statements in question, without wishing in any way to affect German Credit.

(3) S.

10th November 1916

(3) In view of the commitments of His Majesty's Government in the Sudan, he has agreed with Sir George Schuster that it would be wise for him to continue to oversee the completion of certain schemes even after he gives up the appointment of Financial Secretary to the Sudan Government next Spring. Further, he hopes that Sir George Schuster will then come to act as an adviser in connection with so-called Colonial Development - e.g. the expenditure of the proceeds of East African and other loans which greatly needs expert examination - and to be available for certain work in the City - all of which is the wish of the Treasury and Foreign Office.

(4) He had received a visit from Baron Rosenkrantz and M. Green, Managing Governors of the National Bank of Copenhagen, and had discussed with them the return of Denmark to the Gold Standard. He had urged them to make such arrangements as would give them the option of payment in bullion or coin.

in pursuance of the policy indicated in the Minutes of the 16th June last of giving all possible support to the Ottoman Bank it was agreed to recommend to the Court of Directors that permission be granted to Mr. Albert C. Gladstone to join the London Committee of that Bank.

CT 106

The Committee considered the question of the selection of Governors for the ensuing year and it was agreed to recommend to the Court of Directors that the Governor be invited to serve in his Office for another year and that as the Deputy Governor had intimated his desire to be allowed to vacate the Deputy

Governor's

~~103~~
SEC 7

10th November
1926

60

Governor's Chair at the conclusion of the present year of Office the usual procedure for the selection of a Candidate for the Office of Deputy Governor be carried out in accordance with the Regulations laid down by the Court on the 30th November 1848 and the 21st February 1918.

Present

The Deputy Governor
Lord Revelstoke
Lord Allen of Ashbourne
Mr. Lubbock
Sir Charles Adair
Mr. Whigham
and
the Comptroller

Wednesday, the 17th November, 1926.

The proceedings of the last Committee were read and agreed.

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

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

It was agreed to grant an Allowance of £33 a year, during pleasure and in accordance with the scale, to the widow of S. S. Perry, a Sub-Cashier

It was agreed to recommend to the Court that Pensions be granted, during pleasure and in accordance with the scale, to the following persons:-

Estel S. Taylor, an Assistant to the Superintendent of Women Clerks, £231 a year as from the 25th instant when she attains the age of 50 years.

Frederick Adam, a Carpenter in the Works Department, aged 67, £65 a year.

Edward Pudsey, a Carpenter in the Works Department, aged 70, £26 a year.

A Minute

~~1945~~
Establs.

17th November 1926

A Minute of the Staff Committee recommending appointments, etc. was submitted and referred to the Court.

Applications for donations from the London Orphan School, The Central London Throat Nose and Ear Hospital, The Western Ophthalmic Hospital, The Coal Trade Benevolent Association and The London Police Court Mission were submitted and declined.

+12.42
CT-76

With reference to previous Minutes on the subject of the "Wilson" case the Deputy Governor informed the Committee that a settlement had been reached with the National Bank of Scotland Ltd. and Messrs. Alexander Smith & Sons on the basis recommended by Messrs. Freshfields, and that in each case the amount due to the Bank had been received.

With reference to the proposed Pension Fund referred to in previous Minutes the Deputy Governor informed the Committee that, after further consultation with Sir William Keese, he considered that there were four courses for consideration by the Bank:-

1. To comply with the Inland Revenue requirements, thereby giving up all discretion and pleasure.
 2. To establish a Fund on the lines proposed retaining discretion and pleasure but losing the right to receive dividends and interest free of tax.
 3. To set aside a sum as a Pension Fund in the Bank's own reserves, adding to it each year.
 4. To continue the present practice of paying Pensions out of annual profits.
- and ^{that} he proposed to bring the matter forward again.

Present

The Governor
The Deputy Governor
Lord Revelstoke
Lord Cullen of Ashbourne
Mr. Lubbock
Sir Charles Addis
and
Mr. Wigram

Wednesday, the 24th November, 1926

The proceedings of the last Committee were read and agreed.

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

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

The monthly Report of the Committee on Advances and Discounts was submitted and approved.

A letter from Mr. Spencer-Smith asking permission to join the Board of the Credit-Instalt was submitted and referred to the Court.

1043
Estab

It was agreed to make a grant of £200 to J. R. Dymman, formerly an Assistant in the Accountant's Department, who quitted the service in June last on account of ill-health, to assist him in developing a business which he has recently purchased.

With reference to previous Minutes the Committee agreed that in future all tenders for Treasury Bills on behalf of third parties abroad or at home be made out and deposited by the Discount Office; that the Principal of the Office be responsible for secrecy in all respects and that pro forma contracts for such amounts as may be allotted be supplied, if and when required, by the Bank's Brokers.

With

24th November 1926

With reference to earlier Minutes, the Governor acquainted the Committee of the following matters -

CT. 2.

(1) There has been considerable trouble and delay in making arrangements for the Bulgarian Refugee Loan, partly because of M. Moloff's unwillingness to make a complete settlement with the pre-war external Bondholders and partly because of his uncertainty as to the choice of a Banker in London. He had refused a request of M. Moloff that he would designate a particular Banker for the purpose of issue and he proposed, if no other arrangement were made, to recommend, collectively, the three Bankers who acted for his Country in London before the War.

H.B. 32

CT. 192.

(2) He has offered the use of the Directors' Library for Meetings of a Committee of Bondholders of Messrs. Armstrong Whitworth & Co. Ltd. which has now been set up.

H.B. 6

SEC. 9.

With reference to the Minutes of the Court of the 11th November, it was agreed to recommend that a Committee be appointed to consider in general what changes, if any, are desirable in the future government and administration of the Bank and in particular -

(1) The means of obtaining Governors in the future and especially during the next 10 or 15 years.

(2) The period of Governorship and whether such period should be publicly announced.

(3) The number and remuneration of Governors.

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

Amv

24th November 1926

64

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

The Committee to consist of —

The Deputy Governor (Mr. Ingham)
Sir Robert Kindersley
Mr. Whitworth
Mr. Spencer-Smith
Mr. Gladstone

Present

The Governor
The Deputy Governor
Lord Revelstoke
Lord Allen of Amberley
Mr. Lubbock
Mr. Wallace
Mr. Whigham
The Comptroller

Wednesday, the 1st December, 1926

The proceedings of the last Committee were read and agreed.

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

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

It was agreed to recommend to the

Committee

1st December 1926

Court that pensions be granted, during pleasure and in accordance with the scale, to the following persons, vizt.

W. D. W. Berry, a Sub-Cashier, £566:15:4 a year as from the 4th instant when he attains the age of 65 years.

H. J. Bale, Assistant Overseer at St Luke's Printing Works, £208:16:- a year as from the 12th instant when he attains the age of 65 years.

The following were submitted and referred to the Court, vizt.

Letter from Mr Kitson asking permission to join the Board of the Channel Steel Co Ltd.

Report of the Staff Committee on the case of Isaac Ash, a 4th Class Clerk in the Accountant's Department, who was suspended by the Deputy Governor on the 26th November on suspicion of having defrauded the Clerks' Luncheon Club.

With reference to previous Minutes, the Deputy Governor informed the Committee that he did not recommend the acceptance of the conditions laid down by the Inland Revenue Authorities in connection with the proposed Pension Fund and the Committee approved in principle his suggestion that a special internal reserve be created to provide pensions for all post-war Permanent Male Clerks.

The Deputy Governor reported that Representatives of the London & Home Counties Traffic Advisory Committee had met the Rebuilding Committee and had agreed that

it

1st December 1926

66

it would be impossible at this stage to ask the Bank to consider an alteration in their Building line in Prince's Street; they had however asked the Bank to consider again the possibility of giving up the pathway outside the North-West corner of the Bank and of making a pathway behind the Temple.

With reference to previous Minutes the Governor acquainted the Committee of the following matters -

CT.30

(1) With reference to Minutes of the 27th October and the 10th November, he understood that owing to his refusal to promise close co-operation with, or to grant a credit to, the Bank of Italy, for reasons which he had explained to Mr. Morgan and Mr. Whitney as well as to this Committee, the American Bankers have now withdrawn from conversations with the Italian Government and the prospects of any loan operation^{ion} or of stabilisation appear to be quite uncertain.

(2) As a deliberate but unofficial enquirer, Dr. Nathan had called to enquire if the Bank of Italy could count on obtaining the co-operative support of the various Central Banks including the Bank of England (as in the case of Belgium.)

He stated that his idea was de facto but not de jure stabilisation and he was informed that support would be dependent inter alia on de jure stabilisation; on adequate experience of mutual if not exclusive relations; and on a full measure of independence for the Bank of Italy.

With reference to the decision of the
Committee

1st December 1926

Committee on the 10th February last in regard to Amalgamation of Note Issues " that this Committee should consider the policy to be adopted and the recommendations to be made "by the Bank to any Government Committee "which might be set up", the Governor outlined the conclusions he had reached and stated that he proposed to bring the matter forward again shortly.

The Governor read a letter from the Hon. Secretary of the Bank Sports Club thanking the Bank for the new plunge bath which is greatly appreciated by the Members.

Present

The Governor
The Deputy Governor
Lord Revelstoke
Lord Allen of Ashbourne
Mr. Lubbock
Sir Charles Addis.
Mr. Wallace
The Comptroller

Wednesday, the 8th December, 1926

The proceedings of the last Committee were read and agreed

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

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

It was agreed to recommend to the Court that Pensions be granted, during pleasure and in accordance with the scale, to the following persons, viz:-

J. S. Haynie, a Senior Clerk in the Dividend Office, 63 years of age, 38 years service, £415:13:4 a year as from the 28th February, 1927

Henry

8th December 1926

68

Henry Onyon, Assistant Principal, Dividend
Pay Office, 61 years of age, 40 years service, £480
a year as from the 9th March 1927.

~~10-78~~
CT. 127

The Deputy Governor informed the
Committee that under a Minute of the 14th March
1923 the Committee had agreed in principle to
make an advance to the Cafe Royal, a private
limited company and sole customers at the Western
Branch, for the purpose of rebuilding their premises
in Regent Street. The Company now ask that the
loan which was originally fixed at £200,000 should
be increased to £350,000, the estimate for rebuilding
having been considerably increased and unforeseen
difficulties encountered. The Committee agreed in
principle that some further assistance might be given
subject to satisfactory arrangements being made for
the appointment of a nominee by the Bank to
protect the interests of the Bank as to future
expenditure and management.

The Governor acquainted the Committee
of the following matters—

CT. 29

(1) A report on the National Bank of Belgium
showed improvement in the situation and gives no
present cause for enquiry.

(2) Following on Mr. Siepmann's recent visit
to Eastern Europe, the Director of the National Bank
of Serbia has been in London during the past week.
It seems important that Serbian debts to H.M. Treasury
and monetary stabilisation of Serbia should be
arranged without delay, and he proposed to co-operate
with and to support the National Bank of Serbia as far
as possible when the need arises.

(3) Baldwin

8th December 1926~~1955~~

ET 186

(3) Baldwins Ltd. and William Beardmore & Co. Ltd. have recently applied for financial assistance from the Government, for postponement of their debts due to the Government and for the release of charges held as security for debts due to the Government, etc., in order to prevent Receivership or closing down of works.

He had advised strongly against any Government assistance to industrial concerns at the present time; because the Exchequer can ill afford such payments or guarantees; secondly, because many of these concerns need new management and new blood and economy, which will only come by Receivership in one form or another, and because in the event of Government intervention it will be difficult to limit the amount to any reasonable figure.

(4) The credit granted to the Bank by the Federal Reserve Bank, and also that granted to the Government by Messrs. J. P. Morgan & Co. expire on the 14th May 1927; these credits have not been used and are not now likely to be required and it might be advisable to allow them to terminate at an earlier date.

(5) The Bank of France have asked the Bank to make an offer for £3,500,000 gold, but he considered that a difficult market situation would be created if the gold were to come here arbitrarily at the present time; an alternative, which in his opinion would be equally inadvisable, from the standpoint of Europe, would be for the gold to go to America. He would prefer to grant a loan to the Bank of France for 6 months or a year against the gold at a nominal rate of interest or even without interest, on the understanding that it would be at

ET 40

over

8th December 1916

70

our disposal when needed. Mr. Siepmann had gone to see Mr. Moreau on the matter but had not yet returned.

(b) Mr. Harrison had paid a hurried visit to London on behalf of Mr. Strong to discuss three principal points -

(i) Stabilisation in Italy, which he seemed to consider was urgent and needed a Central Bank Credit as in the case of Belgium.

(ii) The possibility of the Governor visiting Mr. Strong in Colorado.

(iii) The appointment of Mr. Pierre Jay to be a Member of the Transfer Committee in the room of Mr. Stennell who is shortly resigning.

With reference to the amalgamation of Note Issues referred to in last week's Minutes the Governor laid before the Committee a memorandum embodying his provisional suggestions and discussion was deferred until next week.

+ 246
CT. 53

The Report of the Foreign Business Committee was submitted. Three main points were discussed -

(1) As to the appointment of one or more Advisors in addition to Mr. Siepmann.

(2) As to the appointment of a Secretary for the Governor.

(3) As to the person to do the work of the Comptroller during his absence,

and decision was deferred until next week.

Present

The Governor
 The Deputy Governor
 Lord Revelstoke
 Lord Cullen of Ashbourne
 Mr. Lubbock
 Sir Charles Addis
 Mr. Wallace and
 The Comptroller

Wednesday, the 15th December, 1926.

The proceedings of the last Committee were read and agreed.

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

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

The following were submitted and referred to the Court -

Letter from the Chancellor of the Exchequer applying for Advances during the ensuing Quarter.

Letter from Mr. Kilson asking permission to join the Board of Messrs. Redpath, Brown & Co. Ltd.

A request for a donation from the Shropshire Orthopaedic Hospital, which had been declined by the Committee on the 13th October, was again declined.

The weekly Report on the National Bank of Belgium showed little change.

With reference to the Report of the Foreign Business Committee which was considered last week, it was agreed that the Deputy Governor be requested to put the Report into effect forthwith and also -

1. To select someone temporarily from the accountant's and/or Cashier's Department to assist Sir Gordon Nairne in dealing with the Comptroller's work during the absence of Sir E. M. Harvey.
2. To appoint an efficient Secretary to the Governor.

3. To

1246
 CT. 53.

15th December
1926

CT 80. 10.23

CT 83. 10.40

72

3. To bring forward for consideration next week the question of the appointment of an Exchange Expert,

and that the Governor be requested to ascertain whether, in principle, Sir O. Z. Niemeyer would be willing to leave the Treasury and to share on equal terms with Mr. Siepmann the duties of Adviser at the Bank, being, however, free to retain his connection with the Finance Committee of the League of Nations.

With reference to the amalgamation of Note Issues, the Committee approved in principle the suggestions contained in the Memorandum by the Governor submitted to them last week and discussion was deferred to a later meeting.

The Governor acquainted the Committee of the following matters -

1. With regard to the position of the Trustee Stocks of the Home Railways, to which reference had been made on the 29th September last, he had been pressed by Lord Farmington, Deputy Chairman of the London & North Eastern Railway, to ask the Prime Minister to write a letter promising legislation at an early date to suspend that section of the Trustee Act 1925 which makes it obligatory that a dividend at the rate of not less than 3 per cent per annum should be paid for not less than 10 years on the ordinary stock of a Railway Company in order that certain other Stocks of that Company may be available as full Trustee Stocks. This proposal appeared to be mainly for the relief of the London & North Eastern Railway, whose prospects were worse than those of the other three Railway Companies, and as it did not seem to merit any support he proposed to take no action in the matter.

N/E
10.40
Governor's File
582
Farmington

2. With

15th December 1926

H 32

CT 192

2. With reference to the Bank's advance to Messrs. Armstrong, Whitworth & Co., it had been agreed on the advice of Sir William Keese that the amount of £3,000,000 be funded under and be subject to the scheme of arrangement, ranking next after the Consolidated Mortgage; the remainder of the advance, if any, and interest to the date of the scheme to be repaid in due course.

3. He had had visits from the representatives of the National Bank of Czecho Slovakia and the Bank of Estonia.

Present

The Governor
The Deputy Governor
Lord Cullen of Ashbourne
Mr. Lubbock
Sir Charles Adair and
Mr. Wallis

Wednesday, the 22nd December, 1926

The proceedings of the last Committee were read and agreed.

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

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

It was agreed to recommend to the Court

That the appointment of Dr. A. J. Davies, Medical Officer of the Bank, be renewed for a further year on the conditions approved by the Court on the 17th December 1925;

also

That

That a pension of £149 : 15 : 4 a year be granted, during pleasure and in accordance with the scale, to W R Gipton, a Compositor at St. Luke's Printing Works as from the 7th January next when he will attain the age of 70 years.

The following were submitted and referred to the Court -

Quarterly Reports of the Staff Committee and of the Committee on St. Luke's.

Minute of the Staff Committee recommending appointments etc.

Report of the Staff Committee recommending the election of Probationary Clerks to the Permanent Staff.

It was agreed that the Bank should support to the extent of £50 the preliminary guarantee in respect of a North East Coast Exhibition which it is proposed to hold in Newcastle in 1928.

The Weekly Report on the National Bank of Belgium showed little change.

With reference to previous Minutes -

The question of the appointment of an Exchange Expert was discussed and again deferred.

The suggestions contained in the Governor's Memorandum on the subject of amalgamation of Note Issues were approved with the exception of that dealing with the principle of reduction of the Fiduciary Issue over a period of years which was deferred for further consideration at a later date.

22nd December 1931

The Governor brought forward the following matters -

~~10.31.~~
ET 2.

(1) He laid before the Committee a memorandum showing that the National Bank of Bulgaria has lately become committed to new inflationary advances on a large scale and has also entered into foreign commitments exceeding their holdings in foreign exchange. Arrangements have been made for Mr. BARK to proceed to Sofia to investigate the position and report as to the requirements and measures necessary to enable the National Bank to carry out the responsibilities which it must assume under its new Statutes as from the 1st January next.

~~10.31.~~
ET 2.

(2) The National Bank of Bulgaria have asked for assistance to enable them to re-organize their accounting system and their internal administration. It has been arranged for a member of the Paris Branch of Messrs. Price, Waterhouse & Co. to undertake the accounting part of the work and he hoped to arrange for Mr. Osborne to assist in the organisation of the internal administration.

~~10.31.~~
ET 90-03.

(3) He laid before the Committee a memorandum concerning Mr. Goodenough's renewed request for recognition of Barclay's Bank (Dominion, Colonial & Overseas) Ltd. As a matter of principle, he had again declined to grant Mr. Goodenough's request, with which refusal the Committee concurred, and had once more urged his hope that in view of the magnitude of the Clearing Banks' responsibilities at home their overseas interests should proceed no further and might indeed be diminished.

Following

22nd December
1926

76

Following on the recent suggestion by the Bank of France that the Bank might wish to acquire certain surplus gold, the Governor asked whether in principle the Committee would not favour the adoption of a policy of "sterilisation" of such haphazard gold for the benefit of Europe as well as of London so long as the United States continue to pursue a similar policy. After discussion decision was deferred to a later meeting.

Present

The Governor
The Deputy Governor
Lord Revelstoke
Lord Cullen of Ashbourne
Mr. Lubbock
Mr. Charles Adair
and
Mr. Wallace

Wednesday, the 29th December, 1926

The proceedings of the last Committee were read and agreed.

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

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

The Monthly Report of the Committee on Advances and Discounts was submitted and approved.

A Minute of the Committee on Advances and Discounts recommending the re-opening of a discount account was submitted and referred to the Court.

It was agreed to recommend to the Court that Mr. A. M. Walker, Chief Accountant, be temporarily authorised to act for the Comptroller during his absence in South Africa and Australia, that while so acting his signature be accepted within the Bank "for the Comptroller"

and

29th December 1926

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

A Minute of the Staff Committee recommending the appointment of a Secretary and Deputy Secretary, was submitted and referred to the Court.

The Weekly Report on the National Bank of Belgium was submitted.

With reference to previous Minutes and to letters from Messrs Freshfield and from Mr. Innes, the consulting Actuary to the Bank, it was agreed to recommend to the Court that in view of the large increase in the pension list which will occur in the future particularly between the years 1960 and 1970, it is desirable to make immediate provision for pensions for permanent Male Clerks appointed since 1918 and that the following scheme be established:—

1. That an internal reserve fund be constituted as on the 1st day of January 1927 and allowed to accumulate at compound interest to provide, during the pleasure and at the discretion of the Court, pensions in accordance with the scale for all permanent Male Clerks appointed since 1918.

