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A COURT OF DIRECTORS AT THE BANK

THURSDAY, 7 JANUARY 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

John Brangwyn Page, Esq

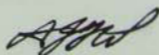
John Christopher Roderick Dow, Esq

The Minutes of the Court of 17 December 1981, and those of the Meeting of 24 December 1981 were confirmed and those of the Meeting of 31 December 1981, which had also been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

The following were laid before the Court:-

- 1 A statement of Official Reserves at the end of December 1981.
- 2 A statement of the Banking Figures as at 9 December 1981. At the Governor's invitation,



Mr Fforde commented on the preliminary estimate, which suggested that sterling M3 might have grown by 0.25% during the three-week period, after seasonal adjustment.

- 3 The current paper on Economic Developments Abroad and the Quarterly Commodities Report, which Mr Loehnis introduced at the invitation of the Governor. The former confirmed the trends previously observed of slow economic output and slow reduction of inflation, with unemployment becoming an increasing problem in North America, Germany and France.
- 4 A statement of two forthcoming retirements under the terms of the Selective Severance Scheme.
- 5 A Report of the Trustees of the Pension Fund on the actuarial valuation of the Fund as at 28 February 1981. At the Governor's invitation, Mr Blunden explained the Report and its recommendations on the lines of his remarks to the Committee of Treasury, noting that the Committee had concurred with the recommendations. The Court then approved them.
- 6 A paper submitted to the Court by Mr Blunden, incorporating a proposal to extend the existing Selective Severance Scheme, which had been approved by the Court on 18 June 1981. After Mr Blunden had introduced the paper, at the Governor's invitation, and after a brief discussion, it was agreed that the extended Scheme should be implemented as proposed.

At the Governor's invitation -

- 1 Mr Drain spoke about a meeting of the National Economic Development Council which they had both attended the previous day.



2 Mr Fforde spoke about the problems affecting
Smith, St Aubyn & Co Ltd.

The Governor asked Members to give notice of topics they would
like to discuss at the Working Dinner on 27 January.

With reference to a Minute of the Court of 17 December, it was
reported that HM The Queen had been pleased to approve the
appointment to the Court of Mr George in the place of
Mr Fforde, whose term of office would expire on 28 February,
and of Mr Walker in place of Mr Page, who would be retiring on
28 February. Her Majesty had also been pleased to approve the
reappointment to the Court of Sir Adrian Cadbury, Mr Drain and
Mr Scholey. A relevant Minute of the Committee of Treasury,
covering the engagement of the exclusive services of Mr George
and Mr Walker as Directors, the employment of Mr Fforde as an
Adviser to the Governor, the appointment of Mr Cooke and
Mr Galpin as Associate Directors, and other senior appointments,
was read and approved.

A. J. Williams
Secretary of the Bank
14.1.82

C. W. M. M. M. M.

14 . 1 . 82

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 14 JANUARY 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq
Sir George Adrian Hayhurst Cadbury
Sir Robert Anthony Clark, DSC
Geoffrey Ayrton Drain, Esq, CBE
John Standish Fforde, Esq
Sir Jasper Quintus Hollom, KBE
Sir Hector Laing
Anthony David Loehnis, Esq
Lord Nelson of Stafford
John Brangwyn Page, Esq
David Gerald Scholey, Esq, CBE
Lord Weir

John Christopher Roderick Dow, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

At the Governor's invitation:-

- 1 With reference to a Minute of the previous week, Mr Fforde first drew attention to the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 9 December. He then described the Bank's policy stance in recent weeks, which, in view of the current domestic prospects and the situation in the foreign exchange markets, had

A.P.W.

been neither encouraging nor discouraging towards movements in interest rates. A short discussion followed.

- 2 Mr Dow went through the main points of the Economic Report for December, which was laid before the Court. The ensuing discussion was concentrated on the prospects for output and prices.
- 3 Sir Jasper Hollom explained the grounds for a proposal by the Charitable Appeals Committee to grant six donations. Their Minute to that effect was submitted and approved.
- 4 Mr Blunden described the Printing Works' involvement in the setting up of a printing works in Iraq.

With reference to Minutes of 3 December and earlier, the Governor spoke to the Court about the publication of further updated lists of institutions authorised to take deposits under the Banking Act 1979.

A. J. Williams

C. W. M. Malton

Secretary of the Bank

21.1.82.

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 21 JANUARY 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
 Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Lord Weir

 John Christopher Roderick Dow, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. A brief discussion followed.

At the Governor's invitation, Mr Fforde spoke about a Notice to Recognised Banks and Licensed Deposit-taking Institutions which had been issued yesterday and which set out guidelines for the provision of mortgage finance. A discussion followed.

The Governor spoke to the Court about:-

- 1 The Report of the Monopolies and Mergers Commission on the mergers proposed for the Royal Bank of

A.J.W.

Scotland, and about the situation that resulted for, in particular, the Bank's supervisory role. In the ensuing discussion, attention was drawn to the implications for the future of the Royal Bank of Scotland, and appreciation was expressed for the Bank's handling of the matter.

- 2 The topics that had been suggested for discussion at the working dinner to be held on 27 January.

There were laid before the Court -

- 1 A Report of the Staff Committee covering the Chief of Corporate Services' Annual Review of general staff administration and training.
- 2 A paper, with which the Staff Committee were content, including proposals to deal both with the surplus of staff envisaged among the Technical and Services Staff of the Premises Division, by means of a Selective Severance Offer, and with the related topic of requiring staff to leave at their optional retirement dates.

At the Governor's invitation, Mr Galpin, the Chief of Corporate Services, attended and introduced both documents, which had been considered previously by the Committee of Treasury. After a discussion, the Court gave its approval to the proposals in the second document.

Sir Alastair Pilkington then spoke, at the Governor's invitation, about impressions gained during his recent attendance at the "Business International" Conference in the Caribbean.

A. J. J. Williams

Secretary of the Bank

28.1.82

C. W. M. M. M. M.

28.1.82

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 28 JANUARY 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

John Martin Clay, Esq

Leopold David de Rothschild, Esq

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

Sir David Edward Charles Steel, DSO, MC

Lord Weir

John Christopher Roderick Dow, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

At the Governor's invitation -

- 1 Mr Loehnis introduced a statement of the Overseas Trade Figures for December, and a brief discussion ensued, mainly on the competitiveness of United Kingdom goods in the foreign and domestic markets.

A.J.P.

- 2 Mr Blunden explained a scheme which was on the point of agreement between HM Treasury, the Bank, the clearing banks and certain other banks, and which provided for these banks to hold notes to the order of the Bank, with resulting economies.

The Governor raised the question of attendance at Court as from 1 March. He proposed to Members the arrangements that had been endorsed that day by the Committee of Treasury, and the Court expressed its agreement with them.

The following were laid before the Court -

- 1 With reference to Minutes of 3 December and earlier, further updated lists of institutions authorised to take deposits under the Banking Act 1979. The Governor referred to the significant changes, including the recognition as banks of the Commercial Bank of Wales and Wintrust Securities.
- 2 A statement of two forthcoming retirements.

Sir Robert Clark was granted permission to become a non-executive director of Shell Transport and Trading Company.

A Minute of the Committee of Treasury on a donation to the Royal Shakespeare Theatre Trust and on arrangements for the purchase of tickets at that theatre was read. After Sir Jasper Hollom had, at the Governor's invitation, explained the background to these proposals, the Minute was approved.

Three letters from Messrs Freshfields having been submitted together with three documents to be sealed -

A Deed of Indemnity in respect of premises leased on behalf of the body to be known as "PRO NED"

A Lease relating to a Letting at New Change

A. J. A.

170

A Licence to Assign a Lease in connection with premises for the
Clearing Services Office -

The Court approved all three and

ORDERED

that the documents in question be sealed with the Common Seal
of the Bank.

A. J. Williams
Secretary of the Bank

C. W. Mahon

4. 11. 82

4. 2. '82.

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 4 FEBRUARY 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq
Sir Robert Anthony Clark, DSC
John Martin Clay, Esq
Leopold David de Rothschild, Esq
Geoffrey Ayrton Drain, Esq, CBE
John Standish Fforde, Esq
Sir Jasper Quintus Hollom, KBE
Sir Hector Laing
Anthony David Loehnis, Esq
Lord Nelson of Stafford
John Brangwyn Page, Esq
Sir David Edward Charles Steel, DSO, MC
Lord Weir

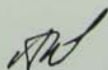
Jonn Christopher Roderick Dow, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

The following were laid before the Court -

- 1 A statement of Official Reserves at the end of January.
- 2 The February paper on Economic Developments Abroad, which was discussed after being introduced by Mr Loehnis at the Governor's invitation.



3 A statement of a recent secondment.


At the further invitation of the Governor -

1 With reference to a Minute of 10 December 1981 about the Union's claim for additional leave and for an entitlement to "paternity" leave, Mr Blunden described the discussion of the claims in two meetings of the Negotiating Council, the second having taken place on 2 February. He explained that the Union had been persuaded not to press their claim for an entitlement to "paternity" leave in return for an assurance that the Bank would in future apply uniformly the existing discretionary treatment of requests for leave of absence for new fathers, treatment which could at present differ from one Department to another. He then explained the position as regards additional leave. A discussion ensued after which it was agreed to leave to the Governors, in consultation with Mr Blunden, a decision how to react.

