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## C.a. (continued)

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15

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25

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34

E. C. Luxon, " " "

40

C. S. Iron, Unattached

40

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42

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47

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47

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19	"	10
17	" making 88 in all; a further 100 to be appointed	23
14	" " 102 " "	36
14	" " 116 " "	49
17	" " 133 " "	59
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**Dividend** see "Bank Stock"

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**Donations to Public Charities, etc.**

Officers' Association	£250	234
Guys Hospital (annually)	105	234
Institute of Bankers (to meet war deficit)	3,300	246

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**Dudin** John R., M.C., a 3<sup>rd</sup> class Clerk, to be Assistant Principal in the Printing Office, with a salary of £450 a year 160

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E. e.

- Election of Governors and Directors, appointed 163
- Election Annual, of Servants, takes place 23
- Everett-Heath, E. H., Sub agent at Liverpool, granted a personal additional salary of £200 239
- Exchequer Chancellor of the, see below

E. i.

Principal of the Dividend Accounts Office.

- Elliott-Lockhart, David, granted a personal additional salary of £50 a year to make his salary equal to that of a supernumerary Principal 14
- To have power to sign routine correspondence for the Chief accountant 14
- Principal of the Dividend Accounts Office, to be a Supernumerary Principal in the Accountant's department 238

- Erskine Col. N. A., Agent at Newcastle; Resignation, on the ground of his wife's illhealth, accepted. Granted a pension of £750 a year during pleasure 207

- Exchequer Chancellor of the
- Letter applying for advances during the ensuing quarter Request of, that the Governor for the time being act as British nominee under Agreement between H. M. Government and the Royal Dutch Shell Group of Oil Companies 77
- 85
- Letter applying for advances during the ensuing quarter Court express the hope that such loans may hereafter be obtained from the Public 137
- 137
- Letter from the, with regard to the remuneration of the Bank for the management of the Debt for the two years ending March 1921, read by the Governor to the Court 140

E. continued

Exchequer

Chancellor of the, (continued)

- Draft of a letter to the, conveying the Bank's views on the financial situation, laid before the Court and approved 142
- Letter applying for advances during the ensuing quarter 194/5
- Undertakes to relieve the Bank of all responsibility in respect of £22,200,000 Gold held under arrangement with the Italian Government and to be shipped to New York 260

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Freeman

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- Letter with engrossment of Deed of Covenant with the London County Council in regard to the frontage to St. Luke's Printing Works - to be sealed 39
- Bill for Law Charges to 31<sup>st</sup> March, 1919, ordered to be paid 92
- Letter with Assignment of Leaschold Premises 12/18 Radsworth Street, City Road, to the Governor & Company of the Bank of England - to be sealed 74
- " " Counterpart lease of the Ground Floor & basement and one room on 2<sup>nd</sup> floor of no. 53 Cornhill - to be sealed 144
- " " agreement in connection with access of light to new windows overlooking the Burying Ground at St. Luke's - to be sealed 177
- Bill for Law Charges to 30<sup>th</sup> Sept<sup>r</sup> 1919 ordered to be paid 183
- Letter with agreement extending the lease by the Bank to Messrs. Tate and Oglesby Ltd. of 50, Whitefriarsgate, Hull, for a further period of 10 years - to be sealed 184
- " " Engrossment of Deed of Assignment to the Merchants Bank of Canada of Ground Floor, etc. of Leaschold Premises at 53, Cornhill - to be sealed 191
- " " Counterpart lease of Offices in Innis House - to be sealed 258

F. o.

F. o.

## Food Allowance to Clerks at Branches

To cease as from 30<sup>th</sup> Nov. 1919

57

Renewed until 31<sup>st</sup> March 1920

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Ford

Ambrey H., a 4<sup>th</sup> class Clerk in the Dividend Pay Office,  
quits the service at his request

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G. a.

Grapes

William S. O., 2<sup>nd</sup> Auditor, to be a Supernumerary Deputy  
Principal

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\_\_\_\_\_ for the Election of Governors &amp; Directors, appointed

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Campbell and Mr. Vickers, appointed

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Gibson

Philip E., Senior Clerk at the Newcastle Branch, to be Chief  
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134

Gibson

William H., a Bank Note Stamper, 65 years of age, granted  
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Gift

Special granted to the entire Staff, on representations made  
by the Advisory Council regarding the cost of living.

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J. V., a Supernumerary 4<sup>th</sup> Class Clerk in the Cashier's department,  
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- Goodhart** Henry D., Senior Clerk in the Chief Accountant's Office, to be a Supernumerary Assistant Principal: to have power to sign routine correspondence for the Chief Accountant 26
- Gough** Arthur W., Superintendent in the Dividend Office, to be a Supernumerary Assistant Principal 26  
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- Gough** George R., a 2<sup>nd</sup> Class Clerk at the Birmingham Branch, to be a Deputy Chief Clerk, Supernumerary, at the Law Courts Branch 70
- Government Debt, Management of** Acceptance of terms proposed by Chancellor of Exchequer for the two years ending March 1921 140
- Governor** The
- Reports the death of Mr. W<sup>m</sup> Middleton Campbell 49
- Informs the Court that he had discouraged the suggestion that the Bank should nominate a member to serve on the General Committee of the proposed British Bankers' Association 75
- Authorized by Court to act as British nominee under Agreement between H.M. Government and Royal Dutch Shell Group of Oil Companies 85
- Informs the Court that <sup>at</sup> a General Court of Proprietors held on the 6<sup>th</sup> August Mr. Arthur Wintworth and Mr. Walter Kennedy Whigham were elected Directors in the room of Mr. W. Middleton Campbell and Mr. Vincent Cartwright Vickers 104
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Governor

The (continued)

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- Proposes that the rate of discount be raised from 5 to 6 per cent 166
- Brings to the Court for payment Messrs. Freshfield & Lees's Bill for law charges for the half year ended 30<sup>th</sup> September last 183
- Proposes on the recommendation of the Advisory Council that the food subsidy at the Clerks Luncheon Club etc be continued 183
- Reports to the Court the death of Lord Curcliffe 198
- Reports to the Court that he had received a request from the Chancellor to hold at the disposal of H.M. Government for shipment to New York £30,000,000 Gold 260
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Governor

The Deputy

- Brings to the Court for payment Messrs. Freshfields & Lees's Bill for law charges for the half year ended 31<sup>st</sup> March last 92
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Henckel Du

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Hodson	Walter J., a 2 <sup>nd</sup> Class Clerk at the Law Courts Branch. Resignation on account of failing eyesight accepted. Granted a pension equal to full salary for 3 months and thereafter during pleasure £116:3:- a year according to scale	234
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Hope	Edwin, Senior Clerk at the Western Branch, to be Chief Clerk	170
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House List for 1920/1	to be advertized	256
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Howe	H. B., Sub Agent at Law Courts to be Sub Agent at Western Branch with a salary of £300 a year Granted a gratuity of £50 in consideration of the additional work performed by him during the past year	45 240

H. u.

H. u.

- Hull Branch, appointments at 21. 70. 114. 187.
- Q. T. Charleton, Agent; resignation accepted. Granted during pleasure a pension of £500 a year 10
- Osborn Symonds, Sub Agent at Manchester, to be Agent with a salary of £1000 45
- Agreement extending lease by Banks of 50 Whitefriarsgate, Hull, to Jate & Oglesby, sealed 184
- R. B. Johnston, Chief Clerk at Manchester, appointed an Acting Sub Agent for the Branches attached to Hull Branch with a salary of £500, a personal additional salary of £50 and a house allowance of £150 114
- Hume Arthur H., a Superintendent in the Colonial etc. Office, in charge of the Staff at Moorgate Hall, to be a Supernumerary Assistant Principal 14
- Hutchinson, Richard J., Assistant Principal in the Dividend Office, to be a Supernumerary Deputy Principal 14

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I. i.

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I. o.

J.o.

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Iron Douglas, a Supernumerary 4<sup>th</sup> Class Clerk in the Cashier's Department, quits the service at his request 116

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Jackson A. B. H., 1<sup>st</sup> Class Clerk at Liverpool appointed an Acting Sub Agent for the Branches attached to Newcastle Branch 250

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Junor Donald M., Chief Clerk at the Birmingham Branch, appointed a Cashier 68

K.i.

King Herbert, Principal of the Securities Office, to be Supervisor at St. Luke's with a salary of £700 and a personal additional salary of £100 131

King and Joa, allowed to re-open their Discount Account with their former limit of 20 103

K.i. continued

## K. i. (continued)

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**Knollys** J. E., a 1<sup>st</sup> Class Clerk in Discount Office, appointed an Acting Sub Agent for the Branches 205

## L. a

**Langston** Clarence, a Supernumerary 4<sup>th</sup> Class Clerk in the Transfer by Deed Office, quits the service at his request 85

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J. L. Tull, Sub Agent at Leeds, to be Sub Agent with a salary of £600 and £150 in lieu of house 46

Authority granted to the Chief Clerk to sign "for the Agent" 7 day and other bills, etc. This authority not to be a precedent for Chief Clerks at the Law Courts Branch 70

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Year to commence on 1<sup>st</sup> January instead of on 5<sup>th</sup> April 171

Leeds Branch J. Z. Wetherall, a 1<sup>st</sup> Class Clerk in the Private Drawing Office, appointed an Acting Sub Agent for the Branches attached to Leeds with a salary of £500 a year 31

Lefevre H. S., & Co., Discount account allowed to be re-opened with their former limit of 30 103

Lempriere H. H., a 1<sup>st</sup> Class Clerk in the Dividends Pay Office. Resignation owing to ill-health accepted. Granted a pension of £253 : 15 : 4 according to scale 146

London R. W., <sup>a Cashier,</sup> reported to attain the age of 65 years during the Quarter 18  
Granted during pleasure a pension of £333 : 6 : 8 as from 16<sup>th</sup> May when he attains the age of 65 years 42

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Lidderdale E. W., Sub-Agent at Western Branch, to be Sub-Agent at Newcastle with a salary of £1000 a year 45  
Appointed Agent at Newcastle with a salary of £1250 and a War Bonus of £250 250

## Liverpool Branch

John Lea, Agent, and S. H. Everett Heath, Sub Agent, granted personal additional salaries of £100 and £200 a year respectively, and the salary of Walter Woodthorpe, the Chief Clerk, increased to the maximum plus £25 personal 239

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Loans to Government, see "Exchequer"  
"Ways & Means Advances"

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- Locke H. W., a former 2<sup>nd</sup> class clerk in the Bank's Stock Office. A payment of £250 made to, as an act of grace 80
- Lockhart D. E., see "Elliott - Lockhart"
- Lott E. D., Principal of the Cashier's Store Office, granted a personal additional salary of £50 a year 31  
to be Principal of the Sub-Treasury with an ordinary salary of £550 a year & to retain his personal additional salary of £50 a year 169
- Lovering Alfred E., Chief Clerk at Law Courts Branch, granted authority to sign "for the Agent" 7 day and other bills, etc., with a personal additional salary of £50 per annum 70

## L. U.

- Luson Lawrence, a 1<sup>st</sup> class clerk in the Dividend Pay Office: resignation accepted on account of ill health and granted during pleasure a pension according to the scale of £240<sup>13</sup>/<sub>4</sub> a year 233
- Luson Edric C., a supernumerary 4<sup>th</sup> class clerk in the Cashier's department, quitted at his own request 40
- Lyon and Tucker, allowed to re-open their discount account with their former limit of 5 103

## M. a.

- Maddermott, Eric J., a 2<sup>nd</sup> class clerk in the Bank's Stock Office, quits the service at his request 157
- Mackenzie George, Supernumerary Superintendent in the Dividend Office, to be Supernumerary Assistant Principal in the Transfer by Deed office 212

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McLeod	Henry E., Senior Clerk in the Power of Attorney Office, to be a Superannuated Assistant Principal	26
McPherson	Walden, a Superintendent in the Accountant's Bank Note Office, to be Deputy Principal	11
Management of Stocks	see "Stocks, Management of"	
	of Government Debt, see "Government Debt"	
Manchester Branch	L. J. Mosse, Senior Clerk at the Law Courts Branch, appointed an Acting Sub Agent for the Branches attached to Manchester with a salary of £600 & £200 War Bonus	31
Marshall	M. & Son, allowed to open a discount account with the Bank with a limit of 10	103
	M. e.	
Mead	George H., Superintendent in the Consols Office, to be a Superannuated Assistant Principal	26
	A Superannuated Assistant Principal attached to the Transfer by Sud office	67
	Superannuated Assistant Principal to be Superannuated Deputy Principal	212
Meade	William C. A., a 3 <sup>rd</sup> class Clerk in dividend office, quits the service at his request	184
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Morgan Forbes, Foreman of works, to be styled clerk of works, with an annual salary of £450 and pension rights 96

Monley Herbert W., a 1<sup>st</sup> class clerk in the Branch Banks Office. Reduced from the top of the first class to the bottom of the second class for contravening Rule xv (regarding speculation) and transferred to the dividend pay office 140

Monley J. W., a Bank Note Stamper; resignation owing to ill health accepted: granted during pleasure a pension of £58:10/- according to scale 136

Mosse Lewis J., Senior Clerk at the Law Courts Branch. Appointed an Acting Sub Agent for the Branches attached to the Manchester Branch with a salary of £600 + War Bonus of £200 31

Moy Edward C., a 2<sup>nd</sup> class clerk at Liverpool Branch: resignation on account of ill health accepted: granted a pension of £167 a year according to scale 109

*N. e.*

Newcastle Branch,

E. W. Lidderdale, Sub Agent at the Western Branch, to be Sub Agent with a salary of £1000 45

*N. e.* continued



## Newcastle Branch (continued)

E. W. Liddendale, Sub Agent, appointed Agent with a salary  
 of £1250 <sup>(and a bonus of £250)</sup> and A. B. H. Jackson, 1<sup>st</sup> Class Clerk at Liverpool,  
 appointed Acting Sub Agent for Branches with a salary  
 of £625 and £150 in lieu of house 250

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Norman Mr. M. C., chosen by the Court to be recommended to the  
 Court of Proprietors to be elected Governor for the year  
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## O.u.

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## P.a.