2. That for this purpose a sum of £1,100,055:7:3, representing with compound interest at 4 per cent. gross the actuarial sum required to provide pensions for all permanent Male Clerks appointed since 1918 now in the service who are 20 years of age or over, be transferred from Suspense Account No 1. and invested in the names of the Governor and Deputy Governor for the time being, all interest

received

29th December 1921

received from the investments of the fund being added to the fund as and when received.

3. That in future a payment of £39 be made to the fund on the 1st January in each year in respect of every clerk in the service now under 20 years of age, and of each new entrant, who attains that age during the preceding year.

With reference to Minutes of the 15th December, the Governor informed the Committee that as requested he had spoken to Sir O. S. Niemeyer, who will take time to consider the question.

~~10.49~~
CT 99.03

The Committee discussed the future policy of the Bank in regard to the Floating Debt and the Deputy Governor was asked to prepare a memorandum on the subject of its reduction.

The Governor raised the question of the annual cost, apart from salaries, of conducting the Bank in the new building, and it was agreed that an effort be made to estimate this expense.

CT. 2.

The Committee agreed that the charges and expenses in connection with Mr. Bank's visit to Sofia referred to in last week's Minutes, if not paid by the National Bank of Bulgaria, must be borne by the Bank.

~~10.23~~
CT 80

With reference to Minutes of the 19th May 1921 and later, it was agreed in principle that the appointment of an expert or adviser in exchange would be an advantage to the Bank.

29th December 1926

The question of the adoption of a policy of "sterilisation" of haphazard gold which had been considered last week was again discussed, but no decision was reached.

Present

The Governor
The Deputy Governor
Lord Revelstoke
Lord Cullen of Rosburne
Mr. Lubbock
Sir Charles Addey
and
Mr. Wallace

H 32
CT 192

Thursday, the 30th December, 1926

Mr. Travers attended and informed the Committee that Messrs. Armstrong Whitworth & Co. have tendered for the construction of two ships at an estimated cost of £450,000, that a condition of acceptance of the tender is the provision of a Bankers' Guarantee for completion of the contract and that Messrs. Armstrong have asked the Bank to give the Guarantee.

He pointed out that further Guarantees would probably be asked for in the future and that if they were not forthcoming the only alternative would be a Receivership: he also mentioned that the Bank could obtain as security a charge on the floating assets of the Company.

The Governor asked the Committee whether they would agree to give the Guarantee in this case and whether they would agree in principle to similar guarantees being given in the future if and when required: reminding them that commitments both direct and indirect now amount to some £6,500,000.

The Committee agreed that the Guarantee be given in this case provided the available security is adequate and, if possible, specific and the form of guarantee is satisfactory to Messrs. Freshfield; also that Messrs. Freshfield be consulted as to the granting of similar guarantees in the future and as to the present value of the floating assets.

The

30th December 1926

The question of reporting the matter to the Court was deferred until next week.

Present

The Governor
The Deputy Governor
Lord Rutherford
Lord Cullen of Amherst
Mr. Lubbock
Sir Charles Addis
and
Mr. Wallace
Mr. Waller also attended

Wednesday, the 5th January, 1927

The proceedings of the Meetings of the 29th and 30th December were read and agreed.

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

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

or 99

In this connection the Governor pointed out that if the domestic position alone were concerned a reduction could be made at any time, but that the foreign position was uncertain for the following reasons -

1. The German demand for gold
2. The comparative weakness of the Dollar exchange.
3. The call money rate in New York still stands at 5 per cent and Brokers' loans are increasing.

It was agreed to recommend to the Court of Directors that a Pension of £402 be granted, during pleasure and in accordance with the scale, to A. B. F. Pyrie, a 1st Class Clerk at the Plymouth Branch, as from the 26th April next, when he will attain the age of 60 years.

It was

5th January 1927

It was agreed to recommend to the Court of Directors that permission be granted for a Drawing Account to be opened in the name of "Banque Nationale du Royaume des Serbes, Croates et Slovènes."

The Weekly Report on the National Bank of Belgium was submitted.

With reference to the question of haphazard gold which has recently been discussed, the Governor expressed the hope that the subject might be revived at a later date.

~~1832~~
CT 192

With reference to the Minutes of the Meeting of the 30th December it was agreed that the present commitments direct or indirect in regard to Messrs. Arncliffe, Whitworth & Co. should be explained to the Court.

The Governor informed the ^{Committee} Court that he hoped our liaison with the Federal Reserve Bank would continue and become even closer than at present and that in pursuance of this policy he hoped to arrange for the Chief Cashier to visit New York in the Spring.

~~1890~~
CT 82

The Governor stated that Mr. Goodenough had called upon him on behalf of the India Office and had given formal notice that, assuming the Reserve Bank to be duly established on the lines recommended by the Indian Currency Commission, with offices in London as well as in India, legislation would be promoted in Parliament at an early

5th January, 1927

early date to permit the transfer from the Bank of England to the Reserve Bank in London of—

1. The accounts of the India Office which are at present kept by the Bank of England.
2. The sterling stocks which are at present inscribed or registered at the Bank of England.

Mr Goodenough had told him that the India Office viewed the transfer of their accounts and stocks from the Bank of England with the greatest regret.

+0.49
at 99.03

With reference to last week's Minutes on the subject of the Floating Debt the Deputy-Governor submitted a memorandum giving the totals of Treasury Bills outstanding and of the Floating Debt as on the 31st March and the 30th September for the past 5 years.

As a general principle the Committee agreed that the Floating Debt was too high and should, if possible, be reduced, the more so owing to the heavy liabilities that would occur during the next 4 or 5 years.

The Committee approved in principle proposals for alterations in heating and hot water supply in the Sports Club Pavilion at Roehampton.

Present

The Deputy Governor
 Lord Revelstoke
 Lord Cullen of Arbuthnott
 Sir Charles Adie
 and
 Mr. Wallace
 Mr. Walker also attended

Wednesday, the 12th January, 1927

The proceedings of the last Committee were read and agreed.

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

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

CT 99. In this connection the Deputy Governor pointed out that, since the last Meeting, the German Bank Rate had been reduced, with the result that the German Exchange had strengthened, and money rates in New York had become easier.

The following applications for donations were considered and declined -

The Charing Cross Hospital
 The British Empire Cancer Campaign
 The Westminster General Dispensary and
 The St Johns Wood and Portland Town Dispensary.

LA 33
 Expts.

With reference to the temporary allowance of £20 a month granted as from 1st July 1926 to Mrs. Fenwick, wife of Major N. E. de B. Fenwick, a pensioner, it was agreed, in view of Major Fenwick's age and infirmity, that the allowance be increased to £30 a month as from the 1st October last.

The

12th January 1927

The Weekly Report on the National Bank of Belgium was submitted.

CT-2.

With reference to Minutes of the 22nd December last the Deputy Governor informed the Committee that the question of granting a credit to the National Bank of Bulgaria would probably be raised after Mr. Cook's return from Sofia and the presentation of his report.

10.52

Office File

The Committee discussed the practice, which has existed since 1897, of obtaining the authority of the Court for the payment under indemnity of the amount of Bank Notes lost etc., and it was agreed that no change in this practice be recommended.

Present

Lord Revelstoke
Lord Cullen of Ashbourne
Sir Charles Addis and
Mr. Wallace
Mr. Walker also attended

Wednesday, the 19th January, 1927

In the absence of the Governor and Deputy Governor Lord Cullen of Ashbourne took the Chair.

The proceedings of the last Committee were read and agreed as amended.

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

The Committee discussed the Bank Rate, and in view of the continued weakness of the Dollar Exchange and the shipment of £1,000,000 of gold

19th January 1927

gold to Russia it was agreed that no alteration be recommended this week, but that steps be taken to render the present rate more effective.

A minute of the Staff Committee recommending appointments, etc. was submitted and referred to the Court.

The Weekly Report on the National Bank of Belgium was submitted.

~~10.52~~
CT. 129.

It was agreed that the Reversionary Interest Society Ltd., Customers of the Bank, be allowed to borrow from the Bank from time to time at Bank Rate varying, with a minimum of 4%, the sum outstanding at any one time not to exceed £50,000; as security for this advance the Society to enter into an undertaking to issue their 4% First Debenture Stock with a margin of 15% in value if and when called upon to do so by the Bank.

CT 36

The Chairman reported that a cable had been received from the South African Reserve Bank stating that the Union Government wished to invest surplus funds on the London day to day Market and asking the Bank to open an account for this purpose in the name of the South African Reserve Bank, ^{S.A.R.B. acc.} He had instructed the Chief Cashier to enquire whether the object would not be attained by the employment of money under the guarantee of the Bank under the method already in force.

Present

The Deputy Governor
 Lord Revelstoke.
 Lord Cullen of Adair.
 Mr. Wallace and
 Mr. Whigham.
 Mr. Walker also attended.

Wednesday, the 26th January, 1927.

The proceedings of the last Committee were read and agreed.

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

299

The Committee discussed the Bank Rate and in view of the continued weakness of the Dollar Exchange and the uncertain outlook in China it was agreed that no alteration be recommended.

The Monthly Report of the Committee on Advances and Discounts was submitted.

The following were submitted and referred to the Court, viz: -

Report of the Staff Committee recommending the election of 13 Probationary Clerks to the Permanent Staff.

Minute of the Committee on Advances and Discounts recommending the re-opening of a Discount account.

It was agreed to recommend to the Court

That a General Court to consider of a Dividend be held at the Bank on Thursday, the 17th March, and that a General Court for the Election of a Governor and Deputy Governor and for the Election of Directors be appointed for Tuesday, the 5th April, and Wednesday, the 6th April, respectively; also

That

26th January 1927

That permission be granted for a Drawing Account to be opened in the name of the National Bank of Copenhagen.

An appeal for a donation to the Funds of the University College of the South West was declined.

~~LO 48~~ N/E With reference to the Minutes of the 22nd December last it was agreed that the Agent at the Newcastle Branch be authorised to join with other Newcastle Bankers to the extent of £1000 in the Guarantee Fund for the proposed North East Coast Exhibition 1928, provided that the full amount required was guaranteed.

CT 26. With reference to the last Minutes, the Deputy Governor informed the Committee that the South African Reserve Bank had now stated that they wished the funds held by them for account of the Union Government to be employed under the guarantee of the Bank under the method already in force.

The Weekly Report on the National Bank of Belgium was submitted.

The Deputy Governor acquainted the Committee of the following matters -

1. With reference to Minutes of the 22nd December last -

CT 2. (a) Mr. Bank has now returned from Sofia and has submitted a Report, copies of which have been sent to Sir Otto Niemeyer, Sir Henry Skarosh and

26th January 1927

and Sir James Salter, who consider that no steps need be taken at present. The financial situation in Bulgaria has been relieved by the proceeds of sales of tobacco and no demand for a credit is likely to arise before the Governor's return.

CT 2

(b) It is, however, considered advisable that the assistance required by the National Banks of Bulgaria in reorganising their accounting system should be forthcoming as soon as possible; with this end in view he had arranged for Mr Osborne to leave London on Monday next and proceed to Sofia, spending a few days at Buda Pest en route, and he was also arranging with Messrs Price Waterhouse & Co. to send out a representative from Paris.

1932

CT 192.

CT 192.02

(2) The position of the Newfoundland Power and Paper Co. is unsatisfactory. Difficulty is being experienced in selling their products, and it may be necessary for them to ask for a moratorium. This would involve a request to the British Government and the Government of Newfoundland to provide the money required to pay interest on the A and B Debentures. Mr. Peacock, Mr. Walter Taylor and Mr. Wingham are now looking into the position.

(3) The accounts of the Sports Club for the year ending 28th February next would probably show an adverse balance of some £300 and he proposed to make advances up to that amount to the Club as and when required.

Present

The Deputy Governor
 Lord Revelstoke
 Lord Cullen of Ashbourne
 Sir Charles Adie
 Mr. Wallace and
 Mr. Wingham
 Mr. Walker also attended.

Wednesday, the 2nd February, 1927.

The proceedings of the last Committee were read and agreed.

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

2799

The Committee discussed the Bank Rate and, in view of the continued weakness of the dollar exchange and the uncertain outlook in China, it was agreed that no alteration be recommended.

The Weekly Report on the National Bank of Belgium was submitted.

It was agreed to recommend to the Court of Directors that Pensions be granted, during pleasure and in accordance with the scale, to the following persons -

J. R. Hopkins, a Superintendent in the Public Drawing Office, £450 a year as from the 29th April next when he will attain the age of 60 years.

Charles Mills, Senior Messenger to the Securities Office, aged 61, £126:17:4 a year as from the 29th April next.

The Quarterly Report of the Staff Committee with "Overs" and "Shorts" was submitted and referred to the Court.

2nd February 1927

90

It was agreed to recommend to the Comt that permission be granted to print 600 Bank Notes of £100,000 each (value £60,000,000) to replace similar Notes of the same denomination now in use in the daily adjustment of balances between the Issue and Banking Departments.

With reference to Minutes of the 18th November 1925 the Deputy Governor informed the Committee that the credit granted to the Bank of Finland ^{by the Bank of England} had been renewed for one year from the 1st February 1927.

The Deputy Governor informed the Committee that he would bring forward at the next Meeting the question which the Committee of Clearing Bankers would discuss on the 3rd February of granting a donation to the British Institute in Paris.

It was agreed that the memorandum by the Deputy Chief Accountant on methods of dealing with paid Notes for £1 and 10/- and providing protection against forgery be circulated to the Members of the Committee for their consideration.

Present

The Governor
 The Deputy Governor
 Lord Revelstoke
 Lord Cullen of Ashbourne
 Mr. Lubbock
 Sir Charles Addis
 Mr. Wallace
 Mr. Whigham
 Mr. Walter also attended.

Wednesday, the 9th February 1927.

The proceedings of the last Committee were read and agreed.

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

CT 99

The Committee discussed the Bank Rate and in view of the Exchange rates and of actual and prospective orders for gold for India and elsewhere, amounting to some £6,000,000, it was agreed that no alteration be recommended.

The Weekly Report on the National Bank of Belgium was submitted.

It was agreed to make the following recommendations to the Court of Directors -

(1) That a pension of £446:13:4 a year be granted, during pleasure and in accordance with the scale, to F W. Freeman, a 1st class Clerk in the Private Drawing Office, as from the 11th instant, when he will attain the age of 65 years.

(2) That H L. Colebrooke, a Pensioner, be allowed to commute a further sum of £10 of his present pension of £150 a year for an immediate payment of £82:15:-.

(3) That the rate of interest to be allowed by the Bank to the Bank Provident Society on deposits by members be continued for the ensuing year at the present rate of 3½% per annum free of Income Tax.

(4) That a donation of £500 be made to the funds of the British Institute in Paris.

The

9th February 1927

92

The following were submitted and referred to the Court -

Report of the Audit Committee on Audits taken by the Audit Department between the 12th October 1926 and the 24th January 1927.

Minute of the Committee on St Luke's as to the rent of Overton Mill.

It was agreed to renew the following charitable subscriptions for the current year, viz: -

City of London Truss Society	£10 : 10 : -
Royal National Life Boat Institution	21 : - : -
Royal Surgical Aid Society	10 : 10 : -
Bank Clerks Orphanage	105 : - : -
King Edward's Hospital Fund for London	250 : - : -
Queen Victoria's Jubilee Institute for Nurses	10 : 10 : -
City of London Maternity Hospital	10 : 10 : -
Elizabeth Garrett Anderson Hospital for Women, Euston, N.W.	50 : - : -
Samaritan Free Hospital for Women, Marylebone Road.	50 : - : -
Guy's Hospital	250 : - : -
Bishop of Stepney (Ex Rector of St Margaret's, Tottenham)	50 : - : -
Metropolitan Convalescent Institution, Bexhill	22 : 1 : -
Royal National Hospital for Consumption, Ventnor	26 : 5 : -
Bankers Beneficent Society	100 : - : -

With reference to Minutes of the 4th November 1925, the Deputy Governor informed the Committee that the arrangements for the establishment of the Central Bank of Paraguay were not yet complete, and it was agreed that the ~~Oficina~~^{Oficina} de Cambios de Paraguay

9th February 1927

Paraguay be therefore allowed to retain their Drawing Account with the Bank for another year, if necessary.

The Governor acquainted the Committee of the following matters -

CT 36

(1) With reference to previous Minutes, he had now learnt from Sir Ernest Harvey, that Mr. Clegg was bound to remain in Pretoria for 2 years from the 1st January last and would probably remain there for 4 years.

+ 2 by CT 91

2. There was reason to hope that the Bank would not be called upon in respect of the General guarantee given by them to Lloyd's Bank for 5 years on their amalgamation with Messrs. Cox & Co. in 1922.

3. He referred to recent speeches by Mr. McKenna and Mr. Spenderough on the question of a change of the basis of the Bank Note Issue and expressed the hope that a Committee would soon be set up by the Chancellor to determine the limits of the amalgamated fiduciary issue and other questions in this connection.

4. He mentioned that there was no truth in reports which had recently appeared in certain newspapers that the virtual embargo of the United States Government to borrowing in New York by Countries with unfunded War debts had been removed.

With reference to the recent visit of the Governor and Mr. Lubbock to America, the Governor reported on the conditions of Mr. Strong and others in America and Mr. Lubbock informed

the

7
7th February 1927

the Committee that he had been much impressed by the friendliness of the Federal Reserve Bank and the Federal Reserve Board towards the Bank of England and this country; they were anxious that the present relations should be maintained and that personal contact should be continued and while they were desirous of helping in any scheme for European reconstruction he had little doubt that were it not for this friendly feeling towards the Banks they would be less willing to co-operate in such schemes.

Present

The Governor
The Deputy Governor
Lord Revelstoke
Lord Cullen of Ashbourne
Mr. Lubbock
Sir Charles Adair
Mr. Wallace
Mr. Whigham

Wednesday, the 16th February, 1927

The proceedings of the last Committee were read and agreed.

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

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

The Monthly Report of the Committee on Advances & Discounts and the weekly Report on the National Bank of Belgium, were submitted.

The following were submitted and referred to the Court—

Report of the Committee on Advances & Discounts on the Discount business of the Bank for the past year.

Minute of the Staff Committee recommending appointments, etc.

The

16th February 1927

N/E

1054

CTA

The Governor laid before the Committee a cable from Sir Ernest Harvey and the reply, in which he gave his personal opinion as to Australasian borrowing in this market and elsewhere for the next few years.

CT98

In accordance with the terms of a Minute of the 21st July 1920, and in view of the forthcoming amalgamation of Bank and Currency Note issues, it was agreed that the Committee on St. Luke's be requested to investigate and arrange the provision by Messrs Portal of paper required for documents of value for third parties.

With reference to the last Minutes as to the appointment of a Committee to determine the limits of the amalgamated fiduciary issue and other questions in that connection, the Governor informed the Committee of recent questions in the House of Commons and of articles in the newspapers on this subject.

In view of the Budget prospects, the financial outlook and the Chancellor's attitude, and in view also of the fact that the Committee on St. Luke's were not yet prepared to state when they would be able to provide Bank Notes of £1 and 10/-, the Committee decided that it would be unwise to press for the immediate appointment of a Committee. They hoped, however, that prospects would be more favourable in a few months and

that

16th February
1927

that it would still be possible for the Bank to take over the issue at a date not far removed from that suggested by the Chamberlain Committee.

With reference to the estimate of profits for the Half-Year ending 28th instant, which would be submitted at the next meeting and in view of the indebtedness of Messrs. Armstrong Whitworth & Co., the Committee approved in principle the establishment of a special reserve in respect of Branch overdrafts.

The Governor acquainted the Committee of the following matters -

CT III.

He proposed to buy £500,000 Austrian Bonds for the purpose of reducing the Advances made to the Securities Trust.

+ 270
CT 90
CT 95-04

The undertaking given by the Clearing and other Bankers "for a period of 2 years not to acquire or hold gold coin or bullion on their own behalf or to earmark gold coin or bullion on behalf of customers residing in the United Kingdom" would expire on the 14th May, and the Committee were of opinion that it would be desirable, if possible, that the undertaking should be continued for a further period.