2 The Deputy Governor and Sir Robert Clark spoke about their recent visits to New York and South Africa, respectively, and Mr Drain commented on a meeting of the EEC Economic and Social Committee which he had attended in Brussels.

The Governor spoke to the Court on the following -

1 A leaflet on the history of the Bank which would be made available shortly to the public and to members of the Bank's staff. Two further leaflets, about the Bank's organisation and structure and the Banking Act 1979, were being prepared, and copies would be made available to all Members in due course.



2 A meeting of the National Economic Development Council which he had attended the previous day.

A letter from Messrs Freshfields having been submitted, together with a document to be sealed -

A Deed of Variation relating to premises occupied at Bank House, Leeds -

The Court approved thereof and

ORDERED

that the document in question be sealed with the Common Seal of the Bank.

A. J. T. Lilliant
Secretary of the Bank
11.2.82.

C. W. M. Mather

11.2.82

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 11 FEBRUARY 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq
Sir George Adrian Hayhurst Cadbury
John Martin Clay, Esq
Leopold David de Rothschild, Esq
John Standish Fforde, Esq
Sir Jasper Quintus Hollom, KBE
Sir Hector Laing
Anthony David Loehnis, Esq
Lord Nelson of Stafford
John Brangwyn Page, Esq
Sir Lionel Alexander Bethune Pilkington, FRS
David Gerald Scholey, Esq, CBE
Sir David Edward Charles Steel, DSO, MC

John Christopher Roderick Dow, Esq

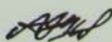
The Minutes of the last Court, having been circulated, were approved.

The Governor referred to the Union's request for additional leave as a matter arising from the Minutes and invited Mr Blunden to inform the Court of the outcome: he reported that, with the Governors' agreement, he had offered the Union a minor concession, and this had been accepted.

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

At the Governor's invitation -

1 Mr Fforde introduced a statement of the Banking Figures as at 20 January and commented on the preliminary



estimate, which suggested that sterling M3 might have grown by 1.5-1.75% during the month, after seasonal adjustment.

- 2 Sir Jasper Hollom introduced the Quarterly Report of the Audit Committee and the Annual Review of that Committee's work, which were approved.
- 3 Mr Blunden spoke about a Minute on an appointment and on the award of a gratuity, recommended by the Governors, together with a Report of the Staff Committee recommending certain gratuities. These recommendations, which arose from the Annual Review of Staff, were also approved by the Court.
- 4 Mr Dow spoke about a current project of the Panel of Academic Consultants.

The Governor spoke to the Court about -

- 1 The arrangements for the Court Room Dinner on 17 February for Her Majesty The Queen Mother.
- 2 The meeting of the Committee of London Clearing Bankers on the previous day and the recent meetings at Basle.

A. J. Williams
Secretary of the Bank

C. W. Mahon

18. 11. 82

18.2.82

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 18 FEBRUARY 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Leopold David de Rothschild, Esq

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

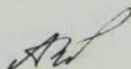
Sir David Edward Charles Steel, DSO, MC

Lord Weir

John Christopher Roderick Dow, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.



At the Governor's invitation -

- 1 With reference to a Minute of the previous week, Mr Fforde first drew attention to the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 20 January, which indicated an increase of 1.7% in sterling M3, after seasonal adjustment, in the six previous weeks. He noted that they would be the last such figures to be issued before the Budget. There was a brief discussion about the effect so far of the guidelines issued earlier to banks and other institutions on housing finance. Going on to describe the recent policy stance in more general terms, Mr Fforde referred to the achievement of comparative stability in the markets in recent weeks, despite the influence of still unsettled conditions in the United States and the prospect of the Budget in this country. The ensuing discussion dealt mainly with interest rate differentials.
- 2 Mr Dow introduced the Economic Report for January, some features of which were discussed.
- 3 Mr Loehnis introduced a paper on the international energy situation which had been prepared by the International and Economic Divisions and provoked an interesting discussion.
- 4 Mr Blunden mentioned the prospect of reducing the number of Branch Security and Services staff, with the aid of Selective Severance Scheme terms for, say, 10 of them.

In view of his impending absence on a visit to India, the Governor took the opportunity to pay tribute at that Meeting of the Court to the scale and success of the contributions made by Mr Fforde and Mr Page over a long period to the life



of the Bank, and to wish them both well for the future: after 28 February Mr Fforde would continue to make a contribution to the Bank as an Adviser to the Governor while Mr Page's efforts would be devoted to the Agricultural Mortgage Corporation and doubtless to other bodies in due course.

A. J. Williams

See

Secretary of the Bank

25th February 1982

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 25 FEBRUARY 1982

Present

Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

John Standish Fforde, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

John Brangwyn Page, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

John Christopher Roderick Dow, Esq

The Minutes of the last Court, having been circulated, were approved.

The Deputy Governor invited Mr Fforde to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

Also at the Deputy Governor's invitation -

- 1 Mr Loehnis spoke about the decisions taken during the previous weekend at Brussels, at the conclusion of meetings in which he and the Deputy Governor had participated, to devalue the Belgian franc and the Danish krone within the framework of the European

AGH

Monetary System. A discussion followed, on the meetings themselves and on the implications of the decisions for the countries concerned and for their partners in the European Economic Community.

- 2 Sir Jasper Hollom introduced, first, the Annual Report of the Charitable Appeals Committee, which was then approved by the Court, and, secondly, a Report of the Trustees of the Court Pension Scheme, of which the Court took note.

With reference to a Minute of 3 December 1981, the Deputy Governor spoke to the Court about the revised arrangements that were proposed for Directors' visits to the Branches and Offices of the Bank. In discussion, the view was expressed that an office or area of the Bank which was to receive a non-Executive Director's visit should be able to indicate its preference as to whether he should be accompanied (by an Executive or Associate Director) on that visit. It was also accepted that a non-Executive Director would report to the Governor on his visit to an office or area of the Bank if he felt it necessary, just as was the case for a visit to a Branch. As regards visits to Branches, it was indicated that Mr Blunden's note of guidance on the division of responsibility for support functions at Branches between the Agents and Head Office Departments, which had already been circulated to Directors, could indeed be amended from time to time, but that it represented conclusions that were currently accepted by the Agents and by Head Office Departments. Subject to the above points, the Court concurred with the revised arrangements.

A statement of four forthcoming retirements, three under the terms of the Selective Severance Scheme, was laid before the Court.

A. J. T. Williams
 Secretary of the Bank
 14th March 1982

C. W. M. Malton
 4. 3. 82

COURT OF DIRECTORS

For the year ending 28 February 1983

<u>Declaration made before</u>	<u>Date</u>		
		The Rt Hon Gordon William Humphreys Richardson MBE, Governor	
		Christopher William McMahon Esq	Deputy Governor
		Lord Nelson of Stafford	
		Sir Jasper Quintus Hollom KBE	
		Leopold David de Rothschild Esq	
Deputy Governor	25. 2.82	✓Sir George Adrian Hayhurst Cadbury	
		Lord Weir	
		John Martin Clay Esq	
		Sir Hector Laing	
		Sir Lionel Alexander Bethune Pilkington FRS	
		George Blunden Esq	
		Sir Robert Anthony Clark DSC	
		Sir David Edward Charles Steel DSO MC	
Deputy Governor	25. 2.82	✓Geoffrey Ayrton Drain Esq CBE	
		Anthony David Loehnis Esq	
Deputy Governor	25. 2.82	✓David Gerald Scholey Esq CBE	
Deputy Governor	25. 2.82	*Edward Alan John George Esq	
Deputy Governor	25. 2.82	*David Alan Walker Esq	

*Appointed 1 March 1982

✓Reappointed 1 March 1982

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 4 MARCH 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Anthony David Loehnis, Esq

Lord Nelson of Stafford

Sir Lionel Alexander Bethune Pilkington, FRS


David Gerald Scholey, Esq, CBE

David Alan Walker, Esq

John Christopher Roderick Dow, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures, including a reference to the effect of the new "notes held to order" scheme on the note circulation; he then invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.



The following were laid before the Court -

- 1 A statement of Official Reserves at the end of February.
- 2 The March paper on Economic Developments Abroad together with an additional paper on recent developments in the United States of America; after an introduction by Mr Loehnis, at the Governor's invitation, they were both discussed.
- 3 With reference to Minutes of 28 January and earlier, further updated lists of institutions authorised to take deposits under the Banking Act 1979.

At the further invitation of the Governor -

- 1 With reference to a Minute of the previous week about the foreign exchange and gold markets, Mr Loehnis described the Bank's involvement in the recent operation to restore to Czechoslovakia 18.4 tons of gold that had been held by the Tripartite Commission for the Restitution of Monetary Gold, against a settlement of claims on Czechoslovakia by the United States and British Governments.
- 2 Mr Drain spoke to the Court about his recent visit to Florida for an exchange meeting with members of the American Federation of Labour and Congress of Industrial Organisations.