Paget Catesby, Principal of the Discount office, granted a personal  
 additional salary of £500 a year, his Supplementary  
 salary of £250 a year to cease 239

## P.e.

Pedder

Francis A. N., an Acting Sub Agent for the Branches  
for the period of the War, to be Acting Sub Agent at  
Bristol

46

To be attached to the Plymouth Branch with a salary of £500  
together with the relative supplementary salary and  
war bonus

114/5

Pensions

Scale of Supplementary, to certain Pensioners approved  
to Mechanics in the Printing Department

78/9

50% of the average War Bonus for the past 3 years  
to be taken into account in calculating pensions

243

Pensions and Retiring Allowances

H. A. N. Smith,	Agent at Birmingham	£875	10
G. J. Charlton,	" " Hull	500	10
William Richter,	Superintendent in Issue Office	258	25
R. H. Lendon	Cashier	333 <sup>5</sup> / <sub>8</sub>	42
E. J. Wright	2 <sup>nd</sup> Class. Accountant's Bank Note	184 <sup>1</sup> / <sub>2</sub>	61
E. J. Wise	Chief Clerk at Western Branch	470 <sup>8</sup> / <sub>8</sub> plus 20%	84
C. H. Knight	a Cashier	400 " "	84
W. G. Hodges	a Cashier	384 " "	84
W. J. Bunce	a House Porter	50 <sup>11</sup> / <sub>4</sub>	93
C. B. Pyne	a Painter in the Works Department	25/- per week	93
E. C. Moy	2 <sup>nd</sup> Class Clerk at Liverpool	167	108/9
H. L. Colebrooke	1 <sup>st</sup> " " Dividend Accounts Office	200	120
W <sup>m</sup> H. Gibson	a Bank Note Stamper	65	136
J. W. Morley	" " " "	58 <sup>10</sup> / <sub>10</sub>	136
H. H. Lempriere	1 <sup>st</sup> Class Clerk in Dividend Pay Office	253 <sup>15</sup> / <sub>4</sub>	146
H. C. Bell	Dep <sup>t</sup> Chief Clerk at Western Branch	324	168
O. E. Williams	Principal of Colonial etc Stocks Office	537 <sup>12</sup> / <sub>10</sub>	174
P. J. Rowlatt	1 <sup>st</sup> Class Clerk in Bill Office	288	180
Col. H. A. Enstone	Agent at Newcastle	750	207
Lawrence Luson	1 <sup>st</sup> Class Clerk in Dividend Pay Office	240 <sup>13</sup> / <sub>10</sub>	233
Walter J. Hodson	2 <sup>nd</sup> " " at Law Courts Branch	116 <sup>3</sup> / <sub>10</sub>	233/4
F. W. Dennis	" " in Cashier's Store Office	234 <sup>4</sup> / <sub>4</sub>	257

Pi.

Prudeau	Reginald H., First auditor, to be Principal of the Securities Office	132
Printing Office	Ordinary Salary of Principal increased from £700 to £1000	159
	" " " Deputy " fixed at £700	159

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Porters	House, etc., Increase in wages and war Bonus	55
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	Permanent Porters, supplementary wages raised to 15/- per week	188
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	Revised scale of wages for Permanent Porters	253
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	W. J. Bince, a House Porter, £50 : 14 : -	93

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Prospectus	Bank's name on -	
	Permission granted for the name of the Bank to appear on a Prospectus of a re-insurance Company to be brought out by the London Assurance Co	175

## P. u.

Purton	Christopher G., a 1 <sup>st</sup> Class Clerk at the Birmingham Branch, to be Chief Clerk	96
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## P. y.

Plymouth Branch	Francis N. Smith, Sub-agent to be agent subject to certain conditions	69
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P. y. continued

**Pyne** C. B., a painter in the works department, granted a retiring allowance of 25/- a week owing to ill health 93

Q.

**Quorum** see "Court of Directors"

R. a.

**Rate of Discount**, see "Discount"

R. e.

**Read** John, Superintendent in the Cashier's Store Office, to be Deputy Principal with a salary of £500 a year 169

**Resolution** of regret passed by the Court on the death of Mr Campbell 49  
 do do do do Lord Cunliffe 198  
 do do do resignation of Mr. Vickers from the Court 105

**Retiring Allowances**, see "Pensioners"

R. i.

**Richter** W., Superintendent in Issue Office. Resignation on account of ill-health accepted: granted during pleasure a pension of £258 a year according to scale 25

**Rickards** Charles J., Deputy Principal of the dividend accounts office, to be a Supernumerary Principal 14

R. o.

Ross	James, Principal of the Issue Office, granted a personal additional salary of £50 a year	31
Rowe	William, Principal of Accountant's Bank Note Office, appointed an additional assistant chief accountant with a salary of £700 a year <sup>and</sup> a personal additional salary of £100 a year	237
Rowlatt	Philip J., a 1 <sup>st</sup> class clerk in the Bill Office. Resignation accepted. Granted a pension of £288 a year in accordance with the scale	180

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	Assignment of leasehold premises 12/18 Radnor St., City Road, to be sealed	74
	Agreement for access of light to new windows overlooking building ground to be sealed	177
Salaries	"Supplementary" Salaries instituted to be advanced from the 1 <sup>st</sup> March	55 243
Samaritan Fund	Annual Report upon the, by the Secretary	262
Shaw	Frederick, 1 <sup>st</sup> Superintendent at the Western Branch, to be Deputy Chief Clerk	170
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Certain 4 <sup>th</sup> Class Clerks attached jointly to the Cashier's Dep <sup>t</sup> and Branches to be 3 <sup>rd</sup> " " " " " " " " " " " "	
Supernumerary to the Establishment	204
3 <sup>rd</sup> Class vacancies in the Cashier's Department to be liable to occupation by selected Clerks of the 3 <sup>rd</sup> Class without establishing for any Clerk so selected a prior claim to any particular vacancy or affecting his obligation to occupy it permanently if called upon	204
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Agreement in connection with access of light to new windows  
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Agreement extending Lease by the Bank to Messrs Tate and  
Oglesby Ltd. of 50, Whitefriars Gate, Hull for a further  
period of 10 years 184. 186.

Engrossment of Deeds of Assignment to Merchants Bank of Canada  
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Counterpart lease of Offices in Innis House 258. 262.

Secretary's

Office; appointments in the  
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159. 177. 194. 211. 237. 257.

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177. 184. 225.

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164. 202. 225.

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Mary B., a Woman Clerk, reported to have quitted without  
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H. S. Lefevre & Co. to be invited to allow his name to be  
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the Court consequent on the death of Lord Curcliffe 235  
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Stevenson R. C., acting Sub-agent for the Branches, appointed Assistant  
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Smith A. V., Deputy Principal of Cashier's Store Office, to be Principal,  
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Smith Francis H., Sub-agent at Plymouth, to be acting agent,  
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Smith Harry J., Supernumerary Superintendent in the Dividend Office,  
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Smith Hugh A. N., agent at the Birmingham Branch. Resignation  
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V. i

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93.102.

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104

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225

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11	Temporary Women Clerks appointed to the Permanent Staff	2
15		25
12		36
16		59
15		92
14		118
8		128
11		{ making 374 in all including Branches
5		165
26		{ making 385 in all including Branches
6		183
		{ making 390 in all including Branches
		202
		{ making 416 in all including Branches
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		{ making 422 in all including Branches

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E. M. Pees	40	Elsie Dakin	157	A. M. Salt	223
J. E. Compton	59	Irene Foster	166	L. D. Jameson	241
V. M. Newman	89	H. E. Keatman	166	S. B. Burnand	241
Mary Knott	97	M. E. Wallbridge	166	D. G. Barker	244
D. E. M. Gambier	103	A. M. Mitchell	166	G. J. Nicholas	244
Dorothy Huxter	116	M. B. Spencer	166	N. J. L. Standing	244
H. G. Edwards	116	D. M. Duggan	172	D. M. Tyson	244
H. J. M. Jordan	118	J. M. Forcheron	175	M. F. Walsh	246
M. M. Lachlan	121	Margery Carliss	180	M. A. O'Connell	246
K. M. Smith	123	Dorothy Steward Wood	180	N. G. Hughes	259
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-----------------	-----

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72

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1<sup>st</sup>

2<sup>nd</sup>

(Superintendents)

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Woodruff

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C. B. Pyne, a Painter, granted a pension of £65 a year (25/- a week) 92/3

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PROVISIONAL SCHEME FOR AN ADVISORY COUNCIL OF DIRECTORS & STAFF.

---

A Governor or Director to be Chairman.

5 members, of whom at least 2 shall be Directors, to be appointed annually (in May) by the Court.

1 member to be elected annually from among themselves by the Principals, Agents, Sub-Agents, Superintendents and those ranking as such.

1 " by the Senior and the 1st and 2nd Class Clerks at Head Office.

1 " " " 3rd and 4th Class Clerks and Assistants at Head Office.

1 " " " Permanent Women Clerks.

1 " " " Classed Staff and Assistants at the Branches.

5

PROVISIONAL RULES.

- (a) Elections to take place annually (in May) by Secret Ballot.
- (b) No election to be valid unless votes are cast by at least  $\frac{2}{3}$ ths of those respectively entitled to vote.
- (c) No person connected with any outside organization of Clerks to be eligible.
- (d) The Council to meet at least once a quarter.
- (e) A Secretary to be appointed by the Chairman.
- (f) The proceedings of the Council to be regarded as confidential.
- (g) Regular Minutes to be kept and furnished to the Court.
- (h) The Council to be for the purpose of friendly discussion and consultation and to have no executive powers.
- (i) The recommendations of the Council to be arrived at by general agreement and to be reported to the Court.
- (j) All questions which in the opinion of the Chairman affect Finance, Policy, Discipline, or individual Appointments, to be excluded from consideration.



(k) A member may bring forward any other question for consideration by the Council provided, in the opinion of the Chairman, it relates to (1) the corporate interests of the Governor and Company, (2) The welfare of the Permanent Staff, or (3) Co-operation between the Directors and Staff.

(l) The decision of the Chairman to be final.

(m) The Council may alter or add to these Provisional Rules subject to the consent of the Court.

July, 1919.

1.

On the 15th February 1919 a General Meeting of the Staff, summoned by their own representatives, was held in the Court Room of the Bank of England. The Meeting was largely attended and the result was a **REPORT OF THE SPECIAL COMMITTEE APPOINTED BY THE COURT TO CONSIDER CERTAIN COMPLAINTS ON BEHALF OF THE STAFF AND KINDRED MATTERS.**

Staff were invited to confer with the Governor, on the question of their request for a "Whitley Council", which as such was withdrawn by letter of the 4th March.

In consequence of the conditions revealed by the incident above described, we were by Order of Court dated 4th March 1919 appointed a Special Committee to enquire into certain complaints on behalf of the Staff and kindred matters.

For the sake of record we add as Appendices A. and B. to this our final report a copy of the memorandum and of the letter to the Governor, to both of which we have already alluded. We also annex, as appendices, our nine Interim Reports which have already been approved by the Court, and we proceed to make certain observations on these Reports and on various complaints and other matters which have been brought to our notice by one or other of some 75 witnesses, who accepted a general invitation to give information to our Committee.

2. Account is Directed.

The main complaint in the memorandum would seem to have arisen from the belief that no adequate means were provided for bringing to the notice of the Court any feeling of grievance on the part of a Clerk. How far this complaint was justified, or how far it was due to weariness and general conditions brought about by the war or to the temperament of individuals is a question we cannot certainly answer. How best we attempt to do so appears in the following Order of Court of the 9th March 1919.

1. On the 15th February 1919 a General Meeting of the Staff, summoned by their own representatives, was held in the Court Room of the Bank of England. The Meeting was largely attended and the result was practically unanimous. A printed memorandum was brought forward, passed and delivered the following week to each member of the Court. Thereupon certain Representatives of the Staff were invited to confer with the Governor, mainly on the question of their request for a "Whitley Council", which as such was withdrawn by letter of the 4th March.

In consequence of the conditions revealed by the incident above described, we were by Order of Court dated 6th March 1919 appointed a Special Committee to enquire into certain complaints on behalf of the Staff and kindred matters.

For the sake of record we add as Appendices A. and B. to this our final report a copy of the memorandum and of the letter to the Governor, to both of which we have already alluded. We also annex, as appendices, our nine Interim Reports which have already been approved by the Court, and we proceed to make certain observations on those Reports and on various complaints and other matters which have been brought to our notice by one or other of some 75 witnesses, who accepted a general invitation to give information to our Committee.

2. Access to Directors.

The main complaint in the memorandum would seem to have arisen from the belief that no adequate means were provided for bringing to the notice of the Court any feeling of grievance on the part of a Clerk. How far this complaint was justified, or how far it was due to weariness and general conditions brought about by the War or to the temperament of individuals is a question we cannot certainly answer. Nor need we attempt to do so since the following Order of Court of the 6th March 1919 would seem to

have

6  
have put an end once and for all to any so-called "Blockade" which may have existed.

"Any member of the Clerical Staff, who conceives himself  
"to be aggrieved, may at his option accompanied by the Head  
"of his Department obtain an interview with one of the  
"Governors; or, unaccompanied, he may obtain an interview with  
"the Comptroller who shall in every such instance bring the  
"matter fully before the Directors."

### 3. Payment for Overtime

We sympathise with the wish which has been generally expressed to us, and especially by those in the higher Classes, that the various rates of payment for Overtime should <sup>be</sup> at least not lower than those for ordinary time. At the same time we have been unwilling to agree to suggestions that the rate for the former should be so much greater than for the latter as to make long hours of overtime work attractive and accordingly sought after by volunteers. In our First Interim Report of 28th April 1919 (Appendix C.) we therefore recommended a (temporary) scale of payment which generally speaking places overtime on an equality with ordinary work.

### 4. Banking Hours and Overtime.

The disorganisation brought about by the War has unfortunately made it necessary to require too long hours of work but, in view of the expectation of additional work in the future, we can only record the hope that, as soon as it is possible to keep abreast throughout the Bank of each day's requirements, overtime work may be abolished. Meanwhile we consider that Sunday work should be avoided and that the hours of regular and overtime work should be as limited as in the opinion of the Heads of Departments varying circumstances permit. This point has been covered by our Second Interim Report of 21st May 1919 (Appendix D.).

5. Salary and Bonus.

Eliminating the subject of pensions (as to which we make separate remarks) we have only in a few instances heard complaints as to the aggregate of salary and bonus paid by the Bank. These complaints were all from married men with children and aged about 30 years, and we admit that their necessary expenditure allowed of no margin, bearing in mind the scale on which Clerks in the Bank are accustomed to live and notwithstanding the fact that their rate of pay has always been generous as compared with other institutions.