The Chief Cashier will sail for New York on the 9th March and will remain there about a month.

The following matters were considered and

16th February 1927 and decision deferred.

(1) As to the Bank agreeing to establish "Giro" Accounts with European Central Banks, e.g. on the lines of the Agreement of the 3rd May 1917 between the Bank of England and the Federal Reserve Bank of New York.

(2) As to requesting Dr. Stewart, an ^{of the United States} Economist who had originated the record and statistical Department of the Federal Reserve Board and was employed by a New York Firm until the end of 1927, to come to the Bank for, say, the years 1928-9, to assist in building up the statistical and information Department, to advise as to the material to be collected and to explain how the information when obtained might be used to the best advantage.

Office File
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~~106~~
SEC. 9.

The Deputy Governor was requested to inform the Committee at their next Meeting as to the probable date when the Special Committee on the future government and administration of the Bank would be in a position to make a Report.

Present

The Governor
The Deputy Governor
Lord Cullen of Ashburnham
Mr. Lubbock
Sir Charles Adair
Mr. Wigham
Mr. Walker also attended

Wednesday, the 23rd February, 1927.

The proceedings of the last Committee were read and agreed as amended.

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

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

The Weekly Report on the National Bank of Belgium was submitted.

The following were submitted and referred to the Court—

Minute of the Staff Committee recommending the appointment of an additional Deputy Chief Cashier, etc.

Minute of the Staff Committee recommending promotions.

Report of the Staff Committee on the Annual Reports of the Clerical Staff at the Head Office and Branches with recommendations for increases of Salary, etc.

Report of the Committee on St. Luke's on the Annual Reports of the Clerical Staff at St. Luke's Printing Works with recommendations for increases of Salary, etc.

It was agreed to recommend to the Court of Directors that a pension be granted,

during

23rd February 1927

during pleasure and in accordance with the scale, to E. E. Adams, a Gate Porter, as from the 28th February when he attains the age of 65 years.

With reference to the last Minutes the Deputy Governor informed the Committee that, subject to there being no further delays in the building of machines or in respect of the plates, the Bank should be in a position to take over the issue of £1 and 10/- Notes by the 1st July 1928.

The Governor informed the Committee that the estimated profits for the Half-Year ending the 28th February 1927, after providing for a dividend of 6%, less Income Tax, amounted to £2,325,000; it was proposed to deal with this surplus as follows -

In writing down Securities	£52,016
In writing off amounts expended during the Half-Year in respect of St. Luke's Printing Works, etc.	40,616
In writing down ^{off} additional cost of Overton Mill participation	136
In writing down the Current Account with the Federal Reserve Bank of New York to Gold parity value	31,236
Suspense Account - Branch Bank contingencies	1,000,000
Suspense Account - Provision for Income Tax	650,000
Dollar Investment Reserve Account	500,000
Suspense Account No. 1.	50,996
	<u>£2,325,000</u>

23rd February 1927

100

~~10.55~~
CT 50.09

It was agreed that a sum be set aside half-yearly to build up a Reserve against the Bank's contingent liability in respect of Bills of Exchange held for Central Banks, and the Deputy Governor was requested to report next week as to the method in which this should be done.

The Governor asked the Committee to consider whether either as part of any future arrangement for the amalgamation of the Note Issues, or separately as a gift, it would not be wise for the Bank to cede annually to the Government some portion of the total net profits either *pari passu* with a dividend or after payment of a dividend.

~~10.41~~
CT 125

It was agreed on the request of the Annuity Trustees of the Great Indian Peninsular Railway that they be granted advances up to, say, £100/150,000 in anticipation of the receipt of the half-yearly annuity to cover the purchase of "B" Annuity for the Sinking Fund, against an undertaking by the Trustees to repay whenever called upon to do so by the sale of other securities held for the Sinking Fund.

With reference to the following matters, which were considered last week and left over for further discussion—

Office File
P47

It was provisionally agreed that the Governor should be free to approach Dr Stewart as to his willingness to come to the Bank in the years 1928/9 to assist in building up the statistical and information

23rd February 1927

information Department, to advise as to the material to be collected and to explain how the information, when obtained, might be used to the best advantage.

The question of the establishment of "Quio" accounts with European Central Banks was discussed and again deferred.

+ 61
SEC. 9.

The Deputy Governor informed the Committee that he hoped that by the end of May or early in June the Special Committee on the future Government and Administration of the Bank would be in a position to present a Report.

The Governor acquainted the Committee of the following matters:-

ET. 40

(1) He proposed to go to Paris on Friday and then to Berlin. He was visiting Paris at the urgent request of M. Moreau who had, however, given no reason for his invitation. He feared M. Moreau might wish to propose variations in the Credit repayments and greatly hoped that no such proposals need be entertained until after stabilisation and/or Debt ratification.

(2) He had been for a long period in touch with the Manchester Banks, with a Bank in London, and with a Scottish Bank with a view to the amalgamation of all or some of them. His object was partly to prevent any increase by amalgamation in the size of the Big Five and partly to establish another Clearing Bank on a large, if not the largest, basis.

(3) Some

23rd February 1927~~1840~~

CT 113.

(3) Some of the Discount Houses have practically no contingent liabilities by endorsement or guarantee on Bills of Exchange, others have such liabilities to a moderate extent, say, up to five times their capital and reserves and yet others to the extent of fifteen or twenty times their capital and reserves; he considered that such liabilities ^(except on Treasury Bills) should be taken into account whenever Houses in the last named class applied for facilities in the Discount Office.

(4) The Government would need over £40,000,000 next year under the Local Loans Act in addition to requirements in connection with Palestine, East Africa and perhaps the Electricity Act; he feared that no economies were likely, even if they were possible, and in view of the Floating Debt and the Budget prospects the provision of these capital sums in addition to the deficiency on the year would be difficult.

The Committee agreed that the Governor should give evidence as to the undesirability of the establishment of Municipal Savings Banks before the Committee which, with Lord Bradbury as Chairman, is considering what should be the attitude of the Government towards this question.

Present

The Deputy Governor
 Lord Revelstoke
 Lord Cullen of Roslin
 Sir Alan Anderson
 Sir Charles Adie
 Mr. Whigham
 Mr. Walker also attended

Wednesday, the 2nd March, 1927.

The proceedings of the last Committee were read and agreed.

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

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

The Weekly Report on the National Bank of Belgium was submitted.

The following were submitted and referred to the Court—

The Half-Yearly Accounts of St. Luke's Printing Works.

CT 84.04

Minute of the Committee on St. Luke's recommending that the designs of the new £1 and 10/- Bank Notes be accepted subject to minor alterations of detail.

Letter from Sir Alan Anderson asking permission of the Court to join the Board of the Suez Canal Company, if invited to do so.

It was agreed to recommend to the Court that pensions be granted, during pleasure and in accordance with the scale, to the following persons—

£
 A. A. Needd, a Cashier, £600 a year as from the 7th instant when he attains the age of 65 years.

Miss S. A. Hall, an Assistant to the Superintendent of Women Clerks, £192:10: - a year as from the 9th instant

2nd March 1927

104

instant when she attains the age of 50 years.

A. H. Gallington, an Engineer at St Luke's Printing Works, 65 years of age, £164:14:4 a year as from the 13th instant.

L. M. H. Lee, a 1st Class Clerk in the Dividend Office, 60 years of age, £402 a year as from the 31st May.

A. H. Chapman, a Cashier, 60 years of age, £552 a year as from the 31st May.

With reference to the last Minutes the Deputy Governor reported -

CT 98 (1) That the Committee on St Luke's had investigated the position between the Bank and Messrs. Portals & Co. in regard to the provision by Messrs. Portal of paper required for documents of value for third parties. It had now been arranged that in addition to giving the Bank the earliest possible notice of any proposed contract with a view to obtaining their consent, Messrs. Portal should in future submit to the Bank once a month for inspection and approval a list of all their orders of any kind.

H 55
CT 50-29 (2) The arrangements that have been made for building up a reserve against the Bank's contingent liability in respect of Bills of Exchange held for Central Banks.

With reference to the Minutes of the 2nd February last, the question of the procedure to be adopted in respect of £1 and 10/- Notes after payment was again discussed and decision deferred.

The question of using the Press Association as a medium for circulating official information to the Press

2nd March 1927

Press, on the understanding that they would submit to the Bank before publication any items relating to the Bank which they may receive from outside sources, was considered and deferred. ✓

Present

The Governor
The Deputy Governor
Lord Revelstoke
Lord Cullen of Ashbourne
Mr. Lubbock
Sir Charles Addis
Mr. Wallace
Mr. Withyham
Mr. Walker also attended

Wednesday, the 9th March, 1927.

The proceedings of the last Committee were read and agreed.

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

CT99. Discussion took place as to the Bank Rate and it was agreed that no alteration be recommended this week, and that so far as can at present be foreseen it is unlikely that any other policy can be recommended over the next few weeks.

LA 22
Estab.

It was agreed to recommend to the Court of Directors that, in view of her necessitous circumstances, an allowance of £150 a year be granted, during pleasure and as an exceptional case, to Mrs. Jennick, the widow of Major Jennick, a Pensioner, formerly Agent at the Portsmouth Branch.

It was agreed that, in the absence of a definite request to the Bank from the Lord Mayor, no donation be granted to the Mansion House Fund now being raised for the relief of sufferers by the recent colliery disasters.

The Chief Accountant attended the Committee and produced the accounts of the Bank for the past half-year. It was agreed to recommend to the Court

9th March 1927

Court that a half year's dividend of Interest and Profits be made on the 5th April next of 1b per cent less Income Tax.

The Weekly Report on the National Bank of Belgium was submitted.

The Governor acquainted the Committee of the following matters—

CT-40

1. Last week he visited Paris, Berlin and Brussels and found everywhere a feeling of great friendliness towards the Bank.

The position in Paris is unsatisfactory and disappointing: M. Moreau takes little interest in European affairs but is mainly concerned with domestic questions and although, in principle, an advocate of stabilisation and ratification, he does not anticipate that they will soon be brought about if M. Poincaré remains in power.

The fear expressed to the Committee on the 23rd February that the invitation to visit Paris had reference to the French credit was unfortunately correct. M. Moreau had submitted proposals for modification of the terms and conditions of repayment which seemed unfavourable to the Bank. He laid these proposals before the Committee for consideration with a view to an early decision.

CT-45

Dr. Schaecht on the other hand is keenly interested in European problems and is anxious to do everything in his power to assist generally. The position in Berlin is interesting for reasons which were outlined to the Committee but, owing to prospective transfers, Dr. Schaecht is reluctant to receive deposits from foreigners for account of the Reichsbank. He is however anxious to forward the policy of co-operation and mutual support between Central Banks which he regards as urgently necessary.

The

9th March 1877

CT 29

The position of the National Bank of Belgium is excellent: he hopes that the Belgian Government will shortly pay off or mobilise some of their debts and thus give the National Bank some means of controlling the market.

2. He has had interviews with Dr. Vissering who is now in London on his way to New York with M. Bachmann, President of the National Bank of Switzerland.

3. He had refused a verbal invitation through Dr. Nathan to visit Rome in the Spring.

4. During the last few weeks the Bank have executed and still have for execution large orders to buy gold for India and they will probably receive similar orders for three other Countries in the near future. Pressure is being put upon him to disclose the names of the clients for whom the Bank are acting but as a matter of principle between Banker and Client he had refused.

5. He proposed to ask the Committee next week to agree in principle that a Committee be set up to co-ordinate in detail the whole case the Bank will eventually present for the amalgamation of Note Issues and to harmonise the requirements of the St. Luke's Committee with those of the other interests concerned.

10.9.0
CT 32

The Governor laid before the Committee correspondence between the Bank and the India Office as to the arrangements to be made in regard to Government balances in London and the management of Sterling Stocks on the establishment of the new Reserve Bank.

Present

a full Committee
Mr. Walker also
attended

Monday, the 14th March, 1927

The proceedings of the last Committee were read and agreed as amended.

With reference to previous Minutes the Committee approved—

1. An aide-memoire for a verbal communication to be made to M. Moreau in reply to his proposals for modification of the terms and conditions for repayment of the Bank of France Credit.

ET 40

2. A draft letter requesting Mr. Strong to ascertain privately whether Dr. Stewart would be willing to come to the Bank to assist in building up a Statistical and Information Department.

Office File
P47

The Committee also approved in principle the terms of a cable to the Comptroller on the subject of possible future advances to in London to the Commonwealth Bank of Australia.

N/E

~~1254~~

ET 4

Present

The Governor
The Deputy Governor
Lord Revelstoke
Mr. Lubbock
Sir Alan Anderson
Sir Charles Addison
Mr. Wallace and
Mr. Whigham.
Mr. Walker also
attended.

Wednesday, the 16th March, 1927

The proceedings of the last Committee were read and agreed.

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

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

The

16th March. 1927

The following were submitted and referred to the Court -

Minute of the Staff Committee recommending appointments etc.

Quarterly Report of the Staff Committee on payments made etc.

Report of the Staff Committee recommending the Election of 20 Probationary Clerks to the Permanent Staff.

The Weekly Report on the National Bank of Belgium was submitted.

It was agreed that the Press Association be employed as a medium for circulating official information to the Press.

cf 67.02

It was agreed to recommend to the Court of Directors that for the coming Cricket Season the First XI be allowed to arrange for a maximum of six Sunday Matches at the Sports Club commencing at or after 11.30 a.m., such fixtures not to be advertised nor reports published.

The Monthly Report of the Committee on Advances and Discounts was submitted and the Governor informed the Committee that he would discuss with Mr. Grenfell the question raised in the Report as to the required number of Bills affording adequate security as defined by the Regulations.

In this connection he mentioned that he had recently discussed with Dr. Schacht, Dr. Vissering and M. Frank the question of the guarantee of Commercial Bills purchased by the Bank on behalf of Central Banks which had been considered by the

Committee

16th March 1927

Committee in March and April 1926. He had ascertained that whenever the respective conditions were suitable purchases of Commercial Bills by the Bank of England in Berlin, Brussels or Amsterdam would be welcomed and that in each case the guarantee of the Central Bank concerned could in one way or another be arranged.

The Governor acquainted the Committee of the following matters -

1. He had discussed with Dr. Schacht and Dr. Vissering the question of "C Giro" transfers referred to in the Minutes of the 16th and 23rd February, which, it appears, are not intended for maintenance of exchange rates, but for facilitating small transactions between clients of the Central Banks and Branches in those countries where by tradition the Central Banks are the centres of the exchange market; indeed the cost is such as to render the arrangement inadequate for the purpose of maintaining exchange rates. He, therefore, considered it to be neither proper nor necessary, in view of the free market conditions in London for the Bank to make "outward" payments; but he had agreed that the Bank would be willing in principle to make "inward" payments by arrangement with Central Banks who wished it and the methods to be adopted are now to be settled by the Chief Cashier.

CF 2.

2. As a result of Mr. Bank's Report; of other information obtained by the Bank and of the recent investigations at the meeting of the League of Nations, it is evident that the financial position in Bulgaria, referred to in the Minutes of the 26th December last, is ominous. If trouble were to arise the prestige of the League

16th March 1927

League would be involved and through the issue of the Refugee Loan the Bank is committed to the League. The position is being investigated and he would report later as to the commitments which the Bank might have to undertake in order to put the National Bank of Bulgaria on a safe and legal basis.

10.23
CT 80.

3. The urgent need for the appointment of an Exchange Expert, referred to in the Minutes of the 29th December last, still continues but he has so far been unable to find any suitable person other than Mr. Hay, who is at present under a 3 year agreement ^{in Australia} with the League.

CT 50.03

10.59

The Committee considered a request from the Treasury for a revision of the Terms of Management of the Government Debt, and it was agreed that a favourable reply should be given.

Present

The Governor
The Deputy Governor
Lord Revelstoke
Mr. Lubbock
Sir Charles Addis
Mr. Wallace
Mr. Walker also attended

Wednesday, the 23rd March, 1927.

The proceedings of the last Committee were read and agreed.

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

CT 99.

It was agreed that no alteration be recommended in the Bank Rate, and that after the end of the month some temporary contraction in the market's funds would be needed.

The

23rd March 1927

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The following were submitted and referred to the Court, viz.,

Minute of the Staff Committee recommending appointments.

Letter from the Chancellor of the Exchequer applying for Advances during the ensuing Quarter.

House list of Governors and Directors for the ensuing year.

It was agreed to recommend to the Court -

(1) That the Voting papers for the Election of the Committee of Treasury be issued on Thursday, the 24th March,

That voting take place at the Court on the 7th April and that Directors who so desire be allowed to record their Votes after making their declaration of Office on Wednesday, the 6th April, and

That the Standing Committees be appointed on Thursday, the 14th April.

CTSO 03

(2) That a Special Committee be appointed -

(a) To prepare in detail and to co-ordinate the whole case the Bank will eventually recommend to the Government for the amalgamation of Note Issues and to harmonise the requirements of all concerned.

CTSO 03

(b) To consider the amount of profits received and likely to be received from the management of the Public Debt, from the Public Accounts, from Note Issue and from other public business and to recommend what should be the future attitude of the Bank towards the question of such profits.

To consist of -

Mr Lubbock
Mr Wallace
and
Mr Whitworth.

(3) That

23rd March 1927

(2) That the following donations be granted,
viz.,

The City of London Truss Society	£100
The Royal Earlswood Institution	£100

A Report from the Committee on the Rebuilding of the Bank, recommending that a public passage-way be allowed through the Divoli Corner and that the space between the railings and the podium along the whole length of Princes Street be ceded to the City, was considered and deferred.

The question of installing heating in the roof of the Squash Racquets Courts at the Sports Club at an approximate cost of £100 was left in the hands of the Deputy Governor.

CT III.

The Governor informed the Committee ^{consisting} that he had appointed a Special Committee of Mr. Lubbock and Mr. Grenfell to enquire as to the origin and position of the Securities Trust especially so far as its connections with the Bank are concerned, and to report to him in due course.

The Weekly Report on the National Bank of Belgium was submitted.

1 A 59

With reference to last week's Minutes on the question of a revision of the Terms for Management of the Government Debt, it was agreed to accept a proposal by the Treasury that the Bank should charge £325 per million for the first £750 millions of funded debt and £150 a million

23rd March 1927

million hereafter; the other charges to remain unaltered.

N/E
~~1054~~
 CT 4

The Governor laid before the Committee a cable which he had sent on the previous day to the Comptroller in Australia in answer to a letter of the 15th February and a copy of the terms of a proposed arrangement between the Bank of England and the Java Bank.

He also acquainted the Committee of the following matters, viz.

CT 40

1. M. Moreau is seeking to raise again certain proposals for revision of the terms of repayment of the French Credit referred to in the Minutes of the 23rd February and later and with this end in view is coming to the Bank on the 24th instant for further discussion.

N/E
~~1058~~
 CT 6

2. Mr. Harrison will shortly arrive in London, on behalf of Mr. Strong, probably to discuss a loan programme for Poland.

~~1061~~
 CT 126

3. He proposed to grant the Central Electricity Board a temporary advance of £50/100,000 without security.

Present

The Governor
The Deputy Governor
Lord Revelstoke
Mr. Wallace and
Mr. Whigham.
Mr. Walker also attended.

Monday, the 28th March, 1927.

The proceedings of the last Committee were read and agreed.

With reference to previous Minutes the Governor informed the Committee of the following matters -

1. He had written to Senator Jameson offering the services of the Bank of England as the Agent of the Free State Currency Commission.

~~10.00~~ N/E
CT 1

2. He had had on the 24th instant a further interview with M Moreau, who had expressed a desire to repay the entire Credit at the earliest possible moment.

~~10.01~~
CT 40

The Committee agreed in principle to the following proposals -

(i) That it would be wise to consent to complete repayment of the Credit at an early date.

(ii) That such repayment might be arranged for a date in the second half of next month, say, Friday, the 22nd April.

(iii) That such repayment might be ^{made} arranged partly in sterling and partly in dollars, to be paid to the Federal Reserve Bank for credit of the Bank of England, at about parity.

(iv) That the discount on unmatured Treasury Bills should be credited and debited for rebate so as to produce the original net rate of discount in the case of each Treasury Bill, i.e. 6% - 1%, as if all Bills matured on the 22nd April.