Pursuant to an Order of Court of 1 March 1946 regarding the Committee of Treasury, voting took place for the election of the Committee for the ensuing year.

A. J. Williams
Secretary of the Bank
 11 or March 1982

S. L. H.

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 11 MARCH 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
George Blunden, Esq

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

David Alan Walker, Esq

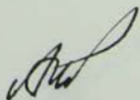
Lord Weir

John Christopher Roderick Dow, Esq

Rodney Desmond Galpin, Esq

The Minutes of the last Court, having been circulated, were approved.


The Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Sangster, Assistant Director, Foreign Exchange Division, to attend and speak about the exchanges. Attention was drawn to the effects, both anticipated and actual, of the Chancellor's Budget statement and to the marked impact on the market of the steps taken to lift the restriction on the holding of indexed gilt-edged securities and to index the capital gains tax.



At the Governor's invitation -

- 1 Mr George introduced a statement of the Banking figures as at 17 February and commented on the preliminary estimate for M3. He also noted that estimates for two other money supply indicators, M1 and PSL2, had been published for the first time.
- 2 Mr Holland, Chief Adviser in charge of the International Division, attended to speak about a paper on the Japanese economy in 1981 and the prospects for 1982, and a discussion followed, particularly about the dilemmas caused by Japanese policies for the authorities of that country as well as for its trade partners.
- 3 Sir Hector Laing spoke about his recent visit to the United States.
- 4 Mr Blunden introduced a Report of the Committee on Permanent Control of Expenditure, which was then approved.

The Governor spoke to the Court about the Chancellor of the Exchequer's Budget statement, to which he and the Deputy Governor had listened at the House of Commons on 2 March, and described reactions to it there and subsequently in the press. He went on to refer to the presentation of monetary policy in the Budget, which included a number of aggregates within the target range for monetary growth and also referred to the importance of other indicators. He felt this presentation corresponded with the views we had held for some time. The discussion that followed included references to the importance of the exchange rate both as an indicator of monetary conditions and as a transmission mechanism.



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The Governor reported that the following had been elected Members of the Committee of Treasury for the ensuing year -

LORD NELSON
SIR JASPER HOLLOW
MR de ROTHSCHILD
SIR ADRIAN CADBURY
SIR DAVID STEEL

and that Sir Jasper Hollow had acted as Alternate at a Meeting of the Registrar's Department Liaison Committee on 4 March.

Two recommendations by the Governors were read and approved -

- 1 On the appointment of Standing Committees and on programmes for Directors' visits to the Branches and Offices of the Bank for the ensuing year.
- 2 On a senior appointment.

A statement of two retirements, one under the terms of the Selective Severance Scheme, the other in the ordinary course, was laid before the Court.

A. J. Williams
Secretary of the Bank

18th March 1982

C. W. M. Malton

18. 3. 82

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 18 MARCH 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

Sir George Adrian Hayhurst Cadbury

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Lionel Alexander Bethune Pilkington, FRS

Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

Lord Weir

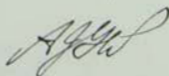
John Standish Fforde, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Sangster, Assistant Director, Foreign Exchange Division, to attend and speak about the exchanges.

At the Governor's invitation -

- 1 Mr Flemming, a Chief Adviser, Economics Division, attended to introduce the Economic Report for February.



- 2 Mr Flemming, who was asked to remain for this item, and Mr George spoke about drafts of two articles which were due to appear in the March edition of the Quarterly Bulletin, the economic commentary and the section on the operation of monetary policy, respectively. A short discussion followed on each.
- 3 With reference to a Minute of the previous week, Mr George first drew attention to the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 17 February. He went on to describe the Bank's policy stance during the past month, referring to the handling of the decline in interest rates. In discussion, attention was drawn to the continuing uncertainty of the external factors, notably in the United States.
- 4 Sir Adrian Cadbury spoke to the Court about the development of micro-biological techniques in the food industry.

After the Deputy Governor, also at the Governor's invitation, had explained to the Court the circumstances of a proposed senior appointment and of forthcoming movements of staff connected with it, a Minute of the Committee of Treasury on the appointment was read and approved.

The Governor spoke to the Court about a further meeting, to be held in the Bank in the following week, with a group of industrialists. He expected that the meeting would, as on previous occasions, prove helpful, particularly in view of his forthcoming appearance before the Select Committee; it should be possible to discuss at next week's Court the views that emerged from the meeting.

A statement of a secondment was laid before the Court.

A. J. Williams

Secretary of the Bank

25 & March 1982

Cwm Mahon

25. 3. 82

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 25 MARCH 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq
Sir George Adrian Hayhurst Cadbury
Sir Robert Anthony Clark, DSC
Leopold David de Rothschild, Esq
Edward Alan John George, Esq
Sir Jasper Quintus Hollom, KBE
Lord Nelson of Stafford
David Gerald Scholey, Esq, CBE
Sir David Edward Charles Steel, DSO, MC
David Alan Walker, Esq

John Christopher Roderick Dow, Esq

The Minutes of the last Court, having been circulated,
were approved.

The Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Sangster, Assistant Director, Foreign Exchange Division, to attend and speak about the exchanges.

The following were laid before the Court -

1 The March edition of the Quarterly Bulletin, which was to be published later that day, together with an edition of Bank Briefing. At the Governor's invitation, Mr Dow spoke to the Court about the Assessment and drew attention to other articles in what was a comparatively substantial edition. A short discussion followed.



2 A statement of Accounts of the Bank Provident Society for the year ended 30 November 1981, which the Deputy Governor introduced at the Governor's invitation. He noted, in particular, the dilemma posed for the Society by the Insurance Companies Act 1974 (which prevented the Society from being wound up without the consent of the Courts) and by a Directive of the European Economic Community of 5 March 1979 (which prohibited insurance business by an unincorporated body as from 5 March 1982): a solution was under consideration which would terminate all assurance contracts at a given date, and the approval of the Court would be sought in due course for certain parts of the eventual arrangement.

3 A statement of the Banking Department's estimated profit and loss account for the year ended 28 February 1982, which the Deputy Governor also introduced at the Governor's invitation. He went on to explain the position as regards the interim payment to HM Treasury in lieu of dividend, which was due on 5 April; and it was agreed that he should pursue discussion with the Treasury on the offer of a £5 million interim payment which he had been authorised by the Committee of Treasury to make and continue discussion within the Bank on the principle of a formula for determining the amount of the total annual payment.

4 A statement of a forthcoming secondment.

5 A statement of four forthcoming retirements under the terms of the Selective Severance Scheme.

With reference to a Minute of the previous week, and at the Governor's invitation, Mr Walker outlined the main questions (about the prospective revival of economic activity) that had been put to a group of industrialists at the meeting in the Bank on 23 March; and summarised their responses. These were then supplemented by views expressed by Members.

A. J. Williams
Secretary of the Bank
14 April 1982

Cumulation

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 1 APRIL 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Lord Nelson of Stafford

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

Lord Weir

John Christopher Roderick Dow, Esq

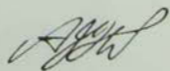
William Peter Cooke, Esq

Rodney Desmond Galpin, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and the Deputy Governor to speak about the exchanges.

The Governor spoke to the Court on the following matters -



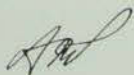
1 With reference to Minutes of the previous week and earlier, the reactions of the press to the publication, the previous Thursday, of the March edition of the Quarterly Bulletin.

2 With reference to Minutes of 4 March and earlier, the publication of further updated lists of institutions authorised to take deposits under the Banking Act 1979, and also of a new list of overseas deposit-taking institutions which had established representative offices in the United Kingdom. At the Governor's invitation, Mr Cooke described the circumstances of the expiry of the transitional licence of one deposit-taker. Some similar cases might be expected in the period ahead. There was a brief discussion.

3 The main features of "The Secondary Banking Crisis 1973-75" by Margaret Reid, a book in which the Bank had a prominent role.

4 His appearance, the previous Monday, before the Select Committee of the House of Commons on the Treasury and the Civil Service.

A Report of the Staff Committee was submitted, concerning recommendations made by the Standing Committee on Pensions for changes in pension benefits. At the Governor's invitation, Mr Clay explained the reasons for the Staff Committee's support or, in some cases, rejection of the recommendations. After discussion, it was agreed that the retrospective element in the recommendation about Widows' Allowances and Child Allowances should be dropped, as it would be preferable to continue to deal with such cases by means of discretionary allowances. Subject to that, the Court endorsed the recommendations as a basis for negotiation with BESO.



At the Governor's invitation -

1 With reference to a Minute of the previous week, the Deputy Governor reported to the Court the outcome of his further discussions with the Treasury about the interim payment due to them in lieu of dividend. After a discussion, the Court approved his proposal, which had been supported by the Committee of Treasury, that the sum of £5.5 million should now be offered.

2 The Deputy Governor and Sir Alastair Pilkington spoke about impressions they had formed during their recent visits to the United States.

A. J. Williams
Secretary of the Bank

8th April 1982

John of Bedford

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 8 APRIL 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

John Martin Clay, Esq

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

John Christopher Roderick Dow, Esq

Rodney Desmond Galpin, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.


