

COMMITTEE OF TREASURY

MINUTE BOOK

50



Wednesday, the 15<sup>th</sup> January, 1930.

Present

The Governor  
The Deputy Governor  
Lord Cullen of Ashbourne  
Mr Lubbock  
Sir Alan Anderson  
Mr Shaw  
Sir Josiah Stamp  
Mr Peacock  
The Comptroller also  
attended

CT99. HB48

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. In this connection the Governor informed the Committee that he had received a letter from the Spanish Ambassador who stated that his Government considered that the moment had now arrived to send £4,000,000 in gold to this country and that they intended to continue to replenish their current accounts in London with the gold payments received on account of Custom Dues in their hope of thus contributing towards the stabilisation of their Exchange.

The Weekly Reports on Central Banks were submitted.

HC45  
Estab.

It was agreed that an Allowance of £56 a year be granted during pleasure and in accordance with the scale, to Mrs G. Elyard, Widow of J. Elyard, a Pensioner.

The Committee had before them a letter from Reginald Youlton, a 1<sup>st</sup> Class Clerk in the Bank Stock Office, in which he asked to be allowed to retire from the service on the 21<sup>st</sup> April next. Youlton is 61 years of age and will complete 42 years' service on the 19<sup>th</sup> April.

It was agreed to recommend to the Court that Youlton's resignation be accepted and that he be granted a Pension of £419.17.4 a year, during pleasure and in accordance with the scale, from the 22<sup>nd</sup> April next inclusive.

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



15<sup>th</sup> January 1930

The Governor acquainted the Committee of the following matters:-

(1) With reference to the speech made by Mr Thomas at Manchester last week, he felt it to be wise to support him in his efforts to restore industry. He understood that Mr Thomas wished to invite Bankers to a Meeting to discuss the matter and he proposed to suggest to him the names of those to be invited.

He proposed in two specific instances to render financial assistance. First in regard to shipbuilding: A scheme is being prepared by the Shipbuilding Industry which has for its object the purchase of obsolete and uneconomic shipbuilding yards with a view to their being closed down and subsequently disposed of or devoted to other purposes and he proposed to assure Sir James Lithgow, who is the leader in the movement, that if he can succeed in securing acceptance of the scheme by the shipbuilders, he may count on obtaining for the purpose of the requisite finance, say, £2,500,000 in one form or another on the lines indicated in a draft prospectus of which a copy was laid before the Committee.

Secondly with regard to the Pearson and Knowles group: Negotiations and meetings are likely to last several months and cannot progress without an assurance that the necessary money will be forthcoming. He therefore proposed to give such support as may be necessary to Messrs J Henry Schröder & Company to enable them to arrange for the taking up of £1,250,000 Preference Shares of the new Company.

(2) He proposed to endeavour to sell the premises and business of the Western Branch to any Bank other than one of the five big Clearing Banks, who could conveniently take it over.

(3) He asked the Committee to consider whether the Members of the Board of the Securities Management Trust might be given the freedom of the Court Room for luncheon.

With reference to the last Minutes, the Committee considered proposals contained in a memorandum circulated by the Governor as to the arrangements for the future conduct of Exchange Business by the Bank and decision was deferred.

Wednesday, the 22<sup>nd</sup> January, 1930

Present

A full Committee

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 Central Banks were submitted

A Minute of the Staff Committee recommending Appointments &c. was submitted and referred to the Court.

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 20<sup>th</sup> March, and that a General Court for the election of Governors and Directors for the ensuing year be held on Tuesday and Wednesday, the 8<sup>th</sup> and 9<sup>th</sup> April.

It was agreed to appoint a Sub-Committee consisting of -

Sir Josiah Stamp - Chairman  
Mr Shaw  
Mr Peacock.

and to coopt the following Members of the Court -

Mr Withingham  
Sir Basil Blackett  
Sir Andrew Duncan

to advise the Committee from time to time as to any financial assistance which it may be deemed advisable for the Bank to render to industry or otherwise through the Securities Management Trust.

The Governor informed the Committee that

LC 37  
CT 171



22<sup>nd</sup> January 1930

Sir Gordon Narne had consulted him as to his position in view of the fact that he would attain the age of 70 in January 1931. The Committee were of opinion that it was the intention of the Regulations that Directors should retire at the conclusion of the year in which they had attained the age of 70.

With reference to the last Minutes the Governor agreed with the Committee the names of the Bankers whom he proposed to recommend that Mr Thomas should invite to his forthcoming Meeting to discuss problems in connection with the restoration of Industry.

With reference to the last Minutes the Committee again considered the question of extending the freedom of the Court Room for Luncheon to the Directors of the Securities Management Trust and decision was deferred.

Wednesday, the 29<sup>th</sup> January, 1930

Present

The Governor  
The Deputy Governor  
Lord Cullen of  
Ashbourne

Mr Lubbock  
Sir Han Anderson  
Sir Charles Addis

Mr Shaw  
and  
Mr Peacock

The Comptroller  
also attended

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 Central Banks were submitted.

It was agreed that an Allowance of £60 a year be granted during pleasure and in accordance with the scale to Mrs E. J. Hamilton, widow of Augustus Hamilton, a Pensioner.

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

The Secretary

Ests.

1647

29<sup>th</sup> January, 1930

C/1171

Office File

P180 + P30

The Secretary read to the Committee letters to Dr O M W. Sprague and Professor Henry Clay embodying the terms proposed for their employment with the Bank and the Securities Management Trust respectively and reported that the proposals had in each case been accepted.

+C 48

CT 143

A memorandum from the Chief Cashier was submitted stating that the International Financial Commission had enquired whether the Bank would be willing to employ Funds on their behalf and the matter was left in the hands of the Governors.

+B 70

CT 132

The Governor submitted the Minutes of a Meeting of those concerned in the position of the Banca Italo Britannica at which agreement was reached as to the basis on which the Bank will be carried on.

+C 52

CT 71

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

(1) He had supplied Mr Ashley Cooper at his request with a list of five names representative of the class from which he might select a Trustee to act with Mr Jecks on behalf of the Primitiva Gas Company.

+B 78

CT 100.01

(2) He had received from Mr Owen D. Young and Mr Pierpont Morgan through Messrs Morgan Grenfell & Co a copy of a cable to M Moreau stating that Mr McFarrah and Mr Leon Fraser would be available under certain conditions as the American representatives on the Board of the Bank for International Settlements and that they were prepared, if unanimously chosen, to act as Chairman and President and as, say, Vice President, respectively.

(3) He had during the past few days seen Dr Schacht and he proposed to visit M Moreau to-morrow.

He reported briefly to the Committee the general position in Germany, as explained to him by Dr Schacht, in opposition to the view taken by Mr Parker Gilbert, together with Dr Schacht's account of the events leading up



29<sup>th</sup> January 1930 to Dr Hilferding's resignation and his explanation of the reasons which prompted his recent actions at the Hague and elsewhere.

CT 50.03

The Deputy Governor informed the Committee that the Bank proposed to charge the Cables and Wireless Co. a sum of £35,000 in respect of the out-of-pocket expenses in connection with the Merger and that this sum had been approved as reasonable by Messrs. Deloitte.

Wednesday, the 5<sup>th</sup> February, 1930.

Present

A full Committee

The Comptroller also attended.

The proceedings of the last Committee were read and agreed.

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

CT 99

It was agreed to recommend to the Court that the Bank Rate be reduced from 5% to 4½%.

The Weekly Reports on Central Banks were submitted.

It was agreed to recommend to the Court that the Rate of Interest on deposits with the Bank Provident Society be continued for the ensuing year at 3½% free of Income Tax.

+C4  
Office File  
M 154

With reference to Minutes of the 19<sup>th</sup> June last, it was agreed in principle, that the Bank

5<sup>th</sup> February, 1930Oppos. File  
17154

LC 4

Bank should make such annual payments as may be necessary to maintain the issue of "The Old Lady" and that the sum of £250 should be paid to make good the deficit for the year 1929.

Mina

With reference to Minutes of the 15<sup>th</sup> January last, the Committee approved amended proposals as to the arrangements for the future conduct of Exchange Business by the Bank.

It was agreed that the Governor be asked to decline a request by the South African Reserve Bank for regular information as to the state of the diamond market in London, on lines similar to particulars supplied by the Bank in a cable on the 4<sup>th</sup> December last.

The Governor acquainted the Committee of the following matters -

LC 3  
CT 77

(1) With reference to Minutes of the 8<sup>th</sup> March 1922 in regard to their name appearing on prospectuses of public companies, Messrs. Mullens, Marshall & Company have now come to the opinion that they will not permit their name to appear on any prospectus, whether of a Trustee or other Security, issued elsewhere than through the Bank, or the Crown Agents for the Colonies.

The Committee welcomed this decision which they accepted as a declaration of Messrs. Mullens, Marshall & Co's future policy.

(2) He had been to Paris last week and proposed to go again on Friday; he had also arranged to attend a Meeting of Governors of Central Banks to be held in Rome about the middle of this month.

1079  
CT. 100. 01

(3) With reference to the last Minutes as to the

nominations



5<sup>th</sup> February 1930LB-78  
CT100/01

nomination of Mr McGarrath and Mr Leon Fraser as the American representatives on the Board of the Bank for International Settlements, he read to the Committee a letter which he had written to Sir Richard Hopkins.

CT100-03

In this connection a difficulty had arisen as he now understood that the Bank of France, while welcoming Mr Fraser as a Director and Legal Adviser, do not wish him to be given any definite title, such as Vice President; they suggest, however, as an alternative, that the Governors of the Central Banks should agree privately among themselves that Mr Fraser should deputize for Mr McGarrath as President when away. They also propose that the Executive Committee which under the Statutes of the Bank may be set up at the discretion of the Directors should not be appointed as, in their view, this Committee would restrict the powers of the General Manager.

Office File P47

(4) Under the arrangement with Mr Stewart, the liability for payment of sur-tax was not clearly defined and, in the circumstances, he had arranged for the Bank to pay for Mr Stewart the sum of £556:5:- representing the amount of sur-tax due from him for the year ended the 5<sup>th</sup> April last.

Office File P37

(5) The Secretary has received a letter from Mr. E. J. Hargraves raising among other questions that of the remuneration of the Governors and Directors, and offering to propose a Resolution for an increase at the forthcoming General Court. He proposed to see Mr Hargraves before the General Court and ask him not to pursue the subject, and in the meantime the Secretary is writing to him to that effect.

CT60.01

With reference to Minutes of the 15<sup>th</sup> January, the Committee agreed in principle, subject to

9 5<sup>th</sup> February 1930 to the approval of the Directors, that a general invitation to lunch in the Court Room should be extended to certain representatives of The Securities Management Trust and also to the three Heads of Department of the Bank.

Wednesday, the 12<sup>th</sup> February, 1930.

Present

A full Committee.  
The Comptroller also  
attended.

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.

LC 40  
Estab.

It was agreed that an Allowance of £32 a year be granted during pleasure and in accordance with the scale to Mrs. M. J. Breach, widow of F. A. H. Breach, a Pensioner.

Weekly Reports on Central Banks were submitted together with the Monthly Report on the National Bank of Roumania.

A Minute of the Staff Committee recommending Appointments was submitted and referred to the Court.

It was



12<sup>th</sup> February, 1930

HA 4  
N/E

10

It was agreed to renew the following Charitable Subscriptions for the current year -

City of London Truss Society	£10:10:-
Royal National Life Boat Institution	21:—:-
Royal Surgical Aid Society	10:10:-
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, Tuston, W. 10	50:—:-
Samaritan Free Hospital for Women, Marylebone Road	50:—:-
Guy's Hospital	250:—:-
Bishop of Stepney (a Rectory of St. Margaret's, Dotherbury)	50:—:-
Metropolitan Convalescent Institution, Bexhill	22:1:-
Royal National Hospital for Consumption, Ventnor	26:5:-
Bankers Benevolent Society Ltd	100:—:-
City Hospitals Charity Athletic Contest	10:10:-
Inter-Bank Athletic Association	1:1:-

and to increase the Annual Subscription to the

Bank Clerks' Orphanage from £105 to - 210:—:-  
£1082:17:-

It was agreed to recommend to the Court that the following donations be granted, vizt:-

The Brompton Hospital for Consumption £105:—:-  
The Royal Hospital and Home for Incurables £105:—:-  
Putney

With reference to Minutes of the 28<sup>th</sup> November 1928 as to the purchase of "Red Gates", the Comptroller informed the Committee that it was proposed to arrange for the House to be demolished at a convenient date at a cost of £350 and for the ground on which the greenhouses had stood to be

Cleared

CT 69 10 HC 51

12<sup>th</sup> February 1930.

cleared, levelled and drained at an estimated cost of £2,705; part of the ground thus cleared might subsequently be used as additional Football Grounds.

He also informed the Committee that the Bank's property at Roehampton was included in a provisional Town Planning Scheme prepared by the London County Council: under this Scheme the whole property except "Red Gates" and the Farm Buildings in the South East Corner was scheduled as a private open space and an application would be made for a further and adequate portion of the land to be scheduled for building, subject to the restrictions laid down in the Scheme.

103  
CT 50 03

The Governor reported that he had appointed a Committee consisting of -

Mr. Lubbock, Chairman,

Mr. Shaw,

Sir Basil Blackett,  
Mr. Pascoe and  
The Comptroller

to consider the Bank's policy

- (1) in connection with the issue of loans other than those on behalf of H. M. Government,
- (2) regarding commission on applications lodged by the Bank either for their own account or on behalf of customers in respect of loans issued through the Bank of England.

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

CT. 171  
CT. 185  
103

- (1) With reference to the amalgamation of the Iron & Steel and Coal Companies connected with Messrs. Pearson & Knowles it might be necessary to provide  
a sum



12<sup>th</sup> February, 1930.

a sum not exceeding £200,000 to finance the new Coal Company. Arrangements have been made for the District Bank to provide £100,000 of this sum and he read a letter promising that, if found necessary in twelve months' time, The Securities Management Trust would provide the Steel Company with not more than £100,000 by subscribing for Ordinary Shares at par.

LB-70  
N/E

(2) He had received a letter from Sir Robert Wills on the subject of M. Manzi-Je's extradition and he laid before the Committee a copy of his reply.

LB-76  
CT100  
CT100-01

(3) With reference to the last and earlier Minutes, he read to the Committee a letter which he had written to Sir Schacht as to the attitude of the Bank of France towards the position of Mr. McGarrath and of Mr. Fraser on the Bank for International Settlements.

He had again discussed this question in Paris on Monday with M. Moreau who had now agreed that Mr. Fraser should be not only Director and Legal Adviser but also Mr. McGarrath's alternate as President: this arrangement, if approved, would necessitate an alteration in the Statutes of the Bank.

CT100-03

M. Moreau had also agreed that all recommendations for appointments to the Staff of the Bank should await the arrival of the President in Europe.

In this connection he also stated that a Committee appointed by Sir Charles Addis and consisting of M. Quesnay, M. Van Zeeland and Mr. Siepmann had been endeavouring inter alia to find suitable premises in Basle for the new Bank. With the assistance of the Canton of Basle they have arranged to rent temporarily an empty Hotel, subject to six months'

12<sup>th</sup> February, 1930LC 52  
CT 100

months' notice, at an annual rental of 200,000 Swiss francs, and he had agreed with M. Moreau that if the Bank for International Settlements did not confirm the arrangement the Bank of England and the Bank of France would undertake jointly to pay this sum.

This Committee was also negotiative for the purchase of Mr. Parker Gilbert's office furniture and equipment.

LC 52  
CT 71

(4) With reference to Minutes of the 29<sup>th</sup> January as to the selection of a Trustee for the Primitiva Gas Company, he has now agreed to nominate either Lord Duke or Lord Torres, as the Company may desire.

He proposed next week to ask the Committee to consider -

LC 50  
CT 84.04

(1) a Memorandum by the Supervisor of the Printing Section at St. duac's as to an alternative design for the £1 Note, and

LC 53

CT 171  
CT 189.

(2) a proposal for the formation of a Company to assist Industry, with a Capital of, say, £4,000,000, of which the Bankers would subscribe for, say, £3,000,000 Preferred Ordinary Shares and The Securities Management Trust. £1,000,000 Ordinary Shares.



Wednesday, the 19<sup>th</sup> February, 1930.

Present

A full Committee

The Comptroller also  
attended.

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 Central Banks were submitted together with the Monthly Report of the Committee on Advances and Discounts.

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 1929,

Minute of the Committee on Advances and Discounts recommending the adoption of a revised form of application for Advances against the deposit of Title Deeds,

Minute of the Committee on St. Luke's recommending an Appointment,

Annual Report of the Committee on St. Luke's on the Clerical Staff at St. Luke's Printing Works with recommendations for Promotions under the Salary Scheme of 1926.

Minute of the Staff Committee recommending Appointments &c.

It was

19<sup>th</sup> February, 1930.

It was agreed to recommend to the Court -

(1) That Pensions be granted during pleasure and in accordance with the scale to the following persons, viz.

A. G. Rowlett, Principal of the Dividend Office,  
£910: 15:- a year from the 23<sup>rd</sup>  
February inclusive.

R. E. Symes, Superintendent at the Liverpool Branch,  
£475: 4: 4 a year from the 1<sup>st</sup>  
June next inclusive.

(2) That permission be granted for an account to be opened in the name of the Grand Duchess Olga Alexandrovna at present resident in Copenhagen.

The Governor informed the Committee that the estimated profits for the half year ending the 28<sup>th</sup> February 1930, after providing for a Dividend of 6 per cent. less Income Tax, amounted to £1,850,000.

It was proposed to deal with this surplus as follows -

Suspense Account - provision for Income Tax	£250.000
In writing off certain amounts expended	
on Premises, &c.	24.546
In writing down the Current Account with	
the Federal Reserve Bank in New York to	
Gold Parity value	15.000
To Contingencies Account	900.000
Suspense Account No. 1	660.454
	<u>£1,850.000</u>

The Committee agreed that permission be granted to Mr. Kitson to act as a Director of the "Moat Estate Limited" a company limited by Guarantee, and decided that under the Regulations  
for



19<sup>th</sup> February 1930 for Directors there was no need for this matter to be referred to the Court as Mr. Nelson's acceptance of this post could not be held to affect his position as a Member of the Court.

The Governor acquainted the Committee of the following matters, vizt:—

+C52  
CT 71

(1) With reference to the last and earlier Minutes he has now nominated Lord Fories as a Voting Trustee to represent the Primitive Holdings, Limited.

+C42  
CT 85

(2) With reference to Minutes of the 1<sup>st</sup> January 1930 and earlier, he read to the Committee a letter from the Chairman of the Stock Exchange thanking the Bank for their support and assistance in respect of the Account that was deferred by reason of the Hatry troubles.

CT 100  
+B78  
CT 100 01

(3) With reference to the last and earlier Minutes, he proposed to attend a Meeting of the Governors of Central Banks in Rome next week to discuss the appointment of American directors and other matters relating to the Bank for International Settlements.

(4) He had received a Cable from Mr. Harrison stating that he will arrive in England on the 27<sup>th</sup> instant.

CT 84 04

With reference to the last Minutes, the Committee considered a Memorandum of the 27<sup>th</sup> August last which had been submitted by the Chairman of the Committee on St. Louis on the question of having in reserve an alternative design for the £1 Note.

+C50

The Committee agreed to inform the Chairman of the Committee on St. Louis that in their opinion it might be well to proceed forthwith with the

19<sup>th</sup> February, 1930.LC 50  
CT 94.04

the preparation of alternative designs of the £1 and 10/- Notes and hold them in reserve, so that they may be brought into use at any time.

LC 53  
CT 189.  
CT 171

With reference to the last Minutes, the Governor informed the Committee that he is endeavouring to arrange for the establishment of a Company on the following lines for the assistance of Industry -

To be a private Company for the purpose of financing schemes of Re-organisation and Rationalisation.

The Capital to be at least £4,000,000 in Shares of £100,000 each, divided into £1,000,000 "B" Ordinary Shares to be taken by The Securities Management Trust and £3,000,000 "A" Ordinary Shares to be taken by Bankers.

Not more than 25 per cent of the Capital to be called up, except in case of liquidation. In the event of any further call being made, the whole of the "B" Ordinary Share Capital to be subscribed in full before any further demand is made in respect of the "A" Ordinary Shares.

Provision to be made for liquidation in five years.

The Board to consist of himself as Chairman and, say, six Directors appointed from outside the Bank by Bankers. Each Director, including himself, would be entitled to nominate an alternate.



Wednesday the 26<sup>th</sup> February, 1930.

Present

The Deputy Governor  
Lord Cullen, ~~Johnstone~~  
Mr. Hutcheon  
Sir Allan Anderson  
Sir Charles Adair  
Mr. Shaw  
Misses Stamp  
Mr. Peacock.  
The Comptroller also  
attended.

The proceedings of the last Committee were read and agreed.

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

et 99. The Committee discussed the question of the Bank Rate and were of opinion that on general grounds a reduction to 4 per cent would be justified. They wished, however, to avoid taking any action which might possibly conflict with any plans discussed by the Governor in any conversations which he might have had with the Governors of other Central Banks at present assembled in Rome, and agreed that in the circumstances they would not recommend any alteration in the Rate this week.

The Weekly Reports on Central Banks were submitted.

The following were submitted and referred to the Court -

Minute of the Staff Committee recommending promotions under the Salary Scheme.

Report of the Staff Committee on the Annual Reports of the Clerical Staff with recommendations for Personal increases of salary &c.

Minute of the Committee on St. Duke's recommending an appointment.

With reference to the recent Quinquennial Valuation of the affairs of the Bank Provident Society, the Committee had before them the Report of the Actuary, which had been accepted by the

26<sup>th</sup> February 1930

by the Members of the Society at their Annual General Meeting, and it was agreed to recommend to the Court that this Report be approved and that authority be given to the Managers of the Society to declare a Reversionary Bonus of 2% per annum for the five years ended the 30<sup>th</sup> November 1929 and to pay an Interim Bonus at the rate of 2% per annum on claims arising between the 1<sup>st</sup> December 1929 and the 30<sup>th</sup> November 1934.

CT 171  
The Deputy Governor laid before the Committee a letter from the Governor to Mr. Frater Taylor accepting his resignation from the Board of The Securities Management Trust, and expressing the hope that Mr. Taylor would continue to act on behalf of The Securities Management Trust in regard to Iron and Steel matters.

CT 189  
CT 171  
With reference to the last Minutes, the Committee approved the proposed scheme for the formation of a new Company for the purpose of financing approved schemes of Rationalisation and authorised the Bank to subscribe for at least £1,000,000 "B" Ordinary Shares in the Company, on which 25 per cent. would be paid up, the balance only to be called up in the event of liquidation.

The Deputy Governor informed the Committee that the Bank had been receiving since 1892 a poundage for the collection of Income Tax on dividends on British Stocks other than Government Stocks, but that it had now been brought to the notice of the Treasury that there was no legal sanction for this payment to the Bank. The Treasury were proposing to write an official letter asking whether the Bank  
would



26 February 1930

would be prepared to surrender this payment in future and the Committee agreed that the Bank would have no option but to consent.

C-24  
Office Files

The Deputy Governor laid before the Committee for their consideration the Report of the Special Committee appointed by the Governor in October last to consider and report on certain matters relating to the organisation of the Central Banking and Kindred Offices and their relationship to other branches of the work of the Bank and to each other.

Wednesday, the 5<sup>th</sup> March, 1930.

Present -

The Governor  
The Deputy Governor  
Lord Cullen of  
Auchincloss  
Mr. Hutchings  
Sir Alan Anderson  
Sir Charles Adair  
Mr. Shaw  
Mr. Placocks  
The Comptroller  
also attended.

The proceedings of the last Committee were read and agreed.

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

The Governor informed the Committee that his endeavour in Rome to secure co-operative action among the Central Banks in regard to Bank Rate policy had not met with simultaneous success, but he considered, in spite of the uncertainties of the outlook, that a reduction in the Rate both here and elsewhere was inevitable and he therefore proposed to recommend to the Court that the Rate be reduced to 4 per cent. to-morrow.

ET 99.

It was agreed to recommend to the Court that a Pension of £597:19:- a year be granted

5<sup>th</sup> March 1930

granted during pleasure and in accordance with the scale to G. H. Mead, a Deputy Principal in the Transfer by Deed Office (No. 1) from the 1<sup>st</sup> June inclusive.

The Weekly Reports on Central Banks were submitted.

The Governor acquainted the Committee of the following matters, vizt:—

H B 78  
CT 100

(1) He spent the greater part of last week in Rome with the Governors of other Central Banks, when various matters in connection with the Bank for International Settlements were settled.

CT 100 01

All the Governors made their nominations to the Board of Directors with the exception of Dr. Schacht, who was of opinion, as was also his Finance Minister, that it was neither practicable nor wise to make nominations until after the ratification of the protocol by Germany.

Invitations were extended to Mr. McFarrah and Mr. Fraser to serve as Directors with the expressed consent of the Federal Reserve Bank.

An Agreement constituting the Bank was signed.

An Advance was set up with the National Bank of Switzerland in Basle to cover preliminary expenses by the contributions of 25,000 Swiss Francs from each Central Bank.

He regretted that owing to delays in the ratification of the plan the Bank would not be able to commence business on the 1<sup>st</sup> April as originally expected.

He was also disappointed with the outcome of discussions as to the future functions of the Bank, as he found that several countries, notably

France



5<sup>th</sup> March, 1930. France and Belgium, were entirely opposed to the idea that the new Bank should be the Central Bankers Bank rather than a Reparations Bank.

~~174~~  
CT 113.02

(2) He proposed as from an early date, and so long as the present reduction in outstanding Treasury Bills should continue, to receive for discount from the Market certain classes of Finance Bills with three approved names, based on goods and drawn internally for home or imperial account.

CT 183

(3) He had accepted an invitation to give evidence during the next few days before the Iron and Steel Sub-Committee of the Committee of Civil Research.

~~154~~  
CT 183

(4) A Report by Mr. Braessert with a map which would act as a guide to the Rationalisation and Regionalisation of the Iron and Steel Industry had been printed and he proposed to send copies to persons who might be interested.

CT 171

(5) Following the resignation of Mr. Frater Taylor as recorded in the last Minutes, he had invited Mr. Charles Mitchell, who is at present with Messrs. Dornan, Long & Company, to act as Managing Director of The Securities Management Trust. Mr. Mitchell was willing to accept the invitation and Messrs. Dornan, Long & Company were disposed to release him for the purpose, but the Chairman of Barclays Bank, to whom the Company are heavily indebted as Bankers of the Company, is strongly opposed to the proposal. In his opinion the proposed arrangement cannot be successfully carried through without the goodwill of all concerned, and if Barclays Bank maintain their present attitude it will be wise to look elsewhere.

~~155~~  
CT 171  
CT 195

(6) With reference to Minutes of the 15<sup>th</sup> January last and earlier, he read to the Committee a letter which

5<sup>th</sup> March 1930

LC 85

CT 185

which on the advice of Messrs Freshfield & he had written, as Chairman of The Securities Management Trust, to the Chairmen of Pearson & Knowles Coal and Iron Company limited, and Wigan Coal and Iron Company limited, undertaking to subscribe at par for the 500,000 Ordinary Shares of the Steel Company.

(7) Mr. Stewart will shortly be returning to America and he proposed that his present salary of £7,000 a year be continued to the end of March. He hoped that it might be possible for the Bank to retain from year to year some call on Mr. Stewart's services for some portions of each of the next few years and he proposed to suggest for Mr. Stewart's answer after his return to New York an arrangement to be continued from year to year on the following terms —

That he be offered from the 1<sup>st</sup> April next a retaining fee of £2,000 a year in order that the Bank may have a call on his services at any time, subject always to the demands made upon him by other work on which he may be engaged,

That he be paid £500 for each month or part of a month during which he may be engaged on work for the Bank together with all travelling expenses.



Wednesday, the 12<sup>th</sup> March, 1930

Present:—

The Governor  
The Deputy Governor  
Lord Allen of Aldbourne  
Mr. Aubock  
Mr. Shaw  
Air Marshal Stamp  
Mr. Placer  
The Comptroller  
also attended.

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 £18 a year be granted, during pleasure and in accordance with the scale to Mrs. J. M. Walter, the widow of a Pensioner, formerly a Messenger.

105  
Establs.

The Weekly Reports on Central Banks were submitted together with the Monthly Report on the National Bank of Roumania.

It was agreed to recommend to the Court that a donation of £100,000 be made towards a National Fund which is now being raised by the Bank of France for the relief of sufferers by the recent floods.

The following were submitted and referred to the Court—

Half Yearly Accounts of St. Luke's Printing Works and the Works Department.

Annual Statements of the Pension Reserve Funds, the Clero Guarantee Fund and the Samaritan Fund.

The Governor acquainted the Committee of the following matters:—

(1) Her read

25

12<sup>th</sup> March, 1930.~~1 C 56~~

CT. 45

(1) He read to the Committee messages between Herr von Mendelssohn and Sir Charles Addison to the retirement of Dr Schacht and the appointment of his successor.

~~1 C 78~~

N/E

(2) He read to the Committee a cable of welcome to Mr McGarrath and Mr Fraser with their reply.

(3) He reported the result of the applications for the new 4 1/2 % Conversion Loan.

~~1 C 88~~

CT. 4.

(4) He feared that the situation in Australia was more serious than was generally realised in this Country; he had, at the request of the Chancellor, arranged for an interview to-day with the Financial Adviser to the Commonwealth of Australia who presumably wished to discuss the position with him.

~~1 C 88~~

CT. 68

(5) With reference to his proposal to endeavour to sell the premises and business of the Western Branch, which was approved by the Committee on the 15<sup>th</sup> January last, the matter had been submitted to Sir Alexander Wright, the General Manager of the Royal Bank of Scotland, who is now considering the question.

~~1 C 46~~

CT. 32.

+ CT. 57

(6) Sir Alexander Roger is endeavouring to establish a fund and organise a campaign of propaganda to bring prominently before the public in this Country and in India all that the separation of India from the Empire would involve, but in his opinion any such movement must of necessity be political and it would therefore be undesirable for the Bank to contribute.

~~1 C 90~~

CT. 178

(7) With reference to Minutes of the 15<sup>th</sup> January last, he was of opinion that although the Banks  
were



12<sup>th</sup> March, 1930 were morally committed in regard to the Shipbuilding Scheme before the Stamp Committee was actually constituted, the matter was nevertheless one which should be considered and reported upon by that Committee.

+ C 55  
CT 189

(8) With regard to Minutes of the 26<sup>th</sup> February and earlier as to the formation of the Bankers Industrial Development Company, he had three matters to report -

- (i) That Sir Guy Granet had provisionally agreed, subject to his doctor's consent, to accept an invitation to be a Director and his alternate.
- (ii) That the Chancellor might agree to remit the amount of the Stamp Duty in respect of the Company.
- (iii) That he was now proposing that there should be perhaps 6 Directors, together with an Advisory Council of from 8 to 12 members, the bulk of the business being carried out by the Board.

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 5<sup>th</sup> April next of £6 per cent less Income Tax.

Wednesday, the 19<sup>th</sup> March 1930.

Present :-

The Governor  
The Deputy Governor  
Mr. Lubbock  
Sir Alan Anderson  
Mr. Shaw  
Sir Josiah Stamp  
Mr. Percock  
The Comptroller also  
attended.