(v) That on such repayment the gold now held as security would be at the free disposal of the Bank of France, and

(vi) That

28th March, 1927

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(vi) That on such repayment the sum held on a Suspense Account, in accordance with the letter of the 21st March 1925, would be at the free disposal of the Bank of France.

(3) He laid before the Committee proposals for Polish stabilisation which Mr. Harrison has submitted for consideration by the Bank.

The Committee agreed that, apart from the need which they were inclined to recognize for certain controls and safeguards over a considerable period, the scheme (subject perhaps to amendments) appeared to afford a basis for more stabilisation which the Central Banks might support, but that before reaching any definite decision as to support it would be wise to discuss the whole subject with the Reichsbank.

N/E
H. 58
CT6

Present

The Governor
The Deputy Governor
Lord Revelstoke
Sir Alan Anderson
Sir Charles Addison
Mr. Wallace and
Mr. Whigham
Mr. Walker also
attended.

Wednesday, the 30th March, 1927

The proceedings of the last Committee were read and agreed.

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

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

It was agreed to recommend to the Court of Directors that pensions be granted, during pleasure, to the following persons -

D. J. Ballantyne, a 1st Class Clerk in the Dividend Office, aged 60 years, £414 a year, in accordance with the scale, from the 1st July next inclusive.

David

30th March 1927

David Wells, a machinist at St Luke's Printing Works, aged 61 years, pension equal to his wages of £351 a year for 3 months from the 1st April inclusive, and thereafter £159:2:4 a year, in accordance with the scale.

Also that the Regulations affecting the general conduct of business at the Head Office and Branches, as revised, especially as regards purchases of Bills, be adopted.

The Weekly Report on the National Bank of Belgium was submitted.

With reference to Minutes of the 28th March, the Committee approved the following specific proposals to be submitted to the Bank of France for repayment of the French Credit -

Labt
CT. 40

1. The Bank will accept repayment of the outstanding French Treasury Bills for £33,000,000 on Friday, 22nd April, 1927

2. The Bank will rebate the Bills at 6% as from that date: the amount of discount repayable will be £462,325:15:6.

3. The Bank will accept in repayment of the Bills \$100,000,000 in New York at mint par of exchange and the balance in London in sterling

The balance of sterling without allowing for the rebate would be £12,451,619:6:4.

4. When the Bills have been repaid:-

(a) The Bank will pay over to the Bank of France the sum of £1,701,109:11:9 representing 1% on all French Treasury Bills discounted under the 1925 Agreement calculated up to the 22nd April, it being understood that this amount will not be employed by them directly or indirectly otherwise than for their sole benefit.

(b) The Bank

30th March 1927

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(b) The Bank will hold at the free disposal of the Bank of France 4,720,415.54 standard ounces of bar gold valued, at 77/9 per standard ounce, at £18,350,615.8.4.

The Governor acquainted the Committee of the following matters—

(1) Assuming the adoption of the scheme now being discussed for placing some £1,100,000 ^{year} 5 to 10 Reference Shares of the National Bank of Bulgaria, whereby the position of that Bank would be liquidated and legalised, the participation of the Bank referred to in Minutes of the 16th March would probably amount to £400,000.

(2) He has for long been trying to make arrangements with the Federal Reserve Bank whereby a proportion of the Bank's funds invested in New York should be available at call or short notice without the risk of fluctuations in the market rate of discount. Owing to legal restrictions there are difficulties in the way of such an arrangement and he suggested that it might be advisable as a temporary arrangement for the Bank to deposit funds at interest with a Member Bank on the introduction of the Federal Reserve Bank.

After discussion consideration was deferred for three weeks.

(3) There are fundamental differences of opinion between this country and America as to the proper financial treatment of countries such as Serbia, Greece, Italy and Poland, and he feared that the proposals relating to Poland which were submitted to the Committee on the 28th March would gradually disclose these differences and might even cause a division between Central Banks.

With reference to Minutes of the 16th December last, terms which might be offered to Sir O. E. Niemeyer were discussed and approved in principle, subject to consideration as to the position of Mr. Siepmann.

The Governor
 The Deputy Governor
 Lord Revelstoke
 Lord Cullen of Averboune
 Sir Alan Anderson
 Mr. Wallace and
 Mr. Whigham
 Mr. Walker also attended.

Wednesday, the 6th April, 1927.

The proceedings of the last Committee were read and agreed.

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

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

It was agreed to recommend to the Court that a pension of £419: 17: 4 a year be granted, during pleasure and in accordance with the scale, to A. E. Gore, a 1st Class Clerk in the Consols Office, aged 61 years, as from the 1st July inclusive,

Also that a donation of £100 be made to the Council for Youth for London Diocese, (St. Margaret, Lothbury, Rectory Fund).

+ 10/64
 Estab.

It was agreed to grant an Allowance of £55 a year, during pleasure and in accordance with the scale, to the Widow of J. C. Buchanan, an Assistant Principal in the Register Office.

The Weekly Report on the National Bank of Belgium was submitted.

The Governor acquainted the Committee of the following matters, viz: -

+ 10/64
 CT 40

(1) With reference to previous Minutes on the subject of repayment of the French Credit he had had a conversation at Calais on the 3rd instant.

(of which

6th April 1927

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(of which a memorandum was submitted) with M Moreau who was in general agreement with the Bank's proposals but could not undertake to fulfil the condition that the rebate should be used exclusively for the benefit of the Bank of France.

^{N46}
~~A 58~~
CT 6

(2) He discussed with the Committee a memorandum of his conversations in Calais on the 3rd instant concerning the programme for Polish stabilisation referred to in the Minutes of the 28th March when it was agreed by Dr. Schacht, M. Moreau and himself to recommend that their respective Central Banks should under certain conditions join in a re-discount credit for the Bank Polski.

(3) In view of the fact that the Chancellor may in his Budget Speech make some allusion to the American Credits, both of which expire on the 14th May, he laid before the Committee a cable to this effect which he had sent to New York.

~~B 26~~
CT 15

(4) He had had several friendly interviews with M. Buvillain, the new Governor of the National Bank of Roumania, who is now in London endeavouring to arrange -

For the issue of gold coinage with the Head of the present King,

For the issue of a loan independently of the League of Nations, and

As to the position of the Roumanian loan of 1913 which has been removed from the Official list.

(5) He had declined to support an organisation which may shortly be set up and supported by certain Banks, (ostensibly to protect trade, but particularly) to fight Communistic and Socialistic Propaganda.

(b) The funds

6th April 19271063
CT 39.

(b) The funds required for payment of the coupons and drawn Bonds of the British Portion of the Chinese 5% Gold Loan of 1896 had been forthcoming at the due date, but the money required for the service of the German portion of that loan had been withheld, and an official letter of protest regarding the default had been addressed on the 5th instant to the Treasury, at whose request the Bank had originally undertaken the inscription of both portions of the loan.

The Committee agreed that in future the Annual Statements of Account of the Samaritan Fund and the Clerks Guarantee Fund should be approved by the Deputy Governor and submitted to the Court through the Committee of Treasury.

Present

The Governor
The Deputy Governor
Lord Revelstoke
Lord Allen of Ashbourne
Mr. Lonsdale and
Mr. Whigham
Mr. Walker also attended

1061
CT 40Thursday, the 7th April, 1927.

The Governor informed the Committee that the terms of repayment of the French Credit referred to in previous Minutes had been agreed to by M. Moreau with the exception of the two following points -

(a) He had repudiated the arrangement made in 1923 whereby the rebate would be exclusively for the benefit of the Bank of France; and

(b) He had suggested that the repayment on the 22nd April should be made as to \$100,000,000 at the average rate of that day and the balance in Sterling.

It was agreed that the destination of the rebate be ignored and that M. Moreau be informed that if the original proposal as to the rate of exchange for Dollars be not accepted the Bank will require the whole amount to be repaid in Sterling.

Present:

The Governor
 The Deputy Governor
 Lord Cullen of Ashbourne
 Sir Alan Anderson
 and
 Mr. Tomlinson
 Mr. Walker also attended.

Wednesday, the 13th April, 1927.

The proceedings of the Meetings on the 6th and 7th April were read and submitted.

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

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

Proposals for the appointment of Committees for the current year were submitted and referred to the Court together with a Report of the Committee on the Rebuilding of the Bank.

It was agreed to recommend to the Court that a donation of £1000 be made to the Appeal Fund of the National Institute of Industrial Psychology.

10-73
 Establs.

It was agreed to grant an allowance of £60 a year during pleasure and in accordance with the scale to the widow of S. H. Humphreys, a Pensioner, formerly the Chief Clerk at the Birmingham Branch.

The Weekly Report of the National Bank of Belgium was submitted.

The Governor acquainted the Committee of the following matters, viz: -

10-61
 CT-40

1. With reference to the last Minutes the Bank of France have elected to repay the whole of the French Credit in Sterling in London on the 22nd instant.

In this connection a letter addressed by the Treasury to the Governor on the 12th instant was laid before the Committee and also a letter of thanks from M. Moreau.

2. With

13th April 1937L.A. 58 1/2
CT 6

2. With regard to the proposals for Polish stabilisation referred to in earlier Minutes, Mr. Harrison had left for America and the position remained approximately as follows:-

(a) It had been agreed in principle by all parties that stabilisation of Poland was most important.

(b) If invited by the Federal Reserve Bank to join in a Central Bank Rediscount Credit to the Bank Polski, he would recommend the Court to accept the invitation; M. Moreau and Dr. Schacht would also hope to accept.

(c) It would not be possible to handle or give approval to Polish Bills of Exchange in the Bank of England.

(d) He had not felt free to promise to press or require anyone from London to accept an invitation from the Bank Polski to join the proposed International Committee of Experts and he doubted whether the right person would be willing to join from "public spirit", especially if there is to be no German Member of the Committee.

CT 40

3. With reference to earlier Minutes it had again been pointed out to him that although as unsettled debtors France and Jugoslavia are still not allowed to make public issues in this Country the restrictions are not effective; he did not know what change to suggest in the present arrangement.

CT 40

4. M. Rist, the Deputy Governor of the Bank of France, is in London at the request of M. Moreau to urge the Bank to go further in regard to Poland and to endeavour to sell to the Bank £18,000,000 gold for payment in dollars, a proposal which he could only decline.

It was

13th April 1927

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It was agreed that the British and Dominion Delegates to the Economic Conference at Geneva should be invited to dinner at the Bank on the 27th April, and that invitations be extended to representatives of the Banks and principal acceptance Houses.

With reference to Minutes of the 30th March and earlier the Committee agreed that, subject to the approval of the Court, a formal letter be sent to Sir Otto Niemeyer offering him an appointment in the service of the Bank. They recommended, however, that owing to the need for secrecy no record be made in the Court Minutes at the present time.

Present

The Governor
The Deputy Governor
Lord Revelstoke
Lord Sullen of Ashbourne
Sir Alan Anderson
Mr. Whitworth
and
Mr. Whigham
Mr. Walter also attended

Wednesday, the 20th April, 1927.

The proceedings of the last Committee were read and agreed.

CT. 40

The Governor stated his intention of granting loans to the market during the coming week at nominal rates in order to avoid danger of temporary contraction during the repayment of the French Credit.

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

CT. 99.

With reference to the Bank Rate the Governor informed the Committee that foreign purchases of and demands for Gold in the market were smaller than had been expected and were likely so to continue; that all the exchanges were favourable except the Dollar, which could not easily be affected now by rates in London; and that with the inevitable loosening of conditions to
permit

20th April 1927

permit repayment by the Bank of France it would be most difficult to make the present rate effective again. For these and other reasons the Committee agreed that it would be in every way proper to recommend to the Court of Directors that the rate of discount be reduced from 5 per cent to 4½ per cent.

The Weekly Report of the National Bank of Belgium was submitted.

With reference to Minutes of the 16th June 1926, the Governor informed the Committee that he had arranged for the Bank to continue to pay Mr. Walter Taylor £2500 a quarter for a further year, i.e. until the 30th April 1928, on the same terms as before.

~~1031~~
CT 192

The Governor informed the Committee that at the next Meeting he would ask them to discuss how the money received from the repayment of the French Credit should be divided as between long or short dated investments.

~~105~~
CT-50 01

Present:

The Governor
The Deputy Governor
Lord Revelstoke
Lord Cullen of Ashbourne
Sir Alan Anderson
Sir Charles Adair
and
Mr. Whitworth.
Mr Walker also attended.

Wednesday, the 27th April 1927

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 etc was read.

The Monthly Report of the Committee on Advances and Discounts was submitted.

The

27th April 1927

126

The following were submitted and referred to the Court, viz.,

Minute of the Committee on Advances and Discounts recommending the re-opening of a Discount Account.

Minute of the Staff Committee recommending appointments.

Report of the Staff Committee recommending the election of 25 Probationary Clerks to the Permanent Staff.

It was agreed to recommend to the Court that -

1. A pension of £165:19:4 a year be granted, during pleasure and in accordance with the scale, to H. J. Honey, a House Porter at the Western Branch, as from the 3rd May, when he attains the age of 65 years.

2. In addition to their present advances direct and indirect, Messrs. Arncliffe, Whitworth, & Co. be granted an advance as and when required - not exceeding £500,000 - against adequate security, and including all guarantees.

The Weekly Report on the National Bank of Belgium was submitted

The Governor acquainted the Committee of the following matters, referred to in earlier Minutes, viz. -

1. The Bank of France Credit was duly paid off on Friday, the 22nd April, without trouble and the gold thus released is now being removed.

2. Messrs.

27th April 1927~~10.65~~ N.E.

2. Messrs Deloitte & Co. have examined the Balance Sheet for the Half-Year ended the 28th February 1927; they have given their Certificate as to its correctness and have reconciled the figures shown in the Bank Return as at the 2nd March 1927 with those in the Balance Sheet.

3. Sir O. E. Niemeyer has accepted the proposed appointment with the Bank.

~~10.54~~ ET. 4.

4. He read a cable from the Comptroller stating that he leaves Australia on the 26th April and detailing the present position.

~~10.62~~

ET. 44.

With reference to Minutes of the 30th March the Committee agreed in principle that as a temporary expedient arrangements might be made for the Bank to deposit funds at interest in New York with a Member Bank, on the introduction of the Federal Reserve Bank.

~~10.5~~

ET. 50. 01

With reference to the last Minutes and to the repayment of the French Credit, the Committee agreed to continue the policy approved in July 1921 that the Bank should hold long-dated Government Securities sufficient to yield a gross income approximately equal to the normal gross dividend.

~~10.67~~

ET. 91.

ET. 110.

ET. 111.

ET. 112.

ET. 123.

ET. 134.

Owing to the complete repayment of the Bank of France credit which was guaranteed by the Treasury, the Committee agreed that on the basis of a statement of proposed commitments an occasion had arisen when the Bank might properly offer to take over the assets or contingent liabilities referred to in Minutes of the 27th December 1922, 7th February 1923, 3rd November 1926 etc. in connection with Frederick Huth & Co., Old Firm, Lloyds Bank Ltd., &c Cox & Co. and the Anglo International Bank with a view to bringing

27th April 1927

To an end all the important questions between the Treasury and the Bank as the result of the reconstruction period.

Office File
P47

The Governor read to the Committee a letter from Mr. Strong in regard to the provisional invitation to Dr. Stewart, referred to in the Minutes of the 23rd February and 14th March 1927, and the Governor was authorised to make proposals, not to exceed £10,000 a year in one form or another, as to the remuneration to be offered to Dr. Stewart.

Present

The Governor
The Deputy Governor
Lord Revelstoke
Lord Cullen of Ashbourne
Sir Charles Radcliffe and
Mr. Whitworth

Thursday, the 28th April, 1927

The Governor acquainted the Committee of the following matters which had arisen since the last meeting—

(1) The renewal at the request of the Chancellor of ~~the Chancellor~~ of the undertaking by the Bankers—expiring on the 14th May— not to hold or earmark gold was at present doubtful, owing solely to the attitude of the Midland Bank; but he hoped that the matter would be settled and that it would not be necessary to urge the introduction of legislation for this purpose.

CT96
CT9504

(2) Negotiations for an amalgamation between the National Provincial Bank and the Equitable Bank, of Halifax, had recently been broken off by the former in consequence of his representation that it would be contrary to the policy of the present and the late Chancellor. He had yesterday insisted to two Directors of the latter Bank that amalgamation with any one of the "Big Five" could not be allowed but he had said that he would assist an amalgamation elsewhere and had promised the support of the Bank in case of need.

1266

CT90

Present

The Deputy Governor
 Lord Revelstoke
 Lord Cullen of Ashbourne
 Sir Alan Anderson
 Sir Charles Adair
 Mr. Lonsdale and
 Mr. Whigham
 Mr. Walter also attended.

Wednesday, the 4th May, 1927.

The proceedings of the Meetings on the 2nd and 28th April were read and agreed.

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

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

The Weekly Report on the National Bank of Belgium was submitted.

It was agreed that an Allowance of £50 a year be granted, during pleasure and in accordance with the scale, to the widow of C. W. Dixon, a Pensioner formerly a 1st Class Clerk in the Dividend Office.

~~1068~~
 Estab.

It was agreed to recommend to the Court of Directors that the Club House of the Women's Sports Club at Rochampton be enlarged at a cost not exceeding £2000 and that alterations be authorised in the Smoking Room of the Men's Club House at a cost not exceeding £250.

The Deputy Governor acquainted the Committee of the following matters which had been referred to in earlier Minutes -

(1) On Friday last the Governor saw Mr. McKenna, with Mr. Holland Martin, the Chairman of the Committee of Clearing Bankers, on the subject of the undertaking of the Bankers not to hold or earmark gold. Mr. McKenna maintained his position as previously explained to the Committee of Clearing Bankers; he added that he intended to hold gold as a basis for enlarged credit and thought that other Bankers would be entitled to do the same.

~~1070~~
 CT 90
 CT 95-04

(2) The

4th May 1927

130

(2) The action between Messrs. Waterlow & Sons and Messrs. de la Rue & Co. had been settled on terms which had not yet been disclosed.

Present

A full Committee
Mr. Walker also attended

Wednesday, the 11th May, 1927

The proceedings of the last Committee were read and agreed.

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

It was agreed that no alteration be recommended in the Bank Rate this week. In this connection the Committee agreed generally—

CT99

(1) That a maintenance of the present rate for a reasonable period would be likely to improve conditions in the autumn, and

(2) That in view of the forthcoming amalgamation of Note Issues it was advisable to increase the stock of gold in this Country.

The Weekly Report on the National Banks of Belgium was submitted together with a review of the position after six months of stabilisation.

It was agreed to pay to the Operatic, Dramatic and Orchestral Society a sum of £120 to make good the deficiency in their funds for the past year.

LA 27
N/E

It was agreed that an Allowance of £26 a year and a cash payment of £15 be granted to Mrs. Bale, the widow of H. J. Bale, a Pensioner, formerly Assistant Overseer at St. Luke's Printing Works.

LA 69
Establs.

A Report

11th May 1927

A Report of the Audit Committee on Audits taken by the Audit Department between the 25th January 1927 and the 26th April 1927 was submitted and referred to the Court.

The Governor acquainted the Committee of the following matters-

(1) With reference to continuing the agreement of the Bankers not to hold or earmark gold, referred to in Minutes of the 4th instant and earlier, he laid before the Committee a letter which he had written to the Treasury on the 5th instant, and said that Mr. McKenna at an interview with the Chancellor had maintained his opposition, as previously explained to the Committee of Clearing Bankers. He understood that Mr. McKenna at that interview had criticized the general policy of the Bank of England and he had since refused an invitation to discuss this question with Mr. McKenna in the presence of the Chancellor.

After discussion the Committee agreed that if the Midland Bank stood out it would be unwise to invite or induce the other Bankers to enter into any further undertaking and merely expressed the hope that legislation might be avoided.

(2) He had seen in Paris among others Mr. Parker Gilbert, Mr. Dwight Morrow, M. Monnet and the Governor of the Bank of France about the proposed scheme for Polish stabilisation and he laid before the Committee a cable sent on behalf of Mr. Dwight Morrow for transmission to Mr. Harrison in New York. He had declined to go beyond the Minute of the Committee of the 13th April last except to suggest that the Bank of France should replace or join with the Federal Reserve Bank as leaders in any Central Bank Credit to the Bank Polski, in which case he would

11th May 1927

would recommend the Bank of England to accept any invitation to participate. He pointed out that unless this suggestion were adopted it was probable that a Polish loan would be issued by Private Bankers without a Central Bank Credit or any effective control.