The Governor spoke to the Court about the following matters:-

- 1 The background to, and the reasons for, the financial measures taken against Argentina in consequence of the invasion of the Falkland Islands. He then invited Mr Dawkins, Assistant Director in charge of the Financial

Supervision - General Division, who was in attendance, to speak about the Bank's role, as agent for HM Treasury, in implementing these measures, including the designation and preparation at very short notice of suitable Bank staff to administer the controls. A Notice of guidance was being prepared and would be issued next week. The Governor mentioned that he would, in addition, be writing to banks and licensed deposit-taking institutions operating in the UK seeking their co-operation in preventing any evasion of the measures.

- 2 A credit operation recently mounted by the Bank for International Settlements and its six founding central banks. The Court approved the Bank's participation in this operation.
- 3 With reference to Minutes of the previous week and earlier, the acceptance by the Treasury of the Bank's offer of £5.5 million, which was paid on 5 April, as the interim amount due to them in lieu of dividend.
- 4 A meeting of the National Economic Development Council which he had attended the previous day.
- 5 Sir David Steel's nomination as President of the London Chamber of Commerce with effect from 1 July.

At the Governor's invitation:-

- 1 Mr George introduced a statement of the Banking Figures as at 17 March, and commented on the preliminary estimates for M1, M3 and PSL2.
 - 2 Mr Blunden spoke about BESO's prospective pay claim on behalf of Bank staff; he indicated that a paper would shortly be submitted to the Governors to assist the Court in considering the range of responses that would be open to them this year.
- 

- 3 Sir Adrian Cadbury spoke about his recent visit to Nigeria.

The following were laid before the Court:-

- 1 A statement of Official Reserves at the end of March. In a brief discussion it was noted that much of the decrease reported was due to the fall in the price of gold.
- 2 A statement of the Overseas Trade Figures for January, which Mr Loehnis introduced at the Governor's invitation. A short discussion followed.
- 3 A statement of four forthcoming retirements under the terms of the Selective Severance Scheme.

P. R. Townshend

Assistant Secretary of the Bank

15 April 1982

Alan of [unclear]

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 15 APRIL 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

Lord Weir

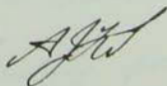
John Christopher Roderick Dow, Esq

John Standish Fforde, Esq

Rodney Desmond Galpin, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.



The Governor spoke to the Court about the statutory restrictions affecting transactions with the Argentine Republic announced on 13 April and read to the Court the letter he had sent the previous day to all banks and licensed deposit-taking institutions, giving general guidance in the matter of banking relations with customers in the Argentine Republic.

At the Governor's invitation -

1 With reference to a Minute of the previous week, Mr George drew attention to the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 17 March, and commented on the Quarterly Analysis of Bank Advances as at 17 February. Prior to the Falklands crisis the policy aim had been to consolidate the earlier fall in interest rates. That crisis now dominated the immediate prospect. Leaving it aside there were a number of reasonably encouraging developments. But bank lending was puzzlingly high; and the influence of high interest rates in the United States remained.

2 Mr Dow introduced the Economic Report for March.

3 Mr Loehnis spoke about the current paper on Economic Developments Abroad. He drew attention to the changes since the previous forecast in November and in particular the weakening in the oil market. Although there was moderate optimism for inflation, there was little sign of a spontaneous recovery or an improvement in unemployment.

4 Sir Hector Laing commented on his recent visit to Japan.

A recommendation by the Governors on an appointment was read and approved.

A. J. L. Williams
 Secretary of the Bank
 22nd April 1982

C. W. M. Mahon
 22. iv. 82

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 22 APRIL 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

Lord Weir

John Christopher Roderick Dow, Esq

Rodney Desmond Galpin, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

With reference to a Minute of the previous week, the Governor described the response so far to the letter of guidance he had sent to all banks and licensed deposit-taking institutions as regards banking relations with customers in the Argentine



Republic. This response had been uniformly supportive of the steps taken and, in some cases, warmly so. He had, moreover, used the occasion of the meetings at Basle on 19 and 20 April to explain to his central bank colleagues the UK authorities' policy in imposing financial and commercial restrictions on dealings with Argentina. He had also expressed gratitude for the swift co-operative measures adopted by our partner countries. He mentioned too that the Bank was in the process of issuing a first supplement to the guidance notice.


The following were laid before the Court -

1 A Report of the Staff Committee covering the Chief of Corporate Services' annual review of Salary Policy and Fringe Benefits. At the Governor's invitation Mr Clay drew attention to the main features of the Report. There was a short discussion, in the course of which it was noted that BESO had agreed to those of the changes in the Pension Fund Rules proposed by the Standing Committee on Pensions which had previously been approved by the Court.

2 A statement of four forthcoming retirements, one in the ordinary course and three under the terms of the Selective Severance Scheme.

At the Governor's invitation -

1 Mr Walker spoke to the Court about Professor Gower's assessment of the inadequacies of regulation in the securities markets and his proposals for dealing with them. Mr Walker indicated that, although Professor Gower's analysis was lucid, and the need for improved regulation in a number of areas was not in doubt, he had difficulties with parts of the diagnosis and still more with the prescription. Professor Gower



favoured what would in substance, if not wholly in form, be a largely statute-based framework for regulation, which would involve unwelcome government intrusion, would require a substantial administrative overhead and would not in the end be as flexible or effective as better self-regulation. Mr Walker suggested that the immediate objective should be to encourage due strengthening in self-regulation so that, when statutory change is considered [there will be need for some amendment of the Prevention of Fraud (Investments) Act 1958 in due course], this would complement and fill in specific unavoidable gaps rather than displace self-regulation. He hoped, therefore, that the period ahead could be used to strengthen the City's self-regulating agencies, thus weakening or largely removing any case for extensive legislation. In the following discussion, agreement was expressed that additional statutory powers, with the likelihood of over-precise regulation and loss of flexibility, should be avoided, although the present position in several areas of the securities industry was admittedly unsatisfactory. It was emphasised that the City's response to Gower should, however, be constructive and the Bank would have a delicate task in seeking to ensure that, on the one hand, the risk of intrusion by statute was minimised and, on the other, an appropriately vigorous self-regulating initiative by the City was promoted.

2 Mr Loehnis spoke about impressions gained during his recent visit to Latin America, particularly as regards Brazil and Venezuela.

A. J. L. Williams
Secretary of the Bank

leh.

29th April 1982

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 29 APRIL 1982

Present

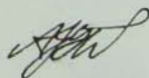
The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
George Blunden, Esq
Sir Robert Anthony Clark, DSC
Leopold David de Rothschild, Esq
Geoffrey Ayrton Drain, Esq, CBE
Edward Alan John George, Esq
Sir Jasper Quintus Hollom, KBE
Sir Hector Laing
Anthony David Loehnis, Esq
Lord Nelson of Stafford
Sir Lionel Alexander Bethune Pilkington, FRS
David Gerald Scholey, Esq, CBE
Sir David Edward Charles Steel, DSO, MC
David Alan Walker, Esq

Rodney Desmond Galpin, Esq

The Minutes of the last Court, having been circulated, were approved.

Before commenting on the weekly Figures, the Governor pointed out that Members had now been provided with a new information sheet of "Money Rates and Effective Exchange Rates". This was in response to a suggestion by Sir Jasper Hollom.

He then invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

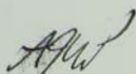


At the Governor's invitation -

- 1 Mr George spoke about the range of connected questions associated with over-funding which were currently pre-occupying the Bank. The origin of the situation we were in was a rate of growth of bank lending to the private sector (but also to parts of the public sector, particularly local government) which exceeded the target rate of growth for the broad monetary aggregates. To contain the growth in the money supply we had over-funded the Public Sector Borrowing Requirement outside the banking system, thereby absorbing non-bank deposits. A consequence of over-funding had been to drain cash from the banking system, which, to prevent an unwanted rise in short-term interest rates, the Bank had had to replace through money market assistance. This situation had been developing over a number of years but had become more acute in the past six months. It created technical inconvenience, and was cumbersome, but it was not clear that it represented a more fundamental problem of monetary policy. Mr George then alluded to the possible options for handling the situation.

After a discussion, it was agreed that copies of the Bank's evidence on this subject to the Select Committee on the Treasury and Civil Service would be sent to the outside Directors.

- 2 With reference to a Minute of 8 April, Mr Galpin introduced the paper which had been produced to help the Court with guidance on the stance which the Bank should adopt in its negotiation of BESO's pay claim. In the ensuing discussion it was pointed out that the Bank would not be in a position to make any counter proposals until it was known whether the Government would accept the arbitration award in connection with the Civil Services' pay claim. It was agreed that the Bank should meanwhile discuss with BESO the various options open and that a further report should be made in due course to the Court.



- 3 With reference to a Minute of the previous week, Mr Loehnis described his impressions of the economic situation in Mexico.

The following were laid before the Court -

- 1 The Annual Report of the Registrar's Department Liaison Committee which Sir Alastair Pilkington introduced, also at the Governor's invitation, mentioning that the association of outside Directors with a particular Department, as arose from the work of this Committee, appeared beneficial for both sides and that it was perhaps worth considering whether the example should be followed elsewhere too.
- 2 A statement of a forthcoming secondment.

