

COMMITTEE OF TREASURY

MINUTE BOOK

53

Wednesday, the 25<sup>th</sup> March, 1931.

Present:—

The Deputy Governor  
Mr. Lubbock  
Sir Alan Anderson  
Sir Charles Addis  
Mr. Shaw and  
Mr. Peasgood.

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 Fortnightly letter to Dominion Central Banks.

A letter from His Majesty's Treasury 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 J. F. Cheesman, an Auxiliary Clerk, aged 60 years, service 15 years, who in the opinion of the Bank Medical Officer will not again be fit for efficient service, be allowed to retire from the service on the 23<sup>rd</sup> April and that he be granted a Pension of £135 a year, during pleasure and in accordance with the scale, from the 24<sup>th</sup> April inclusive.

CT-69-03

The Comptroller reported to the Committee the position in regard to Bank Buildings and No 19 Old Jewry, and explained that the Governor was of opinion that on the expiration of the tenancy of the Royal Bank of Canada in September or December next the whole of Nos 1 & 2, Bank Buildings should remain unoccupied, with the possible exception of the occupation of the 3<sup>rd</sup> floor by The Securities Management Trust, until the Bank are in full occupation of Section II of the New Building.



25<sup>th</sup> March, 1931

Building; and that an Agreement might in due course be discussed with the Office of Works for an extension of the lease of No 19 Old Jewry to the Commissioners for the Reduction of the National Debt and the Public Works Loan Board.

+C10  
Historical  
Records

The Deputy Governor informed the Committee that just before the Governor went away the Bank had been asked to buy a silver inkstand of the year 1694 for £750. From enquiries that had been made, it appeared that, even from a collector's point of view, the price was unduly high, and as in the opinion of the Committee the crest on the inkstand detracted from its beauty and its artistic value, it was agreed that it was not suitable for purchase by the Bank.

The Deputy Governor acquainted the Committee of the following matters —

+A21  
CT. 2

(1) With reference to Minutes of the 4<sup>th</sup> February last as to the appointment of a successor to M. Channon in Bulgaria, he read to the Committee a letter which the Governor had written to Mr. Dowdall and Mr. ter Meulen with their replies.

+C23  
CT. 80

(2) With reference to the last Minutes as to the purchase from the Treasury by the Bank of certain dollar Securities or Deposits, the position has changed during the past week. He understands that the Chancellor does not now propose to appropriate the whole of the Reserve and that the Bank, therefore, will not be asked to buy the dollar Securities in reserve or to do any work for the Treasury on this account.

+C88  
CT. 4

(3) With reference to Minutes of the 18<sup>th</sup> February and, earlier on the question of Australia, he called the attention of the Committee to certain statements by Mr. Theodore which have appeared in the Press within the last few days. These statements imply that

3  
25<sup>th</sup> March, 1931.

that the Westminster Bank, to whom the Australian Government owe some £5,000,000, are pressing for payment of this amount and that there is consequently danger of default by Australia at the end of this month. According to his information, however, this is not an accurate description of the attitude of the Westminster Bank who have assured him that they do not wish to take any action which would embarrass the Australian Government.

+ 6 70  
or 17

(4) With reference to the last Minutes on the question of a Stabilisation Credit to Spain, the Governor had learnt on Friday last that the Chase National Bank in co-operation with Messrs. J. P. Morgan & Co., were taking up the credit in New York and had again stated his opinion that London should take no part in the credit. No direct news has been received as to the attitude of the Bank of France, but from indirect information it appears that their attitude will in some measure depend on that of the Bank of England: yesterday he heard that an attempt might be made to bring pressure to bear from higher quarters, but the Treasury to whom presumably this rumour referred had no knowledge of the matter and considered that no change should be made.

A suggestion was made that a continuance of the policy of refusal to participate in foreign credits and loans might create a bad impression in other countries and that a small participation might be advisable as evidence of a desire to support a policy of co-operation, but the Committee agreed that it was advisable to maintain <sup>this</sup> ~~the present~~ attitude for the present.

(5) Prince and Princess Takamatsu of Japan are now in England and have expressed a wish to visit the Bank next week. the Committee agreed that suitable arrangements should be made for their



25<sup>th</sup> March, 1931 their visit.

4

H378  
CT100

(b) He submitted a memorandum by Mr. Rodd concerning a proposal that the Bank for International Settlements should create on behalf of Central Banks and accounts in currencies not yet determined, expressing the hope that if the proposal were carried out the Bank would be willing to make a reciprocal arrangement under which the Bank for International Settlements would be given the right to draw sterling against dollars and French francs, and possibly Reichsmarks.

The Committee agreed that such arrangements might be tried experimentally within defined limits and proposals from the Bank for International Settlements are now awaited.

With reference to Minutes of the 25<sup>th</sup> February, the Committee discussed the advisability of obtaining an early decision by the Court of certain specific points arising in connection with the questions of rotation and organisation and agreed to recommend that these points be submitted as soon as possible to a special private meeting of the Members of the Court.

Wednesday, the 1<sup>st</sup> April, 1931.

Present:—

The Deputy Governor,  
Mr. Lubbock,  
Sir Alan Anderson,  
Sir Charles Addis,  
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.

It was agreed to recommend to the Court of Directors that permission be granted to Sir Gordon Mairne to become a Member of the London Committee of the Ottoman Bank.

With reference to the last Minutes as to the purchase of a silver inkstand of 1694 the Deputy Governor informed the Committee that the owner was now prepared to sell it to the Bank for a total sum of £632:10/-, including agent's commission of £57:10/-, but the Committee adhered to their previous decision.

The Deputy Governor acquainted the Committee of the following matters—

(1) With reference to the last Minutes as to Australia, he had to decide on the 27<sup>th</sup> March whether the Bank should send out in advance to the Bankers, as usual, the counterfoils for the New South Wales dividend due on the 1<sup>st</sup> April, although he could obtain no assurance that the funds for payment of the dividend would be received. He considered that if there were on this occasion any departure from the usual practice, the fact of following the customary procedure in future might

H 10  
Historical  
Records.

CT 4.



1<sup>st</sup> April, 1931.

be interpreted as a guarantee of payment of a dividend then due; he had, therefore, arranged for the counterfoils to be sent out accompanied by a letter to each Bank stating that in no case is the delivery of counterfoils, either now or in the future, to be regarded as implying an assurance that the relative dividend will be paid.

On the 30<sup>th</sup> March he received a letter from the Australian High Commissioner stating that he had been notified from Australia that the Commonwealth Government were advised that they were under legal obligation to the States to provide for payment of the dividends due on the 1<sup>st</sup> April on New South Wales Stocks and were making provision accordingly: later in the day, he received a visit from Mr W. J. Robinson, Managing Director of the Australian Board of Broken Hill Associated Smelters Proprietary Ltd, who showed him a copy of a cable to himself from Mr Theodore to the effect that the Commonwealth Government, although advised that they were under no legal obligation to the Bondholders, proposed, nevertheless, to provide the necessary funds to meet these dividends, and stating that the British Government were being urged to assist them by agreeing to modify the existing debt agreement. Shortly afterwards, he received a further letter from the High Commissioner conveying a request from his Government that the Bank would advance the sum required, about £730,000, to provide for the New South Wales dividends.

In the evening of that day he ascertained from the Treasury that the British Government had agreed to offer a moratorium for 2 years in respect of that portion of the half-yearly payments which represented the Sinking Fund which would relieve the Commonwealth Government for that period of a payment of approximately £750,000 in each half-year. He assumed, therefore, that the advance from the Bank would not be required, but in any case, he proposed to inform the High Commissioner that the Bank could not depart from their policy of not making,

advanced

1<sup>st</sup> April, 1931.

advances to the Dominion Governments.

H-21

ET 77.

CT 77

(2) For some time past the Agricultural Mortgage Corporation have had requests to extend their operations to Scotland, but the differences between the English and Scottish Land Laws created difficulties which were not, however, insurmountable. A scheme has now been approved, however, for a separate Corporation for Scotland with financial assistance from the Government similar to that provided in the case of the English Corporation. Four of the Scottish Banks have agreed to subscribe the necessary capital and it has been suggested that Messrs. A. Keyser, & Co., might make the issue. On his suggestion, however, the Scottish Banks will now probably undertake the issue themselves, and they have asked that in that event Messrs. Mullens, Marshall & Co., may be invited by them to undertake the underwriting. In view of the financial interest which the Government will have in the Corporation the Committee agreed to grant the necessary permission to Messrs. Mullens, Marshall & Co.

H-78  
N/E

(3) With reference to an informal enquiry from the Bank for International Settlements as to whether the Bank would be prepared to purchase gold to be held in Basel, Paris or elsewhere abroad, the Committee agreed that no such proposal could be entertained.

With reference to Minutes of the 18<sup>th</sup> March, the Committee discussed further the question as to whether information in regard 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.

The Committee again discussed the questions of Rotation and Organisation and  
the



1<sup>st</sup> April, 1931

the Deputy Governor was asked to propose to the Court that a private Meeting of the Directors to discuss these points be held on Friday, the 10<sup>th</sup> April at 2.30 p.m. and that, if necessary, a further Meeting be held at the same hour on Thursday, the 16<sup>th</sup> April.

Wednesday, the 8<sup>th</sup> April, 1931.

Present.—

The Deputy Governor,  
Mr. Lubbock,  
Sir Alan Anderson,  
Sir Charles Addis,  
Mr. Placers.

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 Dominion Central Banks.

It was agreed to recommend to the Court of Directors that R. A. Saby, a Sub-Cashier, who will attain the age of 65 years on the 11<sup>th</sup> April, be granted from the 12<sup>th</sup> April inclusive, a Pension of £562:2:- a year, during pleasure and in accordance with the scale.

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

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

8<sup>th</sup> April, 1931.

That the Voting Papers be issued on Thursday, the 7<sup>th</sup> April,

That the Voting take place at the Court on the 23<sup>rd</sup> April and that Directors who so desire be allowed to record their Votes after making their declaration of Office on Wednesday, the 22<sup>nd</sup> April,

That the Votes be counted after Court on the 23<sup>rd</sup> April, and

That the Standing Committees be appointed on Thursday, the 30<sup>th</sup> April.

LC 88  
CT 4.

With reference to the last Minutes as to Australia, the Deputy Governor informed the Committee that the Commonwealth Government, while gratefully accepting the offer of the British Government of a moratorium for two years in respect of Sinking Fund payments, had renewed their request for modification of the whole debt agreement: the British Government had suggested, however, that Australia should await the experience of the next two years before raising the question of any further measure of relief: the British Government had also asked that the form of an announcement to be issued in London and Australia should be agreed in readiness for publication by the time Parliament meets on the 14<sup>th</sup> April.

In this connection, Mr. Robinson had yesterday sent him a copy of a further cable which he had received from Mr. Theodore dealing with the debt agreement, the overdraft of New South Wales with the Westminster Bank, and the refusal of the Bank of England to advance the sum required to meet the New South Wales dividends; he had seen Mr. Robinson later in the day and had explained to him that the Bank considered it essential



8<sup>th</sup> April, 1931

essential that communications between the Commonwealth Government and the Bank should be transmitted through the normal official channel.

The Committee again discussed the questions of Rotation and Organisation and agreed as to the way in which the Deputy Governor should present the matter to the Directors at the Meeting on the 10<sup>th</sup> instant.

Wednesday, the 15<sup>th</sup> April, 1931.

Present:—

The Deputy Governor

Mr. Lubbock,

Mr. Allan Anderson,

Sir Charles Addison,

Mr. Sharo,

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.

The Weekly Reports on Central Banks were submitted.

A Minute of the Committee on St. Luke's recommending the adoption of revised Rules and Regulations for the general management of the St. Luke's Printing Works was submitted and referred to the Court.

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

(1) With reference to Minutes of the 7<sup>th</sup> and 14<sup>th</sup> May 1930 the portrait of Lord Curzon has been delivered to the Bank and has been purchased for the sum of £550.

The

15<sup>th</sup> April, 1931

The Committee agreed that consideration of the question of purchasing the portraits of Mr. Hughes and Mr. Massey be deferred until the Governor's return.

(2) W. S. Hyett, the General Welfare Organiser, who is also the General Secretary of the Sports Club, is relinquishing both these Offices. It is proposed that J. W. Carr shall succeed Hyett in both positions and a formal recommendation as to his appointment to the post of General Welfare Organiser will be submitted for approval next week.

The General Meeting of the Sports Club, at which the new General Secretary must be proposed for election, is fixed to take place in a fortnight and it is necessary under the Rules of the Club for notice of the Meeting to be issued forthwith. He has therefore sanctioned the nomination of J. W. Carr for election to the post of General Secretary.

(3) In January 1930 the Bank agreed at the request of the Argentine Ambassador and as an exceptional case to renew temporarily the arrangement which formerly existed whereby the Bank undertook to earmark gold on behalf of the Ambassador for Argentina, although this arrangement was contrary to the principle which the Bank now follows of earmarking gold only for foreign Central Banks. In view of the existing circumstances the Bank have now agreed once again to a similar renewal of the arrangement, but they have informed the Ambassador that in so doing they have acted in the expectation that steps will in due course be taken which will make it possible for such operations to be performed in future on behalf of a Central Bank.

The Committee discussed and agreed the procedure to be followed at the Special Meeting of Directors to-morrow.



Wednesday, the 22<sup>nd</sup> April, 1931.

Present:-

The Governor  
The Deputy Governor  
Mr. Ambrose  
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 following were submitted -

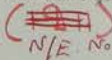
Weekly Reports on Central Banks.  
Fortnightly Dominion Letter  
Monthly Report of the Committee on Advances and Discounts.

The following were submitted and referred to the Court -

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Note.

In this connection the Committee were informed that it was proposed to place Hyett in the Register Office where his capabilities for ordinary clerical work would be carefully observed. The Governor expressed his disagreement with this arrangement.



N/E. No pages.

§ Minute of the Staff Committee recommending Appointments, &c.

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

It was agreed to recommend to the Court that pensions be granted, during pleasure and in accordance with the scale, to the following Mechanics at St. Luke's Printing Works -

W. J. Hearn, Inspector. Age 65 years. Service 39 years. Wages £282:2:- a year.  
Pension £165:10:- a year from the 31<sup>st</sup> May inclusive.

J. F. Sharps, Engineer. Age 52 years. Service 24 years. Wages £289:18:- a year, who is certified by the Bank Medical Officer to be unfit for further service. Pension £112:2:- a year from the 1<sup>st</sup> May inclusive.

With

22<sup>nd</sup> April, 1931.

With reference to the last Minutes, the Secretary was instructed to arrange for the purchase of the portraits of Mr. Hughes and Mr. Massey.

1878  
CT 100

Sir Charles Addis gave to 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) The Agenda for the General Meeting on the 19<sup>th</sup> May was discussed and approved: the General Meeting will be followed by Committee Meetings at which questions of currency and credit will be discussed.

(b) A recommendation for submission to the General Meeting concerning the distribution of profits and creation of reserves in respect of the first financial year was approved subject to an important reservation by Dr. Luthar as to whether Treasury Deposits should rank for a share in distribution.

(c) The question of re-discounting bills drawn by the Soviet Trade Delegation in Berlin, which was referred in February to the middle term Credit Committee was again discussed together with a legal opinion on the matter and it was agreed that in order to avoid being directly concerned the Bank would make a deposit with the Gold Discount Bank, who would then act as they thought fit.

(d) It was left to the Management to go further into the matter of Indeterminate Deposits.

(e) The Management were asked to report to the next Board Meeting on the payment of uniform rates of interest and on the foreign exchange and investment policy of the Bank. Wider questions of policy were raised in the Board Meeting and led to a subsequent proposal for the appointment of a Committee consisting of:-

M. Francquin



22<sup>nd</sup> April, 1931.

M. Francqui  
 Signor Beneduce  
 M. Brincard  
 Herr Krieger  
 Dr. Luthen (or Dr. Melchior)

with one member to be nominated by Mr. Norman.

Dr. Sprague attended the Committee and gave his impressions as to the present position in the United States.

The anticipation of a revival of business in the Spring has been disappointed, and it appears to be the general view that unless matters improve in the near future some form of "dole" will become necessary. The Government are opposed to any reductions in wages but they are urging economy in Public Expenditure; they are not in favour of any increase in taxation in spite of the heavy deficit. The larger Corporations and businesses are following the policy of making no reductions in wages but some of the smaller Corporations and businesses are making reductions, although these changes do not show in the Statistics.

So far as Banking and Finance are concerned the internal position of the Federal Reserve System is more satisfactory as a result of the recent changes on the Board but it seems improbable that any decided changes in policy will take place for some months.

The Market appears to be concerned chiefly with American Securities and investors are primarily interested in Stocks rather than Bonds; it is difficult to induce interest in Foreign Issues and there is little possibility of finding a Market for any considerable quantity of Foreign Bonds.

The Governor in amplifying Dr. Sprague's remarks expressed the belief that if there is no revival of business in America within the next few months they will be compelled to reduce wages, and perhaps dividends. He also said that as a  
 result

22<sup>nd</sup> April, 1931.

result of the recent changes in the Federal Reserve Board the determination of policy will tend to pass from New York to Washington. He believed it to be the intention of the Federal Reserve Bank of New York to hold the present level of interest rates indefinitely, but those who see the dangers of the international situation have misgivings as to the wisdom of this policy, and are asking themselves whether the Federal Reserve Bank of New York should not take steps to make money so plentiful that investors would be compelled to purchase Bonds and even Foreign Bonds rather than Stocks. Bankers on the other hand consider that the Foreign Bond Market has no chance of early revival, particularly because of the ominous uncertainty about Brazil and South America and of the shock to confidence which had resulted from recent developments in Australia, the chance of default by a Dominion of the British Empire not having been regarded hitherto as within the range of possibility.

He was of opinion that a continuance of the present policy in America, particularly in view of probable forthcoming shipments of gold from France to New York, may produce an awkward situation for other Gold Standard Countries.

The attitude of the United States towards this Country and towards the World generally has changed; there is a feeling in America that we are unable or unwilling to recognise and adjust our position and that Germany is now the outstanding Country in Europe which possesses the foresight and courage necessary to deal with the problems of the present moment.

The form in which the Resolutions which had been passed at private Meetings of Members of the Court should be submitted to the Court to-morrow was approved.



Wednesday, the 29<sup>th</sup> April, 1931.

Present:—

The Governor  
The Deputy Governor  
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.

In this connection the Governor stated that he proposed to allow the Bank's holding of devises to be reduced as occasion offered during the next few weeks and to raise the amount again by the end of July to \$150,000,000 or its equivalent in some form or other.

The Weekly Reports on Central Banks were submitted.

The following were submitted and referred to the Court—

Quarterly Report of the Staff Committee with "Overs" and "Shorts".  
Letter from Mr. Booth asking permission to join the Board of the First British Trust Company.

CT 70.04

Proposals for the appointment of Committees for the current year.

The Governor acquainted the Committee of the following matters—

(1) With reference to Minutes of the 21<sup>st</sup> January last and earlier, he saw while in New York Sir John Aird, a leading Canadian Banker, who invited him to visit Canada before returning to England and expressed the hope that he would not go to New York again without at the same time going to Canada. Sir John Aird suggested that he should call on either the Canadian Finance Minister or the Chairman for the time being of the Canadian Bankers' Committee, but he had explained that he could not call on either of these persons and

17 29<sup>th</sup> April 1931 and that as Canada had no Central Bank there was no one on whom he could call.

1849  
CT. 33

(2) During the week he received a visit from Sir Alan Anderson and Sir Bertram Hornsby who wished to submit to him certain paragraphs from the Report of the Committee on Egyptian Trade. The Committee were impressed by the need for some Agency in Egypt which would be interested in the Finance, Trade and Commerce of this Country with Egypt and would act as a Liaison and they suggested that an Anglo-Egyptian organisation might be set up for this purpose. He said that if the Foreign Office and the Board of Trade so desired he would endeavour to work towards the establishment of an organisation of this nature provided that Sir Bertram Hornsby would assume some responsibility. The Capital would probably not exceed £100,000; of this the Bank would subscribe, say, one third and he hoped certain Firms who are interested in Egypt might subscribe the balance.

1874  
SEC. 6  
CT. 123

(3) Sir Bertram Hornsby is now free, though technically still a Member of the Conc Board of the National Bank of Egypt. As Governor of that Bank he has acquired a particular knowledge and prestige, as have also the Governors of certain Dominion Central Banks. For this reason the Governors of these Banks at the conclusion of their respective terms of office will doubtless receive invitations to serve here on the Boards of many institutions, perhaps <sup>including</sup> even those of Clearing Banks. It appears desirable, however, that the first call on their services should be with the Bank of England; he had hoped to arrange for Sir Bertram Hornsby to join the London Advisory Committee of the Commonwealth Bank of Australia and to be associated with the Imperial Ottoman Bank and the Anglo International Bank. None of these arrangements was possible at the moment, but he proposed that the Bank should offer him

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29<sup>th</sup> April, 1931. a retaining fee of, say, £1000 a year, on the understanding, that he would not accept any appointment without the approval of the Bank, and that they should be prepared to adopt the same policy with the Governors of some Dominion Central Banks.

C 53

CT 189.

CT 171

CT 178

CT 181.01

(4) He wished the Committee to consider the position of the Bankers Industrial Development Company. In view of the result of the recent Shipbuilding and Cotton issues, industry cannot rely at the moment on securing further financial support from the public. Unless, however, the Bankers Industrial Development Company are able to continue to supply money for industry, he feared that the Government might step in to finance Rationalisation and it seemed essential that means should be devised to avoid the need for their intervention. He therefore proposed to inform the Bankers Industrial Development Company that if advances could not be obtained from the Bankers or elsewhere, the Bank of England would be prepared to make them advances, against security to be created for Rationalisation in one industry or another, the ultimate limits of such finance, over and above any schemes immediately in train to be subject to consideration according to the character and progress of the schemes involved and the attitude of the Banks; he would stipulate that such advances should be repaid out of the proceeds of an eventual funding operation.

C 28

CT 72.

(5) Lord Cullen will probably be away until October and he had, in the circumstances, informed him of the present difficulty due to the absence of so many Members of the Committee.

(6) Dr. Schacht is probably coming to London on a secret visit on the 4<sup>th</sup> or 11<sup>th</sup> May.

(7) The Comtee had last week decided informally that no Resolution should be presented on the occasion of the

29<sup>th</sup> April, 1931.

the Retirement of Sir Gordon Naime and that such Resolutions should in future be submitted only in the case of death and Mr Lubbock subsequently explained the position to Sir Gordon Naime.

Friday, the 1<sup>st</sup> May, 1931.

Present:—

The Governor  
The Deputy Governor  
Mr Lubbock.

The Comptroller also  
attended

The Governor acquainted the  
Committee of the following matters —

(1) In regard to the Bank for International Settlements—

(a) With reference to Minutes of the 22<sup>nd</sup> April, he had nominated Sir Robert Anderson for membership of the Committee appointed by the Bank for International Settlements to consider what that Bank could do to encourage general long-term lending.

(b) With reference to Minutes of the 11<sup>th</sup> March and earlier, he had received a letter from M. Moret, of which he had sent a copy to Mr. Beaumont Pease, advocating the appointment of a Committee of Bankers in London to co-operate with a similar Committee in Paris in examining and approving schemes for middle term credits.

(2) In company with Mr. Bruce Gardner he yesterday saw the President of the Board of Trade, who told him that the Government were not satisfied that any real progress was being made in regard to the rationalisation of the Iron and Steel Industry; the Government were not prepared to allow the present position to continue and they proposed, subject to their obtaining the support of the Liberal Party, to establish a Statutory Authority to take over the Industry under a scheme to be prepared and introduced into

Parliament

+ B-98  
CT 100

CT 100

LC 92  
LC 53  
CT 189  
CT 171  
CT 183



1<sup>st</sup> May, 1931. Parliament in the Autumn.

In order that the Leaders of the Liberal Party might understand the position, the President of the Board of Trade wished to be allowed to give them copies of Mr. Bruce Gardner's confidential Report on the Iron and Steel Industry.

Wednesday, the 6<sup>th</sup> May, 1931.

Present:—

The Governor.

The Deputy Governor.

Mr. Lubbock.

Mr. Special Stamp.

Mr. Percock.

The Comptroller

also attended.

The proceedings of the Meeting on the 29<sup>th</sup> April were approved as amended and those of the Meeting on the 1<sup>st</sup> May were approved.

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

It was agreed that if, as appeared probable, information were received that the Federal Reserve Bank of New York proposed to change their Rate this week, a reduction to 2½% should be recommended to-morrow, but that otherwise no change should be recommended.

CT 99

The Weekly Reports on Central Banks were submitted, together with the Fortnightly Letter to Dominion Central Banks.

It was agreed to recommend to the Court that H. S. Martin, Deputy Principal in the Issue Office, who will attain the age of 60 years on the 8<sup>th</sup> August next, be granted during pleasure and in accordance with the scale, a pension of £601-16-2 a year from the 9<sup>th</sup> August inclusive.

Monday, the 11<sup>th</sup> May, 1931.

Present:—

The Governor  
The Deputy Governor  
Mr. Lubbock  
Mr. Shaw  
Sir Josiah Stamp  
Mr. Placocks

The Comptroller also  
attended.

The Minutes of the previous Meeting were read and confirmed.

The Governor acquainted the Committee of the following matters —

(1) He read a letter from Mr Bruce Gardner to the President of the Board of Trade refusing the request, recorded in the Minutes of the 1<sup>st</sup> May, that the Leaders of the Liberal Party might be given copies of the confidential Report on the Iron and Steel Industry

~~C92~~  
~~LC53~~  
CT 171  
CT 189  
CT 183

(2) He read a letter which he had written to the India Office expressing the hope that before any further appeal is made to the London Market for money for India, steps will be taken in India to curtail credit and restrict currency to any extent that may be necessary to improve and maintain the rate of exchange

~~191~~  
CT 32

(3) He had learnt on Thursday last that the affairs of the Credit Anstalt were seriously involved and this morning Mr Siepmann had received an urgent request from the Austrian Finance Minister to proceed immediately to Vienna to advise on the position: as, however, he had been informed yesterday that the Bank for International Settlements had already sent two Representatives to Vienna to investigate and report, he did not think it advisable for Mr. Siepmann to go. He believed that Mr. Baur was going to Vienna tomorrow on behalf of the Anglo-International Bank, who are large shareholders in the Credit Anstalt.

~~188~~  
CT 38

(4) With



11<sup>th</sup> May, 1931.+5+2  
CT 164

(4) With reference to Minutes of the 25<sup>th</sup> February last as to a temporary advance of £250,000 to the Oceanic Steam Navigation Co. Ltd., he asked the Committee to decide whether the Bank would be prepared to make an advance of £1,000,000 (out of which the advance of £250,000 would be repaid) on security to be approved by Messrs. Deloitte, & Co.

- (i) £346,000 on 17,313 Shaw Savill & Albion Co. Ltd. Shares owned by the Oceanic Steam Navigation Co. Ltd.
- (ii) £660,000 on 1<sup>st</sup> Mortgage of all New Zealand vessels at present jointly owned by the Oceanic Steam Navigation Co. Ltd. and Shaw Savill & Albion Co. Ltd., the mortgage taking precedence of existing loans under the Trade Facilities Acts.

The Governor stated that the advance would only be made at the written request of His Treasury and subject to such further conditions as he might find to be necessary.

He further proposed that the Bank should lend up to £300,000 to the White Star Line if and when they, the Bank of England, should think fit against 21,592 Shaw Savill & Albion Co. Ltd. Shares at present pledged to Sir John Herman, who, in that event, would be paid off with money so borrowed from the Bank.

The Committee did not view the proposition with favour, but they realised that it was difficult to refuse a request made by the Chancellor of the Exchequer and agreed that if, in the light of further developments, he still made the same request, the Bank should undertake to make the advance.

(5) With reference to Minutes of the 29<sup>th</sup> April and earlier as to Rationalisation, he proposed to explain briefly to the Court this week the position in regard to the Iron and Steel, and other Industries, with an outline of the views of the Committee.

CT 171  
CT 189  
CT 183

Wednesday, the 13<sup>th</sup> May, 1931.

Present.

The Governor,  
The Deputy Governor,  
Mr. Lubbock,  
Mr Charles Addis,  
Mr Shaw,  
Mr Josiah Stamp,  
Mr Peacock,

The Comptroller  
also attended.

The proceedings of the last Committee were read.

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

ET 99  
The Committee considered the question of the Bank Rate. In this connection the Governor reminded the Committee that they had agreed to recommend a reduction last week if, as seemed probable, the Federal Reserve Bank decided to reduce their Rate. The Federal Reserve Bank had notified the Bank last Thursday that they proposed to make a reduction, but suggested that in view of the Governor's recent visit to New York it might on this occasion be more advantageous if any change in the Bank of England Rate were not made simultaneously. It had therefore been decided not to make any reduction last week. He was, however, of opinion that a reduction should be made this week and the Committee agreed to recommend to the Court that the Rate be reduced to-morrow to  $2\frac{1}{2}$  per cent.

The Weekly Reports on Central Banks were submitted together with a comparative statement of Bills outstanding in the United Kingdom and the United States of America.

The Governor acquainted the Committee of the following matters -

1938  
ET 38  
(1) With reference to Minutes of the 11<sup>th</sup> instant, he read a cable from the National Bank of Austria reporting that the Austrian Government, Messrs. Rothschilds and themselves had arranged to support



13<sup>th</sup> May 1931 support the Credit Anstalt to an extent which they hoped would safeguard the creditors of that Bank.

1815  
CT 74-02 (2) On the 4<sup>th</sup> May, in company with Dr Sprague, he had a long and friendly talk with a few Members of the Independent Labour Party, and arrangements had been made for a further Meeting with a larger number of Members after Whit Sunday.

1829  
CT 180 (3) With reference to Minutes of the 13<sup>th</sup> November 1929 and earlier as to the provision of additional Capital for an approved Company engaged in financing purchases on the Instalment System, a request from the Union Guarantee and Industrial Trust Ltd for Capital to enable them to carry on the business of instalment purchases abroad had, after consultation with Mr. Jarvis, been declined.

1861  
CT 192 (4) There is an available profit of £111,000 in the operating Companies of "Instruments" and the suggestion has been made that this sum shall be distributed as a dividend on the Preference Shares of the Parent Company. He considered that the Bank should support General Dawney, the Chairman, who is opposed to the suggestion.

1878  
CT 100 (5) With reference to Minutes of the 12<sup>th</sup> May and earlier as to Middle Term Credits, he read a letter which he had written on the 11<sup>th</sup> instant to remind the Chairman of the Committee of Clearing Bankers of the promise which he had made at the Meeting, on the 7<sup>th</sup> instant to consider the question of the endorsement or guarantee by Banks on behalf of their customers of instruments of middle-term credit.

1892  
1893  
CT 171  
CT 169  
CT 153 (6) With reference to Minutes of the 11<sup>th</sup> May and earlier as to the "Socialisation" of the Iron and Steel Industry, he had on that evening a long discussion with the Chancellor and the President of the Board

of

13<sup>th</sup> May, 1931

of Trade, who told him that they must consult the Prime Minister, who was unexpectedly absent, and await an answer from the Leader of the Liberal Party before making any decision: it would then be a question for consideration by the Cabinet.

(7) Mr Edgar Lewis had been prevented from sailing for England on the 8<sup>th</sup> May, but hoped to sail early in June.

(8) Dr Schacht yesterday paid him a secret visit and discussed with him various matters relative to the present position in Germany.