(3) He had expressed his agreement with a proposal to give formal permission for dealings on the Stock Exchange in the 5½% 20 year Dollar External Gold Bonds 1917 of the United Kingdom of Great Britain and Ireland.

(4) He laid before the Committee a letter conveying to Mr. Strong in general terms the proposals as to Dr. Stewart approved by the Committee on the 27th April last.

Office File P47

Present

The Governor
The Deputy Governor
Lord Revelstoke
Lord Cullen of Gairloch
Mr. Trotter
Sir Alan Anderson
Mr. Whitworth
Mr. Whigham
Mr. Walker also attended

Wednesday, the 18th May, 1927.

The proceedings of the last Committee were read and agreed.

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

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

It was agreed to recommend to the Court of Directors that a pension of £384 2 6 a year be granted, during pleasure and in accordance with the scale, on the 1st September next to J. C. Houle, a 1st Class Clerk in the Currency Note Office, who attains the age of 60 years on the 9th June next.

The

18th May 1927

The following were submitted and referred to the Court, viz.,

Minute of the Staff Committee recommending appointments, etc.

Report of the Staff Committee recommending the election of 13 Probationary Clerks to the Permanent Staff.

Quarterly Report of the Staff Committee with "Overs" and "Shorts".

Report of the result of the election for representatives of the Staff on the Advisory Council of Directors and Staff.

The Deputy Governor informed the Committee that the Wandsworth Borough Council had notified the Bank of their intention under Parliamentary Powers to repair Priory Lane, Roehampton, at the expense of the frontagers, who would be responsible for the future cost of upkeep, but that the Council were prepared to consider an arrangement under which they would execute work of a permanent character and thereafter take over the road and be responsible for its future maintenance. The cost to the Bank under this latter arrangement would be approximately £1500 and the Committee agreed that the Wandsworth Borough Council be informed of the Bank's willingness to accept this arrangement.

The Weekly Report of the National Bank of Belgium was submitted.

The Governor acquainted the Committee of the following matters, viz.,

(1) With reference to the last and earlier Minutes as to continuance of the agreement of the Bankers not to hold or earmark gold, the Chancellor had on the 12th instant written a personal appeal to Mr. McKenna asking him to continue the agreement, as all the other Bankers had offered to do. Mr. McKenna had replied that he disapproved of the policy but could not refuse the

Chancellor's

1070
CT 90
CT 110
CT 95.04

18th May 1927

134

Chancellor's appeal and would therefore continue for one year so as to enable the Chancellor to bring in legislation at his convenience.

1280
CT 40

(2) He laid before the Committee a letter he had written on the 17th ^{instant} in reply to a telegram from M Moreau proposing to transfer to the Bank part of the Bank of France's sterling balances in London and requesting the Bank to convert into gold the balances so transferred and to earmark this gold for account of the Bank of France.

(3) During the past week he had discounted for the Reichsbank Sterling Bills amounting to some £2,000,000, of which amount only some £800,000 carried approved British endorsements although all bore the endorsement of the Reichsbank. This involved a technical breach of the regulations but he felt that in such circumstances there could be no alternative.

The Committee approved.

1281
CT 110
CT 91
CT 111
CT 150
CT 123
CT 134

With reference to Minutes of the 2nd April offering to take over certain assets and contingent liabilities in connection with Frederick Huth & Co. Old Firm, Lloyds Bank Ltd. & Co. and the Anglo International Bank, the Governor laid before the Committee a letter from the Treasury accepting the Bank's proposals "as a satisfactory settlement of all outstanding questions ^{of this nature}" between the Bank and the Treasury.

The Governor
 The Deputy Governor
 Lord Revelstoke
 Lord Cullen of Ashbourne
 Mr. Ingham
 Sir Charles Adair
 Sir Montagu
 Mr. Wigglesworth

Monday, the 23rd May, 1927

The proceedings of the last Committee were read and agreed.

With reference to Minutes of the 30th March and earlier, the Governor acquainted the Committee that rumours of an impending change in Sir Otto Niemeyer's position had appeared in several newspapers on the 21st instant; there was little doubt that in the circumstances the Treasury would wish to make a statement on the subject and the Committee agreed that in this event it would be advisable for an announcement to be made simultaneously by the Bank.

With reference to the last Minutes on the subject of the purchase and earmarking of gold for the Bank of France, Mr. Siepmann attended the Committee and explained in detail interviews he had had during the past few days with M. Moreau in Paris. Letters of the 18th and 21st instant from M. Moreau were also considered by the Committee. Instead of proceeding to the drastic step of raising the Bank Rate at once or on Thursday next, the Committee agreed if required to earmark the sum of £1,500,000 of gold for the Bank of France to-morrow, to maintain an open market rate not below $4\frac{1}{8}\%$ and to suggest to M. Moreau, who asks for co-operation, that he should not earmark more gold for the present unless from his point of view the position should deteriorate, but that he might consider the advisability of paying in to his current account with the Bank of England some portion of his sterling balances in London.

10.80

ET 14
 + CT 99

PresentWednesday, the 25th May, 1927.

The Governor
 The Deputy Governor
 Lord Revelstoke
 Lord Cullen of Astibourne
 Mr Trotter
 Sir Charles Addis
 Mr Whitworth
 Mr Whigham
 Mr Walker also
 attended

The proceedings of the last Committee were read and agreed.

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

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

It was agreed to recommend to the Court that the following be appointed as their representatives on the Advisory Council of Directors and Staff for the ensuing year -

Lord Revelstoke
 Mr. Lubbock
 Sir Alan Anderson
 Mr Gladstone
 Mr. Walker, and
 Mr. Cattermole

With reference to Minutes of the 13th April it was agreed that a formal Minute as to the appointment of Sir Otto Niemeyer be submitted to the Court this week.

With reference to the Minutes of the 15th September last the Deputy Governor laid before the Committee -

(1) Reports from Messrs. Seligman, Plender, Griffiths & Co. with regard to protection against error and fraud, on the Bank's system -

(a) of recording and controlling Securities held for safe custody.

(b) of conducting the Inscription and Management of Stocks.

25th May 1927

In each case the Bank's system was reported to be well designed and efficient.

(2) A Report and Certificate with regard to the costs of the various operations conducted by the Bank.

These Reports were referred to the Audit Committee.

The Weekly Report of the National Bank of Belgium was submitted.

The Governor acquainted the Committee of the following matters -

(1) With reference to previous Minutes as to Messrs Armstrong Whitworth & Co. negotiations had been proceeding for the formation of a new undertaking to take over the Newfoundland Power & Paper Co. Ltd. and an Agreement had been reached on the following terms subject to acceptance by the 15th September next -

In place of present collateral the New Company to deliver to the Bank £1,000,000 5½% 1st Mortgage Debentures, or cash at the option of the New Company.

Present Utilities Debentures to be released against - £500,000 Cash and £2,000,000 5% Preference Shares Non Cumulative for the first five years.

(2) As a result of the arrangement with the Treasury referred to in the Minutes of the 27th April 1927 the Bank now hold over 50% of the shares of the Anglo International Bank. In order to avoid criticism as to control he proposed to offer to transfer these shares into the names of General Lawrence, Mr. Spencer-Smith and Mr. Bank as joint Trustees.

(3) With

+ 1032
CT. 192
CT 192 02

CT. 123

25th May, 1927

1980

CT-40

(3) With reference to the purchases of gold by the Bank of France referred to in Minutes of the 23rd May and earlier dates he explained the present position and laid before the Committee further letters to M. Moreau and cables to Mr Strong and Dr. Schacht. He intended to go to Paris to-morrow to discuss the matter with M. Moreau in the hope of arriving at a satisfactory arrangement.

Present

The Governor
The Deputy Governor
Lord Revelstoke
Lord Cullen of Arundel
Mr Trotter
Sir Alan Anderson
Mr Whitworth
Mr Wigham
Mr Walker also attended

Wednesday, the 1st June, 1927.

The proceedings of the last Committee were read and agreed.

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

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

The Monthly Report of the Committee on Advances & Discounts was submitted and approved.

A Minute of the Committee on Advances & Discounts recommending that facilities be granted to certain firms in regard to Advances etc. was submitted and referred to the Court, together with a Report of the Committee on the Rebuilding of the Bank as to operations in Section (2).

It was agreed to recommend to the Court of Directors that a donation of £100 be granted to a fund now being raised by the Hull Royal Infirmary for the erection and equipment of a Hospital Annex.

1st June 1927

An application from the Royal Westminster Ophthalmic Hospital was declined.

The Weekly Report on the National Bank of Belgium was submitted.

Office File P47.

The Governor laid before the Committee two letters from Mr. Strong indicating that the terms proposed by the Committee on the 27th April last would probably be acceptable and recommending a direct approach to Dr. Stewart.

The Governor informed the Committee that he proposed to visit ^{Mr.} Dr. Strong in America towards the end of June in response to invitations which had been extended to him and also to Dr. Schacht.

1280

ET 40

With reference to the last and earlier Minutes on the subject of purchases of gold in London by the Bank of France the Governor laid before the Committee a cable he had sent to Mr. Strong giving an account of his recent conversations with M. Moreau in Paris, and he outlined to the Committee the present conditions and future prospects not only between the two Banks but also as regards Reparations and inter-allied debts.

Present

Wednesday, the 8th June, 1927.

The Governor
The Deputy Governor
Lord Cullen of Ashbourne
Mr. Ingham
Sir Alan Anderson
Sir Charles Andie
Mr. Whitworth
Mr. Whigham
Mr. Walker also
attended

The proceedings of the last Committee were read and agreed.

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

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

The Weekly Report on the National Banks of Belgium was submitted.

The Governor acquainted the Committee of the following matters—

1. With reference to Minutes of the 18th May and earlier as to the continuance of the agreement by the Bankers not to hold or earmark gold he laid before the Committee a copy of a letter from the Chancellor of the Exchequer to the Chairman of the Committee of Clearing Bankers, from which it appeared that the agreement was likely to continue for a further 12 months.

2. He laid before the Committee a cable from the Governor of the South African Reserve Bank as to earmarking and releasing sovereigns, together with his reply.

3. With reference to Minutes of the 26th April he had since brought together the Equitable Bank of Halifax and the Bank of Liverpool and Martins at the request of the former Bank; and as a result of meetings at the Bank of England and elsewhere a provisional agreement had been reached, which had been approved by the Treasury, providing for the purchase of the former by the latter Bank.

4. Following

2nd June 1927

Office file #47

4. Following on the letters from Mr. Strong referred to in the last Minutes he laid before the Committee a letter he had written to Dr Stewart embodying in general terms the Bank's proposals.

1280 CT-40

5. With reference to the last and earlier Minutes on the subject of the purchases of gold in London by the Bank of France he had intimated to M. Moreau, firstly, that he was not willing to promise to convert all or any part of the sterling assets of the Bank of France during a period of months into other stable currencies, and, secondly that the Bank of France are free, as they have always been, to pay a higher relative price for some ^{stable} currencies than for others.

1291 CT-45

b. He laid before the Committee a cable to Mr. Strong expressing the belief that reparations and debts and the exchange situation in Europe is slowly worsening towards an entanglement which can only be cleared up later and discussed certain points in recent cables in explanation of the position.

Present

The Governor
The Deputy Governor
Lord Cullen of Astibourne
Mr. Trotter
Sir Charles Adair
Mr. Wristworth and
Mr. Wingham
The Comptroller also attended

Wednesday, the 15th June, 1927.

The proceedings of the last Committee were read and agreed.

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

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

CT-4. 1254

The Governor welcomed Sir Ernest Harvey on his return from Australia and asked him to make a statement at the next meeting of the Committee as to the future conduct of the Commonwealth Bank and the prospects of co-operation.

15th June 1927

142

It was agreed to recommend that a pension of £165 : 19 : 4 a year be granted, during pleasure and in accordance with the scale, to Herbert Lockwood, a Porter at the Bristol Branch, as from the 20th June inclusive.

It was agreed that a grant of £250 be made to the Samaritan Fund.

The Weekly Report on the National Banks of Belgium was submitted.

The Governor acquainted the Committee of the following matters:-

1. An agreement had now been reached with the Treasury as to the payment to be made to the Bank for the issue of 4% Consols in January last and he laid before the Committee copies of correspondence between the Bank and the Treasury on the subject.

2. With reference to Minutes of the 11th May and earlier, he laid before the Committee cables to and from Mr. Strong accepting in principle an invitation for the Bank to participate in a credit to the Bank Polski provided a similar invitation is extended to and accepted by the Reichsbank as well as the Bank of France.

3. With reference to the last and earlier Minutes on the subject of purchases of Gold in London by the Bank of France, he reported the conclusions reached at a recent conversation with M. Quenay, and drew attention to their friendly attitude towards the Bank as opposed to their differences with the standpoint of the Treasury.

A preliminary

15th June 1927

~~106~~
SEC. 9

A preliminary Report of the Special Committee appointed by the Court of the 25th November last to consider in general what changes, if any, are desirable in the future government and administration of the Bank was laid before the Committee.

Present

The Governor
The Deputy Governor
Lord Cullen of Roslin
Mr. Innes
Sir Charles Adair
Mr. Whitworth and
Mr. Whigham
The Comptroller also attended

Wednesday, the 22nd June, 1927

The proceedings of the last Committee were read and agreed.

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

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

The Monthly Report of the Committee on Advances and Discounts was submitted.

It was agreed to recommend to the Court of Directors that Percy A. Dillbrooks, Stock Office Librarian, who would attain the age of 65 years on the 28th June be granted, during pleasure and in accordance with the scale, a Pension of £483 : 6 : 8 a year as from that date.

The following were submitted and referred to the Court: -

Letter from the Chancellor of the Exchequer applying for Advances during the ensuing quarter.

Minute of the Staff Committee recommending appointments, etc.

Quarterly Report of the Staff Committee on payments made during the quarter, etc.

Report of the Staff Committee recommending the election of 15 Probationary Clerks to the Permanent Staff.

22nd June 1927

144

It was agreed to recommend to the Court of Directors that a donation of £105 be made to the Mansion House Fund now being raised to commemorate the memory of Colonel Vickers Dinfree who created the City of London Police Reserve in 1911 and who was in command up to the date of his death.

An application from the Industrial Welfare Society for a donation was declined.

~~1048~~
Office File M36

With reference to the Minutes of the 26th January last the Deputy Governor reported that he had authorised the giving of the Bank's Guarantee of £1000 to the Guarantee Fund of the North East Coast Exhibition 1929 although at present the Guarantee has not reached the full amount of £150,000.

The Weekly Report on the National Banks of Belgium was submitted.

CT. 4. ~~1054~~

With reference to the last Minutes the Comptroller explained the prospects of arrangements between the Commercial Banks and the Commonwealth Bank of Australia and of co-operation between the Banks of England and the Commonwealth Bank in London as detailed in a Memorandum which had previously been circulated to the Members of the Committee.

~~1066~~
SEC. 9

The Committee again considered the preliminary Report of the Special Committee appointed by the Court of the 25th November last to consider in general what changes, if any, are desirable in the future government and administration of the Bank.

Present

The Deputy Governor
 Lord Cullen of Ashbourne
 Mr. Trotter
 Sir Charles Addis
 Mr. Luntworth
 Mr. Whigham
 The Comptroller also attended.

Wednesday, the 29th June, 1927.

The proceedings of the last Committee were read and agreed.

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

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

The Weekly Report on the National Bank of Belgium was submitted.

Present

The Deputy Governor
 Lord Revelstoke
 Lord Cullen of Ashbourne
 Mr. Trotter
 Sir Charles Addis
 Mr. Luntworth and
 Mr. Whigham.
 The Comptroller also attended.

Wednesday, the 6th July, 1927.

The proceedings of the last Committee were read and agreed.

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

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

It was agreed to recommend to the Court of Directors that Pensions be granted during pleasure and in accordance with the scale to the following persons, vizt. -

Herbert King, Principal Supervisor at St Luke's Printing Works, who will attain the age of 60 years on the 3rd October next, £1,232 a year from the 4th October, inclusive.

A. J. Harland, Chief Clerk in the Secretary's Office, age 60 years, £637 7s + a year from the 11th September inclusive.

The

6th July 1927

146

The Weekly Report on the National Bank of Belgium was submitted.

The Committee considered a recommendation from the Committee on St. Luke's in regard to the terms of settlement of the action between Messrs De la Rue & Co. and Messrs Waterlow & Son and in the circumstances it was agreed to recommend ^{to the Court of Directors} that an ex gratia cash payment of £5000 be made to Messrs De la Rue & Co. on the understanding that the Bank would in future be free to use the machines in any way they might desire.

The Deputy Governor informed the Committee that on the 29th ultimo he had authorised the discounting for the Reichsbank of Bills amounting to £102,200 not bearing a second British endorsement, and that among them were domiciled foreign Bills amounting to £9,200.

Present

The Deputy Governor
Lord Revelstoke
Lord Cullen of Ashbourne
Mr. Trotter
Sir Alan Anderson
Sir Charles Addey
Mr. Winkworth
Mr. Wingham
The Comptroller also attended.

Wednesday, the 15th July 1927

The proceedings of the last Committee were read and agreed.

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

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

A Report of the Audit Committee on Audits taken by the Audit Department between the 27th April and the 4th July 1927 was submitted and referred to the Court.

It was

13th July 1927

It was agreed to recommend to the Court of Directors that pensions be granted, during pleasure and in accordance with the scale, to the following persons, viz:-

J. W. Somers, a 1st Class Clerk in the 5% War Stocks Office, who has tendered his resignation on account of ill-health, £265 a year from the 1st October next.

L. C. Jenkins, a 1st Grade Shorthand-Typist, £223.6s. a year from the 1st July, inclusive, on attaining the age of 50 years.

The Weekly Report on the National Bank of Belgium was submitted.

The Deputy Governor informed the Committee that with reference to the Minutes of the 15th June he had signed the Central Bank Agreement for the granting of a credit to the Bank Polski for \$20,000,000, of which the Bank of England's participation amounted to the equivalent of \$3,000,000.

~~10.58~~
H/E. CT6

Present

The Deputy Governor
Lord Revelstoke
Lord Cullen of Ainslie
Mr. Trotter
Sir Alan Anderson
Sir Charles Adair
Mr. Whitworth
Mr. Wingham
The Comptroller also attended

Wednesday, the 20th July, 1927.

The proceedings of the last Committee were read and agreed.

The Weekly Statement of Discounts and Advances granted to Bill Brokers &c. was read.

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

It was agreed to recommend to the Court of Directors that a General Court to consider of a dividend be held at the Bank on Thursday, the 22nd September.

Minutes

20th July 1927

148

Minutes of the Staff Committee and the Committee on St. Luke's recommending appointments, etc. were submitted and referred to the Court.

The Weekly Report on the National Bank of Belgium was submitted.

The Committee had before them a Draft Report of the Special Committee on the Future Government and Administration of the Bank and certain questions were referred to the Special Committee for further consideration.

186
SEC. 9

Present

The Deputy Governor
Lord Cullen of Ambrose
Mr. Trotter
Sir Charles Adie
Mr. Whitworth and
Mr. Whigham
The Comptroller also
attended.

Wednesday, the 27th July, 1927.

The proceedings of the last Committee were read and agreed.

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

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

The Monthly Report of the Committee on Advances and Discounts was submitted and approved.

The following were submitted and referred to the Court. viz:-

Minute of the Committee on Advances and Discounts recommending the re-opening of two Discount Accounts.

Quarterly Report of the Staff Committee with "Overs" and "Shorts".

Report of the Staff Committee in regard to R. G. Harradence, an Assistant Chief Cashier.

The

27th July 1927

The Weekly Report on the National Bank of Belgium was submitted.

Present

The Governor
The Deputy Governor
Mr. Trotter
Sir Alan Anderson
Sir Charles Adair
Mr. Whitworth
and
Mr. Wingham
The Comptroller also attended.

Wednesday, the 3rd August, 1927.

The proceedings of the last Committee were read and agreed.

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

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

The Weekly Report on the National Bank of Belgium was submitted.

The Deputy Governor reported that he had suspended H. D. A. Searle, a Woman Clerk, who was suspected of receiving a sum of money knowing it to have been stolen.

With reference to No 42 of the Regulations affecting the General Conduct of Business at the Bank, it was agreed to recommend to the Court that in the event of Bills being offered for discount by a Central Bank the endorsement of the Central Bank may be taken as the equivalent of a second British name.