The Governor spoke to the Court about the re-opening of catering facilities at King's Arms Yard on 4 May, with the official opening planned to take place on 18 May when Sir Hector Laing, as Chairman of BE Services Ltd, would be the host at a reception. In discussion it was noted that this made possible a reduction in the facilities provided at New Change and at the Head Office of the Bank.

The Governor also passed on to the Court the appreciation which had been expressed, at the Annual General Meeting of the Sports Club on 27 April, for the support given to the Club by the Court and the Bank.

A. J. Williams
 Secretary of the Bank
 6th May 1982

C. W. M. Mahon
 G. V. 82

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 6 MAY 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

John Martin Clay, Esq
Leopold David de Rothschild, Esq
Geoffrey Ayrton Drain, Esq, CBE
Edward Alan John George, Esq
Sir Jasper Quintus Hollom, KBE
Sir Hector Laing
Anthony David Loehnis, Esq
Lord Nelson of Stafford
David Gerald Scholey, Esq, CBE
Sir David Edward Charles Steel, DSO, MC
David Alan Walker, Esq
Lord Weir

The Minutes of the last Court, having been circulated, were approved.

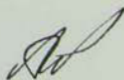
The Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. It was noted that both the domestic and the external markets continued to be dominated by the fluctuating views of the course of the Falkland Islands crisis.

A statement of Official Reserves at the end of April was laid before the Court.



At the Governor's invitation -

- 1 Mr Loehnis introduced the current paper on Economic Developments Abroad and the Quarterly Commodities Report. A short discussion followed each paper.
- 2 Mr Flemming, a Chief Adviser, Economics Division, attended to introduce a paper on Import Penetration. The ensuing discussion was concerned mainly with the question of non-price competitiveness, an area where statistical information was admitted to be inadequate. The Governor mentioned that it would be helpful, in due course, to draw on Members' views about the scope for following the example of certain enterprises which had conducted successful campaigns to promote import substitution, in preference to any policy of positively restricting imports.
- 3 Mr Walker spoke about proposals which had been put by Finance for Industry to its shareholders, including the Bank, and which would, if implemented, involve the Bank in taking up its share of a rights issue, at a net cost of £2,253,000. He recommended that the Bank should support those proposals, which had been supported by the Committee of Treasury in their earlier discussion of them, and this was agreed.
- 4 Mr Drain spoke about meetings he had recently attended of the European Trades Union Conference, at The Hague, and of the Scottish and Welsh Trades Union Congresses.
- 5 Mr Clay commented on his recent visit to the United States.



The Governor spoke to the Court about a meeting of the National Economic Development Council which he had attended the previous day, and about the current visit to London of Dr Matyas Timar, President of the Hungarian National Bank.

A letter from Messrs Freshfields having been submitted together with a document to be sealed, namely the Building Contract, in duplicate, relating to the Sports Club Pavilion, Roehampton, the Court approved thereof and

ORDERED

that the document in question be sealed with the Common Seal of the Bank.

A. J. T. Williams
Secretary of the Bank

Leon of Roffal.

13th May 1982

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 13 MAY 1982

Present

Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Hector Laing

Lord Nelson of Stafford

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

Lord Weir


John Christopher Roderick Dow, Esq

John Standish Fforde, Esq

William Peter Cooke, Esq

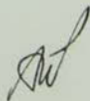
The Minutes of the last Court, having been circulated, were approved.

The Deputy Governor invited Mr George to speak about the state of the domestic markets and then commented on the exchanges. While still influenced primarily by the progress of the Falkland Islands crisis, both markets were described as less volatile than during the previous week.



At the Deputy Governor's invitation -

- 1 Mr George introduced a statement of the Banking Figures as at 21 April, and commented on the preliminary estimates for M1, M3 and PSL2. A short discussion followed, in which information was sought about developments in bank lending to the private sector.
- 2 Mr Fforde spoke about the Federal Reserve Bank of New York's conference on monetary targeting, which he had attended the previous week with two colleagues from the Bank, and summarised the views of the main participants and the conclusions he himself drew for the study of monetary economics. A discussion followed, and it was agreed that copies of the paper Mr Fforde had contributed to the conference should be sent to Members on a personal basis.
- 3 Mr Cooke spoke, with reference to a Minute of 1 April, about the prospective liquidation of a deposit-taking company in Northern Ireland, which seemed likely to bring into operation the provisions of the Deposit Protection Scheme.
- 4 Mr Blunden mentioned the Bank's participation in the Youth Opportunities Programme. He also referred to the acceptance by HM Government both of the recent arbitration award in respect of the current Civil Service pay claim and of comparatively high percentage increases for top salaries in the public sector.
- 5 Sir Adrian Cadbury spoke about impressions gained during his recent visit to Malaysia, New Zealand and Australia. There was a brief discussion.



The Deputy Governor spoke to the Court on the following matters -

- 1 A statement of the Overseas Trade Figures for February, which was laid before the Court.
- 2 With reference to Minutes of 1 April and earlier, the publication of further updated lists of institutions authorised to take deposits under the Banking Act 1979.
- 3 Information Technology Year, particularly as it affected the City and the Bank.

A statement of four forthcoming retirements under the terms of the Selective Severance Scheme was also laid before the Court.

A. J. Williams

Deputy Governor

Secretary of the Bank

20th May 1982

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 20 MAY 1982

Present

Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir Robert Anthony Clark, DSC

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

David Gerald Scholey, Esq, CBE

David Alan Walker, Esq

John Christopher Roderick Dow, Esq

John Standish Fforde, Esq

The Minutes of the last Court, having been circulated, were approved.

The Deputy Governor invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. All the markets had during the last week been thinner and more nervous, the main influence being still the Falkland Islands crisis. In the brief discussion that ensued, attention was drawn to the fall in circulation of notes with the public over the last year and to the factors that had caused it.



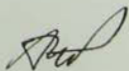
At the Deputy Governor's invitation -

- 1 With reference to a Minute of the previous week, Mr George first spoke about the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 21 April. He went on to describe the tentative conclusions that might be drawn from an inquiry recently conducted by the Bank into the reasons for the continued growth of bank lending to the private sector. There was a short discussion.

- 2 Taking up the theme mentioned above from the angle of the company sector, Mr Walker then gave an account of the various factors which seemed to have led companies to build up their liquid assets, despite the prevailing recession, and although there had been considerable differences in the behaviour of individual companies. In the following discussion it was agreed that the Court would welcome further such reports from time to time about the state of corporate liquidity.

- 3 Mr Dow introduced the Economic Report, together with forecasts (by the Bank and by HM Treasury) of significant economic indicators. The Report was on this occasion, experimentally, in a different form, covering in greater depth three of the themes dealt with in the usual monthly reports; if this pattern were considered useful, it would be repeated every quarter. In their discussion of the Report, the Court supported its new form and, on its substance, were concerned chiefly with the trend of personal savings.

- 4 With reference to a Minute of 29 April, Mr Blunden reminded the Court of developments so far in this year's pay negotiations and obtained their approval for the position he proposed to adopt at the meeting of the Negotiating Council due to take place on 21 May, and subsequently.



Four letters from Messrs Freshfields having been submitted, together with four documents to be sealed, namely a Deed of Covenant with the Charities Aid Foundation, a Lease relating to the ground floor and basement of 17 and 18 Cheapside, a Licence, in duplicate, relating to certain alterations to be carried out to the first floor of 85 Watling Street, and the Building Contract, in duplicate, relating to Eagle House, City Road, the Court approved thereof and

ORDERED

that the documents in question be sealed with the Common Seal of the Bank.

A. J. Williams
Secretary of the Bank
27.5.82.

Com. Mahon

27. V. 82

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 27 MAY 1982

Present

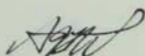
The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq
Leopold David de Rothschild, Esq
Geoffrey Ayrton Drain, Esq, CBE
Edward Alan John George, Esq
Sir Jasper Quintus Hollom, KBE
Sir Hector Laing
Anthony David Loehnis, Esq
Lord Nelson of Stafford
Sir David Edward Charles Steel, DSO, MC
David Alan Walker, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor first invited Mr Blunden to explain more fully the reasons for the fall in the note circulation below last year's level, to which attention had been drawn at the previous Court.

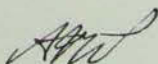
The Governor then commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.



The Governor went on to speak about the Report of the Tribunal appointed to inquire into certain issues arising out of the operations of the Crown Agents as financiers on own account in the years 1967-74, which had been published on the previous day. He mentioned, in particular, that he had in mind to ask Mr Blunden to arrange for the preparation of an internal study on whether there were any lessons to be drawn from the Report by the Bank, taking into account the extent of the changes in the Bank's organisation which had been introduced since the events dealt with by the Tribunal.

A Report of the Staff Committee on an increase in pensions and allowances was submitted and introduced, in Mr Clay's absence, and at the Governor's invitation, by Sir Hector Laing. The interests of two Members of the Court and the potential interest of four others having been declared, and after a discussion on the lines of that in the Committee of Treasury, the Report was approved.