1913  
CT 26

(9) The Foreign Office and the British Ambassador in Turkey are concerned at the failure of British Firms to secure Turkish Government Contracts through inability to obtain the necessary financial support, but it did not appear that the Bank could take any effective action in the matter.

1914  
CT 70 OH

(10) He had granted permission to Mr Shaw to serve on the Imperial Shipping Committee, which advises the Imperial Government and the Governments of the Dominions upon any matters referred to it in connection with Shipping.

1917  
CT 36

The Deputy Governor informed the Committee that he had received a cable from the South African Reserve Bank pointing out that when bars are being sold to the Bank at their statutory minimum price they incur loss by exporting, bullion instead of sovereigns and inviting suggestions. It was agreed that the South African Reserve Bank be informed that the Bank have no suggestion to offer.

Mr.



13<sup>th</sup> May, 1931+C-19  
SEC 10

Mr. Lubbock informed the Committee that the Draft Report of the Macmillan Committee would shortly be referred to the whole Committee and he feared that it might contain recommendations which would be embarrassing to the Bank.

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Wednesday, the 20<sup>th</sup> May, 1931.

Present:—

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

The Comptroller also  
attended.

The Minutes of the Meeting of the 11<sup>th</sup> instant were approved as amended and those of the 13<sup>th</sup> instant were approved.

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 laid before the Committee—

Weekly Reports on Central Banks.

Fortnightly Dominion Letter.

Monthly Report of the Committee on Advances and Discounts.

The following were submitted and referred to the Comt —

Minute of the Staff Committee recommending Appointments, &c.

Revised Regulations for the Audit of Securities in the Treasury.

The Committee had before them a letter from the Deputy Chairman of the Midland Bank stating that the Pavilion at the Forbans Sports Club was in need of alterations and repairs which would probably cost about £2,500 and enquiring whether the Bank would undertake to guarantee one-fifth of the expenditure.

This was approved subject to similar agreement by the other Banks concerned.

The Deputy Governor acquainted the Committee of the following matters —

(1) The



20<sup>th</sup> May, 1931.~~1931~~

CT 4.

(1) The Manager of the Commonwealth Bank in London had informed him that the Commonwealth Bank were considering the question of applying to Parliament for power to ship to London £5,000,000 in gold to meet Treasury Bills maturing at the end of June and had asked <sup>whether</sup> the Bank of England would make them an advance against their undertaking to ship the gold, but he had replied that the Bank would only make an advance against gold which had been actually shipped.

~~1931~~

CT 28

(2) Mr Bark had informed him this morning that the Credit Anstalt of Vienna had cabled to various centres asking that Meetings of their creditors in those centres might be arranged, preferably under the auspices of the respective Central Banks, (who would be approached by the Austrian National Bank through the Bank for International Settlements) with the object of securing general agreement for the extension of existing credit facilities for a period of six months. Mr Bark had been asked to consult Messrs Morgan, Grenfell & Co., regarding the holding of such a meeting in London and he wished to know whether he might say that the proposal had the approval of the Bank. He proposed to tell Mr Bark that although in sympathy with the proposal the Bank did not wish at that stage to be formally associated with any such meeting, in which decision the Committee concurred.

Wednesday, the 27<sup>th</sup> May, 1931.

Present:—

The Governor  
Sir Alan Anderson  
Sir Charles Addis  
Sir Francis Stamp  
Mr. Pearce  
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 following were submitted and referred to the Court—

Report of the Audit Committee on Audits taken by the Audit Department between the 15<sup>th</sup> January and the 1<sup>st</sup> May.

Report of the Election of Representatives of the Staff to the Advisory Council of Directors and Staff.

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

F. W. B. Davies, a 1<sup>st</sup> Class Clerk at the Manchester Branch, who will attain the age of 60 years on the 21<sup>st</sup> August, £420 a year from the 1<sup>st</sup> September inclusive.

M. J. Irving, an Auxiliary Woman Clerk, who will attain the age of 50 years on the 31<sup>st</sup> May, £73.12.- a year from the 1<sup>st</sup> June inclusive.

The Governor acquainted the Committee of the following matters—

(1) On the 6<sup>th</sup> May, the Chairman and Deputy Chairman of the District Bank, Ltd., called upon him to register

on

CT. 181 of

1660



27<sup>th</sup> May, 1931 on behalf of their Bank a friendly protest that the Lancashire Cotton Issue had been 6 year and not 20 year Adventures as had originally <sup>been</sup> arranged with all concerned.

~~1810~~  
CT. 113. 01

(2) On the 13<sup>th</sup> May he was surprised to learn from the newspapers that on the previous day Messrs J Henry Schröder & Co., had placed £1,000,000 City of Hamburg Bills. He had seen Mr. Tjarks and had explained to him that while wishing to preserve a free market as of old, it was essential under present conditions for him to have previous knowledge of any operation of this nature, with which view Mr. Tjarks assented.

In this connection he had yesterday received information from Mr. Tjarks that a similar operation was about to take place for the City of Berlin Light and Power Company.

~~1840~~  
CT. 18

(3) By reason of the bad state of trade and the adverse Exchanges the position of the Argentine Railways is becoming difficult. He has informed their London Bankers that it is essential for the Railways to be supplied with ample funds for the conduct of their business and that the Banks should therefore continue to meet all legitimate demands; that when the Banks have granted advances up to their limit they should arrange for an issue by the Railways of short Notes, the proceeds of the Issue to be applied in repayment, in whole or in part, of existing Advances and that the Banks should then be prepared to make such further advances as may be required.

~~1848~~  
CT. 19

(4) M. Rooth, the Governor of the Sverige Riksbank, had enquired whether the Bank of England would entertain a request from his Bank for a seasonal credit. M. Rooth would not approach the Bank for International Settlements and had stated if the Bank of England would not agree to the proposal his Bank would approach their New York Bankers. He had, therefore, with reluctance, agreed in principle to grant

27<sup>th</sup> May, 1931.

grant a seasonal credit to the *Sveriges Riksbank* on terms and conditions to be arranged later.

~~189~~  
CT 90.02

(5) He recently received a visit from certain London Bankers, interested in the Timber Trade, who told him that they proposed to support a quota arrangement to extend over a period of 1 to 3 years between firms engaged in the Timber Trade in Finland, Sweden and Russia, the scheme to be financed in this Country, in Sweden and to some extent in Germany. At Basel he discussed the matter with M. Ryti and M. Rooth who reached the following conclusions -

- (i) If those interested in the Timber Trade in Sweden and Finland decide to adopt a quota scheme they must accept the risks of its not being inclusive and not being honoured by Russia.
- (ii) No credits should be associated with a quota arrangement.
- (iii) The London Bankers would be well advised to continue their normal credit arrangements and to avoid Credits based upon any Quota arrangement which includes Russia.

He feared that the underlying intention was to raise prices and he had told the Bankers that he would not engage to take Bills drawn for this purpose.

~~188~~  
CT 38

(6) The Bank for International Settlements had organised for the Austrian National Bank at their request a Central Bank Credit of 100 million schillings and he proposed that the Bank should participate to the extent of 10 million schillings.

~~182~~  
CT 123

(7) With reference to Minutes of the 27<sup>th</sup> August 1930 and earlier, the Bank had purchased since October 1929 about 44,000 shares of the Anglo-International Bank at prices between 11/- and 12/- a Share: in order to maintain the price he proposed



27<sup>th</sup> May, 1931

proposed, whenever necessary, to take steps to purchase, at a price not exceeding  $12\frac{1}{2}$ /- a share, any shares which might come into the Market.

1378

CT 100

(8) With reference to the Bank for International Settlements -

(a) The first Annual General Meeting, at which the proceedings were quite formal, was very successful, and almost every Central Bank was represented: after the General Meeting, two Committees, on Currency and Credit respectively, were formed at which various subjects were discussed.

CT 100 01

(b) At the Monthly Board Meeting, the chief matter of interest was the election of new Directors. The President proposed representatives of the National Banks of Switzerland, Sweden and Holland. The Bank of France, supported by the National Bank of Belgium, proposed that eight new Directors should be elected: after a long discussion the proposal of the Bank of France was put to the vote and negatived, and the proposal of the President was then carried unanimously.

CT 100

(c) The Board considered the Report of the Francqui Committee, which recommended that the Bank for International Settlements should contribute £10,000,000 to set up a scheme for financing Middle Term Credits. The recommendation was not adopted as the Bank has not the funds available for the purpose: the question of an issue of Bonds or of additional capital was discussed, but the matter was eventually referred back to the Committee.

CT 100

(d) The Bank wish to be furnished with a periodical statement by every Central Bank and Treasury of the respective amounts of reserves held by them: this information is very confidential and, as he was not satisfied as to the use that would be made of it, he was not prepared to agree to supply the Bank with the information, although he would be willing to give particulars to the Finance Committee of the League of Nations, if so requested by them.

(g) With

27<sup>th</sup> May, 1931~~178~~

CT 38

(q) With reference to Minutes of the 20<sup>th</sup> May, the immediate losses of the Credit Anstalt as reported have been made good by the Austrian Government, the National Bank of Austria, Messrs. Rothschilds in Vienna and by sacrifices on the part of the shareholders.

The National Bank of Austria is well supplied with devisen, but its attitude in this crisis is apathetic; under pressure from the Austrian Government it has contributed towards the immediate needs of the Credit Anstalt and in accordance with its Statutes is prepared to discount bills, but is not disposed to render any further assistance or to take any initiative. The Banks for International Settlements have also shown a lack of firmness and promptitude in dealing with the situation.

The Credit Anstalt is the dominant Bank in Austria, probably in Eastern Europe as a whole; it largely controls industry in Austria and if it were to fail the position of Austria and of several neighbouring Countries would be desperate. On Sunday and Monday last the position was dangerous; the National Bank of Austria were advising their Government to agree to a moratorium, which in his opinion would be fatal to the whole credit of Austria, but the Finance Minister was opposed to the proposal and has since promised not to sanction such a course without previous consultation with him.

An informal Committee, which is not a Creditors' Committee, has now been formed in London at the suggestion of the Credit Anstalt and in agreement with him to watch over the position and advise.

The foreign creditors have the future position in their hands and can obtain control of the Bank when re-constituted; if they fail to do this the control will fall into the hands of the Austrian Government.

So far



27<sup>th</sup> May, 1931.

So far as the Anglo-International Bank is concerned, they sold their business in Austria to the Credit Anstalt some years ago and they have since disposed of a large proportion of the Shares of the Credit Anstalt which they then received in payment, they also gave the Credit Anstalt at that time a credit for £700,000 which has since been reduced to £300,000.

He proposes, if matters get any worse, to endeavour to restore confidence in Austria by arranging for the Anglo-International Bank to buy gold and pass it to the Credit Anstalt, but in order to achieve the full effect it would be necessary for any such transaction to be widely advertised.

Wednesday, the 3<sup>rd</sup> June, 1931.

Present:—

The Governor  
The Deputy Governor  
Mr. Lubbock  
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 &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 Dominion Central Banks.

It was agreed to recommend to the Court that a Pension of £450 a year be granted, during pleasure and in accordance with the scale, to L. G. Storr, a Superintendent in the Transfer by Deed Office, from the 1<sup>st</sup> September inclusive.

The Committee had before them a letter from the Lord Mayor requesting assistance from the

3<sup>rd</sup> June, 1931.

the Bank for the Metropolitan Hospital Sunday Fund and it was agreed to recommend to the Court that a donation of £100 be made.

CT 146

With reference to Minutes of the 6<sup>th</sup> August last and earlier as to the domestic history of the Bank, the Committee agreed that the price of the History should be 30/-, that Members of the Staff should be enabled to obtain copies at half price and that there should be a limited number of Presentation Copies: the detailed arrangements were left in the hands of the Comptroller.

The Governor acquainted the Committee of the following matters -

+B-1

(1)  
CT 192

(1) With reference to Minutes of the 13<sup>th</sup> May as to the disposition of the available profit in the operating Companies of "Armstrongs", he submitted a letter and explanatory Memorandum from the Chairman.

+C-6

CT 55

(2) With reference to Minutes of the 28<sup>th</sup> January last he has, under the provisions of the Iraq Currency Law, nominated Sir Bertram Hombury to serve on the Iraq Currency Board.

+B-8

CT 100-04

(3) With reference to Minutes of the 14<sup>th</sup> January last, Mr. R. H. Porters, who had earlier arranged to join the Bank for International Settlements by the end of the year, has gone to Basel for an indefinite period at the request and on the initiative of the Bank for International Settlements conveyed directly to him with the knowledge of the Bank. Mr. Porters is free to return here to finish his visit until the end of the year, or not, as he chooses.

CT 100

+B-8

(4) With reference to Minutes of the 1<sup>st</sup> May, the Committee of Clearing Bankers have agreed

unanimously



3<sup>rd</sup> June 1931. unanimously that their Chairman should be an ex-officio Member of the Committee which is being formed in London to work in conjunction with the Committee in Paris to examine requests for Middle Term Credits. Representatives of Hazard Brothers & Co. Ltd., and of Hambro's Bank, Ltd., will also serve on the Committee and he has advised Mr. Monet to this effect.

+ 15  
CT 27

(5) He recently discussed with Mr. Goodenough the questions of trade with Russia and of the endorsement or guarantee by Banks, on behalf of their Customers, of instruments of Middle Term Credit.

CT 27.

As regards trade to and from Russia, he told Mr. Goodenough, in answer to a specific question, that the Bank have no special view for or against financing by this Market: Russia is on terms of diplomatic friendship with the British Government, is indeed rather favoured, so that restrictions cannot be called in question and each application should be judged by Bankers on its merits as a business risk. He subsequently remembered that there had been a default by the Russians over cotton purchases in Egypt and he wrote to call Mr. Goodenough's attention to this point, which had been described as mere evasion of an agreement because of a change in prices.

As regards the second point, which was referred to in Minutes of the 1<sup>st</sup> May and earlier, he told Mr. Goodenough, in answer to a question, that the Bankers must decide whether they would in principle endorse instruments of Middle Term Credit on behalf of their Customers - which would be equivalent to acceptance, but longer and therefore more risky - or whether they might prefer to buy rather than endorse. In any case the question of amount, if the principle were adopted, must be settled by each Bank. The Bank of England would not buy 6 months to 5 years' paper but would take such paper into account at its full risk in estimating credit lines on acceptors.

In this connection he yesterday received a visit

from

3<sup>rd</sup> June, 1931.

from Sir Harry Gocher and Mr. Lindbergh, of Messrs. Japhet & Co. Ltd., who made the suggestion that Messrs. Japhet should form a group of acceptors to accept Bills drawn against transactions approved and guaranteed by the Export Credit Office and that the Bank of England should agree to purchase or discount such Bills and renewals throughout the period of guarantee. He had, however, made it quite clear that the Bank would not agree to any such proposal.

~~128~~  
CT. 38.

(6) With reference to the last minutes as to the Credit Anstalt, progress during the past week has been satisfactory: an International Committee has been set up and the situation is at the moment easier. A few days ago he received a telephone enquiry from the Bank for International Settlements as to whether the Bank would be prepared to participate in a further credit to the National Bank of Austria. He replied that until decisive steps had been taken for enquiry into the affairs of the Credit Anstalt and the National Bank of Austria by persons such as Dr. Schacht and Herr Brüning, neither the Bank of England nor, he thought, the Federal Reserve Bank would consider the question of further participation: these steps had now been taken.

In this connection he was yesterday informed that the French Embassy in London had complained to the Foreign Office that the Bank of England had recommended for the Austrian National Bank the names of two persons to whom the French have strong objections. To this complaint a suitable reply had been made, but the recommendation had been made by telephone only to the Bank for International Settlements and the intervention by the French Embassy was therefore significant.

On the question of a further credit to the Austrian National Bank, he stated that the Bank were at present committed to an amount of about

£350,000



3<sup>rd</sup> June, 1931. £350,000, and he asked the Committee to decide in principle whether, if need be, the Bank would be prepared to grant further help to Austria or to other countries of Eastern Europe. He pointed out that although for the moment the position is easier there may at any time come a change for the worse; if the situation worsens in Eastern Europe, Germany must become involved and in that event the trouble would inevitably spread to this country. He had the assurance that if the Bank decided to promise further assistance the Federal Reserve Bank would give similar support.

The Committee agreed in principle that the Bank should be prepared to support pro rata with other leading Central Banks, any approved scheme of relief for Austria or Eastern Europe that might be sponsored by the Bank for International Settlements up to a limit of, say, \$5,000,000.

1C8  
CT 192.02

(7) A proposal had been made for the Bank to dispose of their holding of Preference Shares of the International Power and Paper Company of Newfoundland in exchange for a partial payment in cash and the balance in Mortgage Bonds payable over a period of 4 years. The Bank would be asked to provide a sum of new money not exceeding \$3,300,000 against similar Mortgage Bonds, but they would <sup>thus</sup> become debtors of the Company instead of shareholders. The matter had been considered by The Securities Management Trust who decided that in the circumstances they did not feel disposed to apply to the Bank for a loan in order to provide the new money required.

The Committee agreed that although the proposal appeared to be sound, the Bank would not, under existing conditions, be justified in accepting the proposal.

CT 70.03

1945

(8) He asked the Committee to bear in mind the question of the Election of a Director in the room of Mr. Wallace  
and

3<sup>rd</sup> June, 1931.

and suggested for their consideration the name of Major P. Ashley Cooper.

~~158~~  
Present: —

CT. 38.

The Governor  
The Deputy Governor  
Mr. Lubbock  
Sir Alan Anderson  
Mr. Shaw  
Mr. Peacock  
The Comptroller  
also attended.

Tuesday, the 9<sup>th</sup> June, 1931.

The Governor informed the Committee that representatives of the Austrian Government would be calling upon him this afternoon: he did not know the purport of their visit but he assumed that they desired to consult him as to the prospect of obtaining a loan in London and he wished, if possible, to ascertain beforehand the views of the Committee.

After discussion the matter was left over for further consideration to-morrow.

Present: —

The Governor  
The Deputy Governor  
Mr. Lubbock  
Sir Alan Anderson  
Sir Charles Addis  
Mr. Shaw  
Sir Josiah Stamp  
Mr. Peacock  
The Comptroller  
also attended.

Wednesday, the 10<sup>th</sup> June, 1931.

The proceedings of the Meetings on the 3<sup>rd</sup> and the 9<sup>th</sup> June were read and approved.

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.

The Governor acquainted the Committee of the following matters—

(1) With reference to Minutes of the 13<sup>th</sup> May he had had on the 8<sup>th</sup> instant, in company with Dr. Sprague, another meeting with members of the Labour

~~158~~  
CT. 74.02.



10<sup>th</sup> June 1931

Labour Party; as discussion on the points raised was not finished, he had promised to attend a further meeting to be arranged later.

(2) He had received a request through the Foreign Office and Messrs Rothschilds for Sir Otto Niemeyer to go from Brazil to Chile, to advise the Chilean Government, but he considered that the same procedure should be adopted as in the case of Paraguay, which he reported to the Committee on the 18<sup>th</sup> March last. He, therefore, proposed to inform Messrs Rothschilds that if they would write to him on the subject he would suggest that the matter be placed before the Bank for International Settlements; if that Bank asked him to make a recommendation he might suggest Sir Otto Niemeyer or Sir Bertram Hornsby.

(3) He read to the Committee a cable which he had sent to the Governor of the Federal Reserve Bank summarising as euphoniously as possible the discussions at Chequers on the 7<sup>th</sup> instant.

+285  
CT 9.

(4) With reference to Minutes of the 17<sup>th</sup> December last and earlier as to the Stabilisation of Portuguese currency, he read to the Committee two letters which he had written to Mr Hambro, after reference to the Bank for International Settlements, asking that Hambro's Bank would decline a request to grant a credit to Portugal.

+288  
CT 38.

(5) With reference to Minutes of the 9<sup>th</sup> June as to the proposed issue of Treasury Bonds by the Austrian Government, he knows of no Bank in London willing to take any of these Bonds and, in view of the uncertain economic position of Austria, he is not prepared to recommend any Bank to take them.

+289  
CT 32.

(6) Within the last few months two issues have been made on account of India: both issues are now at a discount and there is no hope of obtaining more money from the public at the present time.

The

10<sup>th</sup> June, 1931.

CT32

The Government of India has applied to H. M. Government for a credit of £50,000,000 and a Committee of the Cabinet has been set up to consider the matter.

There appear to be three alternatives -

- (i) To grant a credit now probably with more to follow.
- (ii) To impose definite financial safeguards as a condition precedent to any constitutional reforms.
- (iii) To take no action.

In the last event after use of the Reserves the Indian Exchange would probably deteriorate with consequent damage to Indian credit. At the best the position must be regarded as serious: it is rapidly worsening and, in his opinion, there is grave danger of default.

+A 49  
CT99.03

(7) The question is being considered of giving notice to repay the 5% War Loan and at the same time offering to continue holdings at a reduced rate of interest with an extended redemption date and it is necessary for a decision to be reached within the next few days.

He proposed to advise the Chancellor that while the proposals are financially attractive, there would be a grave risk in taking such a step at the present time in view of the unsatisfactory conditions, both political and financial, now obtaining at home and abroad.



Wednesday, the 17<sup>th</sup> June, 1931.

Present :-

The Deputy Governor  
Mr. Lubbock  
Sir Charles Addison  
Mr. Shaw  
Sir Josiah Stamp  
Mr. Peacock  
The Comptroller  
also attended.

The proceedings of the last meeting were read and agreed.

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

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

The following were submitted and approved -  
Weekly Reports on Central Banks.

Fortnightly Letter to Dominion Central Banks.

Monthly Report of the Committee on Advances and Discounts.

The following were submitted and referred to the Court -

Minute of the Staff Committee recommending appointments, etc.  
Report of the Staff Committee on payments made, etc.

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

Sir Alan Anderson (Chairman)

Mr. Lubbock

Mr. Gorchon

Sir Ernest Harvey

Mr. Walker

Mr. Defaux

The Deputy Governor acquainted the Committee of the following matters -

(1) With reference to Minutes of the 3<sup>rd</sup> June as to the support by the Bank with other Central Banks of approved schemes of relief for Austria or Eastern Europe through the Bank for International Settlements, he read a letter written by the Governor

1931  
CT 38.

17<sup>th</sup> June, 1931

to the Chairman of the Bank for International Settlements.

~~1820~~  
CT 70

(2) He called their attention to Press criticisms of recent speeches on Economic Subjects by persons associated with the Bank which alleged a conflict of views between different representatives of the Bank on questions of Bank policy and asked the Committee to consider whether it was possible or desirable to take any action to prevent occasion for such criticisms.

~~1849~~  
CT 99.08

(3) With reference to the last minutes as to a possible change in the rate of interest and date of redemption of the 5% War Loan, the Chancellor is still considering the question, but will probably not reach any decision for some days.

~~188~~  
CT 38

(4) The action of the members of the Court in agreeing yesterday to make an advance to assist the position in Austria has had a favourable effect on the Continent and in this connection he has learned that the Wiener Bankverein which has for some time been vainly seeking assistance has, since yesterday, received offers of help from Belgium, Holland and Switzerland.



Tuesday, the 23<sup>rd</sup> June, 1931.

Present:-

The Governor  
The Deputy Governor  
Mr Lubbock  
Sir Alan Anderson  
Sir Charles Addison  
Mr Shaw and  
Mr Placock  
The Comptroller  
also attended.

1917  
CT 45

The Governor informed the Committee that he wished to consult them on two matters relating to the Reichsbank.

The Reichsbank during the past three weeks have suffered heavy losses in devisen and unless assistance is forthcoming to-day it is probable that the weekly Return to be published to-morrow will show a ratio below the normal statutory limit of 40%. It is considered undesirable in existing circumstances that the Reichsbank should seek the necessary authority to reduce the ratio below that figure and he therefore proposed to advance to them until to-morrow a sufficient sum, say, £1,000,000 to £1,500,000 to maintain the required figure of 40%.

This advance will satisfy the immediate position but there is also the problem of the period covering the half-year. The Reichsbank estimate that during that period they will have to provide cover for an additional £40,000,000, of which about £9,000,000 will be required for salaries of Government employees and the balance to meet the normal seasonal expansion of the note circulation. To provide this cover the Reichsbank may require some £17,000,000 to £20,000,000 of devisen and he proposes to arrange for a credit of this amount to be placed at their disposal by the Bank of England in co-operation with the Federal Reserve Bank and possibly the Bank of France, the credit to be secured against internal bills, to be available until the 16<sup>th</sup> July or to be repaid earlier as bank notes return from circulation or the reserves of devisen are increased by receipts.

Present:-

The Governor  
 The Deputy Governor  
 Mr. Lubbock  
 Sir Alen Anderson  
 Sir Charles Addis  
 Mr. Shaw  
 Sir Josiah Stamp  
 Mr. Peacock  
 The Comptroller  
 also attended.

Wednesday, the 24<sup>th</sup> June, 1931.

The proceedings of the meetings on the 17<sup>th</sup> and 23<sup>rd</sup> June were read and approved.

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 that M. D. Hallam, a Senior Clerk in the Dividend Preparation Office, who will attain the age of 60 years on the 25<sup>th</sup> September next, be granted a Pension of £425 : 6 : 8 a year, during pleasure and in accordance with the scale, from the 26<sup>th</sup> September inclusive.

The Governor acquainted the Committee of the following matters-

(1) With reference to Minutes of the 23<sup>rd</sup> June the arrangements for the credit to the Reichsbank are proceeding on the basis of a joint credit to be granted by the Bank of England, the Federal Reserve Bank, the Bank of France and the Bank for International Settlements in equal participations of R. Marks 100,000,000 each. The Bank of France are prepared to join in the credit, but for this reason the detailed arrangements are more troublesome. It is possible that the Bank for International Settlements may subsequently arrange for

ET. 45

1517



24<sup>th</sup> June, 1931.

for a part of their share to be sub-divided amongst certain other Central Banks whom it has not been possible to approach in the short time available. The Hoover proposals will be accepted unreservedly by our Government but he fears that the French Government will later announce that they cannot agree to the proposals in which case, in his opinion, the general position may become extremely critical.

CT 38. 198

(2) With reference to Minutes of the 9<sup>th</sup> June and earlier, he has invited Mr Fleischmann to negotiate for the sale of Treasury Bonds in various markets on behalf of the Austrian Government.

CT 38. 198

CT 41. 1830

CT 100. 1878

CT 100. a

(3) The Bank are involved in two credits to Austria and one to Hungary. In the second credit to the National Bank of Austria and in the credit to the National Bank of Hungary the Bank for International Settlements have made a condition that gold be allocated directly or indirectly as security for the credits, although still figuring in the published reserves of the respective Banks. This condition is, in his opinion, unwise, as it is obviously improper for gold to serve two purposes at once, and he therefore proposed to give notice to the Bank for International Settlements that the Bank of England wish to withdraw from both these credits at the end of the first period.

CT 17. 1870

(4) The Bank of Spain have enquired as to the terms and conditions on which the Bank of England would be prepared to grant them a credit up to a maximum of £6,000,000 against the deposit of gold in London and/or gold earmarked in Madrid for a period of, say, two years. He replied that the Bank of England have agreed, in principle, that Central Bank credits shall be arranged through the Bank for International Settlements, to whom the Bank of Spain should therefore address their enquiry.

CT 195. 1816

(5) A few days ago he received a visit from Sir

Botham

24<sup>th</sup> June, 1931.

Sothorn Holland and Mr Martin of the Central Mining and Investment Corporation, who with Barnato Brothers Ltd., control about 75% of the gold production of South Africa.

They informed him that recent purchases of the shares of the corporation by French investors had resulted in the voting control of the company passing into French hands (they estimated that at the present time about 80% of the shares were in French hands, widely distributed and in small holdings). This position might have embarrassing consequences in the future and he therefore encouraged Sir Sothorn Holland to take any possible steps towards a rectification of the position.

+8+5

CT 27

CT 74.02

(6) Following on his conversations with members of the Labour Party referred to in the minutes of the 10<sup>th</sup> June and earlier, he received a visit a few days ago from Mr & F Wise who told him that the negotiations between H.M. Government and the representatives of the Soviet Government have made no progress and seemed to have reached a deadlock. The Russians, while professing to be anxious for a settlement, seem quite unprepared to deal with the question of recognition of debts until they have first received definite promise of credits from this country.

He asked the Committee to consider whether with a view to preventing a breakdown or on general grounds it would be wise that steps should be taken to facilitate the granting of credits to the Soviet Government, even in the absence of any compensating concession by Russia in favour of the Bondholders.

(7) He has been asked whether it would be advisable, in view of the unsettled conditions in Europe, for the Committee on St Luke's to

Take



24<sup>th</sup> June, 1931.

take steps to provide increased reserves of printed notes and of Bank note paper.

The Committee agreed that it was unnecessary to take such precautions.

(8) The Committee again discussed the question of speeches on Economic Subjects by persons connected with the Bank.

+820  
CT. 70.

Friday, the 26<sup>th</sup> June, 1931.

Present:-

The Governor  
The Deputy Governor  
and Mr Peacock.

Mr Hambro attended  
by invitation.

Mr Liepmann and  
Mr Porters also  
attended.

The Governor stated that a position had arisen in regard to the National Bank of Hungary on which he wished to consult the Committee.

During the past seven weeks the National Bank of Hungary have lost the whole of their devisen amounting to some £4,500,000, and now have as their sole reserve £4,000,000 of gold, of which £1,000,000 is in the name of the Bank for International Settlements and cannot be utilised by the National Bank of Hungary, although it is included as part of their published reserve.

Moreover, the National Bank of Hungary have already arranged to sell £1,000,000 of their gold in order to meet commitments up to the 30<sup>th</sup> June: their published reserve will therefore be reduced to £3,000,000, of which only £2,000,000 is free, against their note issue and other liabilities of £16,000,000, and unless they receive assistance before the 30<sup>th</sup> June their position, in their statement to be published on that date, will be below the legal minimum of 24%: this would undoubtedly precipitate a crisis and would probably result in default by Hungary.

After discussion it was agreed that, in the circumstances the Bank would be prepared to lend to the National Bank of Hungary a maximum of £1,000,000 in gold or otherwise until, say, the 15<sup>th</sup> July, provided

+830  
CT 41

26<sup>th</sup> June, 1931. provided that:-

- (1) The Federal Reserve Bank, the Bank of France and/or the Bank for International Settlements each agree to lend a similar amount.
- (2) The Bank for International Settlements will make every endeavour to find other participants, in which event the shares of the Bank of England, the Bank of France and the Federal Reserve Bank would be reduced pro rata.
- (3) The Bank for International Settlements will arrange for someone, well known to the National Bank of Hungary, to go to Budapest prepared to advise and assist, if so required.

The Committee further agreed that while it would be desirable that the sum of £1,000,000 in gold already transferred by the National Bank of Hungary into the name of the Bank for International Settlements should be released, they would not insist on this as one of the conditions of the loan.

Wednesday, the 1<sup>st</sup> July, 1931.

Present:—

The Governor,  
The Deputy Governor,  
Mr. Lubbock,  
Sir Alan Anderson,  
Sir Charles Addis,  
Mr. Shaw,  
Sir Josiah Stamp,  
Mr. Peacock,  
The Comptroller also  
attended.

The proceedings of the Meetings on the 24<sup>th</sup> and 26<sup>th</sup> June were read and approved.

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 and the Fortnightly Dominion Letter were submitted.