In order therefore to bring the total minimum remuneration in any case up to a level which would meet these requirements, we recommended in our Fourth Interim Report of 26th May 1919 (Appendix F.) a scheme of supplementary Salaries and War Bonus ensuring to each member of the Classed Staff an immediate increased income of from £50 to £65 a year, the proportionate increase being greater in the lower Classes and the basis being so arranged as to provide that, without altering the scale of pay established by the Court in 1906, one half of the addition shall be by way of supplementary Salary and thus increase the amounts of pensions, while the other half shall be by way of temporary War Bonus: the former not to be reduced before 1926: the latter to be altered at any time on six months' notice.

As regards Principals and others above the Classed Staff with salaries not greater than £1,500 per annum we recommended that 25% of the salaries attaching to the respective positions shall be paid as supplementary Salary, with a maximum of £250, the balance, if any, required to make up that amount being paid as Bonus.

6. "1906 Scheme".

The belief has been widely expressed to us that the Scheme for the Classification of the Staff which was approved

by the Court

by the Court on the 26th April 1906 has "broken down". This Scheme was due for reconsideration after 10 years, but owing to the conditions brought about by the War such reconsideration was postponed by Order of Court of the 20th January 1916 until twelve months after the signing of Peace. In our opinion some such postponement was necessary as we are convinced that it would have been useless to attempt any general alteration in the Scheme or increase in the Establishment until the volume and character of the Bank's work shall again be on a comparatively settled basis. We have therefore made no such attempt. We have however been impressed by the evidence that in two respects the scheme of 1906 promoted a feeling of grievance, which was doubtless accentuated by the overwrought state of mind and body due to the strain of long working hours throughout the War.

In the first place the slowness of promotion in certain Offices is pointed out as a proof of the breakdown of the Scheme in so far as the original expectations and present Salaries of certain Clerks are concerned. We do not accept this general contention. We find that the Scheme was based - and necessarily based - on averages and we find that, taking the Bank as a whole, the expectations on which the Scheme was based have on the average been realised. But as in some Offices Clerks have obtained a certain Class and Salary more quickly than, on the average, was to be expected under the Scheme (of which the governing clause was based empirically on the then conditions), so in others they have obtained that Class and Salary more slowly and it is <sup>in</sup> the latter that the Scheme is thought to have broken down. Without prejudice to the promised reconsideration of the Scheme of 1906, we attempted in our Fourth Interim Report of 26th May (Appendix F.) to find a temporary method whereby, while providing for a general increase of salary, the relative loss of salary caused by slowness of promotion in some Offices shall be counterbalanced

counterbalanced by the increase being based on ordinary rather than on Class Salary: in other words on years of service rather than on position.

In the second place, the unavoidable increase in the Bank's work, coupled with the absence of many Clerks at the War, resulted in there being too few trained Clerks to undertake the skilled work and too few highly paid positions under the Scheme of 1906 to provide for Clerks to oversee the increased work. This again is pointed out as a proof of the breakdown of the Scheme. We do not deny that there is some truth in this contention, which affects the Accountant's Department in particular. The Scheme of 1906 was intended to provide and classify a staff to carry on the work of the Bank as it existed a dozen years ago, and in our opinion the Scheme has been highly successful. But the financial operations brought about by the War have greatly augmented that work and, as we have already said, the time has not come when, if ever, any general alteration in the Scheme or permanent increase in or re-arrangement of the Establishment can wisely be attempted. For this reason we can make no definite recommendation and must content ourselves by approving the temporary continuance of the policy which is now in force of creating such higher posts (supernumerary to the Establishment) as from time to time appears to be required by the increase of work in one or other Offices, and of thus causing a flow of immediate promotion which by itself seems to have made up for past stagnation.

7. Bank Club.

In order to place the affairs of the Bank Club on the same basis as before the War and again to make its efficient management the concern only of its Committee, as is indeed their desire, we have recommended in our Fourth Interim Report of 26th May a discontinuance after the 30th November 1919 of certain

existing

existing but temporary arrangements (Appendix F.).

8. Porters and Stammers.

These two groups did not properly fall within our reference; but inasmuch as changes in the pay of one group within the Bank have invariably led to an early appeal from another, we thought it well to include them in our consideration of pay and pensions and in our Fifth Interim Report of 26th May 1919 (Appendix G.).

It is worth remarking that the position of the Stammers, Prickers and Posters is hardly satisfactory and that it should be considered afresh as soon as the competence of women to do the work shall have become known and the future scale of the Note Issue shall have been settled.

9. Pensions.

Regarding, as we do, the position of a Pensioner as similar to that of a Rentier, we are unable to recommend any increase in the pensions and allowances granted by the Bank and outstanding on the outbreak of War. Such pensions as may hereafter be granted will be increased gradually by the adoption of our Fourth Interim Report of the 26th May 1919 (Appendix F.).

But by way of recognition of the long and arduous work performed by certain Clerks (who were entitled to be pensioned during the War, or who being pensioners then returned to work) we recommended in our Sixth Interim Report of the 23rd June 1919 an increase in the existing pensions in such cases varying from 5% to 20% (Appendix H.).

10. Personal complaints.

The great majority of those who accepted our invitation to give evidence addressed themselves solely to personal complaints of one kind or another. Some of these complaints are answered, as far as possible, by our remarks on the 1906 Scheme, Overtime,

Vacancies



Vacancies and Promotion, &c: and , perhaps more effectively, by the many recent appointments and promotions which have been carried out mainly on the advice of the present Chief Accountant: the remainder, mostly of many years' standing, relate to individual competence and to past disappointments as regards work or seniority. Generally speaking we have not found it possible to re-open the past, and having allowed a full personal statement in each case, and made such relevant investigation as seemed desirable, we refer to Appendices D, I. and K. as regards the action taken in certain cases.

11. Vacancies and Promotion.

We approve the arrangements now in force by which all vacancies are filled without undue delay but without prejudice to the abolition of such posts as may from time to time appear to be no longer required in the interest of the Bank. We also approve, as has already been said, the creation of such supernumerary posts in the Bank as from time to time appear to be required by the increase of work in one or other of the Offices. And, having heard much evidence as to the question of regular promotion depending on Seniority, we are glad to report that, after discussion, all our witnesses agreed that merit rather than seniority should be the determining factor.

12. "Pricking in".

The system of promotion by merit entails approval of the custom of "pricking in". We recognise that it is a custom which is liable to abuse, but in so far as it leads to an exchange of men between Offices its general results can only be for the good of the Bank and of the Staff, although it may seem occasionally to involve hardship to the individual.

13. Reports.

While unable to agree to the request for the abolition  
of the

of the so-called system of Secret Reports, we are of opinion that, as a general rule, a Clerk should be made aware of an adverse Report upon himself and, having ascertained that this practice is followed in both Departments, we make no recommendation.

14. Income Tax.

We consider it to be in the interest of the State that every Clerk should be responsible for the appropriate rate of taxation on his income and that whatever reasonable information he may require on this subject should continue to be furnished on application and in a convenient manner by the Secretary's Office. Apart from the work involved we see no need or general desire for a separate statement in each case.

15. Early Pensions.

Several appeals have been made to us that after say 25 years' service any member of the Staff should be at liberty to quit the Bank's service and receive a proportionate pension, according to a reduced scale. Such appeals do not appear to us to be unreasonable, or in general against the interest of the Bank, especially in those cases where they originate in disappointment at lack of promotion or of success in the Bank. Indeed in normal times a man who remains at work against his wishes is less likely to be a help than a hindrance.

But these are not normal times. The permanent Staff is insufficient for the increasing work and the higher Classes are inadequately filled.

We therefore cannot see our way under actual conditions to allow those men who have acquired a definite knowledge of work of one kind or another (in most cases somewhat technical) to be free to retire with pensions at an earlier age than at present nor can we make any recommendation to the Court on the subject. But we have let it be known to the Heads of Departments that individual

cases

cases in which an early pension is advised may be brought forward for consideration.

16. Advisory Council.

We cannot suppose that our Interim Reports, as explained by the foregoing paragraphs, have effectually dealt with all the complaints that have been made and still less that they will prevent some such complaints from arising in the future. Indeed various subjects might have required further consideration, were it not for the recommendation in our Ninth Interim Report (Appendix J.).

In these days no demand is perhaps more general than that all who regularly take their part in an Office or business shall be represented in its internal administration. Inside the Bank we have been struck rather by the earnestness of the plea than by the number of pleaders. Outside, a request has lately been made for a National Council in the Banking industry and definite lines have been laid down for the establishment of similar Councils in the administrative offices of the Government.

The Court has now invited the co-operation of the Permanent Staff on various matters affecting the internal administration of the Bank. The lines of such co-operation must necessarily be both definite and wide: definite in order that the scope of deliberation shall not be unduly vague: and wide in order that the Council shall be generally free to establish its own procedure and by degrees to gain experience as to its sphere of usefulness.

We attempt no prophecy as to the results of this Council. It remains, we venture to think, for the Directors not less than for the Staff, by means of suitable representation and a friendly spirit to see to it that internal questions are solved before they take the form of complaints and that a constant means is maintained

by which

by which the varying desires of the Staff are at least ventilated  
and, if possible, satisfied.

(Signed) M. Norman  
R. C. Johnston  
Ceil Lubbock  
A. G. Anderson

BANK OF ENGLAND,

August, 1919.

Appendix A.

*Memorandum respectfully addressed to the  
Governor and Directors of the Bank of England  
by the Staff of the Bank at the beginning of the  
Year 1914*

PRINTED MEMORANDUM addressed to the GOVERNOR and  
DIRECTORS by the STAFF.

Private]

*A Memorandum, respectfully addressed to the  
Governor and Directors of the Bank of England  
by the staff of the same, at the beginning of the  
New Year of 1919*

SIRS,

It is inevitable, when the whole industrial world is in the throes of re-construction after the Great War, that so old and conservative an institution as the Bank of England cannot escape the purging process of the time. After the unparalleled stress and strain of the last four and a half years, during which perhaps the human element in Bank life has been unfortunately too little accounted of, there is bound to be a reaction accompanied by unrest, dissatisfaction, and yearning for better conditions of hours and pay: but the constitutional procedure, whereby grievances may be brought to the notice of the Court is so indirect and liable to blockade, that only the adoption of the recommendations in the Whitley Report is felt by the staff as adequate to meet the situation.

The staff have every reason to believe that a great scheme of re-organization is under consideration by the Court at the present time, and in view of that belief they venture very respectfully to draw attention to the following matters which seem to call for special notice:

In accordance with the Whitley Report, it is felt that a Standing Committee, co-operative and representative of Directors, Heads of Departments, Principals, and Staff, should meet periodically to talk over matters affecting the well-being of the employees. In no other way does it seem possible that difficulties can be brought to light and alleged grievances ventilated. Hitherto the staff have accepted the conditions of service with patient resignation, but all over the country industry is organizing itself in its own defence, and the Banking community generally has at last awakened to the fact that it is unorganized and powerless and has taken steps to form a Guild to protect its interests. It were a pity if Trades Unionism in any shape or form should enter within the walls of the Bank of England if it can be obviated now by the establishment of some such Committee as is suggested above.

Standing Committee of Directors and Staff for mutual conference advocated

There is no doubt that the Banking Day should be definitely fixed, and it should certainly be no longer than that which obtained before the War. It has always been the uncertainty of the time of getting away that has made life so difficult to live in the outside world—as engagements could seldom be made with certainty that

Banking Hours

they could be fulfilled. Much could be done by more efficient organization and the drawing of definite times for passing work through, to render the hours of Bank men less arbitrary.

Overtime

The hours of the Banking Day being once fixed, any clerk kept beyond the appointed hour of leaving should be paid for overtime accordingly, extra remuneration being given for waitings. Banks hitherto have very cruelly exploited their employees in the matter of extra hours without extra pay, and it is felt that if overtime pay were rigidly instituted new methods of organization or of speeding up the work would soon be forthcoming to enable employees to leave at the appointed hour.

Salaries

Throughout our generation the cost of living is bound to continue very high. It is essential therefore that the old scale of salaries should be appreciably raised, the anomalies of the so-called New Scheme be eliminated, and compensation granted to any sufferers under its defects.

Classes

The system of "classes" has worked most inequitably as between office and office and man and man—increase in class ratings being dependent on luck, rather than on length of service or merit. Moreover, much bitter feeling has been aroused by the delays in filling up vacancies in offices as they arise. Many men have lost considerably by this procrastination, and the unfairness is palpable. It is an open question whether classes should not be abolished altogether, and "personal money" introduced as aforesaid for special work and special posts over and above an adjusted scale of House money. In this way promotions of junior men over seniors would not penalize the latter by keeping them stationary in their class as hitherto, while their contemporaries, because they happened to be in other offices, went forward. Men with higher qualifications would obtain higher pay without the offence of receiving payment through others' loss.

Delays in filling vacancies

Personal money and promotions

Pricking men in

While recognizing the absolute right of the authorities to promote men as they think fit, attention should be drawn to the fact that much discontent has been justly caused of recent years by the growing practice of pricking men into offices unexpectedly, and so preventing legitimate advancement all down the line. Under the present system it would appear that few men can ever rise in their office above a First Class, outsiders being introduced for senior posts without scruple.

Responsibility unremunerated

The difference in salaries at present in force in the case of Senior Clerks, Superintendents, Chief Clerks, and Deputy Principals, is so absurdly small as compared with the rank and file, as practically to make the increased responsibility unremunerated. Perhaps a subtle cause of unrest in the Bank is the fact that there are so few well-paid posts open to the Staff, and therefore no inducement for men to interest

themselves in their profession—more especially as promotion would seem to be due too often to personal influence rather than to recognized merit. There ought to be far more posts with salaries ranging between £400 and £1,000, and in the better offices the maximum salaries ought to be correspondingly higher, instead of being on the same level as any ordinary office.

Whether salaries should be paid free of Income Tax or not is an open question which should be studied in the light of the practice of other Banks, for whose adoption of the system there must be some justification. But on the other hand the salaries of Bank Clerks should be on a scale liberal enough to enable them to fulfil their duties as citizens, and to pay all claims made by the State upon their purse.

If the Bank continue to deduct Income Tax from salaries, a quarterly statement should be issued by the Secretary's Office to each Clerk showing exactly how much tax has been deducted, and how the nett sum is arrived at.

The question of payment for Overtime has loomed large of course during the war, and no answer has been vouchsafed to the anomalies pointed out in the memorandum to the Governors in May last. It is reasonable to expect that a graduated scale of payment on some more equitable lines according to salary should be introduced without delay, and that Sunday work and night work, if ever necessary, should be remunerated at a much more generous rate than prevailed during the war.

Pensions henceforward should be calculable on the advanced scale of salaries necessary now to meet the permanent increase in the cost of living. It is thought, moreover, that if possible, retirement should be optional at sixty on full pension, or earlier on a proportionate allowance.