A Report of the Committee on Bank Premises recommending the continuation, into a third stage, of the project for the modernisation of the engineering services in Head Office was also submitted. The Governor first recalled the background to the project and drew attention to the Court's agreement on 30 April 1981 that Messrs Pell Frischmann & Partners should carry out the second stage of the project, after which the Court would still have the choice of deciding whether to go any further. At the Governor's invitation, Lord Nelson then spoke about the recommendations for continuing the project, still using Pell Frischmann. After a discussion the Court accepted the proposals, subject to further Reports from time to time, as appropriate, from the Premises Committee.



At the Governor's further invitation -

- 1 With reference to Minutes of the previous week and earlier about this year's pay negotiations with BESO, Mr Blunden described the outcome of the Negotiating Council meeting on 21 May.

- 2 Mr Drain spoke to the Court about the work of NEDC's Paper and Board Sector Working Party, of which he was Chairman.

A. J. Williams
Secretary of the Bank
3rd June 1982

Cum gratia
3. VI. 82

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 3 JUNE 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

Lord Weir

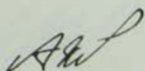
John Christopher Roderick Dow, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

At the Governor's invitation -

- 1 Mr Coleby, Assistant Director in charge of the Money Markets Division, attended to introduce a draft paper on Discount House Multipliers. A short discussion followed.



- 2 Mr Loehnis introduced a paper, prepared in the Bank, which sought to assess the progress through the United States legislative system that had so far been made by the Federal Government's budget proposals. He also explained the implications of the situation for the financial markets. A discussion followed, which mainly concerned the dilemma caused for the US authorities by their commitment both to reduce taxes and to increase defence expenditure.

- 3 Mr Blunden mentioned the opening by BE Services Limited of a shop in the Head Office building for the use of the Bank's staff.

A statement of Official Reserves at the end of May was laid before the Court.

The following were submitted and approved:-

- 1 The Quarterly Report of the Audit Committee. In introducing that Report, Sir Jasper Hollom noted some indications that the growth in the number of mistakes associated with the substantial staff changes after the ending of Exchange Control might now have begun to be reversed. He also drew attention to the range and complexity of new computer system developments currently taking place in many parts of the Bank. It was vital that the Audit Division be fully involved in this work, but its scale made this a heavy commitment.

- 2 A Minute of the Charitable Appeals Committee on the granting of a donation.

The Governor reported that Mr de Rothschild acted as Alternate at a Meeting of the Charitable Appeals Committee on 28 May.

Agd

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A letter from Messrs Freshfields having been submitted together with a document to be sealed, namely a Deed of Rectification relating to a tenancy at 45 Cheapside, the Court approved thereof and

ORDERED

that the document in question be sealed with the Common Seal of the Bank.

A. J. Williams

Secretary of the Bank

10th June 1982

Comptroller

10. vi. 82

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 10 JUNE 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq
Sir George Adrian Hayhurst Cadbury
Sir Robert Anthony Clark, DSC
John Martin Clay, Esq
Leopold David de Rothschild, Esq
Geoffrey Ayrton Drain, Esq, CBE
Edward Alan John George, Esq
Sir Jasper Quintus Hollom, KBE
Sir Hector Laing
Anthony David Loehnis, Esq
Sir Lionel Alexander Bethune Pilkington, FRS
David Gerald Scholey, Esq, CBE
Sir David Edward Charles Steel, DSO, MC
David Alan Walker, Esq


John Christopher Roderick Dow, Esq
William Peter Cooke, Esq
Rodney Desmond Galpin, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

At the Governor's invitation -

- 1 Mr George introduced a statement of the Banking Figures as at 19 May, and commented on the preliminary estimates for M1, M3 and PSL2.



2 Mr Loehnis introduced first a statement of the Overseas Trade Figures for March. Then, having drawn attention to a paper, prepared in response to a question raised at the last Court which concerned the effect on the United States budget deficit and economy generally of withdrawing the 1982 personal tax cut, he introduced the June paper on Economic Developments Abroad together with an additional paper on recent developments in Canada. Both papers provoked discussion.

3 The Deputy Governor spoke about the draft Accounts of the Bank for the year ended 28 February 1982, which were laid before the Court, and said that provisional approval for them would be sought at the next Court. Leaving the more detailed explanation of their salient features to that occasion, he went on to describe the options available when discussions were opened with the Treasury about the payment to be made in lieu of dividend.

A statement of four retirements, three under the terms of the Selective Severance Scheme and one in the ordinary course, was laid before the Court.

A Report of the Committee on Permanent Control of Expenditure was submitted and approved.

The Governor spoke to the Court on the following matters -

- 1 With reference to Minutes of 13 May and earlier, the publication of further updated lists of institutions authorised to take deposits under the Banking Act 1979. At the Governor's invitation, Mr Cooke referred to the number of Japanese banks who now had recognised status, indicating that a further increase in their number seemed unlikely in the foreseeable future.
- 2 With reference to a Minute of 4 February, the forthcoming publication of two further leaflets, about the Bank's organisation and the Banking Act 1979.

A letter from Messrs Freshfields having been submitted together with a document to be sealed, namely a Deed of Transfer relating to a property in Stevenage, the Court approved thereof and

ORDERED

that the document in question be sealed with the Common Seal of the Bank.

A. J. Williams
Secretary of the Bank
17th June 1982

Walter S. Roffe

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 17 JUNE 1982

Present

Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

Leopold David de Rothschild, Esq

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Anthony David Loehnis, Esq

Lord Nelson of Stafford

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

Lord Weir

John Christopher Roderick Dow, Esq

John Standish Fforde, Esq

Rodney Desmond Galpin, Esq

The Minutes of the last Court, having been circulated, were approved.

The Deputy Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

At the Deputy Governor's invitation -

- 1 With reference to a Minute of the previous week, Mr George first drew attention to the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 19 May. He drew attention to a marked change

NAB

in the pattern of the monetary counterparts in May compared with other recent months. He then briefly introduced the draft of a section in the forthcoming Quarterly Bulletin which dealt with the operation of monetary policy: this would include a separate passage on commercial bill arbitrage, indicating that in the Bank's view its scale and profitability had been smaller than had sometimes been suggested. He expressed gratitude to those Members who had assisted the Bank's inquiries. Finally he spoke about the policy stance adopted by the authorities in the money market in the past month. Domestic circumstances had been, on the whole, not unfavourable, but external factors, particularly monetary and financial developments in the United States, remained unhelpful and constituted a major restraint on prospects for a further lowering of domestic interest rates. A discussion followed.

- 2 Mr Dow introduced a draft of another Bulletin section, namely the economic commentary. There was a short discussion.
- 3 With reference to Minutes of 27 May and earlier, Mr Blunden spoke to the Court about the current position in the pay negotiations, referring to the Negotiating Council meeting on 16 June.

With reference to a Minute of the previous week, the draft Accounts of the Bank for the year ended 28 February 1982 were laid before the Court for the second time. The Deputy Governor gave details of their salient features and obtained confirmation that none of the Directors had a material interest, directly or indirectly, at any time during the year in any other significant transaction or arrangement with the Bank of England or any of its subsidiaries. The Court gave their provisional approval to the Bank's Accounts.

NRB

The Deputy Governor went on to describe the line he proposed, subject to the Governor's agreement, to adopt in further discussion with HM Treasury about the level of the payment to be made in lieu of dividend, referring to the views expressed by the Committee of Treasury that morning. The Court expressed their assent to his proposals.

The following were laid before the Court -

- 1 A statement of forthcoming retirements, eight under the terms of the Selective Severance Scheme, three in the ordinary course and one on ill-health grounds.
- 2 A note of the names of interest to the Bank in the Birthday Honours list.

W Bedford
for Secretary of the Bank
24 June 1982

C W M Mahon

24. vi. 82

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 24 JUNE 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

David Gerald Scholey, Esq, CBE

David Alan Walker, Esq

Lord Weir

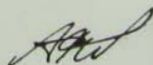
John Christopher Roderick Dow, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited the Deputy Governor to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

At the Governor's invitation -

- 1 Mr Dow introduced the Economic Report for May. A discussion ensued in which the need for continued wage restraint was emphasised.
- 2 Mr Loehnis introduced statements of the Current Accounts of major country groups and world current account imbalances during the period 1970-1981. A discussion followed.



The Governor spoke to the Court about the following -

- 1 With reference to Minutes of 10 June and earlier, a further updated list of institutions authorised to take deposits under the Banking Act 1979, mentioning in particular the surrender of its deposit-taking licence by Trinity Trust and Savings Ltd.
- 2 The Bank's recent appearance before the Select Committee on Nationalised Industries.

The Quarterly Report of the Charitable Appeals Committee was submitted and approved.

Sir Hector Laing introduced a Report of the Debden Committee covering the Annual Report and audited Accounts of the Printing Works for the year ended 28 February 1982.

At the Governor's invitation he then went on to speak about impressions gained in the United States of America during his recent visit to North America.

A statement of a secondment was laid before the Court.