It was



1<sup>st</sup> July 1931

It was agreed to recommend to the Court that a Pension of £637:4:3 be granted, during pleasure and in accordance with the scale, from the 8<sup>th</sup> July inclusive to F. B. Withers, Chief Clerk at the Leeds Branch, who will attain the age of 65 years on the 7<sup>th</sup> July.  
ad.

The Governor acquainted the Committee of the following matters -

CT. 41 1830

(1) With reference to the last Minutes, arrangements are being made for a credit to the National Bank of Hungary on the lines proposed and M. Channon has gone to Budapest in order that he may be in a position to advise and assist, if so required.

CT. 45

1819

(2) With reference to the Hoover proposal the position is critical: the British Government are adopting a passive attitude and the French Government, ignoring the position of Germany, are not prepared to compromise. As a result the United States are contemplating the advisability of withdrawing their original proposal and of approaching each country individually. An inevitable result seems to be, that Germany will declare a moratorium.

SEC. 10.

(3) He had received a letter from the Prime Minister as to the Policy of the Bank, but as the letter was marked "Strictly Personal and Private" he did not propose to read it to the Committee; his reply had been written in consultation with the Deputy Governor.

1812  
CT. 164

(4) With reference to Minutes of the 11<sup>th</sup> May last and earlier as to the affairs of the Oceanic Steam Navigation Company, he is advising the Chancellor on the matter with the assistance of Sir Frederick Lewis. In this connection he described an interview on the 29<sup>th</sup> June with Mr. Walter Runciman, one of the Trustees.

(5)

1<sup>st</sup> July, 1931.~~1821~~  
CT 137

(5) He read to the Committee a letter from Mr. C. L. Nordon with reference to the recent appointment of Major P. Ashley Cooper as Governor of the Hudson Bay Company, together with his reply.

~~1886~~  
CT 74

(6) With reference to Minutes of the 1<sup>st</sup> October 1930 as to the establishment of a Press Bureau in the Bank, he read an extract from a recent letter written by Mr. Spragg of the Manchester Guardian to Mr. Siepmann.

~~1892~~  
CT 133

(7) In response to a request by Mr. Pugh, he has agreed to meet at an early date representatives of the Confederation of the Iron and Steel Industry.

~~1919~~  
CT 135

(8) In company with the Deputy Governor he yesterday interviewed the Members of the Mission recently sent by the Federation of British Industries to Canada; they are desirous of forming a co-ordinating Committee to explore questions relative to Trade with the Dominions, the Committee to be composed of representatives of the Federation of British Industries, the Trade Union Congress, Finance, Chambers of Commerce and the Chamber of Shipping. At their request he has undertaken to submit for their consideration the names of persons from whom they might select a suitable representative of Finance.

The following matters which were considered at the Meeting on the 24<sup>th</sup> June were again discussed and it was agreed -

CT 27. ~~1815~~

(1) That the Bank should take no action in regard to credits to the Soviet Government.

CT 70. ~~1820~~

(2) That no decision be made at the present time in regard to speeches on Economic Subjects by persons connected with the Bank.



Wednesday, the 8<sup>th</sup> July, 1931.

Present:—

The Governor,  
The Deputy Governor,  
Mr. Milbrooks,  
Sir Alan Anderson,  
Sir Charles Adkins,  
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 10, 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 Mr. Gladstone be appointed a Member of the Committee on the Rebuilding of the Bank in the room of Mr. Wallace, deceased, and that in view of the demands which will thereby be made on his time he be excused from Membership of the Committee on St. Luke's,  
also

That pensions be granted, during pleasure and in accordance with the scale, to the following persons—

F. J. Broad, Head Foreman, Dividend Rooms, St. Luke's Printing Works. Age 65 years. Service 40 years. Wages £546 a year. Pension £327:12/- a year from the 2<sup>nd</sup> August inclusive.

Joseph Carter, a Foreman Labourer. Age 70 years. Service 33 years. Wages £166:16:8 a year. Pension £84:10:8 a year from the 9<sup>th</sup> August inclusive.

The Governor acquainted the Committee of the following matters—

(1) With

8<sup>th</sup> July, 1931

CT 45

1917

(1) With reference to Minutes of the 24<sup>th</sup> June, he read to the Committee a cable of Saturday last from Dr. Luther to Mr. Harrison outlining the position of the Reichsbank at that time; the position of the Reichsbank has steadily worsened during the past week and heavy withdrawals of devisen still continue; they have used the whole of the Central Bank Credit and are now sending to the Bank their holding of German 7% Bonds amounting to about £900,000 against which he proposes to make them an advance of £1,000,000.

The Reichsbank have received private advice to the effect that a meeting of Bankers would be held yesterday in New York to try and arrange for a cessation of American withdrawals of credit from Germany and had suggested that a similar meeting might be held in London; in his opinion it would be inadvisable for the Bank to take any part in arranging such a Meeting and he therefore proposed to ignore the suggestion.

In this connection he mentioned that the Hoover Plan had been accepted by this Country a fortnight ago without reservation and by other Countries in principle. France, however, had delayed her acceptance and in the interval the German position had steadily deteriorated. It was yesterday announced that agreement had been reached by France and the United States but no document setting out the particulars of the agreement has been received in London. Nevertheless a Meeting of Experts to consider the position will take place in London next week and there will be a Meeting of Ministers, also in London, a week later; the situation is, however, still very difficult and far from settled on many essential points.

CT 100

CT 45

CT 38

CT 31

CT 10

1917

1930

1918

(2) He anticipated that demands would be made at Basel

(a) That the



8<sup>th</sup> July, 1931.

CT 100

~~158-77~~

CT 41

~~1630~~

CT 45

CT 10

~~1875~~

- (a) That the Bank of England, the Federal Reserve Bank and the Bank of France should each provide \$10,000,000 to be placed at the disposal of the Bank for International Settlements for the assistance of countries in Eastern Europe; this might be described as a Political advance and would probably be used for the benefit of Serbia.
- (b) That the Bank of England should participate in further Central Bank Credits to support countries in Central Europe.

In this connection he pointed out to the Committee that the Bank had already granted credits amounting to \$53,500,000 to maintain the currencies of Germany, Austria and Hungary.

He considered further support to be essential if an early collapse in Central and Eastern Europe were to be avoided and it was certain that if the Bank decided not to render further assistance, no help would be forthcoming from other Central Banks. In these circumstances the Committee agreed that they would not refuse to consider the possibility of granting further credits if necessary.

(3) He has told the Treasury that in his opinion the problems of Austria and Hungary can only be solved by intervention of the League of Nations and he has asked the Treasury to discuss with the League the question of the introduction of an observer.

(4) He read to the Committee a telegram which had been sent in the name of Mr. Siepmann as an encouragement to Dr. Popovics.

In this connection he proposed to ask the Bankers to assist in placing an issue of Hungarian 2 year Bonds, as this would, in his opinion, give time for the Hungarian position to be adjusted.

(5) He

8<sup>th</sup> July, 1931+ 8 +  
CT 32

(5) He laid before the Committee a letter which he had written to the India Office commenting on a series of Financial Safeguards proposed in a recent India Office Memorandum.

+ 692  
CT 183

(6) With reference to the last Minutes he yesterday had an interview with Mr. Pugh, Mr. Walker and Mr. Sennis of the Confederation of Iron and Steel Trades, from which he gathered that, despairing of practical help from any other quarter, they are supporting the scheme of the President of the Board of Trade, which was outlined in the Minutes of the 13<sup>th</sup> May last, for the formation of a Public Utility Company for the Iron and Steel Trades.

Thursday, the 9<sup>th</sup> July, 1931.

Present:—

The Governor,  
The Deputy Governor,  
Sir Han Anderson,  
Sir Charles Addis,  
Mr. Shaw,  
Mr. Peacock,

Mr. Grenfell and  
Sir Robert Kindersley  
also attended.

+ 817 CT 45

The Governor informed the Committee that he had summoned this Meeting for advice on a further question concerning Germany which had arisen since the Meeting yesterday.

Dr. Luther telephoned to him yesterday afternoon to say that the position in Germany was so critical that he intended to come to London at once. Dr. Luther did not state definitely the object of his visit, but there is little doubt that he will say that it is essential for the Reichsbank to be granted immediately a Central Bank Credit, unlimited both as to amount and date.

To have any prospect of success such a Credit must be for a very large amount, probably not less than, say, £150/200,000,000 of which the share of the Bank of England might be as much as £50,000,000.

The Credit granted to the Reichsbank a fortnight ago was a Central Bank matter; it

was



9<sup>th</sup> July 1931

was granted for a definite limited period to enable the Reichsbank to tide over a particular seasonal difficulty. The present request is different: it is not a question of temporary support for the Reichsbank alone, but of supporting the whole German economy and as such is mainly a political matter - not a Central Banking matter.

The Committee agreed that if Dr Luther's request is as anticipated the Governor should inform him that the present position of Germany appears to be in a large measure due to an internal flight from the Mark, that there is no evidence of the imposition of adequate measures of restriction to check the movement, that in its international aspects the situation has become political rather than financial in character and that in these circumstances the Bank are not prepared to provide further assistance.

The Committee further agreed that Sir Robert Kindersley should accept an invitation to attend a Meeting of the Clearing Bankers to be held this afternoon for the purpose of examining the position and discussing the possibility of joint action by International Credit Houses with the object of formulating plans in readiness for any emergency that may arise.

Wednesday, the 15<sup>th</sup> July, 1931.

Present:—

The Governor,  
The Deputy Governor,  
Mr. Lubbock,  
Sir Alan Anderson,  
Sir Charles Addis,  
Mr. Shaw,  
Sir Brian Stamp,  
Mr. Peacock.

The Comptroller also attended.

The proceedings of the Meetings on the 8<sup>th</sup> and 9<sup>th</sup> July were read and approved.

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,  
Monthly Report of the Committee on Advances and Discounts.

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

It was agreed to recommend to the Court that F. A. Vining, a 1<sup>st</sup> Class Clerk in the Public Drawing Office, age 60 years, service 40 years, salary £670 a year, be granted from the 1<sup>st</sup> November next inclusive a Pension of £402 a year during pleasure and in accordance with the scale.

It was agreed to acquaint the Court that, at the request of the Governor, Mr. Peacock had consented to be nominated as a candidate for the Board of the Hudson's Bay Company.

The Governor acquainted the Committee of the following matters—

(1) With



15<sup>th</sup> July, 1931CT 41 ~~1830~~CT 45 ~~1817~~CT 10 ~~1878~~

CT 100

(1) With reference to Minutes of the 9<sup>th</sup> July and earlier, Dr. Luther made a full statement to the Board of the Bank for International Settlements at their Meeting on the 13<sup>th</sup> instant to the effect that the economic position of Germany is essentially sound, that her budget is balanced and that her present situation is fundamentally different from that obtaining in 1929. Dr. Luther was, however, informed that although the existing credit to the Reichsbank will be renewed for a period of, say, 2 or 3 weeks, it is of no avail for any new Central Bank credits to be granted to the Reichsbank for short periods until the political position has been made clear.

In his opinion there is little prospect of speedy improvement in Germany, and in the meantime the position in Hungary and in several other countries in Eastern Europe is acute; there is little doubt that if Germany falls the collapse of other countries in Eastern Europe will follow.

In the circumstances he has suggested to the Prime Minister that the Meeting of Experts, at present fixed for Friday next, should be cancelled and that a Meeting of Ministers should be summoned in its place.

~~1817~~

CT 45

(2) As mentioned in the Minutes of the 9<sup>th</sup> instant, a Committee of representatives of the Clearing Bankers and Acceptance Houses is considering the position and it is proposed to issue a private circular to-day for the guidance of Acceptance Houses and others to cover the period during which the Banks in Germany are closed. At the expiration of that period a further private notice will be issued.

Arising out of this, it may become necessary next week for a short Act to be passed legalising the re-acceptance for three months of Bills drawn for account of Central European countries. If

such

15<sup>th</sup> July, 1931.

such Bills could not be met at the extended due date further legislation would be necessary to authorise the provision of funds with which to pay the Bills which would have to be held on a "Cold Storage" Account.

CT 45 + 917

(3) At the personal request of Dr Brunning, Dr Sprague has to-day gone to Berlin to advise him on the subject of certain decrees to be issued in Germany. Dr Sprague has gone to Berlin as a private individual, not as representing the Bank of England, and the Governor of the Federal Reserve Bank has been informed of Dr Sprague's intentions.

CT 38. + 128

CT 100 + 1378

CT 100-66

(4) With reference to Minutes of the 24<sup>th</sup> June, the question of the double employment of gold Reserves was discussed at Basel but no decision was reached: he therefore proposes to inform the League of Nations of the position

Wednesday, the 22<sup>nd</sup> July, 1931.

Present:—

The Governor,  
The Deputy Governor,  
Mr. Lubbock,  
Sir Alan Anderson,  
Sir Charles Addis,  
Sir Josiah Stamp,  
Mr. Pease &c.

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.

On the question of the Bank Rate the Governor said that there was little hope of a favourable outcome of the Conference of Ministers, and after discussion it was generally agreed that if the Conference should terminate without achieving any satisfactory result, an increase to 3½ per cent. should be recommended, but



22<sup>nd</sup> July, 1931. but that the Committee should meet again before the Court to-morrow to decide on a definite recommendation.

The Weekly Reports on Central Banks were submitted.

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

It was agreed to recommend to the Court -

- (a) That a subscription of £50 a year for two years be paid to the Industrial Institute.
- (b) That Mr. Kitson be appointed a Member of the Committee on St. Luke's in the room of Mr. Gladstone, and also as the Representative of the Bank on the City of London Territorial Association in the room of Mr. Wallace.
- (c) That a General Court to consider of a Dividend be held at the Bank on Thursday, the 17<sup>th</sup> September.

A request for a donation to assist in the restoration of Bow Church was declined.

It was agreed to recommend to the Court that Frank Mallinson, the Chief Clerk in the Branch Banks Office, aged 63 years, service 43 years, salary £900 a year, be granted a pension of £576 a year, during pleasure and in accordance with the scale, from the 1<sup>st</sup> November next inclusive.

With reference to Minutes of the 11<sup>th</sup> February 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 £120,000, the Deputy Governor reported that this limit would soon

be

1931  
ET 66

22<sup>nd</sup> July, 1931

be reached and that he proposed to sanction further Advances to the Society, as and when required, to a total not exceeding £140,000. He further proposed to fix the rate of interest on the total Advance to the Society for this purpose at  $3\frac{1}{2}\%$  so long as the rates charged by the Society on Advances on house property remain as at present, vizt:-

4% on freehold property,

$4\frac{1}{2}\%$  on leasehold property.

The Governor acquainted the Committee of the following matters -

CT 123 (1) He has agreed, if necessary, to make an advance up to £1,000,000 at any time during the next three months to the Anglo-International Bank against securities to be deposited by them.

CT 48 CT 100 (2) The Bank for International Settlements and the Bank of England have jointly advanced £150,000 to the National Bank of Santzic, whose funds have been somewhat immobilised in consequence of the restrictions in Germany.

1 C 30 (3) With reference to Minutes of the 1<sup>st</sup> July, he learnt yesterday that M. Charron is hopeful of placing Hungarian Treasury Bills in Paris this week, but fears that the Paris Banks will even now withdraw if the London Market are not willing to participate. He proposes to inform the Foreign Office that he is not prepared to induce the London Market to render assistance and that under present conditions the Banks must decline to give further help either to the Hungarian Government or to the National Bank of Hungary.

(4) He read



22<sup>nd</sup> July 1931+ 817  
CT 45+ 878  
CT 100.06+ 878  
CT 100.03

(4) He read to the Committee -

- (i) A cable sent by Dr. Sprague to Mr. Harrison on his return from Berlin
- (ii) A draft of the private circular, referred to in the last Minutes, issued by the Committee of Representatives of the Clearing Banks and Acceptance Houses.
- (iii) A letter to Mr. McFarrah as to the procedure at the last Board Meeting of the Bank for International Settlements in regard to the "Guarantee Clause"
- (iv) A letter to Mr. McFarrah as to recent activities of M. Quenay.

(5) Decisions were taken by certain Members of the Committee at Meetings held on the 17<sup>th</sup> and 18<sup>th</sup> instant in accordance with which the Bank would undertake certain business and risk of an unusual character.

Minutes of both Meetings have been prepared for signature by those present thereat and will be kept under seal, as to the original in the Governor's private safe, and as to a duplicate copy, by the Secretary. The details of the business in question will be regarded as secret and will not be disclosed to any one other than those by whom the Minutes of the meetings have been signed.

See Envelope  
in Secretary's  
Private Safe,  
attached to which  
is a copy of these  
Minutes.

SEC. 4. (2).

"SPECIAL ADVANCES"

Lazard Bros &amp; Co. Ltd.

Monday, the 27<sup>th</sup> July, 1931.

Present:—

The Governor,  
The Deputy Governor,  
Mr. Lubbock,  
Mr. Shaw <sup>ET 40</sup>  
Sir Josiah Stamp <sup>59902</sup>  
Mr. Peacock

Mr. Grenfell also  
attended.

See memoranda  
at end of Book;  
page 202.

ET 40

The meeting were informed of the conversations which have been taking place between Sir Robert Kindersley and the Governor of the Bank of France. M. Moret had informed Sir Robert Kindersley that for the purpose of checking the outflow of gold to Paris arrangements should in his opinion be made for a credit of £25,000,000 to be placed by Paris at the disposal of London. M. Moret had had an informal meeting with Paris Bankers at the Bank of France on Sunday, the 26<sup>th</sup> instant, when an agreement in principle had been arrived at as to the method by which such a credit could be provided. M. Moret had further expressed the opinion that some arrangement of a similar nature should be made between London and New York and that an official communication should be made to the Press regarding the conversations which had been taking place. Sir Robert Kindersley had telephoned a suggested draft of a notice to be issued to the Press.

The Governor stated that he had had an interview this morning with the Chancellor of the Exchequer and had told him of the proposals under discussion which would involve a guarantee by the Bank in respect of the whole of any credit arranged and he had asked that the Bank should be protected by a covering guarantee from H.M. Government: he was expecting shortly to receive the Chancellor's answer.

Sir Richard Hopkins then joined the meeting and stated that in the Chancellor's view:—

1. Any arrangement for raising foreign credits should be purely a banking arrangement without



27<sup>th</sup> July, 1931

+826  
CT 84.01

64

without any Government guarantee.

- 2 If such credits are raised, and indeed in any present contingency, the Bank should be prepared to use its gold to the extent necessary and H.M. Government will be ready to increase the fiduciary issue to enable such gold to be released.
- 3 If credits cannot be arranged and gold continues to be withdrawn, British Banks must be entirely free to withdraw credits from Germany.

CT 99.02

The Governor and Deputy Governor then left the meeting, to attend a meeting of the Clearing Bankers. At this meeting, the Governor informed the Bankers of the proposals under discussion and asked those present whether their Banks would be prepared to provide the Commercial Bills necessary as a basis for the proposed credit and to carry through the part of the arrangement assigned to them under the draft scheme.

In the course of the ensuing discussion it was clear that general opinion amongst the Bankers was opposed to the idea of any credit. They agreed however that every effort must be made to avoid an immediate collapse and decided that :-

- (1) If a single credit is found to be necessary it should preferably be obtained in New York.
- (2) It would be most undesirable to have recourse to Paris alone.
- (3) If for any reason a single credit in New York was impossible arrangements might be made for credits simultaneously in New York and Paris, but it was hoped that in that event London would have the right to avail themselves of the credit in New York without necessarily having to make use *pari passu* of the credit in Paris.

The Bankers expressed their willingness in principle to provide the required Commercial Bills

20

27<sup>th</sup> July, 1931.

so far as these might be available. The technical details of any arrangement were left for subsequent consideration.

In response to an enquiry, the Governor said that the Bank would bear such of the cost of the operation as might be necessary to maintain an even position for the Banks.

In conclusion the hope was expressed that the Bank would not hesitate to have recourse to the weapon of Bank Rate to whatever extent might prove necessary.

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The Governor and Deputy Governor then rejoined the meeting of the Members of the Committee of Treasury. After discussion it was decided that the Deputy Governor should inform Sir Robert Sindersley that the Banks are not at present free to make any definite arrangement with Paris but that he should try for the moment to leave the position open with the Bank of France on the understanding that the Bank of England would, in case of need, be able to take up the matter with them again at a later stage after consultation with him.

Certain amendments were suggested in the draft notice for communication to the Press.

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Wednesday, the 29<sup>th</sup> July, 1931.

Present:—

The Governor,  
The Deputy Governor,  
Mr. Aubrey,  
Sir Alan Anderson  
Mr. Shaw,  
Sir Josiah Stamp,  
Mr. Peacock.

The proceedings of the Meetings on the 22<sup>nd</sup> and the 27<sup>th</sup> instant were approved.

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

On the question of the Bank Rate the Committee reviewed the whole position and agreed—

(1) That a recommendation be made to the Court tomorrow to raise the Bank Rate to 4½ per cent.

(2) That the Chancellor be requested to grant the necessary authority for the Fiduciary Issue to be increased after to-day by £10/15,000,000 for a period of three weeks.

(3) That M. Moret be informed that the question of concurrent credits by France and the United States is under consideration and that preliminary negotiations to this end have been entered into with New York.

In this connection the Committee realised the impossibility in the time available of obtaining any guarantee that H. M. Government will take effective action to secure a balanced Budget: they agreed, however, that the Chancellor be informed that, while the Bank would recommend the acceptance of such credits in order to allow the Government time in which to formulate plans for balancing the Budget, the proposed credits would, in their opinion, be of no permanent avail unless followed by such action by the Government.

The Weekly Reports on Central Banks were submitted, together with the Fortnightly Letter to Dominion Central Banks.

The Quarterly Report of the Staff Committee with

The Comptroller,  
also attended

CT 99  
The Governor, who  
unusually, left the  
Committee at 12.30

18/20  
CT 84 01

18/16  
CT 40  
T 299 02

29<sup>th</sup> July, 1931.

with "Overs and Shorts" was submitted and referred to the Court.

It was agreed to recommend to the Court -

That F. W. Turner, a Linotype Operator at the St. Dunstons Printing Works, age 51 years, service 28 years, wages £306.16 - a year, who has tendered his resignation on account of continued ill-health, be granted a pension of £135 a year during pleasure and in accordance with the scale from the 9<sup>th</sup> August inclusive; also

That W. H. Nevill, the Auditor, be appointed Auditor of the Bank Provident Society on behalf of the Bank in the room of J. D. S. Dean.

The Committee were informed that the Governor had nominated Sir Walter Layton as a Member of the Committee to be set up by the Bank for International Settlements, following on the recent International Conference of Ministers, to enquire into the immediate further credit needs of Germany and to study the possibilities of converting a portion of the short-term credits into long-term credits.

ET 45

1877

ET 100

1878

### Present -

The Deputy Governor,  
Mr. Dubbock,  
Sir Alan Anderson,  
Mr. Shaw,  
Mr. Peacock.

Mr. Greiffell and  
Sir Robert Kinderley  
attended by invitation.

The Comptroller also  
attended.

Thursday the 30<sup>th</sup> July, 1931.

The Deputy Governor informed the Committee that since the Meeting yesterday he had seen the Chancellor and had had telephone conversations with Mr. Harrison: he had also attended a Meeting of Bankers.

Mr. Harrison had told him that the Federal Reserve Bank would, under certain conditions, be prepared to provide a credit of \$100,000,000, but that if it were necessary to provide, say \$200,000,000, he would be compelled to consult the

ET 99.02

1876 - ET 40



30<sup>th</sup> July, 1931. the other New York Banks and any such proceeding must of necessity take time. He gathered that Mr. Harrison would be prepared, if the amount required were not too large, to make the whole credit one by the Federal Reserve Bank alone to the Bank of England.

If the Bank of England were to enter into an arrangement for credits from the Bank of France and the Federal Reserve Bank, the London Bankers would be prepared to provide the Bills which would be needed to cover any amounts drawn in respect of the credit from the Bank of France, but they would be very reluctant to enter into any arrangement whereby some part of that credit would be granted to themselves by a group of French Bankers.

After discussion the Committee agreed in principle -

(1) That the Deputy Governor be empowered to inform Mr. Harrison that the Bank are prepared to consider an arrangement for a credit to be granted in equal proportions by the Federal Reserve Bank and the Bank of France, the total amount to be, if possible, not less than £50,000,000.

(2) That the arrangements for the New York portion of the credit be somewhat similar to those of the credit in 1925.

(3) That M. Moret be informed that the Federal Reserve Bank are prepared to grant a credit to the Bank of England, without participation by other Banks in New York, and that as it is advisable for the credit to be granted on the same lines in Paris as in New York, the Bank suggest that the Paris portion of the credit should be arranged solely between the Bank of France and the Bank of England.

(4) That the Chancellors be informed that the Bank are not prepared to enter into the credit without some promise of support by the Government.

(5) That coincidentally with the granting of the credits the Bank apply to the Treasury for authority to increase the Fiduciary Issue by £15,000,000 to a total of £275,000,000 for a period of three weeks.

1426  
CT 84-01

Wednesday, the 5<sup>th</sup> August, 1931.

Present:—

The Governor,  
The Deputy Governor,  
Mr. Dubocq,.  
Sir Alan Anderson,  
Sir Charles Addis,  
Mr. Shaw,  
Mr. Peacock.

The Comptroller also  
attended

£26  
CT 34.01

CT 99.02  
CT 40

The proceedings of the Meetings on the 29<sup>th</sup> and 30<sup>th</sup> July were read and approved.

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

With reference to Minutes of the 30<sup>th</sup> July the Deputy Governor informed the Committee that the consent of H. M. Treasury had been obtained for an increase of £15,000,000 in the Fiduciary Issue, from £260,000,000 to £275,000,000, for a period of 3 weeks and that arrangements had now been made with the Federal Reserve Bank of New York and the Bank of France for credits for a period of 3 months of the total equivalent of £50,000,000; in this latter connection he read to the Committee letters from H. M. Treasury—

Taking note that it is the intention of the Banks to carry to the Account of the Issue Department any Profit or Loss arising, from the Operations of the Credits.

Agreeing to take any steps that may be necessary on the part of H. M. Treasury to facilitate shipments of gold if required for the liquidation of the Credits, and

Promising, to concert with the Banks any measures which may be necessary to enable the Banks to implement their undertakings under the credits, without unduly weakening their position, and to introduce into Parliament any Legislation which may be required for the purpose.

CT 99.02  
£26  
CT 40

Notwithstanding, the fact that the arrangements for the Credits had been completed, there had been this morning, a serious break in the Exchange which he believed to be due to a statement by the Bank of France to the Paris

Market



5<sup>th</sup> August,  
1931.

Market that they were no longer interested in supporting Sterling.

After discussion the Committee were generally of opinion that an increase in the Bank Rate this week should, if possible, be avoided, but that the question should be further considered before the Meeting of the Court tomorrow.

The Committee were not in favour of adopting a suggestion made by the Bank for International Settlements that the credits, if used, should be operated through them.

It was agreed to recommend to the Court -

- (1) That permission be granted to Lord Cullen to become Chairman of Antony Gibbs & Sons (Insurance) Ltd.
- (2) That J. L. Shepherdson, a 3<sup>rd</sup> Class Clerk at the Birmingham Branch, aged 29 years, service 11 years on the 8<sup>th</sup> November next, who, in the opinion of the Bank Medical Officer, will be unfit for further service, be granted a pension of £89.12:- a year, during pleasure and in accordance with the scale, from the 9<sup>th</sup> November next inclusive.

The Weekly Reports on Central Banks were submitted.

The Deputy Governor informed the Committee that in accordance with a recommendation by the recent International Conference of Ministers, arrangements are now being made for renewal of the Central Bank Credit to the Reichsbank, which matures to-morrow, for a further period of 3 months and it was agreed that the Bank would accept for the additional period any rate of interest - 7% or upwards - that might be agreed by the Bank for International Settlements with the other participants.

+8+  
CT 45

Thursday, the 6<sup>th</sup> August, 1931.

Present:—

The Deputy Governor,

Mr. Lubbock,

Sir Alan Anderson,

Mr. Shaw,

Mr. Peacock,

Mr. Grenfell and

Sir Robert Sindersley

attended by  
invitation

The Comptroller  
also attended.

1931

CT 99.02 CT.40

The Deputy Governor informed the Committee that in accordance with the arrangement made at yesterday's Meeting, he had asked them to meet this morning, in order that they might come to a decision regarding the Bank Rate in the light of the latest developments.

Yesterday evening, the Bank had been in telephonic communication with the Bank of France; M. Moret had expressed surprise at our withdrawal of support of sterling and had said that, in his opinion, there was an implied understanding when the credit was granted that the Bank of England would ensure that there should be no further loss of Gold until the credit had been used or even perhaps exhausted; from this it was evident that there was a misunderstanding between the Bank of France and ourselves as to the manner in which the credit was to be used for the purpose in view.

At the present time the Bank have commitments in Paris amounting, to £45,000,000 covered by a deposit with the Bank of France which must at some date be liquidated either by drawing on the credit or by the export of gold; our stock of gold is now approximately £133,500,000 and we have remaining, at our disposal for support of the exchange only about £15,000,000.

After discussion the Committee agreed—

(1) That it was essential to establish an effective understanding with the Bank of France and that nothing should be done to jeopardise co-operation.

(2) That



6<sup>th</sup> August, 1931.

(2) That the increased loss of confidence abroad, which might follow any immediate rise in the Bank Rate, outweighed all other considerations, and that it would, therefore, be advisable to recommend to the Court that no alteration be made today in the Bank Rate.

The Committee then adjourned.

At the rising of the Court the Committee continued their discussion and they agreed -

- (1) That steps should be taken immediately to remove the misunderstanding with the Bank of France and that Mr. Siepmann be requested to proceed to Paris forthwith to discuss the position with M. Moret.
- (2) That in the meantime the Bank should take measures to support the Exchange.
- (3) That the Deputy Governor should inform the Chancellor at the earliest possible moment that in the opinion of the Bank the present lack of confidence abroad might only be intensified by mere reliance on the use of the Bank Rate as a means of checking the drain of gold, that some immediate action is necessary as the Bank's resources by themselves are insufficient to hold the position for more than a short time, that in the opinion of the Bank such action should take the form of a decision by the Government to adopt early measures for the adjustment of the present budgetary position and that the Bank desires to be allowed to lay their views before the Leaders of the Opposition Parties.

Tuesday, the 11<sup>th</sup> August, 1931.

Present:—

The Deputy Governor,  
Mr. Shaw,  
Mr. Peacock.

Sir Robert Kindersley  
attended by invitation

The Comptroller also  
attended

CT 99.02 + 216

The Deputy Governor informed the Committee that the Prime Minister and the Chancellor had now returned to London: he was holding himself in readiness to meet them at any time to-day and he wished to consult the Committee as to the form that the Bank's advice should take. He feared that neither the Prime Minister nor the Chancellor were yet prepared to face the position and from certain information which he had received he feared that the Chancellor might even be considering the advisability of an abandonment of the Gold Standard.

With regard to the position of the Bank, it had yesterday been necessary to use £500,000 in support of the Franc Exchange and about £3,500,000 in London and £1,000,000 in New York in support of the Dollar Exchange; up to last night the Bank had used £6,000,000 of the New York credit and £2,000,000 of the Paris credit.

If that rate is continued the position cannot be maintained for many days and it is essential for the Government to be convinced of the necessity for prompt action.