The proceedings of the last Committee were read and agreed.

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

On the question of the Bank Rate the Governor expressed the view that the time had come for a further reduction. He had endeavoured to obtain a promise of co-operation from other Central Banks but without success.

CT 99

The Committee were of opinion that although the Bank would be taking isolated action, a reduction this week was nevertheless desirable and they agreed to recommend that the rate be reduced to  $3\frac{1}{2}$  per cent. to-morrow.

The following were submitted and approved -

- (1) Monthly Report of the Committee on Advances and Discounts.
- (2) Weekly Reports on Central Banks.
- (3) Report of the Stamp Committee in favour of the Shipbuilding Scheme.

L B 99  
CT 178

The following Minutes and Reports were submitted and referred to the Court -

- (1) Committee on Advances and Discounts.

Report on the Annual Revision of the Regulations affecting the general conduct of business at the Head Office and Branches.

Minute recommending the opening of a Discount Account.

minutes



17<sup>th</sup> March, 1930.  
CT 113.02 ~~1742~~

Minute recommending a certain relaxation in the attitude of the Bank towards Finance Bills.

(2) Committee on St. Lukes.

Report that an offer by the Metropolitan Railway Company to purchase the Bank's sports ground at Wembley had been accepted.

(3) Staff Committee.

Minute recommending appointments.

Quarterly Report on payments made to.

Report recommending the election of 16 Probationary Male Clerks to the Permanent Staff.

The Governor acquainted the Committee of the following matters -

(1) On the strong recommendation of Sir Andrew Suncan he had appointed Mr. Charles Bruce Gardner to be the Managing Director of The Securities Management Trust, the appointment to be permanent whole-time employment for five years, subject to health, with a salary of £12,000 a year.

CT 171

(2) He read a letter which he had written to Sir Gilbert Gurnsey asking for a brief comprehensive report on the Steel Industries of Great Britain Ltd., and their subsidiary interests.

+ B95  
CT 183

(3) With reference to the last and earlier Minutes, he laid before the Committee a draft of a letter which he proposed to send to Bankers, other than those in London, inviting their participation in the Bankers' Industrial Development Company.

+ C53  
CT 189

The Deputy Governor acquainted the Committee of the following matters -

(1) With reference to the last Minutes, Mr. Collins, the Financial Adviser to the Commonwealth of Australia, and Mr. Scott, the London Manager of the

+ C85  
CT 4

19<sup>th</sup> March 1930 the Commonwealth Bank, had seen the Governor in connection with the payment of £2,775,000 due from the Australian Government to the British Government at the end of the present month and also as to their future commitments. They, however, brought no definite particulars and were therefore asked to prepare a statement and come again. On the second occasion, as the Governor was engaged, they interviewed him and explained the position, from which it appeared that under the most favourable circumstances their uncovered commitments would amount to £5,000,000 on the 1<sup>st</sup> July next and £25,000,000 on the 1<sup>st</sup> January 1931.

(2) Mr. H. S. Carter had called to enquire whether the Bank would object to an issue of £5,000,000 Debentures on account of the Skoda Works, of which one-half would be offered to the existing Debenture Holders. He had since written to Mr. Carter to say that, although the Bank would not be prepared to support any such issue at the present time, they were glad to hear of a possible liaison between the Skoda Works and the Armament Companies in this Country.



Wednesday, the 26<sup>th</sup> March, 1930.

Present :-

The Deputy Governor  
Mr. Shaw  
Sir Josiah Stamp  
Mr. Peacock

The proceedings of the last Committee were read and agreed.

The Comptroller  
also attended.

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

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

The Weekly Reports on Central Banks were submitted.

+ C58  
Es. Vals.

It was agreed that an allowance of £38 a year be granted, during pleasure and in accordance with the scale, to Mrs. M. F. Barrett, Widow of J. R. H. Barrett, a 1<sup>st</sup> Class Clerk in the Private Drawing Office.

The following were submitted and referred to the Court -

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

House List of Governors and Directors for the ensuing year.

With reference to the election of Members of the Committee of Treasury for the ensuing year, it was agreed to recommend to the Court of Directors -

That Voting Papers be issued on Thursday, the 27<sup>th</sup> March,

That the voting take place at the Court on the 10<sup>th</sup> April and that Directors who so desire be allowed to

record

26<sup>th</sup> March, 1930 record their votes after making their Declaration of Office on Wednesday, the 9<sup>th</sup> April,

That the votes be counted after the Court on Thursday, the 10<sup>th</sup> April, and

That the Standing Committees for the ensuing year be appointed on Thursday, the 17<sup>th</sup> April.

It was agreed to recommend to the Court of Directors -

(1) That the special Pension of £50 a year which was granted to A. R. Rubusson, a Pensioner, on the 25<sup>th</sup> June 1925 for a period of 5 years be continued for a further period of one year from the 25<sup>th</sup> June 1930.

(2) That the resignation of Donald Blackie, a 4<sup>th</sup> Class Clerk in the Accountants' Department, which has been tendered on account of ill-health after 6 $\frac{3}{4}$  years' service, be accepted as from the 27<sup>th</sup> instant and that he be granted on quitting a sum equal to one year's salary.

(3) That Pensions be granted, during pleasure and in accordance with the scale, to the following:-

A. F. Field, a Cashier, £566 : 8 : 8 a year from the 1<sup>st</sup> July inclusive.

L. M. Coles, Chief Clerk at the Liverpool Branch, £666 : 13 : 4 a year from the 1<sup>st</sup> April inclusive.

A. C. F. Williams, a 3<sup>rd</sup> Class Clerk in the Cashiers' Department & Branches, whose resignation has been tendered on account of ill-health after 10 $\frac{3}{4}$  years' service, £86 a year from the 28<sup>th</sup> March inclusive.



Wednesday, the 2<sup>nd</sup> April, 1930.

32

Present —

The Governor  
The Deputy Governor  
Mr. Aubock  
Sir Alan Anderson  
Sir Charles Addis  
Mr. Shaw  
Sir Josiah Stamp  
Mr. Peacock

The Comptroller  
also attended.

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 Weekly Reports on Central Banks were submitted.

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 C. H. Luriant, a 1<sup>st</sup> Class Clerk at the Western Branch, from the 1<sup>st</sup> June next inclusive.

The Governor acquainted the Committee of the following matters —

(1) He read a note of an interview with Baron d'Elanzer who had told him that if the Committee for Imperial Defence report favourably on the Channel Tunnel Scheme and if then the Government wish the work to be undertaken it will almost certainly fall to the Channel Tunnel Company to promote a Bill and execute the work. Baron d'Elanzer had asked him then to discuss the matter with Mr. Thomas and endeavour to support the Tunnel Company in the formation of a strong and representative group; he had replied that he would consider the request when the time came and would be largely guided by the wishes of Mr. Thomas and the Government.

(2) With

CT 171

(2) With reference to Minutes of the 19<sup>th</sup> March as to the appointment of Mr Bruce Gardner as Managing Director of The Securities Management Trust, he read a letter of appreciation from Sir William Larnie of the National Federation of Iron and Steel Manufacturers.

CT 171

(3) With reference to Minutes of the 26<sup>th</sup> February and earlier, he read to the Committee a letter from Mr Frater Taylor severing his connection with The Securities Management Trust, together with his reply.

CT 183

(4) With reference to Minutes of the 5<sup>th</sup> March, he had now given evidence before the Iron and Steel Sub-Committee of the Committee of Civil Research.

(5) Sir Osborne Smith, the Managing Governor of the Imperial Bank of India, will be in this Country in May.

~~CT 183~~

CT 4

(6) With reference to Minutes of the 12<sup>th</sup> and 19<sup>th</sup> March, he was expecting in the near future to have further Meetings with the Financial Adviser to the Commonwealth of Australia and the London Manager of the Commonwealth Bank: in view of the important questions that might be raised, he considered it advisable to have the best possible advice and he had therefore invited Sir Ernest Clark to attend these Meetings.

~~CT 183~~

CT 100

(7) With reference to Minutes of the 5<sup>th</sup> March and earlier as to the Bank for International Settlements, he read a letter which he had written to Mr McGarrah as to certain outstanding questions; in this connection he informed the Committee that a cable had been sent from Rome



2<sup>nd</sup> April, 1930. Rome to New York on the subject of Dr Luther's 34  
visit to Italy in which questions were stated to be  
settled which had not been agreed and perhaps not  
even formally discussed.

He also submitted a draft of the  
proposed prospectus which was provisionally  
approved by the Committee, who agreed -

CT 100-02

- That the prospectus should be issued;
- That the Bank should purchase the whole of the shares  
at the price named in the prospectus;
- That these shares should be issued to the public at  
the same price but that the Bank should them-  
selves acquire and retain 25 per cent. of the shares;
- That the Bank should pay the expenses of issue  
and that there should be no brokerage.

H 19  
SEC 10

(8) He had given evidence before the Macmillan  
Committee on the 26<sup>th</sup> March. He had in the main  
confined himself on this occasion to general  
statements as to the policy of the Bank, without  
defining the methods by which that policy was  
carried out. He would probably enter into greater  
detail at his next visit, but this would not be for  
some time and as there were several points on  
which it would be well for the Committee to be  
more closely informed at an early date, he hoped  
that Sir Josiah Stamp, who was appearing before  
the Committee in a few days' time, might find an  
opportunity of touching upon some of these points  
in the course of his evidence.

The Deputy Governor informed the  
Committee that he had had a visit from the  
Secretary of the Irish Currency Board who wished  
to obtain from the Bank an expression of opinion  
as to the advisability of placing part of their  
funds on deposit with a Bank or Discount House  
in order to obtain a higher rate of interest than  
they were now receiving from their investments in  
British

35 2<sup>nd</sup> April, 1930

British Government Securities. They may not at present invest in such securities with a longer currency than one year, but a Bill had been prepared last September which would enable the Board to invest in British Government Securities with a longer currency. The Committee were of opinion that the Board should continue to confine their investments to Government Securities and should hasten the proposed legislation.

With reference to Minutes of the 9<sup>th</sup> October, 1929 as to portraits of Mr Massey and the late Lord Cunliffe, the Governor stated that portraits of Mr. Massey and Mr. Hughes are now in Mr. Scott's Gallery in Bond Street, and the Secretary was instructed to ascertain the price of these pictures and also to find out whether Mr. Augustus John had been able to complete his portrait of the late Lord Cunliffe.

Wednesday the 9<sup>th</sup> April, 1930.

Present:—

The Governor

The Deputy Governor

Lord Allen of Ambowme

Mr. Lubbock

Sir Charles Addison

Mr. Shaw

Sir Josiah Stamp and

Mr. Peacock.

The Comptroller also  
attended.

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 Central Banks were submitted together with the Monthly Report on the National Bank of Roumania.

The



9<sup>th</sup> April, 1930.

36

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

1878  
CT 106  
(1) With reference to the last Minutes and as promised at his visit on the 17<sup>th</sup> March, Mr McFarrah had paid a further visit to London, bringing with him Mr. Fraser, and had discussed at length with Sir Charles Addis, Mr. Siepmann and himself the various questions and difficulties relating to the Bank for International Settlements.

(2) The arrangements for a Mobilisation loan under the Young Plan were now being considered; the amount would be £200,000,000 for the Allies and £100,000,000 for Germany, of which an amount up to £50,000,000 may be issued in London and the remainder elsewhere. This is subject to arrangements being made whereby the whole of the portion to be issued in London will be secured on the Annuities payable to Great Britain and the proceeds will go to the Ecbequer; the Treasury will therefore have to approve the issue. In these circumstances it was agreed that the issue should be made by the Bank of England.

1853  
CT 189.  
(3) With reference to Minutes of the 19<sup>th</sup> March and earlier the invitations to participate in the Bankers Industrial Development Company had been favourably received: four of the Scottish Banks had still to reply, but the other invitations had all been accepted.

CT 60.01  
(4) With reference to Minutes of the 5<sup>th</sup> February, the Governor informed the Committee that the Court had on the 27<sup>th</sup> March informally agreed that an invitation be extended for days other than Thursdays to the Chief Accountant, the Chief Cashier and the Secretary, as well as to those

working

37<sup>th</sup> April 1930, working either as Directors or Advisers with  
The Securities Management Trust, to lunch with  
the Directors or with the Officials as from day  
to day each one might choose: it being under-  
stood that any such invitation must of  
necessity be subject to the space available at  
the various stages of the Rebuilding.

1088  
CT. 4

With reference to the last and  
earlier Minutes, the Deputy Governor read to  
the Committee a personal cable which he  
had received from Sir Robert Gibson together  
with his reply. In this connection he stated  
that fuller information had now been  
received from Australia and that a further  
Meeting with the Financial Adviser to the  
Commonwealth and the London Manager of  
the Commonwealth Bank would shortly be  
held, but that the Financial Adviser, on the  
instructions of his Government, had declined  
to agree that Sir Ernest Clark should be  
present at the Meetings.

Wednesday, the 16<sup>th</sup> April 1930.

Present:—

The Governor

The Deputy Governor

Lord Allen of Aldborough

Mr. Lubbock

Sir Charles Addis

Mr. Peacock

The Comptroller also  
attended.

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 Monthly Report of the  
Committee on Advances and Discounts was  
submitted



16<sup>th</sup> April, 1930 submitted, together with the Weekly Reports on Central Banks.

A Report of the Audit Committee on Audits taken by the Audit Department between the 19<sup>th</sup> October 1929 and the 14<sup>th</sup> January 1930 was submitted and referred to the Court.

Proposals for the appointment of Committees for the current year were submitted and referred to the Court.

The Comptroller informed the Committee that the Royal Statistical Society would value the inclusion of the Bank of England amongst their Corporate Members and would be prepared to appoint a representative of the Bank to serve on the Council. A similar proposal was made in 1921 but was then deemed to be undesirable and at the request of the Governor Sir Ernest Harvey became a Member of the Society.

The Committee were of opinion that this arrangement should continue.

The Governor acquainted the Committee of the following matters-

(1) He submitted a list of questions which appeared to arise out of his evidence before the Macmillan Committee, on which he invited the views of the Committee.

(2) He was of opinion that the Bank should have first-hand information as to the financial and economic condition of Russia and he proposed to arrange for L. E. Hubbard of the Central Banking Section to visit Russia this summer as a private tourist in order to study the

HC 59  
Office file  
May

HC 49  
SEC. 10

ex 27.

39 16<sup>th</sup> April, 1930. the position and report to the Bank.

1078  
CT 100-03  
CT 100-04

(3) With reference to the last Minutes as to the visit of Mr. McGarrath and Mr. Fraser to London, he read to the Committee a letter which he had since written to Mr. McGarrath on the question of the appointment of a General Manager of the Bank for International Settlements, together with a cable from Mr. McGarrath stating that he proposed to nominate M. Quesnay for this post.

He was very disappointed at this decision as he had asked Mr. McGarrath, when he was last in London, to consider whether it would not be well to nominate someone other than a Frenchman for this post, and had told him that in such an event he would be prepared to nominate Sir Basil Blackett. He added that Mr. McGarrath had expressed a hope that Mr. Siepmann might be available to take charge of the Central Banking Department of the Bank for International Settlements, but he had reason to believe that Mr. Siepmann would not be willing to take such a position with M. Quesnay as General Manager.

1053  
CT 189.

(4) With reference to the last and earlier Minutes, the Bankers' Industrial Development Company was duly registered yesterday, Mr. Thomas made a statement on the subject in the House of Commons and he with several of the Directors of the Company, had interviewed Press Representatives here.

The Deputy Governor acquainted the Committee of the following matters—

(1) Mr. Whitworth had raised the question as to whether the Members of the Committee on St. Duties might agree among themselves to  
abolish



16<sup>th</sup> April, 1930

40

abolish fines for non-attendance at their Meetings. The Committee were generally of opinion that it would be a pity to make any change in the present arrangement as to fines and requested the Deputy Governor to see Mr. Whitworth.

1085  
CT 68  
CT 70

(2) With reference to Minutes of the 12<sup>th</sup> March, the General Manager of the Royal Bank of Scotland had told him yesterday that a customer of their Drummonds Branch had informed the Manager that a Director of the Bank of England had told him that the Bank desired to dispose of the business of their Western Branch.

The Committee took a serious view of the matter and were of opinion that the Governor should inform the Court of the circumstances and point out to them that leakage of information such as this made it difficult for him to keep them fully informed on confidential matters.

1088  
CT 4

(3) With reference to the last Minutes, he had had a further Meeting yesterday with the Australian Representatives. There was still difficulty in obtaining reliable information as to the position in Australia, but present figures seemed to show that another £5/7,000,000 of gold could be sent to this Country without infringing the legal requirements regarding the percentage of gold cover to be held against their Note Issue. It appeared that if this gold were applied in reduction of their Overdrafts and if their outstanding Treasury Bills for £10,000,000 were renewed, they could with a further £20,000,000 carry on until next year during which they would probably require a further £20/30,000,000.

The Committee agreed that if these figures were confirmed, the Bank would be prepared to help the Australian Government to obtain the required assistance subject to the acceptance by the latter

41 16<sup>th</sup> April 1930 latter of such conditions and obligations as the Bank might consider necessary.

CT 85

(4) As a result of the Hattray troubles it had been decided to hold a Meeting at the Bank next week between Representatives of the Ministry of Health and Representatives of the Banks, the Issuing Houses and the Stock Exchange to review the Regulations under which Local Authorities are authorised to raise money by the issue of Stock.

Wednesday, the 23<sup>rd</sup> April, 1930.

Present :-

The Deputy Governor  
Lord Allen of  
Ainstown

Mr. Lubbock

Mr. Shaw and

Mr. Placocks

The Comptroller  
also attended

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 that a Pension of £402 a year be granted, during pleasure and in accordance with the scale, from the 1<sup>st</sup> August inclusive to V. P. Forward, a 1<sup>st</sup> Class Clerk in the Accountants Bank Note Office.

The Deputy Governor acquainted the Committee of the following matters -

(1) The Governor has recently given evidence before the Cotton Industry Committee of the Committee

of



23<sup>rd</sup> April, 1930.

42

of Civil Research and a draft of the evidence had been sent to Sir Kenneth Stewart, who considered it to be admirable and stated that the Committee had been very favourably impressed.

+C88  
CT-4.

(2) With reference to the last and earlier Minutes, he had no further information as to the Australian position, but a question had arisen as to the issue of a Conversion loan in respect of Queensland 3½% Stock, which is inscribed here and will mature on the 1<sup>st</sup> July.

The Bank were informed a short time ago that in future all issues of Stock, on behalf of Australian States would be in the form of Commonwealth of Australia Stock, that the arrangements would be made by the Australian Loan Council and that the Stock would in all cases be issued through the Commonwealth Bank, but on this occasion the Loan Council decided that the Issue should be a Queensland loan and should be issued by the Bank of England.

In 1914 an agreement was made under which the Bank would make all issues for the Queensland Government for a period of not less than 15 years. This agreement has now expired, and he had in the circumstances informed the Queensland Government that the Bank were not prepared to undertake this Issue.

+B78  
CT 100.03

(3) With reference to the last and earlier Minutes, M. Aquesnay has now been elected General Manager of the Bank for International Settlements; a formal protest was made by Dr. Luther on behalf of the Reichsbank, against the election of a Frenchman to this position.

Wednesday, the 30<sup>th</sup> April, 1930.

Present:—

The Governor  
The Deputy Governor  
Lord Cullen of  
Astonbury  
Mr. Lubbock,  
Sir Alan Anderson  
Mr. Shaw  
Sir Josiah Stamp  
Mr. Peacock.

The Comptroller  
also attended.

CT 99.

The proceedings of the last Committee were read and agreed.

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

The Committee discussed the question of the Bank Rate. The Governor read to the Committee cables to and from New York, from which it appeared probable that the Federal Reserve Bank would reduce their rate to 3 per cent. this week, and he stated that he had reason to hope that the Bank of France and the National Bank of Belgium would also make reductions. The Committee agreed that they would be justified, in view of the general situation, in recommending a reduction to 3 per cent. this week.

The following were submitted and referred to the Comt —

Staff Committee

Minute recommending appointments, &c.  
Report recommending the Election of 21  
Provisionary Male Clerks to the Permanent Staff.  
Quarterly Report of "Overs and Shorts".

Report of the Committee on St. dures in  
connection with the proposed purchase of  
land for a Sports Ground.

The Deputy Governor informed the Committee that the Meeting between representatives of the Ministry of Health

and

CT 85.



30<sup>th</sup> April, 1930

44

and representatives of the Banks, the Issuing Houses and the Stock Exchanges, referred to in the Minutes of the 16<sup>th</sup> April, had now been held and that it had been decided after considerable discussion that the Committee of the Stock Exchanges should prepare draft regulations to govern the issue of Scrip Certificates, which should be submitted to a further Meeting, to be held later.

With reference to Minutes of the 2<sup>nd</sup> April and earlier, the Committee selected the presents to be made by the Bank to Mr Parker Gilbert and Sir William Portal; they also inspected the portraits of Mr Massey and Mr Hughes by Mr Augustus John and decision as to their purchase by the Bank was deferred.

+B-78  
CT 100-03  
With reference to the last and earlier Minutes as to the Bank for International Settlements, the Governor informed the Committee that he was at Basel last week, and was going to Brussels today, probably to Paris next week, and to Basel again in the following week.

He gave to the Committee a full account of the proceedings at the Meetings at Basel on the 22<sup>nd</sup> April and following days. Sir Charles Addis and himself had supported the election of Mr McFarrah as President and M. Quesnay as General Manager, and Mr McFarrah had recommended the election of two Vice-Chairmen - Herr Melchior and Sir Charles Addis.

After the Meetings were over he had long and frank conversations with M. Quesnay who said that he had not sought the appointment and would have preferred to remain with the Bank of France and act as M. Moreau's alternate, which he himself believed would have been a more satisfactory arrangement.

M. Quesnay is determined to do everything in his power to make the Bank a

Success

45 30<sup>th</sup> April, 1930 success and he told Mr. Guesnary that in his opinion the only way to get monetary questions discussed would be to submit concrete proposals recommended by a Committee of Bankers, e.g. as to the establishment of a Gold Fund and a Devisen Fund.

The only other point arising, out of these meetings was as to the best method of dealing with the Press in Basel. The Committee were of opinion that a Press Agent there would not be necessary, but in this connection the question was raised whether the time had not come for closer and more intimate relations to be established between the Bank and the Press in London and whether it would not be well to appoint someone to undertake this work regularly.

LC 86  
CT 74

The Governor informed the Committee that in response to his request, he had received a letter expressing the Chancellor's views as to the prospective German Bond Issue.

LB 79  
CT 45 '01

(1). He was not prepared to recede from the position that the full proceeds of the London Issue should be paid over to the Government, the service of this part of the issue being met out of the British share in the unconditional annuities: the amount of the London Issue should depend on the decision of the other Creditor Governments as to the British share.

(2). If there is any difficulty in issuing the full amount of £300,000,000 contemplated in the Hague agreement as the amount of the first issue, the offer should be restricted to a smaller sum, say, £250,000,000.

(3). As



30<sup>th</sup> April, 1930.

46

(3) As regards security he was not prepared to extend the special security assigned to the unconditional annuities under the Young Plan, and in his view the Bankers must take the arrangement made at The Hague as it stands and explain it in the prospectus to the best of their ability.

Wednesday, the 7<sup>th</sup> May, 1930.

Present:—

The Governor

The Deputy Governor

Lord Cullen of  
Auchinbreck

Mr. Lubbock

Mr. Alan Anderson

Mr. Charles Adkins

Mr. Shaw

The Comptroller  
also attended.

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 Weekly Reports on Central Banks were submitted together with the Monthly Report on the National Bank of Roumania.

It was agreed that an Allowance of £60 a year be granted, during pleasure and in accordance with the scale, to Mrs C. A. Abale, Widow of J. H. Abale, a Pensioner, formerly Principal of the Securities Office.

A Minute of the Committee on St. Lucia's recommending an appointment and a pension was submitted and referred to the Court.

With reference to the last Minutes it was agreed that the Bank would be prepared to negotiate for the purchase of the portraits of

Estab.

477<sup>th</sup> May, 1930

of Mr Hughes and Mr Massey if Mr Augustus John would undertake to complete and sell to the Bank his unfinished portrait of Lord Curzon.

With reference to Minutes of the 13<sup>th</sup> November 1929, it was agreed that the present to Mr Layton in recognition of his work at Baden-Baden in connection with the Organisation Committee of the Bank for International Settlements should take the form of a silver inkstand with a cheque for £500.

HC 63  
CT 50.03

The Report of the Committee appointed by the Governor in February last to consider the Bank's policy in connection with the issue of Loans other than those on behalf of H. M. Government and with Commission on applications lodged by the Bank, either for their own account or on behalf of Customers, in respect of Loans issued through the Bank of England was submitted and approved.

HC 60  
CT 181.01

With reference to Minutes of the 20<sup>th</sup> November and earlier, the Committee agreed on the advice of The Securities Management Trust and subject to the approval of Messrs. Selwicks and Messrs Freshfields that the Advances to the Lancashire Cotton Corporation be increased from  $\frac{7}{8}$  to  $\frac{9}{8}$  per spindle up to a maximum of £500,000, in anticipation of an issue of 1<sup>st</sup> Mortgage Debenture Stock, this arrangement to be made retrospective as regards the Advances already given and to remain in force until the 31<sup>st</sup> October next when the matter shall be again reviewed in the event of an issue not having been made by that date.

With



7<sup>th</sup> May 1930

~~103~~  
CT 100.03

48

With reference to Minutes of the 30<sup>th</sup> April and earlier as to the appointments to be made to the positions of Head of Department &c, in the Bank for International Settlements, the Governor informed the Committee that the position of Manager of the Central Banking Department might be open to an Englishman and that Mr. H. J. Bruce, C. M. G., formerly of the Foreign Office, had been suggested to him as a suitable candidate for the post. Mr. Bruce had personally and socially much to commend him and he had a good knowledge of foreign languages; he had, however, no experience of Central Banking, and if he were appointed it would be necessary for someone from the Central Banking Office here to be seconded for a year or more to act as his expert Secretary. For this reason he hesitated to recommend him, but there was no other suitable English candidate, and unless he were nominated the position would probably be lost to this Country.

The Committee were of opinion that this should be avoided if possible and the question was left over for further discussion.

Arising out of this, the Governor informed the Committee that Mr. McFarrah as President of the Bank for International Settlements may take up almost immediately the question of stabilisation schemes for Portugal and Serbia. Mr. McFarrah suggests that the annuities of these Countries should in each case be mobilised and employed for the purpose of stabilisation, that a loan should be granted to each Country through their <sup>present</sup> respective bankers, and that they should in each case arrange for a Central Bank credit through the Bank for International Settlements. Mr. McFarrah makes two further proposals from which he dissents -

1. That

+ 105  
CT 9.

+ 107  
CT 10.

1. That these Countries shall have no Adviser, and
2. That the plan of stabilisation, and especially, the Bank plan, shall be approved by the Bank of England through Mr. Stepmann, and that both these facts shall be mentioned in the prospectuses of the loans.

CT. 45.01

He also informed the Committee of the proceedings at Brussels with regard to the prospective Issue under the Young Plan and said that it had been found impossible to arrive at an agreement as to whether there should be a series of national loans or one international loan, as favoured by France. He was of opinion that the principle of a series of national loans as laid down in the Young Plan should be adhered to and he had written to Mr. Melgarrach to this effect.

A further question arose as to the disposition of any balance of Commission remaining in the hands of the Bank after the expenses of the London Issue had been paid; he was of opinion that as the British Issue constitutes a mobilisation in respect of the British share of the German Annuities, and as the Issue will in effect be undertaken by the Bank on behalf of the British Government, any such surplus should be paid to the British Exchequer, and in this the Committee concurred.

1619  
SEC. 10

The Committee were informed that the Chairman of the Macmillan Committee had privately expressed a wish that evidence as to the monetary policy of the Bank during the past few years should be submitted by the Bank to his Committee. The Committee agreed that a cable be sent to Mr. Stewart asking whether he could arrange to come to England to assist the Bank in the preparation of such evidence.



Monday, the 12<sup>th</sup> May, 1930.

Present:—

The Deputy Governor  
Lord Cullen of  
Selkirk  
Mr. Lubbock  
Sir Alan Anderson  
Mr. Shaw  
Mr. Peacock

The Comptroller  
also attended.

HC 2  
CT 98

The Deputy Governor informed the Committee that he had asked them to meet today at the request of the Governor to consider a question concerning Colonel Portal to which an answer must be given to-morrow.

In 1929 Messrs. Portal decided that their Bank Note and Commercial businesses should be carried on separately and they formed a Company—Messrs. Portal (John Allen & Sons) Ltd.,—to carry on their commercial business. This Company was later sold to Messrs. Wiggins Teape & Co., and Colonel Portal became a Director of the new Company. The Chairman has now died and the other Directors have invited Colonel Portal to become Chairman, he being in their view the person best qualified to conduct successfully the work which has still to be done in connection with the re-organisation into a single rationalised undertaking of the many separate units which have recently been absorbed by the Company.

The Governor felt that this was not a matter which he could decide and had therefore referred it to the Committee of Treasury.

The Committee, while sharing the Governor's view that caution was necessary, having regard to the charge made against the Bank a few years ago of unduly favouring Messrs. Portal at the expense of other Firms, were of opinion that the situation had now materially altered and they considered that Colonel Portal could accept this position without disadvantage to the Bank, provided that the discharge of the duties to be undertaken by him would

12<sup>th</sup> May 1930.

would not prejudice in any way the efficient conduct of the business of Messrs. Portal under his continued guidance and control.

Wednesday, the 14<sup>th</sup> May, 1930.

Present:—

The Deputy Governor  
Lord Cullen of  
Astonbury

Mr. Lubbock,

Sir Alan Anderson

Mr. Shaw

Mr. Peacock

The Comptroller  
also attended.

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 Weekly Reports on Central Banks were submitted together with the Monthly Report of the Committee on Advances and Discounts.

It was agreed that Allowances be granted, during pleasure and in accordance with the scale to the following,—

LC 64  
Establs.

Mrs. F. J. Stevens, Widow of A. H. Stevens, a Senior Clerk in the 5% War Stock Office—  
£59 a year.

LC 65  
Establs.

Mrs. Gertrude Zwinger, Widow of J. L. Zwinger, a Pensioner, formerly a Cashier—  
£50 a year.

It was



14<sup>th</sup> May 1930

52

It was agreed to recommend to the Court that the Agent of the Hull Branch be authorised to make a donation of £25 towards the expenses of the Annual Show of the Yorkshire Agricultural Society.

A request from the Royal Institute of Public Health for a donation towards the fund for the rebuilding of their Institution was declined.

The Deputy Governor acquainted the Committee of the following matters -

(1) A firm of Discount Brokers in London had proposed to participate in the establishment of a French Discount Company in Paris, and to provide some part of the Capital, members of the Firm to become Directors of the Company and thus provide the necessary expert knowledge. The matter had been considered by the Committee on Advances and Discounts who were of opinion that Discount Houses here should neither open branches abroad nor deprive themselves of their resources in favour of foreign commitments; they saw no objection, however, to a member of this market becoming a Director of a Discount Company established abroad provided that he did not thereby prejudice the conduct of his business in London.