Hitherto the men who have profited most by the Bank in this connection have been the ne'er-do-wells and the invalids. The men who do yeoman service are compelled to serve out their time to the bitter end—as there is no possible escape from the Bank (except by forfeiture of pension) unless under the plea of ill-health. This ought not to be. In special circumstances it should be permissible for any man, after say twenty-five years of service, to be free to resign his position on a proportionate pension. Many tragedies would be averted thereby, and men who realize that their talents might be more serviceable in other directions would not be too old to begin life again. Under the "New Scheme" the Bank itself forces the resignation of incompetent men at the age of fifty—on pension—but here again legislation is in favour of the "bad bargains" of the Bank and not of the men who serve during their career the interests of the place most faithfully. A strong reason for putting forward this plea for optional permission to retire earlier on pension is the

Income Tax

Statement of  
Income Tax  
deducted desir-  
able

Overtime Pay

Pensions



fact that it has come to be recognized that unless a man is promoted before or soon after he is thirty his future prospects in the Bank are practically *nil*, and hence the not unnatural absence of any real interest in their work on the part of the older men who have no incentive left to stimulate them on. This lack of incentive is one of the saddest phases of Bank life that call for sympathetic solution.

Widows

The pensioning of widows deserves far more generous attention than hitherto has been the case. If a pension be deferred pay, the widows of men who serve the Bank all their lives but die in their late fifties or early sixties ought not to forego so entirely what was clearly due to their husbands but for their premature death. The present annuity granted by the Bank should be largely increased in such cases.

Leave

The permanent staff have deeply appreciated the recent order that every one this New Year should enjoy a holiday for four consecutive weeks. It is cordially recognized that the Bank during the War were unable to allow the usual leave, and that therefore much that was due has been forgone, but the confidence in the authorities is such that it is believed exceptional privileges will be granted during the next few years whereby the staff may not altogether lose the rewards of their long sacrifice and strenuous endeavour.

Conclusion

In conclusion, the staff would affirm their loyalty and appreciation of the many benefits they enjoy in the service of the Bank, for whose dignity as the leading Bank in the country they are naturally jealous. The foregoing Memorandum has been drawn up not in any spirit of disloyalty or captious criticism, but with the hope in these perilous years of transition from War to Peace that by drawing attention to anomalies and defects in the working system of the Bank as regards its staff, reforms may be inaugurated in due time, a feeling of harmony and goodwill may be restored and mutual co-operation, sympathy, and respect be the hall-marks of the House in the years that are to be.

We are, Sirs,

Your obedient Servants,

*On behalf of the Staff.*

#### AGENDA

*General Meeting, Saturday, 15 February 1919*

(1) The following resolution will be proposed: "That this General Meeting of the Staff assembled this 15th day of February 1919, through the courtesy of the Governors, in the Court Room of the Bank, endorses whole-heartedly the broad outlines of the suggestion laid down in the accompanying Memorandum, and commends the same to the gracious and sympathetic consideration of the Governors and Directors."

(2) General discussion on the broad outlines of the Memorandum.

(3) Resolution will then be put to the Meeting.

COPY

4th March, 1919.

Sir,

The Clerks' Committee have heard with deep appreciation of the kind interview accorded by the Governors to their representatives and desire to express their cordial recognition of the genuine wish of the Directorate to restore and maintain the kindly traditional usages of the service which have been overborne of recent years.

In view of the sentiments voiced by the Governor as to the undesirability of adopting the principles of the Whitley Report, at the present juncture, as part of the working system of the Bank, the Committee feel that they can hardly do otherwise than waive, at any rate for the time being, their constitutional plea for a Co-operative Council and they hereby therefore beg to withdraw the claim for such a Council as embodied in the memorandum.

If the new Order of Court, as outlined by the Governor, opens up and safeguards the direct channel of approach to the Directors, in the event of the usual processes through the higher officials for the presentment of a "grievance" and its solution proving unsatisfactory, the Committee believe that the staff may confidently rely on this extra-ordinary right of direct access as sufficient to ensure the full and patient hearing by the Authorities of all individual cases of trouble.

But the Committee would still respectfully submit that inasmuch as matters affecting the whole corporate body of the staff may not improbably arise in the future as they have undoubtedly arisen in the past, the right of individual access shall be extended to cover corporate access to the Court by representatives of the staff whenever it is felt that the whole body politic of the Bank is being adversely affected by circumstances or personalities which do not make for the well-being of the service.

It

It cannot be too strongly urged that it is invidious to expect an individual to bear the onus of raising important issues which affect his colleagues more or less generally.

The compromise advocated so sympathetically by the Governors would seem to meet fully and adequately the cases of individual and personal trouble but it does not seem to meet the need so widely felt at the present time for the advertisement before the Court of corporate troubles such as have been seriously existent for a long time past to the detriment of the human interests of the staff.

While waiving therefore the appeal for the establishment of a Whitley Co-operative Council, the Committee desire to express their hope that some expedient may be found whereby representative members of the staff may, as occasion requires, be recognised sympathetically by the Governors and given a patient hearing on matters which relate to the corporate life of the community.

The principle of common action on behalf of the common good has become, without a doubt, one of the integral factors of the new era created by the War and the Committee trust therefore that the Governors will realise the absolutely new conditions of life and labour in the coming years and will legislate accordingly.

The paternal government of the Bank was ever generous and kindly in the years gone by and the older member of the staff remember with gratitude the privileges they enjoyed - but it is believed that the War and the changed world which will result from it must make for our generation a harder existence inevitable - and therefore it is that the staff crave the new privilege of being allowed corporate access through their representatives to the Court whensoever untoward circumstances arise which should make such representation seemly and conducive to the higher interests of the Bank.

And as authority must pass from one to another and the conditions of to-day be overworn by time, the staff venture to suggest that any new Orders of Court which may be passed to

to obviate recurrence of the present difficulties, shall be incorporated in the Book of Rules for Clerks joining the service that so for all time the golden bridge may be assured whereby peace and goodwill may be attainable in any stress of trouble that may arise in the unknown years that lie ahead.

Trusting that the argument running through this reply to the gracious request of the Governors to withdraw the petition for a Whitley Committee may commend itself to their sense of justice and equity.

We are, Sir,

Your faithful and obedient Servants,

(Sd.) VERNON DEAN, Chairman.

WILFRED G. BRYANT, Vice-Chairman.

F. GLEN ALLAN, Acting Hon. Sec. of the Clerks' Committee.

The Governor  
of the Bank of England.

FIRST INTERIM REPORT.

That they have had under consideration various matters which have been brought to their notice by witnesses who have already appeared before them.

Some of these matters require further consideration. In the case of others it is easier to reach a decision, and the Committee feel that the best interests of the Bank would be served if the latter were dealt with promptly and separately in interim Reports.

The first of these matters relates to the rates for Overtime Pay, which the Committee recommend should be as follows,

vizt:-

s d  
2/6 per hour for Probationers, Temporary Men, Men from outside Banks, and Men on the Permanent Staff up to and including the 4th Class.

3/- " " " Men in the 1st, 2nd and 3rd Classes.

3/6 " " " Senior Clerks, Superintendents and Cashiers (Treasury).

(Superintendents to include the 2nd Clerks in the Chief Accountant's, Chief Cashier's and Branch Banks Offices, the 3rd Clerk in the Secretary's Office and the 1st Clerk in the Audit Department).

Principals, although expected to stay and superintend the work in their Offices whenever necessary, not to be remunerated for actual Overtime. (Principals to include the Chief Clerks in the Chief Accountant's, Chief Cashier's and Branch Banks Offices, the 1st and 2nd Clerks in the Secretary's Office, the Staff Superintendent and the Chief Clerks and Deputy Chief Clerks - where the latter exist - at the Branches).

Overtime to commence at 5 o'clock, Saturdays 2 o'clock.

No Payment for less than two hours work.

The

The following free meals to be supplied:-

Tea (if Overtime is worked to 7 o'clock).

Dinner (if Overtime is worked to 9 o'clock).

To take effect from the 1st May next, and to be revised as soon as normal conditions prevail.

28th April, 1919.

SECOND INTERIM REPORT.

That, in continuance of the plan they have already adopted of bringing forward to the Court those matters under their consideration in which they have arrived at definite decisions, they make two further recommendations, vizt:-

Firstly, that under existing conditions in London the regular hour for commencing work in the morning be 9 o'clock as at present, and that the Staff be allowed to leave in the evening at such hour as in the opinion of the Heads of Departments the work of the Bank from time to time permits; and

Secondly, that Harry H. Slade, a 3rd Class Clerk in the Colonial and Corporation Stocks Office, who since August 1909 has suffered a reduction of £10 a year in his ordinary salary for a mistake he committed at that time should have this amount of £10 a year restored to him as from the 1st March 1919, and that he be granted his full salary for the second period of his War Leave from 22nd November 1918 to 1st April 1919.

21st May, 1919.

THIRD INTERIM REPORT.

That in the course of their investigations the question of the dates of payment of the War Bonus has come under their notice. Payment is made at present at the end of March, June, September and December in each year, but the Committee understood that the Staff would prefer to receive the Bonus at the end of February, May, August and November, as the amount of salary now received in those months has been greatly reduced, owing to the increased deductions on account of Income Tax.

It is not practicable to make any such alteration at the end of May, but it is recommended that after the next payment on the 30th June, the War Bonus be paid as follows:-

Two months on the 31st August next, and thereafter Quarterly at the end of November, February May and August, until further notice.

26th May, 1919.



## FOURTH INTERIM REPORT.

That in the course of their enquiry they have considered the present scale of salaries and war bonus paid to the Clerical Staff and to the Agents and Sub Agents. In view of the present and prospective high prices of commodities the Committee are of opinion that the present salary and war bonus are not adequate, and they accordingly recommend their replacement by the following scheme, to apply only to salaries of men now on the Permanent Staff and not to the salaries of Probationary Clerks, either now or if subsequently promoted.

## 1. Salaries not exceeding £430 a year:-

- (a) A supplementary Salary equal to 50% of the ordinary or first column Salary.
- (b) A War Bonus equal to 50% of the ordinary or first column Salary without taking into account the supplementary salary named in (a).

2. Salaries over £430 and not exceeding £1,500 a year - including Agents and Sub Agents appointed from the Clerical Staff, but excluding Agents and Sub Agents not so appointed:-

- (a) A supplementary Salary equal to 25% (but not exceeding £250) of the Salary attaching to the position.
- (b) If the amount under (a) is less than £250 a War Bonus sufficient with (a) to make a total of £250. Salary and supplementary Salary and War Bonus together not to exceed £1,750.

3. Agents and Sub Agents not appointed from the Clerical Staff:-

A War Bonus equal to 25% calculated on the total Salary in each case, provided the War Bonus alone does not exceed £250 and the Salary and War Bonus together do not exceed £1,750.

Supplementary Salaries as defined in 1 (a) and 2 (a) to be taken into account in calculating pensions, and to be subject

to

FIFTH INTERIM REPORT.

to reconsideration on or after the 1st March 1926.

War Bonuses to be subject to reconsideration in whole or in part at any time hereafter on six months' notice and taking into account the general price of commodities.

The foregoing proposals to date from the 1st April 1919 and to apply to all subsequent changes in Salaries within the above-mentioned limits.

If these proposals be adopted, the Committee recommend that the present arrangement whereby the Bank pay a certain proportion of the cost of meals supplied at the Clerks' Luncheon Club should cease as from the 30th November next, together with the Food Allowance to Clerks at the Branches.

In lieu of the following temporary additions to Wages made during the period of the War, viz:-

10% increase plus a flat payment of 15/6 a week, averaging about £1 per week per man -

(a) A sum of 10/- a week be added to the ordinary wages of each Porter and work for Pension, subject to reconsideration on or after the 1st March, 1926.

26th May, 1919.

(b) A flat payment of 15/- a week be made as War Bonus to each Porter, subject to reconsideration in whole or in part at any time hereafter on six months' notice and taking into account the general price of commodities.

Bank Note Clerks.

In lieu of the existing War Bonus, amounting to a maximum of 10/7 a week.

A flat payment of 27/6 a week be made to each Bank Note Clerks, subject to reconsideration in whole or in part at any time hereafter on six months' notice and taking into account the general price of commodities.

FIFTH INTERIM REPORT.

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That, although not coming within the terms of their reference, they have deemed it advisable to consider the question of the Wages and War Bonuses of the Permanent Staff of Porters at the Head Office and Branches and of the Bank Note Stampers, simultaneously with the Salaries and War Bonuses of the Permanent Male Clerical Staff. They are of opinion that some increase should be given to all these men and they make the following recommendations, vizt:-

Permanent Staff of Porters at the Head Office  
and Branches.

In lieu of the following temporary additions to Wages made during the period of the War, vizt:-

10% increase plus a flat payment of  $15\frac{s}{d}$  a week, averaging about £1 per week per man -

- (a) A sum of  $10\frac{s}{-}$  a week be added to the ordinary wages of each Porter and rank for Pension, subject to reconsideration on or after the 1st March, 1926.
- (b) A flat payment of  $15\frac{s}{-}$  a week be made as War Bonus to each Porter, subject to reconsideration in whole or in part, at any time hereafter on six months' notice and taking into account the general prices of commodities.

Bank Note Stampers.

In lieu of the existing War Bonuses, amounting to a maximum of  $19\frac{s}{d}$  a week,

A flat payment of  $27\frac{s}{d}$  a week be made to each Bank Note Stamper, subject to reconsideration in whole or in part at any time hereafter on six months' notice and taking into account the general prices of commodities.

The

## SIXTH INTERIM REPORT.

The foregoing to date from the 31st instant. Pensions and Gratuities to Pensioners and consider that no general change is at present necessary. They are of opinion, however, that in certain cases a supplementary pension should be paid to certain Pensioners, and Clerks who have since been pensioned, in view of the nature of the work performed by them during the War period. Modifications in the present Pensions are also rendered necessary by the scheme of Supplementary Salaries and War Bonus which was approved by the Court on the 29th May last. The Committee accordingly make the following recommendation, to date from the 1st April 1919, viz:-

1. Persons of 65 or over, or of 40 years' service or over -

(a) Who, whether as Pensioner or Clerk, or both, worked during any period of the War, but not after the 31st March, 1918:-

In lieu of the gratuity granted by the Court of the 27th September, 1917, a supplementary pension equal to 5% of their present pension for every complete year of such service, with a maximum of 30%.

Should the amount so calculated be less than the gratuity (if any) they at present receive, the balance to be given by way of gratuity subject to the conditions mentioned below (3).