After discussion, the Committee agreed—

- (1) that every effort should be made to persuade the Prime Minister and the Chancellor of the absolute necessity for maintaining the Gold Standard;
- (2) that the Government be urged to cause Parliament to be summoned immediately and to issue a public statement at the earliest possible moment to the effect that it is the intention of the Government to take some action based upon the recommendations of the Report of the Economy Committee and

to



11<sup>th</sup> August,  
1931

to introduce an Emergency Tariff;  
(3) that in presenting these views to the Prime Minister and the Chancellor, the Deputy Governor should be accompanied by one or more Members of the Court.

The Secretary was instructed to endeavour to secure the attendance, tomorrow, of those Members of the Committee at present absent on holiday.

It was reported that the Governor was still in indifferent health, but that he was prepared to return to the Bank if the Committee considered his presence necessary. The Committee agreed that the Governor should be advised not to return to the Bank until sufficiently restored to health to resume his full duties.

Wednesday, the 12<sup>th</sup> August, 1931.

Present:—

The Deputy Governor,  
Mr. Lubbock,  
Sir Alan Anderson  
Sir Charles Adie,  
Mr. Shaw,  
Sir Josiah Stamp,  
Mr. Peacock.

Mr. Greenfell and  
Sir Robert Stindersley  
attended by invitation.

The Comptroller  
also attended.

The proceedings of the Meetings on the 5<sup>th</sup>, 6<sup>th</sup> and 11<sup>th</sup> August were read and approved.

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

The Deputy Governor informed the Committee that following on yesterday's Meeting, he - accompanied by Mr. Peacock - had had two long Meetings with the Prime Minister and the Chancellor and he had had a further conversation with the Prime Minister this morning. The views of the Bank had been fully explained and the necessity for early and effective action by the Government had been strongly urged. Both the Prime Minister and the Chancellor appeared to be impressed by the arguments.

15/6  
OT 99.021 OT 40

12<sup>th</sup> August, 1931. arguments put forward, and seemed convinced as to the need for immediate action though nothing definite was learned as to the form which such action might take.

The Prime Minister had, however, given him permission to explain the position to the Leaders of the Conservative and Liberal Parties and he had arranged to see Sir Herbert Samuel this afternoon and Mr. Baldwin and Mr. Neville Chamberlain to-morrow.

The Committee agreed -

- (1) That no alteration be recommended in the Bank Rate to-morrow.
- (2) That it is necessary to maintain pressure upon the Government to act speedily.
- (3) That the time had arrived for the five leading Clearing Banks to be made acquainted with the facts of the position and that the Deputy Governor be requested to call a meeting of the Chairmen of those Banks for the purpose as soon as possible.
- (4) That those Members of the Committee who are available should attend daily at the Bank at 11 o'clock until further notice.

The Weekly Reports on Central Banks and the Fortnightly Letter to Dominion Central Banks were submitted.

The Report of the Audit Committee on Audits taken by the Audit Department between the 2<sup>nd</sup> May and the 23<sup>rd</sup> July was submitted and approved.

It was agreed to recommend to the Court that H. A. Colyer, an Auxiliary Clerk who has completed 15 years' service and who will attain the age of 60 years on the 26<sup>th</sup> October next, be  
granted



12<sup>th</sup> August,  
1931.

granted a pension of £135 a year, during pleasure and in accordance with the scale, from the 1<sup>st</sup> November next inclusive.

~~127~~  
CT 127

With reference to Minutes of the 13<sup>th</sup> August 1930, it was reported that the final accounts in connection with the Cape Royal Ad., had now been received and that the total loss to the Bank, inclusive of unpaid interest and costs of the Receivership, would be approximately £74,000.

Thursday, the 13<sup>th</sup> August, 1931.

Present:—

The Deputy Governor,  
Mr. Lubbock,  
Sir Alan Anderson,  
Sir Charles Addis,  
Mr. Shaw,  
Mr. Peacock.

Mr. Grenfell and  
Sir Robert Anderson  
attended by  
invitation.

The Comptroller  
also attended.

~~127~~  
CT 99.02

The Deputy Governor informed the Committee that, in company with Mr. Peacock, he had yesterday seen Sir Herbert Samuel, who appeared to be greatly impressed with the gravity of the situation; Sir Herbert Samuel had said that the Liberal Party would give their full support to the Government in their efforts to secure economy, and that he personally would endeavour to convince the Prime Minister and the Chancellor of the necessity for speedy action.

He had also, with Mr. Peacock and Sir Josiah Stamp, seen the Chairmen of the five leading Banks and had explained the position to them; they had promised to help the Bank in every way possible.

He had last night attended at the Treasury in order that the Prime Minister might, if necessary, be able to consult him on any questions which might have arisen during the deliberations of the Sub-Committee of the Cabinet; he had made it clear that, although matters had been easier yesterday, the improvement must not be counted upon as more than temporary and its continuance would depend on definite evidence that concrete proposals

of

13<sup>th</sup> August, 1931.

of an adequate character by the Government would speedily be forthcoming.

He understood that the Leaders of the Conservative Party were meeting the Prime Minister this morning, and arrangements had been made for Mr. Peacock and himself to meet them this afternoon.

CT 40

He had received this morning a friendly and satisfactory letter from M. Moret on the question of possible further shipments of gold.

Friday, the 14<sup>th</sup> August, 1931.

Present:—

The Deputy Governor.

Mr. Lubbock.

Sir Hans Anderson.

Mr. Shaw.

Mr. Peacock.

Mr. Grenfell and

Sir Robert Hindlebury,  
attended by  
invitation.

The Comptroller also  
attended.

CT 99.02.

1931

The Deputy Governor informed the Committee that yesterday it had been necessary to use about £3,000,000 of the Credits and that at present after providing for forward commitments the Bank have available —

£1,500,000 in dollars

£12,250,000 of the New York credit

£20,250,000 of the Paris credit.

With regard to the other events of yesterday, he had, with Mr. Peacock, seen Mr. Baldwin and Mr. Neville Chamberlain in the afternoon and had explained the position fully to them: he had seen the Prime Minister for a few minutes in the evening, and had told him of the day's losses and he had been asked by H. M. Treasury to endeavour to ascertain informally from Mr. Harrison the prospects of further borrowing in America.

The Committee agreed that as it must be some days before the Government will be in a position to make an announcement as to their

proposals



14<sup>th</sup> August  
1931.

proposals for dealing with the emergency it would be well to consider with H Mr Treasury the steps to be taken in the event of continued heavy drawings on the credits.

The Committee were informed that the Governor is going away to-morrow, probably to Canada, and agreed that the Bank should issue a statement to the Press.

Monday, the 17<sup>th</sup> August, 1931.

Present:—

The Deputy Governor,  
Mr. Lubbock,  
Mr. Peacock.

Mr Robert  
Rindersley  
attended by  
invitation.

The Comptroller  
also attended.

~~18/10~~

CT 99.02

The Deputy Governor informed the Committee that it had been necessary to use over £4,000,000 of the credits on Friday last and about £1,000,000 on Saturday.

As requested by H Mr Treasury he had made informal enquiries of Mr. Harrison as to the prospects of further borrowing in America. Mr. Harrison was of opinion that it would be desirable for the British Government to raise such a loan, that any borrowing should be done in France as well as in America and that the issue should be of the equivalent of, say, £50,000,000 in each Country; he was further of opinion that the British Government would be able to borrow in America provided their programme of economy was adequate and obtained the approval of Parliament.

Tuesday, the 18<sup>th</sup> August, 1931

Present:—

The Deputy Governor  
Mr. Lubbock,  
Sir Alan Anderson,  
Mr. Peacock.

Mr. Grenfell and  
Sir Robert Kindersley,  
attended by invitation.

The Comptroller  
also attended.

~~1816~~  
CT 99.02

The Deputy Governor stated that up to last night it had been necessary to use just over half of the combined credits.

He had yesterday evening acquainted the Chancellor of the Exchequer and had pointed out that at the present rate of progress the credits would be exhausted in about 10 days: he had told the Chancellor that in the opinion of the Bank nothing short of the approval by Parliament of an adequate programme of economy would have the desired effect on foreign opinion, and that it was therefore urgently necessary that the Government's proposals should be completed and Parliament summoned at the earliest possible moment. He proposed to emphasize these points again in a letter to the Chancellor to-day.

The attention of the Committee was called to recent articles by Professor Keynes; it was agreed that he might be able to render useful service if he were acquainted with the real facts, and that he be invited to call at the Bank and see Dr. Sprague for this purpose.

~~1816~~  
CT 99.02

It was further agreed that Dr. Sprague be requested to consider the results which would be likely to follow an abandonment of the Gold Standard by this country and to prepare a memorandum as to the measures which should be embraced in any advice which the Bank might tender to the Government in that event.

CT 45 ~~1817~~

With reference to Minutes of the 5<sup>th</sup> August and earlier as to the renewal of the Central Bank Credit to the Reichsbank, the Deputy Governor read to the Committee a cable from



18<sup>th</sup> August,  
1931.

from Mr. McGarrath asking for an informal assurance that the Bank will either secure or recommend the extension of the existing credit at maturity for six months. It was decided that the Bank could not, at the present time, give any undertaking to renew, but that they would be prepared, in due course, to extend favourable consideration to any request that might be made by the Reichsbank for renewal of such part of the Central Bank Credit as they might consider it impossible or inadvisable to repay.

Wednesday, the 19<sup>th</sup> August, 1931

Present:—

The Deputy Governor,  
Mr. Lubbock,  
Sir Alan Anderson,  
Mr. Shaw,  
Mr. Peacock.

Mr. Grenfell and  
Sir Robert Anderson  
attended by  
invitation.

The Comptroller  
also attended.

The proceedings of the Meetings on the 12<sup>th</sup>, 13<sup>th</sup>, 14<sup>th</sup>, 17<sup>th</sup> and 18<sup>th</sup> August were approved.

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

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

The following, were submitted and referred to the Court—

Minute of the Staff Committee recommending Appointments, &c.  
Report of the Staff Committee recommending the Election of 17 Probationary Clerks to the Permanent Staff.

The following, were submitted and approved—  
Monthly Report of the Committee on Advances and Discounts.  
Weekly Reports on Central Bank.

The Deputy Governor acquainted the Committee of the following matters—

(1) The

19<sup>th</sup> August, 1931

CT 84-01 1916

CT 99-02

(1) The authority granted by the Lords Commissioners of His Majesty's Treasury on the 1<sup>st</sup> August to increase the Fiduciary Issue by £15,000,000 expires on the 22<sup>nd</sup> instant. In view of all the circumstances the Committee agreed to recommend to the Court of Directors that application be made by the Bank for this increase to be continued for a further period of three weeks from that date.

1916

CT 99-02

(2) He went yesterday evening to the Treasury, but he did not see the Chancellor and was only able to have a few minutes conversation with Sir Richard Hopkins. He learnt nothing definite, but the Permanent Officials appeared to be somewhat more hopeful that the proposals to be made by the Government would include more adequate provision under the head of economies by means of some cut in the amount of dole benefits.

1916

CT 99-02

(3) As mentioned at the Meeting yesterday, he had written a further letter to the Chancellor in which he again emphasized the paramount importance not only of a speedy announcement of the Government's policy but also of the need for obtaining from the House of Commons an early expression of assent in principle to the Government's proposals.

1916

CT 99-02

(4) He read to the Committee extracts from a letter from Mr. Rodd, who states that foreign opinion at Basel is strongly inclined to the view that the issue of a British Government long-term loan in America is not only advisable but essential.

CT 99-02 &amp; CT 40

The Committee were generally of opinion that in order to afford evidence of the desire to maintain the principle of co-operation between the United States, France and this Country, it would probably be desirable for the Government to approach both France and the United States in regard to any loan which



19<sup>th</sup> August,  
1931

which they may consider it necessary to raise abroad; at the same time they agreed that it might not be necessary for the two issues to be of equal amounts and they realised that technical difficulties might render it impossible to raise such a loan in France.

Friday, the 21<sup>st</sup> August, 1931

Present:—

The Deputy Governor,

Mr. Dubbock,

Sir Alan Anderson,

Mr. Shaw,

Mr. Peacock,

CT99.02 + 151

Mr. Grenfell and

Sir Robert

Kindersley

attended by

invitation.

The Comptroller

and Dr. Sprague

also attended.

The Deputy Governor informed the Committee that he had seen the Prime Minister and the Chancellor this morning, and that he had subsequently seen the Leaders of the Conservative Party.

He had learnt nothing definite, but he feared that the outlook was far from hopeful and he expressed the view that, although in the absence of information as to the Government's proposals it would not be possible to make any definite decisions, it would be advisable for the Committee to consider without loss of time the steps that should be taken in the event of a continuance of the foreign drain.

Dr. Sprague then elaborated a Memorandum which he submitted to the Committee following upon the request made at their Meeting on the 18<sup>th</sup> instant, and after discussion the Committee adjourned until Saturday, the 22<sup>nd</sup> August.

+ 151  
CT99.02

Saturday, the 22<sup>nd</sup> August, 1931.

Present:—

The Deputy Governor,  
Mr. Lubbock, ~~1216~~  
Sir Kan Anderson,  
Sir Charles Addis,

Mr. Shaw,

Sir Josiah Stamp  
Mr. Peacock.

Mr. Grenfell and  
Sir Robert Kindersley,  
attended by invitation

The Comptroller and  
Dr. Sprague also  
attended.

The Deputy Governor informed the Committee of the events since the meeting of yesterday.

(1) Immediately after the meeting he had seen the Chairmen of the five leading Clearing Banks and had acquainted them of the position.

(2) In the afternoon he and Mr. Peacock had seen the Prime Minister and the Chancellor who had told them of the Government's proposals; they had told the Prime Minister that in their opinion these were quite inadequate.

(3) He had afterwards talked to Mr. Harrison who had expressed the view that foreign credit for the Government was essential, that it must be arranged quickly, and that it should be obtained partly in Paris and partly in New York.

(4) Late in the evening he had seen Mr. Neville Chamberlain and other Members of the Conservative Party. Mr. Chamberlain had told him that he had refused to accept the Government's proposals as they stood, but had promised the support of the Conservative Party for an adequate programme of economies.

(5) He had this morning seen the Prime Minister and the Chancellor and had again told them that the proposals were inadequate. The Chancellor had then said that he intended to press for a reduction in the dole and to inform the Cabinet that a decision must be taken to-day.

Mr. Grenfell

CT 99-02

CT 40



22<sup>nd</sup> August.  
1931.

Mr. Grenfell and Mr. Peacock reported that they had yesterday seen the Leaders of the Liberal Party who stated that they had told the Prime Minister that they could not support the present proposals.

CT-40

The Committee then discussed the steps to be taken in the immediate future: they agreed that enquiries should be made in New York and Paris as to the possibility of short-term borrowing, on the assumption that the Government proposals would be satisfactory and agreed by all Parties and pending the authority of Parliament for a long-term loan.

The Committee then adjourned.

When the Committee re-assembled the Deputy Governor reported that he and Mr. Peacock had seen the Prime Minister and the Chancellor, who had submitted amended proposals, including a reduction in the debt, and had asked him to obtain Mr. Harrison's view as to their adequacy. He had communicated the proposals to Mr. Harrison who had promised to give him an answer shortly.

Mr. Grenfell and Mr. Peacock reported that they had seen the Leaders of the Conservative Party who had stated that although in their view the proposals were still inadequate they would not withhold their support if the Liberal Party and the Bank were prepared to accept them.

Mr. Shaw reported that the Leaders of the Liberal Party regretted that the Government were not prepared to go further in the direction of economy, but that they would support the proposals.

In this connection it was reported that the Leaders of both Parties reserved the right to press  
for

22<sup>nd</sup> August, 1931, for further economies.

The Committee again adjourned to await Mr. Harrison's reply.

When the Committee again met, the Deputy Governor reported that Mr. Harrison was of opinion that if the programme of proposed economies was approved by all three Parties it would be possible for the British Government to raise a loan in New York, but that the matter was one for consideration by Messrs. J. P. Morgan & Co, who would, he understood be meeting to-morrow.

It was arranged that Mr. Siepmann should go to Paris to-morrow and see M. Tournier, a Deputy Governor of the Bank of France, to acquaint <sup>him</sup> with the general position and tell him that it was probable that the Government would wish to obtain Credits and/or loans in Paris and New York. The way would thus be paved for a direct approach to the French Authorities by H. M. Treasury.

The Committee then adjourned until 2.30 pm. on Sunday, the 23<sup>rd</sup> August.



Sunday, the 23<sup>rd</sup> August, 1931.

Present:—

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

Mr. Grenfell  
and Sir Robert  
Hinderley  
attended by  
invitation.

The Comptroller  
and Dr. Sprague  
also attended.

CT 99.02 ~~15/16~~

The Deputy Governor informed the Committee that the Prime Minister had told him this morning, that the revised proposals, which he had yesterday outlined to the Committee, had not yet been approved by the Cabinet. The Prime Minister wished to know, if possible before the Meeting of the Cabinet at 7 o'clock, whether these proposals would be acceptable abroad and had asked that, in the circumstances, the necessary enquiries should be made through the Bank.

He had accordingly written a letter to Messrs Morgan, Grenfell & Co. (which he read to the Committee) requesting them to communicate at once with Messrs J. P. Morgan & Co.

The Committee approved and, after a general discussion of the position, adjourned until Monday, the 24<sup>th</sup> August, at 11 a.m.

CT 99.02

~~12/16~~

Present:—

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

Mr. Grenfell and  
Sir Robert Hinderley  
attended by  
invitation.

The Comptroller  
and Dr. Sprague  
also attended.

Monday, the 24<sup>th</sup> August, 1931.

With reference to the Meeting of the 23<sup>rd</sup> instant, the Deputy Governor read to the Committee the message which had been received by him from Messrs J. P. Morgan & Co., on the question of Government borrowing in the United States. At the special request of Messrs J. P. Morgan & Co., the full text of their message had been handed last night to the Prime Minister.

The Deputy Governor then informed the Committee of the course of events and stated that he had been asked whether the Bank and the City generally would view favourably the formation of a National Government, with  
no.

24<sup>th</sup> August 1931

Mr. Ramsay Mac Donald as Prime Minister, to carry through the proposals already prepared by Mr. Mac Donald and Mr. Snowden.

The Committee were of opinion that this would in all the circumstances be the best possible arrangement and agreed that the Deputy Governor should ascertain the views of the leading Clearing Bankers.

The Committee then adjourned.

When the Committee re-assembled the Deputy Governor stated that the day's demands had been very heavy—probably due to a statement in the Press that the Credits were practically exhausted—and that it was essential for arrangements to be made at the earliest possible moment for some further credit. The Committee agreed that the Deputy Governor should endeavour to obtain the authority of H. M. Treasury to initiate preliminary discussions on their behalf with Messrs J. P. Morgan & Co. for a short term loan on the lines set out in the message of yesterday which was read at the Meeting this morning.

The Deputy Governor then communicated with H. M. Treasury and reported to the Committee that the necessary authority had been given.

The Committee then adjourned until Tuesday, the 25<sup>th</sup> August, at 11 o'clock.



CT 99.02. 1921

Tuesday, the 25<sup>th</sup> August, 1921.Present:—

The Deputy Governor,  
Mr. Lubbock,  
Sir Alan Anderson,  
Sir Charles Addis,  
Mr. Sharo,  
Sir Joseph Stamp,  
Mr. Peacock.

Mr. Grenfell and  
Sir Robert Kinsley  
attended by  
invitation.

The Comptroller  
and Dr. Sprague  
also attended.

CT 140

The Deputy Governor informed the Committee as to the amount of the credits still unused, and submitted a cable from the Federal Reserve Bank of New York offering, in case of need to make an advance on gold or to purchase and earmark with the Bank of England such gold as may be needed, on the understanding that the advance could be repaid or the gold re-purchased out of the proceeds of any credit that may be arranged.

Mr. Grenfell reported that he had been in communication with Messrs J. P. Morgan & Co., who were of opinion that a credit of, say, \$150,000,000 to \$200,000,000 could be arranged in New York on the lines of the credit of 1925, but that negotiations for a loan of a like amount in France should be entered into simultaneously.

The Committee agreed that H. M. Treasury should be informed that, in the opinion of the Bank, a definite announcement as to the policy of the new Government should be issued without delay and that negotiations should be commenced by H. M. Treasury as soon as possible for a Government loan both in the United States and in France.

Wednesday, the 26<sup>th</sup> August, 1931.

Present: —

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

Mr. Grenfell and  
Sir Robert Kindersley  
attended by invitation.

The Comptroller also  
attended.

The proceedings of the Meetings on the 19<sup>th</sup>, 21<sup>st</sup>, 22<sup>nd</sup> and 23<sup>rd</sup> August were approved.

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 Dominion Central Banks.

A Minute of the Committee on the Rebuilding of the Bank recommending the removal of the external railings round the Bank was submitted and referred to the Comt.

With reference to the authority given by the Committee of Treasury on the 19<sup>th</sup> March 1902 to the Principals of the Branch Banks Office to sign Write-offs and Drafts upon the Branch, Irish and Scotch Accounts kept in the Public Drawing Office, it was agreed that this authority be extended to Mr. F. S. Kindly for one month from today.

It was agreed that the following Allowances be granted during pleasure and according to the Scale —

1826  
Establs

Mrs. A. A. G. Robinson, widow of P. J. Robinson, a Pensioner, formerly of the Bill Office. £50 a year.

1824  
Establs

Mrs. M. Gibson, widow of J. A. Gibson, Messenger to the In-Tellers Office. £18 a year.

The



26<sup>th</sup> August, 1931.

The Deputy Governor informed the Committee that the estimated profits for the half-year ending the 31<sup>st</sup> August 1931, after providing for a dividend of 6 per cent. less Income Tax, amounted to £740,000.

It was proposed to deal with this surplus as follows -

In writing off Building Accounts c. ---	£9,690
In writing down Miscellaneous Securities ---	683,198

By transfer to Suspense Account, Debitive Interest Guaranteed. --	42,500.
--	---------

Suspense Account No 1 ---	4,612
	<u>£740,000</u>

The Deputy Governor acquainted the Committee of the following matters -

(1) With reference to Minutes of the 27<sup>th</sup> May, he read to the Committee two cables from Mr. McGarrahan on the question of the renewal of the Bank of England credit to the National Bank of Austria with a draft of the proposed reply.

(2) Definite negotiations for a loan had now been started by H. M. Treasury both in the United States and in France; he understood that America was not prepared to proceed with the proposed loan until France had agreed, at any rate in principle to lend a corresponding amount; representatives of H. M. Treasury and of the Bank of England were now in Paris discussing the subject and he hoped that matters would soon be so far advanced as to justify the conclusion of arrangements in New York. The terms proposed for the American portion of the loan were higher than had been hoped but the Chancellor was nevertheless fully convinced that the loan must be arranged and was prepared to rely on the Bank to obtain the best possible terms.

Thursday, the 27<sup>th</sup> August, 1931.

Present:—

The Deputy Governor,  
Mr. Lubbock, 1210  
Sir Charles Addis,  
Mr. Shaw, CT99.02  
Mr. Peacock, + CT.40

Mr. Grenfell and  
Sir Robert Kindersley  
attended by  
invitation.

The Comptroller  
also attended.

With reference to the Minutes of yesterday as to the negotiations in Paris and New York, for a Government Loan, the Committee discussed a Memorandum of certain points which had emerged in the course of a conversation this morning between Sir Frederick Leith Ross, as representing H. M. Treasury, and the French Bankers, on which Sir Frederick Leith Ross wished to have the views of the Bank as soon as possible.

The Deputy Governor informed the Committee that Mr. Neville Chamberlain, Sir Herbert Samuel and Lord Rotherham were coming to the Bank this afternoon in order to discuss with him and with two or three others - to be invited by him as representative of the City - the effect on City opinion of certain measures including economies which the Government are considering. The Committee agreed that Mr. Beaumont Pease should be invited to attend and Sir Robert Kindersley. Mr. Shaw and Mr. Peacock, also agreed to be present.

Present:—

The Deputy Governor,  
Mr. Lubbock, 1211  
Mr. Shaw, CT99.02  
Sir Josiah Stamp,  
Mr. Peacock, CT.40

Mr. Grenfell,  
Sir Robert Kindersley  
Mr. C. F. Whigham  
attended by invitation.

The Comptroller,  
Dr. Sprague and  
Mr. Siepmann  
also attended.

Monday, the 31<sup>st</sup> August, 1931.

The Deputy Governor informed the Committee that the negotiations for the Government borrowings in France and the United States were now complete. He was of opinion that the Bank should, under authority given to them by the Government, draw at once on the American credit in order -

(i) to release gold which has been earmarked temporarily as security for dollars advanced to the Bank pending the establishment of the new credits, and

(ii) to



31<sup>st</sup> August 1931

(ii) to provide a balance in hand out of which to meet any further requirements as they may arise.

After discussion the Committee agreed that it would be advisable to draw at once £30,000,000 for a period of 30 days, this period to be subject to any views which might be expressed by Messrs. J. P. Morgan & Co.

The Committee expressed their thanks to Mr. Siepmann for his able collaboration in the negotiations in Paris.

A letter from Mr. Rodd and a cable from Messrs J. P. Morgan & Co, were read urging that every endeavour be made to convince the Government of the necessity of an early announcement of their policy.

The Committee agreed that steps be taken -  
(a) to arrange as soon as possible for an extension of the Bank's existing arrangements for handling operations in Foreign Exchange.

(b) to impress upon the Government the need for immediate steps to be taken to secure an adequate presentation to the public in popular form of the case for the maintenance of sterling, and of the measures necessary to that end.

12.74  
CT. 7.

The Deputy Governor reported that on the 26<sup>th</sup> August he had received a visit from Dr. Vissering, and Mr. Tetrode of the Netherlands Bank, who stated that at a Meeting of their full Board to be held on the 1<sup>st</sup> September they might be instructed to withdraw all their balances, about £11,000,000, from this Market; he had refused a request which they made for a written undertaking from the Bank guaranteeing that withdrawals would at any future time be paid in gold on demand.

Tuesday, the 1<sup>st</sup> September, 1931.

Present:—

The Deputy Governor,  
Mr. Lubbock,  
Sir Josiah Stamp,  
Mr. Peacock.

Mr. Grenfell and  
Sir Robert Anderson  
attended by invitation.

The Comptroller also  
attended.

1049

CT 9902 & CT 99.03

The Deputy Governor informed the Committee that the Government are considering the question of taking general powers authorising them to launch a scheme for conversion of 5% War Stock at such time and on such terms as they may think fit, and H.M. Treasury have asked that the Bank will inform them to-day whether in their opinion the Government should include provision enabling them in case of need to make an alternative offer to foreign holders of the loan.

The Committee agreed that in the circumstances it would be advisable for the Government to take ~~such~~ powers so to frame any announcement as to enable the foreign investor to feel secure and at the same time to obviate a flight from British securities by the home investor.

Wednesday, the 2<sup>nd</sup> September, 1931.

Present:—

The Deputy Governor,  
Mr. Lubbock,  
Sir Josiah Stamp,  
Mr. Peacock.

Mr Grenfell and  
Sir Robert Anderson  
attended by invitation.

The Comptroller also  
attended.

The proceedings of the Meetings on the 24<sup>th</sup>, 25<sup>th</sup>, 26<sup>th</sup>, 27<sup>th</sup> and 31<sup>st</sup> August and the 1<sup>st</sup> September were approved.

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 that an application for a donation from the Royal Earlswood Institution be declined.

It was



2<sup>nd</sup> September, 1931

It was agreed to recommend to the Court of Directors that E. A. Gardner, a cashier, who is 60 years of age and has completed 42 years' service, be granted a pension of £548:17:8 a year, during pleasure and in accordance with the scale, from the 1<sup>st</sup> December next inclusive.

16-78  
CT 100.03  
CT 100.04

With reference to Minutes of the 3<sup>rd</sup> June last the Deputy Governor informed the Committee that Mr. R. H. Porters has been appointed Assistant General Manager of the Bank for International Settlements and the appointment will be confirmed at the Board Meeting on the 12<sup>th</sup> October.

It is anticipated that Mr Porters will take up his appointment on the 1<sup>st</sup> November and that Mr. Rodd will resume his duties at the Bank of England towards the end of that month.

18-12  
CT 164.

With reference to Minutes of the 11<sup>th</sup> May last as to an advance of £250,000 to the Oceanic Steam Navigation Co Ltd., the Company is again at the end of its cash resources and a request has been received for a further advance up to an additional £250,000 which sum, it is estimated, will be sufficient to meet the requirements of the Company until the middle of November, by which time it is hoped that negotiations now in progress for the purchase of the Company's North Atlantic Fleet by the Cunard Steamship Company will be completed. A letter has also been received from H. M. Treasury expressing the view that it is in the national interest that the Company should be enabled to carry on pending the completion of the negotiations and expressing the hope that the Bank may find it possible to accede to the request for the further advance.

The Bank are offered as security a first mortgage of a half share in the four motor vessels comprising part of the New Zealand fleet jointly owned by the Oceanic Company and the Shaw Savill Company: this half share in the four ships is

valued

2<sup>nd</sup> September, 1931.

valued at £600,000 and there is at present outstanding against it a Trade Facilities Loan of £540,000, but the Treasury are prepared to allow this loan to become a second charge.

The Committee agreed that in the circumstances the advance must be made.

The Deputy Governor informed the Committee that during the past few days there had been serious falls in prices on the Stock Exchange and that he had yesterday received a visit from the Chairman who had confirmed the view, which he had heard from other sources, that the falls were due to the delay by the Government in making any announcement as to their policy and to fears as to their intentions. He had, therefore, arranged with the Bank's Broker to ~~to~~ let it be known in the Market that it was considered most improbable that the Government's programme would include any discriminatory tax on fixed interest bearing securities or plans for a forced conversion of 5% War Stock. This had immediately produced a steadying effect and the course taken had subsequently been fully approved by the Treasury.

Mr. Sprague then attended the Committee and the question of an extension of the existing arrangements for handling operations in Foreign Exchange was discussed.

Mr. Robert Kindersley undertook to make enquiries as to a suitable person to supervise such operations and it was agreed that the views of the Clearing Banks be obtained as to whether they would be willing to sell forward exchange for their own account in New York and Paris.

ET 99.02 = ET 99.03

ET 77



Wednesday, the 9<sup>th</sup> September, 1931.

Present:—

The Deputy Governor,  
Sir Alan Anderson,  
Sir John Stamp,  
Mr. Peacock.

The proceedings of the last Committee were read and approved.

Mr. Grenfell and  
Sir Robert Hindle,  
attended by  
invitation.

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

The Comptroller  
also attended.

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 Dominion Central Banks.

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

It was agreed to recommend to the Court of Directors—

(1) That application be made by the Bank to H. M. Treasury for continuance of the increase of £15,000,000 in the Fiduciary Issue, which expires on the 12<sup>th</sup> instant, for a further period of three weeks from that date.

(2) That W. J. Bee, a Superintendent in the Bank Stock Office, who is 61 years of age and has completed 42 years' service, be granted a pension of £470 a year, during pleasure and in accordance with the scale, from the 13<sup>th</sup> December inclusive.

With reference to the last Minutes as to the appointment of Mr. R. H. Porters as an Assistant General Manager of the Bank for International Settlements, the Deputy Governor informed the Committee that certain Members

of the

CT 84.01 1826  
CT 99.02  
CT 100.03 1878  
CT 100.04

9<sup>th</sup> September  
1931.

of the Executive of that Bank, are raising objections regarding the scope of the duties proposed to be assigned to Mr. Porters and that the question will probably be the subject of considerable discussion at the next Board Meeting.