The Committee on Advances and Discounts were further of opinion that it was undesirable for Bill Brokers to have commitments of any magnitude in this Country outside their own line of business, and the Committee concurred in these views.

(2) With reference to the last and earlier Minutes as to the Bank for International Settlements, he understood that little, if any, progress had been

CT. 45.01

HB 78

been made towards reconciling the conflicting views as to the form in which the Mobilisation Bonds to be issued under the Young Plan should be drawn.

CT 100.02

The issue of the Shares of the Bank for International Settlements would be made on the 20<sup>th</sup> instant, and he believed it to be now the Governor's view that there should be no public offer of any of the Shares to be taken by the Bank, though it might be arranged later to offer participations privately to a selected group, e.g. the Shareholders in the Bankers Industrial Development Company.

LC 62  
CT 99

(3) With reference to the Minutes of the 12<sup>th</sup> instant, he read to the Committee a letter which he had written to Colonel Portal.

LC 88  
CT 4

(4) With reference to previous Minutes on the question of Australia, he has been informed that he is being quoted there as having expressed approval of the scheme for the new Australian Central Bank. Except for certain criticisms contained in a private and personal cable sent in reply to one received from the Chairman of the Commonwealth Bank, he has expressed no views regarding the scheme. In this connection he had reason to believe that an attempt was being made by private parties to induce the Australian Government to invite the Bank to send a representative to Australia to advise as to the Central Banking proposals and the general financial position.

LC 19  
SEC. 10

With reference to the last Minutes as to the evidence to be submitted to the Macmillan Committee on the monetary policy of the Bank, Mr. Stewart had stated that



117<sup>th</sup> May 1930 that he could not be in London before the middle of June, while the Governor had planned to go away about that time. It was agreed that a memorandum of the Bank's policy should be prepared and submitted to the Committee as soon as possible and that the Bank should be prepared to give oral evidence in support of the matters dealt with in the memorandum.

54

With reference to the last and earlier Minutes, it was agreed that the silver tankard to be presented to Mr Parker Gilbert should be suitably inscribed and that an endeavour should be made to find an alternative for the silver-gilt dish recently selected for the Golden Wedding present to Sir William Portal.

The Committee also agreed that negotiations for the purchase of the Portraits of Mr Massery and Mr Hughes should not proceed further until Mr John was in a position to give the desired undertaking to complete the portrait of the late Lord Cunliffe.

Tuesday, the 20<sup>th</sup> May 1930.

Present:—

The Governor  
The Deputy Governor  
Lord Allen  
of Ashbourne  
Mr. duBois  
Sir Alan Anderson  
Sir Charles Addis  
Mr. Shaw and  
Mr. Peacock

The Comptroller  
also attended

1878

CT 100.03  
CT 100.04

The proceedings of the last Committee were read and agreed.

The Governor outlined to the Committee the present position of the Bank for International Settlements and the results of the Meetings and negotiations which had taken place during his recent visit to Basel; the Bank had been started with a Banking Staff which was entirely inadequate and most unsatisfactory partly due to the difficulty of attracting competent men. He had asked Mr Rodd to proceed to Basel to give assistance.

The spirit in which the Bank had been begun was disappointing; there appeared to be suspicion as to the attitude of the Bank of England, possibly owing to Mr Siepmann's refusal to take charge of the Central Banking Department, which they associated with the Bank's earlier attitude in regard to the appointment of M. Cuesnary, and there was reluctance to offer the post to Mr H. J. Bruce.

In regard to the Mobilisation Loan under the Young Plan, referred to in the Minutes of the 9<sup>th</sup> April and later, he had long discussions with Mr Fraser but had been unable to arrive at any definite conclusions. It was proposed that the total amount would be £300,000,000 of which £10,000,000 Cash would be subscribed in London; that the Loan, all tranches of which would rank pari passu, would be redeemable within 35 years by means of a Cumulative Sinking Fund, right being

N/E



20<sup>th</sup> May, 1920

56

being reserved to redeem in whole or in part after 5 years; the rate of interest to be  $5\frac{1}{2}$  percent.; the bonds and coupons of the London Issue to be payable only in Sterling, those of the other tranches only in the currency of the country of issue. There was considerable divergence of opinion regarding the price of issue, which, in his opinion, should not be below 90; the French and American representatives however considered the figure should be in the neighbourhood of 86. The prospectus of the London Issue will state that application forms may be obtained from the Banks as in the case of the German External Loan of 1924. Whilst the Bank would under these proposed arrangements be committed to the placing of a sufficient amount of the loan to raise £10 millions cash, it was doubtful whether it would be possible to underwrite more than, say, £6-£7 millions and the Bank would probably have to carry temporarily any portion of the total which could not be underwritten or placed privately prior to the issue.

With reference to the question of Stabilisation schemes for Portugal and Serbia, referred to in the Minutes of the 7<sup>th</sup> May, two groups of British Bankers were already in negotiation with these Countries but Mr Fraser insisted that any further schemes should be controlled by the Bank for International Settlements, a course which it would be difficult to oppose. The Governor in consultation with Mr Fraser had suggested that when the schemes were prepared the Private Bankers should request the Central Banks concerned to

submit

et 9. H.A. 85  
1678  
et 10

57 20<sup>th</sup> May, 1920 submit the schemes to the Bank for International Settlements, who would request a nominee to prepare a private Report on the schemes, copies of which would be given to the Bank for International Settlements, the Private Bankers and the Central Bank concerned. Mr. Fraser was determined to ask Mr. Siepmann to prepare the Report and wished to make reference to it in the Prospectus, and the Governor asked the Committee to consider whether they were willing for Mr. Siepmann to act in this capacity, on the understanding that the Report would be marked "Private."

It was, however, doubtful whether Portugal would be willing to accept a scheme controlled by the Bank for International Settlements.

N/E Mr. Fraser and M. Quesnay were anxious that the Central Banks should make deposits with the new Bank and he proposed to make a deposit of, say, £5,000,000 and £500,000 for three months and thereafter at 30 days notice.

L B-8  
CT 100.02

With reference to the Minutes of the 14<sup>th</sup> May, the Governor informed the Committee that in connection with the issue of Shares of the Bank for International Settlements, payment had to-day been made in respect of 16,000 Shares (25% paid) each of Swiss Francs 2,500, being the approximate equivalent at the par of exchange of £396,486.

It was agreed to recommend to the Court of Directors that such accounts be opened in the Private Drawing Office in the  
name



20<sup>th</sup> May, 1930.

name of the "Bank for International Settlements," as may be necessary.

58

The Governor also informed the Committee of the following matters -

(1) With reference to the Minutes of the 2<sup>nd</sup> April, the Iron and Steel Sub-Committee of the Committee of Civil Research were now preparing their Report and he had agreed that a clause be inserted, as part of his evidence, to the effect that funds to the extent of, say, £15,000,000 would, in his opinion, be available for schemes of Rationalisation of Industry which were found to be technically and financially sound and economically satisfactory.

ET 171  
CT 183

(2) With reference to the last and earlier Minutes on the question of Australia, the negotiations had not led to any conclusions, but the Deputy Governor had sent a personal cablegram to Sir Robert Gibson in which he had suggested, inter alia, that if an invitation were received from the Australian Government, the Bank might perhaps be prepared to send a Representative to Australia - on certain conditions - to advise on the position. Sir Robert Gibson in reply had heartily approved this suggestion.

+ C 88  
CT 4

He therefore proposed in the event of such invitation being received to ask Sir Otto Niemeyer to undertake this work; the Committee concurred.

The Committee then adjourned until Wednesday, the 21<sup>st</sup> May.

Wednesday, the 21<sup>st</sup> May, 1930.

Present, —

The Governor  
The Deputy Governor

Lord Allen of  
Asbourne

Mr. Dubover

Sir Charles Addis

Mr. Shaw

Sir Josiah Stamp  
and

Mr. Peacock,

The Comptroller  
also attended.

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 Weekly Reports on Central  
Banks were submitted.

The following were submitted  
and referred to the Court —

Minute of the Staff Committee, recommending appointments,  
Report of the Election of representatives of the  
Staff to the Advisory Council of Directors and Staff.

The Committee had before them  
a letter from R. A. Thornhill, a Cashier, in  
which he asked to be allowed to retire from the  
service on the 1<sup>st</sup> August next. Thornhill  
is 61 years of age and will complete 43 years'  
service on the 9<sup>th</sup> June.

It was agreed to recommend to the  
Court that Thornhill's resignation be accepted  
and that he be granted a Pension of £566.18/-  
a year, during pleasure and in accordance  
with the scale, from the 1<sup>st</sup> August  
inclusive.



Monday, the 26<sup>th</sup> May, 1930.

60

Present.

The Deputy Governor  
Lord Cullen of  
Abercrombie

Mr. Lubbock

Sir Alan Anderson

Mr. Shaw, and

Mr. Peacock.

The Comptroller  
also attended, and

Mr. Jenkins and

Mr. Stepmann  
attended  
by invitation

CT 45-01

The Committee considered a Memorandum of the telephone messages received from the Chief Cashier in Paris on the 25<sup>th</sup> May in which the Governor sought the views of the Committee of Treasury on certain points in connection with the German Mobilisation Loan.

The loan had been discussed in London and elsewhere on the assumption that the Prospectus and the Bond would contain a direct and unconditional obligation by the borrowers to each bondholder as to payment of Capital and Interest. A Committee of Bankers had now met the various Treasuries who disagreed with such an obligation and considered that the obligation to the Bondholders should rank *pari passu* with the unconditional Annuities and with the Kruger and Toll loan; France had accepted the position but it was very doubtful whether America would accept it.

The Governor therefore asked the Committee to consider whether under the altered conditions —

1. The loan could still be issued in London and, if so, whether there would be any alteration as to the price and the amount.
2. Whether the position would be materially altered if the whole £300 million were not issued now — for instance if New York dropped out.
3. Whether there was any precedent for such a loan to be issued without a direct and unconditional obligation of the borrower to the lender.

The

61<sup>th</sup> 26<sup>th</sup> May 1930

The Committee also had before them a memorandum of Sir William Reese's views to the effect that a statement could properly be made in regard to the security for the loan, as follows, viz:—

"The service of the loan is to be provided as to  $\frac{2}{3}$ <sup>rd</sup> out of the non-postponable Annuity payable by Germany and as to  $\frac{1}{3}$ <sup>rd</sup> out of the general revenues of Germany.

"The payment of these sums is the direct and unconditional obligation of Germany raising *hans passen* with the direct and unconditional obligation of Germany to pay the not yet mobilised portion of the non-postponable Annuities."

The Committee agreed to give the following answers to the Governor's questions—

1. If the Bank of England can satisfy themselves that a statement on the lines suggested by Sir William Reese can properly be made, the loan could still be issued in London.

2. But the loan could not so easily be placed as if it were a direct and unconditional obligation of the German Government towards the Bondholder for the full service of the Bond. Certainly the price and possibly the amount that could be placed would be affected.

3. If New York dropped out or if the whole \$300 million were not issued now the whole position would be very seriously affected.

4. There are some rare precedents for issuing a loan which represents no direct and unconditional obligation of the borrower towards the bondholder. An Egyptian loan issued by Barings many years ago and a

Chile



26<sup>th</sup> May, 1930

62

Chile loan issued by Schroders, both quoted on the Stock Exchange as Government loans, were in fact Annuity loans issued by a Trustee. In these cases the principal of the bond would not have been enforceable in the event of default in the payment of one annuity. Specific amounts had to be paid each year in respect of interest and principal and a default would merely have entailed an obligation of the Trustee to try and collect from the debtor the annual amounts due.

5. This kind of construction, namely an Annuity loan issued by the Bank for International Settlements and not representing a direct obligation of the German Government, seemed on the facts of the case to be the appropriate construction for the Mobilisation loan. But they recognised that:

- (a) in practice the idea of a Mobilisation issue which is not a German Government loan may be unacceptable;
- (b) the idea of an issue by the Bank for International Settlements as Trustee may be impracticable at this date, and seems to be contrary to the Plan;
- (c) if an Annuity loan were issued it would have a much better market here in the event of the Bank of England being trustee and receiving the service from Germany (direct or through the Bank for International Settlements) and this is probably not workable under the Plan.

b. The Committee therefore reverted to the idea of a German Government loan based upon the obligation of Germany to pay the annuities to the Bank for International Settlements. They found it difficult to

Consider

26<sup>th</sup> May 1930

consider this alternative without knowing in some detail what is to be said in the General Bond. The second paragraph in Sir William Leese's suggested statement appeared to mean that Germany has entered into a direct and unconditional obligation to pay the annuities to the Bank for International Settlements and from these annuities will come the service of the loan. The Committee did not think that the Bank of England would be satisfied with a statement which might disguise from the Bondholder whether the obligation of Germany is towards the Bank for International Settlements or towards the Bondholder.

The Committee also considered a letter sent by Mr J. S. Waley to Sir F. Leith Ross on the question of the gold clause. The Committee understood that the Governor, having successfully carried his objection to an international bond and coupon, would be willing to consider some method of protecting the bondholder, not against the depreciation, but against the legal devaluation of his national currency; that this would be done not by defining sterling in terms of gold on the face of the bond, but by introducing into the text of the prospectus a clause to the effect that for the purposes of this loan the legal definition of sterling at present in force will be applicable in all circumstances. It appeared that this was required for the sake of uniformity and that a similar condition would be made for the other tranches of the loan.

The Committee <sup>thought</sup> that it would be difficult to stand out from such an arrangement



26<sup>th</sup> May, 1930.

64

arrangement if it were adopted by the others and that it would be a mistake to raise any objection, especially if the effect were to hamper the Governor in maintaining his position on the much more important point of internationality.

Wednesday, the 28<sup>th</sup> May, 1930.

Present:—

The Deputy Governor  
Lord Cullen of  
Astonville.

Sir Alan Anderson  
Mr. Peacock.

The Comptroller  
also attended.

The proceedings of the Meetings of the 20<sup>th</sup>, 21<sup>st</sup> and 26<sup>th</sup> May were read, amended 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 Weekly Reports on Central Banks were submitted.

A Report of the Staff Committee recommending that H. N. Turner, a 3<sup>rd</sup> Class Clerk in the Cashier's Department and Branches, be dismissed was submitted and referred to the Court.

1 c 66 An application by the Cambridge University Association for a donation to the Fund which is being raised in connection with the benefaction offered by the International Education Board founded by J. D. Rockefeller was declined.

The Deputy

65<sup>th</sup> May, 1930.

The Deputy Governor acquainted the Committee of the following matters -

~~B-78~~  
CT 100.03  
CT 100.04

1. Mr. Road proceeded to Basel on the 21<sup>st</sup> May for an indefinite period to assist in the work of organisation of the Bank for International Settlements and was now acting as Head of the Central Banking Department; he had reported that he was extremely well received and there was friendly co-operation between the French and the Germans, but the technical side of the Banking Department appeared at the moment to be lacking in efficiency.

CT 45.01

2. Sir Charles Addis had now gone to Paris to assist the Governor in matters arising out of the negotiations for the German Mobilisation Loan.

~~C-88~~  
CT. 4.

3. With reference to the Minutes of the 20<sup>th</sup> May on the question of sending a representative to Australia, he had sent a confidential cablegram to Sir Robert Gibson on the 22<sup>nd</sup> instant in which he had enquired whether Sir Otto Niemeyer, or, as a possible alternative, Sir Bertram Hornsby, if available, would in his opinion be acceptable to the Commonwealth Government.

CT 67.02

4. With reference to the Order of Court of the 24<sup>th</sup> March 1927 under which the Bank Sports Club are allowed to arrange for a maximum of six Sunday Cricket Matches for the First XI at the Sports Club, commencing at 11.30 a.m., he had received a request for permission to increase the number of such Matches to  
twelve



28<sup>th</sup> May, 1930

66

twelve; he understood that this would entail a considerable amount of extra work for the Ground Staff, and as it appeared to be undesirable to ask them to undertake additional Sunday duties he had refused to grant the request.

The Committee concurred.

Wednesday, the 4<sup>th</sup> June, 1930.

Present:—

The Deputy Governor  
Lord Cullen of  
Astonmore

Mr. Shaw

Mr. Placost

The Comptroller  
also attended.

The proceedings of the last Committee were read and agreed.

The Weekly Statement of Discounts and Advances granted to Bill Brokers, 10, was read.

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

The Weekly Reports on Central Banks were submitted.

A Report of the Audit Committee on Audits taken by the Audit Department between the 15<sup>th</sup> January and the 22<sup>nd</sup> April was submitted and referred to the Court.

It was agreed to recommend to the Court that Ernest Leeds, a Superintendent in the Dividend Office, be granted a Pension of £465:16:— a year, during pleasure and in accordance with the scale, from the 1<sup>st</sup> September next inclusive.

The Deputy Governor acquainted the Committee of the following matters:—

1. With

67. <sup>1st</sup> June, 1930

CT 45.01

1. With reference to the last and earlier Minutes, the negotiations for the issue of the German Mobilisation Loan are now practically complete and are only awaiting the agreement of the Germans to a direct and unconditional obligation. The Governor hopes to leave Paris this afternoon, but it will be necessary for him to return there for a full Meeting of all the Bankers at which the price of issue of the Loan will be fixed. It is probable that this Meeting will be held on Tuesday next, the 10<sup>th</sup> instant, and the Loan issued on Thursday or Friday, the 12<sup>th</sup> or 13<sup>th</sup> instant.

~~1088~~  
CT 4.

2. With reference to the last Minutes, Sir Robert Gibson has now cabled to the effect that he is in favour of the suggestion that Sir Otto Niemeyer should visit Australia as the Bank's representative and that in his opinion this would probably be acceptable to the Australian Government. He considers it, however, inadvisable that such a visit should be proposed by him to his Government and he thinks that the suggestion had better be made from London by the High Commissioner. Acting on this he had seen Mr. Collins, who is now back from New York, and as a result the High Commissioner had cabled to his Government. No reply had, however, yet been received and it therefore seemed unlikely that, in the event of a favourable answer, Sir Otto would, as had been hoped, be able to start this week.

In this connection he had learned that Major Casey, private and unofficial Agent in London of the Australian Prime Minister, had made enquiry this week in a certain quarter in London as to whether the Australian Government would be well advised to enlist

the



4<sup>th</sup> June, 1930

the service of an independent Financial Adviser 68 in London, and he had also asked for advice as to whether in that event the Bank of England would be the most suitable quarter for the Government to approach and whether, if approached, they would be likely to be willing to serve in such a capacity. It seemed possible that Major Casey's action might have been prompted by some communication from his Government resulting from the above mentioned cable addressed to them by the High Commissioner.

Present:-

The Deputy Governor  
Mr Lubbock  
Sir Charles Adair  
Mr Shaw and  
Mr Peacock  
The Comptroller  
also attended.

Wednesday, the 11<sup>th</sup> June, 1930.

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.

1027  
N/E  
It was agreed to pay to the Operatic, Dramatic and Orchestral Society, the sum of £100 to make good the deficiency in their funds for the past year.

It was agreed to recommend to the Court of Directors that the following be appointed as their representatives on the Advisory Council of Directors and Staff for the ensuing year:-

Sir Alan Anderson (Chairman)  
Mr Lubbock  
Mr Hambro  
Sir Ernest Harvey  
Mr Walker  
Mr Dejeaux

The Committee

69 11<sup>th</sup> June, 1930

The Committee had before them a letter from J. F. M. Kennedy, a woman clerk, tendering her resignation from the service on account of ill-health. It was agreed to recommend to the Court of Directors that Miss Kennedy's resignation be accepted as from the 5<sup>th</sup> July and that she be granted a Pension of £64:10:- a year during pleasure and in accordance with the scale from the 6<sup>th</sup> July inclusive.

~~LC 68~~  
No paper

It was agreed to recommend to the Court of Directors that a donation of £500 be made on behalf of the Birmingham Branch to a scheme which has recently been inaugurated for the establishment of a Hospitals Centre at Birmingham.

~~LC 67~~  
Establs.

An application from the London Young Women's Christian Association was declined.

The Deputy Governor acquainted the Committee of the following matters, vizt:-

~~LC 88~~  
CT. 4.

(1) With reference to the last Minutes, a cable has now been received by Mr. Collins from the Australian Prime Minister agreeing to the suggestion that the Bank should send a representative to Australia, and Sir Otto Niemeyer, Mr. Kershaw and a confidential typist are accordingly leaving for Australia next week. The Governor considers that an economist should accompany them in an advisory capacity and an endeavour is being made to secure the services of Mr. Gregory.

The Australian Government wish to give public notice of the visit and have cabled the terms of their proposed announcement;  
certain



11<sup>th</sup> June, 1930.

70

certain amendments have been suggested by the Bank and approved by the Australian Government. By arrangement with the Bank the public announcement will not be made until the party have sailed.

CT 45.01

(2) With reference to the last and earlier Minutes, the final details of the German Mobilisation Loan were not settled until late last night in Paris so that it will not be possible to issue the Prospectus in London this evening. It will, however, be issued throughout the country tomorrow morning and the list for subscriptions will be opened on Friday.

(3) Mr Stewart sails from New York to-day. Dr Sprague is expected to arrive in Europe to-day on his way to Geneva and will probably be at the Bank by the end of this month.

LC 70  
Office File  
P 145

(4) The Governor has received a personal letter from Mr Blegg, Governor of the Reserve Bank of South Africa, stating that he will retire from his position at the end of the year or a few months later. He will therefore be returning to London for good either in January, 1931, or possibly about four or five months later. He would like then to find some occupation in London and asks for the Governor's advice.

The Governor feels that, having regard to Mr Blegg's long service with the Bank of England and to the great experience in Dominion Central Banking which he has gained in the course of the 10 years during which he has been Governor of the Reserve Bank, the Bank should endeavour to secure his services in some capacity on his return to London.

The Committee favoured an arrangement on either of the following lines -

(a) The Bank to offer him a position as Adviser, not necessarily involving whole time work, at a salary of, say, £2000 per annum for a period of, say, five years.

^ (b) 30

71 11<sup>th</sup> June, 1930.

- (b) To offer him a Directorship, leaving him free to fill up his spare time by the acceptance of other suitable work of a similar character.

Present :-

The Deputy Governor  
Lord Cullen of  
Ashbourne  
Mr. Lubbock  
Sir Alan Anderson  
Sir Charles Addis  
Mr. Shaw and  
Mr. Peacock  
The Comptroller  
also attended.

Wednesday, the 18<sup>th</sup> June, 1930.

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.

In this connection the Deputy Governor read a cable from Mr. Harrison stating that the Federal Reserve Bank of New York propose to recommend a reduction of their Rate to 2½ per cent.

Weekly Reports on Central Banks were submitted together with the Monthly Report on the National Bank of Roumania.

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

The following Reports and Minute of the Staff Committee were submitted and referred to the Court -

- (1) Quarterly Report on Payments made, etc.
- (2) Report on the case of E. G. Crook, a 4<sup>th</sup> class clerk attached to the Cashier's Department and Branches.
- (3) Minute recommending Appointments, etc.

With



18<sup>th</sup> June, 1930.

1093

CT. 146

With reference to the Minutes of the 72  
2<sup>nd</sup> October, 1929, and earlier as to the Social History  
of the Bank, the Committee agreed that the St. Luke's  
Printing Works should be entrusted with the work  
of printing the History and that the maps and  
illustrations should be prepared by the Oxford University  
Press. Mr. Acres was requested to obtain estimates of  
the cost and make a further report to the Committee  
as soon as possible.

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

1098

CT. 4.

(1) With reference to the last and earlier Minutes,  
arrangements had been made for Mr. Gregory to  
accompany Sir Otto Niemeyer and Mr. Kershaw to  
Australia as an Adviser. The party had left London  
to-day and it was the intention of the Australian  
Government to make a formal announcement on the  
subject immediately.

(2) The Governor left Basel last night and ~~was~~<sup>is</sup> expected  
to arrive in London this afternoon.

(3) Mr. Stewart arrived in England yesterday from New  
York and Dr. Sprague is expected at the Bank this  
afternoon.

(4) The German Mobilisation Loan had been over-  
subscribed in London, but was now at a discount.

CT 45 01

In this connection he wished to acquaint  
the Committee with the excellent work performed  
by the Printing Works at St. Luke's in connection  
with the printing and circulation to Banks  
throughout the Country of the prospectus of the  
Loan.

1098

CT. 100. 03

CT. 100. 04

(5) He called the attention of the Committee to  
an announcement in the Press to-day as to the  
appointment of Mr. Rodd to a position with the  
Bank for International Settlements and Sir Charles  
Addis briefly informed the Committee of the nature of the  
appointment.

Monday, the 23<sup>rd</sup> June, 1930.

The Governor  
 The Deputy Governor  
 Lord Buller of Ashbourne  
 Mr. Lubbock  
 Sir Alan Anderson  
 Sir Charles Addison  
 Mr. Shaw  
 Mr. Praeger  
 The Comptroller also

attended.

LB 78

CT 100.03

CT 100.04

The proceedings of the last Committee were read and agreed.

The Governor acquainted the Committee of the following matters:-

(1) He read a Resolution of the Board of Directors of the Bank for International Settlements appointing Mr. Francis Rodd as a manager of that Bank, with compensation and allowance to be fixed in accordance with the remuneration scale already authorised by the Board. Mr. Rodd will be seconded from here, but the precise arrangements as to salary, etc., have not yet been decided.

LC 60

CT 181.01

(2) It will be necessary, in order to enable the Lancashire Cotton Corporation to proceed with their business, that the advance of £500,000 authorised on the 7<sup>th</sup> May be increased to £1,000,000.

CT 178

LB 90

CT 186

LB 55

(3) Arrangements are being made for the Securities Management Trust to advance £200,000 to the Shipbuilding Industry Ltd., for the purchase of Messrs. Beardmore & Co's Shipbuilding Yard, this advance to be repaid out of the proceeds of an Issue which will be made in due course.

CT 45.01

(4) He explained briefly the difficulties that had arisen during the negotiations for the Mobilisation Loan and said that eventually, in order to meet the views of Germany and prevent delay in the issue of the Loan which might be fatal, he had suggested a reduction from 4% to 3½% in the allowance to be paid to the Issuing Bankers. This was agreed to by all countries except France and America:

America



23<sup>rd</sup> June, 1930

74

America remained at 4% and France, although nominally reducing to 3½%, insisted on an additional payment of ¾% for special expenses.

With reference to the Minute of the 7<sup>th</sup> May agreeing that the balance of commission, after payment of all charges, should be paid to the British Exchequer, he had now arranged that this balance should be paid to The Securities Trust, and applied in reduction of the outstanding cost of the Sänderbank certificates.

CT. III.

LC 74  
SEC. 6

(5) He had recently seen Sir Edward Cook, who was Financial Secretary to the Government of India and afterwards Financial Adviser to the Government of Siam. In his opinion he would be a very useful man for the Bank and as he is now seeking employment, he proposed to approach him with a view of offering him an appointment at the Bank for, say, 5 or 10 years.

(6) Mr. Stewart has arrived in London to take up certain questions on behalf of the Bank. He is now in private business in New York and, while he will be willing at any time to give all possible help to the Bank, he considers it advisable not to enter into any contract; the offer made to him last January therefore lapses.

LC 88  
CT. 4.

(7) With reference to the last and earlier Minutes, he called the attention of the Committee to a sentence in the Australian Prime Minister's statement on the 18<sup>th</sup> instant that Sir Otto Niemeyer's visit is not related to Commonwealth Bank legislation. The Deputy Governor was requested to write to the Australian High Commissioner in London and express the hope that this did not imply the exclusion of the Commonwealth Bank from the discussions that would take place.

(8) ac

75<sup>23</sup> June 1930

HC 69  
ET 27

(8) At the request of the Secretary for Foreign Affairs, he had suggested the names of four persons who would, in his opinion, be suitable as Chairman of a Committee to be set up to examine the Russian credit position.

The Committee were asked to consider the following questions:-

HC 55  
ET 118

1. The advisability of giving notice in the autumn that the Bank would no longer undertake to guarantee Commercial Bills for Central Banks except on payment of a direct commission, this change in practice not to apply to the South African Reserve Bank.

HC 70  
N/E

2. As to the action of the Bank in regard to money that might be sent to London by the Bank for International Settlements, i.e.,

(a) Whether the Bank would be prepared to place such money on deposit for periods of one to eleven and a half months with certain Banks under guarantee, or

(b) Whether the Bank would be prepared only to employ money for them for periods not exceeding 3 months, declining to give any guarantee for money placed on deposit with other Banks, and refusing to make any recommendation as to the Banks with whom deposits should be made.

The Committee agreed to consider these proposals together with any alternative suggestions that might be made.

The Governor made a full statement on the home Banking position especially in Lancashire and Scotland, on the question of succession to the Governorship and on the organisation of the higher administration of the Bank.



Present:-

The Deputy Governor  
Lord Cullen of

Ashbourne

Mr. Lubbock

Sir Alan Anderson

Sir Charles Addis

Mr. Shaw

Mr. Peacock

The Comptroller  
also attended.

Wednesday, the 25<sup>th</sup> June, 1930.

76

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 Reports on Central Banks  
were submitted.

A letter from the Chancellor of the  
Exchequer applying for Advances during the  
ensuing quarter was submitted and referred to  
the Court.

It was agreed to recommend to the  
Court of Directors that a Pension of £514:3:8 a  
year be granted, during pleasure and in  
accordance with the scale, from the 20<sup>th</sup> September  
next inclusive to W. H. Goswell, a Superintendent  
in the Bank Stock Office.

The Deputy Governor informed the  
Committee of the following matters:-

(1) He has been requested to give further evidence  
before the Macmillan Committee on Wednesday  
next, the 2<sup>nd</sup> July, at 10.30 a.m., and he asked for  
the views of the Committee on certain points which  
he had reason to believe might be raised, including  
the question of the amalgamation of the Issue  
and the Banking Departments.

In view of the foregoing, it was agreed  
that the Committee should meet next week at  
2.30 p.m., on Tuesday instead of on Wednesday.

(2) He

1619  
SEC. 10

77<sup>25</sup> June, 1930.

CT. 4.

(2) He read to the committee the letter which he had written to the Australian High Commissioner in London as requested by the committee at their previous meeting.

LC 88

N/E

(3) He has been informed that the High Commissioner for New Zealand proposes to call upon him this week, and he believes that the purport of the visit is to enquire whether the Bank would agree to allow Sir Otto Niernmeyer to go to New Zealand when he has completed his business in Australia. The Governor was of opinion that any such request, if made, must be declined, and in this the committee concurred, but it was suggested that Mr. Hershaw might perhaps be allowed to go to New Zealand, hear their problems and report them to the Bank in due course.

The committee discussed further points in connection with the Governor's statement at their last meeting as to the Home Banking position, the succession to the Governorship and the organisation of the higher administration of the Bank.

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Tuesday, the 1<sup>st</sup> July, 1930.

Present:-

The Deputy Governor  
Lord Allen of  
Aston  
Mr. Ambrose  
Sir Alan Anderson  
Sir Charles Adair  
Mr. Shaw  
Sir Josiah Stamp  
Mr. Peacock

The Comptroller  
also attended.

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 that a Pension of £752 a year be granted, during pleasure and in accordance with the scale, to R. J. Hutchinson, Principal of the Bank Stock Office, from the 30<sup>th</sup> September inclusive.

The Deputy Governor acquainted the Committee of the following matters -

+ C 88  
N/E.