(b) Pensioned between the 1st April 1918 and 31st August 1918:-

In lieu of the gratuity granted by the Court of the 27th September 1917, a supplementary pension equal to 30% of their pension as calculated on their average salary for three or seven years, as the case may be (exclusive of supplementary salaries unless the pension based on a similar average of the whole salary (inclusive of supplementary salary) is greater.

SIXTH INTERIM REPORT.

That they have reviewed the existing scale of Pensions and Gratuities to Pensioners and consider that no general change is at present necessary. They are of opinion, however, that in certain cases a supplementary pension should be paid to certain Pensioners, and Clerks who have since been pensioned, in view of the arduous nature of the work performed by them during the War period. Modifications in the present Pensions are also rendered necessary by the scheme of Supplementary Salaries and War Bonus which was approved by the Court on the 29th May last. The Committee accordingly make the following recommendation, to date from the 1st April 1919, vizt:-

1. To men of 65 or over, or of 40 years' service or over -

(a) Who, whether as Pensioner or Clerk, or both, worked during any period of the War, but not after the 31st March, 1919:-

In lieu of the gratuity granted by the Court of the 27th September, 1917, a supplementary pension equal to 5% of their present pension for every complete year of such service, with a maximum of 20%

Should the amount so calculated be less than the gratuity (if any) they at present receive, the balance to be given by way of gratuity subject to the conditions mentioned below (3).

(b) Pensioned between the 1st April 1919 and 31st August 1921:-

In lieu of the gratuity granted by the Court of the 27th September 1917, a supplementary pension equal to 20% of their pension as calculated on their average salary for three or seven years, as the case may be (exclusive of supplementary salary) unless the pension based on a similar average of the whole salary (inclusive of supplementary salary) is greater.

2. To

2. To men pensioned between 1st April, 1919, and 31st August 1921, of under 40 years' service at the time of their being pensioned:-

A pension based on a three or a seven years' average of Salary as the case may be (inclusive of supplementary salary).

Should the amount so calculated be less than that which they would have received as pension if calculated on their ordinary salary prior to 1st April, 1919, together with the gratuity (if any) under the Order of Court of 27th September, 1917, the balance to be given by way of gratuity subject to the conditions mentioned below (3).

3. The gratuity granted by the Order of Court of the 27th September, 1917, to continue to apply to all other present pensioners.

Any sum granted by way of gratuity, whether the maximum amount or less, to be subject to reconsideration in whole or in part at any time hereafter on six months' notice and taking into account the general price of commodities.

4. All pensions granted after 31st August, 1921, to be based on an average of three or seven years, as hitherto, without any addition by way of gratuity.

23rd June, 1919.

SEVENTH INTERIM REPORT.

That the case of Harry W. Lock, who was formerly a 2nd Class Clerk in the Bank Stock Office, has been brought to their notice by a memorial from a number of his former colleagues. Lock was dismissed from the Service of the Bank in July 1915 for refusal to work on Sundays, although he had been previously warned of the penalty that would probably follow such refusal. The Reports on Lock show that he was a hard working, conscientious man and that his refusal to do Sunday work was based on religious scruples. Lock has now found other employment, but at a much lower rate of pay than he would have been receiving had he remained in the Bank. The Committee recognise that, as matters were at that time, the Court had no alternative but to dismiss Lock, but they consider that in view of all the circumstances, some consideration might now be shown to him and they recommend that, as an act of grace, a payment of £250 be made to him.

25th June, 1919.

NINTH (AMENDING EIGHTH) INTERIM REPORT.

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That the "Provisional Scheme for an Advisory Council of Directors and Staff" submitted to the Court on the 26th June for consideration has been amended and now reads as follows:-

A Governor or Director to be Chairman.

5 Members, of whom at least 2 shall be Directors, to be appointed annually (in May) by the Court.

1 Member to be elected annually from among themselves by the Principals, Agents, Sub-Agents, Superintendents and those ranking as such.

1 " by the Senior and the 1st and 2nd Class Clerks at Head Office.

1 " by the 3rd and 4th Class Clerks and Assistants at Head Office.

1 " by the Permanent Women Clerks.

1 " by the Classed Staff and Assistants at the Branches.

5

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Provisional Rules.

- (a) Elections to take place annually (in May) by secret ballot.
- (b) No Election to be valid unless votes are cast by at least  $\frac{3}{4}$ ths of those respectively entitled to vote.
- (c) No person connected with any outside organization of Clerks to be eligible.
- (d) The Council to meet at least once a quarter.
- (e) A Secretary to be appointed by the Chairman.
- (f) The proceedings of the Council to be regarded as confidential.
- (g) Regular Minutes to be kept and furnished to the Court.
- (h) The Council to be for the purpose of friendly discussion and consultation and to have no executive powers.



- (i) The recommendations of the Council to be arrived at by general agreement and to be reported to the Court.
- (j) All questions which in the opinion of the Chairman affect Finance, Policy, Discipline or individual Appointments, to be excluded from consideration.
- (k) A Member may bring forward any other question for consideration by the Council provided, in the opinion of the Chairman, it relates to (1) the corporate interests of the Governor and Company, (2) the welfare of the Permanent Staff, or (3) co-operation between the Directors and Staff.
- (l) The decision of the Chairman to be final.
- (m) The Council may alter or add to these Provisional Rules subject to the consent of the Court.

The Committee recommend that this Scheme be printed, and that the Staff be informed that it is proposed to put the Scheme into effect in due course, and that a copy of the Scheme will be issued to any Member of the Staff who applies and signs an undertaking to treat it as confidential.

7th July, 1919.

MINUTE RELATING TO VERNON R. DEAN, a 1st  
CLASS CLERK IN THE SECURITIES OFFICE.

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The Committee have heard those concerned on the subject of Mr. Dean's statement of evidence and especially its concluding portion: they have also seen a copy of the letter mentioned in the last paragraph and the letter of withdrawal. The main conclusion to which they have come is that Mr. Dean's complaints call for no action or recommendation on their part, and that his Principal has throughout acted properly and within his rights.

In view of the unconditional terms of the letter of withdrawal the Committee consider that Mr. Dean was wrong in reiterating before them similar charges to those which had already been made and which had been withdrawn with his approval.

Taking all the circumstances into account the Committee can neither recommend Mr. Dean for special work nor for transfer to another Office as he has suggested. They leave it to him to make application should he now have any proposal to put forward in regard to his future.

3rd June, 1919.

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25th September, 1919.

Dear Mr. Chancellor,

The Court of Directors of the Bank have again discussed the gravity of the present financial situation and wish me to address you at some length on the matter. I am therefore troubling you with this letter which the Court have approved at their meeting to-day.

The Foreign Exchanges.

The pound sterling is now quoted at a discount in all the most important centres, the discount being about 15% in the United States, Great Britain's principal creditor and supplier. With the approach of the autumn demands, it is probable that unless remedial measures are quickly taken the Exchanges will further depreciate until the prices of imports necessary for the life of the nation rise to alarming figures, and possibly until sterling exchange becomes unsaleable in many foreign countries.

It is true that an adverse Exchange tends to discourage imports and to encourage exports; and if on the one hand this Country were an importer mainly of unnecessary luxuries and on the other hand were content to remain in a state of international suspension of payment in gold until the Exchanges correct themselves, there would perhaps be some argument for leaving the situation to provide its own remedy. But it is surely worth a temporary effort to recover the magnificent credit which the Country has so long enjoyed and which once lost could but slowly if ever be recovered; and in the meanwhile it would be impossible without widespread distress to dispense with the vast majority of her imports.

The raising, if that were possible, of further large loans in America would provide for our immediate needs, but only at the expense of the future; and it is the opinion

opinion

opinion of my Court that, although the devastated Countries of Europe are more than justified in borrowing money in America in order to re-establish their industries, there is nothing to justify this Country, which is merely impoverished and in no sense devastated by the War, in continuing to borrow without making so much as an effort to restore the Exchanges and the balance of trade by normal means.

Still less will Great Britain be in a position to finance other Countries until she is again a creditor of the world with the Exchanges in her favour. Yet at the present moment owing to the relatively low rate of discount in London compared with the United States she is financing a large amount of American business; and efforts - too often successful - are constantly being made by foreigners to raise loans in this Country by means of drawing-credits rather than borrow in America on less favourable terms.

If the Bank had been free to exercise their proper functions they would long ago have taken steps to raise the value of money in this Country in order to protect the Exchanges. But while the present large floating debt of the Government exists the Bank are powerless to control the money market without the co-operation of the Treasury. For if the Bank were to attempt to-day to make their Rate effective by borrowing from the market any surplus funds up to say  $4\frac{1}{2}\%$  per annum, the whole of the Treasury Bills, renewable at only  $3\frac{1}{2}\%$ , would be allowed to run off, and the Bank would require to borrow and to re-lend to the Government on "Ways & Means Advances" an amount far too large for them to handle. In fact the Lombard Street money rate, which in particular affects the foreign Exchanges, is now controlled by the rate for Treasury Bills.

The Court fully understand that a Chancellor of the Exchequer should hesitate to raise the rate at which he is borrowing. Yet this is what the Bank have habitually done.

often

often at great expense to themselves, when the good of the State appeared to demand higher rates for money; and I submit with all deference that, so long as Treasury operations prevent the Bank from performing this duty to the State, the Treasury becomes responsible for its performance and is justified in incurring expense to enable it to be performed.

The best solution, were it possible, would undoubtedly be that the volume of Treasury Bills and "Ways & Means Advances" should come to an end and the Bank be left free to perform their traditional functions. But that would demand a huge funding operation which would certainly be impracticable in the near future. It is indeed probable that the Bank will not regain complete control of the money market until part at least of the Government's floating debt has been absorbed by administrative economies or increased taxation or both. Meanwhile in the opinion of the Court the raising of money rates is urgent.

The Treasury has already to some extent recognised its responsibility for the foreign Exchanges by instructing the Bank to pay for its account  $4\frac{1}{2}\%$  per annum on foreign balances. But this measure, which was of doubtful efficacy during the War, has now become even less satisfactory; for there is nothing to prevent foreigners from providing, without risk of Exchange, a large amount of "foreign money" by discounting bills at  $3\frac{1}{2}\%$  in this market and depositing it at  $4\frac{1}{2}\%$ . It is clear therefore that the "foreign money rate" should be dropped, which would lead to the extinction of the bulk of Ways & Means Advances (probably the most vicious form of inflation) about which we addressed you separately on the 22nd instant. The question that remains is whether the Treasury Bill rate should be raised or a fresh blow be dealt at the foreign Exchanges by leaving the foreign money to find its way into  $3\frac{1}{2}\%$  Treasury Bills. As to that I may say that if the sole object of the Treasury were to borrow internal money as cheaply as possible without regard to the interests of

the State as a whole, the Treasury Bill rate might as well have been fixed at  $3\frac{1}{2}\%$  or even lower and the Exchanges allowed to fall still further.

Since I wrote to you in July on the subject of money rates another powerful reason for bringing the value of money in London up to the international level has arisen, namely the removal of restrictions on remitting money abroad for investment. To-day there is nothing to deter any who hold  $3\frac{1}{2}\%$  Treasury Bills here as an investment from exchanging them for  $5\frac{1}{2}\%$  British Government Treasury Bills in America except the fear that something will surely soon be done towards equalizing money rates and thus rectifying the Exchanges. And the probability that many of our countrymen have already made considerable investments abroad at higher rates than could be obtained here gives cause for hope that when the conditions are reversed the improvement in the foreign exchanges will be all the greater.

#### The internal situation.

Turning now to the internal situation of the Country we find virtual abandonment of the gold standard; the Bank's Reserve lower than it has been since the first fortnight of the War, and an expansion of credit<sup>\*</sup> which has inevitably led, or at least contributed largely, to a general rise in prices, to a great increase in the currency and to extravagant living. These symptoms are not indeed by any means confined to this Country but they are none the less evils which should be kept in check by means inter alia of comparatively dear money.

The rise in prices, more pronounced here than in America, must clearly be checked and to some extent corrected before the Country's trade can be re-established on sound lines and enabled to hold its own against competitors in the export markets.

<sup>\*</sup>The Bankers' deposits increased from 1,070 millions at the close of 1913 to 2,033 millions at the close of 1918.

The general private extravagance is an obvious evil when the Country has overspent its resources, and it would seem fitting that at a time when the Government is wisely bent on retrenchment in its own expenditure the people should also be induced to economise.

To produce a drastic reduction in prices and check on extravagant habits it might be necessary to raise the value of money above the present Bank Rate of 5%. But my Court fully realise the danger and inconvenience of too sudden a contraction of credit and lowering of prices and confine themselves for the moment to a request that the Government will enable them to make their present moderate rate of 5% effective.

The currency expansion is regarded by my Court as merely a symptom of the general condition of credit. Nevertheless, or rather on that account, they welcome the steps which you have taken to keep the Currency Note circulation within bounds by setting aside Bank Notes against expansion in the circulation. They believe it to be most fitting that when the circulation of the Country expands unduly the strain of such expansion should be thrown upon the institution which under our monetary system is designed to bear that strain, namely the Bank. But they beg respectfully to point out that the means by which they are habitually enabled to bear and relieve that strain consist in the control of the money market which is now shared - if not monopolized - by the Treasury, and they therefore beg your help in the use of that control.

The Bank's Reserve: The setting aside of Bank Notes for the Currency Note Account is in some degree responsible for the fact that the Bank's Reserve is now lower than it has been since August 1914. But the depletion of the Reserve is mainly due to the increase in the Bank Note circulation which is chiefly a result of the general expansion

\* This circulation has risen from £34,622,000 to £80,902,000 during the past five years.

expansion of credit, the Bankers requiring more cash against their increased deposits and the higher prices and wages demanding more currency of high denominations.

The Bank's Reserve cannot in present circumstances be replenished by an influx of gold, and the only means of improving it is to contract the active Note circulation and with this object to raise the value of money; but the process in any case takes time to operate and with the autumn demands in sight there is no time to be lost in making a beginning if the Reserve is to be kept from falling to a point at which it might create alarm.

Should you not see your way to co-operate with the Bank in raising the level of money rates the Reserve will probably continue to fall until the Bank is compelled either to force Currency Notes on an applicant for Bank Notes (which might give rise to a premium on the latter) or to apply to the Treasury, under the Currency & Bank Notes Act, for permission (the modern equivalent of a "Chancellor's letter") to issue Bank Notes against Securities in excess of the fiduciary issue allowed by law. This permission, in accordance with the precedent always observed on similar occasions, would presumably be given only on condition that the Bank raised their rate of discount to a high figure in order that the circulation might by this means be contracted and the necessity for the excess issue quickly overcome. But so long as the operations of the Treasury render the Bank Rate ineffective a sharp rise in Bank Rate would either be without effect or would merely penalize legitimate borrowers without contracting the expansion.