With reference to the last Minutes on the question of the arrangements for handling Foreign Exchange, the Committee agreed that a small informal Committee be appointed to review the position from day to day and deal with any questions of policy as they arise. It was agreed that the Committee should consist of Sir Robert Kindersley, Mr. Hambro, Sir Sprague, the Chief Cashier and Mr. Kay.

In this connection the Deputy Governor informed the Committee that the principal Clearing Banks are all prepared to act as Agents for the Bank in the matter of the sale of Forward Exchange and that sales through their agency have in fact commenced; further, that at any rate one Bank had agreed to sell Forward Exchange for its own account within certain limits.

CT 84.

The Deputy Governor drew attention to the increased earnings which would probably accrue to the Banking Department as the result of operations arising from the working of the French and American Credits and, having regard to the arrangement under which any profit or loss arising under the Credits is to be for account of the Issue Department, he suggested that the Committee might need to consider later whether some means ought not to be devised whereby some portion at least of any increased profits thus earned by the Banking Department would be transferred to the Issue Department.

The



9<sup>th</sup> September, 1931

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> October next of £ 6 per cent. less Income Tax.

Wednesday, the 16<sup>th</sup> September, 1931.

Present:-

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

Mr. Grangeell and  
Sir Robert Henderson,  
attended by  
invitation.

The Comptroller  
also attended.

CT 99

re 99-02

The proceedings of the last Committee were read and approved.

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

With reference to the Bank Rate, the Deputy Governor stated that on general grounds he would welcome a higher Rate, but in existing conditions with an actual increase in the stock of gold and an appearance of steadiness in the exchanges, any rise in the rate might, he thought, have a disturbing effect; he was of opinion, therefore, that having regard to all the circumstances no alteration should be recommended this week, and the Committee concurred in this view.

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

A Memorandum by Mr. R. H. Porters on the financial position of Hungary was submitted.

With

LC 30

CT 41

16<sup>th</sup> September, 1931~~18~~ 12

CT 164

With reference to Minutes of the 2<sup>nd</sup> instant as to a further advance to the Oceanic Steam Navigation Company, H. M. Treasury had now stated that in order to enable a first mortgage to be given to the Bank on the Company's half share in the four motor vessels comprising part of their New Zealand fleet it would be necessary for the Royal Exchange Assurance and some 17 other Insurance Companies to become parties to the mortgage. In the opinion of H. M. Treasury, it would be contrary to the interests of the Oceanic Company to approach the Insurance Companies for this purpose and they therefore proposed to ask the Bank to accept a second mortgage upon the express understanding, that, if it should become necessary to realise the Security, H. M. Treasury will procure that the Bank shall be placed in as favourable<sup>a</sup> position as if they had held a sole first mortgage.

The Committee agreed to accept this proposal.

The Deputy Governor acquainted the Committee of the following matters -

(1) He had reason to believe that a formal 'Vote of Thanks to the Governors and Directors will be proposed at the General Court to-morrow. The need to reply to a formal Resolution of this nature might in existing circumstances be embarrassing and he hoped to arrange for any expression of thanks to be made in a form which would obviate the necessity for more than the briefest possible response.

(2) During the past few months there had been a constant demand for small amounts of sovereigns for export. The Bank are not  
legally

CT 99 02.



16<sup>th</sup> September,  
1931.

legally bound to issue sovereigns and, as according to the Bank's information these withdrawals appear for the most part to be for the purpose of private hoarding abroad, he proposed to refuse demands for sovereigns except in cases of a normal character.

(3) He understood that India is considering the question of utilising Gold, say, £7,500,000 to £10,000,000 in support of their Exchange. The question had been raised as to whether this Gold should be shipped to London or to the United States. The Committee were of opinion that the Gold should be forwarded to London. The Committee agreed that the India Office be informed in response to an enquiry which they had made that the Bank would not make advances against Gold earmarked in India.

~~1833~~  
CT. 122.

(4) He had received a request from the Anglo-South American Bank that the Bank would take from them direct some of their acceptances and also make them an advance, as and when required, against a miscellaneous assortment of securities. He did not propose to ask the Committee to consider the matter until he had been supplied with certain further particulars for which he had asked. The position had arisen through a growing reluctance on the part of the Market to take the acceptances of the Anglo-South American Bank and also through heavy withdrawals of deposits.

The Committee agreed that Sir Josiah Stamp should accept an invitation to act as Chairman of a Committee which is being set up by the Government to consider the Balance of Trade; the Committee will virtually be a

Sub-Committee

16<sup>th</sup> September, 1931.

Sub-Committee of the Economic Advisory Council.

CT 99.02

The Deputy Governor informed the Committee that he had this morning seen the Prime Minister who had asked him as to the period for which the Credits are likely to last and had stated that he wished for the advice of the Bank as to the steps to be taken in the immediate future to meet the situation. He expected that the Prime Minister would wish to see him and Mr. Peacock on this subject on Friday and he therefore asked the Committee to meet at the rising of the General Court tomorrow in order to consider this question.

Thursday, the 17<sup>th</sup> September, 1931.

Present:—

The Deputy Governor,  
Mr. Lubbock,  
Sir Alan Anderson,  
Sir Francis Stamp,  
Mr. Peacock.

CT 99.02  
CT 95.04

Mr. Grenfell and

Sir Robert Kindersley  
attended by invitation.

The Comptroller also  
attended.

With reference to the Minutes of yesterday, the Deputy Governor informed the Committee that the Prime Minister had invited Mr. Peacock and himself to convey to him to-day the views of the Bank as to the steps to be taken to meet the situation.

The Deputy Governor pointed out to the Committee that at the present rate the Credits would probably last less than a fortnight and after discussion it was agreed that the Prime Minister be informed that in the opinion of the Bank—

- (1) It would be impossible with existing resources to maintain the Gold Standard during the period necessary to conduct a General Election.
- (2) That if the Government were to announce without delay that in view of the National Emergency a General Election is not contemplated at the

present



17<sup>th</sup> September  
1931

present time, but that the present Government will immediately introduce measures designed to correct the adverse balance of trade (whether by the imposition of an Emergency Tariff or otherwise) and at the same time appeal to the Nation to support a scheme for voluntary conversion of Government Stocks, the announcement might induce some return of confidence at home and abroad and lead to some diminution in the withdrawal of foreign balances.

(3) Methods for mobilising securities should meanwhile be studied and some attempt be made to form an estimate as to the amount of suitable securities likely to be available.

(4) The announcement should be followed by diplomatic action in France and the United States, with the object of prompting international co-operation to maintain the situation.

With reference to the foregoing, the Deputy Governor stated that the Chancellor proposed to appoint immediately a small Committee, of whom one member should be a Director of the Bank, to enquire into the question of the mobilisation of Foreign Securities and that he proposed to ask Mr. Whigham to serve on the Committee.

The Deputy Governor read to the Committee a cable from Sir Otto Niemeyer stating that he expected to be requested to serve as a member of a Commission to investigate the position of Hungary on behalf of the League of Nations and it was agreed that Sir Otto be authorised to decline any request of this nature in view of the necessity for his presence here.

With reference to the Minutes of  
yesterday

17<sup>th</sup> September, 1931.

H 33

CT 122

yesterday, the Deputy Governor stated that as a result of further enquiries it now appeared that the Anglo-South American Bank wished the Bank to agree to discount on their account Bills amounting to about £1,000,000 held against Nitrate in Chile and also to grant them a loan of £500,000 as and when required against Securities valued by them at about £700,000. The Committee agreed that Messrs. Seligman be requested to make a speedy investigation of the position of the Anglo-South American Bank.

Friday, the 18<sup>th</sup> September, 1931.

Present:—

The Deputy Governor,

Mr. Lubbock,

Sir Josiah Stamp,

Mr. Peacock,

CT 99.02

CT 98.04

Mr. Greiffell and

Sir Robert Anderson,

attended by invitation

The Comptroller  
also attended.

The Deputy Governor informed the Committee that yesterday's demands for exchange had been very heavy and there were indications of even greater demands to-day.

With reference to yesterday's Minutes he had yesterday afternoon, in company with Mr. Peacock, attended a meeting of the Cabinet Committee; he had pointed out the urgency of the position and had acquainted them with the views of this Committee. The Prime Minister considered that the Government had three alternatives—

- (1) To put forward proposals for an Emergency Tariff immediately;
- (2) To go to the Country next month as a National Government with a strong programme and in the meantime to acquaint France and the United States with the position in the hope that they might be willing to render further assistance.
- (3) To



18<sup>th</sup> September  
1931

(3) To abandon the Gold Standard.

The Prime Minister favoured the second course and promised to place the matter before the Cabinet later in the day, but he had so far received no information as to the Cabinet's decision.

In the meantime Mr. Siepmann has gone to Paris and will see M. Moret to-day.

The Committee agreed -

(1) That before taking any decisive action it would be desirable that the Bank should lose a certain amount of Gold.

(2) That the Exchange Committee should see the Clearing Bankers at once and discuss with them as to the possibility of taking measures in regard to Foreign Exchange Transactions with a view to restricting the export of capital by British Nationals.

(3) That the Chancellor be requested to have in readiness for use in case of need a letter authorising the Bank to suspend Gold payments and to make provisional arrangements to enable an Act of Parliament to be passed at the earliest possible moment after the issue of the letter.

CT 95.04  
+ CT 40  
CT 99.02

Present: -

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

Mr. Grenfell and  
Sir Robert Kindersley  
attended by  
invitation

The Comptroller  
also attended.

Saturday, the 19<sup>th</sup> September, 1931.

The Deputy Governor informed the Committee that yesterday's demands had been exceedingly heavy, that the credits were now almost exhausted and that there had, in addition, been a demand for gold for Holland. He had told the Prime Minister yesterday that without further assistance the position could no longer be maintained and that in his opinion the Governments of the United States and France should be informed of this at once.

The Prime Minister had informed the United

19<sup>th</sup> September, 1921.

United States and French Governments as to the position and had asked them whether they would be prepared to provide additional help: no reply had yet been received from Paris, but definite information had been received of the inability of the United States to render further assistance.

In the event of a similar reply being received from the French Government, which seemed inevitable, the Prime Minister had undertaken to furnish the Bank today with a letter authorising them to place such restrictions on the supply of Gold as they might deem requisite in the national interest, and to pass a Bill through Parliament on Monday indemnifying the Bank for so doing, and suspending Sub-section 2 of Clause 1 of the Gold Standard Act of 1925: he would also make a statement to representatives of the Press to-morrow evening.

CT 99.

The Committee agreed that a Meeting of the Court should be held to-morrow evening, and that it be recommended to the Court that the Rate of Discount be increased to 6 per cent. as from the commencement of business on Monday, the 21<sup>st</sup> September.

The Committee agreed that the balance of the American Credit should be called up today, that M. Moret be informed that it will undoubtedly be necessary also to call up the balance of the French Credit and that he be asked to advise as to the best method of doing this; further that, provided demands have not been too heavy here, Mr. Harrison be authorised to support sterling to-day in New York up to, say, £1/2,000,000.

The Committee were of opinion that  
subject



19<sup>th</sup> September,  
1931.

subject to the views of the Committee of the Clearing Bankers and of the Committee of the Stock Exchange, the Banks should open as usual on Monday, but that it might be advisable for the Stock Exchange to be closed on that day.

The Deputy Governor and Mr. Peacock, then left the Committee.

Mr. Peacock attended a Meeting of the Clearing Bankers in order to acquaint them with the full position and subsequently reported their views to the Committee.

They proposed to discuss the matter more fully at a later Meeting, but they were at present of opinion -

- (1) That the Banks should open as usual on Monday, but that the Stock Exchange should be closed - at any rate for that day.
- (2) That although no definite restrictions should at present be imposed on dealings in Foreign Exchange, measures should be taken to render transactions involving the export of capital abroad by our own Nationals as difficult as possible.
- (3) That the Prime Minister's Statement to the Press is of vital importance and it would therefore be advisable for representatives of the Banks of England and of the Bankers to assist in compiling a summary of points which should in their opinion be covered in the Statement.

Monday, the 21<sup>st</sup> September, 1931.

Present:—

The Deputy Governor,  
Mr. Lubbock, CT95.04  
Sir Alan Anderson,  
Sir Charles Addis  
Mr. Shaw, CT99.02  
Sir Josiah Stamp,  
Mr. Peacock.

Mr. Grenfell and  
Sir Robert Kindersley  
attended by invitation.

The Comptroller also  
attended.

The Deputy Governor informed the Committee that the situation so far appeared to be generally satisfactory.

The Banks have reported that business everywhere is proceeding as usual. The Committee of the Stock Exchange consider that the Stock Exchange should remain closed to-morrow and that it may be advisable not to re-open until after the conclusion of the current settlement.

The representatives of the Foreign Banks in London, other than American and French Banks, had met at the Bank this morning and had promised to do everything in their power to co-operate. The London representatives of the American and French Banks had meanwhile been requested by their respective Ambassadors in London to afford similar co-operation.

The Deputy Governor laid before the Committee a cable from the Governor of the South African Reserve Bank with his proposed reply.

Tuesday, the 22<sup>nd</sup> September, 1931.

Present:—

The Deputy Governor,  
Mr. Lubbock,  
Sir Alan Anderson,  
Sir Charles Addis,  
Mr. Shaw,  
Sir Josiah Stamp,  
Mr. Peacock, CT99.02

Mr. Grenfell and  
Sir Robert Kindersley  
attended by invitation.

The Comptroller also  
attended.

The Deputy Governor acquainted the Committee of the following matters —

(1) The Committee of the Stock Exchange have decided that the Stock Exchange shall be re-opened tomorrow.

(2) With reference to the Minutes of the 17<sup>th</sup> September



22<sup>nd</sup> September,  
1931

September as to the appointment by the Government of a small Committee to investigate the possibilities of mobilisation of Securities, Mr. Whigham had agreed to serve. The Bank have now been asked to suggest the name of a suitable representative of the Joint Stock Banks and he proposes to put forward the name of Sir John Caulcutt of Barclays Bank, after ascertaining that Mr. Goodenough is agreeable to this course.

(3) He laid before the Committee a further cable from the South African Reserve Bank with a draft of his proposed reply.

+ 933  
CT 122.

With reference to previous Minutes, the Committee again considered the request of the Anglo-South American Bank for assistance. Mr. Grenfell outlined the position as revealed to the Credit Committee and suggested that the Bank should advance, if need be, up to £1,500,000 against gilt-edged and sundry securities pending further enquiries into the affairs of the Bank.

After discussion the Committee agreed to take no definite action pending a further report from the Credit Committee to-morrow.

Wednesday, the 23<sup>rd</sup> September 1931.

Present:-

The Deputy Governor,  
Mr. Lubbock,  
Sir Alan Anderson,  
Sir Charles Addison,  
Mr. Shaw,  
Sir John Stamp,  
Mr. Peacock.

Mr. Grenfell and  
Sir Robert  
Sunderland  
attended by  
invitation.

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, together with the Fortnightly Letter to Dominion Central Banks.

The

23<sup>rd</sup> September, 1931

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.

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

G. W. Tappin, House Porter at the Newcastle Branch, who will attain the age of 65 years on the 30<sup>th</sup> September; £149. 7. 4 a year from the 1<sup>st</sup> October inclusive.

S. B. K. Lawless, a 1<sup>st</sup> Class Clerk in the Accountants Bank Note Office, age 60 years, service 42 years on the 12<sup>th</sup> December next, Salary £670 a year; £419. 17. 4 a year from the 19<sup>th</sup> December inclusive.

It was agreed that a suitable letter be written to all Central Banks expressing the Bank's concern at the difficult situation which has been created for them through the temporary suspension of the Gold Standard by this Country.

CT 99.02  
CT 95.04

~~18.33~~  
CT. 122.

With reference to yesterday's Minutes with regard to the affairs of the Anglo-South American Bank, a memorandum from the Credit Committee was laid before the Committee. The Deputy Governor stated that he had mentioned the subject yesterday to Officials at H. M. Treasury who expressed the view that in the present political circumstances it was essential in the interest of the whole Banking Community that this matter should be dealt with by the Banks themselves rather than that any approach should be made to the Government with a view



23<sup>rd</sup> September, 1931

view to assistance.

After discussion the Committee agreed that the Chairman of the Clearing Bankers' Committee should be consulted before any further action is taken by the Bank.

CT 122

1933

Thursday, the 24<sup>th</sup> September, 1931

Present:—

The Deputy Governor.

Mr. Lubbock,

Sir Alan Anderson,

Sir Charles Adair,

Mr. Peacock.

Mr. Grenfell &amp;

Sir Robert

Skidderley

attended by

invitation.

The Comptroller

also attended.

1933

CT 122

With reference to the Minutes of yesterday, the Committee discussed further the affairs of the Anglo-South American Bank: they were also informed that the Chairman of the Clearing Bankers' Committee considered that the Chairmen of the five leading Clearing Banks should be consulted as soon as possible.

After consideration of the further information furnished to them by the Credit Committee, the Committee agreed that unless support is given to the Anglo-South American Bank, the failure of many firms in the Discount Market may become inevitable and that a way must be found of averting such a possibility. The Committee felt that when the facts have been placed before them, the Clearing Banks must recognise the imperative need in their own and the public interest of joining in the provision of the necessary assistance which cannot be furnished by the Bank of England acting alone.

There were two courses open—

- (1) To limit help to the measures necessary to protect the Discount Market in regard to their existing liabilities in respect of acceptances of the Anglo-South American Bank,

(2) To

24<sup>th</sup> September, 1931

(2) To endeavour to make arrangements to ensure the continuance of the Bank in some form or another.

It was agreed that the Chairman of the five leading Banks be invited to attend a Meeting, at the Bank to-morrow morning, and that they should then be informed of the position and of the views of the Committee.

Friday, the 25<sup>th</sup> September, 1931.

Present:-

The Deputy Governor,  
Sir Charles Adair,  
Mr. Peacock.

Mr. Grenfell and  
Sir Robert Kindersley,  
attended by invitation.

The Comptroller also  
attended.

1933  
Ct. 122

With reference to the Minutes of yesterday, and earlier as to the affairs of the Anglo-South American Bank, the Deputy Governor informed the Committee that the Bank have not yet been asked to make any advance: he had this morning discussed the case again with Sir Richard Hopkins, who was still of opinion that for political reasons the Government could take no action, but had promised to consult Sir Warren Fisher.

Mr. Peacock reported that he had had an interview with Mr. Wells, the Managing Director of the Anglo-South American Bank, who had expressed the belief that his Bank was sound and, provided that there were no rumours as to its being in difficulties, would eventually recover, although he had admitted that this would take time. Mr. Wells also stated that he had advised Messrs. Guggenheim that it would be of advantage to the Compania de Salitre de Chile (Losada) if a substantial portion of their bills could be negotiated in New York in view of prevailing rates, but that he was not very hopeful of the result.

After



25<sup>th</sup> September,  
1931.

After discussion the Committee deferred further consideration until Monday, the 28<sup>th</sup> instant, and agreed to wait until that date before deciding whether the matter should be placed before the five leading Clearing Bankers.

Monday, the 28<sup>th</sup> September, 1931.

Present -

The Governor,  
The Deputy Governor.

Mr. Lubbock,  
Sir Charles Addison,  
Sir Josiah Stamp,  
Mr. Peacock.

The Deputy Governor informed the Committee that Mr. Peacock and himself had this morning seen the Prime Minister who had requested answers by this afternoon to the following questions -

Mr. Grenfell and  
Sir Robert  
Anderson,  
attended by  
invitation.

- (1) Have the Bank yet decided on any general line of financial policy?
- (2) What in the Bank's view would be the effect on sentiment in financial quarters at home and abroad of the announcement that a General Election is to take place in the near future?

The Comptroller  
also attended.

After discussion the Committee agreed

that answers be made on the following lines -

- (1) That it is difficult at this early date to formulate any definite future policy or objective, but speaking generally the Bank are taking whatever steps are possible to discourage speculation and will strive to prevent inflation, whilst seeking to avoid any steps likely to check improvement in trade; they will also aim at the maintenance of London as an international market.
- (2) That the existing uncertainty as to future policy is undoubtedly harmful and while it is not for the Bank to express an opinion as to

ET 99.02 + 16  
+ ET 99.

28<sup>th</sup> September  
1931

to the best method of removing this uncertainty, they hope that the Government will, as soon as possible, decide upon a course which will permit of the adoption of a steady and consistent financial policy over an extended period.

+833  
CT. 122

With reference to the Minutes of the 25<sup>th</sup> instant and earlier, the Committee again discussed the affairs of the Anglo-South American Bank and it was agreed -

- (1) That the Bank cannot be allowed to fail.
- (2) That the Clearing Banks should be consulted at once through the medium of their Chairman or Deputy Chairman of the Committee of Clearing Banks.



Wednesday, the 30<sup>th</sup> September, 1931.

Present:—

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

The Minutes of the Meetings of the 16<sup>th</sup>, 17<sup>th</sup>, 18<sup>th</sup>, 19<sup>th</sup>, 21<sup>st</sup>, 22<sup>nd</sup>, 23<sup>rd</sup>, 24<sup>th</sup>, 25<sup>th</sup> and 28<sup>th</sup> instant were submitted and approved.

Mr. Grenfell and  
Sir Robert Kindersley  
attended by  
invitation

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

The Comptroller  
also attended.

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, during pleasure and in accordance with the scale, to two Assistants to the Superintendent of Women Clerks:—

- (a) Miss D. V. Scott, Age 50 on the 3<sup>rd</sup> October.  
Salary £325. Scale Pension  
£231 a year from the 4<sup>th</sup>  
October inclusive.
- (b) Miss Frances Towers, Age 46. Service 26 years.  
Salary £385. Scale Pension  
£200. 4/- a year from the 1<sup>st</sup>  
November inclusive.

With reference to Minutes of the 9<sup>th</sup> instant, the Deputy Governor informed the Committee that the Authority of the Lords Commissioners of His Majesty's Treasury for an increase in the Fiduciary Issue from £260,000,000 to £275,000,000 would expire on Saturday, the 3<sup>rd</sup> October, and  
it

1820

CT 84.01

CT 99.02

30<sup>th</sup> September, 1931

it was agreed to recommend to the Court of Directors that application be made by the Bank for authority to continue this increase until Saturday, the 31<sup>st</sup> October.

The Committee considered the position of Messrs. Smith St. Aubyn & Co. and the London & Eastern Trade Bank Ltd; which had been investigated by the Credit Committee and it was agreed -

(Refine 4.1)  
1829

+ 830  
CT 186

That Messrs. Smith St. Aubyn & Co., be granted as and when required an advance at 2% above Bank Rate varying with a minimum of 6% against their holding of £1,000,000 4% Treasury Bonds 1934/6 at par and, if necessary, at a later date a further advance on like terms against their holding of £1,250,000 4½% Treasury Bonds 1932/4; the advances to be for an indefinite period, the Firm having the right to make repayments at any time without power to re-borrow any sums so repaid. Further, that to meet their immediate needs they may be permitted to apply to-day for an amount up to £100,000 of the first named advance for one night without deposit of security.

Messrs. Smith St. Aubyn & Co. to be informed that their 'book' must be drastically reduced and that they must take steps to arrange for an adequate strengthening of the Firm by amalgamation or otherwise.

1831  
CT. III.

That the London & Eastern Trade Bank Ltd. be informed that the Bank are not prepared to assist them and that they should apply to their own Bankers.

1833  
CT. 122.

With reference to the Minutes of the 28<sup>th</sup> September and earlier as to the affairs of the



30<sup>th</sup> September, 1931+ 938  
CT. 122.

the Anglo-South American Bank, the Committee were informed that the Chairmen of the five leading clearing banks had been interviewed individually and had all expressed the view that the Bank must not be allowed to fail; they had arranged to discuss the matter at a joint meeting this afternoon. The Committee agreed that, pending the conclusion of definite arrangements, the Bank would take, as and when required, up to £1,500,000 of the acceptances of the Anglo-South American Bank and, if necessary, advance up to a further £1,500,000 against securities.

+ 939  
CT. 80  
CT. 95

The Deputy Governor submitted to the Committee a Report by the Exchange Committee recommending the adoption of certain measures for preventing rapid fluctuations in the Exchange, together with a Memorandum as to purchase of Gold.

It was agreed that it be left to the discretion of the Exchange Committee to buy or sell dollars as opportunity offers at rates between \$3.90<sup>and</sup> \$4.10: it was also agreed that if the Reichsbank should offer Gold to the Bank arrangements should, if possible be made either for the gold to be delivered to the Bank of France on the Bank's account and be sold to them against francs or for it to be sold to the Federal Reserve Bank and earmarked against the supply of equivalent dollars.

The Governor laid before the Committee a cable to the Governor of the South African Reserve Bank, dealing with the banking position in South Africa.

CT. 95.04  
CT. 100.01

The Governor stated that in view of the temporary abandonment of the Gold Standard by this Country he was in doubt as to his  
right

20<sup>th</sup> September, 1931

right to continue to attend Board Meetings of the Bank for International Settlements. The Committee were of opinion, however, that his attendance was desirable on both national and international grounds.

Wednesday, the 7<sup>th</sup> October, 1931.

Present:-

The Governor,  
The Deputy Governor,  
Mr. Arbuthnot,  
Sir Alan Anderson,  
Sir Charles Addis,  
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.

Mr. Grenfell and  
Sir Robert Hindlebury  
attended by invitation

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

The Comptroller  
also attended.

The Weekly Reports on Central Banks were submitted together with the Fortnightly Letter to Dominion Central Banks.

A letter from Mr. Trotter asking permission to join the Boards of the Industrial and General Trust Ltd., and the Second Industrial and General Trust Ltd., was submitted and referred to the Court.

+ 233  
CT 122.

With reference to the last and earlier Minutes as to the affairs of the Anglo-South American Bank, the Committee were informed that on Friday last an agreement was reached in principle with the five leading Clearing Banks for a credit of £6,000,000 to the Anglo-South American Bank, but that Lloyds Bank, owing to their latest interest in the Bank of London & South America, subsequently decided not to participate.

Arrangements



7<sup>th</sup> October, 1931

Arrangements have therefore been made for a credit of £3,000,000 to be granted pending further consideration of the position, the Bank of England to participate to the extent of £1,000,000, and four Clearing Banks, viz:—the Westminster Bank, the Midland Bank, Barclays Bank and the National Provincial Bank to the extent of £500,000 each.

18-16

CT 99.02  
= CT. 40

With reference to Minutes of the 5<sup>th</sup> August last and earlier, the Committee considered the question of repayment or renewal of the Credits granted on the 1<sup>st</sup> August last by the Bank of France and the Federal Reserve Bank of New York and it was agreed—

1. That the Bank of France be asked to renew to the 31<sup>st</sup> instant that portion of the credit which is due for repayment on the 9<sup>th</sup> instant.
2. That the Bank of France and the Federal Reserve Bank of New York be sounded informally as to their willingness to renew their respective portions of the credit for 3 months from the 31<sup>st</sup> instant if officially requested to do so.

The Governor acquainted the Committee of the following matters—

18-28  
SEC. 10

(1) With reference to Minutes of the 17<sup>th</sup> September 1930 as to the changed state of the relations between the Governors and the Treasury consequent upon the advent of the Bank for International Settlements, he wished the Committee to realise that recent events have tended to accentuate and widen this change, which in his opinion involves the transfer of decisions from the Bank to the Treasury and must inevitably lead to difficulties in the future.

(2) With

7<sup>th</sup> October, 1931.1049  
CT 99.03

(2) With reference to Minutes of the 1<sup>st</sup> October 1930 and earlier, he is still disturbed as to the position created by our large Floating Debt which, in the event of any situation arising, now or hereafter to alarm Foreign holders, might be a source of serious embarrassment and he asked the Committee to have in mind some scheme of forced conversion of a portion of the Floating Debt.

241  
1060  
CT 181  
CT 181.01

(3) With reference to Minutes of the 4<sup>th</sup> February last as to the position of the Lancashire Textile Industry, arrangements are now being made for an examination of the affairs of the Lancashire Cotton Corporation and he proposed, in the circumstances, to arrange for the cost involved to be borne by the Bank, either direct or through The Securities Management Trust.

Wednesday, the 14<sup>th</sup> October, 1931.

Present:—

The Governor,  
The Deputy Governor,  
Mr. Dubouche,  
Sir Alan Anderson,  
Sir Charles Addis,  
Sir John Stamps,  
Mr. Pearson.

Mr. Grenfell and  
Sir Robert Kindersley  
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 that Allowances be granted to the following persons—

Mrs M. E. Duffield



14<sup>th</sup> October, 1931  
 + 8 23  
 Establs

Mrs. M. S. Duffield, Widow of J. W. Duffield, a House Porter and Watchman, £18 a year during pleasure and according to the scale.

+ 8 22  
 Establs

Mrs. Morgan, Widow of J. G. B. Morgan, an Auxiliary Male Clerk, 10/- a week for 2 years.

+ 8 33  
 CT 122

With reference to the last and earlier Minutes as to the affairs of the Anglo-South American Bank, the Committee were informed that £2,500,000 of the credit of £3,000,000 arranged last week had already been advanced and that the balance would be needed this week. The Anglo-South American Bank will undoubtedly require further assistance and the question is to be discussed with the participating Banks to-morrow. In the meantime an endeavour is being made, but with small prospect of success, to arrange for some of their acceptances to be transferred to New York.

The Committee agreed that the Banks must be prepared to render further assistance, if necessary, and the matter was left in the hands of the Credit Committee.

+ 8 41  
 + C 60  
 CT 181  
 CT 181-01

With reference to the last Minutes as to the position of the Lancashire Textile Industry, the Committee were informed that arrangements had now been made for an examination of the affairs of the Lancashire Cotton Corporation.

The Deputy Governor acquainted the Committee of the following matters -

+ 8 16

CT 99-02  
 CT 40

(1) With reference to the last Minutes as to the repayment or renewal of the credits granted on the 1<sup>st</sup> August by the Bank of France and the Federal Reserve Bank of New York, the Bank of France have agreed to renew to the 31<sup>st</sup> instant that portion of the credit which was due for repayment on the 9<sup>th</sup> instant.

In view of the growing scarcity of eligible Commercial Bills there will probably be difficulty in continuing.

14<sup>th</sup> October, 1931.

Continuing to provide the requisite cover to enable the credits to be renewed in whole for a period of three months from the 31<sup>st</sup> October, and he asked the Committee to consider before the next Meeting, as to the advisability of repaying some portion of the credits.

In this connection the Committee agreed that insofar as the reduction in the volume of bills available here may be due to the repayment of acceptance credits on foreign account such reduction is desirable and indeed essential.

(2) With reference to Minutes of the 21<sup>st</sup> September, he laid before the Committee a further cable from the Governor of the South African Reserve Bank as to sales of gold, with his reply.

The Governor acquainted the Committee of the following matters -

+ C 30  
CT 41

(1) With reference to Minutes of the 8<sup>th</sup> July and earlier, the position of Hungary is disquieting, and is undoubtedly worsening. The Council of the League of Nations are so disturbed at the situation that they have arranged for the Finance Committee of the League to meet at Budapest on the 15<sup>th</sup> instant and he has requested Sir Otto Niemeyer to be present at the Meeting.

CT 100  
+ B 78  
CT 106.06

(2)

(a) Since the last Meeting of the Committee he had spent some unpleasant days at Basle. Many Representatives of Central Banks present approached him for advice as to how best they should proceed with regard to the lodgment of claims for compensation for the losses their Banks have sustained by this Country's temporary suspension of the Gold Standard and he understands it to be their general intention



14<sup>th</sup> October,  
1931.