With reference to previous Minutes the Governor laid before the Committee his correspondence with Dr. Stewart, and it was agreed to recommend that an invitation be given to him to spend two or three years at the Bank in order to assist in the organisation

Office File P47

3rd August 1927

150

organisation of a system of collecting statistics and other information on economic questions; Dr Stewart to receive remuneration at the rate of £7000 a year and (if this amount is subject to United States Income Tax) to receive, in addition, the amount payable by him in respect of British Taxation.

+ B 61
(2)
CT 192 01
CT 192.

The Governor laid before the Committee a Memorandum dated the 22nd June 1927, drawn up by Sir William Flender as Chairman of the Joint Committee of Vickers Ltd. and Sir W G Armstrong Whitworth & Co. Ltd., with regard to a proposed merger of the armament business of the two Companies, the completion of which would be conditional on the provision by the Government of not more than £300,000 a year for five years, if the profits of the new Company should not reach a certain figure.

He also laid before the Committee a letter from the Chancellor of the Exchequer stating that the Government, while approving of the merger, were not prepared to provide the money.

It was agreed that, in view of the National importance of the merger and of the benefits which would accrue to Armstrongs, the Bank in lieu of the Government should provide such financial contribution as might be necessary for the purpose, on terms to be arranged.

The Governor outlined to the Committee the course of his conversations in America with Mr. Strong, Dr. Schacht and M. Rist; while owing to political conditions in Europe certain fundamental differences were necessarily disclosed he considered that the conversations had served to increase co-operation and friendly relations; further by way of result he hoped

that

3rd August 1927

that a reduction in the official rates would shortly be effected by most of the Federal Reserve Banks, thus postponing if not preventing such high Bank rates as would otherwise be required before the Autumn in Amsterdam, Berlin and London.

He informed the Committee that he had ^{received} had a visit from Dr. Vissering who stated that the Netherlands Bank might in the near future be requiring gold to replace their losses to New York and expected to have to increase their Bank Rate; he had persuaded Dr. Vissering to take no immediate action in regard to the rate pending developments in America and, in the event of their requiring gold, Dr. Vissering hoped to give reasonable notice so as to allow a gradual purchase of gold in the market.

Present

The Governor
The Deputy Governor
Lord Cullis of Ashbourne
Mr. Trotter and
Mr. Whitworth
The Comptroller also attended

Wednesday, the 10th August, 1927.

The proceedings of the last Committee were read and agreed.

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

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

The Deputy Governor reported that he had removed the suspension of H. J. A. Searle, a Woman Clerk, on the receipt of information from the Police that no charge had been made against her.

It was agreed to recommend to the Court of Directors that W. G. Richmond, a 2nd Class Clerk in the Bank Stock Office, who has been in a Mental Hospital since November last and in the opinion of the medical authorities is not likely to return to work, be granted, during pleasure and in accordance with the scale, a pension of £187 4/- a year from the 2nd August.

The Weekly Report on the National Bank of Belgium was submitted.

The Governor acquainted the Committee of the following matters, viz.

(1) He had received a visit from M. Franché and had discussed with him the present position in Belgium. In this connection he mentioned that following stabilization their Note circulation had steadily increased but the Reserve ratio had been maintained; while the ratio published by certain other Central Banks, including Germany, Austria and Hungary, showed decreases in comparison with this time last year.

(2) He had also received a visit from Sir Herbert Holt, President of the Royal Bank of Canada, who asked him whether he could see his way to pay a visit to the Royal Bank of Canada in Montreal when he again went to New York; he had replied that it was his deliberate policy to visit only those countries having an established Central Bank and that visits had been made on his behalf to other dominions with the view of developing closer relations with the respective Central Banks.

The Committee agreed that under present conditions it would not be feasible to comply with Sir Herbert's suggestion.

Present

The Governor
 Lord Curzon of Ashbourne
 Mr. Drotter
 Mr. Whitworth
 The Comptroller also attended.

Wednesday, the 17th August, 1927.

The proceedings of the last Committee were read and agreed.

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

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

It was agreed that an Allowance of £50 a year be granted, during pleasure and in accordance with the scale, to the widow of W. S. G. Clarke, a Pensioner, formerly a Superintendent in the Bill Office.

~~10/10~~
 Establs

A Minute of the Staff Committee recommending appointments etc. and a Report of the Staff Committee recommending the election of Probationary Clerks to the Permanent Staff were submitted and referred to the Court.

The Weekly Report on the National Bank of Belgium was submitted.

The Governor acquainted the Committee of the following matters, viz:

(1) He had made arrangements with Mr. Strong with the object of reducing the amount of sterling employed on account of the Federal Reserve Bank, which was acquired solely to relieve the position of the Bank of France at the latter's request.

(2) With

17th August 1927

HA 80

CT 40

154

(2) With reference to the Minutes of the 5th June last and earlier Minutes, he reminded the Committee that the Bank of France had complained in June of their excessive sterling holdings, that M. Rist had made similar complaints to Mr. Strong and himself when in New York, and that Mr. Strong had then suggested that the Federal Reserve Bank would take more sterling in exchange for dollars in order to oblige the Bank of France; while on his part he had promised in New York to arrange on his return to London some reduction in the sterling holdings of the Bank of France. Although the Bank of France now appeared to be no longer anxious to reduce their sterling holdings he had gladly taken advantage of a letter from M. Rist, dated the 16th instant, to take sterling in exchange for \$25,000,000 in the near future.

Present

The Governor
Lord Cullen of Ashbourne
Mr. Trotter
Mr. Whitworth
and
The Comptroller

Wednesday, the 24th August, 1927.

The proceedings of the last Committee were read and agreed.

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

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

The Monthly Report of the Committee on Advances and Discounts was submitted and approved.

A Minute

24th August 1927

A minute of the Committee on Advances and Discounts recommending the re-opening of a Discount Account was submitted and referred to the Court.

It was agreed to recommend to the Court that permission be granted for a Drawing Account to be opened in the name of the Eesti Bank (Bank of Estonia).

The Weekly Report on the National Bank of Belgium was submitted.

The Governor informed the Committee that the estimated profits for the half-year ending the 31st August 1927 after providing for a dividend of 6% less Income Tax amounted to £1,830,000; it was proposed to deal with this surplus as follows—

In writing down Securities	£ 1,014,469
In writing off amounts expended during the half-year in respect of—	
St. Luke's Printing Works	3,961
19 Tottenhouse Yard (Bank Luncheon Club)	12,278
In writing down the current account with the Federal Reserve Bank of New York to Gold parity value	20,357
Suspense Account provision for Income Tax	650,000
Suspense Account No. 1.	128,955
	<u>£ 1,830,000</u>

The Governor acquainted the Committee of the following matters—

(1) The

24th August 1927+ 1077
CT 29

(1) The National Bank of Belgium had now decided that under their statutes they were entitled to hold British Government Treasury Bills subject to their endorsement by the Bank and they intended to invest in Treasury Bills a considerable portion of their funds held here; he had stated that the Bank would readily give their endorsement or guarantee to any such Bills.

+ 1061
CT 192
CT 192 01

(2) With reference to previous Minutes as to the proposed partial merger of Vickers Ltd. and Armstrong Whitworth & Co., an arrangement had been provisionally agreed on the following general basis -

The merger to be based on the proportion of 2 to 1 for Vickers Ltd. and Armstrong Whitworth & Co. Ltd., respectively.

The Bank to provide through an intermediary (say) £200,000 per annum for 5 years or such smaller sum as may be necessary to bring the average profits of the new Company up to (say) £900,000 a year; to be repaid within 15 years from the date of the last payment made by the Bank, from a portion of the yearly profits; on terms to be arranged by Sir William Plender on behalf of the Bank with the two parties concerned.

also in
CT 171
CT 183

The object of the Bank's contribution might be explained as an endeavour to bring about the rationalisation of the iron and steel industry and to avoid the increase of unemployment and disturbance of labour which would be involved by the closing of works or by the Receivership of Armstrong Whitworth & Co.

Although the proportion of 2 to 1 was less satisfactory than had been hoped, the Committee agreed that in view of the present position of

Armstrong

24th August 1927

Amststrong Whitworth & Co. Ltd. the proposed merger was the only course which would afford immediate relief and in all probability some eventual means of recovery.

~~108~~
CT 95

(3) When in New York he had discussed with Mr. Strong and M. Rist the question of large and unexpected demands on London for gold and he had received a memorandum on the subject by M. Ricard of the Bank of France; this was laid before the Committee together with a covering memorandum by Sir Henry Shakerley.

In this connection he asked the Committee to consider whether, to enable the Bank to exercise some measure of control over the purchase in the market of gold for export at prices below the Bank's selling price, it would be permissible and desirable for the Bank, whenever they might see fit, to purchase gold in the market at a price exceeding $\frac{5}{17}^a$ per oz. either directly or by payment of interest or commission.

After discussion, further consideration was deferred.

Present

The Governor
Lord Cullen of Ashbourne
Mr. Ingham
Sir Alan Anderson
Mr. Whitworth
Mr. Whigham
The Comptroller also attended

Wednesday, the 31st August, 1927.

The proceedings of the last Committee were read and agreed.

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

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

31st August 1927

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It was agreed to recommend to the Court of Directors that a donation of £105 be made to a fund now being raised for an extension to the Royal Victoria Infirmary, Newcastle-on-Tyne.

The Weekly Report on the National Bank of Belgium was submitted.

+A8+
CT 95

With reference to last week's Minutes the Committee again discussed the question as to whether it would be permissible and desirable for the Bank, whenever they might see fit, to purchase gold in the market at a price exceeding $77\frac{7}{8}$ per oz.

+A83
CT 23

The Governor informed the Committee of arrangements now being made for a credit up to £5,000,000 to carry or valorise the Brazilian Coffee Crop for a year.

He had opposed the original proposal that the operation should be carried through on 90 day Bills with three renewals: it had now been placed on a cash basis: to which he had not felt free to offer opposition: he noted, however,

(1) That those of the Banks who participated in the credit were going outside their proper sphere of operations, and this after having frequently complained of insufficient funds to meet the legitimate needs of industry.

(2) That restrictions might come to be necessary, sooner or later to control operations such as this which were an inconvenient strain on the Exchanges; which would not freely be allowed in any other European country and from which this Country under post-war conditions seemed to derive no adequate benefit.

Present

The Governor
 Mr Trotter
 Sir Alan Anderson
 Mr. Whitworth
 and
 Mr. Whigham
 The Comptroller also
 attended.

Wednesday, the 7th September, 1927.

The proceedings of the last Committee were read and agreed.

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

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

A Report of the Staff Committee as to the withdrawal of resignations of Members of the Staff was considered and referred to the Court.

The Weekly Report on the National Banks of Belgium was submitted.

Consideration of the following matters was deferred -

(a) The question, which was discussed last week and earlier, as to whether it would be desirable for the Bank whenever they might see fit to purchase gold in the Market at a price exceeding $7\frac{1}{4}$ per oz.

(b) The question of the removal of the railings in Prince's Street.

The Governor acquainted the Committee of the following matters -

(1) It now seems improbable that Dr. Stewart will be able to come to London before the 1st January next but a definite decision is expected next week.

(2) Mr. Strong may come to Algieras for part of the months of January and February next, and if so he hoped to spend a few weeks there with him.

(3) He laid before the Committee a letter he had written to the President of the Norges Bank relating generally to the prospects of return to pre-war parity

and

7th September 1927

and a free gold market in Norway and referring also to such credits as may be needed for this purpose.

(4) The Commonwealth Bank of Australia have now opened an Agency in New York, chiefly for loan business, and he had arranged to take over ^{from them} the greater part of the proceeds of the recent Australian loan; the Bank (apart from longer maturities) would thus hold \$35,000,000 at call with the First National Bank and \$20,000,000 in Certificates due December 15th in the event of it becoming necessary during the next 60 or 90 days to correct an adverse exchange. If other steps were necessary the Federal Reserve Bank would probably be prepared to repurchase for dollars the sterling of which they had recently been able to dispose.

(5) The preparation of the catalogue of the Bank's furniture and prints, which was authorized by the Committee on the 8th April 1925, was now complete and he proposed to sign the preface to the catalogue.

With reference to the Minutes of the 22nd June last, the Comptroller laid before the Committee a further statement showing the present position of the arrangements between the Commercial Banks and the Commonwealth Bank of Australia.

With reference to the Minutes of the 14th March 1923 and the 8th December 1926, it was agreed to increase the limit of advances to the Cafe Royal by £30,000 provided that -

1. The assurance of the Architects is obtained that
 - (a) With the payment of £15,000 on about the 12th instant all payments on the building as shown by Architects' Certificates will have been discharged to date.
 - (b) With the expenditure thereafter of £100,000 the building will have been completed and be in full working and earning order.

7th September 1927

(2) At least £70,000 of the de Nicols Trust Money in excess of any such Trust Funds already employed in this connection must have been expended in the building prior to the extension of the advance limit becoming effective.

(3) Any sum advanced by the Bank in excess of the present limit of £200,000 to be secured by the first Mortgage on the Company's property already held by the Bank and to be subject to the conditions of repayment already obtained for the existing loan, i.e. the period of the loan to be 4 years from the date of the first advance when the Bank reserve the right to take such action as seems fit in respect of any amount then outstanding.

4. The building is to be completed and in full working and earning order before any part of the £20,000 is advanced to the Company.

Present

The Governor
The Deputy Governor
Lord Cullen of Ashbourne
Sir Alan Anderson
Mr. Whitworth and
Mr. Whigham
The Comptroller also attended

Wednesday, the 14th September, 1927.

The proceedings of the last Committee were read and agreed.

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

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

The Weekly Report on the National Bank of Belgium was submitted.

The half-yearly accounts of St. Luke's Printing Works and the Works Department were submitted and referred to the Court.

The

114th September 1927

162

The Chief Accountant attended the Committee and produced the Accounts of the Bank for the past half year.

It was agreed to recommend to the Court that a half-year's dividend of Interest and Profits be made on the 5th October next of 16% less Income Tax.

With reference to last week's Minutes, the Governor laid before the Committee a copy of a letter to the President of the Norges Bank stating that subject to de jure stabilization the Bank would be willing in principle to grant the Norges Bank a credit up to £1,000,000 or to arrange a credit in conjunction with other Central Banks up to £2,000,000.

Present

The Governor
The Deputy Governor
Lord Cullen of Ashburnham
Mr Ingham
Sir Mann Anderson
Sir Charles Addie
Mr Whitworth and
Mr Whigham

Wednesday, the 21st September 1927

The proceedings of the last Committee were read and agreed.

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

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

The Committee had before them a letter from Mr F. S. Arnold, Chief Accountant, in which he asked permission to retire on the 30th instant owing to indifferent health. Mr Arnold is now 61 years of age and has completed 41 years service.

It was agreed to recommend to the Court that Mr Arnold's resignation be accepted as from that date, and that he be granted during pleasure and in accordance with the scale a Pension of £146.13.11 a year from the 1st October inclusive.

A

21 September 1937

A Minute of the Staff Committee recommending Appointments &c. and the Quarterly Report of that Committee on Payments made &c. were submitted and referred to the Court.

The Monthly Report of the Committee on Advances and Discounts and the Weekly Report on the National Bank of Belgium were submitted.

With reference to previous Minutes and to an Order of Court of the 14th April last the Committee agreed that the Committee on the Rebuilding of the Bank be requested to make a report to the Court in regard to the removal of the railings in Princes Street.

+ A 78
CT 127

With reference to Minutes of the 7th instant the Deputy Governor informed the Committee that the Cafe Royal had now stated that they would not require any advance from the Bank beyond the £200,000 originally authorised.

CT 50 100

A draft of the proposed Report of the Committee on the Profits of the Bank was discussed and further consideration was deferred until next week.

The Governor acquainted the Committee of the following matters -

CT 2. + A 81
+ B 31

(1) The Bulgarian Government have requested the Council of the League of Nations to study a plan for the financial reconstruction of Bulgaria through the issue of a foreign loan and he hoped that Sir Otto Niemeyer would therefore go to Bulgaria in November.

CT 90 03 + B 34

(2) He regretted that as outlined in a Memorandum laid before the Committee, the negotiations which had been in progress for the sale of the Indian Branches of Lloyds Bank had broken down and there was now no purchaser in view.

CT 23 + A 83

(3) With reference to a Minute of the 31st August as to arrangements made in London to carry or salvage the Brazilian coffee crop he laid before the Committee a memorandum setting out the difficulties of the present position.

(4) He read a letter from Sir Arthur Salter thanking the Bank for the loan of Mr Osborne's services at Geneva in connection with the drafting of new Statutes for the National Bank of Greece.

(5) As Tuesday, the 27th instant, is the Jewish New Year, he had arranged that the gold which would ordinarily be in the market

28 September 1927

on that day should be offered for sale on Wednesday the 28th instant

~~1-2-81~~
CT 95

The question as to whether it would be desirable for the Bank whenever they might see fit to purchase gold in the market at a price exceeding 77½^d an oz. was again discussed and decision deferred.

Present

The Governor
The Deputy Governor
Lord Cullen of
Falkland
Mr Trotter
Sir Alan Anderson
Sir Charles Adie and
Mr Whitworth

Wednesday the 28th September 1927

The proceedings of the last Committee were read and agreed.

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

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

A letter from the Chancellor of the Exchequer applying for Advances during the ensuing quarter was submitted and referred to the Court.

The Weekly Report on the National Bank of Belgium was submitted.

The Governor acquainted the Committee of the following matters, viz:-

(1) With reference to Minutes of the 25th May last, the International Paper Company had exercised their option under the terms of the letter of the 18th May last from the Newfoundland Paper & Paper Company and, in accordance with the provisions of the Agreement that the Board of the new Company shall contain a Director nominated by the Bank of England to represent the Preference Shareholders, he proposed to nominate Mr Foster Taylor.

(2) With reference to Minutes of the 7th instant he had received a cable from Dr Stewart regretting that he cannot leave New York before the end of December.

Consideration of the proposed Report on the Profits of the

Bank

~~1-3-22~~
CT 192.
CT 192-02.

~~1-2-82~~
Office F & P 47

CT 50-05

28th September 1927.

Bank was again deferred.

+86
SEC-9

The Final Report of the Special Committee on the Future Government and Administration of the Bank was laid before the Committee and consideration was deferred to a Special Meeting to be held on the 4th October.

+081
\$ CT 95

With reference to previous discussions as to whether it would be desirable for the Bank whenever they might see fit to purchase gold in the market at a price exceeding £3.17.9 an oz. it was agreed that the payment up to £3.17.10³ per oz standard for gold might be justified, in the present abnormal conditions, under the Act of 1844 but the expediency of doing so should be determined by the circumstances attaching to each particular instance.

Present

A Full Committee

Tuesday, the 4th October, 1927

The proceedings of the last Committee were read and agreed.

+86
SEC-9

The Committee having discussed the Report of the Special Committee on the Future Government and Administration of the Bank agreed that it be reported to the Court and that a subsequent recommendation thereon be submitted in due course.

PresentA full Committee
and the ComptrollerWednesday, the 5th October, 1927

The proceedings of the last Committee were read and agreed.

The Weekly Statement of Discounts and Advances granted to Bill Brokers &c was read.

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

5th October 1927.

166

With reference to letters received from Mr Strong the Governor explained to the Committee the controversy between the Federal Reserve Board and the Federal Reserve Bank of Chicago as to the recent reduction in that Bank's Rate of Discount and regretted that a change, which was designed solely to benefit Europe, should lead to much controversy and perhaps an investigation in America.

The Committee had before them a letter from Mr G F Allsop, Principal of the Chief Accountants' Correspondence Office, in which he asked to be allowed to retire at the end of the present year. Mr Allsop is 60 years of age and will complete 42 years service on the 17th December next.

It was agreed to recommend that Mr Allsop's resignation be accepted as from the 31st December and that he be granted, during pleasure and in accordance with the scale, a pension of £860.5 - a year from the 1st January next, inclusive.

The following were submitted and referred to the Court -

- (1) A Report from the Committee on the Rebuilding of the Bank in regard to the removal of the railings in Princes Street.
- (2) A letter from Mr Spencer Smith asking permission to join the London Committee of the Ottoman Bank.

The Weekly Report on the National Bank of Belgium was submitted.