(1) With reference to the last Minutes he had now to report that the High Commissioner for New Zealand called at the Bank a few days ago and enquired whether the Bank would allow Sir Otto Niemeyer to go to New Zealand on the conclusion of his visit to Australia to discuss questions of currency and exchange. He had cabled to Sir Otto Niemeyer who had suggested that the matter be left open pending the development of affairs in Australia and that the New Zealand Government should in the meantime send to him in Australia precise information as to their problems and a letter had been written to the High Commissioner to this effect.

(2) He read

79 1<sup>st</sup> July, 1930 // (2) He read to the Committee a letter from Mr. Stewart regretting that he could not see his way to accept the arrangement suggested in the Minutes of the 5<sup>th</sup> March last, and expressing the hope that if at any time he could render any service, the Bank would feel free to command him. He stated that Mr. Stewart would in respect of his present visit prefer to receive merely a fee sufficient to cover his expenses and it was agreed to recommend to the Court that he be granted a sum of £525.

Wednesday, the 9<sup>th</sup> July, 1930.

Present —

The Deputy Governor  
Lord Allen of  
Aston

Mr. Lubbock

Sir Alan Anderson

Sir Charles Addis

Mr. Shaw, and

Mr. Peacock.

The Comptroller also  
attended.

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 Weekly Reports on Central  
Banks were submitted.

A Report of the Staff Committee  
on the case of George Rose, an Auxiliary  
Clerk was submitted and referred to the  
Court.

With reference to Minutes of  
the 25<sup>th</sup> April 1928, recommending the  
construction



9<sup>th</sup> July 1930

80

construction of buildings at St. Luke's Printing Works to accommodate the Dividend Preparation Office at an estimated cost of £92,500. The Deputy Governor informed the Committee that the work was now complete and that during the course of construction it had been found necessary to approve additional expenditure amounting to £19,455, making the total cost of the building £111,955; it was agreed that a report to this effect be made to the Court.

A letter from Mr. C. J. Hambro asking permission for his name to be considered by the Board of Directors of the Great Western Railway as a candidate for a vacancy on that Board was submitted and referred to the Court.

The Deputy Governor acquainted the Committee of the following matters:-

LC 98  
N/E

(1) The Government of New Zealand had approved the proposals contained in the last Minutes as to consultation with Sir Otto Niemeyer and he had cabled Sir Otto to that effect.

(2) Mr. Stewart had given evidence before the Macmillan Committee on Thursday, the 3<sup>rd</sup>, and Friday, the 4<sup>th</sup> July, and was now on his way back to New York.

LC 98  
CT 90 06

(3) He referred to the "Banksers' Manifesto" which had been published in the Press on Friday last, the 4<sup>th</sup> July, and informed the Committee as to visits which he had had from representatives of the Press and others, who were under the erroneous impression that the Bank had been in some way connected with the matter.

(4) He had

81. 9<sup>th</sup> July, 1920.

(4) He had yesterday received a letter from Mr. Konic on the question of increasing the charges for Acceptance Credits. It appears that Mr. Konic saw the Governor on this subject some time ago and now wishes the Governor to call a Round Table Conference of Bankers and Accepting Houses to discuss the question. He proposed to inform Mr. Konic that this question appeared to be one which should more properly be discussed with the Chairman of the Committee of Clearing Bankers and the Chairman of the Accepting Houses Committee, and that the Bank were not prepared to take the initiative in summoning such a Conference.

1078  
CT. 100

With reference to Minutes of the 23<sup>rd</sup> June as to the policy to be pursued by the Bank in regard to money which the Bank for International Settlements might wish to place on deposit in London, it was agreed that no decision be taken at present as to the general principles which are ultimately to govern the method of placing such deposits, but that for the present the Bank should undertake to deposit such funds with such Banks as the Bank of England themselves may determine and under their guarantee.



Wednesday, the 16<sup>th</sup> July, 1930.

82

Present:-

The Deputy Governor  
Lord Cullen of  
Ashbourne

Mr. Lubbock

Sir Alan Anderson

Sir Charles Addis

Sir Josiah Stamp

and  
Mr. Peacock.

The Comptroller  
also attended.

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 Weekly Reports on Central Banks were submitted.

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 18<sup>th</sup> September, also that a donation of £1000 be granted to St. Bartholomew's Hospital in response to an appeal now being made in connection with their scheme of reconstruction.

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

(1) He had been invited to give evidence again before the Macmillan Committee on Wednesday, the 23<sup>rd</sup>, and Friday, the 25<sup>th</sup> July, and he had agreed to attend on the latter date only.

(2) In order to facilitate the placing of a loan on behalf of the Government of Austria, to the immediate issue of which the Chancellor of the Exchequer attaches great importance, the Governor had agreed to give the Bank's support to the loan on certain conditions. It had now been arranged for the Bank to subscribe for £500,000 of the Sterling Issue being made in London.

(3) With

HC 19  
SEC 10

HC 19  
CT 38

83 16<sup>th</sup> July, 1930.

1085  
CT 68.

(3) With reference to the Minutes of the 16<sup>th</sup> April and earlier as to the suggested disposal of the premises and the private Banking business of the Western Branch, he hoped that an agreement would shortly be reached with the Royal Bank of Scotland and he informed the Committee of the lines on which Messrs. Selotte were negotiating with that Bank.

1086  
CT 127

(4) With reference to the Minutes of the 4<sup>th</sup> December last and earlier, he explained the present position of Cape Royal Limited; the negotiations for the sale of the business had not been successful and the Receiver considers that there is little prospect of effecting a sale at the present time and certainly not without loss to the Bank.

Sir William Keese and Mr. Roney after discussions with Sir Francis Towle of Gordon Hotels Limited consider that the best course would be to appoint some well established Company to manage the business for a time in order to secure an improved trading position with a view to a subsequent sale; Sir Francis Towle was willing for his Company to take over the management if satisfactory terms could be arranged and the Committee agreed that Sir Francis Towle be asked to prepare a Memorandum showing what amount would have to be provided to meet the cost of certain immediate repairs and cleaning, which he regards as necessary and to submit a draft Management Agreement for the Bank's consideration.

(5) Sir Otto Niemeyer arrived at Perth on the 14<sup>th</sup> instant and was proceeding direct to Sydney accompanied from Melbourne by Sir Robert Gibson.

(6) The Governor arrived at Table Bay on the 14<sup>th</sup> instant.



Wednesday, the 23<sup>rd</sup> July, 1930.

84

Present:—

The Deputy Governor  
Lord Cullen of  
Assbourne  
Sir Charles Aldis  
Mr. Pearcock.

The Comptroller  
also attended.

The proceedings of the last Committee were read and agreed.

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

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

The Weekly Reports on Central Banks were submitted together with the Monthly Report on Roumania.

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

The following were submitted and referred to the Court—

1. Minute of the Committee on Advances and Discounts recommending the re-opening of a Discount Account.
2. Report of the Audit Committee on Audits taken by the Audit Department between the 23<sup>rd</sup> April and the 17<sup>th</sup> July.
3. Minute of the Staff Committee recommending appointments, &c.
4. Report of the Staff Committee recommending the election of Probationary Male Clerks to the Permanent Staff.

The Deputy

85<sup>23</sup><sup>rd</sup> July 1930

The Deputy Governor acquainted the Committee of the following matters -

~~127~~  
CT 127

(1) With reference to the last and earlier Minutes in regard to Café Royal Limited, Sir Francis Towle had submitted as a basis for discussion the terms on which his Company were prepared to take over the management of the business; it now appeared, however, that a new offer was about to be made for the purchase of the premises and business for the sum of £275,000: of this amount it was proposed that £200,000 should remain as a first charge on the property and be redeemed gradually by means of a Sinking Fund.

~~128~~  
CT 68

(2) With reference to the last Minutes, arrangements had now been concluded for transferring, to the Royal Bank of Scotland the private banking business of the Western Branch as at the close of business on Saturday, the 9<sup>th</sup> August, and notices to this effect would be issued to the Customers of the Branch and to the Press on the evening of Tuesday, the 29<sup>th</sup> July.

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Wednesday, the 30<sup>th</sup> July, 1930.

86

Present:—

The Deputy Governor  
Lord Cullen of  
Ashbourne  
Sir Alan Anderson  
Sir Charles Addis  
and  
Mr Peacock.

The Comptroller  
also attended.

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 Weekly Reports on Central Banks were submitted.

The Quarterly Report of the Staff Committee on the Accountants' and Cashiers' Departments &c, was submitted and referred to the Court.

CT 70.04  
A letter from Sir Basil Blackett asking for permission to join the London Board of Le Beers Consolidated Mines Limited was submitted and referred to the Court.

The Deputy Governor acquainted the Committee of the following matters—

LC 88  
N/E  
(1) He had received a cablegram from Sir Otto Niemeyer stating, that New Zealand appeared to be contemplating a Sterling Exchange Standard worked through a Currency Board; this would probably entail the transfer of £6,000,000 gold to London.

The Committee saw no objection to the scheme so far as the Bank of England are concerned.

LC 73  
offer file  
P145  
(2) With reference to the Minutes of the 11<sup>th</sup> June, he had now heard from the Governor that Mr Clegg might not retire from the Reserve Bank.

87<sup>30<sup>th</sup> July, 1930.</sup>

Bank of South Africa before 1932 at the earliest instead of in 1931 as he originally intended, but that he would not have definite information as to the date for two or three months.

In this connection he had received a cablegram from Sir Otto Niemeyer in which he emphasized the necessity of strengthening the personnel of the Commonwealth Bank and suggested that Mr. Clegg might be invited to visit the Commonwealth Bank for, say, six months to act as Adviser and to assist Sir Robert Gibson. In view of the alteration in Mr. Clegg's plans it was doubtful whether he could undertake such a visit in the near future, but the Deputy Governor undertook to ascertain his views on the question.

HB 78  
CT 100

(3) With reference to the Minutes of the 20<sup>th</sup> May last when it was proposed that the Bank should make a deposit of \$5,000,000 and £500,000 with the Bank for International Settlements, the dollars had been deposited but so far no deposit of sterling had been made. Other Central Banks had made larger deposits and it was now suggested that the Bank should ~~now~~ deposit a further \$5,000,000; the Committee concurred.

The Committee further discussed the question of the succession to the Governorship and the organisation of the higher administration of the Bank.



Wednesday, the 6<sup>th</sup> August, 1930.

88

Present:—

The Deputy Governor  
Lord Cullen of  
Aston  
Mr. Dubouck  
Mr. Shaw.

The Comptroller  
also attended.

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 Weekly Reports on Central Banks were submitted.

LC 70  
CT 117  
The Committee considered the policy to be adopted in regard to persons (other than Members of the Staff), firms, companies &c, who wish to open accounts with the Bank and it was agreed that in pursuance of their general policy the Bank should in future decline to open such accounts in the absence of exceptional circumstances.

LC 93  
CT 146  
With reference to the Minutes of the 18<sup>th</sup> June and earlier as to the Social History of the Bank, the Committee agreed that the Work should be bound by the Oxford University Press in buckram and that the title of the book should be "The Bank of England from within". Mr. Acres was requested to obtain further information as to the type of paper to be used and an estimate of the cost of producing a first edition of 3,000 copies in lieu of the estimate for an edition of 2,000 copies which was submitted; also to ascertain whether the Oxford University Press would be willing to issue the Work to the Public, publication being undertaken by the Bank.

The

89 6<sup>th</sup> August,  
1930.

The Deputy Governor acquainted  
the Committee of the following matters:—

LC 73  
Office File  
M 114

(1) With reference to the last Minutes he had now heard from Mr. Clegg that he would probably not retire before the end of 1931 but he thought it possible that he might take six months' holiday at the beginning of the year in which case he might be able to pay a visit to Australia as suggested by Sir Otto Niemeyer.

LC 71  
Office File  
M 114

(2) The balance standing to the credit of the account "Monies Unclaimed" in the Private Drawing Office is now £7,723; this account, which for the last 30 years has been fed solely by transfers from the account of "Over and Found Money", has never been drawn upon. The Committee agreed that the sum of £1,000 be taken from the account and invested on behalf of the Samaritan Fund and that in future, whenever the balance reaches £1,000, £500 be withdrawn and invested for a similar purpose.

The Committee further discussed  
the question of the succession to the  
Governorship.

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The Deputy Governor  
Mr Shaw

Mr Trotter and  
Mr Sparks attended  
by invitation

The Comptroller  
also attended.

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 Weekly Reports on Central Banks were submitted.

It was agreed to recommend to the Court of Directors -

1. That a Pension of £566 : 13 : 4<sup>d</sup> a year be granted, during pleasure and in accordance with the scale, from the 16<sup>th</sup> August inclusive to Lee Goodier, a Sub-Cashier, who will attain the age of 65 years on the 15<sup>th</sup> August.
2. That a donation of £50 be granted to the Industrial Institute.

The Deputy Governor acquainted the Committee of the following matters -

1. With reference to the Minutes of the 23<sup>rd</sup> July and earlier in regard to Cape Royal Ltd., a joint offer to purchase the premises and business for the sum of £200,000 had now been received from Mr. Bracewell Smith of the Park Lane Hotel and Mr George Harvey of the Connaught Rooms, payment to be made on the following terms -

£200,000

10-7-30  
CT 127

91 13<sup>th</sup> August, 1930.

£20,000 Cash upon the Contract being signed.

£5,000 Cash upon completion of Purchase, i.e. about 1 month after approval of the Contract by the High Court.

£25,000 Cash 6 months after approval by the High Court.

£150,000 to remain on mortgage and to be repayable by a sinking fund over a term of 15 years, with the option to repay the money earlier; the mortgage and the sum of £25,000 to bear interest at the rate of 1% above Bank Rate varying, with a minimum of 5% and a maximum of 6½%.

The Committee agreed that, subject to no other more favourable proposal being received meanwhile, the offer should be accepted and the sanction of the Court applied for as soon as possible.

LC 88  
CT 4.

2. He read to the Committee cablegrams he had received from Sir Otto Nienmeyer in Australia and his reply thereto.



Wednesday, the 20<sup>th</sup> August, 1930. 92

Present :—

The Governor  
The Deputy Governor  
Mr. Lubbock and  
Mr. Shaw.

The Comptroller  
also attended.

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 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 Staff Committee recommending appointments, &c.

Minute of the Committee on Advances and Discounts recommending the renewal to certain customers of facilities in regard to Advances, &c.

It was agreed to recommend to the Court that Pensions be granted to the following persons employed at St. James's Printing Works :—

W. B. Reynolds, Receiving Clerk, age 70 years on the 3<sup>rd</sup> October next, £192:8:— a year from the 4<sup>th</sup> October inclusive.

E. J. Chequer, Assistant Foreman in the Dividend Book Rooms, age 67 years, £199:13:8 a year from the 28<sup>th</sup> September inclusive.

The Weekly Reports on Central Banks were submitted together with a Memorandum on the National Bank of Roumania.

With

93 26<sup>th</sup> August 1930

~~16-3~~  
Office F&E P145

With reference to Minutes of the 11<sup>th</sup> June last, the Governor informed the Committee that he had seen Mr. Clegg, who now anticipated that he would not in any event be free to vacate his governorship before 1932; it would therefore not be possible to utilise his services for any purpose in 1931.

Wednesday, the 27<sup>th</sup> August, 1930.

Present :—

The Governor  
Mr Shaw

Mr Trotter attended  
by invitation.

The Comptroller also  
attended.

The proceedings of the last Committee were read and agreed.

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

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

The Weekly Reports on Central Banks were submitted.

It was agreed to recommend to the Court of Directors that a Pension of £605:6:8 a year be granted, during pleasure and in accordance with the scale, from the 1<sup>st</sup> December next inclusive, to A. W. Teasey, a Deputy Principal in the Transfer by Seed Office.

The Governor informed the Committee that the estimated profits for the half-year ending the 31<sup>st</sup> August 1930 after providing for a dividend of 6%, less Income Tax, amounted to £1,060,000.

It was



27<sup>th</sup> August, 1930

It was proposed to deal with this surplus as follows -

94

Suspense Account - Provision for Income Tax £50,000  
In writing off certain amounts expended on premises 10. £21,455  
In writing down the current account with the Federal Reserve Bank of New York to gold parity value £15,451  
and the balance, approximately £970,000 to Suspense Account No. 1.

The Governor acquainted the Committee of the following matters -

1888  
CT 4.  
(1) He submitted cables received from Sir Otto Niemeyer since the 13<sup>th</sup> August with the replies thereto. In this connection the Committee considered it undesirable that the cables to and from Sir Otto Niemeyer should be shown to Mr. Whitworth as he had requested.

1823  
CT 123  
(2) With reference to Minutes of the 28<sup>th</sup> November, 1928, 17,906 Shares in the Anglo-International Bank had been purchased by the Bank at an average cost of 11/5<sup>d</sup> per share and he proposed that further purchases up to 50,000 Shares in all should be made at a price not exceeding 12/- a share.

1822  
CT 123.  
In this connection he read a letter from Sir Herbert Lawrence pointing out that in spite of its sound condition it will, under existing circumstances, be some years before the Anglo-International Bank can pay a dividend and that the position of the Bank would be greatly improved if at least the ascertained loss of £344,000 sustained by the taking over of the British Trade Corporation could be replaced. The Chairman further suggested that the Treasury might allocate a sum of £300,000 for this purpose, which would enable the Anglo-International Bank to pay a dividend next year.

Even if

95 27<sup>th</sup> August, 1930

Even if this proposal were reasonable it does not seem possible for this sum to be provided by the Treasury but the Committee had agreed on the 23<sup>rd</sup> June that the profits derived from the issue of the German Mobilisation Loan - amounting to about £100,000 - should be paid to the Securities Trust and he thought that, with the consent of the Treasury, this sum might be used to secure from the Securities Trust a favourable option for the purchase by the Anglo-International Bank of their holdings of *Länderbank* Certificates. If this arrangement could be made the Anglo-International Bank might realise as profit on the re-sale of the Certificates a sum such as their Chairman had mentioned.

CT 45.01  
CT III.  
CT 123

H 78  
CT 100.02

(3) With reference to Minutes of the 14<sup>th</sup> May last, he now proposed to offer to certain Banks and others, 25% of the Bank's holding of Shares in the Bank for International Settlements at the price paid by the Bank plus 6% interest from the date of the original purchase.

H 78  
CT 100.01

(4) Certain amounts had been received from the Bank for International Settlements in respect of the Governor's fees as a Director and the fees for attendances of himself and his alternate and he proposed that, as the Bank of England pay travelling, hotel and all other expenses in connection with journeys to Basel, these monies as and when received should be handed over to the Bank.

SEC 6  
H 78

(5) With reference to Minutes of the 23<sup>rd</sup> June as to offering Sir Edward Cook an appointment at the Bank, he had now been informed that it might become necessary to find a successor to Sir Bertram Hornsby as Governor of the

National Bank



27<sup>th</sup> August, 1930 National Bank of Egypt. On all sides Sir Edward Cook was regarded as the best man available for the purpose and he had told Sir Bortram Hornsby that he would not stand in the way if the Board of the National Bank of Egypt in Cairo selected Sir Edward Cook.

96

(6) He was disturbed at the unfavourable quotation of the 5½% German Mobilisation Loan and he proposed as occasion offered to make purchases of these Bonds.

See Note  
in Index  
under Royal  
Bank of  
Scotland.

(7) With reference to Minutes of the 23<sup>rd</sup> and 25<sup>th</sup> June as to the Home Banking position, particularly in Lancashire and Scotland, he was relieved to be able to record the amalgamation of Williams Seacons Bank Ltd., and the Royal Bank of Scotland at a total cost to the Bank of £1,500,000 of which £500,000 would be provided against delivery of certain Securities and £1,000,000 charged against Contingencies Account according to the provision already made on that Account.

100  
+653  
CT189.

(8) He referred to recent criticisms by Mr. Hammersley of the policy adopted by the Bankers' Industrial Development Company in regard to the Lancashire Cotton Industry, and expressed the opinion that these criticisms were prompted either by self interest or by a misunderstanding of the objects for which the Company was formed and that Press comments appear generally to support this view.

Wednesday, the 3<sup>rd</sup> September, 1930.

Present.

The Governor  
Mr. Lubbock,  
Sir Alan Anderson

The Comptroller  
also attended.

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 R. B. Carter, Principal of the Register Office, who attained the age of 60 years on the 26<sup>th</sup> July last, be allowed to retire from the service on the 30<sup>th</sup> November next, and that he be granted, during pleasure and in accordance with the scale, a Pension of £810 a year from the 1<sup>st</sup> December inclusive.

The Weekly Reports on Central Banks were submitted.

H378  
CT100-02

With reference to the last Minutes a Memorandum was submitted with particulars of the sale of 3,450 Shares out of the Bank's holding of 16,000 Shares in the Bank for International Settlements.

H600  
CT181101

With reference to Minutes of the 23<sup>rd</sup> June last and earlier, the Committee agreed on the recommendation of The Securities Management Trust that the terms of the advance to the Lancashire Cotton Corporation should be altered from 1<sup>1</sup>/<sub>6</sub><sup>d</sup> per spindle with a limit of £500,000 to 2<sup>1</sup>/<sub>2</sub><sup>d</sup> a spindle with a limit of £650,000 on the understanding that no further advance would be required until the whole position



3<sup>rd</sup> September,  
1930.

98

position having been examined by Messrs Seligman, Plender, Giffitts & Co., a statement or prospectus in regard to the Company had been prepared for the purpose of securing an immediate issue of £2,000,000 debentures as originally agreed.

The Governor acquainted the Committee of the following matters —

(1) The Committee which, as reported in Minutes of the 20<sup>th</sup> February 1929 and earlier, was set up by the Financial Committee of the League of Nations to examine into and report upon the causes of fluctuation in the purchasing power of gold and their effect on the economic life of the nations, has now completed its first Interim Report, which will be presented to the Council of the League of Nations this week. In this connection he has recently had two visitors:—

First: Mr Jeremiah Smith, a Member of the Financial Committee of the League of Nations, who was opposed to the publication of this Report, which would in his opinion militate against the co-operation of the Federal Reserve System with the European Central Banks.

As this seemed to be a matter outside the province of the Bank of Ireland, he had referred Mr Smith to Dr Sprague, Sir Henry Strakosch and Sir Richard Hopkins, but the position appeared to be that in any case publication could not now be avoided.

Second: Sir Henry Strakosch, who wished —

- (i) To plead against any delay in the publication of the Interim Report of the Gold Committee;
- (ii) To urge that the Committee be invited to continue its enquiries and publish further reports;
- (On these points he had referred him to Dr Sprague and Sir Richard Hopkins)

(iii) To complain

- (iii) To complain that the Committee had been boycotted by the Bank of England and opposed by Central Banks generally;
- (iv) To request that -
- (a) Dr Sprague be reinstated as a member of the Committee;
  - (b) The Committee should be fully and publicly supported by the Bank of England;
  - (c) The Bank of England should urge the Bank for International Settlements to support the Committee and co-operate with it; and
  - (d) For the sake of the Committee, the Bank of England should make an open breach with the Bank for International Settlements and the Central Banks of Belgium, France, Germany and the United States, &c.

He had told Sir Henry Strakosch with regard to (a) that Dr Sprague resigned of his own accord and not at the instance of the Bank of England, and with regard to the three other headings, that he was not in favour of the action suggested, but that as they were questions of policy, he would consult his colleagues and others. After discussion the Committee agreed that the Bank should make no change in their present policy. He then mentioned that this decision appeared to accord with the views of the Chancellor who had told him, after reading his memorandum of the interview with Sir Henry Strakosch, that this Country would probably take a passive attitude in the Council at Geneva on the question of publication of the Interim Report.

(2) He laid



3rd September,  
1930.  
HC 72  
CT 90.06

100

(2) He laid before the Committee the recent manifestoes in favour of Protection and Free Trade respectively, and the Committee agreed that the Bank should not take part in any controversy on this question.

+B 78  
CT 100

(3) He read to the Committee a letter to Mr. McGowan asking that with the present Monthly Report of the Bank for International Settlements he might be furnished, not only with the rate and period of deposits, but also with the name of the sources and destinations of such deposits. He explained to the Committee that he wished for this information as he had ascertained that funds placed at the disposal of the Bank for International Settlements by, among others, the Treasury and the Bank had for the most part been removed from the Federal Reserve Bank and other first-class Institutions and had been placed at a high rate of interest in the hands of Banks, i.e., of a different character. He was of opinion that unless the Bank for International Settlements is conducted as an orthodox Central Bank, seeking stability rather than profit and setting an example by refraining from competition, the position of the British Treasury and the Bank of England as depositors will need reconsideration.

(4) He reminded the Committee that Sir Gordon Havine would be retiring from the Court in April next and that it would be necessary to find a successor.

Wednesday, the 10<sup>th</sup> September, 1930.

*Present —*  
The Governor  
Lord Cullen of  
Aberdeen  
Sir Alan Anderson

Mr Trotter attended  
by invitation

The Comptroller-  
attended

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 donation of £52:10/-  
be made to the Royal National Hospital for  
Consumption, Ventnor.

The Weekly Reports on Central  
Banks were submitted.

The half-yearly Accounts of  
St. Luke's Printing Works and the Works  
Department were submitted and referred to  
the Court.

The Governor acquainted the  
Committee of the following matters —

(1) He laid before them a letter which he had  
written to Professor Clay agreeing, that at the  
request of Sir Arthur Balgove he should  
assist the International Chamber of Commerce  
with their comparative study of European  
and American Industrial Organisation.

10-99  
CT 95 105  
(2) With reference to the last and earlier  
Minutes he laid before the Committee cables  
to and from the Governor of the Federal Reserve  
Bank,



10<sup>th</sup> September 1930

102

Bank of New York and from Mr. Owen Young protesting against the publication of the Interim Report of the Gold Sub-Committee of the Finance Committee of the League of Nations.

+C-74  
SEC. 6.

(3) With reference to Minutes of the 27<sup>th</sup> August, it is now probable that Sir Edward Cork will be appointed Governor of the National Bank of Egypt; this appointment will sooner or later liberate Sir Bertram Hornsby whom he suggested should be kept in mind for a possible appointment at the Bank at a later date.

+C-75  
CT 60.

In this connection it had been long intended that some person with a fluent knowledge of Spanish and possibly some knowledge of Portuguese should be appointed to deal with the Spanish speaking countries and he had during the past few days interviewed R. J. Robertson, who is at present employed in the Anglo-South American Bank. He did not, however, consider that <sup>Mr.</sup> Robertson was quite suitable and he proposed to take definite steps to find and engage someone else.

+B-78  
CT 45. 01

(4) At the request of the Bank for International Settlements he had agreed to pay over the balance of the money in respect of the British Tranche of the German Mobilisation loan although all the instalments had not yet been received. The amount involved is small and as all the other countries concerned in the Issue paid the amounts for which they were responsible on signing the Contract, or within a few days thereafter, he felt that we should comply with the request of the Bank for International Settlements although, under the terms of the Contract with the Bank of England, latitude was allowed until the 30<sup>th</sup> instant.

(5) With

10<sup>th</sup> September 1930.

+B-2

CT. 123.

(5) With reference to Minutes of the 27<sup>th</sup> August and earlier, he received a visit a few days ago from the Chairman of the Anglo-International Bank, accompanied by Mr. Bank. The Chairman pointed out that he had originally accepted this position at the request of the Bank of England, that in the public interest the Anglo-International Bank had assumed liabilities which were really outside their sphere of operations and had prevented them from paying any dividend, and on these grounds he made a strong personal appeal for payment of a sum of, say, £300,000. He hoped that it might be possible to obtain a portion of this sum through the Treasury in the manner which he had previously outlined. If, however, the Treasury declined to help, he thought that, as the Bank of England held a controlling interest in the Anglo-International Bank, it would be wise and, in the long run, profitable for them to pay the whole amount themselves and he asked the Committee to give a favourable answer to the proposal if it should arise.

+B-70

CT. 132

(6) He called the attention of the Committee to the Italian Banking fusion announced in the newspapers today. This will enable the whole position in regard to the British Italian Banking Corporation and the Banca Italo-Britannica to be cleared up with the exception of certain assets in Italy which would be taken over by an Italian Holding Company and gradually liquidated. This development would probably lead to liquidation of the British Italian Banking Corporation in 1931 and he pointed out to the Committee that this position would hardly have <sup>been</sup> reached had it not been for the Bank's contribution of £250,000 last year which carried a definite voice in the personnel and policy of the Holding Company.

The



10<sup>th</sup> September,  
1930.

The Chief Accountant attended 104  
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 6<sup>th</sup> October next of £6 per cent.  
less Income Tax.

Wednesday, the 17<sup>th</sup> September, 1930.

Present:—

The Governor  
Lord Gellers of  
Ashbourne.  
Mr. Luttrell,  
Sir Alan Anderson  
Sir Josiah Stamp  
Mr. Peacock  
The Comptroller  
also attended.

The proceedings of the last Committee  
were read and agreed.

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

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

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

It was agreed to grant an allowance  
of £49 a year, during pleasure and in  
accordance with the scale, to Mrs Sophia  
Badham, widow of F. H. Badham, a Pensioner,  
formerly of the Liverpool Branch.

It was agreed to recommend to the  
Court that Pensions be granted, during pleasure  
and in accordance with the scale, to Mechanics  
at St. James Printing Works as follows—

A. J. Wall, Head Electrician - £230 10s 8d a  
year from the 9<sup>th</sup> October inclusive,  
Henry Morley, Binder and Security Cutter - £136 9s/-  
a year from the 28<sup>th</sup> September inclusive.

The

LC98  
Estals

17<sup>th</sup> September, 1930.

The Weekly Reports on Central Banks were submitted together with cables to and from Sir Otto Niemeyer.

HC 19  
SEC 10.

The Committee were informed that statistical information relating to the Clearing Banks' figures had been supplied through the Clearing House to the Secretary of the Macmillan Committee, who now wished for Bank of England figures in addition under certain headings. If the figures sent in by the Clearing House became available to the Clearing Bankers and the aggregate figures of the Bank of England and the Clearing Banks were subsequently published by the Macmillan Committee the Bank's figures could be ascertained by any Clearing Banker. It had, therefore, been arranged that the Bank would furnish the information confidentially to the Secretary of the Bankers' Clearing House who would withdraw his previous figures and in place supply the Macmillan Committee with the aggregate of the Bank of England and Clearing Banks' figures. The Committee approved of this arrangement subject to a written promise of secrecy being obtained from the Secretary of the Bankers' Clearing House in regard to the figures of the Bank of England.

The Governor acquainted the Committee of the following matters -

CT 181.01

HC 60

LC 53

CT 189.

- (1) He had informed the Bankers' Industrial Development Company that if they so desire, the Bank are prepared to undertake the issue and for registration of £2,000,000 Lancashire Cotton Corporation Debentures and of £2,000,000 or more National Shipbuilders Security Ltd., Debentures, and will also, if

HC 90

CT 178

required



17<sup>th</sup> September, 1930.

required, ask Messrs. Mullens, Marshall, 106  
and Co., to arrange the underwriting, of these Issues.

~~194~~

CT. 18

CT 23

(2) He has promised the Bankers concerned that in the event of the issue of a Brazilian or Argentine loan, which would include the provision of funds to be used by a Central Bank for stabilization, the Bank would co-operate. If necessary, he proposed to send someone to Brazil and to the Argentine to give advice, and he had planned that Sir O. F. Niemeyer should go for this purpose.