CT100.01

intention to ask their Governments to approach the British Foreign Office in the matter. He feels that the status and authority of the Bank of England Representatives on the Board of the Bank for International Settlements have in great measure been destroyed and that their influence and advice now count for little in the Councils of the Board.

CT100  
CT100.06

- (b) The Bank for International Settlements have made a request that their funds in this Market may be repaid at their former gold value, which in respect of the amounts held here on the 21<sup>st</sup> September would probably involve a loss of some £350/400,000.

He asked the Committee to consider whether an exceptional arrangement of this nature could be allowed in favour of the Bank for International Settlements either directly by the Bank of England or through His Majesty's Government, provided always that all those Central Banks who are represented on the Board of that Bank were consenting parties to such arrangement.

CT00  
CT-38. + 88

x This minute covers  
all present & future  
Central Bank credits  
& renewals

4<sup>ps</sup> 29.10.31.

- (c) The Bank for International Settlements agreed to renew its participation in the Central Bank credit to the Austrian National Bank provided -
- (i) That all other participants in the credit also agree to renew.
  - (ii) That the Bank of England also agree to renew for three months the outstanding balance of their advance to the Austrian Government.

The Committee agreed that in the circumstances the Bank should concur in these proposals on the understanding that the outstanding balance of the Credit and of their advance to the Austrian Government is eventually repaid at its original gold value.

Wednesday, the 21<sup>st</sup> October, 1931.

Present:—

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

Mr. Grenfell and  
Sir Robert Hindle,  
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 etc., 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.  
Monthly Report of the Committee on Advances & Discounts.

The following were submitted and referred to the Court —

Quarterly Report of the Audit Committee.  
Minute of the Staff Committee recommending appointments.  
Report of the Staff Committee recommending the  
selection of 15 male Probationary Clerks to the Permanent Staff.

1832  
Estab.

It was agreed that a compassionate Allowance of 10/- a week be granted, during pleasure, to G. R. Flowers, formerly a 1<sup>st</sup> Class Clerk at the Newcastle Branch, who was dismissed on the 25<sup>th</sup> September 1924 for having had dealings with professional moneylenders.

It was agreed to recommend to the Court that Miss A. F. Curtis, an Auxiliary Woman Clerk, be granted, during pleasure and in accordance with the scale, a Pension of  
£45.12.—



21<sup>st</sup> October.  
1931.

~~1833~~  
CT. 122.

£45.12:— a year from the 13<sup>th</sup> November inclusive.

With reference to the last and earlier Minutes, the Committee were informed that during the past week the Anglo-South American Bank had drawn £400,000 and that the credit of £3,000,000 was now practically exhausted. At a Meeting on the 16<sup>th</sup> instant the participating Banks considered that a further credit of £1,300,000 was necessary, but they were of opinion that the other Clearing Banks should now be invited to participate and a Meeting was being summoned for this purpose.

~~1816~~  
CT 99.02

CT. 40

With reference to the last Minutes as to repayment of some portion of the Credits from the Bank of France and the Federal Reserve Bank which mature on the 31<sup>st</sup> instant, the Committee agreed that in all the circumstances it would be advisable for the Bank to pay off £10,000,000 of each credit in gold and/or devises and to make formal application for renewal of £15,000,000 of each credit for a further three months.

The Governor acquainted the Committee of the following matters —

CT 99

(1) In anticipation of the General Election it was convenient to state that in his opinion the continuing policy of the Bank should be to endeavour to ensure that the present Bank Rate is effective and that money is not allowed to become plentiful even if the Market should in consequence be driven to borrow occasionally from the Bank.

To rely

21<sup>st</sup> October, 1931.

To rely on the Currency Committee to watch credit, currency, prices and advances, to maintain contact and put pressure, when necessary, on the Banks and to report any change or action which they may deem expedient.

To continue the existing arrangements and policy as to dealing in Foreign Exchange.

1249  
CT 99.03

In this connection and with reference to Minutes of the 7<sup>th</sup> October he again asked the Committee to have in mind the need for conversion in some form, perhaps even a "voluntary-forced" conversion, of the whole or part of the Floating Debt and of 5% War Stock.

(2) A proposal by the National Bank of Switzerland to exchange £1,000,000 of gold here for \$5,000,000 of gold in New York had been declined as it is contrary to the established practice of the Bank, as confirmed by the Court on the 12<sup>th</sup> December, 1918 on the recommendation of the Special Bank Act Committee, to hold gold abroad.

1231  
CT 111.

(3) With reference to Minutes of the 30<sup>th</sup> September, he had refused a further application for assistance from the London & Eastern Trade Bank Ltd. : he had also declined a similar application from the Anglo-French Banking Corporation Ltd.

1237  
CT 80

(4) Although disagreeing with the proposal thus put forward, he read the draft of a proposed letter from Sir William Goode to the Prime Minister suggesting the appointment of an Advisory Committee to co-relate our national food requirements with our foreign exchange position.

(5) He suggested that Dr. Sprague as the Economic Adviser to the Bank, should attend the meetings of the Committee of Treasury and he proposed to ask the Committee for their views next week.



Tuesday, the 27<sup>th</sup> October, 1931.

Present:—

The Governor,  
The Deputy Governor,  
Mr. duBois,  
Sir Charles Addis,  
Mr. Peacock.

Mr Grenfell and  
Sir Robert Kindersley  
attended by  
invitation.

1931

CT 99.02

CT 40

With reference to the last Minutes the Deputy Governor informed the Committee that the Bank of France and the Federal Reserve Bank of New York had provisionally agreed to renew up to, say, £15,000,000 each of their respective credits of £25,000,000 for three months from the 31<sup>st</sup> October on terms to be arranged and that it was necessary for the Bank to decide to-day as to the method of repayment of the balance of £10,000,000 of each credit.

He also informed the Committee that the Bank of France had suggested the unexpectedly high rate of 6 per cent. interest on any portion of their credit which is renewed.

After discussion the Committee agreed—

- (1) That the sum of £20,000,000 should be repaid as to £10/15,000,000 in gold and the balance in devises at the discretion of the Deputy Governor.
- (2) That before definite arrangements are made, H. M. Treasury should be notified as to the Bank's intentions.
- (3) That if the Bank of France adhere to their suggestion as to the rate of interest to be charged on the outstanding balance of the credit the Bank should accept the proposal without question.
- (4) That it would not at present be necessary to apply for any additional increase in the Fiduciary Issue and that it be recommended to the Court of Directors that application be made to H. M. Treasury for authority to continue the present increase until Monday, the 30<sup>th</sup> November.

1931

CT 84.91

Wednesday, the 28<sup>th</sup> October, 1931.

Present:—

The Governor.  
The Deputy Governor.  
Mr. Dubouck.  
Sir Alan Anderson.  
Sir Charles Addis.  
Sir Josiah Stamp.  
Mr. Pearce.  
—

Mr. Grenfell and  
Sir Robert Kindersley  
attended by invitation

The Comptroller  
also attended.

The proceedings of the Meetings on the 21<sup>st</sup> and the 27<sup>th</sup> October were read and approved.

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 that Miss S. F. Henry, an Auxiliary Woman Clerk, age 42 years, service 13 years, who, in the opinion of the Bank Medical Officer, is unlikely to be fit for further service, be granted, during pleasure and in accordance with the scale, a Pension of £49 : 8 : — a year from the 18<sup>th</sup> November inclusive.

1833  
CT 122

With reference to the last and earlier Minutes the Committee were informed that four of the smaller Clearing Banks had now agreed to participate to a total extent of £525,000 in the credit to the Anglo-South American Bank, and that in consideration of that fact the Bank and the four large Clearing Banks had agreed to increase their participations to an extent sufficient to raise the total credit to £6,125,000. Further that four Acceptance Houses had agreed to increase their shares in the Cosack acceptance credit by a total amount of £400,000 in order to permit of a reduction by that amount of the share of the credit taken by the Anglo-South American

Banks.



28<sup>th</sup> October, 1931

Bank. By this means the total funds available to the Anglo-South American Bank had been raised to £6,525,000. The question of a possible fusion of British banking interests in South America was now being studied.

H 16

CT 99.02.

CT 40

With reference to the Minutes of yesterday the Deputy Governor informed the Committee that the Chancellor had been informed of the Bank's intention to rely mainly on the use of gold for the partial repayment of the Bank of France and Federal Reserve Bank credits due on the 31<sup>st</sup> October. Mr. Harrison had been informed as to the Bank's proposals which appeared to meet with his entire approval, and indeed to be welcomed by him.

An offer by the National Bank of Switzerland of \$28,000,000, in exchange for gold to be earmarked here had been accepted and these dollars, together with \$22,000,000, to be taken from the Bank's existing holding with the Federal Reserve Bank, would be utilized for the repayment of \$50,000,000 of the Federal Reserve Bank Credit. For the repayment to the Bank of France the Bank would ship to Paris such amount of gold as, when added to the gold earmarked for the National Bank of Switzerland, would represent a total gold loss of £15,000,000, any balance being paid in francs to be drawn from the Bank's present holding with the Bank of France. M. Moret had expressed some surprise at the Bank's intention to export gold at the present time. Definite arrangements for the repayment of the equivalent of £10,000,000 of each of the two credits and for the renewal of the balance for a further period of three months were now proceeding.

The

28<sup>th</sup> October, 1931.

The Deputy Governor informed the Committee that the Treasury had asked for the views of the Bank regarding a suggestion by the Colonial Office that trustee status should be accorded to stocks issued in this market by Mandated Territories with special reference to the case of Tanganyika. They pointed out that if the proposals were adopted it would probably be necessary to include in the prospectus of any such issue a provision giving stockholders the right to claim repayment of their holdings in the event of the impending termination of the relative mandate. The Committee were of opinion that such stocks should not be given trustee status.

The Governor acquainted the Committee with the following matters -

1049  
CT 99 03

(1) With reference to the Minutes of the 21<sup>st</sup> instant he was of opinion that it was necessary to consider without delay the possibility of an early conversion of the 5% War Loan and the funding of some part of the Floating Debt and he proposed to ask Sir George May to study the question and report as soon as possible.

1378  
CT 100 03  
CT 100 04

(2) With reference to Minutes of the 2<sup>nd</sup> September last and earlier, Mr. R. H. Porters is now leaving the Bank in order to take up a position with the Bank for International Settlements; he has told Mr. Porters that he is not to consider his association with the Bank as ended by his acceptance of a position which is necessarily experimental.

CT 17 1676

(3) With reference to Minutes of the 15<sup>th</sup> October 1930 he read to the Committee a letter which he had written to the Foreign Office commencing  
the



28<sup>th</sup> October 1921

the Central Mining and Investment Corporation to them for such help as it may lie in their power to offer in respect of the difficulties experienced by the Corporation in obtaining payment of monies due from the Spanish Government.

+836  
CT. 113

(4) He laid before the Committee the outlines of a scheme of "Cold Storage" which in view of the unsettled international position is now being agreed with the Treasury with the object of defending and protecting the Discount Market in the event of any serious default occurring in the payment of eligible acceptances circulating in the Market.

+835  
CT95 02

(5) He proposed next week to ask the Committee to recommend to the Court that the Order of Court of the 12<sup>th</sup> December 1918 which precludes the holding of gold abroad be rescinded.

+878  
CT100  
CT100 06

With reference to Minutes of the 14<sup>th</sup> October on the question of making good to the Bank for International Settlements the loss incurred on their holding of sterling with the Bank of England through the temporary suspension of the Gold Standard by this Country, the Committee had before <sup>them</sup> a Memorandum prepared by Mr. Siepmann on the general subject of Gold Guarantees and after discussion decision was deferred.

Monday, the 2<sup>nd</sup> November, 1931.

Present:—

The Governor,  
The Deputy Governor,  
Mr. Dubouche,  
Sir Alan Anderson,  
Sir Charles Addis,  
Sir Josiah Stamp,  
Mr. Pearce,

Mr. Grenfell and  
Sir Robert Sindersley  
attended by invitation

The Comptroller and  
Mr. Stepmann also  
attended.

1878  
CT 100  
CT 100.06

With reference to the last and earlier meetings, the Committee again considered the following questions—

- (1) As to the existence of any guarantee in respect of the gold value of funds placed with Central Banks by the Bank for International Settlements; and
- (2) Failing the existence of such guarantee—
  - (a) as to the desirability of providing such a guarantee in future, and
  - (b) as to making compensation to the Bank for International Settlements for the loss incurred by them on their holding of sterling with the Bank of England consequent upon the temporary suspension by this country of the Gold Standard.

As regards (1), it was generally agreed that no such guarantee has hitherto existed.

The question (2) a, regarding the future policy to be adopted was deferred for further consideration.

With regard to (2) b, it was agreed that there is no legal, contractual, moral or other obligation on the Bank of England to pay such compensation but that the Bank are nevertheless disposed to make, subject to agreement with the Treasury and to the approval of all members of the Bank for International Settlements, an *ex gratia* payment of the estimated amount of the net loss sustained by the Bank for International Settlements as at the date of <sup>the</sup> suspension of the Gold Standard. Payment could be justified—

- (a) because the Bank of England had the right of veto, and
- (b) as an act of international expediency.



Wednesday, the 4<sup>th</sup> November, 1931.

Present:—

The Governor,  
The Deputy Governor,  
Mr. Ambrose,  
Sir Ham Anderson,  
Sir Charles Aldis,  
Sir Josiah Stamp,  
Mr. Peacock.

The proceedings of the meetings on the 28<sup>th</sup> October and the 2<sup>nd</sup> November were read and approved.

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

Mr. Grenfell and  
Sir Robert Sutherland,  
attended by  
invitation.

Dr. Sprague  
attended during  
the discussion  
on the Bank Rate.

The Comptroller  
also attended.

On the question of the Bank Rate the Governor expressed the hope that de facto stabilisation would take place at some natural level which would be revealed after a satisfactory balance of payments has been secured; it was, however, his opinion that this would only be achieved by gradual steps over a long period and in the meantime it was essential that the volume of credit should be kept under strict control with no encouragement to speculation in Securities or Commodities, that the present restrictions on Foreign Exchange should continue and that money should not be allowed to become too plentiful; he also called attention to the grave and threatening position in Eastern Europe and South America and to the unstable position of the Foreign Exchanges. He pointed out that, although the present Rate might be regarded by some as unnecessarily high, it was of paramount importance in the present uncertain conditions that the Bank should take no step which might give the Discount Market a false impression as to the situation: he was therefore of opinion that the Rate should remain at its present level for some time to come.

After discussion the Committee agreed that no alteration be recommended.

The Weekly Reports on Central Banks were submitted, together with the Fortnightly Letter to Dominion Central Banks.

The

4<sup>th</sup> November  
1931

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

~~1833~~  
CT. 122.

With reference to the last and earlier Minutes, the Committee were informed that during the past week there had been little change in the position of the Anglo-South American Bank and that the investigation into the affairs of the Bank was proceeding.

~~1874~~  
CT. 7.

With reference to Minutes of the 31<sup>st</sup> August, the Governor laid before the Committee a letter from the Governor of the Nederlandsche Bank on the subject of their sterling assets as on the 20<sup>th</sup> September last, a copy of which he had sent to the Treasury, together with his reply.

~~1835~~  
CT 95 02.

With reference to the last Minutes, the Committee agreed that a recommendation be made to the Court to rescind the Order of Court of the 12<sup>th</sup> December, 1918 prohibiting the Bank from holding gold abroad provided that the adoption of the latter practice would not involve an infringement of the terms of By-Law No. IV.

~~1878~~  
CT 100  
CT 100.06

With reference to Minutes of the 2<sup>nd</sup> November as to the Bank for International Settlements, the Committee agreed that further consideration of the two questions then raised be deferred.



Wednesday, the 11<sup>th</sup> November, 1931.

Present:—

The Governor,  
The Deputy Governor,  
Mr. Astor,  
Sir Alan Anderson,  
Sir Charles Addis,  
Mr. Shaw.

Sir Josiah Stamp.

Mr. Grenfell and  
Sir Robert Kindersley  
attended by  
invitation.

The Comptroller  
also attended.

The proceedings of the last Committee were read and approved.

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.

With reference to the last and earlier Minutes, the Committee were informed as to the progress of the investigation into the affairs of the Anglo-South American Bank and were asked to consider whether, in view of the continued unsatisfactory position, the time had not now arrived for steps to be taken to secure the appointment to a position of control of some person, such as Sir Bertram Hornsby, who would act in the interests of the Guarantors.

The Governor acquainted the Committee of the following matters—

(1) He had written to the Chairman of the Anglo-International Bank to suggest that Sir Otto Niemeyer might be released from the Boards of that Bank and of the Credit Anstalt and that especially by way of providing against the future Sir Bertram Hornsby might be appointed to the Board of the Anglo-International Bank.

(2)

(a) At the Monthly Board Meeting of the Bank  
for

11<sup>th</sup> November  
1931.

~~HB 78~~  
CT 100-02

~~HB 78~~  
CT 100  
CT 100-06

for International Settlements a Committee, of which he was a Member, which sat in June 1930 to lay down the general principles by which the Bank should be guided in the conduct of its business had been re-appointed.

(b) The Bank of England will have to provide early next year for their proportion of new capital for the Bank for International Settlements, say, £100,000/120,000.

It was agreed that, subject to the conditions already laid down in the Minutes of the 2<sup>nd</sup> instant, the Bank should accept the principle of making good the loss sustained by the Bank for International Settlements on their holding of Sterling in this Market consequent on the temporary suspension of the Gold Standard by this Country.

It was agreed to recommend to the Court of Directors that Mr. Hambro, who has been invited to assist the Governor during the forthcoming absence on holiday of the Deputy Governor, be authorised, while so acting, to sign in lieu of one of the Governors; it was also agreed that for this period Mr. Hambro be invited to attend the Meetings of this Committee.

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 allow their names to be submitted to the Proprietors in April next for Election to their respective Offices for a further year.



Wednesday, the 18<sup>th</sup> November, 1931.

Present:—

The Governor,  
Mr. Lubbock,  
Sir Charles Addis,  
Mr. Shaw,  
Sir Josiah Stamp

Mr. Grenfell  
Sir Robert Sindersley  
and  
Mr. Hambro  
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 following were submitted and approved —

Weekly Reports on Central Banks.

Fortnightly Letter to Dominion Central Banks.

Monthly Report of the Committee on Advances and Discounts.

The following were submitted and referred to the Court —

Minute of the Committee on Advances and Discounts recommending the continuance for a further year of facilities granted to certain customers in regard to Advances, &c.

Minute of the Staff Committee recommending appointments, &c.

+ 34  
Estab.

It was agreed that Mrs. J. A. Surridge, widow of James Surridge, a Pensioner, formerly a House Porter and Messenger, be granted an Allowance of £18 a year, during pleasure and in accordance with the scale.

It was agreed to recommend to the Court that G. F. W. Papworth, a Senior Clerk in the Bank Stock, &c., Office, age 57 years, senior 39 years on the 1<sup>st</sup> December, who has tendered his resignation on account of continued ill-health, be granted a pension of £425 : 6 : 8 a year during pleasure and in accordance with the scale from the 11<sup>th</sup> December next inclusive.

The

18<sup>th</sup> November  
1931.

The Governor acquainted the Committee of the following matters -

~~1212~~  
CT 164

(1) With reference to Minutes of the 2<sup>nd</sup> and 16<sup>th</sup> September concerning an additional advance of £250,000 to the Oceanic Steam Navigation Company until the middle of November pending negotiations for the purchase of the Company's North Atlantic Fleet by the Cunard Steamship Company, these negotiations have broken down. Of this additional Advance, however, only £150,000 has so far been taken and as it is the considered opinion of the Treasury that the Oceanic Company should be maintained in operation for the present he has agreed, in response to a request by the Treasury, conveyed in a letter of the 8<sup>th</sup> instant, to make available the undrawn balance of £100,000.

~~1233~~  
CT 122

(2) With reference to the last and earlier Minutes, the position of the Anglo-South American Bank had definitely worsened as at the latter end of last week the Co-sach Company had almost failed. With a view to further assistance being given by American interests arrangements had been made for a further examination of the affairs of the Company on the understanding that its position would be maintained during the period occupied by the examination and he had accordingly promised further support to the Anglo-South American Bank to the extent of £400,000. He yesterday had a Meeting with the Clearing Bankers who had been warned that additional help might be requested from them, and a further Meeting would be held later.

~~1290~~  
CT 87

(3) He had recently been discussing with certain Acceptance Houses the establishment of  
of



18<sup>th</sup> November  
1931

of a National Acceptance Bank. He had made it clear that he was not in favour of the precise proposal which they had put forward, but had suggested as an alternative some institution of the nature of a Discount Bank with the particular object of meeting the difficulties of Credit which were likely to arise under the Stillhalte Agreements.

1378  
CT 100.06

With reference to the last and earlier Minutes the Committee had before them the Agenda of a forthcoming Meeting of the Gold Guarantee Committee of the Bank for International Settlements and they also considered again the question of a Gold Guarantee. After discussion it was agreed to defer further consideration until the next meeting.

CT 100  
CT

The Committee also considered whether the Bank should offer to provide the Bank for International Settlements with Exchange to liquidate their balances with the Bank at the current rate of Exchange and the Committee agreed to leave the matter in the hands of the Exchange Committee to carry out as and when they may think fit.

Present —

The Governor,  
Lord Cullen of  
Islebourne,  
Mr. Lubbock,  
Sir Alan Anderson  
Sir Charles Addis  
Mr. Shaw  
Sir Josiah Stamp

Mr. Greiffell and  
Mr. Hambro attended  
by invitation

Mr. Sprague and  
Mr. Rood, also  
attended.

1378

CT100  
CT100.06

Tuesday, the 24<sup>th</sup> November, 1931.

With reference to the last and earlier Minutes as to the Bank for International Settlements, the Committee again considered the question of a Gold Guarantee and after discussion they agreed —

- (1) That they can see no occasion, either now or in the future, to give a "Gold Guarantee" in respect of funds which the Bank for International Settlements may deposit here.
- (2) That they can see no occasion for the Bank for International Settlements in performance of its functions to require a "Gold Guarantee" from any Central Bank with which it may deposit funds.

In this connection the Governor said that he would discuss in Basel the possibility of the Bank for International Settlements continuing to hold and deal in Sterling by some special arrangement with the Bank of England, notwithstanding the temporary suspension of the Gold Standard by this Country.



Wednesday, the 25<sup>th</sup> November, 1931.

Present:—

The Governor,  
Lord Cullen of  
Dunblane,  
Mr. Lubbock,  
Sir Alan Anderson,  
Sir Charles Adair,  
Mr. Shaw,  
Sir Josiah Stamp

Mr. Grenfell and  
Mr. Hambro  
attended by  
invitation

The Comptroller  
also attended

The proceedings of the Meetings on the 18<sup>th</sup>  
and 24<sup>th</sup> instant were read and agreed.

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

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

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

Mrs. Edith Wise, Widow of W. W. Wise, a Pensioner,  
formerly Principal of the Dividend  
Office, £60 a year.

Mrs. E. M. Wood, Widow of H. C. Wood, a 1<sup>st</sup> Class  
Clerk in the 5% War Stocks Office,  
£37 a year.

It was agreed to recommend to the  
Court that William Chapman, a House Porter,  
who will attain the age of 65 years on the 30<sup>th</sup>  
November, be granted, during pleasure and in  
accordance with the scale, a Pension of £127-18-4  
a year from the 1<sup>st</sup> December inclusive.

A Report of the Committee on St. Luke's  
on the Administrative Staff at St. Luke's  
Printing Works was submitted and referred to  
the Court.

The Weekly Reports on Central Banks  
were submitted.

With

25<sup>th</sup> November

1931

~~1931~~

CT 99.02 CT.40

With reference to Minutes of the 21<sup>st</sup> October as to renewal of a portion of the Bank of France credit, it was agreed to inform the Bank of France that the Bank wished to renew the outstanding portion of the credit for 30 days from the 1<sup>st</sup> December.

~~1931~~

CT 84.01

With reference to Minutes of the 27<sup>th</sup> October it was agreed to recommend to the Court that application be made to H.M. Treasury for authority to continue the present increase in the Fiduciary Issue, from £260,000,000 to £275,000,000 until the 14<sup>th</sup> December inclusive.

The Governor acquainted the Committee of the following matters—

(1) A Report on the Cotton Industry has been prepared by Professor Clay: as this Report is mainly informative and does not contain specific recommendations, it will not be circulated to Members of the Court: a copy will, however, be available in the Secretary's Office if required.

~~1931~~

CT.7.

(2) With reference to Minutes of the 4<sup>th</sup> November as to the Sterling Assets of the Nederlandsche Bank, he laid before the Committee some further correspondence, copies of which had been forwarded to the Treasury.

~~1931~~

CT 195

(3) With reference to Minutes of the 18<sup>th</sup> September, 1929 as to foreign control of British Companies he laid before the Committee a letter which he had written to the Treasury for information of the Chancellor; he also laid before the Committee a letter to the Treasury on the question of Treasury Bills issued in this Market by Dominions, Colonies, Mandated Territories and the like.

~~1931~~

CT 115.01

(4) With



25<sup>th</sup> November  
1931  
~~1933~~  
CT. 122

(4) With reference to the last and earlier Minutes as to the Anglo-South American Bank, he has now learnt that before making any decision as to assistance Messrs. Guggenheim will require to be assured -

(a) That £2,500,000 of a nitrate acceptance credit for £5,000,000 now outstanding in London and terminative on the 30<sup>th</sup> June 1932 shall become a revolving credit.

(b) That the whole of the existing indebtedness of the Cosach Company to the Anglo-South American Bank shall be frozen for a long and, at present, indeterminate period.

The Clearing Bankers might perhaps participate in the nitrate acceptance credit but no further in respect of the Cosach indebtedness, for which it is estimated that the Anglo-South American Bank would require about £2,300,000 in addition to the sum already available, viz., £6,125,000 more or less.

If agreement can be reached with Messrs. Guggenheim there is hope that the Anglo-South American Bank may be saved, but without such agreement it must inevitably fail; in his opinion, therefore, the Bank should be prepared to provide the money needed to cover the Cosach indebtedness in addition to the £2,000,000 already provided, and to cover this amount of <sup>upwards of</sup> £2,300,000 he has obtained the promise of a secret letter of indemnity from the Chancellor.

Wednesday, the 2<sup>nd</sup> December, 1931.

Present:—

The Governor,  
Lord Cullen of  
Isabourne,  
Sir Alan Anderson,  
Sir Charles Addis,  
Sir Josiah Stamp

Mr. Grenfell,  
Sir Robert Kindersley,  
Mr Hambro  
attended by invitation

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.

With regard to the Bank Rate the Governor said that the recent fall in the exchanges was viewed in political circles with some dismay. The resulting position was so unsatisfactory that in his opinion not only could there be no question of any reduction, but the Committee must rather consider the possibility of being forced to recommend an increase; although he thought that this should not be necessary until there had been some distinct rise in internal prices.

The Committee agreed that no alteration be recommended this week.

The Weekly Reports on Central Banks and the Fortnightly Letter to Dominion Central Banks were submitted.

The Governor acquainted the Committee of the following matters—

~~19~~ 33

CT. 122

(1) With reference to the last and earlier Minutes as to the Anglo-South American Bank, it has been found necessary, owing to the unexpected action of certain Clearing Banks, to make fresh arrangements for part of the Acceptance Credit of £5,000,000 and he has accordingly been driven to place some £270,000 with the Anglo-International Bank under a guarantee from the Bank against loss.

(2) Notwithstanding.



2<sup>nd</sup> December,  
1931.

CT 115.01 + ~~1238~~

CT 35 ~~1287~~

(2) Notwithstanding his repeated letters to the Treasury on the subject, certain of the Dominions and Crown Colonies continue to finance themselves by short term borrowing on the market without due consideration as to repayment. In this connection the Government of New Zealand have heavy maturities of Treasury Bills etc., in the near future for which he hoped to make especial arrangements lest they may be compelled to default.

(3) As the Special Advisory Committee set up under Article 119 of the Young Plan and the Bankers' <sup>Switzerland</sup> ~~St. Gallen~~ Committee will commence their meetings at Basel and Berlin respectively within the next few days, it is probable that the Monthly Meeting of the Board of the Bank for International Settlements on the 14<sup>th</sup> instant will be postponed.

In this connection, he has undertaken to place at the disposal of Mr. Marks, the Representative of the British Bankers on the <sup>Switzerland</sup> ~~St. Gallen~~ Committee in Berlin, one German speaking member of our Staff and two others at the disposal of Sir Walter Layton, the English Member of the Advisory Committee in Basel, as liaison officers.

~~1213~~  
CT 88.

(4) With reference to Minutes of the 4<sup>th</sup> March and earlier, Mr. Hambro, Dr. Sprague and Professor Clay had a long and friendly Meeting on Monday last with representatives of the London Chamber of Commerce.

~~1230~~  
Historical  
Records.

(5) Negotiations are now proceeding for the purchase of a picture by Romney of Thomas Raikes, who was Governor of the Bank from 1797-9.

Wednesday, the 9<sup>th</sup> December, 1931.

Present:—

The Governor,  
Lord Cullen of Newbottle,  
Sir Alan Anderson & Co.,  
Sir Charles Adair,  
Sir John Stamp.

Mr. Greenfell and  
Mr. Hambro  
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—

+ 9 26  
CT 84 01

(a) That application be made to His Majesty's Treasury for the increase in the Fiduciary Issue from £260,000,000 to £275,000,000, referred to in the Minutes of the 25<sup>th</sup> November and earlier, to be continued until the 31<sup>st</sup> January, 1932.

(b) That permission be granted to Mr. Shaw to join the Board of the Atlas Assurance Company.

(c) That Pensions be granted, during pleasure and in accordance with the scale, to the following Mechanics at St. James's Printing Works—

William Foord, a Machinist, age 63 years, service 33 years, wages £310: 14:- a year, Pension £157: 8: 8 a year from the 17<sup>th</sup> December inclusive.

William Staples, a Compositor, age 66 years, service 23 years, wages £247 a year, Pension £92: 4: 4 a year from the 3<sup>rd</sup> January next inclusive.

With



9<sup>th</sup> December,  
1931.

+B63

CT 75

With reference to a recommendation in the Report of the Macmillan Committee that the Bank might usefully publish a monthly bulletin of Statistics, to include the material already compiled for the information of Foreign and Dominion Central Banks, the Committee accepted in principle a suggestion by the Statistical Department and approved by Dr. Sprague for an increase in the circulation of the Bank's monthly bulletin, the details to be arranged and submitted to the Committee by Mr. Hambro.

The Governor acquainted the Committee of the following matters —

+B38

CT 40

(1) The relations at present existing between the Bank of England and the Bank of France are less intimate than formerly; in his opinion it is most important for close relations to be renewed and maintained and he read to the Committee a letter which he had written with this object requesting Mr. Moret to receive Mr. Rodd as his mouthpiece.

+B27

CT 80

(2) In company with Mr. Hambro he yesterday discussed with the Chancellor from all angles the question of maintaining the Exchange position and read to him extracts from a Memorandum prepared by the <sup>internal</sup> Exchange Committee. He agreed with the Chancellor that while certain minor steps should be taken no definite policy should be decided on at the moment, but that the Exchange Committee should continue to meet regularly and should be attended by a representative of the Treasury.

+A86

CT 30

In this connection and in agreement with the Treasury he had informed a representative of the Governor of the Bank of Italy that he could give no assurance of any definite rate at which they could at any time convert their sterling balances into a gold currency, should they so desire.