The Governor acquainted the Committee of the following matters -

- (1) Sir Otto Niemeyer had recently discussed with certain Bankers the attitude of the Bank and of the League of Nations towards an International Loan for the financial reconstruction of Portugal, and at their request had written a memorandum

setting

5th October 1917

setting out the probable requirements of the Bank and of the League, of which a copy was laid before the Committee. In view of the political uncertainty in Portugal he would not undertake to support any scheme unless recommended by the Financial Committee of the League of Nations.

H 83
CT 23

(2) With reference to a Minute of the 21st September and to a Memorandum he had then laid before the Committee setting out the difficulties of the present position in regard to foreign borrowings in London, he called their attention to a recent article in the Nation and Athenaeum on the Balance of Trade.

CT 50 03
CT 84

With reference to the last and earlier Minutes as to the proposed Report of the Special Committee on the Profits of the Bank, the Committee agreed in principle to concur in a recommendation that the Bank should surrender the profit on their own issue of Bank Notes as part of the terms of a satisfactory amalgamation of Note Issues.

H 86
SEC 9

The Committee again considered the Report of the Special Committee on the Future Government and Administration of the Bank.

Present

The Governor
 The Deputy Governor
 Lord Revelstoke
 Lord Allen of Ashbourne
 Sir Alan Anderson
 Sir Charles Addis
 Mr. Whitworth and
 Mr. Whigham
 The Comptroller also
 attended

Wednesday, the 12th October, 1927.

The proceedings of the last Committee were read and agreed.

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

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

The Governor drew the attention of the Committee to the strength of the American Exchange and stated that his orders for current purchases had so far resulted in acquiring some \$6,000,000.

The following were submitted and referred to the Court—

a minute of the Staff Committee in regard to the salary of the Chief Accountant.

a Minute of the Committee on St. Luke's recommending the appointment of a Principal Supervisor etc.

It was agreed to recommend to the Court of Directors that a Pension of £633 : 6 : 8 a year be granted, during pleasure and in accordance with the scale, from the 21st October, inclusive, to C. H. Hudson, Deputy Principal of the Lower of Attorney Office, who will attain the age of 65 on the 20th instant.

It was agreed that an Allowance of £60 a year, in accordance with the scale, be granted to Mrs. M. E. Potter, ^{Widow of J. H. Potter,} a Pensioner, formerly a Senior Clerk in the Dividend Accounts Office.

La. g.
 Establs.

12th October 1927

The Weekly Report on the National Bank of Belgium was submitted.

The Governor acquainted the Committee of the following matters-

~~A 82~~
Office File P47

(1) He read to the Committee cables in regard ^{in the American Press} to the recent announcement of the appointment of Dr. Stewart.

(2) He had reason to believe that, as Christmas Day falls this year on Sunday, Tuesday, the 27th December, would be declared a Bank Holiday.

(3) With reference to Minutes of the 25th February last he considered that it might be in the interest of the community for the Bank to assume on joint account with the Manchester and County Bank or otherwise a portion of their doubtful advances: thus reducing their "proportion" and avoiding any likelihood of a crisis: while furthering the prospects of an amalgamation outside the Big Five.

SEC. 9.
136

The Report of the Special Committee on the future Government and Administration of the Bank was again considered and the terms of a Report to the Court of Directors were approved.

The Governor referred to a letter written by Mr. Dietter, as Chairman of that Committee, with regard to Mr. H. A. Siepmann, and it was agreed to recommend to the Court of Directors that Mr. Siepmann be appointed to the service of the Bank on the following terms -

(1) That

12th October 1927

(1) That the present arrangement made with him in June 1926, including the outstanding balance of his debt to the Bank, be cancelled.

(2) That he should receive no pension but in lieu thereof should be paid now £5000 in cash.

(3) That his salary should be £3750 for the year ending 29th February 1928, and thereafter rising by £250 a year to £6000, subject to Income and other Taxes.

(4) That his appointment shall terminate on his attaining the age of 65 years.

RHP

Present

The Governor
The Deputy Governor
Lord Revelstoke
Lord Allen of Ainstown
Sir Alan Anderson
Sir Charles Addis
Mr. Whitworth and
Mr. Whigham
The Comptroller also
attended

Wednesday, the 19th October, 1927.

The proceedings of the last Committee were read and agreed.

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

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

The Monthly Report of the Committee on advances and discounts was submitted.

The following were submitted and referred to the Court -

Minute of the Staff Committee recommending Appointments, etc.

Report of the Staff Committee recommending the election of Probationary Clerks to the Permanent Staff.

A Report of the Audit Committee on Audits taken by the Audit Department between the 7th July and the 7th October.

Minute of the Committee on St. Luke's in regard to the printing of £1 Bank Notes.

In

19th October 1927N/E.
+ 100
CT 84.

In connection with the Minute of the Committee on St. Luke's Mr. Whitworth informed the Committee that the commitments of the Bank on buildings, plant and manufacture of Notes for store would amount to about £535,000. It was agreed that the Treasury should be informed that the printing of the Notes was about to proceed.

The Weekly Report on the National Bank of Belgium was submitted, together with Experimental Reports on certain Central Banks, in order to record financial and economic changes throughout the world. It was agreed that similar Reports should be submitted to the Committee at their next Meeting.

The Governor acquainted the Committee of the following matters: -

+ 100
CT 30

(1) With reference to Minutes of the 1st December 1926 and earlier the Bank of Italy had now proposed definite co-operation and the establishment of their main sterling account with the Bank. He considered that these proposals should be accepted, ^{especially} as the Bank of Italy had arranged similar co-operation with the Federal Reserve Bank and had now obtained some measure of independence; but such co-operation would ^{eventual} probably involve participation by the Bank in a Central Bank credit.

CT 72.

(2) With reference to the Committee's recommendation to the Court in regard to the Report of the Special Committee on Administration he had reason to believe that Sir Robert Kindersley intended to move a resolution in Court to the effect that the Committee of Treasury be not allowed to make any recommendation to the Court in regard to a Report of a Special Committee without giving previous notice to the members of that Committee of the terms of the recommendation and that he proposed to ask the Court not to approve this Resolution.

19th October 1927

+ 81
N/E
CT 84

172

The proposed Report of the Committee on amalgamation of Note Issues was discussed and decision deferred.

Present

The Deputy Governor
Lord Revelstoke
Lord Cullen of Ashbourne
Sir Charles Addis
Mr. Whitworth and
Mr. Whigham
The Comptroller also
attended.

Wednesday, the 26th October, 1927.

The proceedings of the last Committee were read and agreed.

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

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

A Minute of the Committee on St Luke's recommending an appointment was submitted and referred to the Comt.

CT 29
The Weekly Report on the National Bank of Belgium was submitted and the Deputy Governor informed the Committee that as the period of the credit had now expired no further statements would be submitted.

Weekly Reports on ^{certain Central Banks} ~~the National Bank of~~ Belgium were laid before the Committee.

The Deputy Governor acquainted the Committee of the following matters -

(1) The

26th October 1927

+ B 32

CT 192

CT 192.02.

(1) The Amenity Trustees of the Great Indian Peninsular Railway have asked the Governors to oppose a proposal shortly to be submitted to the Debenture holders of the Newfoundland Power & Paper Co. Ltd. for an extension of the period for repayment of the "A" Debentures, which are guaranteed as to payment of principal and interest under the Trade Facilities Act. The Bank has offered to give the Trustees Debenture Stock of the Sudan Construction & Equipment Co. Ltd. and of the Stanton Ironworks Co. Ltd. in exchange for their holding of Newfoundland "A" Debenture Stock. This offer has, however, been declined, but unless the consent of both of the "A" and the "B" Debenture holders can be obtained to the proposed arrangement, the completion of the sale of the Company to the International Paper Co. may be ~~possible~~ impossible.

(2) The Governor has agreed to write a "Foreword" to a book now being written by Mr. Kisch, of the India Office, on the Statutes of Central Banks.

The proposed Report of the Committee on the Amalgamation of Note Issues was again discussed and decision deferred.

N/E
+ B 32
CT 84

Present

The Governor
 The Deputy Governor
 Lord Revelstoke
 Lord Allen of Aldborough
 Sir Alan Anderson
 Sir Charles Adair
 and
 Mr. Whigham
 The Comptroller also
 attended.

Wednesday, the 2nd November, 1927.

The proceedings of the last Committee were read and agreed.

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

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

The following were submitted and referred to the Court -

The Quarterly Report of the Staff Committee with "Overs" and "Shorts".

A request from Mr. Gladstone for permission to join the Board of the Northern Assurance Co. Ltd.

Weekly Reports on certain Central Banks were laid before the Committee.

A request from the Young Men's Christian Association for a donation was considered and declined.

The Governor acquainted the Committee of the following matters, viz: -

(1) He laid before ^{the} Committee a Note declining to entertain a suggestion made by a Member of the Discount Market that in regard to Treasury Bills sold by tender the Treasury should continue to repay their Bills at maturity but that the Market should only pay ~~on days~~ on days to suit their convenience.

(2) Some

N/E
 10.9
 at 11.5

2nd November 1927

(2) Some months ago, in order to maintain the Exchanges without a rise in the Bank Rate, he had made promises as to holding the Discount Rate; he considered it to be essential to continue, if possible, such control of the Discount Market as would maintain a stable and satisfactory private rate of Discount for 3 months Bills.

(3) He had received a letter from Mr. Strong asking his opinion on a suggested alteration in the New York practice in regard to purchase and sale of gold which, while leaving the upper point unaltered, would broaden the spread between the points: he proposed to advise Mr. Strong to adhere to his present practice.

(4) From one cause or another nearly all the Bank's Corporation Stock Accounts have gone elsewhere, usually without notice or explanation, but in response to attractive invitations, if not pressure. Liverpool have lately received attractive offers which they wish the Bank to assist them to avoid, and he proposed therefore to keep the Liverpool business.

(5) With reference to Minutes of the 24th August last and earlier the agreement between Messrs. Vickers and Armstrong had now been signed and Meetings of Messrs. Armstrong's Share and Debenture holders would be held during the next few weeks to consider and approve this agreement. In view of the Bank's moral obligation to the 2nd and 3rd Debenture holders and their own financial commitments in respect of these Debentures the approval of the 1st Debenture holders seemed essential. He therefore proposed in conjunction with Mr. Draper Taylor and, with the assistance of the respective

Trustees

1088

CT 44

+ 1061

CT 192 (2)

CT 192-01

7th November 1927

176

Trustees to offer to purchase for cash or to exchange for securities some or all of the 1st Debenture Stock at the price of say 75 to 85: this course might under any conditions be justified as an investment and appears necessary as salvage under present conditions.

+A80

CT 40

With reference to Minutes of the 17th August last the Committee agreed in principle that it would be inadvisable to make any further offer to the Bank of France to take sterling in exchange for dollars.

N/E
+B1
CT 84

The Report of the Committee on the Amalgamation of Note Issues was again discussed.

Present

The Governor
The Deputy Governor
Lord Cullen of Ashbourne
Sir Alan Anderson
Sir Charles Addis
and
Mr. Whigham

Friday, the 4th November, 1927.

+B1

CT 192. (2)
CT 192. 01

With reference to the Vickers-Armstrong Agreement, the Governor acquainted the Committee that four Directors of the new Company have to be nominated by Armstrongs. Three of these - Mr. Drater Taylor, Sir George Hadcock and Mr. Peacock - are definite, but Mr. Peacock is in Canada, and as under the Agreement a Committee of the new Board (consisting of three Directors from each Company) must be set up on the 7th instant it becomes necessary to nominate the fourth Director at once. The name of Sir Otto Niemeyer has been suggested, and the Committee agreed, in view of the special relations existing between the Bank and Armstrongs, that Sir Otto Niemeyer should become a Director of the new Company, and that if occasion should arise he should serve also on the Board of Messrs. Armstrongs.

The Committee

4th November 1927.

The Committee also agreed in principle that Mr. Siepmann or other Official of the Bank may be eligible, if required, to serve as a Representative of the Bank on the London Committee of a Central Bank.

In all cases the necessary qualification to be provided and fees to be taken by the Bank.

Present

The Governor
The Deputy Governor
Lord Revelstoke
Lord Cullen of Adenborough
Sir Alan Anderson
Sir Charles Adie
Mr. Whitworth and
Mr. Whigham
The Comptroller also
attended.

Wednesday, the 9th November, 1927.

The proceedings of the Meetings on the 2nd and 4th November were read and agreed.

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

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

Weekly Reports on certain Central Banks were laid before the Committee.

It was agreed that the Governor should acquaint the Court of the Bank's commitments in regard to Armstrong Whitworth & Co. and the new Vickers-Armstrong Company.

The Governor laid before the Committee his reply to Mr. Strong, as to a suggested alteration in the New York practice in regard to the purchase and sale of gold.

The Governor

+B6T
CT 192 (2)
CT 192-01

+B88
CT 44

9th November 1927

178

The Governor acquainted the Committee of the following matters.

CT-9 (1) With reference to minutes of the 5th October last Portugal have agreed, in principle, to apply to the League of Nations for a reconstruction loan.

HA-89
CT 50.01 (2) Messrs. Deloitte's have advised that in the Bank's accounts the investments should be retained at their approximate cost and that in the case of each Schedule of investments any sums applied in writing down the cost be carried to a General Reserve account, the total of which should be deducted from the total cost of the investments in the Schedule.

It was agreed, in principle, to act upon this recommendation in the cases of the following Schedules -

British Government Securities,
Indian, Colonial and Guaranteed Securities,
Corporation Stocks, etc.
Foreign Government etc. Securities,

and further that there be appended to each such Schedule in future Blue Books a note of the approximate value at current market prices of the investments contained in the Schedule.

N/E
CT 84 131 The proposed Report of the Committee on Amalgamation of Note Issues was again discussed.

The Committee considered the question of the selection of Governors for the ensuing year and it was agreed to recommend to the Court of Directors that the Governor and the Deputy Governor be invited to serve in their respective Offices for another year.

Present

The Governor
 The Deputy Governor
 Lord Revelstoke
 Sir Alan Anderson
 Sir Charles Addis
 Mr Whitworth
 Mr Whigham
 The Comptroller also attended

Wednesday the 16th November 1927

The proceedings of the last Committee were read and agreed.

The Weekly Statement of Discounts and Advances granted to Bill Brokers &c was read.

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

Weekly Reports on certain Central Banks were laid before the Committee.

The Monthly Report of the Committee on Advances and Discounts was submitted and approved.

A Minute of the Committee on Advances and Discounts recommending that a dormant Discount Account be reopened was submitted and referred to the Court.

The Committee had before them a letter from Mr Roland Grahame, Principal of the Private Drawing Office, in which he tendered his resignation on account of ill health. Mr Roland Grahame will complete 45 years service on the 1st December next.

It was agreed to recommend to the Court that Mr Grahame's resignation be accepted as from that date and that he be granted, during pleasure, a pension equal to his full salary of £1850 a year until the 29th February 1928 and thereafter of £1196 a year, in accordance with the scale.

The Governor

16th November 1927.

The Governor informed the Committee that the Bank now hold about \$195,000,000 in New York and, after discussion, it was agreed that if the present rates of exchange continued there would be no objection to further purchases.

The Governor acquainted the Committee of the following matters, vizt,

10679
CT 8. (1) With reference to Minutes of the 7th and 14th September the Norges Bank had suddenly decided, in view of the recent political changes in Norway to obtain a credit in order to safeguard the value of the Norwegian currency. Norway is not yet prepared however, to introduce de jure stabilisation and as in the circumstances a central Bank credit would not be granted the Norges Bank had obtained a credit through certain private Banks.

1067
CT 134 (2) With reference to Minutes of the 27th April and the 18th May last he outlined to the Committee a scheme for taking over the assets and liabilities of Messrs Frederick Guthrie & Co., Old Firm, at the end of the present year when the existing arrangement expires

N/E
10690
CT 32 (3) In connection with the arrangements for setting up a central Bank in India, the Bank have objected to the insertion of a clause in the proposed Bill permitting the Secretary of State for India to transfer the management of existing Stocks from the Bank of England to the Reserve Bank.

10684
N/E CT 84 The Report of the Committee on the Amalgamation of Note Issues and Profits of the Bank was laid before the Committee for submission to the Court of Directors.

Present

The Governor
 The Deputy Governor
 Lord Revelstoke
 Lord Bulten of Rahbarn
 Sir Alan Anderson
 Sir Charles Addis
 Mr. Whitworth
 Mr. Whigham
 The Comptroller also attended

Wednesday the 23rd November 1927-

The proceedings of the last Committee were read and agreed.

The Weekly Statement of Discounts and Advances granted to Bill Brokers &c was read.

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

The following were submitted and referred to the Court -

Minute of the Staff Committee recommending appointments &c.

Minute of the Staff Committee recommending the election of Probationary Clerks to the Permanent Staff.

Minute of the Committee on St Luke's recommending appointments.

Letter of thanks from the Secretary of the Sports Club for the recent additions and improvements to the Club House.

Weekly Reports on certain Central Banks were laid before the Committee.

The Governor informed the Committee that his attention had been called to an Article in the "Evening Standard" stating that during an interview Mr. Lloyd George had informed the Editor of the "Berliner Tageblatt" that immediately prior to the outbreak of War in 1914 a deputation from the City headed by the Governor of the Bank of England begged the Ministry to remain neutral.

The Committee.

1291
 CT. 45

23 November 1927

The Committee believed that there was no foundation for the statement that Lord Cunliffe had taken any such action.

The Report of the Committee on the Amalgamation of Note Issues and Profits of the Bank was again discussed, and it was decided to take no action on points raised by Sir Alan Anderson and Mr Tinker. It was agreed to inform the Court that, although not unanimous on one point, the Committee favoured the Report as a whole.

N/E
+292
CT84

Present.

The Governor
The Deputy Governor
Lord Revelstoke
Lord Bullen of
Aston
Sir Alan Anderson
Mr Whitworth
Mr Whigham
The Comptroller also attended.

Wednesday the 30th November 1927

The proceedings of the last Committee were read and agreed.

The Weekly Statement of Discounts and Advances granted to Bill Brokers &c was read.

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

It was agreed that an Allowance of £60 a year, in accordance with the scale, be granted to Mrs L M Rumsey widow of F. R. Rumsey, a Pensioner, formerly a Chief Clerk in the Chief Cashiers Office.

+296
Establs

The Weekly Reports on certain Central Banks were laid before the Committee.

With reference to Minutes of the 23rd September 1925 the Governor brought before the Committee the question as frequently presented by Professor Cassel of the supply of gold possibly proving insufficient to maintain the present price level, if the existing

+299
CT95-04

30th November 1927

existing tendency of many countries to abandon the Gold Exchange Standard for the Gold Standard continues and after discussion further consideration was deferred until the next Meeting.

The Governor acquainted the Committee of the following matters:-

(1) He had had a visit from M. Branch, the Governor of the National Bank of Belgium, who reported that after a year of stabilisation the general position in Belgium might be regarded as satisfactory.

CT. 29

(2) With reference to Mr. Parker Gilbert's memorandum of the 20th October to the German Government, he read a letter he had recently written to Mr Strong pointing out that although the memorandum had been very favourably received in this country there was a small body of opinion opposed to Mr Gilbert's action. Mr Gilbert had now asked his advice as to the immediate publication of four earlier letters to the German Government, to which reference was made in his October memorandum, and, as he considered that there had not yet been time to judge the effect of that memorandum, he proposed to advise Mr Gilbert not to publish the letters at present.

1294
CT. 45.01

(3) He had yesterday seen Signor Stringher, the Governor of the Bank of Italy, who had told him that the Italian Government were now prepared to stabilise their currency and that he was very anxious for this to be done as soon as possible. Signor Stringher stated that the general position in Italy was favourable and that they would not require a stabilisation loan; but they desired to obtain a credit of say \$100,000,000 preferably from the Federal Reserve Bank and the Bank of England jointly. He told Signor Stringher that he could not entertain the proposal unless other Central Banks were invited to participate and Signor Stringher subsequently authorised two cables (which were laid before the Committee) to be dispatched to Mr Strong, in the belief that Mr Strong would come to London at an early date in order to negotiate a credit with the Bank of Italy.

1293
CT. 30

The Committee agreed that in addition to

participation

30th November 1927 participation up to a maximum of £5,000,000 the Bank should endeavour to secure the co-operation and participation of other central Banks.