A. J. Williams
Secretary of the Bank

14 July 1982

C. W. M. Mahon

1. VII. 82

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 1 JULY 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

John Christopher Roderick Dow, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

At the Governor's invitation -

- 1 Mr Dow introduced the June edition of the Quarterly Bulletin, which was to be published later that day together with an edition of Bank Briefing: he referred in particular to various points in the Assessment, including the account of the over-funding problem.

- 2 Mr George explained certain features of a statement which had been made the previous Friday in the House of Commons by the Chancellor of the Exchequer, on Corporate and Public Sector Borrowing.
- 3 Mr Loehnis spoke about the Statement of the Overseas Trade Figures for April, and a short discussion followed.
- 4 Mr de Rothschild introduced a Report of the Committee to consider the Securities of Certain Funds, which, with his recommendation, was then approved by the Court.
- 5 With reference to Minutes of 17 June and earlier, Mr Blunden described the further pay negotiations with the Union, on the lines of his statement earlier that day to the Committee of Treasury. After a short discussion, in which his handling of the negotiations was commended, his recommendations were accepted.
- 6 Mr Walker spoke to the Court about the Cork Report, referring to a paper he had prepared and circulated. He concluded with some observations of his own, including the hope that HM Government would accept the Report's main recommendations. This hope was endorsed in the discussion that ensued, which also drew attention to the undesirable consequences of companies having relations with an excessive number of banks. Every opportunity should be taken to discourage this practice.
- 7 Sir Alastair Pilkington mentioned the impression of uncertainty as to the future course of the economy he had received during a visit to the United States.

Statements of a forthcoming secondment and of a forthcoming retirement, under the terms of the Selective Severance Scheme, were laid before the Court.

A. J. Williams
Secretary of the Bank
8th July 1982

John of Stefan.

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 8 JULY 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
John Martin Clay, Esq
Leopold David de Rothschild, Esq
Geoffrey Ayrton Drain, Esq, CBE
Edward Alan John George, Esq
Sir Hector Laing
Lord Nelson of Stafford
Sir Lionel Alexander Bethune Pilkington, FRS
David Alan Walker, Esq
Lord Weir

John Christopher Roderick Dow, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Sangster, Assistant Director in charge of the Foreign Exchange Division, to attend and speak about the exchanges.

At the Governor's invitation -

- 1 Mr Holland, Chief Adviser in charge of the International Division, attended to introduce the current paper on Economic Developments Abroad. The following discussion centred on the question of the competitiveness of UK exports and stressed the importance of widening the understanding in industry of that and related themes.



In that context the Governor mentioned the problems of persuading people of the need for moderate wage settlements to ensure adequate profitability, without which improvement in investment and employment prospects could not be realised. Those problems were apparent at the meeting of the National Economic Development Council he had attended the previous day. The possibility of providing a more extended analysis of competitiveness was also mentioned. As an aid to assessing the performance of the United Kingdom in relation to that of the other countries Mr Dow drew attention to the Bank's confidential short-term forecasts for the UK economy.

- 2 Mr George introduced a statement of the Banking Figures as at 16 June, and commented on the preliminary estimates for M1, M3 and PSL2.
- 3 Mr Dow also spoke about a paper showing recent developments in the profitability and finance of industrial and commercial companies; it was agreed that it would be helpful for such papers to be submitted to the Court from time to time.

The Governor spoke to the Court about the following matters -

- 1 With reference to Minutes of the previous week and earlier, press reactions to the publication, the previous Thursday, of the June edition of the Quarterly Bulletin.
- 2 The recent seizure by the police of counterfeit £20 notes that had a total face value of about £4.3 million.

The following were laid before the Court -

- 1 A statement of Official Reserves at the end of June.



- 2 A statement of a recent retirement under the terms of the Selective Severance Scheme.

With reference to Minutes of 17 June and earlier about the Accounts of the Bank for the year ended 28 February 1982, it was reported that a total payment of £18 million in lieu of dividend was likely to be acceptable to HM Treasury, but that figure still awaited the approval of the Chancellor of the Exchequer.

The Accounts of the Bank, which now reflected that payment, were again laid before the Court, together with a recommendation that the Accounts be approved and signed on behalf of the Bank, subject to the Chancellor's approval of the amount of the proposed payment in lieu of dividend, and the Court agreed thereto.

A. J. Williams
Secretary of the Bank

15.7.82

C. W. M. M. M. M. M.

15. VII. 82

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 15 July 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq
Sir George Adrian Hayhurst Cadbury
Sir Robert Anthony Clark, DSC
John Martin Clay, Esq
Leopold David de Rothschild, Esq
Geoffrey Ayrton Drain, Esq, CBE
Edward Alan John George, Esq
Sir Hector Laing
David Alan Walker, Esq
Lord Weir

John Christopher Roderick Dow, Esq
John Standish Pforde, Esq
Rodney Desmond Galpin, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Sangster, Assistant Director in charge of the Foreign Exchange Division, to attend and speak about the exchanges.

At the Governor's invitation -

- 1 With reference to a Minute of the previous week, Mr George first spoke about the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 16 June. The final figures

were much as had been envisaged the previous week. He then went on to describe the Bank's general stance as regards interest rate policy during the past month, which had not been markedly different from that in operation during the previous month. A discussion followed, covering the impact of monetary policy on the housing market and, from a wider aspect, on the general prospects for economic recovery. In that context, Members were asked to be ready to provide, possibly for the next Court, such evidence as might be available to them about the extent of economic recovery and, in particular, about the performance of small businesses in current circumstances.

- 2 The Deputy Governor introduced a statement of the Overseas Trade Figures for May.
- 3 Mr Clay drew attention to the main features of the Chief of Corporate Services' Report on Manpower Review and Planning, which had been laid before the Court with a Report of the Staff Committee. A short discussion followed, which included references to the severe contraction of promotion prospects for the staff of the Bank, already evident from 1981/82 and likely to persist for the rest of the decade, to the scheme for efficiency and economy awards, and a compliment on the drafting of the Chief of Corporate Services' Report.

A Minute of the Committee of Treasury on the Annual Report and Accounts of the Bank, including the Annual Report made by the Bank in pursuance of Section 4(1) of the Banking Act 1979, was submitted and, after an introduction by the Deputy Governor and some remarks by Mr Blunden on the Report on banking supervision, approved.

Mr de Rothschild, having withdrawn for that item, was granted permission to become a Director of Sun Alliance and London Insurance plc and also of four of its principal subsidiary companies.

The Governor spoke to the Court about the following -

- 1 Matters arising from his recent attendance at meetings in Basle.
- 2 Methods that had been considered with a view to reducing the incidence of early departures from meetings of the Court. To begin at, say, 11.30 am instead of at 11.45 am would risk wasting Members' time between the meeting itself and lunch. He had concluded that a more rigid adherence to the 11.45 am starting time, without overrunning by any preceding meeting of the Committee of Treasury, and with the firm intention to finish each Court by 1.00 pm, should help to resolve the problem.

P. R. Johnson

led.

Assistant Secretary of the Bank

22. 7. 82

22 July 1982

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 22 JULY 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

Sir Hector Laing

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

Rodney Desmond Galpin, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and the exchanges and invited Mr Coleby, Assistant Director in charge of the Money Markets Division, to attend and speak about the state of the domestic markets.

At the Governor's invitation -

- 1 Mr Goodhart, a Chief Adviser in the Economics Division, attended to introduce the Economic Report for June. A discussion followed.

- 2 Mr Blunden introduced the first Report and Accounts of the Deposit Protection Board which was laid before the Court. The levy to raise between £5mn and £6mn would probably take place late in August although the Board were already making a payment under the Act.
- 3 Sir Hector Laing introduced a Report from the Board of Directors of BE Services Limited covering the year ended 28 February 1982, which was also laid before the Court. He conveyed to the Court the appreciation of the Staff over the refurbishment of King's Arms Yard.
- 4 Mr Drain, a member of the TUC's Finance and General Purposes Committee, spoke about the Committee's role in the discussions which led to the ending of the rail strike by ASLEF.
- 5 Mr Scholey spoke about impressions gained during his recent visit to the United States of America.

With reference to a Minute of 25 March, the Governor spoke to the Court about the proposed dissolution of the Bank Provident Society. A recent Special General Meeting of the Society had been held at which the Members had passed two resolutions, firstly, to amend the Rules of the Society so as to terminate all contracts of assurance at a given date and to pay the proceeds of their policies to all Members. They would retain their membership of the Society in order to share in any terminal distribution of assets which might arise. Secondly, to dissolve the Society once it ceased to carry on insurance business. Under the terms of Rule 40 of the Society, the Court gave their approval to the proposed dissolution.

R. S. Anderson
 Asst. Secretary of the Bank
 29 July 82

Chairman of the Court

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 29 JULY 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
George Blunden, Esq
Sir George Adrian Hayhurst Cadbury
Sir Robert Anthony Clark, DSC
Leopold David de Rothschild, Esq
Geoffrey Ayrton Drain, Esq, CBE
Sir Jasper Quintus Hollom, KBE
Sir Hector Laing
Lord Nelson of Stafford
Sir David Edward Charles Steel, DSO, MC

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr Coleby, Assistant Director, Money Markets Division, and Mr Sangster, Assistant Director, Foreign Exchange Division, to attend and speak about the state of the domestic markets and the exchanges respectively.