(3) With

9<sup>th</sup> December,  
1931.

~~1030~~

CT 41

(3) With reference to Minutes of the 14<sup>th</sup> October last and earlier as to the financial position of Hungary he had met some of the private bankers concerned during the past week; they had also met the Hungarian representative and he hoped that some satisfactory arrangement would be reached before any default occurred.

~~1038~~

CT 38

(4) With reference to Minutes of the 14<sup>th</sup> October last and earlier he and Mr. Hambro had a friendly interview with the Austrian Minister to whom he explained that the Bank of England credit to the Government of Austria was as a whole repayable on a Gold basis: that the credit had been renewed until the 16<sup>th</sup> January next, only under pressure from the Bank for International Settlements as, inter alia, the Bank of England in order to continue this credit, with others, was itself forced to be a borrower.

CT 21 ~~1046~~

CT 20 ~~1040~~

(5) The Scandinavian Countries have all abandoned the Gold Standard and their Central Banks are therefore unable to borrow from any Country still on Gold. The Bank have received applications from the Bank of Finland and the National Bank of Denmark for credits of £500,000 and £250,000 respectively. He was of opinion that the Bank should agree to these credits as it was important for the Bank to keep in close contact with the Scandinavian Countries. The Chancellor will raise no difficulty and he proposed to grant the credits for a short period on the best security possible.

(6) In response to their requests he proposed to make advances to the following, both of whom are beyond reproach but are at the moment unable to finance themselves—

Mauritius



9<sup>th</sup> December,  
1931.

+B H  
CT. 126

Mauritius: Up to £600,000 for one to three months against an undertaking to issue a loan under the Guarantee of the British Government.

Central Electricity Board: Up to £5,000,000 from January next for six months on the understanding that they will undertake to make an Issue of Stock at any time during that period if so required by the Bank.

Wednesday, the 16<sup>th</sup> December, 1931.

Present:—

The Governor,  
Lord Cullen of  
Abercrombie,  
Sir Alan Anderson,

Sir Charles Addis,  
Mr. Shaw,  
Sir Josiah Stamp.

Mr. Grenfell and  
Mr. Hambro  
attended by  
invitation.

The Comptroller  
also attended.

The proceedings of the last Committee were read and approved.

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—  
Weekly Reports on Central Banks,  
Fortnightly Letter to Dominion Central Banks,  
Monthly Report of the Committee on Advances and Discounts.

It was agreed to recommend to the Court—  
(1) That a Donation of £50 be made to the Fund now being raised for the preservation of Newcastle Cathedral.

(2) That permission be granted to the Bank of Lithuania to open a Foreign Drawing Account.

(3) That pensions be granted, during pleasure and according to the scale, to the following—

(a) R. E. J. Edwards

16<sup>th</sup> December,  
1931.

(a) R. S. J. Edwards, a 1<sup>st</sup> Class Clerk, in the 5% War Stocks Office, age 52 years, service 32 years, salary £680 a year, who has tendered his resignation on account of continued ill-health, pension £335 : 9 : 4 a year from the 18<sup>th</sup> December inclusive.

(b) F. J. Adamson, Principal of the Issue Office, age 57 years, service 38 years, average salary for the past 3 years, £1350 a year, who has tendered his resignation on account of failing health, pension £774 a year from the 1<sup>st</sup> January inclusive.

(c) W. J. Bestley, an Inspector at St. Luke's Printing Works, age 65 years, service 36 years, wages £249 : 12 : - a year, pension £136 : 9 : - a year from the 1<sup>st</sup> January inclusive.

£154 : 4 : 4 a year,  
vide Governor's Order  
of the 21.12.31 with  
Court Minutes: 17.12.31.

The Committee were informed that the Treasury, as a result of a request from the Committee of the Stock Exchange, had asked the views of the Bank as to the resumption of dealings in options. After consultation with the Chairman of the Stock Exchange the Bank had informed the Treasury that in their opinion neither the exchange nor the credit position would be affected thereby, but that contango dealings should not be permitted; in view of this, it is probable that the Treasury would raise no objection to a resumption of this business.

The Governor acquainted the Committee of the following matters -

(1) With reference to the last Minutes, the former Exchange Committee has been revived and will consist of -

The

18.12.31  
CT 90



16<sup>th</sup> December,  
1931.

The Deputy Governor, when possible, as Chairman,  
Mr Hambro,  
Dr Sprague,  
Mr Beaumont Newhall,  
Mr C. F. Whigham, with  
2 Treasury Representatives.

This Committee will meet weekly on Fridays to consider questions of policy, while day-to-day action in matters of exchange will be taken by the Bank's Exchange Committee, of which Sir Robert Kindersley is at present Chairman; owing to Sir Robert's state of health, however, arrangements must be made, as soon as possible, for the Deputy Governor to replace him.

LC 37  
CT 171  
CT 189

(2) With reference to Minutes of the 12<sup>th</sup> February, 1930 the Securities which were originally allocated to The Securities Management Trust have, for reasons of taxation, again been taken over by the Bank and he therefore proposed to inform The Securities Management Trust-

(I) That the Bank has assumed the contingent liability in respect of "A" Ordinary Shares of the Lancashire Steel Corporation Ltd., and

(II) That the Bank will be prepared to advance to them such sums as they may require to meet any calls that may be made on the B Shares of the Bankers' Industrial Development Company.

LC 38  
CT 40

(3) Since the last Meeting, Mr. Rodd has visited Paris and has had satisfactory talks with Mr. Moret and others. A summary by Mr. Rodd of the subjects discussed was laid before the Committee.

CT 45  
LC 37

(4) With reference to Minutes of the 15<sup>th</sup> July last, Dr. Sprague has again been invited to visit Berlin, where he will see Dr. Brüning and Dr. Luther. As on the occasion of his last visit he will go as a private individual, not as representing the Bank of England, but it is greatly to the advantage of the Bank that he should visit, not only Berlin, but also other European Countries. The

contacts

16<sup>th</sup> December, 1931

contacts thus established would be invaluable and would be of great assistance in promoting co-operation among Central Banks. For this reason, he proposed that on this and on similar occasions Sir Sprague's expenses should be borne by the Bank of England.

~~1942~~  
CT 45.

He considers, however, that in the case of Committees such as that which was set up in July at the instance of the London Seven Power Conference, or the Advisory Committee, now sitting at Basel, the expenses of representatives, although nominated by the Bank, should be borne by the Treasury, and he proposes to raise this question with the Chancellor.

~~1933~~  
CT 122

(5) With reference to the Anglo-South American Bank and after laying before the Committee copies of letters mentioned in the Minutes of the 25<sup>th</sup> November he stated that arrangements had been made to secure the resignation of the Chairman of the Anglo-South American Bank and the election of Sir Bertrand Hornsby in his place.

~~1674~~

Sir Bertrand Hornsby has undertaken this work at a nominal fee and at the special request of the Bank of England and in the circumstances it has been agreed that his qualification should be provided by the Bank.



Wednesday, the 23<sup>rd</sup> December, 1931.

Present:—

The Deputy Governor,  
Lord Cullen of  
Aulhouse,  
Sir Charles Addis,  
Mr. Shaw,  
Sir Josiah Stamp,  
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.

The Weekly Reports on Central Banks were submitted.

A Minute of the Staff Committee recommending appointments and the Quarterly Report of the Staff Committee on payments made, &c., were submitted and referred to the Court.

With reference to the last Minutes, it was agreed to recommend to the Court that the Deputy Governor shall in future act as Chairman of the Currency Committee and of the internal Exchange Committee in the room of Mr. Lubbock and Sir Robert Kindersley respectively.

CT. 75

~~1063~~

With reference to the Minutes of the 9<sup>th</sup> December, the Committee agreed to proposals submitted by the Statistical Department and approved by Dr. Sprague for an increase in the circulation of the Bank's monthly bulletin of Statistics; under these proposals the circulation will be about 850 and the estimated cost £750/800 a year.

CT. 122.

With reference to Minutes of the 2<sup>nd</sup> December and earlier as to the Anglo-South American

Banks,

23<sup>rd</sup> December, 1931.

Bank, the Deputy Governor informed the Committee that arrangements had now been made for the management of the Cosach credit to be transferred to the Hongkong & Shanghai Bank.

C.T. 45 1817

Dr. Sprague attended the Committee and informed them as to his discussions in Berlin with Dr. Brunning, Dr. Dutthet and others.

Wednesday, the 30<sup>th</sup> December, 1931.

Present:—

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

Mr. Hambro  
attended by  
invitation

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 stated that the Report of the Advisory Committee at Basel was disappointing and he feared that as a result the Market would have to face a difficult position during the coming months in connection with the Still Stand Agreement.

The Weekly Reports on Central Banks and the Fortnightly Letter to Dominion 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.

With



30<sup>th</sup> December 1931

With reference to Minutes of the 11<sup>th</sup> November last, it was agreed to recommend to the Court of Directors that the temporary authority granted to Mr Hambro to sign in lieu of one of the Governors be continued at the discretion of the Governors.

~~18th~~

CT 99.02 = CT 40

With reference to Minutes of the 25<sup>th</sup> November and earlier as to the renewal of a portion of the French Credit, it was agreed to inform the Bank of France that the Bank wished to renew the outstanding portion of the credit for 30 days from the 31<sup>st</sup> December. Arising out of this the Governor asked the Committee to consider—

- (1) Whether the credits from the Bank of France and the Federal Reserve Bank of New York should be repaid either in whole or in part at the end of January, and
- (2) Whether an undisclosed holding of gold should be gradually acquired as further provision for repayment of the various credits.

Present:—

The Governor,  
The Deputy Governor,  
Lord Cullen of  
Hshbourne,  
Mr. Dubbocks,  
Sir Alan Anderson,  
Sir Charles Adair,  
Mr. Shaw,  
Mr. Peacock.

Mr. Hambro  
attended by  
invitation.

Wednesday, the 6<sup>th</sup> January, 1932.

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 G. J. Barnes, a Stoker in the Works Department, age 65 years, service 31 years, be granted a pension of £73:4:4 a year, during pleasure and in accordance with the scale, from the 14<sup>th</sup> January inclusive.

With reference to the Minutes of the last Meeting as to repayment of the French and American Credits, the Committee agreed in principle that in addition to devises, gold might be acquired as occasion offered and held at home or abroad.

CT 95.02 + 935

10/16

CT 99.02 + CT 40



Wednesday, the 13<sup>th</sup> January, 1932.

Present:—

The Governor,  
The Deputy Governor,  
Lord Allen  
of Ashbourne,  
Mr. Lubbock,  
Sir Charles Addis,  
Mr. Shaw,  
Sir Josiah Stamp,  
Mr. Peacock,

Mr. Hambro  
attended by  
invitation

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 and the Fortnightly Letter to Dominion 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 17<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 5<sup>th</sup> and 6<sup>th</sup> April.

In this connection the Governor reminded the Committee that there would be two vacancies to be filled.

With reference to the last and earlier Minutes it was agreed to recommend to the Court that during such period as the Gold Standard is suspended by this Country, authority be given for Gold to be held abroad as occasion may require on the understanding, that the Court is advised weekly of such amount, if any, of the Bank's published Gold Reserve as may be so held.

The

CT 70.03

+ 545

CT 95.02 + 535

+ 1076

CT 99.02 & CT 40

13<sup>th</sup> January, 1932

The Governor acquainted the Committee of the following matters -

1B-78

CT 100

CT 100.06

(1) With reference to Minutes of the 2<sup>nd</sup> November last and earlier, the Bank had now received from the Treasury a letter agreeing in principle, and under certain conditions, to an ex gratia payment to the Bank for International Settlements of the estimated amount of the net loss sustained by them in respect of their sterling balances as at the date of the suspension of the Gold Standard by this Country: before proceeding further with this matter the possibility of obtaining agreement to some plan for the "freezing" of sterling funds of Foreign Governments and Central Banks was being considered.

1B-47

CT 80

(2) He returned yesterday from the Monthly Meeting of the Board of the Bank for International Settlements at Basel. The whole of the proceedings had been dominated by the statement of the 9<sup>th</sup> January, attributed to Dr Brüning, as to Germany's position in regard to Reparations, but the following questions had been considered:-

CT 100

(i) The Report of the Sub-Committee appointed to consider among other matters the "Gold Clause": this was examined and laid on the table.

CT 45 1B-7

(ii) Reichsbank Credit: M. Moret had made a statement which amounted in effect to a refusal by the Bank of France to renew for more than one month; this matter was left in the hands of the Bank for International Settlements.

CT 38 1B-8

CT 41 1C-30

(iii) Austrian and Hungarian credits: All the Central Banks present had agreed to renew on terms to be arranged by Mr Fraser; with regard to repayment, which had been demanded by several participants, a suggestion had been made that any amount devoted to this purpose should be applied pro rata among all those participating in the credits.



Wednesday, the 20<sup>th</sup> January, 1932

Present:—

A full Committee

Mr Hambro  
attended by  
invitation

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 and the Monthly Report of the Committee on Advances and Discounts were submitted.

The following were submitted and referred to the Court—

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

Minute of the Staff Committee recommending Appointments, &c,  
Letter from Mr Whigham requesting permission to join the Board of London & Rochdale Investment Trust, Ltd.

+926  
CT 84.01

With reference to the Minutes of the 9<sup>th</sup> December last, it was agreed to recommend to the Court of Directors that application be made to the Lords Commissioners of His Majesty's Treasury for the increase in the Fiduciary Issue from £260,000,000 to £275,000,000 to be continued until the 30<sup>th</sup> April, 1932.

The Governor acquainted the Committee of the following matters—

+127  
CT 171

(1) At his request Lord Hyndley had agreed to become a Member of the Board of The Securities Management Trust.

+147  
CT 80  
CT 100.06

(2) With reference to the last Minutes it now appeared evident

20<sup>th</sup> January,

1932

1947  
CT 80

1978

CT 80  
CT 100.06

evident that there must be considerable delay in making arrangements for "freezing" the sterling funds of Foreign Governments and Central Banks; he therefore proposed to ask the Court to-morrow to agree in principle to an ex-gratia payment to the Bank for International Settlements.

1948  
CT 19

(3) He had recently had an interview with Mr. Rooth, the Governor of the Riksbank, who wished to obtain permission to negotiate -

(i) For facilities for Swedish Banks from British Banks to discount Anticipation Bills, principally against shipments of timber and pulp after the ports open.

(ii) For overdraft facilities from one or two Clearing Banks in case he should require sterling during the next few months.

(iii) For a credit from the Bank of England in the Spring, if necessary, for £1/2,000,000.

He had told Mr. Rooth that the Bank would later consider the question of a credit if he were not obtaining accommodation elsewhere.

1946

CT 99.02 + CT 40

With reference to Minutes of the 21<sup>st</sup> October last, the Committee considered the question of repayment of the credits granted to the Bank by the Bank of France and the Federal Reserve Bank of New York, which mature on the 31<sup>st</sup> January. The Deputy Governor informed the Committee that unless anything unforeseen occurred the Bank would be in a position to repay these credits with devises and that under ordinary circumstances there would be no need to discuss any question of further renewal. Messrs. J.P. Morgan & Co. had made earnest representations that a substantial portion of any sums available  
for



20<sup>th</sup> January,  
1922.

160

for the repayment of credits should be devoted to repayment and final cancellation of a portion of the Government credits. He pointed out that if it were desired to do this the Banks would have to make formal application to the Bank of France and the Federal Reserve Bank for a further renewal of some portion at least of their respective credits. Whilst it appears that for their part the two Banks might not be unwilling to assent to some further renewal, the Banks have been given to understand that the Federal Reserve Board might raise objection to a further renewal of the Federal Reserve Bank credit solely for the purpose of permitting some reduction to be made in the Government credit. Moreover the Bank of France had recommended emphatically that the Central Bank credit should be liquidated before any repayment was made in respect of the Government credit. The Treasury, whilst prepared to leave the decision to the Bank's discretion, would prefer to see the repayment of the Central Bank credits completed first.

After discussion the Committee agreed that, while desirous of doing all in their power to meet the wishes of Messrs J. P. Morgan & Co., in this matter, the Banks have no choice but to pay off the Central Bank credits at maturity and not to seek renewal; they agreed however that Messrs J. P. Morgan & Co. be informed that every effort will be made to achieve repayment of the Government credits in as large instalments and at as early dates as possible, and that meanwhile the Bank should with this object in view seize every opportunity of acquiring additional amounts of *devisen* and/or gold.

Wednesday, the 27<sup>th</sup> January, 1932

A full Committee.

Mr Hambro  
attended by invitation

The proceedings of the last Committee were read and agreed.

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

In connection with the Bank Rate the Governor stated -

(1) That as regards the holding of a Conference there is no present prospect of agreement.

1917  
CT-45

(2) That although in his opinion the Bank of England should renew their participation in the Reichsbank credit for a further 3 months, it was probable that the Bank of France would not agree to renew their participation for more than 1 month, and then only upon being given some form of security in gold.

(3) He had learned confidentially from the Bank of France that it had been decided gradually to withdraw their funds from abroad. Although the withdrawal of such funds from London would probably be effected without adversely affecting the rate of exchange, we should be deprived of our freedom of action.

In view of all these facts he was of opinion that the position, politically and financially, both at home and abroad was threatening and that any reduction in the rate at the present time would be misleading and create a false impression.

After discussion it was agreed that no alteration be recommended in the Bank Rate.

The



27<sup>th</sup> January  
1932

The Weekly Reports on Central Banks and the Fortnightly Letter to Dominion Central Banks were submitted.

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

18-20  
CT. 70

In connection with a Speech by Sir Basil Blackett at Brighton reported in the "Times" of the 23<sup>rd</sup> January, the Committee discussed the desirability of public speeches by Members of the Court on questions of practice or policy affecting the Bank; it was considered that restrictions on individual freedom of speech would be unfortunate and that the Bank should be able to rely on every Director exercising such discretion and good taste as would avoid embarrassment to the Court or to the Governors.

Wednesday, the 3<sup>rd</sup> February, 1932

Present:—

The Governor,  
The Deputy Governor,  
Lord Cullen of  
Harcourt,  
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.

With reference to the Bank Rate, the Governor stated that within the last week a clear indication had been given that the Government credit from America would be unrenounceable at maturity and this would doubtless apply to the French portion also; the amount of the credits must therefore be available in gold or devisa by August. The difficulty of collecting devisa usually increases as the summer progresses, and as it would be unwise to repay any considerable amount of the credit in gold, we must endeavour to collect devisa during the coming months as speedily as may be; moreover, it is our duty to Messrs J. P. Morgan & Co., to spare no effort to attain that end. With this object it is essential to stimulate repayment of money owed to London by foreigners and with this aim, as well as for the reason given previously that any reduction now might convey a misleading impression, he considered that there should be no change this week or indeed for some few weeks to come.

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

The Weekly Reports on Central Banks were submitted.

A Report of the Special Committee appointed to review the 1926 Scheme of Classification of the Staff was submitted and referred to the Court.

It



3<sup>rd</sup> February,  
1932.

It was agreed to recommend to the Court - 164

(1) That Mr. Gladstone be re-appointed a Representative Governor on the part of the Bank of the Central Foundation Schools of London.

(2) That Pensions be granted during pleasure and according to the scale to the following, who have tendered their resignations on account of continued ill-health :-

R. O. Mills, Assistant Secretary, age 61, service 42 years. Average Salary for the past 3 years £1,123 : 6 : 8; Pension £703 : 19 : 4 from the 5<sup>th</sup> February inclusive.

Charles Sharrow, an Auxiliary Clerk, age 63, service 14 years. Salary £410 a year, Pension £126 a year from the 1<sup>st</sup> May next inclusive.

The Governor acquainted the Committee of the following matters -

(1) Sir Otto Niemeyer had received the following requests which in his opinion could not be refused -

- (a) to go to Greece in the near future on behalf of the League of Nations,
- (b) to go later to Egypt on our behalf to report on matters affecting the National Bank of Egypt of which he is a Director.

LD 47  
CT 80

(2) With reference to Minutes of the 20<sup>th</sup> January, he read a letter which he had written to the Treasury on the question of the Chilean Government and other Sterling deposits.

LD 48  
CT 19

(3) With reference to Minutes of the 20<sup>th</sup> January, he proposed to grant a credit of £1,000,000 for three months to the Riksbank on the understanding that

(a) they

3<sup>rd</sup> February, 1932

- (a) they offered adequate security,
- (b) they had no similar accommodation elsewhere.

LC 52  
CT 71

(4) With reference to Minutes of the 19<sup>th</sup> February, 1930, he has again consented at the request of Major P. Ashley Cooper, as Chairman, to nominate a Voting Trustee in Primitiva Holdings Ltd., and has on this occasion nominated Lord Duke of Devonshire.

LB 22  
CT 77

(5) He has recommended Mr. E. S. Cripps of the Firm of W. A. Simpson & Co. as a Government Broker to succeed the late Mr. Priestley as a partner in the firm of Mullens, Marshall, Steer, Lawford & Co.

LA 55  
CT 118

(6) With reference to Minutes of the 14<sup>th</sup> April 1926 as to the Guarantee of Commercial Bills purchased on behalf of Central Banks, the amount of such Bills is now small and is steadily running off: he therefore proposed that no change be made in the present practice.

LC 53  
CT 189

(7) With reference to Minutes of the 16<sup>th</sup> April 1930 and earlier as to the formation of the Bankers Industrial Development Company, he mentioned the following two points for the consideration of the Committee -

- (a) The Company was especially constituted to effect a liaison between industry and finance; the contribution of each shareholder was for a comparatively small amount which was readily promised: now, however, the position is altered and some of the shareholders would find it difficult, if called upon, to meet their liability.
- (b) On the other hand the existence and activity of the Company - to give a lead to industry - is no less important now than when it was first founded.



Wednesday, the 10<sup>th</sup> February, 1932.

166

Present:—

The Governor,  
The Deputy  
Governor,  
Mr. Lubbock,

Sir Charles Adair  
Mr. Shaw,  
Sir Josiah Stamp,  
Mr. Peacock.

Mr. Hambro  
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 Brodersen, 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.

The Quarterly Report of the Audit Committee was submitted and referred to the Court.

It was agreed to recommend to the Court—

(1) That the rate of interest on Deposits with the Bank of the Provident Society, be continued for the ensuing year at  $3\frac{1}{2}$  per cent. free of Income Tax.

(2) That a donation of £105 be granted to the London Orphan School, Watford.

In this connection the Committee agreed that a donation be made in due course to the Andrew Balfour Memorial Fund now being raised by the London School of Hygiene and Tropical Medicine, the donation to be for such amount, not exceeding £525, as the Deputy Governor may decide.

The Deputy Governor reported a considerable increase this week in the amount of Commercial Bills guaranteed for Central Banks, but

+0.55  
CT. 118

10<sup>th</sup> February  
1932

but the Committee nevertheless considered the present time inopportune for any change in the Bank's practice and confirmed the policy laid down in the last Minutes.

1363  
CT 75

With reference to Minutes of the 2<sup>nd</sup> December last, the Committee agreed that the Summary of Statistics might in future be supplied to any applicant for a period of not less than a calendar year on payment of an annual Subscription of not less than, say, 10/-.

The Governor acquainted the Committee of the following matters -

(1) He had just returned from a Meeting of the Board of the Bank for International Settlements at Basel at which no difficult questions had arisen.

CT 45 1817

The question of the Reichsbank Credit which matures on the 4<sup>th</sup> March may shortly become acute as it is improbable that the Bank of France will renew the Credit to its present extent. Moreover, unless the Reichsbank can see their way to make an offer to repay some portion of the Credit, it is probable that the Bank of France will demand repayment in full of their participation.

1846  
CT 99 02  
CT 40

(2) With reference to the French and American Credits the Bank of France have stated that it is immaterial to them whether the American Credit is paid off first or both are repaid simultaneously; they have pointed out, however, that in their opinion prior repayment of the American portion of the Credit would be very damaging to American Credit in Paris.

The



10<sup>th</sup> February.

1932

L694

CT 95

CT 90

168

The Deputy Governor informed the Committee that for some time past certain Firms had been buying sovereigns at a premium and the four leading Firms of Bullion Brokers had now announced their readiness also to conduct this business. Some of the Clearing Banks were prepared to act as Agents in the matter and the question had been raised as to the advisability of pressing for legislation to render such business illegal.

The Committee were not in favour of legislation, but they considered that steps might be taken to call in the reserves of Gold still held by the Banks.

In this connection they were also of opinion that the permission of the Treasury should be sought for reimbursement to the Banks of any expenses incurred by them in delivering Gold called in by the Bank of England.

It was agreed that both these questions be left in the hands of the Deputy Governor for discussion with the Treasury.

Wednesday, the 17<sup>th</sup> February, 1932.

Present:—

The Governor,  
The Deputy Governor,  
Mr. Lubbock,  
Sir Charles Addis.  
Mr. Shaw,  
Sir Josiah Stamp,  
Mr. Peacock.

Mr. Hambro  
attended by invitation.

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.

With reference to the Bank Rate, the Governor reviewed the events of the past month leading to the present position and after discussion the Committee agreed to recommend that the Bank Rate be reduced from 6 per cent. to 5 per cent.

The 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—

Committee on Advances and Discounts

Report on the Discount Business of the Bank for the past year.

Staff Committee

Minute recommending appointments, &c.

Minute recommending promotions under the Salary Scheme of 1926.

Report on the Annual Reports of the Clerical Staff of the Bank.

Minute recommending the Selection of 19 Probationary Male Clerks to the Permanent Staff.

Committee on St. Luke's

Annual Reports on the Clerical Staff of St. Luke's Printing Works with recommendations for promotions under the Salary Scheme of 1926.

With reference to Minutes of the 3<sup>rd</sup> February and earlier as to the French and American Credits, the Deputy Governor informed the

CT 40 - 1916  
CT 99.02.



17<sup>th</sup> February,  
1932.

the Committee that, subject to the approval of the Treasury, to whom the matter had been referred, it was proposed to pay off at an early date £65,000,000 of the American Credit and £80,000,000 of the French Credit.

The Governor acquainted the Committee of the following matters -

(1) He proposed shortly to arrange for Rodd to go to Scandinavia and for Osborne to go to New York.

In this connection he asked the Committee to consider whether it might not be well to take steps to establish a much needed link with the Bank of the Nation in Buenos Aires.

185  
CT. 35

(2) He laid before the Committee a letter which he had written to the High Commissioner for New Zealand by agreement with the Treasury, protesting against a tentative proposal to suspend for a period of two years the operation of the Sinking Fund in respect of New Zealand Government loans including those issued in London.

(3) Sir Henry Strakosch proposes to resign his Directorship of the Anglo-International Bank which, in his opinion, conflicts with his position as Trustee of the League of Nations loan to Hungary.

(4) With reference to the alleged desire of the Government of South Africa to borrow in Europe, he has expressed the view that no stabilised Country should be encouraged or permitted to borrow in an unstabilised Country.

CT. 45 187

(5) With reference to the last and earlier Minutes, he laid before the Committee a letter which he had written to the Bank for International Settlements in regard to further renewal of the Reichsbank Credit.

(6) He laid

17th February, 1932

H 74  
CT 100.02

(b) He laid before the Committee a letter which he had written to a British Shareholder of the Bank for International Settlements as to the valuation of the Shares for purposes of his balance sheet.

H 51  
CT 90

(7) Several of the leading South American Railway Companies are customers of the London Clearing Banks from whom they have been accustomed to borrow from time to time such sums as they may have required for temporary purposes, e.g., for the purchase of stores and for payment of interest on Securities, Preference Shares and the like.

In view of the increased demands which may be made on this account owing to the present difficulty in remitting Sterling from South America, he proposed that should they so desire, the Bank of England will advance to one or other of the Banks during the current year up to £1,000,000 against the deposit of such security as they may have received from the Railway Companies.

CT 70.03

With reference to the selection of Candidates to fill vacancies on the Court, the Committee agreed, on the proposal of the Special Committee on Organisation, to recommend to the Court that—

Mr. W. H. Clegg, lately Governor of the South African Reserve Bank, and  
Mr. P. Ashley Cooper, Governor of the Hudson's Bay Company,

be invited to allow their names to be submitted to the Proprietors for Election in April next.



Present:—

The Governor,  
The Deputy Governor,  
Lord Cullen of  
Selkirk,  
Mr. Dubbock,  
Sir Charles Addis,  
Mr. Shaw,  
Sir Josiah Stamp,  
Mr. Peacock.

Wednesday, the 24<sup>th</sup> February, 1932

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 and the Fortnightly Letter to Dominion Central Banks were submitted.

A Report of the Staff Committee recommending increases in Salary, &c., was submitted and referred to the Court.

The Governor informed the Committee that the estimated profits for the half-year ending the 29<sup>th</sup> February, 1932, after providing for a dividend of 6 per cent. less Income Tax, amounted to £1,565,000.

It was proposed to deal with this surplus as follows:—

In writing down Securities, &c.	£ 146,081
In writing off Buildings, &c.	2,708
To be transferred to—	
Suspense Account—Sun Insurance	
Agreement re Lancashire Cotton Corporation.	585,000
Suspense Account Reserve for Contingencies, Bank for International Settlements	750,000
Suspense Account No. 1	31,211
To be paid to H. M. Treasury ex gratia	
To Profits of Management.	50,000
	<u>£ 1,565,000</u>

In

24<sup>th</sup> February 1932.

In this connection the Governor furnished the Committee with certain particulars of the surplus profits of the Bank since 1915.

The Governor acquainted the Committee of the following matters -

+C 53  
CT 189

(1) Mr. Nigel Campbell is resigning his position as an alternate Director of the Bankers' Industrial Development Company in order to be free to rejoin the Board of Baldwin & Co.

+C 53  
CT 189

(2) With reference to the Minutes of the 3<sup>rd</sup> February, he proposed in the event of a call being made upon the shares of the Bankers' Industrial Development Company to make advances upon the security of the shares to any shareholders who may so desire.

+C 73  
CT 81.03

(3) Instructions have been given -

(a) That details of the holdings and engagements of the Bank and of the Government in Francs, Holland and other devisen shall be available, only for the Governors and such Officials of the Bank, as they may designate.

(b) That, owing to the conditions under which the information has been obtained, the returns of Sterling Assets and engagements of Foreigners shall be similarly treated.

+C 96  
CT 55

(4) With reference to Minutes of the 3<sup>rd</sup> June last, Sir Bertrand Hornsby has resigned his position as a Member of the Iraq Currency Board as his time is now fully occupied with other duties.



Wednesday, the 2<sup>nd</sup> March, 1932.

Present —

The Governor  
The Deputy Governor  
Lord Cullen of  
Newbottle

Mr. Lubbock  
Sir Charles Adair  
Mr. Shaw  
Mr. Peacock

Mr. Hambro  
attended by invitation

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 10, was read.

On the question of the Bank Rate the Governor informed the Committee that the Chancellor would make an announcement in the House of Commons this afternoon as to partial repayment of the French and American credits and would also announce the withdrawal of all restrictions on dealings in Foreign Exchange. In his opinion it would be advisable to await the result of these announcements before considering any further change in the Rate of Discount.

After discussion 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 E. J. Brackenbury, a Superintendent in the Transfer by Seed Office No 1, be granted a pension of £476 : 10 : 8 a year, during pleasure and in accordance with the Scale, from the 1<sup>st</sup> June next inclusive.