Lastly, I must refer to the virtual abandonment of the gold standard. The absence of gold as a circulating medium within the Country causes but little inconvenience and may well be allowed to continue. Any failure to cash Notes in gold is only of importance in the  
relations



relations of this Country to others, as it implies a refusal to honour a foreign debt in the form which the foreigner has been accustomed to expect; and the prohibition of gold shipments has set the seal on that refusal. The credit of Great Britain, although no doubt it has already suffered, has so far been wonderfully sustained throughout the general re-shuffling of peace negotiations, partly no doubt through world-wide confidence that the failure to meet her debts in gold will be temporary. But a large part of the world is now in process of returning to peaceful conditions and it is difficult to believe that this Country can regain its former credit while failing to honour its obligations in gold. The Court regard the restoration of the gold standard and the resumption of free gold exports at the earliest possible moment as of vital importance to the Country as a whole and consider that it is well worth a temporary sacrifice to secure that end.

It is possible that with the foreign Exchanges in their present state and without any steps being taken to protect them, the shipment of the whole of the available stock of gold in the Country would only suffice to meet the inevitable drain on our resources for a short time. But, assuming a satisfactory state of industry, the Court see no reason why Great Britain should not before long resume payment in gold of her current debts abroad provided that she is prepared to lose a moderate amount of gold and that steps be taken to keep money rates at an adequate level compared with those ruling in other important centres.

In conclusion, my Court are of opinion that for the various reasons enumerated in this letter, money rates in this country are unduly low and that higher rates are required by the present situation. They find that the only way to obtain them is to raise the Treasury Bill rate and they therefore respectfully urge you to increase the 3 months rate for Treasury Bills to 4½% and the 6 months rate to 5% and to

discontinue

discontinue paying a special rate on so-called "foreign money."

Yours faithfully,

(94) *Prism Collyer*  
Governor.

The Right Honourable

The Chancellor of the Exchequer.

MEMORANDUM FOR THE STAFF COMMITTEE.

*Court. 11. mch.*  
*1920.*

PORTERS' WAGES (PERMANENT STAFF).

Present Scale of Wages

Minimum Ordinary Wages per week on appointment	s 30/-	
Supplementary Wages per week on appointment (Subject to reconsideration on or after 1st March, 1926.)	15/-	} Counts for Pension
Ordinary Wages increased by $\frac{1}{3}$ a week every three years from 30/- to 37/8 ... (Maximum is reached in 18 years)	s d 37/8	
	52/8	
War Bonus per week ... .. (Subject to 6 months' notice)	15/-	Does not count for Pension
	s d 67/8	

It is suggested that the following scale of wages be adopted in lieu of the present scale as from the 1st March, 1920, subject to reconsideration and reduction in whole or in part in 1926.

Suggested Scale (until 1926)

Minimum Ordinary Wages per week on appointment	s 45/-	
To be increased by 1/- a week annually to (Maximum is reached in 20 years)	s 65/-	Counts for Pension
Supplementary Wages ... ..	Nil	
War Bonus per week ... .. (Subject to 6 months' notice)	15/-	Does not count for Pension
	s 80/-	

All wages attaching to Offices (including the Branches) as specified in the March 1919 House List to continue and to count for pension as at present. At the Western Branch and Law Courts Branch the money attaching to Office, which was temporarily increased for

the

the period of the War from <sup>s d</sup> 1/11 to 3/10 a week to be now reduced to its former level.

All "Personal" Wages to cease forthwith.

All allowances at the Head Office and Branches for presumed loss of overtime granted for the period of the War to cease.

Branch Porters to be allowed, as at present, to return to the Head Office with House Seniority after 10 years' Branch Service provided they exercise their option at that time. Such Porters on returning to the Head Office to relinquish the additional pay they received at the Branch.

Porters appointed between the 31st December and the 1st March not to be entitled to their first increase in "Scale" Wages until the 1st March in the following year.

The Porters on the Permanent Staff at the Head Office and Branches to be adjusted to the new Scale.

Overtime

When it is necessary to work overtime, payment to be made at the rate at present in force, viz., <sup>s</sup> 1/- per hour. No overtime to be paid unless Porters are detained until 6 o'clock - Saturdays 3 o'clock - when payment will be made from 4 o'clock and 1 o'clock respectively.

Supper to be provided as at present, or a money allowance of <sup>s d</sup> 1/6, to those Porters who are kept at work in Offices after 8 o'clock.

Porters on Gate Duty, or remaining in charge of outside Offices until the Night Staff arrive at 8 p.m. not to be supplied with supper.

Pensions

*4th July 1895* No change. As laid down by Order of Court of the 20th June, 1895. (Based on years of service throughout to all men elected

3  
elected after June 1895).

### Leave of Absence

It is suggested that during 1920 an extra 6 days leave be granted, if possible, as in 1919. To be reconsidered a year hence for 1921.

### Night Duties

The system of Night Watchmen, which was introduced about 18 months ago to relieve the strain on the present Staff of Porters, to be gradually extended to include all the duties now performed by Porters and Bank Note Stampers at night. Pending completion of the Scheme, the Superintending Watchmen (Porters) to be paid <sup>s</sup> 7/- a night, plus <sup>s d</sup> 1/6 for food when on duty, and the Bank Note Stampers and Assistant Superintending Watchmen (Porters) to be paid <sup>s d</sup> 3/6 and <sup>s d</sup> 1/6 for food as at present.

### Warden Duties (Day duty - Sundays and Bank Holidays).

The Scheme for Night Watchmen to be extended to cover the Warden Duties as soon as it is possible to make the necessary arrangements.

Meanwhile the Staff of Porters to ~~be given an~~ <sup>continue</sup> opportunity of ~~continuing~~ to perform these duties for the present on the following basis:- Hours 9 a.m. to 6 p.m. To be paid <sup>s</sup> 6/- as at present, together with an Allowance of <sup>s</sup> 2/- in lieu of food and <sup>s</sup> 1/- to cover extra cost of Railway Fares (there being no Workmen's Tickets on Sundays), and to Gate Porters <sup>s d</sup> 7/6 as at present, together with a Food Allowance of <sup>s</sup> 2/- and <sup>s</sup> 1/- to cover extra fares.

### Porters' Liveries

To be supplied regularly if possible as in pre-War times.

The proposed Scheme of Wages, after eliminating all "personal" wage, will benefit all Porters at Head Office, with the exception of Fortescue who, if the Scheme is applied rigidly to his case, will lose  $17/3$  a week. In view, however, of the report which was made to the Court on the 3rd July, 1913, under which Fortescue was not to suffer any pecuniary loss by being taken out of the Parlours, it is suggested that he be granted a sum down as compensation <sup>in lieu of</sup> ~~or allowed to keep the~~  $17/3$  as "personal" wages <sup>s d</sup> ( $8/-$  of which, being the equivalent of the amount he received for waiting on the Officer on Guard as a Parlour Messenger, does not rank for Pension).

Fortescue's present age is 56 and the expectation of Life - 15 years.

Therefore wages for 8 years	42 weeks		
	<sup>s d</sup>	@ $17/3$ a week	= £394
Pension for 6 years @ $\frac{2}{3}$ of $9/3$ , viz.	<sup>s d</sup>	$6/2$ a week	= 96
			<hr/>
			£490
Present worth (say) <u>£245.</u>		To be placed on Deposit	<u><u>          </u></u>
		with the Bank Provident	
		Society.	

With regard to the six Porters at the Head Office who were allowed to keep  $5/5$  a week (£14 a year) as "personal" wages, to rank for pension, on their relinquishing the duty of Superintending Watchmen, it may be mentioned that under the proposed Scheme all "personal" wages are abolished, and these men are no better off than those who have never performed the duties as Superintending Watchmen. It is suggested that in these cases a sum down might be paid as compensation for any alleged grievance - say  $3\frac{1}{2}$  years' purchase = £50.

To be placed on Deposit with the Bank Provident Society.

There is also the case of F.J.ELLIOTT, age 62,

who  
is

who was transferred from the Bullion Office to the Unattached list of Porters on account of ill-health, and allowed to keep <sup>s d</sup> 3/10 a week as "personal" wages.

Suggested that he be given £35 = (3½ yrs. purchase)

To be placed on Deposit with the Bank Provident Society.

The wages of Bairsto (Manchester), Chesters (Liverpool) and Robshaw (Leeds) under the proposed Scheme show losses of <sup>s d</sup> 2/6, <sup>s d</sup> 2/6 and <sup>s d</sup> 1/6 a week respectively, and it is suggested that these three men be paid their present wages until the deficiency is met by the annual increases on Service under the proposed new Scheme.

It is also suggested that at the Manchester, Liverpool, Western and Law Courts Branches, where there are three or more Porters, the Senior Porter be granted a further sum of <sup>s d</sup> 3/10 a week (£10 a year) attaching to the position.

That the <sup>s d</sup> 3/10 a week granted as "personal" wages to Honey, the Senior Porter at the Western Branch, and to Carpenter, the Senior Porter at the Law Courts Branch, be cancelled.

Following on the revised scale of Wages to the Staff of Porters, it becomes necessary to consider the Wages of the Head Gate Porter, Second Gate Porter and Assistant Gate Porter, and also the Doorkeeper (Cann).

It is suggested that the following Scale be adopted as from the 1st March, 1920, and in submitting this Scheme it may be pointed out that the work and responsibility in connection

tion

adopted as from the 1st March, 1920, and in submitting this Scheme it may be pointed out that the work and responsibility in connection with these positions have much increased of late years, especially during the War. Provision is also made in the Scheme for a minimum and maximum wage for each position.-

HEAD GATE PORTER (with House)

Minimum Ordinary Wages per week.....	£4: 5: -
To be increased by <sup>s</sup> 2/- a week annually for 10 years to.....	£5: 5: -
War Bonus per week (subject to six months' notice).....	15: -

2nd GATE PORTER (with House)

Minimum Ordinary Wages per week.....	£3: 5: -
To be increased by <sup>s</sup> 2/- a week annually for 10 years to.....	£4: 5: -
War Bonus per week (subject to six months' notice).....	15: -

ASSISTANT GATE PORTER (no House)

Minimum Ordinary Wages per week.....	£3: 5: -
To be increased by <sup>s</sup> 2/- a week annually for 10 years to.....	£4: 5: -
War Bonus per week (subject to six months' notice).....	15: -

DOORKEEPER (Cann)

Minimum Ordinary Wages per week.....	£4: 5: -
To be increased by <sup>s</sup> 2/- a week annually for 10 years to.....	£5: 5: -
War Bonus per week (subject to six months' notice).....	15: -

5-  
12-  
15-  
72-  
4

19/1

10-  
15-  
10

17/8

5-

15

1/7



The "personal" wages of 12/11 a week which <sup>s d</sup> Dicken/at present receives to cease.

Mrs. Dicken receives £21 a year, paid quarterly, for her services in connection with the custody, distribution and repair of table linen used in the Parlours, &c.

She is also responsible for the custody and repair of all sheets, towels, dusters, &c. at the Head Office, for which she receives £30 a year, paid weekly.

Her work has considerably increased during the past five years and it is suggested that, in lieu of the above payments, she be granted wages of <sup>s</sup> 25/- a week.

Parlour Messengers - Waiting on the Officer on Guard.

Prior to 1906 payment of £20 per annum, ranking for pension, was paid for waiting on the Officer on Guard.

Since 1906 a payment of <sup>s d</sup> 3/6 per duty has been made, which does not count for pension. The hours of attendance are from 6 p.m. to about 11 p.m., with early attendance the following morning for cleaning up. All Overtime duty to Porters - except the Night Duties - is now paid for at the rate of <sup>s</sup> 1/- an hour, and while the ordinary Porter has benefitted in this respect, the pay to the Parlour Messengers for this "waiting" has remained the same. It cannot be denied that the Parlour Messengers incur greater expense in providing dress clothes and linen shirts for "waiting" than formerly, and in this respect they are at a further disadvantage as compared with the ordinary Porters, who do not have to provide these clothes.

It would therefore seem that some increase should be given for Waiting on the Officer on Guard and it is suggested that the amount be increased from <sup>s d</sup> 3/6 to <sup>s d</sup> 7/6, but that this payment of <sup>s d</sup> 7/6 include the two hours from 4 to 6, for which the Parlour Messengers at present receive Overtime payment.

*16 March 1920* *117*

The average pre-War Wages (pensionable) of the Porters  
in July 1914 were .. .. . £104 a year

Under the proposed Scheme the average Wages  
(pensionable) will be .. .. . £164 do.  
War Bonus (not pensionable) .. .. . 39 do.  
£203

Increase of pensionable Wages - 58%  
Total increase - 95%  
Increased cost of living - 130%

*Excluding July bonus of £15.  
- 1470*

It is estimated that the approximate cost of the  
proposed Scale as compared with the existing Scale will be as  
follows -

Additions to Wages (pensionable)

Head Office .. .. .	£1,654	
Branches .. .. .	<u>310</u>	£1,964

Sundry Additions (not pensionable)

Night Duty & Warden Duty (Porters)		
Head Office .. .. .	£270	
Waiting on Officer on Guard - Head Office	<u>45</u>	315
		<u>£2,279</u>

There will also be cash payments amounting to £580 ✓

13/20.

The average pre-war wages (penalizable) of the Porters in July 1914 were .. .. . £104 a year

Under the proposed scheme the average wages (penalizable) will be .. .. . £164 do.  
War Bonus (not penalizable) .. .. . 39 do.

£203

Increase of penalizable wages - 58½  
Total increase - 97½  
Increased cost of living - 130½

It is estimated that the approximate cost of the proposed scale as compared with the existing scale will be as follows -

Additional to Wages (penalizable)  
Head Office .. .. . £1,634  
Branches .. .. . £1,984  
£3,618

Grundry Additions (not penalizable)  
Night Duty & Warden Duty (Porters) .. .. . £270  
Head Office .. .. . 42  
Waiting on Officer on Guard - Head Office .. .. . 315  
£627

There will also be cash payments amounting to £580

24 March 1920  
Minute of the Staff Committee recommending appointments, etc

The COMMITTEE appointed to consider the question of the disposal of any SPECIAL PROFITS OF THE BANK, etc., beg to make the following interim report to the Court:-

We have been occupied throughout the current year with the questions raised by the Select Committee on National Expenditure about the Bank's charges to the Government during the War.