~~197~~

CT 96

(3) He had been asked for advice as to the policy to be adopted and recommended in regard to silver. Personally, he considered for instance that the Government of India should not be advised either to maintain a particular price or to refrain from selling, but in view of the wide divergence of opinion on the general subject he wished to ascertain the views of the Committee.

CT 100

~~192-28~~

SEC. 10

(4) With reference to Minutes of the 3<sup>rd</sup> instant, he mentioned that the advent of the Bank for International Settlements had altered the time honoured relations between the Bank and the Treasury. The Bank for International Settlements may not keep any accounts for Governments but it receives and distributes the Reparation and other Debt payments and these transactions, so far as this Country is concerned, are carried out through the medium of special accounts in the name of the Bank of England. This fact necessitates frequent interviews and consultations between Officials of the Treasury and of the Bank with the result that the Governors are not and can no longer be the sole connecting link. He viewed this change with some disquiet since it resulted in various opinions and reports being circulated in Whitehall and attributed to the Governors or to the

17<sup>th</sup> September, 1930.

the Bank although they often related to matters which had not been considered or on which no conclusion had been expressed or reached by the Governors or by the Bank. Though it seemed inevitable under the circumstances, he wished this changed state of relations to be recognised by the Committee.

~~C-8~~  
CT. 10

(5) With reference to previous Minutes and after consulting the Foreign Office, he read to the Committee a letter which he had written to the Bankers on the subject of the proposed Serbian and Hungarian Loans.

~~C-30~~  
CT. 41

~~C-7~~  
CT. 17

(6) The London Manager of the Bank of Spain had recently called at the Bank to mention unofficially that he had received a letter instructing him to approach the London Agents of his Bank with a view to arranging a Credit of £2,000,000 and stated that he wished to ask the Bank's advice as to the proper procedure. The Manager was informed that if approached officially by the Bank of Spain the Bank would be glad to advise, but under the circumstances could only leave him to carry out his definite instructions. In this connection he had informed several Bankers that no support or recognition could be given to any scheme or credit which is not international, comprehensive and stabilistic and that any loan or credit which satisfied these requirements might be arranged through Central or Private Banks.

CT-36

~~C-79~~

(7) He informed the Committee of the cables and facts leading up to the forthcoming litigation between the South African Reserve Bank and Messrs. M. Samuel & Co. Ltd., and mentioned the visit which he had recently received.



17<sup>th</sup> September 1930

B-78  
CT 100

received from Lord Bearsted in this connection.

108

(8). With reference to Minutes of the 3<sup>rd</sup> instant he had received from Mr. McGarrach confidential figures as to the sources and conditions of deposits with the Bank for International Settlements and conditions of deposits made by them, which, especially in America, were most unsatisfactory. He had yesterday refused to agree to certain exchange operations which were proposed by the Bank for International Settlements, but were quite contrary to the Bank's practice. He stated that the Bank for International Settlements were apparently short of dollars and that if the general policy underlying their transactions were continued, the Bank might be compelled to reconsider their position and advise the Treasury to do likewise.

The Committee were informed that it was proposed to entertain Sir Arthur Salter at a Luncheon in the City on his retirement from the post of Secretary of the League of Nations and that it was hoped that the Governor or, failing him, some other representative of the Bank of England would be present. Although fully in sympathy with the proposal the Committee were of opinion in view of the difficult situation that has arisen in respect of the publication of the Interim Report of the Gold Sub Committee of the Finance Committee of the League, of which Sir Arthur Salter was a supporter as set forth in Minutes of the 3<sup>rd</sup> September 1930, that it would be inadvisable for the Luncheon to be held in the City or for the Bank of England to be represented.

Wednesday, the 24<sup>th</sup> September, 1930.

Present:—

The Governor  
The Deputy Governor  
Lord Cullen of  
Avenhouse

Mr. Lubbock,  
Sir Alan Anderson  
Sir Charles Addis  
Sir Josiah Stamp  
Mr. Peacock

The Comptroller also  
attended.

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—

Quarterly Report of the Staff Committee on Payments made.  
Minute of the Staff Committee recommending appointments, &c.  
Minute of the Committee on St. Luke's recommending an appointment.

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

Agreement between the Bank and the Trustees of The Priory, Rochester, as to the exchange of land, for Sealing.

The following were submitted to the Committee—

Weekly Reports on Central Banks.

Monthly Report on the National Bank of Roumania.

Cables to and from Sir Otto Niemeyer.

The Governor acquainted the Committee of the following matters—

108  
ex 55

(1) The Bank have been asked to nominate a Member of an informal standing Committee which the Chancellor is about to establish to enquire into and advise upon all questions that may arise in connection with Colonial Currencies. The Committee agreed to leave it in the Governor's hands to appoint such suitable person as they may determine.

(2) He



24<sup>th</sup> September,  
1930  
CT 119-01

(2) He discussed with the Committee a copy of 110  
the fortnightly letter to the Governors of certain  
Central Banks and it was agreed that in future  
the letter should also be laid before the Committee.

H 390  
CT 178

(3) With reference to Minutes of the 23<sup>rd</sup> June and  
earlier it was agreed on an application from  
The Securities Management Trust that a further  
advance of £100,000 be made to the National  
Shipbuilders Security Ltd, subject to the approval  
of Messrs. Freshfield as to security.

H 378  
CT 100

(4) He has had long discussions with M. Auesnay  
who was at the Bank for two days during the past  
week. In his opinion the policy now being  
pursued by the Bank for International Settlements  
and advocated by M. Auesnay is not calculated  
to promote sound business within the limits of  
orthodox Central Banking or to enhance its prestige.  
He deprecated their apparent insistence on  
obtaining large deposits and high rates of interest  
and on treating deposits without regard to the  
specific purposes for which they are destined.

CT 100-03

While M. Auesnay had expressed a wish that  
if and when Mr. Rodd leaves Basel, Mr. Siepmann  
should take his place for, say, six months, he  
was not disposed to agree.

H 378  
CT 100

(5) Dr. Popovics, Governor of the National Bank of  
Hungary, had been at the Bank during the past  
week. Dr. Popovics said that he was not  
favourably impressed by the methods of the Bank  
for International Settlements - in particular he  
did not like the offering of such high rates for  
deposits. He considered that M. Auesnay's visit  
to Vienna had been the occasion of much loose  
talking and was surprised at his statement that  
he had been supporting sterling. Dr. Popovics  
expressed dissatisfaction with the troublesome  
formalities

CT 41  
H 330

24<sup>th</sup> September 19301C30  
CT 41

formalities which had been involved in connection with the co-operative Central Bank credit granted to the National Bank of Hungary in July 1929. He was not inclined to look to the Bank for International Settlements for assistance in case of need and on any similar occasion in future would probably seek for direct assistance from America rather than again have recourse to a co-operative Central Bank credit in Europe.

1C40  
CT 45

(6) On his way to America Dr. Schacht has also been at the Bank during the past week and has discussed his Paris scheme for granting credits through the Bank for International Settlements. This scheme, which as originally drafted was visionary, has been modified partly on the Bank's suggestion and has now assumed a somewhat more practicable form.

As regards the past, Dr. Schacht was not repentant, but as a temporary observer was confident that his earlier fears as to the Young Plan would prove well founded.

(7) A Representative of the National Bank of Switzerland is here on a visit for two or three weeks and to-morrow, M. Lacour <sup>Gayet</sup> Gallet, of the Bank of France, who has been in the United States for some years as financial adviser, will arrive for a stay of one month. M. <sup>Gayet</sup> Gallet then goes to the Bank for International Settlements for one month and subsequently returns to Paris.

1C77  
CT 96

The question of Silver which was raised last week was again discussed.

With reference to Minutes of the 3<sup>rd</sup> instant as to the selection of a candidate to fill the vacancy on the Court which will occur on Sir Gordon Hargrave's retirement in April next, two names recommended by the Selection Committee and one other were discussed.



Present —

Wednesday, the 1<sup>st</sup> October 1930

The Governor  
Lord Allen of  
Aston

Mr. Ambrose,

Sir Alan Anderson

Sir Charles Addison

Mr. Shaw

Sir John Stamp

Mr. Seacock,

The Comptroller

also attended.

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 £18 a year be granted during pleasure and in accordance with the scale to Mrs M. E. Boyd, widow of Alfred Boyd, a Pensioner, formerly a Porter at the Hull Branch.

It was agreed to recommend to the Court that permission be granted to R. C. F. Williams, a Pensioner, formerly a 3<sup>rd</sup> Class Clerk in the Cashier's Department, to commute £6:18:4 of his Pension of £86 a year for an immediate payment of £99:19:2.

An application from University College Hospital for a donation was declined.

Weekly Reports on Central Banks were submitted together with the cables to and from Sir Otto Niemeyer; in this connection the Governor laid before the Committee letters which he had written to the Prime Ministers of Australia and New Zealand respectively.

The Governor acquainted the Committee of the following matters, vizt —

(1) Ireland

1<sup>st</sup> October, 1930.

(1) He laid before the Committee private telegrams from and to Sir Bertram Hornsby in regard to the suspension of work on the Assuan Dam which he had referred to The Securities Management Trust.

LC 86

CT 74.

(2) With reference to Minutes of the 30<sup>th</sup> April last as to the appointment of someone to establish close relations between the Bank and the Press, the name of Sydney Walton had been suggested to him. Personally, he considered the present contact with the Press to be adequate for ordinary purposes and he would deprecate the employment of a Press Agent as such; it might, however, be advisable for an arrangement to be made whereby for special purposes publicity could be given to any facts or statistics which in the opinion of the Bank should be generally known; and he asked the Committee to consider these two questions.

As an instance of the latter point he laid before the Committee a graph of certain statistics recently prepared by Professor Clay in regard to the cost of living, wages, &c. he had suggested that these particulars should be published in "The Old Lady" but his proposal had not met with support.

LC 83

CT 45

(3) A credit for the German Reich is now being raised. Since the elections and especially during last week, he was in daily touch with the Reichsbank, and on the evening of the 25<sup>th</sup> September he had been informed by them that they required nothing. On the following morning, however, Messrs Higginson & Co. brought him a cable from Messrs Lee, Higginson & Co. of New York asking the co-operation of the City of London in meeting an urgent request from the Reichsbank to raise a short credit of \$125,000,000. On telephoning to the Reichsbank for confirmation he ascertained that they were indeed negotiating for this credit which had been approved by the President of the Reichsbank.

As a



1<sup>st</sup> October, 1930

114

As a result and although the purpose of the credit was not stated he informed Messrs. Higginson & Co. that they were at liberty to proceed, but he considered that the failure on the part of Mr. Lutter to keep him informed was a serious lapse from the principle of co-operation between Central Banks.

1264  
CT. 45 01

In the same connection he learnt two days ago that the Bank for International Settlements had been officially informed that the Italian Government desire to mobilise internally German Reparation Annuities to the equivalent of R.M. 35,000,000. The Bank for International Settlements had been instructed to notify the German Government and request them to issue Bonds for this purpose. It is anticipated that these Annuities must of necessity be mobilised on something, approaching, a 7 per cent. basis and this may ~~mean~~ cause a further depreciation in the German Loan.

H378  
CT 100

(4) In continuation of the last minutes as to the policy now being pursued by the Bank for International Settlements he laid before the Committee a Memorandum as to its functions and policy. He especially called the attention of the Committee to the objects of the Bank for International Settlements as defined in its Statutes and to the Opinion expressed in the Gold Delegation's Interim Report as to the concentration of reserves of foreign assets in Central Banks. He was of opinion, which was shared by other Central Banks, that the Bank for International Settlements should use money deposited with them in the most orthodox and liquid manner.

The Committee generally were in agreement with the views expressed in the Memorandum and disapproved of the policy now being pursued by the Bank for International Settlements.

(5) He had

1<sup>st</sup> October, 1930+C87  
CT 18V

(5) He had received through Mr. Placost, a proposal from Mr. Owen Young, for purchases of equivalent value of Cotton and Rubber by and from this Country and the United States, and he laid before the Committee cables and a Memorandum dealing with the subject.

The Committee agreed that the proposal served no useful purpose.

+B64  
CT 60.10

(6) In continuation of the policy of contact with Central Banks outlined in Minutes of the 17<sup>th</sup> December 1928 and earlier, it was proposed in the near future to send one or two members of the Staff of the Bank to the Federal Reserve Bank in New York, for about six months.

(7) M. Moret has been appointed to succeed M. Moreau as Governor of the Bank of France and the new Vice Governors are M. Fournier and M. Farnier.

See note in Index  
under:

"Royal Bank of  
Scotland".

Sealed envelope

Lancashire Cotton

Organization

in secret safe

(8) With reference to Minutes of the 27<sup>th</sup> August the sum of £1,500,000 with interest from the 1<sup>st</sup> January 1930 was paid yesterday to Williams & Son's Bank, against -

(a) The surrender of the guarantee given by the Bank, in December 1928,

(b) The delivery of part of the Shares of the Lancashire Cotton Corporation to be taken over by the Bank.

(c) The undertaking to deliver the balance of such Shares as and when received.

+C85  
CT 48

(9) He has recently had a visit from Dr. Meissner who said that the economic position of Danzig was seriously deteriorating, largely on account of the artificial development of the Polish port of Gdynia, but that the real gravity of the position is concealed by the universal trade depression.

Dr. Meissner



1<sup>st</sup> October, 1930

116

Sr. Meissner said that he was not alarmed by recent events in Germany and was quite confident that a Government could be found which would have the strength and authority to carry out the Financial programme and to preserve the social and political structure of the Country without interruption of the continuity of their policy and development.

1040  
CT 99 03

(10) With reference to Minutes of the 12<sup>th</sup> June 1929 and earlier he laid before the Committee a letter he had written to the Treasury drawing attention to the Floating Debt as represented by the amount of Treasury Bills in the hands of the Public as distinct from Government Departments and the Bank of England and urging that steps be taken for gradual reduction.

Wednesday, the 8<sup>th</sup> October, 1930

Present:—

The Governor,  
The Deputy Governor,  
Lord Cullen of  
Whitburn,  
Mr. Lubbock,  
Sir Alan Anderson,  
Sir Charles Addis,  
Mr. Shaw and  
Mr. Peacock.

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 that a Pension of £410 : 12 : 8<sup>d</sup> a year be granted, during pleasure and in accordance with the scale, to G. W. Davis, a 1<sup>st</sup> Class Clerk at the Liverpool Branch, from the 7<sup>th</sup> January next inclusive.

The Weekly

The Weekly Reports on Central Banks were submitted.

CT 14

Cables to and from Sir Otto Meurer during the past week were read, including one giving an account of a Meeting, on Thursday, the 2<sup>nd</sup> October, between the Governors and Mr Scullin.

The Governor laid before the Committee —

+C92

CT 171  
CT 183

(1) A memorandum as to the finance likely to be required for the rationalisation of certain industries, with special reference to the difficulties with which the Steel Industry may be faced in relation to foreign competition even after rationalisation.

+C60

CT 181-01

(2) A Statement dealing with the question of immediate purchases of raw Cotton by the Lancashire Cotton Corporation to meet a portion (say 20%) of their estimated annual requirements over a period of five years.

The Governor acquainted the Committee of the following matters —

+C67  
CT 91

(1) With reference to Minutes of the 7<sup>th</sup> February, 1923 and later as to the guarantee given by the Bank in connection with the amalgamation of Lloyds Bank, and Messrs Cox & Co., and to the Minutes of the 4<sup>th</sup> November 1929 as to the final settlement of the guarantee, the Graham Account being left open, the time had now come when the Bank must decide what course to adopt in respect of this Account. During the past seven years the losses of Graham's Trading Company, Ltd., have amounted to about £150,000: they have during that period had at their disposal

a line



8<sup>th</sup> October, 1930

a line of credit of £900,000, of which about 118  
£300,000 is secured and the remainder unsecured;  
the latter will not be available after this month.  
An endeavour is now being made to ascertain  
whether certain Firms in Manchester would take  
over the business and make it the nucleus of a  
rationalisation of merchanting, but if nothing  
comes of this the Bank will have before the  
end of this month to decide whether the Company  
should now go into liquidation.

CT 32

(2) He had yesterday seen Sir George Schuster who,  
in the expectation that he might be required to  
be present at the Round Table Conference next  
month, came to say that he would welcome the  
assistance of an unofficial self-constituted  
body drawn from varying interests in the City  
to watch, advise and urge as to the attitude to be  
taken by his Government on any Financial  
questions which might arise at the Conference.  
He had since learned that Sir George Schuster  
would not attend the Conference and would  
probably return to India in three or four weeks'  
time. Such a body might, however, be of  
advantage to the Financial Member of the India  
Council; he had told Sir George Schuster that  
nothing could be done until the new Financial  
Member of the Council had been appointed but  
that, when appointed, all possible help that the  
latter might desire would be given him.

+C86  
CT 74

(3) With reference to the last Minutes, it was suggested  
that Trade Organisations could arrange for  
publicity in respect of facts or statistics which the  
Bank might wish to bring to the notice of the  
public and that Mr Lutterbert Laws of the  
Shipping Federation might make good use of any  
figures which the Bank might give him.

(4) With

8<sup>th</sup> October, 1930.

CT 100

CT 100-03

CT 100-04

1378

1378  
CT 100

(4) With reference to Minutes of the 23<sup>rd</sup> June as to Mr Rodd's position with the Bank for International Settlements he was of opinion that it was essential for some responsible person from the Bank to be permanently in Basel. He therefore proposed that Mr. Rodd who was shortly coming to England for a holiday, should subsequently return to Basel (accompanied by an Assistant) until, say, the 1<sup>st</sup> December 1931, during which period he should be required to visit the Bank of England monthly and that in the meantime an attempt should be made to secure a suitable person as a permanent successor to him at Basel at the expiration of that time.

(5) The Bank for International Settlements had been served by a Swiss National with a garnishee order on the account at that Bank of the National Bank of Bulgaria and he read to the Committee a Memorandum explaining the position.

Wednesday, the 15<sup>th</sup> October, 1930

Present:-

The Governor,  
The Deputy Governor,  
Lord Cullen of  
Auchincross,  
Mr. Lubbock,  
Sir Alan Anderson,  
Sir Charles Addison,  
Mr. Shaw, and  
Mr. Peacock.

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 Monthly Report of the Committee on Advances and Discounts was submitted

and



15<sup>th</sup> October, 1930 and approved.

120

It was agreed to recommend to the Court-

(a) That a donation of £250 be made to the Funds of King George Hospital, Salford.

(b) That Miss J. M. Kierwood, an Auxiliary Woman Clerk, who will attain the age of 50 years on the 17<sup>th</sup> instant, be granted, during pleasure and in accordance with the scale, a Pension of £60 a year from the 12<sup>th</sup> October inclusive.

A letter from Mr Shaw asking permission to join the Board of the Marconi International Marine Communication Company Ltd., was submitted and referred to the Court.

1918  
CT.66  
With reference to Minutes of the 3<sup>rd</sup> December 1924 when it was agreed that the limit of Advances by the Bank to the Bank Provident Society for the purpose of assisting Members to purchase their houses should be increased to £100,000, the Deputy Governor reported that this limit would shortly be reached and that he proposed to sanction further Advances to the Society on this account, as and when required, up to a total not exceeding £110,000 in all.

The Weekly Reports on Central Banks were submitted together with the cables to and from Sir Otto Meimyer.

The Governor acquainted the Committee of the following matters -

(1) It is possible that Mr Harrison is leaving New York today on a short visit to this Country.

CT.96  
1917  
(2) With reference to Minutes of the 17<sup>th</sup> September as to the policy to be adopted and recommended in

15<sup>th</sup> October 1930.L 77  
CT 967

in regard to Silver his advice to those persons who consulted him would be not to aim at the maintenance of a particular price or to refrain from selling.

L 76  
CT 17

(3) He had received a letter from Sir Sotherton Holland, the Chairman of the Central Mining and Investment Corporation Ltd., who are constructing the Santander Mediterranean Railway in Spain, stating that the Spanish Government had not yet paid monies which were due to his Company at the beginning of the year while further sums were now due, and asking that in the event of any application being made in this Country for a Spanish credit the position of his Company might be borne in mind. He proposed to assure Sir Sotherton Holland of his desire to assist his Company.

L 78  
CT 100

(4) With reference to Minutes of the 1<sup>st</sup> October and earlier, he had been to Basel during the past week to attend the Monthly Meeting of the Board of the Bank for International Settlements: he outlined the proceedings at that Meeting, and the Committee discussed various Resolutions which had been approved by the Board.



Wednesday, the 22<sup>nd</sup> October 1930

Present:-

The Governor,  
The Deputy Governor,  
Mr. Lubbock,  
Sir Alan Anderson,  
Sir Charles Addis,  
Sir Josiah Stamp  
and  
Mr. Peacock.

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.

1003  
CT 146

With reference to Minutes of the 18<sup>th</sup> June and the 6<sup>th</sup> August last in which it was agreed that the Printing of "The Bank of England from within" should be undertaken by St. Dunstons Printing Works and that the arrangements for Binding and Publication should be undertaken by the Oxford University Press, it now appeared that the charge of the Oxford University Press for Printing, was £250 less than that of St. Dunstons Printing Works and the Committee agreed in all the circumstances that the Oxford University Press should be asked to undertake the whole of the work in connection with the Printing and Publication of the History.

The Committee had before them a letter from George Bynoth, a Porter at the Record Office, Roehampton, asking for permission to retire from the service on account of ill-health. Bynoth is 59 years of age and has completed 34 years' service and in all the circumstances it was agreed to recommend to the Court that his resignation be accepted and that he be granted a Pension equal to his full wages of £246 : 2 : 8 until the 23<sup>rd</sup> January next inclusive and thereafter of

£144 : 8/-

22<sup>nd</sup> October, 1930

£144 3/8/- a year during pleasure and in accordance with the scale.

It was agreed to recommend to the Court that the Bank should make a donation of £250 a year for 5 years to the Fund now being raised for the establishment in London of a Hall of Residence for Dominion Students.

The following Minutes of the Staff Committee were submitted and referred to the Court -

- (a) Recommending, Appointments, &c.
- (b) Recommending the appointment of a Special Committee to review the 1926 scheme of classification of the Staff.
- (c) Recommending the Election of 15 Probationary Clerks to the Permanent Staff.

The following were laid before the Committee -

- (1) The Weekly Reports on Central Banks together with the Monthly Report on the National Bank of Roumania.
- (2) The Fortnightly Letter to the Dominion Central Banks.
- (3) The cables to and from Sir Otto Niemeyer. In this connection the Committee were informed -

LC 88  
CT. 4.

- (a) that Professor Gregory had been paid a fee of 350 guineas in respect of the services rendered by him in Australia.

LC 88  
CT. 4.

- (b) that the Governor and the Deputy Governor yesterday had a conversation with Mr. Scullin who said that whether Mr. Bavin was defeated or not he would make a statement in London for publication in London and Australia that the Federal Government adheres to the August Resolutions, that he will press

the



22<sup>nd</sup> October, 1930

the States to do the same and will proceed 124  
at once with the necessary legislation. He expressed  
the opinion that Mr. Lang, if his party wins the  
election, will probably decide to secure the  
balancing of the New South Wales budget by  
increased taxation alone instead of partly by  
economies, which would be a departure from the  
programme by which Mr. Bavin's Government  
proposed to give effect to the August Resolutions,  
and that in that event a section of his party  
might press for a similar change in the programme  
of the Federal Government's budget. His party is to  
meet early next week prior to the reassembly of the  
Federal Parliament and he suggested that the Bank  
should await developments next week before  
coming to any decision regarding Sir Otto Neimeyer's  
future movements.

The Governor acquainted the  
Committee of the following matters -

+C76  
ET 17  
(1) Senor Bas, the Governor of the Bank of Spain,  
accompanied by two of the Directors of that Bank and  
a representative from the Spanish Embassy in  
London came to the Bank yesterday to seek advice on  
questions relative to stabilisation. Mr. McGarrah  
was also present at the meeting. As a result the  
Bank of England and the Bank for International  
Settlements are wholly uncommitted, but with the  
concurrence of Mr. McGarrah and in urging the  
early de facto stabilisation of the peseta he had  
informed the Governor of the Bank of Spain -

(a) that he would never recommend a Central Bank  
to take a credit for the sole purpose of supporting  
the exchange, and that in the circumstances he  
considered that no external credit was required,

(b) that he thought it was the duty of the Bank of  
Spain in the circumstances described to export  
Gold and buy foreign exchange so far as might  
be

be necessary to prevent the rate from rising, or falling, beyond certain limits during the short transitional period before *de jure* stabilisation,

(c) that he would recommend that these limits be fixed in advance, but on no account disclosed,

(d) that at the same time internal contraction should be used to raise current rates of interest in Spain,

(e) that the Bank of England would be pleased to open an account for the Bank of Spain and to conduct exchange operations in this market for their account.

10/6  
ET 17

(2) In connection with the foregoing, and with reference to the last Minutes, the Governor read to the Committee a letter which he had written to Sir Sotham Holland, the Chairman of the Central Mining and Investment Corporation Limited, with regard to monies due to them from the Spanish Government in respect of the construction of the Santander Mediterranean Railway.

10/6  
ET 91

(3) With reference to Minutes of the 4<sup>th</sup> November 1929 and earlier as to the amalgamation of Lloyd's Bank and Messrs Cox & Co., and also to Minutes of the 8<sup>th</sup> instant as to the settlement of the Graham Account, it now appeared that no Firm in Manchester was willing to take over Graham's Trading Company and it was doubtful whether any Bank would be prepared to give them the required credit; if no arrangement had in the meantime been made he therefore proposed to inform Lloyd's Bank at the end of this month that the Bank of England are not prepared to give any further assistance in this matter and that they are free to proceed with the liquidation of the Company.

(4) He raised



22<sup>nd</sup> October, 1930

~~1078~~  
CT 100.02

(4) He raised the question as to the transfer of shares of the Bank for International Settlements from one market to another and the Committee agreed that, so far as London is concerned, the Bank should exercise the right of veto conferred upon them by the Statutes in respect of any transfer of shares of the London Issue unless the new holder is a national of Great Britain.

CT 100

~~1078~~  
CT 100.03  
CT 100.04

(5) With reference to Minutes of the 8<sup>th</sup> October he asked the Committee to assist him in finding, as a permanent successor to Mr Rodd at Basel, a Banker of standing, and position with knowledge of languages who would come to the Bank for a period and within a year would succeed Mr Rodd at Basel.

If the salary offered by the Bank for International Settlements is insufficient to secure the services of a person possessing the requisite qualifications, he proposed that the Bank should pay the difference.

~~1099~~  
CT 95.05

(6) With reference to Minutes of the 3<sup>rd</sup> September in which he informed the Committee that Sir Henry Strickland had requested that Dr Sprague should be re-instated as a Member of the Gold Delegation of the League of Nations, he had in agreement with Dr Sprague refused to agree to a proposal made by Sir Arthur Salter and Mr Loveday at a recent visit that Dr Sprague should be in Geneva on the 4<sup>th</sup> November - on which date the Gold Delegation will meet - in whatever capacity might be thought to be most convenient and unobjectionable to certain Central Banks.

~~1062~~  
CT 98

(7) He asked the Committee to consider whether Colonel Portal, in view of his close connection with the Bank, should not be asked to

restrain

22<sup>nd</sup> October, 1930

retract rather than increase his Directorships  
of other Companies.

The question of a Director to fill  
the vacancy which will be caused by the  
retirement of Sir Gordon Hume in April  
next was again discussed.

Thursday, the 23<sup>rd</sup> October, 1930

Present:—

The Governor  
The Deputy Governor  
Mr. Dubouck  
Sir Alan Anderson  
Sir Charles Addison  
Mr. Peacock

~~C 88~~  
CT 4.

With reference to the last Minutes,  
the Governor informed the Committee that  
yesterday afternoon on his return from  
Australia, Professor Gregory had visited the  
Bank and after full discussion had concurred  
in the terms of the cable which it had been  
decided to send to Sir Otto Niemeyer as a result  
of the Governors' interview with Mr. Scullin on  
the previous day. Owing to the importance and  
possible result of this cable he took the earliest  
opportunity of securing the approval of the  
Committee.



Wednesday, the 29<sup>th</sup> October, 1930.

Present:—

The Governor,  
The Deputy Governor,  
Lord Cullen of  
Avenbourn, 22<sup>nd</sup>  
Mr. Lubbock,  
Sir Allan Anderson,  
Sir Charles Addis,  
Mr. Shaw and  
Mr. Peacock)

The proceedings of the Meetings on the 22<sup>nd</sup> and 23<sup>rd</sup> October 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 Quarterly Report of the Staff Committee on the Accountants' and Cashier's Departments was submitted and referred to the Court.

1694  
N/E  
It was agreed that an Allowance of £50 a year be granted during pleasure and in accordance with the scale to Mrs. Evelyn Craigie, widow of R. W. Craigie, a Pensioner, formerly a Cashier.

£100  
See Court Minutes  
of the 30 Oct 1930  
An application for a Donation to the Department of Business Administration of the London School of Economics was submitted. In view of recent <sup>and</sup> probable future services of this Department to the Bank, it was agreed to accede to the request, the amount of the contribution to be settled by the Deputy Governor in consultation with Dr. Sprague.

The Committee had before them a letter from Miss S. E. Pinkas, a Permanent Woman Clerk, tendering her resignation from the service of the Bank on account of ill-health. Miss Pinkas is 33 years of age, her salary is

£220

29<sup>th</sup> October, 1920.

£220 a year and she will complete 14 years' service on the 20<sup>th</sup> November. It was agreed to recommend to the Court of Directors that her resignation be accepted as from the 26<sup>th</sup> November inclusive and that as from that date she be granted a pension of £61:12:- a year, during pleasure and in accordance with the scale.

The Weekly Reports on Central Banks were submitted together with the cables to and from Sir Otto Niemeyer.

HC 88  
CT 4.

In this connection the Governor informed the Committee that at present the Bank could probably render no further help in the matter of Austria, and that Sir Otto Niemeyer might therefore decide to return to England almost immediately.

The Governor acquainted the Committee of the following matters -

HC 30  
CT 41

(1) He read to the Committee a letter to Arde Rottschied in regard to a short-term loan to Hungary and a cablegram of approval from Sr. Popovics.

HC 80  
CT 40

(2) During the past week M. Moret paid a visit of courtesy to the Bank on his appointment as Governor of the Bank of France and among the matters discussed were Serbian Stabilisation and the French demand for gold on which M. Moret gave full information.

HC 78  
CT 10

HC 90  
CT 71.01

(3) He had received an invitation from Lord Londonderry, the President of the Anglo-Hungarian Society, to join their Committee. As the Bank is already represented on the Committee, in the person of Sir Otto Niemeyer, he proposed to inform Lord Londonderry that he is willing to join the Society, but that he does not wish to become a Member of the Committee.

(4) With



29<sup>th</sup> October 1930

+C60  
CT 181.01

130

(4) With reference to Minutes of the 3<sup>rd</sup> September and earlier the Committee agreed, at the request of The Securities Management Trust, to grant to the Lancashire Cotton Corporation on the same terms and security as before, so far as applicable, a further advance up to £200,000 as and when required, mainly to cover purchases of Cotton, making a total limit of £850,000.