Present

A full Committee
The Comptroller also
attended

Wednesday the 7th December 1927

The proceedings of the last Committee were read and agreed.

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

It was agreed firstly that no alteration be recommended this week in the Bank Rate and secondly that it would seem inadvisable to consider the question of any change until the late winter or early spring when the probable course of events in Europe and of the exchanges should appear more clearly.

The Committee had before them a letter from F.D.D. Terry a 1st class clerk in the Bank Stock Office, in which he tendered his resignation. Terry is 62 years of age and will complete 42 years' service on the 17th instant.

It was agreed to recommend to the Court that Terry's resignation be accepted as from the 29th February next and that he be granted a pension of £419:17:4 a year during pleasure and in accordance with the scale from the 1st March next, inclusive.

It was agreed to recommend to the Court that permission be granted to De Javasche Bank to open an account in the Private Drawing Office.

Weekly Reports on certain central Banks were laid before the Committee.

The Governor read to the Committee a cable from
M. Monnet

~~1833~~
CT. 40
rct 99

CT. 45.01 / 95

7th December 1927

M. Monnet in New York to Geneva explaining the present feeling in America towards affairs in Europe and urging that the Council of the League of Nations should issue a review of the situation which would reassure the public in America and would at the same time help Europe and enhance the authority of the League.

106
SEC. 9.

A draft of the proposed Supplemental Charter was submitted to the Committee and discussion was postponed.

1099
CT 95.04

With reference to the last and earlier Minutes, the Committee again discussed the question of the supply of gold possibly proving insufficient to maintain the present price level if the existing tendency of many countries to abandon the Gold Exchange Standard for the Gold Standard continues and the Committee were generally agreed —

- (1) That it would be inadvisable at the present time for the Bank to summon a conference of Central Bankers as recommended by the Genoa Conference.
- (2) That it would be well to take steps to obtain more general consideration by Central Banks of the possible effect of the present tendency towards the Gold Standard.

Present.

The Governor
The Deputy Governor
Lord Revelstoke
Lord Cullen of Ashbourne
Mr Trotter
Sir Charles Adair
Mr Whitworth and
Mr Whigham

Wednesday, the 14th December 1927.

The proceedings of the last Committee were read and agreed.

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

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

It was agreed to recommend to the Board of Directors that the appointment of Dr Arthur J. Davies, Medical

Officer

1st December 1927

Officer of the Bank, be renewed for a further year on the conditions approved by the Board on the 17th December 1925.

Weekly Reports on certain Central Banks were laid before the Committee.

With reference to Minutes of the 7th September last and earlier as to the arrangements between the Commonwealth Bank of Australia and the Commercial Banks, the Governor laid before the Committee a letter dated the 3rd November 1927 from the Governor of the Commonwealth Bank which indicated that satisfactory progress was being made.

A letter was laid before the Committee from the Comptroller to the Secretary of the Irish Currency Commission stating -

- (a) That, while the Bank would be prepared to print Notes for the Irish Currency Commission, they would prefer not to undertake the work, if the Commission could make satisfactory arrangements elsewhere.
- (b) That it is desirable for the Bank to be appointed sole Agents in London for payment of the Notes.

With reference to the agreement of the Bankers not to acquire or hold gold, referred to in Minutes of the 8th June last and earlier, the Governor laid before the Committee a letter he had written to the Chairman of the Bankers' Clearing House stating that the importation of gold bullion from abroad for prompt sale on arrival would not be regarded as a contravention of the agreement.

The Governor acquainted the Committee that as the issue of currency Notes might before Christmas exceed the legal maximum he had been asked whether, in the event of the Treasury refusing to transfer Bank Notes (permanently) to the currency Note Account, he would recommend:

- (a) A temporary transfer of Bank Notes which would be retransferred as and when currency Notes were paid in.
- (b) An alteration of the Treasury Minute, or

(c) A purchase

14th December 1927

- (c) A purchase of dollars by the Treasury and the subsequent importation of sufficient gold to cover the possible excess

The Committee agreed that the only correct procedure would be to observe the conditions of the Treasury Minute and transfer Bank Notes to the Currency Note Account.

Present

The Governor
The Deputy Governor
Lord Bullen of Ashbourne
Mr. Jettles
Sir Alan Anderson
Sir Charles Addis
Mr. Whitworth
Mr. Whigham
The Comptroller also attended

Wednesday the 21st December 1927

The proceedings of the last Committee were read and agreed.

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

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

The Monthly Report of the Committee on Advances and Discounts was submitted.

The following were submitted and referred to the Court—

Minute of the Committee on Mr. Jukes recommending that negotiations be entered into for purchase of the "Peerless Arms" Public House.

Minutes and Reports of the Staff Committee—

Recommending appointments etc.

In regard to the Blanket Guarantee Fund.

Recommending the election of 16 Probationary clerks to the Permanent Staff.

On payments made etc during the Quarter.

Letter from the Chancellor of the Exchequer applying for Advances during the ensuing Quarter.

With reference to earlier Minutes the Governor acquainted

21 December 1927

+ 293
ET-30

acquainted the committee of the following matters viz:-

(1) During the past week Mr Strong and Signor Stringher had been in London and frequent meetings had taken place on the question of a stabilisation credit to the Bank of Italy. Signor Stringher had made satisfactory statements as to the position of Italy and of his Bank and, although some difficulty had arisen owing to the Italian Government requiring a formal and complete undertaking instead of a general letter (as in the case of Belgium), arrangements for a Central Bank credit of £15,000,000 and a private Bank credit of £50,000,000 were now practically complete; the credits to be current in each case for one year from the date of promulgation of the new law.

The Federal Reserve Bank had agreed to participate to the extent of \$15,000,000 and invitations had been issued to a dozen other Central Banks for an amount of \$10,300,000 which, with the Bank's participation of £2,000,000, would fully make the required total.

Pending replies from the Banks concerned he and Mr Strong had given guarantees on behalf of the Bank and the Federal Reserve Bank for £9,000,000 and £6,000,000 respectively. Acceptances had already been received by telegram from the respective Governors or Presidents amounting to £6,400,000 as under -

Bank of France	£2,000,000
Reichsbank	£2,000,000
Netherlands Bank	£1,000,000
National Bank of Belgium	£1,000,000
National Bank of Switzerland	£400,000

and he had little doubt that favourable replies would shortly be received from the remaining Banks.

+ 136+

(2)
ET 192.01

(2) The account of Messrs Vickers Ltd is domiciled with Messrs Glyn Mills & Co., and that of Messrs Armstrong Whitworth & Co. Ltd. with the Bank's Newcastle Branch. He had agreed to a proposal that the London account of Messrs Vickers-Armstrong Ltd, the new company, should be domiciled with Messrs Glyn Mills & Co., and their provincial accounts with Branches of the Bank of England.

(3) Dr Stewart has now taken up his post and in order that the Bank may derive the full advantage of his services it is proposed that he shall have access to the Bank's accounts, the Blue Books and all available facts and figures that may be

necessary

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21 December 1927

necessary to give him a complete insight into the position of the Bank and of the market.

(4) The Bank have received from the Mint £20,000 silver of the new design, but do they hold a considerable stock of silver of the earlier design, and there is, in addition, some £6,500,000 of silver in the Currency Note Reserve; the Chief Cashier has informed the Mint in reply to an enquiry that the Bank do not propose to issue any silver of the new design until the various stocks of old silver are exhausted.

The Committee again considered the question of a Supplemental Charter and, after discussion, decision was deferred.

~~106~~
SEC. 9.

Present

The Governor
The Deputy Governor
Lord Bulteel of Ashbourne
Mr Trotter
Sir Charles Addison
Mr Whitworth and
Mr Whigham
The Comptroller also attended.

Wednesday the 28th December 1927.

The proceedings of the last Committee were read and agreed.

The Weekly Statement of Discounts and Advances granted to Bill Brokers &c was read.

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

It was agreed that an Allowance of £60 a year, in accordance with the scale, be granted to Mrs C. S. Little, widow of R. H. Little, a Pensioner, formerly Chief Clerk at the Leeds Branch.

~~1298~~
Establs

N/E
~~106~~
CT 84.

With reference to Minutes of the 19th October in regard to the printing of £1 and 10p Notes, a letter from the Treasury was read agreeing that the preparation of a reserve of Notes may well now be commenced.

The Governor.

28th December 1927

The Governor acquainted the Committee of the following matters -

(1) With reference to last week's Minutes, all the Central Banks which had been invited to participate in the stabilisation credit to the Bank of Italy had intimated their willingness to accept the invitation.

(2) He hoped that Sir Otto Niemeyer would shortly visit the Federal Reserve Bank in New York. Although Sir Otto would go to New York as an employee of the Bank he would be able generally to discuss problems in connection with the Dawes plan and also the orientation of the future policy of the Financial Committee of the League of Nations.

The following matters were discussed and decision deferred. -

(1) As to the advisability of substituting American Dollar Securities for some of the Government Securities in the Issue Department at the present time in order to establish the principle of the freedom of the Bank to make such transfers.

(2) As to applying for a Supplemental Charter to enable Members of the Staff of the Bank to be at the same time Directors and vice versa.

A full Committee
and
the Comptroller

Wednesday the 4th January 1928

The proceedings of the last Committee were read and agreed.

The Weekly Statement of Discounts and Advances granted to Bill Brokers &c was read.

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

CT 7102. The Committee had before them a letter from the Hon. Secretary of the Kitchener Memorial School of Medicine inviting the Governor of the Bank, as an *ex officio* Member of the Executive Committee of the Gordon Memorial College, to serve also as a Member of the Advisory Council of the School of Medicine, and it was agreed to recommend that the necessary authority be granted by the Court of Directors.

Weekly Reports on certain Central Banks were laid before the Committee.

134 CT 117-01 A memorandum embodying the general principles to be followed in regard to the Accounts of Central Banks was discussed.

CT 134 The Governor acquainted the Committee that, as a special arrangement, a renewal advance of £250,000 had been made to F. A. König, repayable within 5 years and guaranteed by H. H. König, on a basis agreed with Sir William Plender and under an agreement approved by Messrs. Freshfields.

With reference to the discussion at the previous Meeting as to the advisability of substituting American Dollar Securities for some of the Government Securities in the Issue Department at the present time in order to establish the principle of the freedom of the Bank to make such transfers, it was generally agreed that \$10,000,000 might be transferred for this specific purpose, but

the Committee

14 January 1928

the Committee were not prepared to agree that the policy of holding such Securities in the Issue Department should in principle be adopted.

+ 6/6

SEC. 9.

With reference to the last and earlier Minutes the question of applying for a Supplemental Charter to enable members of the Staff of the Bank to be at the same time Directors and vice versa was again considered and decision deferred.

Present

The Governor
The Deputy Governor
Lord Revelstoke
Lord Cullen of Ashburne
Mr Trotter
Sir Alan Anderson
Sir Charles Addis
and
Mr Whitworth

Thursday the 5th January 1928

The Committee again considered the question referred to in previous Minutes of applying for a Supplemental Charter to enable Members of the Staff of the Bank to be at the same time Directors and vice versa and, after discussion, decision was deferred.

Present

The Deputy Governor
Lord Revelstoke
Lord Cullen of Ashburne
Mr Trotter
Sir Alan Anderson
Sir Charles Addis
Mr Whitworth and
Mr Whigham
The Comptroller also
attended.

Wednesday the 11th January 1928

The proceedings of the Meetings on the 4th and 5th instant were read and agreed.

The Weekly Statement of Discounts and Advances granted to Bill Brokers &c was read.

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

The following were submitted and referred to the Court -

Minute of the Staff Committee recommending an appointment.
Report of the Staff Committee recommending that
H.R.J. Burke-Kellett, an Assistant, be dismissed
the Service.

It was agreed

11 January 1928

It was agreed to recommend to the Court of Directors that a donation of £250 be made to the Lord Mayor's Fund for the Relief of the London Sufferers by the Thames Floods.

A Statement as to the position of the Bank of Italy was laid before the Committee, together with the Weekly Reports on Central Banks.

Present

Wednesday the 18th January 1928

The Deputy Governor
Lord Revelstoke
Lord Bullen of Ashbourne

The proceedings of the last Committee were read and agreed.

Mr Innes
Sir Alan Anderson
Sir Charles Addis
Mr Whitworth and
Mr Whigham

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

* The Comptroller also
attended

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

The Monthly Report of the Committee on Advances and Discounts was submitted and approved.

The following were submitted and referred to the Court -

Minute of the Committee on Advances and Discounts recommending the re-opening of three Discount Accounts.

Minute of the Staff Committee recommending Appointments ^{etc.}

Report of the Staff Committee recommending the election of 16 Probationary Clerks to the Permanent Staff.

The Committee had before them a letter from the Warden of the Robert Bawling Settlement at Walworth asking for a donation from the Bank towards a fund for extending the scope of their work and for reconstruction
of the

18 January 1928

of the Browning Hall. In view of the association of the family of Robert Browning with the Bank it was agreed to recommend to the Court of Directors that a donation of £25 be granted towards the cost of reconstruction of the Hall.

The Weekly statements of certain Central Banks were laid before the Committee.

With reference to Minutes of the 2nd February 1927 and earlier, the Deputy Governor laid before the Committee a letter received from the Governor of the Bank of Finland, asking for a renewal, for one year from the 1st February 1928, of the credit granted by the Bank of England in 1926 and renewed in 1927, and proposed that the credit should be renewed for a further period of three months.

The Committee agreed.

With reference to Minutes of the 5th January and earlier the question of applying for a Supplemental Charter to enable Members of the Staff of the Bank to be at the same time Directors and vice versa was again considered and decision deferred.

186
SEC 9

Present

The Governor
The Deputy Governor
Lord Revelstoke
Lord Cullen of Ashburnham
Mr Trotter
Sir Charles Addey
Mr Whitworth and
Mr Whigham
The Comptroller also
attended

Wednesday the 25th January 1928

The proceedings of the last Committee were read and agreed.

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

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

A Statement as to the position of the Bank of Italy was laid before the Committee, together with the Weekly

Reports

25 January 1928

Reports on Central Banks

It was agreed to recommend to the Court that a General Court to consider of a dividend be held at the Bank on Thursday, the 22nd March, and that a General Court for the election of a Governor and Deputy Governor and for the election of Directors be held on Tuesday, the 17th April, and Wednesday, the 18th April, respectively.

The Governor acquainted the Committee of the following matters -

- (1) For various reasons it might be wise if in future Treasury Bills should not be issued in denominations of less than £10,000.
- (2) Mr Osborne Smith who has been officiating as a Managing Governor of the Imperial Bank of India is about to come to England for a short holiday.
- (3) He was pleased to see that in their latest Balance Sheet Lloyds Bank have adopted the form suggested by the Cunliffe Committee and read to the Committee a letter written in this connection to the Deputy Chairman.

182
CT 90

With regard to the maintenance of the gold standard and with reference to the Minutes of the 4th January as to the general principles to be followed in regard to the Accounts of Central Banks, the following points were agreed in principle.

184
CT 117.01

- (i) Any rules now made can only be provisional and partial. No comprehensive scheme is possible.
- (ii) Each account must be treated by itself, and treatment will have to be opportunistic (and educational) instead of uniform: adjustments should be considered every six months with the help of the results of costing.
- (iii) Progress should be towards the implicit acceptance of the principle that minimum balances must cover:—

(a) recoverable expenditure

25 January 1928

- (a) recoverable expenditure
 (b) an allowance for the guarantee of Commercial Bills,
 Free balances should vary in general with the amount
 and composition of total funds held in London.
- (iv) While ourselves always having in mind the general
 direction in which progress should be made, we should,
 for the present, only be explicit in correspondence
 and in conversation, to the extent to which we might
 expect to command assent.

With reference to Minutes of the 18th January
 and earlier, the question of applying for a Supplemental
 Charter was again considered and decision deferred.

136
 SEC. 9

Present

The Governor
 The Deputy Governor
 Lord Revelstoke
 Lord Kellin of Ashburnham
 Mr Trotter
 Sir Alan Anderson
 Mr Whitworth and
 Mr Whigham
 The Comptroller also attended.

Wednesday the 1st February 1928

The proceedings of the last Committee were
 read and agreed

The Weekly Statement of Discounts and Advances
 granted to Bill Brokers &c was read.

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

The following were submitted and referred to the
 Court, viz:-

Report of the Audit Committee on Audits taken by the Audit
 Department between the 11th October 1927 and the 7th January
 1928.

Quarterly Report of the Staff Committee with "Overs" and
 "Shorts."

It was agreed to recommend to the Court of
 Directors that the following proposals of the Advisory Council
 of Directors

1 February 1928

of Directors and Staff be adopted, viz:-

That the existing scheme of Pensions remain in force

That men on the Clerical Staff (Permanent and Auxiliary) have the option of commuting at the date of retirement up to one fourth of pension, provided that after commutation a pension of £300 per annum remains.

That the cash value of the proportion of pension surrendered be calculated in accordance with the table issued by the Pensions Commutation Board of the National Debt Office.

CT 6

A Statement as to the position of the Bank Polski was laid before the Committee, together with the Weekly Reports on certain Central Banks.

The Governor acquainted the Committee of the following matters, viz:-

(1) He had recently received a visit from Mr Jetrode, Deputy President of the Netherlands Bank, who had discussed with him the question of Bank Rate policy.

+ 1043
CT 145

(2) He read a letter he had received from Mr Layton as to an enquiry which the "Economist" proposes to make into the amount of British capital abroad and of foreign money in London, together with his reply.

+ 1021
CT 177

(3) With reference to Minutes of the ^{5th} 3rd May 1926 and earlier as to the pledges given by the Government to establish a Land Bank, to which the Bank and the clearing Bankers had promised to contribute capital, the question of a Government guarantee of Bonds, as well as that of the Government contribution, was still under discussion, and would have to be settled, probably by the Cabinet, before the Land Bank could be started.

(4) At a recent interview with the Governor of the Bank of Ireland he had agreed that a loan to the City of Dublin might be issued by the Bank of Ireland in Dublin and by the Bank of England in London, the loan to take the form of Stock inscribed on Registers at the Bank of Ireland and the Bank of England and transferable between the two Registers.

+ 106
SEC. 9

With reference to Minutes of the 25th January and earlier, the question of applying for a Supplemental Charter was again considered.

PresentWednesday, the 8th February 1928A full Committee
and the Comptroller

The proceedings of the last Committee were read
and agreed.

The Weekly Statement of Discounts and Advances
granted to Bill Brokers &c was read.

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

A Minute of the Staff Committee recommending
appointments &c was submitted and referred to the Court.

It was agreed to recommend to the Court of
Directors that the Rate of Interest to be allowed by the Bank
to the Bank Provident Society on Deposits by Members be continued
for the ensuing year at the present rate of $3\frac{1}{2}\%$ per annum free
of Income Tax.

The following were laid before the Committee -

Monthly Statement of the progress in the production of £1
Bank of England Notes.

Fortnightly Statement on the Bank of Italy.

Weekly Reports on certain Central Banks.

The Governor acquainted the Committee of the
following matters -

(1) He had received visits during the past few days from
M van Zeeland of the National Bank of Belgium, Mr Dewey,
Financial Adviser to the Polish Government and MM Rosenkrantz
and Green of the National Bank of Denmark Copenhagen.

(2) He was arranging for the sale of the Bank's holding of
£2,000,000 $4\frac{1}{2}\%$ Conversion

N.E.
Note in
CT 29
CT 6

8th February 1928

£2000,000 4½% Conversion Loan in order to realise losses from former years and for the purchase of a corresponding amount of other Government Securities.

(3) He read to the Committee a letter from Mr Casey, the Liaison Adviser between the Australian and British Governments with his reply.

(4) He read to the Committee a memorandum he had addressed to the Secretary of State for Foreign Affairs on the question of the present attitude of the French Government towards the financial reconstruction of Europe through the League of Nations.

The question of a successor to Mr Spencer Smith on the Boards of various foreign Banks in which the Bank are interested, particularly Anglo-International Bank, the Lander Bank in Paris and the Credit Anstalt in Vienna, was considered and deferred.

With reference to previous Minutes the Governor reported the progress of his preliminary conversations with the Treasury on the question of the amalgamation of Note Issues and the Committee considered the attitude to be adopted by the Bank in future discussions.

~~185~~
CT 4.

CT 15
CT 40
CT 166

~~188~~
Office file
P12.

N/E
~~189~~
CT 84