Acting on our advice the Bank have maintained, in their correspondence with the Treasury on the matter, that the proper way of adjusting their normal charges to the swollen figures of war finance, is something in the nature of an Excess Profits Duty; but they have, under pressure from the Select Committee, made several suggestions for the modification of their charges since February 1917 as sanctioned by the Court from time to time.

None of these suggestions has so far been accepted by the Treasury and we have reason to believe that they are not regarded as an adequate solution of the question at issue, but that the Treasury considers the most satisfactory solution to be the refund by the Bank of the balance retained by them of their "Excess Profits" for the five years ending 25th February 1919, i.e. the difference between the "Excess Profits" as assessed and the amounts paid or payable thereout for Excess Profits Duty and Income Tax.

After very careful consideration we have decided to recommend the Court, while withdrawing the suggestions made in response to the observations of the Select Committee, to accept any definite proposal that may be made by the Treasury in the sense just indicated, as a final settlement of the Bank's war charges, subject, of course, to the possibility of legally giving effect to the proposal.

BRIEN COKAYNE.

REVELSTOKE.

(Signed)

E.C.GRENFELL.

H.A.TROTTER.

R.M.KINDERSLEY.

BANK OF ENGLAND,

20th December 1918

	Management of Funded Debt including War Loans (whether bearer or other- wise)	Exchequer (& War) Bonds	
		Registered	Mixed
Before 1892	When debt exceeds £600,000,000; £300 on first £600,000,000 £150 on remainder. £450 if under £400,000,000		
1892 arrangement	£325 on first £500,000,000 £100 on remainder minimum £160,000		
Alteration in 1906			
Alteration in 1915	£325 on first £500,000,000 £175 on remainder		
Treasury Minute of 21 Jly. 1916		£175 per million on amount outstanding on 31st March	
Temporary altera- tions suggested in 1918	£325 on first £500,000,000 £150 on remainder	£150 per million on amount outstanding on 31st March	
Interim Agreement made in Sept. 1919 for April 1919 to March 1921	£325 on first £500,000,000 £150 on remainder excluding Bearer Bonds of the Exchequer Bond, National War Bond and Victory Bond Issues		

Bearer	Treasury Bills	Ways & Means Advances	Deficiency Advances
	<p>£100 per million on Bills outstanding on 1st Decr, excluding cost of printing and paper</p>		
<p>£100 per million on amount outstanding on 31st March</p>	<p>£200 per million on Bills outstanding on 31st March including cost of printing and paper</p> <p>£200 per million on maximum amount of Bills outstanding during financial year</p>		<p>One-half of Bank Rate at time of Advance, maximum 3%.</p>
<p>£100 per million on amount outstanding on 31st March</p>			
<p>£50 per million on amount outstanding on 31st March</p>	<p>£100 per million up to £50,000,000 Bills issued</p> <p>£25 per million on remainder of Bills issued</p> <p><u>Subsequently</u> Treasury asked to suggest a scale for remainder of the War</p> <p>£100 per million on first £50,000,000 issued</p> <p>£25 per million on next £500,000,000 issued and no charge for excess over £550,000,000</p>	<p>1% on excess of Bank's Ways &amp; Means &amp; Treasury Bills over Bank's borrowings</p>	

The Committee as first appointed by the Court on the 21st February 1918, in accordance with the recommendation of the Special Committee of 11th October 1917, consisted of the then Governor (Lord Cunliffe), Mr. Cole and Mr. Grenfell.

On the termination of the Bank year in March 1918 it was re-appointed in the following form:—The new Governor (Sir Brien Cokayne), Lord Revelstoke, Mr. Grenfell, Mr. Trotter, and Sir Robert Kindersley, and the same Committee was again appointed for the present year, the Reference being “to consider the question of the disposal of any special profits of the Bank and whether an application for authority to increase the Capital of the Bank is desirable.”

#### (A) THE BANK'S WAR CHARGES TO THE GOVERNMENT.

The need for careful enquiry into these matters had already been shewn by the fact that Lord Cunliffe had in September 1917 been summoned to appear before a Sub-Committee of the Select Committee of the House of Commons on National Expenditure, to shew cause why the Bank's Charges to the Government during the War should not be reduced.

From that time there ensued a correspondence between the Bank and the Select Committee and the Treasury, on the subject of the Bank's War Charges to the Government, the whole of which correspondence, together with the Select Committee's final report of 23rd July 1918 and their Sub-committee's report of January 1918, is typewritten in full as an appendix to the present report.

See FILE. P. 217

It will be observed that the Bank from the first laid stress on the difficulty of revising charges during the progress of the War, when the factors contributing to the Bank's increased profits were constantly varying, and suggested that any revision which might be necessary should be postponed until after Peace. In the meanwhile it was felt that the Excess Profits Duty, which was expressly designed to secure for the Exchequer a large share of special war profits, exactly met the case. But the Select Committee was insistent upon an immediate and retrospective reduction in the Bank's charges, and neither that body nor the Treasury would admit that the Excess Profits Duty afforded any justification for charges which would otherwise be excessive.

The Bank were thus compelled either (1) to face the odium and risk of declining to reduce their terms which had been denounced by the Select Committee as onerous or (2) to suggest some temporary modification of those terms, or (3) to offer to pay over to the Government the whole of their “Excess Profits” during the War, a course which had been suggested by the Sub-Committee in their Report as an alternative to the reduction of charges. This course had indeed already been considered by the Bank in 1917 before the Report of the Sub-Committee was issued; and it is perhaps interesting to recall in this connection that the Court's reference to your Committee when it was first appointed in February 1918 included the words “whether some portion of the accrued War Profits should be handed over as a gift to the Nation.” But at that time the Bank were advised by their Solicitors that, except with the approval of every Proprietor of Bank Stock which of course would be

unprocurable, it was not in the power of the Court of Directors to pay away sums which had already gone to account in the successive half years of which the result had been reported to the Proprietors (see Messrs. Freshfields letter of 4th September 1917 in the Appendix).

The Bank therefore, on the advice of this Committee and with the approval of the Court (11th July 1918) suggested to the Treasury certain modifications of their terms, and these suggestions constitute the offer of a "revised agreement for the remainder of the War period" mentioned in the Select Committee's final report of July last, which report however shews that that Committee were not fully satisfied that the concessions made were sufficient. A table is given in the Appendix shewing the Bank's previous charges for various Government services and the modifications suggested in the correspondence just mentioned.

In spite of repeated personal applications to the late Chancellor of the Exchequer (Mr. Bonar Law), who in view of the political aspect of the Select Committee's strictures felt bound to give the matter his personal attention, no reply could be obtained to the Bank's suggestions until October last when Sir Robert Chalmers, after several discussions with the Governor, informed him of the Chancellor's proposal that the Bank, in lieu of modifying their charges during the War period, should cede to the Government the whole of their Excess Profits in the five years 1st March 1914 to 28th February 1919.

It therefore seemed worth while once more to examine carefully the question whether legal effect could be given to this suggestion, especially as your Committee had been very loth to suggest reductions in charges at a time of increasing expenses and with the knowledge that such reductions, however temporarily conceded, might be quoted against the Bank in any negotiations for a fresh agreement with the Treasury. This reluctance to reduce specific charges was particularly felt in regard to the rate of interest on Ways and Means Advances; the concession on this point actually suggested in the Bank's letter of 11th July 1918 was felt to be vicious in principle and was only put forward as less objectionable than other ways of meeting the Select Committee's complaint that a high rate of interest was charged on advances to the Government which was keeping an abnormally large free balance at the Bank.

Your Committee after careful deliberation decided that the "Excess Profits" solution of the question, although that too was capable of being used against the Bank, would be preferable to the reduction of specific charges, and they accordingly issued an interim report annexed hereto recommending its adoption, subject to the possibility of its execution in legal form. This recommendation was approved by the Court on 24th December 1918.

Messrs. Freshfield were thereupon instructed to reconsider the legal aspect of the matter and the "case" which they submitted to Sir Edward Carson, K.C., M.P., together with the latter's opinion will be found in the Appendix. Sir Edward in discussing the subject with the Governor before writing out his opinion had suggested that the Bank should obtain *either* an indemnity from the Treasury *or* a favourable opinion from the Law Officers of the Crown, but his written opinion at first called for both. The Attorney-General's opinion (see Appendix) was quite as emphatic as Sir Edward Carson's that the Bank Directors would be acting within their rights in making the proposed payment; and on receiving a copy of this opinion, the Bank tried



to obtain from the Treasury the promise of an indemnity. The Chancellor of the Exchequer however said that any such promise would certainly have to be communicated to the House of Commons together with the fact of the settlement, and that it would be much better to introduce a clause in some Bill to give the desired indemnity at once; but either of these courses would in his opinion be apt to provoke an unwelcome discussion in the House. Messrs. Freshfield were therefore again instructed to consult Sir Edward Carson who added a postscript to his opinion to the effect that the indemnity might safely be dispensed with.

The Court was informed on the 6th March 1919 that the legal difficulties having been removed the arrangement would be finally concluded with the Treasury, and it was so concluded by the Governor's letter of the same day, appearing in the Appendix.

On the 15th March 1919 the Exchequer was credited in the Bank's books with the sum of £1,872,907 : 10s. 11d. in respect of the balance of Excess Profits (after paying Excess Profits Tax and Income Tax) for the four years ending the 28th February 1918, and on the same date the Treasury paid over to the Bank a larger sum, due for interest on advances and management charges, which had been retained pending a settlement of the question outstanding. A further payment of £706,712 : 5s. 7d. is now due to the Exchequer on the Excess Profits for the year 1918/19.

The arrangement was announced to the Proprietors at the General Court of 20th March 1919, and to the House of Commons on 26th March 1919, as shewn in the Appendix; and a letter dated 22nd March 1919 was received from the Chancellor of the Exchequer (see Appendix) thanking the Bank for their action in the matter. Nor were such thanks unmerited, for the arrangement made has possibly resulted in the Bank's direct Government business throughout the War having been performed free of charge.

While the Bank will thus have paid away the whole of their Statutory "Excess Profits" during the five years in question yet, owing to the system of assessment adopted by the Inland Revenue authorities, the actual profits of the Bank for those years will still be somewhat greater than their profits in the years selected for the pre-War standard. So that the Bank's total reserves have been substantially increased, although they do not bear so high a proportion to the liabilities as before the War. (See page 5).

#### **(B) THE BANK'S POST-WAR CHARGES TO THE TREASURY.**

It is within the recollection of the Court that the 20-year Agreement regulating the Bank's charges to the Treasury has since 1912 been liable to termination by Parliament at the close of any financial year, and has merely been prolonged, with slight alterations from year to year (see table at the beginning of the Appendix.)

Thus, although the Bank's charges to the Government during the past 5 years were definitely settled, as detailed above, it was still open to the Treasury to suggest modifications of the existing scale for future work; and it must be remembered that both the volume of the Bank's Government business, on the one hand, and the expenses of conducting it, on the other, differed considerably from those obtaining before the War. The Treasury was not prepared to conclude a fresh long Agreement with the Bank but suggested that as an interim arrangement the existing charges should remain in force with certain modifications.

This Committee, having been obliged in considering the Bank's war profits to make a special study of the charges for Government business, has during the present year been engaged in advising the Governor on the negotiations regarding current charges, and copies of the letters exchanged with the Treasury on this subject are also given, for reference, in the Appendix hereto. From these, and from the table at the beginning of the Appendix, it will be seen that an interim arrangement has now been concluded, to cover the Bank's remuneration for Government business during the two years 1st April 1919 to 31st March 1921, resulting in considerable modifications of the charges for the management of (1) Treasury Bills and (2) Funded Debt.

The Treasury's claim for special treatment of the Ways and Means Advances, which gave trouble in the negotiations about charges during the War, has been dropped. But the Bank have agreed to manage all Treasury Bills issued in excess of £550,000,000 per annum free of charge and to manage the excess of the Funded Debt over £500,000,000 at £150 per million for the period named, which, under present conditions, will probably result in an appreciable loss.

It is to be hoped that the issue of Treasury Bills will eventually decline and that the concession made under this head will not seriously affect the Bank's future profits, but the Funded Debt is certainly not likely to decrease in the immediate future and there is no apparent prospect of a reduction in the cost of management.

It is undoubtedly in the best interests of our Proprietors that the Treasury should be put in a position to satisfy Parliament completely that the Bank not only has not charged exorbitant rates on Government business but has conducted it on very moderate terms. The concessions made are, however, so large that the Committee would not have felt justified in recommending their adoption but for one consideration, viz., the existence of the large French Credit which is likely to continue for about two years longer. This credit is dealt with more fully on pages 5 and 6, where it is shown to be closely akin to British Government business; and it was unquestionably the knowledge of the existence of this Credit which led the Treasury to drive such a hard and otherwise unreasonable bargain with the Bank in the matter of charges for Government business during the next two years.

The Committee's main object when dealing with the interim agreement was to avoid prejudicing future negotiations about the Bank's remuneration. The Chancellor was therefore informed that its acceptance was due solely to the fact that the Bank's other business would probably be abnormal during the period in question and his assurance has been obtained that the terms now provisionally arranged will not be quoted as a precedent in the discussion of a future agreement.

### (C) THE BANK'S RESERVES AND PROFITS.

It has already been stated that the Bank's reserves have been increased by the accumulation of undistributed profits during the past five years. But the reserves are even now by no means excessive and at the commencement of the period they were certainly inadequate.

It is therefore to be hoped that the Bank's profits will continue on a scale which will enable much larger liquid reserves to accumulate, and the Committee hope that no higher dividend than the 10 % less tax which has now become usual will be paid until the liquid available reserves are further augmented.

The following table gives the approximate amounts of the principal surpluses and reserves of the Bank before and after the War in thousands of pounds.

	February 1914.	February 1919.
	£	£
1. "Rest" (excluding dividend) ..	3,000	3,000
2. Estimated value of premises ..	4,700	4,900
3. Insurance and "Stock Frauds" provisions .. ..	50	600
4. Rebuilding of Bank provision ..	—	1,500
5. Excess of market price over valuations of securities .. ..	1,500	3,300
6. "Unappropriated Profits" or Suspense a/c No. 1 .. ..	250	7,300
Less due for Excess Profits ..	—	3,300
	<u>£ 9,500</u>	<u>£ 17,300</u>
Total Deposits .. ..	<u>£ 63,600</u>	£ 162,000
Bank's Borrowings .. ..		220,000
		<u>£ 382,000</u>
Proportion of total reserves to external Liabilities .. ..	<u>15 %</u>	<u>4½ %</u>
Do. do. on published figures (excluding Borrowings) ..	<u>15 %</u>	<u>10½ %</u>

Of the above reserves :

No. 1 is completely immobilized and regarded as part of the Bank's Capital.