+C60  
CT 181.01

(5) With reference to Minutes of the 17<sup>th</sup> September, he laid before the Committee a Memorandum which he had prepared for The Securities Management Trust defining the position of the Bank with regard to the proposed issue of £2,000,000 Debentures of the Lancashire Cotton Corporation.

+D2  
CT. 123.

(6) With reference to Minutes of the 10<sup>th</sup> September last as to the Anglo-International Bank, it appeared improbable that the Treasury would be able to make any substantial contribution towards the loss of about £350,000 so far sustained by the Anglo-International Bank *inter alia* through their taking over the British Trade Corporation, and the Committee agreed ~~that~~ <sup>that</sup> in principle the Bank might make a gift of some such amount to the Anglo-International Bank for rehabilitation of their credit and prestige.

+C91  
CT 44.

(7) He read to the Committee his reply to a letter which he had received from Sir Ronald Lindsay, the British Ambassador to the United States, on the appointment of Mr. Eugene Meyer as Governor of the Federal Reserve Board.

+C70  
CT. 17

(8) With reference to the last Minutes he laid before the Committee a letter which he had written to the Governor of the Bank of Spain summarising the conclusions reached on the occasion of his recent visit to the Bank.

(9) With

29<sup>th</sup> October, 1930.

(9) With reference to Minutes of the 4<sup>th</sup> November 1929 as to matters connected with the Kylesant Group of Companies, he had a long and friendly discussion last week with Mr. Runciman.

Wednesday, the 5<sup>th</sup> November, 1930.

Present :-

The Governor,  
The Deputy Governor,  
Lord Allen of Asbourne,  
Mr. Lubbock,  
Sir Alan Anderson,  
Mr. Shaw,  
Sir Josiah Stamp and  
Mr. Peacock.

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 Report of the Audit Committee on Audits taken by the Audit Department between the 25<sup>th</sup> July and the 20<sup>th</sup> October was submitted and referred to the Court.

The following were laid before the Committee -

Weekly Reports on Central Banks

The fortnightly letter to the Dominion Central Banks  
Cables to and from Sir Otto Niemeyer.

In this connection the Governor stated that Sir Otto Niemeyer would probably sail for England next week by way of Vancouver. He expressed the view that any proposals approved by the Federal Parliament would in all probability be inadequate to meet the situation and that a financial crisis before the end of the year was almost inevitable. Sir Josiah Stamp informed the Committee that at a recent interview with Mr. Scullin he had expressed

the



5<sup>th</sup> November 1930

132

the opinion that Australia was precluded by the special conditions existing there from deriving any benefit from a policy of inflation and he had advised strongly against the adoption of such a course.

The Governor acquainted the Committee of the following matters -

(1) He was going to Basel to-morrow for the Monthly Meeting of the Directors of the Bank for International Settlements and Mr. Sprague was also going to Basel for a few days.

+ 676  
CT 17

(2) Mr. Quesnay goes next week to Spain to discuss questions of stabilisation

(3) Mr. Harrison will arrive in London next week

(4) Mr. Siepmann will in about a fortnight's time start on a visit to several Central Banks, mainly in Eastern Europe.

+ 217  
CT 91

(5) With reference to Minutes of the 22<sup>nd</sup> October, Lloyds Bank had agreed as a result of a Meeting at the end of October that Grahams Trading Company should be supported until the 15<sup>th</sup> January with reduced credit facilities, which should be sufficient for them in the present depressed state of business: in the meantime Grahams Trading Company, whose principal need is new capital, would endeavour to arrange an amalgamation with some other Company. He had told Lloyds Bank that the Bank would not give any further assistance, but they may be asked to surrender their beneficial interest in certain securities estimated to be worth about £50,000.

CT 100  
CT 100.05

+ 1078

(6) The Bank for International Settlements anticipated that by reason of Debt payments under the

5<sup>th</sup> November, 1930.

the Young Plan to be made by them in December to the United States Treasury they would then be short of free dollars and, by way of camouflage, he therefore proposed on this occasion to make a short deposit with them in December for, say, three or four weeks, of \$5,000,000 to \$10,000,000 and the Bank of France had agreed to deposit a similar amount.

CT 100

1378

CT 100-03

CT 100-04

(7) With reference to Minutes of the 22<sup>nd</sup> October as to the appointment of someone to succeed Mr. Rodd at Basel, he proposed at the earliest opportunity to approach Mr. Porters, who is at present acting as liaison officer in Belgrade on behalf of certain London Bankers. Now that someone connected with the Bank of England will be domiciled permanently at Basel, he had agreed with Mr. McGarrath as to the conditions that should for the future govern correspondence between the Bank of England and the Bank for International Settlements.

With reference to Minutes of the 22<sup>nd</sup> October, the following matters were discussed—  
The question of requesting Colonel Portal to restrict his Directorships of other Companies:

CT 98

The selection of a Director to succeed Sir Gordon Naime.

1649  
SEX 10

Mr. Lubbock informed the Committee that the question of the constitution and powers of the Court had been discussed by the Macmillan Committee: he proposed to supply the Members of the Committee of Treasury with a Memorandum of the points raised in this discussion and would ask that the matter might then be fully debated.



Wednesday, the 12<sup>th</sup> November, 1930.

Present:—

The Governor  
The Deputy Governor  
Lord Cullin of  
Ashbourne  
Mr. Lubbock,  
Mr. Shaw  
Sir Joshua Stamp  
and  
Mr. Peacock,  
The Comptroller  
also attended.

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.

1695  
Estab. It was agreed that an Allowance of £52 a year be granted during pleasure and in accordance with the scale to Mrs. R. A. Fynmore, Widow of W. H. J. Fynmore, a Senior Clerk in the 5% War Stock Office.

It was agreed to recommend to the Court of Directors that J. P. Hudson, a Superintendent in the Accountants Bank Note Office, who will attain the age of 65 years on the 17<sup>th</sup> November be granted a pension of £500 a year, during pleasure and in accordance with the scale, from the 18<sup>th</sup> November inclusive.

With reference to the Selection of Governors for the ensuing year it was agreed to recommend to the Court of Directors that the Governor and the Deputy Governor be invited to continue in their respective Offices for a further year.

The Weekly Reports on Central Banks were submitted together with the cables to and from Sir Otto Niemeier.

1698  
ET. 4 In explanation of his cable to Sir Otto Niemeier of the 9<sup>th</sup> instant, the Deputy Governor informed the Committee that at the request of Mr. Scullin he had, without taking part in the proceedings

12<sup>th</sup> November, 1930

proceedings, been present on the 8<sup>th</sup> instant at a Meeting of London representatives of the Australian Banks which had been summoned by Mr. Scullin who requested them to convey to the Banks in Australia an appeal from him to underwrite the forthcoming loan in co-operation with the Commonwealth Bank.

The Governor acquainted the Committee of the following matters -

(1) Mr. Harrison arrived in London yesterday and proposes to remain here until Saturday: he will then spend a few days in Paris and Berlin and will probably sail from Bremen for America on the 26<sup>th</sup> instant.

CT 100

(2) He outlined the proceedings of the Monthly Meeting on the 10<sup>th</sup> instant of the Board of the Bank for International Settlements and informed the Committee in detail of the following points:-

(i) A meeting had been arranged, and would be held shortly, of the Exchange experts of Central Banks to examine from a practical business point of view and make recommendations regarding an Exchange Clearing between Central Banks.

(ii) A Committee, which had been attended by Dr. Sprague, is considering ways and means of organising a system of financing medium term credits and is expected to report shortly.

CT 100.01

(iii) He had endeavoured to secure the appointment of six more Directors, but the question was held over for the next Meeting.

CT 100.05 + 1378

(iv) With reference to the last Minutes as to the deposit by the Bank of a further \$10,000,000 in one form or



<sup>4th</sup>  
12 November, 1930.

or another with the Bank for International Settlements, it had been arranged -

136

That the deposit is made for one month only and will be withdrawn on the 15<sup>th</sup> January whether the Bank of France renew their deposit or not, and

That the fact of the Bank of England making this deposit does not in any way detract from the protest made against the principle of such transactions.

With reference to the last Minutes as to a Meeting of the Macmillan Committee on the 30<sup>th</sup> October at which the Constitution and powers of the Court were considered, extracts from the Verbatim Report of the proceedings at that Meeting were handed to the Members of the Committee and were generally discussed.

H 19  
SEC - 10

Wednesday, the 19<sup>th</sup> November, 1930.

Present:—

The Governor,  
The Deputy Governor,  
Lord Cullen of  
Abercrombie,  
Mr. Lubbock,  
Sir Alan Anderson,  
Mr. Shaw and  
Mr. Peacock.

The Comptroller  
also attended.

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.

In this connection the Governor informed the Committee that he had discussed the dollar rate with Mr. Harrison who was of opinion that if the rate fell sufficiently to lead to shipments of gold to America, it would be partly due to the domestic position here and not unconnected with our unbalanced budget and high wage level

coupled

at 99

19<sup>th</sup> November, 1930.

coupled with the "dole" payments. Under these circumstances Mr. Harrison would only feel justified in holding a limited amount of sterling. Mr. Harrison had also told him that in the event of any upward movement of prices in Wall Street sufficient to stimulate a demand for credit, he hoped immediately to raise his rate.

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

The Committee had before them a letter from W. J. Porter, an Examiner of Securities at St. James's Printing Works, asking permission to retire from the service on the 31<sup>st</sup> December next. Porter will be 65 years of age on the 20<sup>th</sup> December and has completed 39 years' service. It was agreed to recommend to the Court that he be granted, during pleasure and in accordance with the scale, a Pension of £160. 3<sup>s</sup> 4<sup>d</sup> a year from the 1<sup>st</sup> January next inclusive.

The following were laid before the Committee -

Weekly Reports on Central Banks.

Monthly Report on the National Bank of Roumania.

Fortnightly letter to the Dominion Central Banks.

CT-27.

With reference to Minutes of the 16<sup>th</sup> April last, the Deputy Governor informed the Committee that L. E. Hubbard had now returned from his visit to Russia and would make a Report to the Bank in due course. In this connection it had come to the knowledge of the Bank a few days ago that the Cabinet had recently had before them a Report, purporting to be written by a

Director



19<sup>th</sup> November, 1930

138

Director of the Bank, who had recently visited Russia, on the question of granting credits to the Soviet Government: further, Mr. Gillett, the Secretary of the Overseas Department of the Board of Trade, had asked Hubbard to call upon him yesterday with reference to this Report. It appeared that this Report was identical with certain Notes in Hubbard's Diary and on questioning, Hubbard he had ascertained that before leaving Russia, Hubbard had left his papers with the Commercial Counsellor of the British Embassy in Moscow for despatch to England and had given him permission to make extracts from them for his personal information. It appeared evident that the Commercial Counsellor had made a verbatim copy of this particular Note and had despatched it to the Foreign Office by whom it had been circulated to the Cabinet.

He had yesterday accompanied Hubbard to the House of Commons and had explained to Mr. Gillett that Hubbard was not a Director of the Bank, but a Clerk holding a subordinate position, who had been sent to Russia to see something of the general conditions prevailing there whilst at the same time having an opportunity to improve his knowledge of the language. Any Report that he might make on his experiences would be made to the Bank of England who would transmit any information likely to be of interest to the Government through their usual channel of communication, viz: the Treasury.

The Governor acquainted the Committee of the following matters -

(1) Mr. Harrison was very anxious for him to visit New York at the end of February in company with Dr. Sprague and he hoped that in spite of the General Court on the 19<sup>th</sup> March he might be able to accept the invitation.

(2) With

19<sup>th</sup> November 1930

CT 23.

174

(2) With reference to minutes of the 17<sup>th</sup> September last as to co-operation by the Bank in the event of the issue of a Brazilian loan for stabilisation purposes, he had informed the London Bankers concerned that the Bank may still be disposed to arrange for Sir Otto Niemeyer to visit Brazil next year in order to examine and advise on a scheme of stabilisation, but he had pointed out that the position was less satisfactory than before, for the following reasons -

(i) Uncertainty due to the Revolution in Brazil,  
(ii) The recommendations of the Mortgages Commission had been ignored,

(iii) The recommendations of Sir O. S. Niemeyer in Australia after being accepted, had been thrown over

and the Bankers would therefore expect that if Sir Otto Niemeyer went to Brazil it would be with some prospect that his advice would be heeded.

+650  
CT 189.

(3) He had yesterday discussed with the Board of the Bankers Industrial Development Company methods for raising the money required for financing such schemes of rationalisation etc., as might be approved by the Company, and he had expressed the view that pending the possibility of permanent issues the money should be obtained by means of temporary advances from the Bank to the Bankers Industrial Development Company against Securities of the Rationalised Companies, with a margin in its uncalled capital.

+619  
SEC 10

The Committee again discussed the report of the Meeting of the Macmillan Committee at which the constitution and powers of the Court had been considered. The question of criticisms of the general policy of the Bank in regard to Gold and deflation was also discussed and the Committee agreed that Sir Alan Anderson should take the opportunity of making an agreed statement on these points in a speech at Leicester to-morrow.



Wednesday, the 26<sup>th</sup> November, 1930.

Present:—

The Governor,  
The Deputy Governor,  
Lord Allen of  
Astonbury,

Mr. Lubbock,  
Sir Alan Anderson,  
Mr. Shaw,  
Sir Josiah Stamp  
and  
Mr. Placoch.

The Comptroller  
also attended.

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 Monthly Report of the Committee on Advances and Discounts was submitted, together with the Weekly Reports on Central Banks.

A Report of the Committee on St. Luke's on the Annual Reports on the Administrative Staff at St. Luke's Printing Works was submitted and referred to the Court.

On an application from Lord Macmillan, the Chairman of the Hospital for Sick Children, Great Ormond Street, it was agreed to recommend to the Court that a donation of £210 be made to the Special Fund now being raised for the re-construction of this Hospital.

It was agreed to recommend to the Court that Christmas Day being on Thursday, the Court should meet on Wednesday, the 24<sup>th</sup> December, and that, subject to this proposal being approved, the Committee of Treasury should meet on Tuesday, the 23<sup>rd</sup> December, at noon.

The Governor acquainted the Committee of the following matters—

(1) In response to an urgent request he and Dr. Sprague were meeting Mr. Harrison to-morrow at

Southampton

26<sup>th</sup> November, 1930

Southampton and, if necessary, going with him to Cherbourg.

CT. 78

(2) He had privately suggested to Messrs J. & A. Scrimgeour, who are Brokers to certain Colonial Departments, that it might be an advantage to themselves and all concerned if, in future, they were to confine their business to securities of the highest class, as is already the case with Messrs Mullens, Marshall & Company, and Messrs R. Pirson & Company.

16-78  
CT. 10.

(3) With reference to Minutes of the 17<sup>th</sup> September and earlier as to the proposed stabilisation loan to Serbia, the group of London Bankers concerned had received from the Foreign Office a request by the Ambassador in Paris for information on points mainly of a banking and financial character, which was difficult for them to supply.

He read to the Committee a letter which by arrangement with the Bankers he had written to the Foreign Office to the effect that a way out of the difficulty of providing the information had been found in the willingness of Mr. Anthony de Rothschild to go to Paris and discuss the matter verbally with Lord Tyrrell.

16-77  
CT. 96

(4) With reference to Minutes of the 15<sup>th</sup> October and earlier and in support of the policy recommended in regard to Silver, he laid before the Committee a note by Dr. Sprague of a discussion he had had with Sir George Schuster and Sir Henry Strakosch.

16-97  
CT. 32.

(5) With reference to Minutes of the 8<sup>th</sup> October as to the possible appointment of an unofficial Committee to advise the Financial Member of the India Council on questions which might arise at the Round Table Conference, he was surprised to learn that Sir George Schuster had recommended, among others, to several members of the Cabinet  
the



26<sup>th</sup> November.  
1930.

142

the advisability of a devaluation of the Rupee. Without entering into ~~the question~~ of the merits of the case, he strongly deprecated this method of dealing politically with the question and he welcomed an offer by Mr. Shaw to obtain an authoritative statement from an impartial source as to the existence of any economic need for such a course.

CT. 171

(b) As a matter of principle he referred the following requests in regard to Sir James Cooper, Mr. Frank Hodges and Professor Clay,

From Mr. Scullin :- That Sir James Cooper might be allowed temporarily to carry on his work in connection with the Australian Dried Fruit and Canned Fruit Boards. He had agreed that Sir James Cooper be allowed in the interests of economy to continue this work for a limited period, and Sir James Cooper had therefore agreed to give up his Directorship of the United Molasses Company.

From the Board of Trade :- That Mr. Hodges might be allowed to undertake the duties of Chairman of a Committee which is about to be appointed to consider amendments to existing Gas legislation recommended in the 2<sup>nd</sup> Report of the National Fuel and Power Committee. In view of Mr. Hodges' previous connection with the Gas Industry, the Committee agreed that he be allowed to undertake this work, if the object with which he became associated with the Bank would thereby be promoted.

From the Chancellor :- That Professor Clay might become a member of the Royal Commission which it is proposed to set up to consider the question of the "Sole". It was agreed to raise no objection if Professor Clay should receive an invitation to serve on the Commission.

Wednesday, the 3<sup>rd</sup> December, 1930.

Present:—

The Governor,  
The Deputy Governor,  
Lord Cullen of Ashbourne,  
Mr. Lubbock,  
Sir Alan Anderson,  
Mr. Shaw,  
Sir Josiah Stamp and  
Mr. Peacock.

The proceedings of the last Committee were read and agreed.

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

The Comptroller also attended.

CT 40  
CT 99

It was agreed that no alteration be recommended in the Bank Rate. In this connection the Governor pointed out that the fact that the American and French Exchanges are not even more unfavourable is due to the support of the Federal Reserve Bank and the Bank of France respectively and that it seems unlikely that the Bank of France will continue to buy sterling. The Governor also told the Committee the result of his recent conversation with Mr. Harrison, who expressed the following views—

- (a) He is much disturbed as to the position of Europe where in his opinion there is no good borrower.
- (b) He is not prepared to hold more than a limited amount of sterling.
- (c) He thought that it might be possible for him in conjunction with the Governor to persuade M. Moret to reduce the Bank of France's rate, if an undertaking could be given that the rates in London and New York would not be lowered.
- (d) France might deal with the situation by export of Capital
  - (i) By means of Foreign loans or by the purchase of American Bonds or Shares,
  - (ii) By some arrangement under which London would cede to Paris certain Acceptance Credits or by the issue of a loan in Paris as part of a conversion scheme in respect of the 5% War loan,
  - (iii) By some plan for converting French short term balances in London into long term money.

He had told Mr. Harrison that although a reduction in the French Rate might have useful results, the Bank could not give any such undertaking as that suggested and he feared that the

Other



3<sup>rd</sup> December, 1930

other proposals were in existing circumstances impracticable. 144

He had during the past week been consulted by the Chancellor who was finding it increasingly difficult to withstand the continuous questions, in and out of Parliament, as to gold and that he felt that the time had come when he must be prepared with some definite plan of action. He had told the Chancellor that he could -

- (a) Request the Bank of Ireland to summon a conference of Bankers under the Genoa plan, but that any such request would be declined:
- (b) Make use of the Gold Delegation of the League:
- (c) Request the Bank for International Settlements to summon a conference:
- (d) Summon himself a Governmental Conference:

but the Chancellor was not prepared to adopt any of these suggestions.

Arising out of this, he had learnt that there had been conversations between the French Financial Attaché and the Treasury, during which the limited power of action imposed on the Bank of France by law and by practice had been the subject of critical examination. Further conversations are to take place in Paris when the French Treasury will be told, with the approval of the Chancellor, that -

The French Law needs amendment.

There is ample justification for an increased issue of notes.

The Bank of France should be empowered to lend on or buy Government Securities.

Some way should be found for the release of the large balances held by the Caisse d'Amortissement from time to time.

The Weekly Reports on Central Banks were laid before the Committee together with the fortnightly letter to Dominion Central Banks.

A Report of the Staff Committee in regard to a Permanent Woman Clerk was submitted and referred to the Court.

It was

3<sup>rd</sup> December, 1930

It was agreed to recommend to the Court that the following Pensions be granted, during pleasure and in accordance with the scale, from the 1<sup>st</sup> March 1931 inclusive -

H. J. Burton, a Sub-Cashier, Age 64, Service 46 years, £566-18-4 a year.

J. L. Gibson, Deputy Principal of the Consols Office, Age 63, Service 43 years, £565-11-4 a year.

LC 88  
CT. 4.

The Deputy Governor informed the Committee that he had last night seen Mr. Scullin prior to his leaving London to-day on his return to Australia. Mr. Scullin told him that applications for the Conversion loan up to the present are far from satisfactory and there seems little doubt that the Commonwealth Bank, with or without the other Banks will be pressed to come to the assistance of the Government. Mr. Scullin appeared to be disappointed at his treatment in London in regard to financial matters and said that it would be a welcome gesture for the Bank to provide for the payment of <sup>the</sup> £5,000,000 Treasury Bills due on the 31<sup>st</sup> December. He told Mr. Scullin that any such action by the Bank would be tantamount to approval by the Bank of the policy of his Government who had, however, failed to implement many of the undertakings covered by the Resolutions adopted in August on the advice of Sir Otto Niemeyer; moreover, it is no longer the practice of the Bank to deal direct with Overseas Governments though they are prepared to consider proposals submitted to them by approved Central Banks. They have always desired to co-operate with the Commonwealth Bank and cannot therefore view without grave concern the proposed legislation affecting the constitution of that Bank.

The



3<sup>rd</sup> December, 1930

The Committee agreed that the Bank 146

could not support the Australian Government in any matter which would be contrary to the expressed policy of the Commonwealth Bank.

+849  
CT. 33

The Committee agreed that Sir Alan Anderson be allowed to serve on a Committee on Egyptian Trade which would visit Egypt in February next and was expected to spend about three or four weeks there.

The Governor acquainted the Committee of the following matters —

+676  
CT. 17

(1) With reference to Minutes of the 22<sup>nd</sup> October last the Bank are still in friendly communication with the Bank of Spain, but it is interesting to note that as a sequel to M. Ouesnary's recent visit to Madrid the funds held by the Bank on account of the Bank of Spain have for the most part been transferred to the Bank for International Settlements.

+085  
CT. 9

(2) With reference to Minutes of the 20<sup>th</sup> May last and earlier as to Portuguese Stabilisation, the Governor read to the Committee a letter which he had written to the Foreign Office explaining that in all such schemes the Bank are now obliged to support the Bank for International Settlements instead of, as formerly, the Financial Committee of the League.

+013  
CT. 88

(3) He yesterday had a long and friendly meeting, at which the Deputy Governor, Dr Sprague and Professor Clay were present, with representatives of the London Chamber of Commerce, and a further meeting will probably take place later in the month.

CT. 71.01  
+ CT. 55

+696

(4) Under the proposed Iraq Currency Law provision is made for one Member of the Currency Board to be nominated by the Finance Committee of the League of Nations or, as a second alternative, by the Governor.

3<sup>rd</sup> December, 1930.

Governor of the Bank. He had informed the Treasury that if sole power to nominate one Member of the Board were vested in the Governor of the Bank he would be willing to act and he read a letter which the Treasury had written to the Colonial Office recommending an amendment to this effect in the proposed Currency Law.

1897  
CT 32

(5) With reference to the last Minutes, he laid before the Committee a Memorandum written by Mr. Gubbay, General Manager of the P. & O. Banking Corporation, Ltd., at the request of Mr. Shaw, dealing with the economic results of a devaluation of the Rupee.

1897  
SEC 10  
CT 70

The Committee again considered the question of the powers and constitution of the Court and discussed various points which the Committee had reason to think might be the subject of recommendations in the Report of the Macmillan Committee.

Wednesday, the 10<sup>th</sup> December, 1930

Present —

A full Committee.

The Comptroller also  
attended.

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 Weekly Reports on Central Banks were submitted.

It was agreed to recommend to the Court of Directors that Pensions be  
granted



10<sup>th</sup> December,  
1930.

granted, during pleasure and in accordance with the scale, to the following persons - 148

Grace Tucker, an Auxiliary Woman Clerk, Aged 29 years, Service 11 years, who has tendered her resignation on account of continued ill-health, £41:16:- a year from the 7<sup>th</sup> January next inclusive.

J. W. Barnett, a Painter in the Works Department, who attains the age of 70 years on the 7<sup>th</sup> January next, £150:10:4 a year from the 8<sup>th</sup> January inclusive.

A Report from the Rebuilding Committee recommending a scheme for vacating a portion of Section III of the existing building prior to the completion of Section II was submitted and referred to the Court.

The Governor acquainted the Committee of the following matters -

CT. 40

(1) He spent a day with M. Moret in Paris last week, on his way to attend the Monthly Meeting of the Board of the Bank for International Settlements, and discussed with him through M. Lacour-Gayet the following matters which were referred to in the last Minutes. From this it is evident -

(a) That there is no likelihood of an early reduction in the Bank of France rate.

(b) That under existing, political conditions, it is not provable that there will be any alteration of the law under which the Bank of France works.

They consider the present situation to be due to a favourable Trade Balance and the adverse position in this Country, as well as to rising retail prices, and the Bank of France are not likely to take any steps to stop what they regard as the natural flow of gold.

(c) That

10<sup>th</sup> December 1930.

- (c) That there are difficulties in the way of foreign lending and of finding Borrowers, but the Minister of Foreign Affairs might welcome a proposal by this Country to issue a loan in Paris.

The Committee were, however, opposed to this idea.

He also saw Signor Beneduce for a short time with M. Moret; the international Gold position and the possibility of arranging for the Bank for International Settlements to take over the enquiry which was now being conducted by the Gold Delegation of the Financial Committee of the League of Nations was discussed, but M. Moret said <sup>that</sup> he would oppose any such proposal and that no matter what report might be made by the Gold Delegation, he would continue to manage the affairs of the Bank of France as he might see fit.

Signor Beneduce told him that Italy did not wish to arrange a loan in England or France in spite of the economic position in Italy.

- (2) At the Meeting, of the Board of the Bank for International Settlements the following questions, among others, were discussed -

- (i) The appointment of additional Directors: this question was postponed until April and he hoped that before then some rotation system for the allocation of some of the remaining seats might be devised.
- (ii) The appointment of an Advisory Committee: it was decided to leave this question in abeyance for the present, but in his opinion it was advisable to decide now who should be invited to represent this Country if and when the need arises to appoint the Committee and the Committee of Treasury agreed that in that event Sir Walter Layton be invited to serve.

(3) With



10<sup>th</sup> December,  
1920

+B-2  
CT.123

(3) With reference to Minutes of the 29<sup>th</sup> October 150  
last and earlier as to a Gift by the Bank to the Anglo-  
International Bank, it did not appear possible to  
reach during the current year any settlement with  
the Treasury as to the Länderbanks Certificates and  
the Committee agreed to recommend to the Court that  
a Gift be made to the Anglo- International Bank  
of a sum not exceeding £350,000, to make good  
losses incurred by them in respect of the  
liquidation of the British Trade Corporation which  
they had taken over at the request of the Bank.

+B-7  
CT.10

(4) With reference to Minutes of the 19<sup>th</sup> June 1929  
and earlier as to the maintenance in Belgrade at  
the cost in whole or in part to the Bank of some  
person to continue the liaison with London, he  
regretted that the attempt to arrange with Serbia  
for a Stabilisation Loan in London had failed.  
The London Bankers were now arranging for  
their representative in Belgrade, Mr. Porters, to  
return to this Country, and he proposed to  
contribute £2000 as the Bank's share of the  
expenses of maintaining Mr. Porters in  
Belgrade for the current year.

+B-78  
CT.100

(5) He had last summer received from the Bank  
for International Settlements £6,000,000 which  
he had placed on deposit with the Imperial  
Bank of India for from four to five months.  
These deposits commence to fall due at the end of  
January and the Bank for International  
Settlements may wish to secure a renewal of the  
deposits and possibly to increase the amount. The  
Committee agreed that deposits up to £7,000,000  
might be made for periods of from six to twelve  
months in echelon with the Imperial Bank  
of India under the guarantee of the Bank  
against some form of security such as Treasury  
Bills of the Government of India.

The

10<sup>th</sup> December,  
1930

The Committee again discussed the question of the vacancy on the Court which will be caused by the retirement of Sir Gordon Nairne in April next: they were generally of opinion that Sir John S. Hindley, Bart., of the Firm of Stephenson, Clarke & Associated Companies Limited, would be a suitable Candidate and the Governor undertook to take an early opportunity of ascertaining the views of the Court.

Wednesday, the 17<sup>th</sup> December 1930.

Present :—

The Governor,

The Deputy Governor,

Lord Cullen of Rosneath,

Mr Lubbock,

Sir Charles Addis,

Mr Shaw,

Sir Josiah Stamp,

Mr Peacock.

The Comptroller

also attended.

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 Reports &c, were laid before the Committee—

Monthly Report of the Committee on Advances and Discounts.

Weekly Reports on Central Banks.

Monthly Report on the National Bank of Roumania.

Fortnightly Letter to Dominion Central Banks.

The following were submitted and referred to the Court—

Minute of the Staff Committee recommending appointments.

Quarterly Report of the Staff Committee on payments made, &c.

It was agreed to recommend to the Court that a Pension of £1527:10:— be  
granted



17<sup>th</sup> December.  
1930.

152

granted, during pleasure and in accordance with the scale, from the 1<sup>st</sup> March next to Mr. H. G. de Train, Principal Supervisor of St. Luke's Printing Works.

CT 100 04

With reference to Minutes of the 8<sup>th</sup> October last when it was arranged that Mr. Rodd should return to Basel until, say, December 1931, Mr. Rodd has now informed the Bank that he will receive during that period adequate remuneration from the Bank for International Settlements. It was, therefore, agreed that as from the 31<sup>st</sup> instant Mr. Rodd's salary from the Bank should be discontinued until he resumes his duties here, but that if he should find that his remuneration from the Bank for International Settlements is, after all, inadequate, it will be open to him to apply for his salary to be restored to him in whole or in part under the terms of his Agreement of the 11<sup>th</sup> January, 1929.

During the period of his service at Basel Mr. Rodd's name will be retained on the books of the Bank of England.

It was further agreed that the question be considered at a later date of granting to Mr. Rodd a gratuity, in respect of his services while at Basel.

The Deputy Governor informed the Committee of the following matters -

+ 267  
CT 91

(1) With reference to Minutes of the 5<sup>th</sup> November and earlier as to the settlement of the Graham Account and the possibility that the Bank might be asked to surrender their beneficial interest in certain Securities estimated to be worth about £50,000, he had had two visits from Sir John Mann who had requested the Bank to surrender these Securities or to dispose of them to Graham Co. for a nominal sum.

Sir John

17<sup>th</sup> December, 1930.

Sir John Mann had produced figures for the past three years relative to the non-piece-goods business of the Company which appeared to have been satisfactorily maintained. He claimed that the reputation and standing of Graham's Company in India was such that the liquidation of the firm would react very unfavourably on the Lancashire Cotton Trade, and he therefore asked that his request might be considered from the point of view of the advantage of the Trade as a whole rather than that of the individual Company. He stated that the arrangement now proposed by him would enable the Company to carry on for a considerable time, though he admitted that it would probably not be able to reap the benefit of any general improvement in trade without the provision of more capital.

For evidence in support of his claim as to the importance of the Company to the trade of Lancashire he suggested that the Bank should make enquiry of Sir Kenneth Stewart. The Committee agreed that Sir Kenneth be consulted and that the matter then be again considered.