1548  
CT 66

With reference to Minutes of the 22<sup>nd</sup> July last agreeing that the limit of Advances by the Bank to the Bank Provident Society, to enable Members to purchase their houses be fixed at £140,000, the Deputy Governor informed the Committee that this amount would shortly be exceeded and that he proposed to increase the limit to £150,000.

The

2<sup>nd</sup> March, 1932.

The Governor acquainted the Committee of the following matters -

CT 38 188

CT 41 1830

(1) He laid before the Committee a letter which he had written to the President of the Bank for International Settlements with reference to the Standstill Agreements with Austria and Hungary and their connection with the respective Central Bank Credits.

CT 38 188

CT 41 1830

CT 2 1831

CT 34 1810

(2) A Meeting of the Finance Committee of the League of Nations has been summoned to consider particularly the position of Hungary, Austria, Bulgaria and Greece.

CT 100 1878

CT 100-06

(3) With reference to Minutes of the 13<sup>th</sup> January last, both Sir Charles Addis and he had since the last Meeting of the Committee discussed with Mr. Leon Fraser the question of the proposed *ex gratia* payment by the Bank to the Bank for International Settlements.

(4) He had informed a Member of the Court, in response to a request, that he could not agree to make complete disclosure to the Court of all matters relating to the accounts of the Bank.



Wednesday, the 9<sup>th</sup> March 1932

Present—

The Governor,  
The Deputy Governor,  
Lord Cullen of  
Hendhouse,  
Mr. du Toit,  
Sir Charles Adis.

Mr. Shaw,  
Sir John Stamp,  
Mr. Peacock.

Mr. Hambro  
attended by invitation

The Comptroller  
also attended

2799

The proceedings of the last Committee were read and agreed.

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

With reference to the last Minutes on the question of the Bank Rate, it was agreed to recommend a reduction from 5 per cent. to 4 per cent.

The Weekly Reports on Central Banks and the Fortnightly Letter to Dominion Central Banks were submitted.

The following were submitted and referred to the Court—

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

Annual Statements of the Pensions Reserve Funds, the Clerks' Guarantee Fund and the Samaritan Fund.

The Deputy Governor referred to certain recommendations made by the Macmillan Committee as to the collection and publication of statistics relating to the accounts of Clearing and other Banks; there was, however, no definite recommendation as to who should take the initiative in regard to the collection of these statistics. The Committee considered that the Bank was in no way expected or required to take any initiative in the matter.

In this connection the Committee were of opinion that at this juncture it would be well for the Bank to make some enquiry as to the present attitude of the Clearing Banks in the matter of Foreign Deposits.

The

9<sup>th</sup> March, 1932

The Governor acquainted the Committee of the following matters -

Office File M36

1852

(1) Mr. Goodenough had informed him last week that the Bodleian Library needed about £1,000,000 of which it was hoped to raise about £250,000 in this Country; Mr. Goodenough had asked whether the Bank considered this an opportune time for the issue of an appeal and whether they would be prepared to "father" it.

He proposed to tell Mr. Goodenough that in his opinion the present time was unpropitious and any appeal made now must almost inevitably fail, also that the Bank were not prepared to sponsor an appeal now or in the future, but that if it were "fathered" elsewhere at a favourable moment the Bank would hope to be a liberal contributor.

ET 60. 08

1853

(2) It was possible that 3 Members of the Staff might receive invitations to represent Great Britain at the forthcoming Olympic Games at Los Angeles. He proposed that these men be informed that if any, or all, of them should receive definite invitations the Bank would not stand in the way of their acceptance.



Wednesday, the 16<sup>th</sup> March, 1932.

Present:—

The Governor,  
The Deputy Governor  
Lord Cullen of  
Ashbourne,  
Mr. Lubbock,  
Sir Charles Allen,  
Mr. Shaw,  
Sir Francis Stamp,  
Mr. Peacock,

Mr Hambro <sup>CR 99</sup>  
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 to recommend that the Bank Rate be reduced from 4 per cent. to  $3\frac{1}{2}$  per cent.

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

A Minute of the Committee on Advances and Discounts recommending the re-opening of two Discount Accounts was submitted and referred to the Court.

With reference to the last Minutes the Deputy Governor informed the Committee that the Clearing Banks have agreed as to the maximum rate of interest to be paid by them on Foreign Deposits.

The Governor informed the Committee that at the Monthly Meeting of the Bank for International Settlements formal business only was discussed.

Wednesday, the 23<sup>rd</sup> March, 1932.

Present —

The Deputy Governor,  
Lord Cullen of  
Abercrombie,  
Mr. Lubbock,  
Sir Charles Addis,  
Mr. Shaw,  
Mr. Peacock,

Mr. Hambro  
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 together with the Fortnightly Letter to Dominion Central Banks.

The following were submitted and referred to the Court —

House List of Governors and Directors for the ensuing year.

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

Minute of the Staff Committee recommending appointments.

Report of the Staff Committee on payments made, &c.

Letter from Mr. Whigham applying for permission to join the Board of Robert Fleming & Co. Ltd.

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 the Voting Papers be issued on Thursday, the 24<sup>th</sup> March,

That the Voting take place at the Court on the 7<sup>th</sup> April and that Directors who so desire be allowed to record their Votes after making their Declaration of Office on Wednesday, the 6<sup>th</sup> April,

That



23<sup>rd</sup> March,  
1932.

That the Votes be counted after Court on the 7<sup>th</sup> April, and

That the Standing Committees be appointed on Thursday, the 14<sup>th</sup> April.

The Committee had before them an appeal from Mrs. Catherine Ingerthorp, the wife of N. L. Ingerthorp, formerly a 1<sup>st</sup> class Clerk in the Cashier's Department and Branches, who was dismissed from the Service on the 8<sup>th</sup> instant for having had dealings with professional money lenders.

Mrs. Ingerthorp states that she is absolutely without means, that she has one girl, aged 6, and that she has no relatives in a position to assist her.

It was agreed to recommend to the Court that Mrs. Ingerthorp be granted, during pleasure, a Compassionate Allowance of 30/- a week, with an additional Allowance of 10/- a week until the child attains the age of 16 years: the question of the continuance of the Allowance to be reconsidered in the event of any material change in the circumstances of the case.

Wednesday, the 30<sup>th</sup> March, 1932

Present:—

The Deputy Governor,  
Lord Cullen of  
Kelburne,

Mr Hambro,  
Mr. Placocks.

Mr Hambro  
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.

CT 45 1937

With reference to Minutes of the 10<sup>th</sup> February last as to the Reichsbank Credit, which was renewed for three months as from the 4<sup>th</sup> March subject to a repayment of 10 per cent. of the amount advanced, the Deputy Governor informed the Committee that all the participants in the Credit had agreed to a proposal by the President of the Bank for International Settlements that the rate of interest on the outstanding portion of the Credit be reduced from 7 per cent. to 6 per cent. as from the 4<sup>th</sup> April.



Wednesday, the 6<sup>th</sup> April, 1932.

Present:-

The Governor  
The Deputy Governor  
Lord Allen of  
Moulton,  
Mr. Atwood,  
Sir Charles Adair  
Mr. Shaw  
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.

The Weekly Reports on Central Banks were submitted together with the Fortnightly Letter to Dominion Central Banks.

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

W. A. Flide, an Auxiliary Clerk, age 56 years, service 13 years, salary £440 a year, Pension £117 a year from the 8<sup>th</sup> April inclusive

R. G. R. Ward, a House Porter and Watchman, age 60 years, service 30 years, wages £234 a year. Pension £124 16/- a year from the 1<sup>st</sup> May inclusive

W. B. Howe, Agent, now lent to Royal Bank of Scotland, Burlington Gardens Branch, age 62 years, service 42 years, average salary £2421 18 5 a year. Pension £1517 15/- a year from the 1<sup>st</sup> July inclusive

J. R. Chalmers, an Auxiliary Clerk, age 57 years, service 16 years, salary £420 a year. Pension £144 a year from the 1<sup>st</sup> July inclusive.

The

6<sup>th</sup> April, 1932.+ 956  
CT 67.02

The Committee had before them a statement showing that for the past 4 years there has been a small annual loss on the Accounts of the Women's Sports Club. For some years the Bank have made an annual contribution to the Funds of the Men's Sports Club and it was agreed to make to the Women's Sports Club an annual grant for 5 years to the extent of 5/- for every 20/- of Subscriptions received from Members of the Club.

The Governor acquainted the Committee of the following matters -

+ 827  
CT 80

(1) He received yesterday from Sir Henry Strickland a Memorandum, of which copies had been circulated to Members of the Committee, describing the measures which in his opinion are necessary for the maintenance of an effective control of the sterling exchange.

+ 955  
CT 186

(2) With reference to Minutes of the 26<sup>th</sup> June 1929 and earlier, William Beardmore & Co. Ltd., will probably be unable, owing to decline in the volume of business, to provide the amount required on the 1<sup>st</sup> July for Interest and Sinking Fund in respect of their Adventure Stock and it is probable that the question of a receivership or moratorium will have to be considered.

+ 846  
CT 21

(3) With reference to Minutes of the 9<sup>th</sup> December last, he proposes to renew the credit of £500,000 to the Finland Bank for 3 months from the <sup>28<sup>th</sup></sup>~~20<sup>th</sup>~~ April on the same terms as before.

+ 895  
CT 179

(4) Following on a proposal of the Macmillan Committee, discussions have for some time been taking place as to the possibility of establishing an industrial mortgage company to meet the financial needs of industry.

(5) He



6<sup>th</sup> April,  
1932  
~~1931~~  
CT50-05

(5) He laid before the Committee a statement showing in normal Balance Sheet form the assets and liabilities of the Bank, as on the 29<sup>th</sup> February last.

First Meeting of the  
newly elected  
Committee; see  
Appendix

Present:—

Wednesday, the 13<sup>th</sup> April 1932.

The Governor.  
The Deputy Governor,  
Mr. Ambrose,  
Mr. Gladstone,  
Mr. Andrew Duncan,  
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.

The Weekly Reports on Central Banks were submitted.

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

With reference to the Minute of the 20<sup>th</sup> May 1931 approving a grant of £500 as the Bank's proportion of an estimated expenditure of £2500 in respect of alterations and repairs to the Pavilion at the Fort Banks Sports Club, the Committee had before them a letter from the Deputy Chairman of the Midland Bank stating that the estimated expenditure would be exceeded by about £1000 and that the Committee of the Club had asked the Member Banks to grant them a loan of this amount.

The Committee were of opinion that a loan of this magnitude could not be repaid in less than 10 years and would thus be a heavy

13<sup>th</sup> April, 1932

heavy and continuing burden on the Club: they therefore agreed to make a donation of £200 to the Club, subject to similar agreement by the other Member Banks.

The Governor acquainted the Committee of the following matters —

CT 38.

CT 41.

(1) At the Monthly Meeting of the Bank for International Settlements it was agreed to renew for 3 months the Central Bank credits to the National Bank of Austria and the National Bank of Hungary.

As a result it follows that the Banks must renew for a period of 3 months the outstanding balance of their advance to the Austrian Government.

CT 100

CT 100-01

(2) He gave the Committee an outline of the personnel and work of the Bank for International Settlements and of the difficulties still to be overcome. In this connection he stated that in his opinion co-operation between the Bank for International Settlements and the Finance Committee of the League of Nations might be an essential factor in the reconstruction of Eastern Europe and with this object in view he proposed to invite Sir Otto Niemeyer to succeed Sir Charles Addis on the Board of the Bank for International Settlements.

CT 80

CT 81

CT 84.

(3) Arrangements had been made with the Treasury whereby all Gold and/or devises will be for the account of the Treasury and at their risk, directly or indirectly, unless it be explicitly purchased by the Bank and retained in Banking. Such Gold and/or devises may be held in Issue, or in an Exchange Equalisation Account, for which provision will be made in the forthcoming Finance Bill, up to a total of, say, £250,000,000.



Wednesday, the 20<sup>th</sup> April, 1932.

Present:—

The Governor,  
The Deputy Governor,  
Mr. Lubbock,  
Mr. Grenfell,  
Mr. Shaw,  
Mr. Gladstone,  
Sir Andrew Duncan,  
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 to recommend that the Bank Rate be reduced from  $3\frac{1}{2}$  per cent. to 3 per cent.

CT 99

The following were submitted—  
Weekly Reports on Central Banks.  
Fortnightly letter to Dominion Central Banks.  
Monthly Report of the Committee on Advances & Discounts.

The following were submitted and referred to the Court—

Minute of the Staff Committee recommending an <sup>appointment</sup>  
Report of the Staff Committee recommending the  
election of 11 Male Probationary Clerks to the Permanent Staff.

It was agreed to recommend to the Court that E. J. Luson, Assistant Principal, 5% War Stock Office, be granted a Pension of £494-18-4 a year during pleasure and in accordance with the scale from the 1<sup>st</sup> August next inclusive.

The Committee had before them a letter from Mr. C. P. Mahon, the Comptroller, tendering his resignation from the Bank on account of ill-health. Mr. Mahon has recently been examined by two Specialists, who have expressed the view, with which the Bank Medical Officer concurs, that in order to preserve even a fair measure of health it is essential for Mr. Mahon to give up active work forthwith. In these circumstances it was agreed to recommend to the Court of Directors

20<sup>th</sup> April, 1932

Directors that Mr Mahon's resignation be accepted with regret, and that he be granted a Pension equal to his full salary until the 31<sup>st</sup> March next and thereafter of £2640 a year during pleasure and in accordance with the scale.

The Governor acquainted the Committee of the following matters -

+B-78  
CT 100  
CT 100.06

(1) With reference to Minutes of the 20<sup>th</sup> January last and earlier as to an *ex gratia* payment to the Bank for International Settlements, he laid before the Committee a Memorandum by Mr. Siepmann setting out the present position, from which it appears that the question is in abeyance for the moment.

+78  
CT 38.

(2) He read to the Committee a letter to Dr. Kienböck, written in conjunction and agreement with the Treasury, making proposals as to the lines on which the Bank's advance to the Austrian Government should be regularised.

+S-55  
CT 176  
CT 111.

(3) With reference to Minutes of the 6<sup>th</sup> instant he proposed, on the recommendation of The Securities Management Trust, to accede to a request from Messrs. Beardmore & Co. Ltd., that in respect of the Bank's holding of 7% 1<sup>st</sup> Mortgage Debenture Stock of the Company the Bank should return to the Company the net dividend payable on the 30<sup>th</sup> June and any sum payable to the Bank under the operation of the Sinking Fund attached to the Stock, the total amount so returned to be treated as a loan against, or subscription to, further like Stock of the Company. He proposed to recommend the adoption of a similar course in respect of the holding of like Stock held by the Securities Trust.



Wednesday, the 27<sup>th</sup> April, 1932.

Present —

A full Committee

Mr. Hambro  
attended by invitation.

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.

It was agreed to recommend to the Court

(1) That H. H. Slade, a 1<sup>st</sup> Class Clerk in the Consols Office, who will attain the age of 60 years on the 21<sup>st</sup> July next be granted a Pension of £429:6:8 a year during pleasure and in accordance with the scale from the 22<sup>nd</sup> July inclusive.

(2) That a donation of £100 be made to the Young Women's Christian Association as a further contribution towards the cost of building and establishing a Central Club for Women Workers.

A request for a donation to the Funds of the Stock Exchange Benevolent Fund was declined.

With reference to Minutes of the 20<sup>th</sup> January last and earlier, it was agreed to recommend to the Court that application be made to the Lords Commissioners of His Majesty's Treasury for the increase in the Fiduciary Issue from £260,000,000 to £275,000,000 to be continued until the 30<sup>th</sup> June 1934

The

1826  
CT 84.01

27<sup>th</sup> April, 1932.

The Governor acquainted the Committee of the following matters —

(1) With reference to Minutes of the 11<sup>th</sup> November last as to the provision of new Capital for the Bank for International Settlements, it was agreed that the Bank should subscribe 3,772 new Shares on the understanding that —

(i) Similar subscriptions will be made at the same date by the other six founders.

(ii) The seven founders agree for 3 or 5 years, if called upon by the Bank for International Settlements, to cede to any Central Bank, not at present a Member 500 Shares each, or less in equal proportions, at par and accrued interest, to enable such Central Bank to qualify for Membership of the Bank for International Settlements, provided that the aggregate number of Shares so ceded shall not exceed the number now to be subscribed.

(2) Following the Annual General Meeting of the Bank for International Settlements, addresses will be delivered on questions of general interest to Central Banks and Dr Sprague has agreed to deal with the subject of "Statistical Data on Foreign Short-Term Funds: their Collection and Use", and will circulate forms provisionally in use here.

(3) With reference to Minutes of the 13<sup>th</sup> instant, Sir Otto Niemeyer has agreed to accept his invitation to succeed Sir Charles Addis on the Board of the Bank for International Settlements. It is understood that Sir Otto will be the Representative and Supporter of the Bank of England and may serve as an interpreter of policy between the Bank for International Settlements and the Financial Committee of the League of Nations.

Sir Otto will resign from the Boards of the Agricultural Mortgage Corporation and the Anglo-International



27<sup>th</sup> April, 1932. International Bank, as soon as suitable successors can be found.

+05  
CT 50.01

(4) He proposes that the Bank should continue the policy approved by the Committee on the 27<sup>th</sup> April 1927 of holding long-dated Government Securities sufficient to yield a gross income approximately equal to the normal gross dividend. For purposes of adjustment of Income Tax it is proposed to retain for the present the holding of 5% War Stocks 1929/47.

Sir Josiah Stamp gave the Committee a brief summary of his impressions of the financial and commercial position in the United States and Canada.

✓ Secret. Adv. 1000, see 1054, now transferred to 1054 in Secretaries' Office.

Wednesday, the 4<sup>th</sup> May, 1932.

Present. —

The Governor,  
The Deputy Governor,  
Mr. Lubbock,  
Mr. Greenfell,  
Mr. Shaw,  
Mr. Gladstone,  
Sir Andrew Dunning,  
Mr. Peacock.

Mr. Hambro  
attended by  
invitation

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 and the Fortnightly Letter to Dominion Central Banks were submitted.

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

It was

4<sup>th</sup> May, 1932.

It was agreed to recommend to the Court -

- (1) That permission be granted to Colonel Hartwig to join the Board of the Guardian Assurance Company of Canada.
- (2) That H. E. Neal, a Temporary Porter at the Liverpool Branch, who will attain the age of 65 years on the 11<sup>th</sup> May, be granted a Pension of £65 a year during pleasure and in accordance with the scale from the 12<sup>th</sup> May inclusive.

The Governor acquainted the Committee of the following matters -

- (1) In order to facilitate business in general, he is taking Acceptances up to the maximum that the Bank requires. Of necessity the Bank thus acquires a considerable proportion of Acceptances which are not of the highest class and thus exceeds lines normally agreed by the Committee on Advances and Discounts. He nevertheless proposes to continue this policy which he believes to be essential in order to maintain the position of the Acceptance and Discount Market at the present time.
- (2) It was a condition of Sir Basil Blackett's election to the Court that he had no intention of entering Parliament. A few weeks ago, however, Sir Basil had told him that he wished to take up a political career and that he would resign from the Court if adopted as a Candidate for Marylebone. Sir Basil had, as yet, taken no further steps and the Committee agreed to leave the matter in abeyance for the present.
- (3) He wished to call the attention of the Committee to the unsatisfactory position in regard to certain foreign loans issued in London during the past  
ten

1380  
ET 167



4<sup>th</sup> May, 1932

ten years. These issues formed part of a series of international loans placed partly in London and partly abroad, the total issues in London amounting in the aggregate to about 50% of the whole. It had been difficult at the beginning to persuade London banks and Issuing houses to undertake the issues which had only been made by them with considerable reluctance. In most cases the issues formed an essential feature in schemes of reconstruction drawn up by the League of Nations with the active support of British representatives and were made on the express recommendation of the League and with the approval of H.M. Government, whilst the remainder were only undertaken at the express request of the Government either in fulfilment of assurances given by them to the borrowers or by way of general support to the Government's policy of assisting European reconstruction. Default has already taken place in respect of one of these loans and may shortly occur in other cases, so that the situation already difficult is likely to become aggravated in the near future.

+C86

CT 74

The attention of the Committee was called to recent attacks in the Press on the policy of the Bank and the question was raised as to the advisability of making some reply. After discussion the matter was deferred for further consideration.

+C50

CT 84.04

Alternative designs for £1 and 10/- Notes were submitted and on the recommendation of the Committee on St. Luke's it was agreed that they be submitted to the Court for approval.

Wednesday, the 11<sup>th</sup> May, 1932.

Present:—

The Deputy Governor,

Mr. Lubbock,

Mr. Grenfell,

Mr. Gladstone,

Mr. Josiah Stamp,

Sir Andrew Duncan,

Mr. Peacock.

Mr. Hambro  
attended by CT 99  
invitations.

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 to recommend to the Court that the Bank Rate be reduced from 3 per cent. to 2½ per cent.

The Weekly Reports on Central Banks were submitted.

The Deputy Governor informed the Committee that the Treasury had raised the question as to the desirability of converting some part of existing foreign exchange holdings into gold. The Treasury, with the approval of the Chancellor, favoured the adoption of this course if it could be done without causing embarrassment in any foreign market. The Bank of France and the Federal Reserve Bank have been consulted and have expressed their willingness to earmark gold and it is probable that the first operation will take place in a few days. Any gold earmarked will be added to the published stock of gold in the Issue Department.



Wednesday, the 18<sup>th</sup> May, 1932.

Present:—

The Governor,  
The Deputy Governor,  
Mr. Kuvshinov,  
Mr. Shaw,  
Mr. Gladstone,  
Mr. Josiah Stamp,  
Mr. Andrew Duncan,  
Mr. Peacock,

Mr. Hambro  
Attended by  
invitations

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 approved:  
Weekly Reports on Central Banks.

Fortnightly Letter to Dominion Central Banks.

Monthly Report of the Committee on Advances and Discounts.

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

The Governor reminded the Committee that at the recent Annual General Meeting of the Bank for International Settlements there were present the representatives of several Central Banks who are not members of the Board. There seemed to be general agreement as to the seriousness of the situation in most of the Countries of Eastern Europe and as to the dangers which threaten.

1378

CT 100.01

Wednesday, the 25<sup>th</sup> May, 1932.

Present:—

The Governor,  
The Deputy Governor,  
Mr. Lubbock,  
Mr. Grenfell,  
Mr. Gladstone,  
Sir Josiah Stamp,  
Sir Andrew Duncan,  
Mr. Peacock.

Mr. Hambro  
attended by invitation.

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 following were submitted and referred to the Court—

Minute of the Staff Committee recommending Result of the Annual Election of <sup>Representatives</sup> of the Staff to serve on the Advisory Council of Directors and Staff.

It was agreed to recommend to the Court that J. R. Sugars, a Senior Clerk in the Accountant's Bank Note Office, who will attain the age of 65 years on the 28<sup>th</sup> May, be granted a Pension of £483 : 6 : 8 a year during pleasure and in accordance with the scale from the 29<sup>th</sup> May inclusive.

With reference to Minutes of the 9<sup>th</sup> March last as to a scheme put forward by the Authorities of Oxford University for an extension of the Bodleian Library at an estimated cost of nearly £1,000,000, the Rockefeller Foundation had offered to contribute more than half of the sum required, provided the balance was raised before the end of 1936.

It is



25<sup>th</sup> May, 1932

It is agreed that the present is an inopportune time for any public appeal. The University authorities are, however, anxious not to delay on that account their acceptance of the offer of the Rockefeller Foundation, but before proceeding further they wish to secure privately sufficient promises of support to justify them in undertaking responsibility for the provision of the balance of the money.

The Chairman of Barclays Bank proposes to make a private appeal forthwith in certain quarters in the City and elsewhere and the Governor has received a letter from the Vice-Chancellor of the University stating that a promise of support by the Bank at this time would be most valuable.

In all the circumstances it was agreed to recommend to the Court that the Bank should engage to make a donation of £1000 a year for five years, the promise to be subject to the receipt by the University of sufficient further promises to justify them in accepting the offer of the Rockefeller Foundation and to be redeemed if and when a public appeal is launched.

at 76.01

A Memorandum was submitted showing that the net loss to the Bank in respect of Powers of Attorney, forged by C H Kvist, a 3<sup>rd</sup> Class Clerk in the Accountants' Department, who was dismissed the service on the 17<sup>th</sup> December last, amounted to £34:2:7, and it was agreed to recommend to the Court that this sum be recovered from the Clerks' Guarantee Fund.

Kvist was prosecuted by the Bank and the question was raised whether in cases of this nature such expenses should be borne by the Bank or by the Clerks' Guarantee Fund.

The Committee agreed to recommend to the Court that in any case in which the Bank  
prosecute

25<sup>th</sup> May 1932

prosecute a member of their Staff with the object of recovering monies obtained from the Bank by fraud and secure a conviction the cost of the prosecution, in addition to any loss sustained by the Bank, shall be borne by the Bank's Guarantee Fund up to an aggregate total not exceeding the amount guaranteed by the Fund in respect of the person convicted.

The Governor acquainted the Committee of the following matters -

(1) Until recently the issue of loans in this market by Dominions still adhering to the Gold Standard had been discouraged. The Chancellor has decided, however, that if such Dominions desire to raise money in London, it would be inexpedient on grounds of Imperial policy, and in view more particularly of the forthcoming Ottawa Conference, to place any obstacles in their way.

1 B 89  
CT 167

(2) With reference to Minutes of the 4<sup>th</sup> May as to loans raised for the rehabilitation of European countries under the auspices of the League of Nations and with the support and approval of H.M. Government, in respect of which default has either taken place or is likely to do so in the near future, the Government do not appear to be taking any steps for the protection of British subscribers with whom about 50% of the loans in question have been placed.

In his opinion steps should be taken to protect the interests of these bondholders and he proposed, with the consent and approval of these Trustees of the loans who are resident in this Country and subject to arrangement with the Issuing Bankers, to set up a Committee for this purpose.

Secret Advances: see 1 B 524 now transferred to 59 in Secretary's

Private Safe.



Wednesday, the 1<sup>st</sup> June, 1932.

Present:—

The Governor,  
The Deputy Governor,  
Mr. Lubbock,  
Mr. Grenfell,  
Mr. Gladstone,  
Sir Josiah Stamp,  
Sir Andrew Duncan,  
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.

The Weekly Reports on Central Banks were submitted together with the Fortnightly letter to Dominion Central Banks.

The Quarterly Report of the Audit Committee was submitted and referred to the Court.

It was agreed to recommend to the Court that Frederick Sharp, a Mason in the Works Department, who will attain the age of 70 on the 9<sup>th</sup> June, be granted a Pension of £96:12:4 a year during pleasure and in accordance with the scale from the 10<sup>th</sup> June inclusive.

The Governor acquainted the Committee of the following matters—

- (1) He had last week refused a request of the President of the National Bank of Austria for a temporary advance to enable that Bank to maintain its position.
- (2) With reference to the last Minutes, Sir Austen Chamberlain has consented to act as Chairman of the Committee which he proposes to set up to protect the interests of Bondholders in loans issued under the auspices of the League of Nations; he has

188  
CT. 38.

188  
CT 167

1<sup>st</sup> June, 1932

he has agreed that, as from the 1<sup>st</sup> June, Sir Austen Chamberlain shall receive from the Bank a fee of £1000 a year for each year or part of a year during which the Committee remains in being.

LB 491  
CT 26

(3) With a view to making preparations for the Empire Conference at Ottawa he has arranged for Mr. Kershaw to supply directly to the Treasury and the Board of Trade such information and advice as they may need.

If the Chancellor wishes any representative of the Bank to attend at Ottawa, he proposes to send Mr. Kershaw, and in order to secure co-operation in advance Mr. Kershaw is arranging to meet Lord Weir and the other delegates of industry and commerce, in company with Dr. Sprague at an early date.

LB 40  
CT 20

(4) With reference to Minutes of the 9<sup>th</sup> December last he proposes to grant to the National Bank of Copenhagen a revolving credit of £1,000,000 for 3 months on the best security possible, repayable without option of renewal and if necessary in gold, on the understanding that the Government of Denmark will continue their present policy of maintaining their currency approximately at the old parity with Sterling.

LB 78  
CT 100.01

(5) With reference to Minutes of the 27<sup>th</sup> April and earlier, he proposes to-day to notify the Chairman of the Bank for International Settlements that he has appointed Sir Otto Niemeyer as a Director of that Bank in succession to Sir Charles Addis. An announcement to this effect, which has been approved by Sir Charles Addis, will appear in the Press on Friday, the 3<sup>rd</sup> instant.

(6) Sir Guy



1<sup>st</sup> June 1932

+ C 53

CT 189.

(b) Sir Guy Granet is unable for personal reasons to continue to serve as his alternate as Chairman of the Bankers Industrial Development Company. In his opinion it is of the utmost importance that the Company should continue to advise the Government and Industry whenever necessary, and also act as the channel for financing industry. He has so far been unable to think of anyone entirely suitable in the room of Sir Guy Granet and he asked the Members of the Committee to consider the matter and give him any likely names.

*See Minutes of the 27<sup>th</sup> July, 1931 pages 62/5.*

Arrangement provisionally made between the Bank of France and the principal Etablissements de Crédit in Paris at a meeting held at the Bank of France on Sunday, the 26th July.

1. A credit of £25 million to be opened in Paris to be operated by the discount of Sterling Bills eligible at the Bank of England and guaranteed by the Bank of England.
2. One half to be operated direct between a group of London Banks and a group of Paris Banks.
3. The other half to be operated by the same means direct between the Bank of England and the Bank of France.
4. The credit to be available for a period of three months with an understanding without definite commitment that it would be renewed for two further periods of three months and possibly for further similar periods so long as the situation in London and Paris render the continuation of the arrangement necessary and possible.
5. The terms in respect of the portion between the groups of Banks to be as follows -
  - (a) An opening commission of  $1/8\%$  in respect of each Quarter.
  - (b) Rate of discount to be  $1/2\%$  under Bank of England Rate.
  - (c) The Paris Banks to have the right to rediscount the Bills with the Bank of France.
6. The terms in respect of the portion operated direct between the Bank of France and the Bank of England to be -
  - (a) No opening commission.
  - (b) Rate of discount to be the mean between the Rates of the Bank of England and the Bank of France, at present  $2\frac{3}{4}\%$ .



7. The Bank of England to undertake to provide gold for the liquidation of any portion of the credit outstanding at the termination of the arrangement.
8. The whole credit to be established by an agreement between the Bank of England and the Bank of France.

DRAFT PROPOSED PRESS NOTICE

(Suggested amendments in red)

In view of the fact that the <sup>recent</sup> ~~present~~ flow of gold from London to Paris <sup>WAS</sup> ~~is~~ not only embarrassing for the Bank of England but <sup>WAS</sup> ~~is~~ also looked upon with disfavour by the Bank of France, an exchange of views in regard to this matter has taken place between these two institutions. It is understood also that as the result of these negotiations unofficial conversations have taken place between the Bank of France and representatives of the principal Etablissements de Crédit in Paris with a view to <sup>considering</sup> ~~deciding upon~~ measures which might usefully be adopted in case of need to check this gold movement. The measures <sup>in contemplation</sup> ~~agreed upon~~ provide for complete co-operation not only between the Bank of England and the Bank of France but also between the principal Banks in London and Paris ~~and can be put into operation at short notice.~~

~~It is not, however, expected that these measures will actually come into force in view of the fact that the £ sterling is now quoted at Fcs.123.95, at which rate it is unprofitable to ship gold from London to Paris.~~

27th July 1931.