No. 2 is useless as a Banking reserve.

No. 3 is intended to meet the losses for which it provides.

No. 4 is a necessary provision and should be employed as early as conditions will permit.

No. 5 is probably unrealizable on such heavy investments, especially in times of crisis.

No. 6 constitutes the only available liquid reserve of the Bank.

The only important special profit now being earned by the Bank is that derived from the large credit to the Bank of France, which is repayable at latest two years after the War. Although the transaction is guaranteed by the British Government, and should therefore be free from risk of pecuniary loss, the Bank would have been glad to be relieved sooner of this unwieldy credit which is a typical example of pure inflation. But so long as it lasts, and so long as the whole of the discount on the Bills is retained by the Bank, it will remain a considerable source of gain and may enable a further substantial addition to be made to the reserves, in spite of the concessions made, on the strength of it, in the Bank's charges to the Government. (See page 4).

This is an undoubted case of a profit due to a special War operation which the Bank could not have undertaken but for their privileged position or

without the sanction of the Government. If the credit had been granted direct to the French Government by the Treasury like most of the credits to the Allies, the Bank would have supplied the funds by "Ways and Means Advances" to the Government at about the same rate at which the money was borrowed from the Market, and the difference in rate would have accrued to the Government. But the Treasury has declined suggestions by the Bank that the British Government should take over the credit or that a share of the gain in interest should be credited to the Exchequer, and ~~have~~<sup>has</sup> preferred to rely on its continuance as a justification for exacting terms for the management of the Public Debt which would otherwise have been palpably unjust and unreasonable.

The Committee would have been glad if it had been in any way possible for them to make some forecast of the Bank's ordinary profits even for the next few years and to estimate the possible additions to available reserves. But the uncertainties of the future are now so great as to render any such estimates well nigh impossible.

The difficulty of making estimates as to the continuation of the recent increase in working expenses and as to future taxation and possible depreciation in securities is common to all Banks. But the profits of this Bank are rendered all the more problematical by the facts that they have lost a certain amount of private business during the war, that the duration of the French Credit is by no means certain, that new arrangements to take the place of the Currency Notes may possibly affect their Profits of Issue, and that the cost of making Bank Rate effective may be heavy in the near future. On the other hand the Public balances are still, and are likely to remain for a time, above the normal, the Bank's enhanced reserves will increase their earning power, and so, while it lasts, will the present low level of the Banking Proportion, though it is to be hoped that this Proportion will not long remain so low.

In any case there is no ground for supposing that, except in the matter of the French Credit mentioned above, the Bank are now making any such "special profits" as would come within the terms of Reference to this Committee, and as the Bank's profits from this Credit have already been taken into account, by both parties to the bargain, in arranging the terms of management of the Public Debt during the probable period of the continuance of the Credit, the Committee consider that this "Special Profit," which is moreover still subject to the Excess Profits Duty, has been sufficiently dealt with.

#### (D) STATE PARTICIPATION.

The question has been raised whether some system by which the State would share in all the profits of the Bank would be more satisfactory to both parties.

It has been suggested that such an arrangement would remove or at least minimize the friction which is liable to occur every time that any of the Bank's charges for Government business require to be arranged, and would remove any argument for gratuitous services to the Government, while it would render less probable any such attacks on the Bank's charges and profits as that recently made by the Select Committee. In support of this plan it may be mentioned that it is usual for the State to share in the profits of the National Banks in other Countries, and it is just conceivable that the adoption of this practice here might tend to prevent rather than encourage the "Nationalization" of the Bank of England, especially if the share offered to the Government were merely one in the *distributed* profits of the Bank when they should exceed a certain percentage.

The Committee have given careful and anxious thought to this question of State Participation in the profits of the Bank and have consulted some of their colleagues on the Court. But they find themselves unable to recommend that the Bank should become a party to any such arrangement.

The Bank's recent experiences with regard to their additional war profits, in which the Government shared to the extent of 50 to 80 %, do not encourage the hope that Government participation in the ordinary profits of the Bank would banish either the anxiety of the Treasury to drive hard bargains with them or the danger of attacks like that of the Select Committee. And it is at least as likely that the admission of the Government to a share, however restricted, in the Banking profits of the Bank would lead by degrees to its taking over the whole institution, as that the offer of any such share would prevent it from asking for a greater one. The cession to Government of a share in the Bank's *distributed* profits over an agreed figure would enable the Bank to accumulate profits to an unlimited extent without paying any part of them to the Government. It would therefore probably either lead to a demand for full and public disclosure of the Bank's profits and reserves and possibly to Government interference in the rate of dividend to be distributed, or else give rise to a demand for a share in the profits *earned*, accompanied by a growing tendency to Government control.

The fact that other National Banks usually share their profit with the State is not in itself a reason why the Bank of England should do likewise, but it does raise the question whether a State or semi-State Bank is better than a more independent institution like the Banking Department of the Bank of England. From the point of view of the Proprietors, indeed, it is arguable that some form of partnership—however limited—with the State would bind the Government business more closely to them and ensure Government protection for their privileges. But your Committee are of opinion that the independence of the Bank of England is greatly to the advantage of the Country as a whole; and although it is true that during the War the Bank like other institutions have been obliged to submit to a certain amount of Government control and that the exigencies of Government finance have so far prevented them from regaining their freedom of action in the money market, this fact merely serves to emphasize, in the Committee's opinion, the evil results to the Country which would follow if the Government's political needs were allowed to interfere in normal times with the exercise by the Bank of its traditional functions.

It may be useful here to recall the words used by the Special Committee appointed by the Court on 11th October 1917, at the foot of page 11 of their Report of 23rd January 1918, viz:—

“Independent witnesses have given it as their opinion that it is desirable, in the interest of the commercial world, that the Bank should preserve its independent existence.”

It has also been interesting to the Committee to discover incidentally that no form of sharing by the State in the regular Profits of the Bank is approved by the senior officials of the Treasury.

It has been suggested that, even if State Participation in the whole earned or even distributed profits of the Bank is undesirable, there is a better case for a claim by the Treasury that the Bank's profits on purely Government business should be limited to a percentage of its actual cost. If this plan were adopted the Government would need to be satisfied that the expenses of the work had been properly “costed” and might therefore not unreasonably stipulate for inspection of the Bank's Books which would open the door to further Government interference. But the Committee also feel that the system of payment by a

percentage on cost is inherently unsound especially for a long continuing contract, as it offers no inducement to economy and has indeed been reported to have been responsible for great waste of money in numerous war contracts for the Government.

It is in the Committee's opinion preferable both from the Government's and from the Bank's point of view that the charges for Government business should be fixed for a period at reasonable rates and that the Bank should look forward to reaping the advantage of any economies in working which they may be able to introduce.

#### (E) THE QUESTION OF INCREASING THE BANK'S CAPITAL.

It is easy to state a "prima facie" case for an increase of the Bank's Capital. The enormous growth of the large Joint Stock Banks, through amalgamation, has greatly lessened the disparity which formerly existed between the Capital of the Central Institution and that of any other Banking concern in the Kingdom. If that disparity was formerly desirable, why should it not be so still? The present liabilities of the Bank (apart from the Proprietors' Capital) are nearly £300 millions compared with about 50 millions before the War, and it would seem reasonable that the Capital should be—if not correspondingly, at least materially—increased in consequence; especially in view of the general feeling that the growth of the Deposits in the big Joint Stock Banks demanded some addition to the amount of their paid-up Capital, and of the fact that many such additions have recently been made. It would also be natural to expect that, with the swollen figures of to-day's Banking Deposits throughout the Country, the Bank will need greater resources in order to make Bank Rate effective, while the general rise in values might well be expected to entail the granting of accommodation on a larger scale than hitherto. And finally, if any system of profit-sharing with the State were to be adopted, it would seem almost necessary that some increase in the Bank's Capital should take place through capitalization of the Reserves existing before the inception of any such system.

With regard to the form which an increase in Capital should take, if any were considered desirable, neither the issue of a bonus in Stock to the Proprietors, such as took place in 1816, nor an addition to the "Rest" would appear to possess any practical advantages. Either of these plans, it is true, would operate in the direction of increasing the supremacy in the published figures of the Bank of England's available Capital over those of other Banks; but the advantage, if any, of so doing, would be merely spectacular, as neither plan could add to the actual resources of the Bank or to their earning power in relation to Capital. The only practical effect of the issue of Bonus Stock would be either to reduce the present rate of Dividend or to increase the difficulty of maintaining it; while an addition to the "Rest" would merely immobilize part of the Bank's hidden reserves and would probably be held to indicate the amount of these reserves, which would not in the Committee's view be desirable. Unless the Bank were to depart from immemorial custom and place full valuations on their buildings, or were to dispense with some of the necessary provisions mentioned on page 5, they could not safely add more than 3 or 4 millions to the "Rest"; and any such addition might well be regarded in some quarters as a disclosure of inadequate hidden reserves, and in others as evidence of "profiteering" during the War.

On the other hand the issue for cash of new stock would not only increase the published figures of the Bank's Capital but would at the same time add to their real resources. And if, as a preparation for any scheme of profit-sharing with

the Government or for any other reason, it were desired to give existing proprietors the benefit of the Bank's hidden reserves, it would be easy to offer the new stock to Proprietors only, at such a discount below the market price as would approximately allow for those reserves without disclosing their actual amount.

But while the Committee thus feel that if the capital is to be increased it should be done by the issue of fresh stock for cash, they are not at all convinced of the necessity or advisability of increasing it by any method.

It is true that the Bank's paid up Capital no longer so greatly exceeds that of any other Bank in the Kingdom. One of the big Joint Stock Banks has now a paid-up Capital of about £9,000,000 and published Reserves of a similar amount, while the figures of some other Banks are almost as large. These figures include premises, but it is impossible to say what hidden reserves there may be in addition. Thus the Bank of England's paid-up Capital is still 60% more than that of any other Bank in the Kingdom, and although their published reserves are far less than those of other Banks the public is probably more likely to over-estimate than under-estimate their real reserves. The Capital of the Bank of England is moreover about 5½ millions greater than that of the Reichsbank before the War and 7 millions greater than that of the Bank of France.

If the Bank's liabilities to the public were likely to remain at their present large figure of nearly 300 millions it would be difficult to resist the conclusion that some increase in Capital would be natural. But of these liabilities considerably more than half consist of the Bank's borrowings from the Market which although strictly a liability are not only virtually incurred on behalf of the Government and do not appear in the Bank's published figures, but are merely due to the exigencies of Government War Finance and should be liquidated before long. Moreover the ordinary deposits not only include special items which will probably disappear, but are also swollen by unusually large Government balances and by the general inflation of credit which, it is to be hoped, will not be permanent.

Similarly the need, if any, for greater resources in order to control the money market, should pass when the present inflation has been corrected; and it would not seem reasonable or desirable for the Bank to increase their permanent capital to meet such changed conditions when there is no reason to suppose that they will be permanent. Moreover it is difficult to see how any addition to the Bank's Capital could be of practical use in the control of the Market. Its effect would indeed be to increase the amount of the Bank's securities which could be pledged for loans from the Market. But the total of these securities will probably always be sufficient to pledge against loans to an extent which would denude the Market of all its surplus funds. This remark holds good even to-day when the Bank's control over the Market is prevented by the maturity during every few months of many hundreds of millions of Treasury Bills renewable at much below Bank Rate. For if the Bank were to borrow freely at say 4½%, and to continue the process until all the Treasury Bills had run off, they would inevitably hold sufficient Government Securities to pledge against all their borrowings, as they would have been compelled to supply the Exchequer with funds to meet the Treasury Bills held by the Market. But it is not suggested that an operation on so large a scale could properly be undertaken.

The present higher level of prices, which was mentioned above as capable of creating a demand for accommodation on a larger scale than formerly, is merely another aspect of the prevailing inflation and the remarks on the latter in the

preceding paragraph apply also to it. Nor is it clear how any addition to the Bank's capital will increase their power to make advances on a large scale at any moment. The placing of the new Stock would at the time merely reduce the Market's resources and although these would be restored when the proceeds were invested, as they would inevitably be, it is difficult to see how the possession of the securities thus acquired would augment the Bank's power to grant cash accommodation.

Moreover so long as the issue of Currency Notes is unlimited there is no fear of difficulty in supplying cash to meet all possible demands; and even if the Bank were to assume responsibility for the small notes, it must be remembered that for the purpose of meeting an extraordinary demand for accommodation the Bank have a special reserve of power in the authority at present granted to the Treasury to authorize an excess fiduciary issue of Bank Notes. It is true that it would be the duty of the Bank to avoid recourse to this emergency power by so controlling money rates as to curb applications for accommodation, and it is to be hoped that the Bank may soon be permitted to resume their control of the money market; but should the operations of the Treasury continue to render impossible such resumption of control there could be no greater justification than this for applying to that Department for authority to create an excess issue of notes. And the high rates that would then presumably be imposed on the community would do much not only to check the demand for advances but also to correct the very inflation which, it is suggested, might give rise to the increased applications for advances.

It may however well be doubted whether, even if the present world-wide inflation were corrected, there would not remain some more or less permanent increase in values over pre-war levels, and it would not be unnatural to assume that, in such case, some increase in the Bank's Capital would be fitting and proper. It might indeed almost be said that to deny any need for enlarging the Capital now is equivalent to an expression of opinion that it was unnecessary, or large before the War. Your Committee are inclined to think that such an opinion would be correct. The Capital of the Bank has grown to its present dimensions chiefly through the need to raise money for the Crown at a time when there was no fund of deposits from which to draw, and partly by the capitalization of profits referred to on page 8.

It is quite arguable that so long as the Bank of England remain the Bankers' Bank and the Government Bank, they have no positive need of more capital than that required to hold non-banking assets, such as buildings, and to respond for any losses that might be incurred. And although a bigger Capital than that is of course desirable from the point of view of inspiring confidence the Committee are unable to find any valid reason for recommending that the present Capital should be increased. The practical effect of increasing it would be to make the payment of the usual dividend more difficult, while the psychological effect might well be the very reverse of that desired by giving the impression that the Bank were not powerful enough to perform their functions efficiently.

(Signed)

BRIEN COKAYNE,  
Governor.  
REVELSTOKE.  
E. C. GRENFELL.  
H. A. TROTTER.  
R. M. KINDERSLEY.

BANK OF ENGLAND,  
25th September 1919.