18  
CT. 32.

(2) Mr. Kisch, of the India Office, called upon him on the 5<sup>th</sup> instant and stated that owing to the unsatisfactory position of the Indian Exchange, the India Office had been obliged for some days to give it support. For this purpose they had been compelled to draw on the Sterling Funds in the Gold Standard Reserve which in the next monthly Statement would be below the conventional figure of £40,000,000. Mr. Kisch stated further that India would probably require to borrow again during January and asked whether in the opinion of the Bank this reduction in the Gold Standard Reserve would be likely to damage India's credit in this Market.

The



17<sup>th</sup> December, 1920

The Committee agreed that in the circumstances 154  
the India Office had no alternative but to draw on  
the Gold Standard Reserve notwithstanding the  
fact that such action would probably affect  
adversely the terms on which fresh loans could  
be raised in this Country.

The Governor acquainted the Committee  
of the following matters -

+ 84  
CT 23  
(1) With reference to Minutes of the 19<sup>th</sup> November as to  
the co-operation of the Bank in the event of the issue  
of a Brazilian loan for stabilisation purposes, he  
had again been in touch with the Bankers and, at  
their request, had been to the Foreign Office to ask  
their opinion as to the permanence and constitutional  
position of the Brazilian Government. He had  
also mentioned to the Foreign Office the possibility  
of Sir Otto Niemeyer going to Brazil next year in  
that connection provided his position and  
advice could in some way be safeguarded and  
he laid before the Committee a letter he had written  
to the Bankers informing them of this and  
suggesting that they should write a brief note on the  
subject for transmission by the Foreign Office to the  
British Ambassador in Brazil.

+ C99  
CT 113 02  
(2) He had declined a request for the admission as  
"floaters" of United Kingdom 20 year 5½% Dollar  
Bonds issued in the United States in 1917.

+ 123  
CT 88  
(3) With reference to Minutes of the 3<sup>rd</sup> December,  
he had yesterday had a further meeting with  
representatives of the London Chamber of  
Commerce and arrangements had been made  
for further similar Meetings at intervals of a  
month.

CT 180  
+ C29  
(4) With reference to Minutes of the 13<sup>th</sup> November  
1929 as to the United Dominions Trust, he had

a

17<sup>th</sup> December 1930LC 29  
CT 180

a few days ago seen Mr Jarvie who had told him that his business during the year had only shown a moderate increase, but that the profits were satisfactory and he was considering the question of paying an increased interim dividend; as a result of his advice, however, Mr Jarvie had decided to make no change.

He told Mr Jarvie that he understood he was Secretary of certain political organisations and asked him if he contemplated deserting business for politics, but Mr Jarvie explained that he had consented to act as Secretary of one organisation at the request of his best customer and because it helped his business, but that he had neither parliamentary ambitions nor political desires.

LC 70  
CT 132

(5) With reference to Minutes of the 10<sup>th</sup> September last as to the British Italian Holding Company, he was pleased to say that Mr James Henderson, who lives in Milan, and is connected with J. & P. Coats, Ltd., had agreed to undertake the Chairmanship of the Company in Italy. He had sent him a letter of congratulation and had sent a copy of the letter to the three Clearing Banks concerned.

LC 78  
CT 100

(6) The Bank for International Settlements propose to suggest a general diplomatic exchange of Notes between the Governments concerned regarding Article 10 in the Hague Convention which confers immunity from seizure in time of peace or war to property and other funds entrusted to the Bank, there being doubt as to the correct legal interpretation of the Article in question.

LC 76  
CT 17  
CT 100.94

(7) With reference to Minutes of the 22<sup>nd</sup> October as to Spanish Stabilisation, he had received a telephone message from the Bank for International Settlements asking whether he would



17<sup>th</sup> December  
1930

would allow Mr. Siepmann to go to Madrid 156  
to remain there for some months as their representative.  
While he is anxious to assist the Bank for International  
Settlements by every possible means he proposed to  
inform them that in his view the decisions to be taken  
in this matter during the next few months should  
properly be determined by the Spaniards themselves;  
if the Bank for International Settlements decide,  
however, to maintain a representative in Madrid  
he would prefer them to choose someone from their  
staff in Basel and not his alternate.

CT 9.

(8) With reference to Minutes of the 20<sup>th</sup> May last  
as to a stabilisation scheme for Portugal, he  
understood that a preliminary Report on the  
subject would be required and he proposed, at the  
request of the Bank for International Settlements, to  
invite Mr. Siepmann to undertake this work.

CT 178

H 90

1055

CT 189

CT 171

(9) With reference to Minutes of the 17<sup>th</sup> September last  
he had agreed at the urgent request of the Bankers  
Industrial Development Company, that the Bank  
shall make an issue early in January of £1,000,000  
National Shipbuilders Security Ltd, Debentures,  
which shall be registered at the Bank, the  
Prospectus to be first approved by Messrs. Freshfields  
and the issue to be <sup>under</sup> written by Messrs. Mullens,  
Marshall & Co. He has further agreed that, if so  
requested by the Bankers Industrial Development  
Company, the Bank will undertake future issues of  
these Debentures on the same conditions. He had  
agreed with the Bankers Industrial Development  
Company as to the charges for Issue.

CT 181 01

H 60

1053

CT 189

CT 171

Arising out of this he informed the Committee that  
he was being strongly pressed by the Chancellor and  
the President of the Board of Trade to take some  
definite steps to assist industry and he believed  
that unless the Bankers Industrial Development  
Company were prepared to take early action the  
Government would intervene: the provision of

funds

17<sup>th</sup> December, 1930.

funds by the Bankers to finance sound schemes of rationalisation would be necessary to enable the Bankers Industrial Development Company to take effective action. For this reason he welcomed the proposed issue of Shipbuilding Debentures and he considered it to be necessary to arrange for an early issue of Lancashire Cotton Corporation Debentures; as advised by Messrs. Selittes in November last, he proposed to arrange to guarantee the interest on these Debentures for five years through the Sun Life Assurance Society on the understanding that the Bank would receive  $\frac{1}{4}$  % per half year as commission.

See copy of Mr.  
Bischopp's memorandum  
of the 26<sup>th</sup> November, 1930.

CT 181-01

(10) He hoped to go away on Friday for ten days or a fortnight.

Tuesday, the 23<sup>rd</sup> December, 1930.

Present :—

The Deputy Governor  
Mr. Kuusboeck  
Sir Alan Anderson  
Sir Charles Addis  
Mr. Shaw  
Sir Josiah Stamp  
and  
Mr. Pearce.

The proceedings of the last Committee were read and agreed.

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

The Comptroller  
also attended.

CT 99

It was agreed that no alteration be recommended in the Bank Rate. In this connection the Deputy Governor informed the Committee that Mr. Harrison had telephoned to him yesterday afternoon. It was difficult to hear what he said but he gathered that the Federal Reserve Banks were contemplating the possibility of reducing their rate this week and that Mr. Harrison hoped that this would not embarrass the Bank.

It was



25<sup>th</sup> December, 1930

158

H 100  
Establs.

It was agreed that an Allowance of £54 a year be granted during pleasure and in accordance with the scale to Mrs. M. E. Robison, widow of Robert Robison, a Pensioner, formerly a 1<sup>st</sup> Class Clerk in the Public Drawing Office.

The following were submitted and referred to the Court -

Revised Regulations for taking in the Out Cash.

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

The Deputy Governor acquainted the Committee of the following matters -

H 88  
CT 4

(1) Before leaving Australia Sir Otto Niemeyer had arranged for the Commonwealth Bank of Australia to communicate with him every other day, but they had not since communicated either with Sir Otto or with the Bank.

A few days ago he had asked their Manager in London whether any arrangements had been made in regard to the Treasury Bills maturing on the 31<sup>st</sup> December. The London Manager had heard nothing, so he advised him to cable to Australia for instructions. On the following day Mr. Collins informed him that he had received instructions from Australia to invite tenders for an issue of Treasury Bills to replace those now maturing and enquired whether the Bank of England would assist, but he had refused; he believed that the Commonwealth Bank by arrangement with Mr. Collins are now trying to place the Bills.

H 78  
CT 100

(2) With reference to the last Minutes, he laid before the Committee a letter in which the Governor informed the Treasury that he proposed to invite Sir Walter Layton to serve on the Special Advisory Committee which will be set up by the Bank for International Settlements if and when the need arises.

(3) With

23<sup>rd</sup> December, 1930H.C. 17  
CT 91

(3) With reference to the last Minutes in regard to Graham's Trading Company, Sir James Cooper has had a conversation with Sir Kenneth Stewart who considers that although they might be useful to the Lancashire Cotton Corporation he did not regard them as by any means indispensable. As no immediate decision is required, it was agreed to leave the matter over until the Governor's return.

H.C. 17  
CT 100.04

(4) With reference to the last Minutes on the question of Spanish stabilisation and the maintenance of a representative of the Bank for International Settlements in Madrid for the next few months, he had received a cable from the Governor suggesting that the Bank of Spain should engage an independent foreign expert and submitting the name of Mr. Porters. He was, however, of opinion that if Mr. Porters is to be competent to succeed Mr. Rodd at Basel next year, it will be necessary for him to devote the whole of the intervening time to preparation for that task and he, therefore, proposed to take no action. Dr. Sprague and Mr. Siepmann concurred in this view.

The Committee again discussed the question of the succession to the Governorship.

Wednesday, the 31<sup>st</sup> December, 1930

Present:—

The Deputy Governor,  
Lord Cullen of Atterbury,  
Mr. Dickson,  
Sir Alan Anderson,  
Sir Charles Addis,  
Sir Josiah Stamp  
and  
Mr. Peacock.

The Comptroller also  
attended.

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



31<sup>st</sup> December,  
1930.

It was agreed that no alteration be recommended in the Bank Rate. 160

The Weekly Reports on Central Banks were submitted.

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:—

P. E. Gibson, Chief Clerk at the Newcastle-upon-Tyne Branch. Age 61 years. Service 42 years on the 28<sup>th</sup> February next. £66:13:4 a year from the 1<sup>st</sup> April next inclusive.

J. C. Cannon, Senior House Porter and Watchman at Burlington Gardens. Age 65 on the 8<sup>th</sup> January next. £136:2:- a year from the 9<sup>th</sup> January next inclusive.

Also that an Allowance of £60 a year be granted during pleasure to Mrs. M. Charleton, widow of G. J. Charleton, a Pensioner, formerly Agent of the Hull Branch.

+ C-88  
CT-4

With reference to the last and earlier Minutes, the Deputy Governor read to the Committee a cable from Sir Robert Gibson to Sir Otto Nienmeyer reporting the present position in Australia.

In this connection the Deputy Governor informed the Committee -

(1) That he had been informed by the Commonwealth Bank that, apparently by the exercise of some pressure, they had succeeded in placing all but £40,000 of the Treasury Bills which are being issued to replace the £5,000,000 Bills maturing on the 31<sup>st</sup> instant. Further applications are being invited privately to cover the small balance not yet placed.

(2) That

31<sup>st</sup> December, 1930

(2) That Sir Otto Niemeyer had agreed, at their request, to meet one day next week, the representatives of those Australian Banks whose Head Offices are in London.

While the Committee were sitting, a message was received from M. Moret to the effect that he would probably propose to the Conseil des Regents that the Bank of France Rate should be reduced this week and enquiring whether the Bank of England contemplated any action. The Committee agreed that M. Moret be informed that the Bank of England have no present intention of altering the Rate here and that a decision by the Bank of France to lower their Rate would not affect this intention.

The Committee again discussed the question of the succession to the Governorship.

Wednesday, the 7<sup>th</sup> January, 1931.

Present:—

The Governor  
The Deputy Governor  
Mr. Lubbock  
Sir Alan Anderson  
Sir Charles Adkins  
Mr. Shaw  
Sir John Stamp  
Mr. Peacock

The Comptroller  
also attended.

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.

In this connection the Governor expressed the view that a continuation of the present drain of gold might lead to a serious position which, in turn, might result in a flight from sterling. Since the cost of gold was

CT 99.



7th January, 1921

was above the Bank's selling price, there were in his view two courses open to the Bank -

(a) to raise the Rate;

(b) to convert debentures into earmarked gold.

and he asked the Committee to consider as to the policy to be adopted by the Bank in the event of the drain of gold continuing.

The Weekly Reports on Central Banks were submitted.

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

Marchant Gueison, a 1<sup>st</sup> class Clerk in the Private Drawings Office. Age 60 years on the 21<sup>st</sup> March next. £419.17.4 a year from the 22<sup>nd</sup> March inclusive.

J. A. Delamare, Principal, Consols Office. Age 61 years on the 11<sup>th</sup> February next. £846 a year from the 1<sup>st</sup> April inclusive.

The Governor acquainted the Committee of the following matters -

19.6  
CT 91

(1) With reference to Minutes of the 17<sup>th</sup> December last and earlier as to Graham's Trading Company, he proposed that the Bank's claim in respect of certain assets of the Company, arising under the liquidation of Messrs Cox & Co., be surrendered to the Company in exchange for an equivalent nominal amount of shares.

19.6  
CT 23

(2) With reference to Minutes of the 17<sup>th</sup> December last and earlier, he was pleased to say that, subject to the receipt of an invitation from the Government of Brazil and to the acceptance by them of certain conditions laid down in a memorandum which he read to the Committee, provisional arrangements had been

3 7<sup>th</sup> January, 1921.

been made for Sir Otto Niemeyer to proceed to Brazil on the 28<sup>th</sup> January.

H 78  
CT 100

(3) With reference to Minutes of the 17<sup>th</sup> December last, he had received from Mr. Leon Fraser a letter, which he had referred to H. M. Treasury, as to the legal interpretation of Article 10 in the Hague Convention.

CT 178  
H 90  
H 55  
CT 189

(4) With reference to Minutes of the 17<sup>th</sup> December, he read a personal letter which he had written to Sir Guy Granet stating that he had arranged to make on behalf of the Bankers Industrial Development Company an early <sup>advised</sup> issue of £1,000,000 National Shipbuilders Security <sup>advised</sup> Debentures, and that he hoped this issue would be followed in the same manner by issues of Debentures -

- (a) of Lancashire Cotton Corporation,
- (b) of South Wales Steel.

CT 181-01  
H 60  
H 55  
CT 189

With regard to the issue of Lancashire Cotton Corporation Debentures, he had undertaken, if necessary, to support the market after the issue to a maximum extent of £500,000 provided the Bankers Industrial Development Company would arrange for the whole of the issue to be underwritten on the market through Messrs. Mullens, Marshall & Co., or failing them through some other firm.

Pending the issue of the Debentures he had arranged for further advances to be made to the Lancashire Cotton Corporation to a maximum amount equivalent to 4/- per spindle on not less than 7,000,000 spindles; the total advance not to exceed £1,400,000 during the next six months.

CT 40

(5) For some days Sir Frederick Leith-Ross has been engaged in conversations in Paris with officials of the French Ministry of Finance; so far, these conversations, from which the Bank of France and the Bank of England by mutual consent have held aloof, have yielded no definite result and

at



7<sup>th</sup> January, 1931. at the moment it is doubtful whether the conversations will be continued or whether possibly discussions between the Chancellor of the Exchequer and the French Minister of Finance will take their place. The following points, inter alia, are believed to have been mentioned:

164

- (i) Employment of surplus balances of the French Treasury and of the Caisse d'Amortissement,
- (ii) Modification of the Statutes of the Bank of France to permit:-
  - (a) The undertaking of open market operations,
  - (b) Purchase of long dated securities.

~~812~~  
CT 164

(b) He had two days ago met Sir Warren Fisher and Sir William Mellinckox at the Treasury and had been asked by them to consider a proposal that the Bank should purchase from the Oceanic Steam Navigation Company at a cost of about £1,050,000 an interest of about 50% subject to mortgages in the ships of the Shaw Savill and Albion Line and their holding of Shares of that Line (about 44% of the total) in order to furnish funds to provide temporary finance for the Oceanic Steam Navigation Company which has no power to borrow. He was investigating the matter and understood that in the opinion of the Treasury it was essential for some proposal of this nature to be adopted in order to provide funds sufficient to -

- (i) Enable the Oceanic Steam Navigation Company to finance the completion of the "Georgic" now under construction by Messrs Harland & Wolff and to meet excess working disbursements until the summer traffic season.
- (ii) Avoid an immediate Receivership in the case of Messrs Harland & Wolff.

(7) He had asked the Bankers at the last Quarterly Meeting to consider the advisability of a reduction in their

7<sup>th</sup> January, 1931.

their dividends for this half-year. Lloyds Bank alone had adopted the suggestion and the Committee agreed with a letter of approval which he had written to Mr. Beaumont Pease.

CT100  
+ 25

(8) He laid before the Committee a Memorandum by Sir Robert Kindersley setting out a scheme:-

(a) to correct the present tendency for Gold to accumulate in France and the United States by the issue in Paris and New York on behalf of Foreign Countries of 10 year loans guaranteed as to one-third each by England, France and the United States,

(b) to finance the World by means of a Corporation with a Capital of £100,000,000 subscribed in England, France and the United States to raise funds by the issue of Debentures up to £200,000,000 for making loans to Foreign Countries.

It was agreed that neither was practicable.

~~1734~~  
N/E  
Papers in Office File

(9) He mentioned to the Committee that he received every year a present from the Bank of Japan and pointed out that the Bank had made no corresponding gift since that referred to in the Minutes of the 26<sup>th</sup> November 1924.

(10) He proposed to submit formally to the Court this week the name of Sir John Hindley (who was raised to the Peerage on the 1<sup>st</sup> January) for submission to the Proprietors for Election in April next in the room of Sir Gordon Haigne.

1619  
SEC. 10  
CT. 70

With reference to a Minute of the 3<sup>rd</sup> December 1930 as to the discussion of various points which the Committee feared might be the subject of recommendations in the Report of the Macmillan Committee, the Governor again raised these questions in the following form.

Done



7<sup>th</sup> January 1931

LC 10  
SEC. 101  
- CT 70

Does the Committee think it advisable, <sup>166</sup>

with the object of avoiding unfriendly recommendations by the Macmillan Committee, for the Bank to offer now -

1. That the appointment of the Governors should be subject to the approval of some outside body or person.
2. That the period of appointment should be five or ten years.
3. That there should be some limitation on the Court's freedom of choice for Directors.
4. That an Advisory Committee composed of representatives of Finance, Commerce and Industry should be set up for purposes of consultation.
5. That the Issue and Banking Departments should be amalgamated.
6. That there should be regular publication of a Report.
7. That there should be a fixed dividend.
8. That the Higher Administration of the Bank should be re-organised.

The Committee were still of opinion that it was unnecessary to take any action.

Wednesday, the 14<sup>th</sup> January, 1931.

Present:—

A full Committee

The Comptroller also  
attended.

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 99.

With reference to the last Minutes, the Governor again brought before the Committee the question of the policy to be adopted by the Bank if the drain of gold should continue and he read a cable which he had sent to Mr. Harrison in reply to an enquiry from him as to our probable Rate prospects. He had during the past week again discussed the matter with the Chancellor and had told him that if there were in the near future any indication of a flight from Sterling, whether due to loss of gold, Budget prospects, Socialist legislation or any other cause, he would consider it necessary to advise an increase in the Rate; such action would doubtless be unpopular, but he believed it would be necessary and it would draw attention to the unsatisfactory position. The Committee agreed that in the event of the drain of gold continuing they would have no alternative but to recommend an increase in the Rate.

In this connection he informed the Committee—

1. That he had been much surprised at the unusual lack of resiliency in the American Exchange during the first half of January, for which he could offer no adequate explanation.
2. That during the past week he had seen Mr. Graham, the President of the Board of Trade,

who

H60  
CT 181  
CT 181.01



14<sup>th</sup> January, 1931

+C60

who is disturbed at the position of affairs in Lancashire, wishes to take effective action before the Meeting of Parliament and proposed for this purpose to appoint three Commissioners with power to close down, if necessary, 25% of spindles and 30% of weaving looms and make arrangements as to merchandising.

He considered it to be most inadvisable for Mr. Graham's proposals to be put into effect and he had taken an opportunity of expressing this view to the Chancellor; he hoped that no more would be heard of the scheme.

The following were submitted -  
Weekly Reports on Central Banks.

Monthly Report on the National Bank of Roumania.  
Fortnightly letter to the Dominion Central Banks.

Proposals for revision of the terms for Management of the India Sterling Debt were submitted and referred to the Court.

+C67

C195.01.

The Deputy Governor informed the Committee that he wished them to consider the advisability of making an alteration in the Bank's practice in regard to gold bars and assay pieces. At present all gold bars received are submitted to assay and the assay pieces are exported as part of the bars to which they belong. This practice is regarded by other Countries as inconvenient and he suggested that the following procedure be adopted for the future -

1. The Bank to purchase Rand bars on the basis of the Rand assay, the correctness of which is to be checked, after purchase of the bars, by the re-assay at the Bank's expense of a few selected bars, say one in twenty, of those purchased from time to time. The arrangements regarding the assay of other bars to continue as hitherto.

2. That bars

14<sup>th</sup> January, 1931

2. That bars required by the Bank to be assayed before completion of purchase be stamped with such assay.
3. That bars be sold without the assay pieces.
4. That the assay pieces be accumulated and be from time to time converted into bars.

The Committee approved of these proposals.

The Governor acquainted the Committee of the following matters -

+B-78  
CT 100

(1) With reference to Minutes of the 10<sup>th</sup> December last the Chancellor had now agreed that Sir Walter Layton is the most suitable person to be invited to serve as a Member of the Advisory Committee of the Bank for International Settlements, if and when such Committee is appointed.

+B-78  
CT 100.04

(2) With reference to Minutes of the 5<sup>th</sup> November last he had had two interviews with Mr. Porters who had been suggested as a successor to Mr. Rodd with the Bank for International Settlements at Basel. Mr. Porters was prepared to consider the matter and proposed to go shortly to Basel for two or three weeks in order to examine the position on the spot. If Mr. Porters agreed to accept the appointment he would require a Contract for, say, 3 to 5 years, and the assurance of adequate remuneration.

He proposed, if the salary suggested by the Bank for International Settlements proved to be inadequate that it should be supplemented by the Bank of England. The Committee, whilst of opinion that as a general principle payment of any subsidy of this nature by the Bank of England was undesirable, agreed that in the special circumstances of this case some such payment might be made, if necessary, but suggested that every



14<sup>th</sup> January, 1931. every endeavour should first be made to secure 170  
the payment of adequate remuneration by the Bank  
for International Settlements.

~~1081~~  
CT. 55

(3) The Comptroller is the representative of the Bank on  
the Colonial Currency Committee and the first question  
the Committee have to consider is that of the Hongkong  
Currency. The Committee consider it to be necessary  
to send someone to Hongkong to study the question  
and report, and he invited suggestions as to the name  
of some person suitable and available for this work.

~~102~~  
CT. 133.

(4) The Committee agreed on the 10<sup>th</sup> December last to  
recommend to the Court that a gift not exceeding  
£350,000 be made to the Anglo-International Bank,  
to make good losses incurred by them in respect of  
the liquidation of the British Trade Corporation which  
they had taken over at the request of the Bank. The  
necessary arrangements had now been made and he  
proposed that the sum of £350,000 should be paid  
over to-day or to-morrow, but the Committee agreed  
in all the circumstances that the Court should  
not be informed of the arrangement until the  
Report of the Anglo-International Bank for 1930  
had been published.

Wednesday, the 21<sup>st</sup> January, 1931.

Present:—

The Governor,  
The Deputy Governor,  
Mr. Lubbock,  
Sir Alan Anderson,  
Sir Charles Addis,  
Mr. Shaw,  
Sir Josiah Stamp  
and  
Mr. Peacock.

The Comptroller  
also attended.

ET 40  
CT 99

The proceedings of the last Committee were read and agreed.

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

The Committee discussed the question of the Bank Rate and the Governor pointed out that the position had deteriorated during the past week. The exchanges were on the whole disappointing and the New York exchange was below gold point. His inclination was against earmarking gold in New York, or trying to arrange for a loan in France or the United States. He feared that it might, before long, be necessary to raise the rate here, but he did not suggest making any change this week; meanwhile, he proposed to endeavour to tighten up the Market Rate, and to suggest to M. Moret an arrangement to protect the French Rate through the transfer to the Bank of France of £5,000,000 or £10,000,000 in exchange for francs.

The Committee concurred in these proposals.

The following were submitted —  
Monthly Report of the Committee on Advances and Discounts.  
Weekly Reports on Central Banks.

The following were submitted and referred to the Court —

Minute of the Staff Committee recommending Appointments, &c.

Report of the Staff Committee recommending the Election of 18 Probationary Male Clerks to the Permanent Staff.

Minutes of



21<sup>st</sup> January, 1931

Minute of the Committee on St. Luke's recommending  
the acceptance of a tender for the erection of a Pavilion at  
the new Sports Ground at Walthamstow.

172

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 19<sup>th</sup> March,  
and that a General Court for the Election of  
Governors and Directors for the ensuing year be  
held on Tuesday and Wednesday, the 14<sup>th</sup> and  
15<sup>th</sup> April.

The Governor acquainted the Committee  
of the following matters -

~~184~~  
CT 28

(1) With reference to Minutes of the 7<sup>th</sup> January  
and earlier he has reluctantly promised to  
underwrite, if necessary, up to £500,000 of a  
temporary credit which the Bankers are  
endeavouring to arrange for Brazil: he hopes  
that he will not be called upon to redeem this  
promise, but in view of Sir Otto Niemeyer's  
forthcoming visit to Brazil, it is essential  
for the position to be maintained and in his  
opinion this credit is advisable for this purpose.

~~1826~~  
CT 15

(2) He read to the Committee a letter which he  
had written to the Foreign Office in regard to  
the financial position of Roumania.

~~185~~  
CT 121

(3) He read to the Committee his reply to a  
letter which he had received from the Foreign  
Office enclosing a copy of a letter from the Minister  
at Bucharest complaining that the Bank's  
representative when recently in Bucharest  
had not called upon him and that he had  
not known of his visit.

CT 100  
~~1878~~  
CT 100.02

(4) He gave the Committee an outline of the  
proceedings at the Monthly Meeting of the Bank  
for

21<sup>st</sup> January, 1931+B 78  
CT 100

for International Settlements at Basel, the following being the principal points :-

He had long discussions with Dr. Luthier as to the Advisory Committee. Dr. Luthier was of opinion that if Germany failed to secure at the Meeting of the Council of the League of Nations some satisfaction regarding the questions of Poland or of international disarmament, their internal political position might become so difficult that it would be necessary to seek relief in <sup>the</sup> raising of some other external question such as that of Reparations and the Young Plan.

+C 76  
CT 17

Senor Baz, Governor of the Bank of Spain, had been at Basel and had had separate interviews with the Governors of the Central Banks on the question of stabilisation.

The question of accepting for the Reichsbank bills drawn by a German Company owned by the Soviet Government was discussed and decision deferred.

CT 100.02

A request from the Bank of Latvia for an immediate advance had been considered. A month ago, at the request of the Management of the Bank for International Settlements, shares of the Bank for International Settlements had been sold to the Bank of Latvia and the Latvian Currency had been added to the list of approved Currencies, but it now appears that unless this advance is granted their position may be very serious.



Wednesday, the 28<sup>th</sup> January, 1931.

Present:—

The Governor,  
The Deputy Governor,  
Mr. Kibbick,  
Sir Alan Anderson,  
Sir Charles Addis,  
Mr. Shaw and  
Sir Josiah Stamp.

The proceedings of the last Committee were read and agreed.

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

The Comptroller  
also attended.

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

In this connection the Governor informed the Committee that the policy approved at the last Meeting had brought some improvement during the week; the Market Rate had been lightened up and the French Exchange had been supported by the sale of francs obtained in exchange for dollars under the arrangement made with the Bank of France. He hoped that a continuance of the present policy would result in a definite change for the better in so far as it could overcome the results of fiscal and industrial conditions at home.

The Weekly Reports on Central Banks were submitted together with the Fortnightly Letter to Dominion Central Banks.

The following were submitted and referred to the Court—

Quarterly Report of the Staff Committee on the Accountant's and Cashier's Departments.

Report of the Audit Committee on Audits taken by the Audit Department between the 30<sup>th</sup> October 1930 and the 15<sup>th</sup> January 1931.

Letter from Colonel Harbury asking permission to join the Board of Guardians Eastern Insurance Company Ltd.

The Governor acquainted the Committee of the following matters:—

(1) With reference

28<sup>th</sup> January 1931184  
CT. 23

(1) With reference to the last Minutes the Bank had been released from their promise to underwrite, if necessary, a portion of the temporary credit which was being arranged for Brazil.

Three Members of the Staff of the Bank are accompanying Sir Otto Niemeyer to Brazil and he has informed the Bankers, who have decided not to invite the Government of Brazil to bear the expense connected with Sir Otto's visit, that the Bank will be prepared to share the cost.

185  
CT. 121

(2) With reference to the last Minutes as to visits to our Embassies abroad by representatives of the Bank, who might be in foreign capitals on business for the Bank, he read a memorandum from Sir Otto Niemeyer dissenting from the views expressed in his letter of the 15<sup>th</sup> instant to the Foreign Office, but the Committee again expressed their approval of the Bank's policy.

(3) Mr. Kitson has been elected President of the National Federation of Iron and Steel Manufacturers for the current year; their Meetings are held about once a month, on Thursdays, and Mr Kitson will therefore be absent from Comt on those days.

183  
CT. 45

(4) While at Basel last week, Dr Lutter informed him that he wished to obtain funds in order to balance Germany's Extraordinary Budget and that he required for that purpose about Am. 130,000,000. Dr Lutter hoped to obtain this money by discounting certain payments due during the period ending 31<sup>st</sup> December, 1932 from the German National Insurance Institute for Clerks in respect of a purchase by them of German Railway Preference Shares. Dr Lutter hoped that some of the money would be forthcoming from Paris, though it appears that although official consent has been given the French Bankers are not prepared to participate



28<sup>th</sup> January  
1931

176

participate unless formally requested to do so by the French Government. The London Bankers, who have also been approached, have agreed that they should not decline to help and he has urged them to participate to the extent of, say, £1,000,000 or £2,000,000.

CT 71.01  
CT 55

(5) With reference to the Minutes of the 3<sup>rd</sup> December last the Iraq Currency Law has now been amended so that one Member of the Currency Board shall be nominated by the Governor of the Bank or, failing him, by the Finance Committee of the League of Nations and he has consented to act.

(6) He proposes in due course to nominate Mr. R. H. Twining of the Firm of Messrs. Panmure Gordon & Co., as a Scoutmaster in the room of the late Mr. Cobb.

CT 27

(7) The Soviet Government are bringing an action against Messrs. Barings in respect of a sum of £150,000 held by them on behalf of the late Russian Government and Sir William Keene who is acting against Messrs. Barings has also been asked in another impending case to act on behalf of the Russian Government. He has told Sir William that he is free to act provided the circumstances will permit him to do so without detriment to the interests of the Bank.

CT 27

(8) In company with the Deputy Governor, he yesterday had a long conversation with Mr. E. F. Wise. He informed Mr. Wise that Russia is free to send Gold here and that it would be bought under the same arrangements as Gold imported from any other Country, but he pointed out to Mr. Wise that the Bank could not accord exceptional treatment to Russia in the matter of advances against Gold in course of shipment.

A suggestion that he should call on the Russian Ambassador was declined, but he explained to Mr. Wise that if the Russian Ambassador wished to come to the Bank he would be pleased to see him.

(9) With

28<sup>th</sup> January, 1931

L 60  
 CT 181  
 CT 181.01

(g) With reference to Minutes of the 14<sup>th</sup> January it appears that the position in all branches of the Lancashire Textile Industry is rapidly deteriorating. Hitherto the Bank have declined to take action until a scheme for rationalisation has been submitted by the industry concerned, and in this case no such schemes have been submitted. It is, however, urged that if matters are much longer delayed it will be too late and he has now heard from Sir Arthur Steel-Maitland the views previously expressed by the President of the Board of Trade, that the Government must take some action. In these circumstances he asked the Committee to consider whether there is any way in which the Government can intervene without causing undue disturbance.

Sir Josiah Stamp informed the Committee that he had been requested to act as Chairman at the forthcoming Meetings of the 1<sup>st</sup> and 2<sup>nd</sup> Debenture Holders of the Royal Mail Steam Packet Company and of the Preference Shareholders of the White Star Line.



Wednesday, the 4<sup>th</sup> February, 1931 178

Present —

The Governor,  
The Deputy Governor,  
Lord Cullen of  
Kelburne,  
Mr. Ambrose,  
Sir Charles Addis,  
Mr. Shaw,  
Sir Josiah Stamp  
and  
Mr. Hancock.  
The Comptroller  
also attended.

CF 40  
- CF 99

The proceedings of the last Committee were read and agreed.

It was agreed that no alteration be recommended in the Bank Rate. In this connection the Governor stated that as a result of the policy approved a fortnight ago the exchanges had rallied; the stock of gold had increased owing to arrivals of sovereigns, but all bar gold continues to be sold forward to Paris. He proposed to maintain the present policy of restriction on the position, which is still far from satisfactory.

The Weekly Reports on Central Banks were submitted.

It was agreed to recommend to the Court that the Rate of Interest on deposits with the Bank of the Province Society be continued for the ensuing year at  $3\frac{1}{2}\%$  free of Income Tax.

It was agreed to accede to a request from Sir Philip Sassoon for the loan of 3 clocks and an engraving for an Exhibition of Georgian Art which he is arranging in aid of the Funds of the Northern Hospital.

12.50  
CF 27

With reference to the last minutes as to the import of Gold from Russia, the Deputy Governor informed the Committee that on Friday last he had had a further interview with Mr. Wise, who was accompanied by a Director of the Russian State Bank. They stated that they wished to ship gold direct to the Bank of England for sale at the best price and they also expressed the hope that this might be the prelude to the establishment of some direct relations between the Bank of England and the

4<sup>th</sup> February, 193110.50  
CT 27

the Russian State Bank, to which he had replied that he must consult his colleagues before giving a definite answer. Since then the Governor had learnt that in the course of negotiations now proceeding between the English and the Soviet Governments, the latter had put in a claim, which was stated to be a private commercial claim by the Russian State Bank against the Bank of England, for the return of £60,000,000 of gold deposited here during the War. The Committee agreed that until this claim had been finally disposed of no question of any direct relations could be considered and further, that the Russian State Bank should be advised meanwhile to arrange through their former Agents for the sale of any gold which they might ship to London.

The Governor acquainted the Committee of the following matters -

CT 100

(1) With reference to Minutes of the 14<sup>th</sup> January and earlier, Sir Walter Layton has consented to serve on the Advisory Committee of the Bank for International Settlements, if and when such Committee is appointed.

In this connection the French Government are anxious for all the European nations concerned to agree beforehand to pursue a common policy regarding Debt payments in the event of a default by Germany in respect of Reparation payments. The French and Italian Governments have decided in that event to exercise their right to claim a moratorium vis-a-vis this Country and the United States and wish Great Britain to adopt the same course in regard to her Debt payments to the United States. The Committee were of opinion that it would be unwise for this Country to be committed beforehand to the adoption of a definite policy regardless of the circumstances which might exist at some indefinite future date, but that the matter should remain open for consideration in the light of the conditions obtaining

if



CT 100

~~100-98~~

CT 100 03

CT 100 04

(2) With reference to Minutes of the 14<sup>th</sup> January and earlier, he had again seen Mr. Porters who told him that he had been accepted by Mr. McGarrath as liaison officer for the Bank of England with the Bank for International Settlements in succession to Mr. Rodd. Mr. Porters is expecting to take on an appointment with the Bank for International Settlements as from next winter and will in the meantime arrange to be free to work solely at the Bank in London for eight to ten months. For this period he had agreed, subject to arrangement with Mr. McGarrath, to pay Mr. Porters £4,000 a year, less Income Tax, payable monthly: Mr. Porters to make his own agreement with the Bank for International Settlements if and when he takes up his position in Basel.

~~100-5~~

CT 100

(3) With reference to Minutes of the 7<sup>th</sup> January, he has agreed to submit Sir Robert Kinderley's Memorandum as to the formation of an International Corporation for making loans to Foreign Countries to the Bank for International Settlements for their consideration and possible support.

~~100-31~~

CT. 2

(4) Monsieur Charron has accepted an appointment with an American Bank and will be shortly leaving Bulgaria. As the future position of Bulgaria is not assured, he has written to Mr. Smedley asking him to ensure that M. Charron shall be succeeded by someone whose personality and banking experience will entitle him to exercise authority in the National Bank of Bulgaria as well as to safeguard the foreign Bondholders.

~~100-81~~

CT 55

(5) With reference to Minutes of the 14<sup>th</sup> January requesting suggestions as to the name of some person to be asked to go to Hong Kong to study the question of the Currency and report, Mr. Clegg has been invited to undertake the work and has agreed in principle to go to Hong Kong.

4<sup>th</sup> February 1931

(6) The Government of South Africa have been making enquiries of their Brokers and elsewhere as to the effect that would be produced if they decided that their future issues in London should not be made under the Colonial Stock Act. He proposed to see their representatives and point out to them that any such decision must of necessity have a prejudicial effect, not only on future issues, but on their existing Stocks and that if they decided to adopt this course the Bank would not look favourably upon their future loan operations.

CT. 134

(7) The British Overseas Bank are taking over the major part of the acceptance business of Messrs. H. S. Leperre & Co., and also are negotiating for amalgamation with the business of Messrs. F. Huth & Co. He was supporting the arrangements failing any better, but he considered the maintenance of a number of Acceptance Houses to be vital to the future of the London Market and he viewed with grave concern the absorption of the accepting businesses by Banks, which policy, if continued, would ultimately reduce this Market to the position of the Paris Market.

+ E 60

CT 181

CT 181-01

(8) With reference to the last Minutes as to the position of the Lancashire Textile Industry, the Securities Management Trust are proposing to prepare a confidential Report, not for publication, on the general conditions and the remedies to be adopted.



Wednesday, the 11<sup>th</sup> February, 1931.

182

Present:—

The Deputy Governor,

Mr. Ambrose,

Mr. Charles Addis, were read and agreed.

Mr. Shaw

and

Mr. Peacock.

The Comptroller  
also attended.

The proceedings of the last Committee

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  
approved —

Weekly Reports on Central Banks.

Fortnightly Letter to Dominion Central Banks.

List of Charitable Subscriptions for the current year.

N/E. 104

18-18  
CT 66

With reference to Minutes of the 15<sup>th</sup>  
October last approving that the limit of advances by  
the Bank to the Bank Provident Society to assist  
Members to purchase their houses be increased to  
£110,000, the Deputy Governor reported that this  
limit would soon be reached and that he  
proposed to sanction further advances to the Society,  
as and when required, to a total not exceeding  
£120,000.

10-27  
Office File  
P94-01

The Committee approved a recommendation  
by the Committee on St. Luke's that on an application  
from Messrs. Thomas de la Rue & Co., Ltd., Messrs.  
Fresfields be instructed to arrange for them to be  
granted a licence to use the Ink Saving Device (British  
Letters Patent No 335026) on all their Plate Printing  
Machines at Bunhill Row on payment of a sum  
of £500.

A Minute of the Committee on St. Luke's  
recommending the construction of a Bowling Green  
at a cost of £690 at the new Sports Ground

at

17<sup>th</sup> February 1931.

at Walthamstow was submitted and referred to the Court.

It was agreed to recommend to the Court -

1. That a Donation of £1,000 be made to the Fund now being raised by the High Commissioner of New Zealand with the support of the Lord Mayor for the relief of sufferers from the recent earthquake in New Zealand.
2. That a Pension of £95.4 - a year be granted from the 1<sup>st</sup> June next, during pleasure and in accordance with the scale, to E. W. G. Carley, a 3<sup>rd</sup> Class Clerk in the Accountants Department, Age 30 years, Service 12 years, who has tendered his resignation from the service on account of continued ill-health.
3. That Mr Gladstone be nominated as a Governor of the Central Foundation Schools of London in the room of Colonel Hanbury who has relinquished the duty.

The Deputy Governor acquainted the Committee of the following matters -

LC 4  
Office File  
H 154

(1) With reference to Minutes of the 5<sup>th</sup> February 1930 authorising such annual payments as may be necessary to maintain the issue of the "Old Lady", he had this year granted a sum of £230.9.4

LC 50  
CT 27.

(2) With reference to the last Minutes as to the import of Gold from Russia and the suggested establishment of direct relations with the Russian State Bank, he again saw Mr. Ivanidze, a Director of the Russian State Bank, and conveyed to him the decision of the Committee.

(3) With



11<sup>th</sup> February,  
1931.  
+C-8  
CT 55

184

(3) With reference to the last and earlier minutes, Mr. Cleary has now definitely consented to serve as Head of the Mission appointed to go to Hongkong and report as to the currency. In this connection he read a letter from Sir Warren Fisher defining the position of Mr. Ezechiel, the other Member of the Mission.

+C-9  
SEC 10

(4) The Governor, with Sir Guy Granet and Mr. Sprague, is giving evidence before the Macmillan Committee on the 18<sup>th</sup> and 25<sup>th</sup> February and will therefore be absent from the Committee of Treasury on those days.

(5) The Governor proposes to sail for New York on the 21<sup>st</sup> March and will be absent for about a month. In the circumstances it was agreed to recommend to the Court that the General Court for the Election of Governors and Directors for the ensuing year be held on the 21<sup>st</sup> and 22<sup>nd</sup> April and not on the 14<sup>th</sup> and 15<sup>th</sup> April as previously agreed.

CT 100

+B-78

Sir Charles Addis informed the Committee that the following matters, among others, were considered at the Monthly Meeting of the Board of the Bank for International Settlements -

CT 100

+B-51

Sir Robert Kinderley's Memorandum as to the formation of an International Corporation for making loans to Foreign Countries, which was referred to in the last Minutes of this Committee, was submitted by the Governor and was approved in principle by the other Members of the Board. The Memorandum will be further discussed at the next Meeting of the Board.

The question of accepting, for the Reichsbank, bills drawn by a German Company owned by the Soviet Government, which was referred to in the

11<sup>th</sup> February, 1931.

the Minutes of this Committee on the 21<sup>st</sup> January, was again discussed and remitted to the middle term Credit Committee.

HC 76  
ET 17

Conversations with the Bank of Spain on the question of stabilisation are still proceeding.

Wednesday, the 18<sup>th</sup> February, 1931.

Present:—

The Deputy Governor

Sir Charles Stoddis

Mr. Shaw

Mr. Forster, Stamp and

Mr. Pencock

The Comptroller 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 Reports on Central Banks were submitted together with the Monthly Report of the Committee on Advances and Discounts.

The following Minutes of the Committee on Advances and Discounts were submitted and referred to the Court—

1. On the Discount Business of the Bank for the past year.
2. Recommending the re-opening of a Discount Account.

The Committee had before them a letter from F. R. Evans, a 3<sup>rd</sup> Class Clerk in the Accountant's Department, who will complete 12 years' service on the 22<sup>nd</sup> April next, in which he tendered his resignation from the Bank.

on



18<sup>th</sup> February,  
1931

186

on account of ill-health. It was agreed to recommend to the Court of Directors that Evans' resignation be accepted as from the 31<sup>st</sup> May and that he be granted a Pension of £99:14:8 a year during pleasure and according to the scale from the 1<sup>st</sup> June next inclusive.

The Deputy Governor acquainted the Committee of the following matters -

LC 50  
CT 27

(1) With reference to the decision of the Committee as to the import of Gold to this Country by Russia and the relations between the Bank and the Russian State Bank, as recorded in the Minutes of the 4<sup>th</sup> and 11<sup>th</sup> February, he had received during the past week a further visit from Mr. V. F. Wise from which it appeared that M. Swanidze of the Russian State Bank had not fully understood the decision of the Bank. He had explained the whole position to Mr. Wise but he had since received a letter from M. Swanidze to the effect that the Russian State Bank do not propose to have any Gold transactions with this Country in the near future.

LC 57  
CT 5

(2) He read to the Committee a letter from Sir Robert Vansittart of the Foreign Office, with a copy of a despatch from the British Chargé d'Affaires in Paraguay, seeking the assistance of the Bank of England in designating a British Expert to advise the Paraguayan Government on the establishment of a National Bank and other financial matters, with the Governor's reply.

LC 88  
CT 4

(3) The London Manager of the Commonwealth Bank of Australia had informed him that his Bank had duly received the monthly payment from the Australian Bankers' exchange pool and that the Treasury Bills due on the 2<sup>nd</sup> March would be redeemed.

Wednesday, the 25<sup>th</sup> February, 1931.

Present:-

The Governor  
The Deputy Governor  
Mr. Dubbois  
Sir Charles Adair  
Mr. Shaw  
Sir Jorian Stamps  
and  
Mr. Placost.

The Comptroller also  
attended.

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 Weekly Reports on Central Banks were submitted together with the Fortnightly Letter to Lommon Central Banks.

It was agreed to recommend to the Court that a Pension of £575:8:4 a year be granted during pleasure and in accordance with the scale to H. R. Sharp, a Cashier, as from the 1<sup>st</sup> June inclusive.

The following were submitted and referred to the Court -

Report of the Staff Committee on the Annual Reports on the Clerical Staff with recommendations for personal increases of salary &c.

Minute of the Staff Committee recommending promotions under the Salary Scheme of 1926.

Minute of the Staff Committee recommending Appointments, &c.,

The Deputy Governor explained that in the foregoing Minute the higher Appointments in the Chief Cashier's Office were recommended for the purpose of adjusting questions of Salary and detail and implied no change in or confirmation of the existing establishment or organisation.

Report of the Committee on St. Leger's on the Annual Reports on the Clerical Staff at St. Leger's with recommendations for promotions under the Salary Scheme of 1926.

Minute of the Committee on St. Leger's recommending Appointments consequent on the retirement of Mr. H. G. de Trane.

The



25<sup>th</sup> February, 1931

The Governor informed the Committee 188  
that the estimated profits for the half-year ending  
the 28<sup>th</sup> February 1931, after providing for a  
Dividend of 6 per cent. less Income Tax, amounted  
to £815,000.

It was proposed to deal with this surplus  
as follows :-

Suspense Account provision for Income Tax	£275,000
In writing off certain amounts expended on Premises, &c. --- --- ---	35,044
In writing down the Current Accounts with the Federal Reserve Bank &c. to gold parity value. --- --- ---	5,216
To Contingencies Account --- --- ---	499,740
	<u>£815,000</u>

It was agreed that a sum of £135 be  
granted towards the expenses of publication of a  
History of the development of St. Luke's Printing Works.

The Governor acquainted the Committee  
of the following matters -

(1) He wished to place on record that last week he  
had in some detail drawn the attention of the Court  
to the urgent need for decisions concerning -

Rotation,  
Succession and  
Organisation

(2) He yesterday had a long and friendly meeting,  
at which the Deputy Governor, Dr Sprague and  
Professor Clay were present, with representatives  
of the Manchester Chamber of Commerce.

(3) With reference to Minutes of the 7<sup>th</sup> January last  
as to the affairs of the Oceanic Steam Navigation  
Company he had, at the request of the Treasury and  
in order to prevent the Company from going into  
liquidation, arranged with the goodwill of all

Concerned

1812  
ET 164

25<sup>th</sup> February, 1931.

Concerned for an immediate and temporary advance of £250,000 on the security of Shares in the Shaw Savill Company: the question of larger and more permanent advances being meanwhile considered.

105  
CT 5

(4) With reference to the letter to the Foreign Office referred to in the last Minutes in reply to a request by the Foreign Office that the Bank would appoint a representative, say, Sir Otto Niemeyer, to advise the Paraguayan Government on the establishment of a Central Bank and other financial matters, he pointed out that the Bank for International Settlements would take exception to any such appointment being made without previous agreement with them.

105  
CT 100

(5) With reference to Minutes of the 11<sup>th</sup> February as to the scheme submitted by Sir Robert Kindersley for the formation of an International Corporation for making Loans to Governments and Companies, he read a letter from Mr. McGarrahan expressing the hope that he would be prepared at the next Board Meeting of the Bank for International Settlements to submit a plan for putting this scheme into effect. He proposed to say that if the Bank for International Settlements would sponsor the scheme morally and financially and would <sup>undertake to</sup> do all in their power to put it into effect, the Bank would undertake to underwrite 10% of capital not exceeding £5,000,000.



Wednesday, the 4<sup>th</sup> March, 1931.

190

Present:-

The Governor  
The Deputy Governor  
Mr. Lumberton  
Sir Charles Addis  
Mr. Shaw  
Sir Percival Stamp  
and  
Mr. Placotta

The Comptroller  
also attended.

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.

In this connection the Governor pointed out that the position was still far from settled; the French Exchange had improved but the American Exchange was weaker and could not satisfactorily continue at its present low level. The Chancellor is constantly hearing, it stated that no matter what action he may take, this Country will inevitably "slide off" the Gold Standard before very long, but he had assured the Chancellor that the Bank are prepared to take any steps that may be necessary, however drastic, to prevent that taking place. He had, however, also informed the Chancellor that no financial position, however good, could be maintained indefinitely against worsening, fiscal and industrial conditions.

CT 99

1027  
CT 6703

It was agreed to pay to the Operative Dramatic & Orchestral Society the sum required to make good the deficiency in their Funds for the past year and, in case of need, to make grants to the Society for a similar purpose of sums not exceeding £200 a year for the next three years.

186  
Estab

With reference to the Compassionate Allowances of £52 a year and £26 a year to Mrs and Miss Hall, the mother and sister of a Clerk who was drowned in 1901, the Deputy Governor informed the Committee that Mrs Hall

4<sup>th</sup> March, 1931

is now dead and that Miss Hall, who is 65 years of age, is an invalid and in poor circumstances. It was agreed that Miss Hall's Allowance be increased, during pleasure, to £52 a year.

The Weekly Reports on Central Banks were laid before the Committee.

The Governor acquainted the Committee of the following matters -

+A 5+  
CT 100

(1) With reference to the last Minutes as to the scheme submitted by Sir Robert Kindersley for the formation of an International Corporation for making loans to Governments and Companies, he had received from Mr. McManis a copy of a long and reasoned letter of dissent from the Bank of France.

+C 22  
CT 80

(2) During the Spring of 1932 and in agreement with the Treasury, he will be prepared to purchase from them at current prices various approved securities expressed in dollars, and not exceeding \$50 million in value: United Kingdom of Great Britain and Ireland twenty-year 5½% external gold bonds (1937) will be included among the securities to be approved.

He is not prepared to enter into any agreement under which the Bank would be required to purchase annually from the Treasury certain dollar securities or deposits, with an undertaking, for re-sale to the Treasury a few days or weeks later, but he is willing to consider whether, under changing conditions, the Bank could reasonably assist the Treasury concerning certain receipts and payments due in dollars; notably the interest on the United Kingdom of Great Britain and Ireland twenty-year 5½% external bonds (1937).

(3) With



4<sup>th</sup> March 1935 (3) With reference to Minutes of the 17<sup>th</sup> December 192 last, he had yesterday had a further meeting, with Representatives of the London Chamber of Commerce, at which the Deputy Governor, Mr. Sprague and Professor Clay, were present.

+1378  
ET 100.04  
(4) Mr. Porters started work at the Bank on the 2<sup>nd</sup> instant and would remain here until December in order that he might become familiar with the policy and practice of the Bank in connection with Central Banking and the Bank for International Settlements: he would then succeed Mr. Rodd at Basel for a period of years. He considered it to be most important that Mr. Porters should during this period have every opportunity of becoming acquainted with the Members of the Court and he therefore proposed to offer him the freedom of the Court Room for luncheon.

+133  
ET. 39.01  
(5) He wished to consult the Committee on a difficult question in regard to China on which his advice had been sought by the Treasury. It is a matter concerning the position of this Country and of all the other Countries who were parties to the nine Power Agreement with China in 1922 and of the position of the Consortium. A Committee of the Economic Advisory Council specially appointed "to prepare an appreciation of the Chinese situation and to submit recommendations as to possible steps that could be taken to develop British Trade in the Far East" had recently made a Report, which was signed by those Members of the Government who are Members of the Committee, recommending that the Consortium should endeavour to arrange with China for a general scheme for the rehabilitation of the Chinese Railways. This Report had been before the Cabinet who had decided before taking action to consult H. M. Minister in Peking and had instructed

4<sup>th</sup> March, 1931.

instructed the Foreign Office to send a despatch to him of which Members of the Committee had not been informed.

As a result of the Report the Consortium were on the point of opening negotiations with the Chinese Government, but Sir Charles Addis had now received a letter informing him that no further action should be taken until the Cabinet had received a reply from H.M. Minister in Peking.

He was of opinion that China would not again consent to deal exclusively with the Consortium nor did he believe that the present Government of this Country would support the Consortium; there was, therefore, danger of a deadlock. He wondered whether arrangements might be made whereby the Consortium should make use of the League of Nations in their negotiations with China and whether China would agree to continue their relations with the Consortium if they could be assured of the services of the League as the sole intermediary; if this arrangement could be brought about the support of the Government might be forthcoming.

He proposed to write to the Treasury to this effect and to suggest at the same time that no action be taken pending the receipt of a reply to the Foreign Office despatch and of a Report from Sir Arthur Salter following on his visit to Peking.



Wednesday, the 11<sup>th</sup> March, 1931

194

Present.—

The Governor  
The Deputy Governor  
Mr. Lubbock,  
Sir Charles Addis  
Mr. Shaw  
Sir Josiah Stamp  
and  
Mr. Peacock.

The Comptroller  
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.

ET 99  
The Governor informed the Committee that owing to transfers to Germany over London the French Exchange had further improved but that, although the American Exchange was slightly firmer, the position was still unsatisfactory.

In this connection he also mentioned that there appeared to be a feeling among other Central Bankers at Basel that, notwithstanding the good technical organisation of the London Market, it can no longer be relied on as an effective capital market.

HB 44  
Establs  
It was agreed to grant an allowance of £50 a year, during pleasure and in accordance with the scale, to Mrs. Annie Ashmore, widow of A. W. Ashmore, a Pensioner.

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

(a) J. G. Chapple, an Inspector at St. Dun's Printing Works, age 58 years, Service 30 years, Wages £249.12.— a year, who, in the opinion of the Bank Medical Officer, will not be fit for further work — £116.9.8 a year from the 1<sup>st</sup> April inclusive.

(b) J. C. Blythe

11<sup>th</sup> March, 1931.

- (b) J. C. Blyth, a 1<sup>st</sup> Class Clerk, formerly, at the Western Branch, Age 60 years, Service 38 years, Salary £700 a year; £401.6.8 a year from the 1<sup>st</sup> May inclusive.

A formal request by Blyth for recognition of his services in the form of a special Pension or a Gift was declined.

The Weekly Reports on Central Banks were submitted, together with the Fortnightly Letter to Dominion Central Banks.

The following were submitted and referred to the Court -

Half Yearly Accounts of St. Duke's Printing Works and the Works Department.

Annual Reports of the Pensions Reserve Funds, the Sanitarian Fund and the Clerks' Guarantee Fund.

The Governor acquainted the Committee of the following matters -

+A 21

+B 68

CT 77

- (1) The Agricultural Mortgage Corporation appears to be doing well, and Sir Harry Goschen considers that the time has now arrived when some remuneration might be given to the Directors, the Board of Agriculture have agreed to the proposal and he has agreed also, but he has told Sir Harry Goschen that in his opinion Sir Otto Niemeyer should shortly resign his position on the Board.

+B 78

CT 106

- (2) He gave the Committee an outline of the proceedings at the Monthly Meeting of the Bank for International Settlements at Basel, the following being the principal points :-

- (a) A long discussion took place on the Report of the Sub-Committee on Middle Term Credits and the matter was left in the hands of the Management.
- (b) Monsieur Jaspar, as President of the Hague Conference, had agreed to approach the Governments



11<sup>th</sup> March 1931.

196

of those Countries who signed the Hague Agreement in order to arrive at a common understanding as to the immunity from seizure in time of peace or war of property and other funds entrusted to the Bank for account of third parties.

(c) After a lengthy discussion as to a long-term Investment Scheme, an indefinite Resolution ensuing, no immediate decision and recommending a nominal subscription to the Bonds of a Swiss Mortgage Bank was adopted.

(d) Monsieur Queenay had again visited Madrid at the request of the Spanish Finance Minister in order to discuss with him the Stabilisation of the Peseta. During his stay in Madrid Monsieur Queenay had given to the Press information as to the course taken by the discussions, but, notwithstanding the advice to the contrary which had been given to the Governor of the Bank of Spain, in London and in Paris, the question of short term credit to Spain before stabilisation had been discussed.

(3) He to-day received a visit from the Austrian Ambassador who presented him with an Order on behalf of his Government.

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 7<sup>th</sup> April next of £6 percent less Income Tax.

CT100

1670

CT 17

Wednesday, the 18<sup>th</sup> March, 1931.

Present:—

The Governor,  
The Deputy Governor,  
Mr. Lubbock,  
Sir Alan Anderson,  
Sir Charles Addis,  
Mr. Straw,  
Sir Josiah Stamp,  
Mr. Penrose.

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 Monthly Report of the Committee on Advances and Discounts was submitted together with the Weekly Reports on Central Banks.

The following were submitted and referred to the Court—

Minute of the Staff Committee recommending Appointments, &c.  
Quarterly Report of the Staff Committee on payments made, &c.  
Letter from Mr. Kitson asking permission to join the Board of Messrs. Wade and Toman, Ltd.

It was agreed to recommend to the Court—  
(a) That revisions in the Regulations affecting the general conduct of business at the Head Office and Branches be approved.

(b) That a Pension of £108 a year be granted during pleasure and according to the scale, from the 1<sup>st</sup> June inclusive, to C. W. Irving, an Auxiliary Male Clerk, aged 60 years, who in the opinion of the Bank Medical Officer will not again be fit for efficient service.

+ 68  
CT 55

The Comptroller acquainted the Committee with certain proposals which had been submitted to the Colonial Currency Committee by their Secretary in regard to the Currencies of the Straits Settlements and Ceylon. The Governor had expressed the view that the respective systems of currency are working well.



18<sup>th</sup> March, 1931.

198

well, that they have a strong backing, and that it is inadvisable to make any changes in currency systems at the present time unless such changes are really needed; neither was he in favour of releasing the small amount of gold held against the Straits Settlements Currencies, although this could be effected without a change in the Ordinance. The Colonial Currency Committee had also not approved the proposals.

The Deputy Governor acquainted the Committee of the following matters -

1623  
CT 80

(1) With reference to the Minutes of the 4<sup>th</sup> March as to purchase from the Treasury by the Bank of certain Dollar Securities or deposits, the Treasury had now made proposals on the following lines:-

(a) That in the event of the Exchange Account being wound up during the year 1931/2 the Bank should be prepared to buy the Dollar securities in reserve.

To this the Committee had no objection in principle provided the purchases were made through Messrs. Morgan Grenfell & Co.

(b) That the Bank should be prepared to purchase dollars payable from time to time to the Post Office and other Government Departments and provide the dollars required half-yearly for the service of the 5½% United Kingdom Bonds.

The Committee considered that a separate account should be opened by the Bank with Messrs J. P. Morgan & Co. for this purpose.

(c) That in the event of failure by the Bank for International Settlements to provide dollars for payments on account of the American Debt, it would be necessary for the Treasury to resume the direct purchase of dollars and that if it were difficult or inconvenient for the Treasury to make these purchases themselves the Bank should be prepared to acquire dollars out of money

at

18<sup>th</sup> March, 1931.

at its disposal, say, in the Issue Department, and sell them to the Treasury as required.

While the Bank would always be desirous of affording to the Treasury any assistance in their power, the Committee were of opinion that no definite commitment of this nature should be undertaken.

H 67  
or 91

(2) With reference to Minutes of the 7<sup>th</sup> January last and earlier, he read to the Committee correspondence between Mr. Paine of Lloyds Bank and himself as to a definite offer which had been received from Messrs. Turner, Morrison & Co., to take over the assets and liabilities of Graham's Trading Co. Ltd., under this arrangement the Bank would surrender certain securities at present held by them on payment of a sum of about £40,000. It was proposed to accept the scheme which is regarded by Lloyds Bank as beneficial from every point of view.

H 82  
Historical  
Records.

(3) It appeared that the original Charter of the Bank, and certain other documents of interest, were in a bad state of preservation and he had arranged for one of these documents to be entrusted to the British Museum for restoration. If the result is satisfactory the other documents will be similarly treated.

The Governor acquainted the Committee of the following matters -

H 57  
or 5.

(1) With reference to Minutes of the 25<sup>th</sup> February and earlier as to the appointment of a British Expert to advise the Paraguayan Government on the establishment of a National Bank, and other financial matters, he read a letter which he had written to the Foreign Office stating that he proposed to recommend the Paraguayan Chargé d'Affaires to invite the Bank for International Settlements to make a suggestion.

(2) He read



18<sup>th</sup> March, 1931.

~~CT 3~~  
CT 4.

200

(2) He read an extract from the Report of the Board of Directors of the Commonwealth Bank of Australia for the half-year ended the 31<sup>st</sup> December last in appreciation of the assistance afforded by Sir Otto Niemeyer during his recent visit to Australia.

CT 100

~~CT 7~~  
CT 7

(3) In his report last week on the proceedings at the Monthly Meeting of the Board of the Bank for International Settlements he had referred to the position in regard to Spanish Stabilisation: he had since been surprised to learn that arrangements had been discussed with the Chase National Bank in New York and with Messrs. Hazard Brothers & Co. in London and Paris for a credit to Spain of £20,000,000 for one year, the London participation to be £6,700,000. He had written to Sir Robert Kindersley expressing the view that at least until after the Budget, London should not participate, directly or indirectly, in any fresh credit.

(4) He was expecting a visit from the British Minister in Abyssinia and an Official from the Foreign Office on the question of a loan of, say, £150,000 to the Emperor of Abyssinia.

After discussion the Committee were doubtful whether it would be advisable for the Bank to grant any such direct loan, but they were of opinion that as the prosperity of the Sudan was largely dependent on the maintenance of friendly relations with Abyssinia, it might be advisable to offer to co-operate with the Sudan Government in the matter.

(5) He asked the Committee to consider whether information as to the assets held in this market on account of certain Foreign Countries would be of assistance or otherwise in determining the policy of the Bank.