At the Governor's invitation -

- 1 Mr Coleby, who was asked to remain for this item, spoke to the Court about the likely effects of the abolition, the previous Tuesday, of hire purchase controls on cars and other consumer goods. Further comments concerning the role of Banking Supervision were added by Mr Blunden and a short discussion followed.

- 2 Mr Balfour, Assistant Director in charge of the Territorial Division attended to introduce a paper on Italy which had been prepared in the Bank and sent to all Members. Some discussion ensued.
- 3 Mr Somerset, Chief of the Banking Department, attended to explain the background and latest position regarding a disagreement with the clearing banks on the question of clearing charges which it was now hoped to resolve by means of a "friendly arbitration" before a High Court judge.

With reference to Minutes of the previous week and earlier, the Governor spoke to the Court about the press reaction to the Bank's Annual Report and Accounts and the first Annual Report of the Deposit Protection Board, both published on 26 July.

A statement of a forthcoming retirement in the ordinary course was laid before the Court.

P. R. Tomlinson
Assistant Secretary of the Bank
5 August 1982

Letter of Report

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 5 AUGUST 1982

Present

Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

Geoffrey Ayrton Drain, Esq, CBE

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Lord Nelson of Stafford

Sir Lionel Alexander Bethune Pilkington, FRS

Sir David Edward Charles Steel, DSO, MC

Lord Weir

Rodney Desmond Galpin, Esq

The Minutes of the last Court, having been circulated, were approved.

The Deputy Governor invited Mr Coleby, Assistant Director in charge of the Money Markets Division, and Mr Sangster, Assistant Director, Foreign Exchange Division, to attend and speak about the state of the domestic markets and the exchanges respectively.

At the Deputy Governor's invitation Mr Coleby, who was asked to remain for this item, spoke to the Court about the latest additions to the list of recognised banks whose sterling acceptances were eligible for rediscount at the Bank.



A statement of Official Reserves at the end of July was laid before the Court.

The Deputy Governor introduced a statement of the Overseas Trade Figures for June, the current paper on Economic Developments Abroad and the Quarterly Commodities Report. There was some discussion on the tables concerned with competitiveness, shown in the EDA paper for the first time.

The Deputy Governor then spoke to the Court about the following:

- 1 With reference to a Minute of 13 May, the latest developments regarding Information Technology Year 1982. At the Deputy Governor's invitation Mr Galpin spoke to Members about his recent visit to the USA to determine the state of developments in office automation.
- 2 The forthcoming presentation by the Industrial Society at the new Club premises at King's Arms Yard on ways to improve efficiency and productivity in a catering operation, with reduced operating costs.

Two letters from Messrs Freshfields having been submitted together with two documents to be sealed, namely a Lease relating to a room on the third floor of Bank Buildings and a Conveyance relating to the sale of a house in Great Missenden, the Court approved thereof and

ORDERED

that the documents in question be sealed with the Common Seal of the Bank.

A. J. T. Williams
Secretary of the Bank
12th August 1982

See

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 12 AUGUST 1982

Present

Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Sir Lionel Alexander Bethune Pilkington, FRS

David Alan Walker, Esq

Lord Weir

The Minutes of the last Court, having been circulated, were approved.

The Deputy Governor invited Mr George to speak about the state of the domestic markets and Mr Sangster, Assistant Director in charge of the Foreign Exchange Division, to attend and speak about the exchanges.

The following were laid before the Court -

- 1 The Report and Accounts of Slater, Walker Ltd and of EBS Investments Ltd, both wholly-owned subsidiaries of the Bank, for the year ended 28 February 1982. At the Deputy Governor's invitation Sir Jasper Hollom, Chairman of Slater, Walker Ltd, spoke about the Accounts of that company, and Mr Somerset, Chief of the Banking Department, who attended for this item in his capacity as Chairman of EBS Investments Ltd, then commented on



that company's Accounts. It emerged that, although there was still a good way to go and sizeable problems remained to be overcome, useful progress had continued to be made in running down the business of both companies and reducing the anticipated final cost to the Bank of the support operations of which they were the relics. In a brief discussion the Deputy Governor referred favourably to the work done by Hambros Bank Ltd since they had taken over the day to day management of EBS Investments Ltd a year ago.

- 2 A statement of a forthcoming retirement in the ordinary course. At the Deputy Governor's invitation Mr Blunden recalled the contribution made by [redacted] to the establishment of the Bank's security system, and described the qualifications of his successor in charge of the Security Force.

Also at the Deputy Governor's invitation -

- 1 Mr George introduced a statement of the Banking Figures as at 21 July, and commented on the preliminary estimates for M1, M3 and PSL2. He noted that, while these had remained within the target ranges for the period since mid-February as a whole, there had been a tendency for the rate of growth of the monetary aggregates to accelerate within that period.
- 2 Mr Blunden spoke about reports that some security paper had been stolen from Portals Ltd and about progress in tracing forged £20 notes.

The Deputy Governor spoke to the Court about a recent presentation given by the CBI in the Bank on pay bargaining in the 1982/83 round. He and several senior officials of the Bank, including the Agents, had attended, and he had found it well done. There was a discussion, in which the desirability of wider publicity for at least part of the material used in the CBI presentation and the difficulties met in encouraging the use by companies of current cost accounting were mentioned.



The Deputy Governor, Sir Jasper Hollom and the three Executive Directors present having withdrawn in accordance with Section 10 of the Charter, Mr de Rothschild took the chair in accordance with Section 6(2) of the Charter. He then introduced two Minutes of the Committee of Treasury recommending increases, with effect from 1 July 1982, in, respectively, the pensions and allowances in payment to former Governors and Executive Directors and the remuneration of those Members of the Court who rendered exclusive service to the Bank, of two Advisers to the Governor, Mr Dow and Mr Fforde, and of the Associate Directors, Mr Cooke and Mr Galpin.

Discussions of each Minute followed, on the lines of those in the Committee of Treasury, and those Members present indicated their agreement with the recommendations. However, there being no quorum to approve the two Minutes, it was left that they would be submitted again for approval on the next occasion when there would be a quorum in the absence of those Members of the Court with an interest in the matters under consideration.

A. J. T. Williams

Sen.

Secretary of the Bank

19th August 1982

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 19 AUGUST 1982

Present

Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Anthony David Loehnis, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

David Alan Walker, Esq

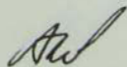
John Standish Fforde, Esq

The Minutes of the last Court, having been circulated, were approved.

The Deputy Governor invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. A discussion followed, chiefly about the implications of Dr Henry Kaufman's influence on market developments in the United States.

At the Deputy Governor's invitation -

- 1 With reference to a Minute of the previous week Mr George first referred to the announcement (to be made later that day) about the Money and Banking Figures as at



21 July. These having changed little from the preliminary figures, he had little to add to his remarks of the previous week. As regards the policy stance currently adopted by the authorities, the situation remained on the whole satisfactory, but there were risks for the implementation of our aims in the strength of the downward pressure on United Kingdom interest rates now being exerted by the markedly changed situation in the United States, as well as in the present advocacy in this country of further and faster reductions in interest rates. A discussion followed.

- 2 Sir Jasper Hollom introduced the Quarterly Report of the Audit Committee. He mentioned various aspects of the Bank's work in which the Audit Division had been involved, including the continuing efforts to find a satisfactory note sorting machine and the problems associated with the development of new computer systems. He also noted that some signs had been observed of a widespread, if slight, weakening of consciousness among the staff of proper security requirements; steps to counter this were being taken. The Report was then approved.
- 3 Mr Blunden introduced the Report and Accounts of the Bank of England Pension Fund for the year ended 28 February 1982 which were laid before the Court.
- 4 Mr Blunden also mentioned the prospect of the Bank disposing of the lease of Regent Arcade House, which currently involved an annual loss for the Bank, on favourable terms.
- 5 He described, finally, the circumstances of the help being given by the Bank to the Isle of Man authorities in respect of the supervision of banks operating there.

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The Deputy Governor spoke to the Court about the following matters -

- 1 The death on the previous day of the Government Broker, Lord Cromwell, which he said was a very sad blow on both technical and personal grounds. He informed the Court that he had written letters of condolence to Lady Cromwell and Mr Roger Daniell.

- 2 The financial crisis that had recently developed in Mexico and the measures being worked out with the International Monetary Fund and, on an interim basis, with the Bank for International Settlements supported by a group of central banks, including the Bank of England, to provide the necessary assistance to the Mexican authorities. There was a short discussion.

A. J. T. Williams

Secretary of the Bank

26th August 1982

C. M. Chalton

26. VIII. 82

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 26 AUGUST 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Anthony David Loennis, Esq

Lord Nelson of Stafford

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

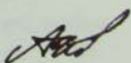
David Alan Walker, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly figures and invited Mr George to speak about the state of the domestic markets and Mr Loennis to speak about the exchanges.

At the Governor's invitation -

- 1 Mr Flemming, a Chief Adviser, Economics Division, attended to introduce the Quarterly Economic Report. The following discussion was devoted mainly to the section on



fixed investment, particularly the shares of the various sectors, and to the question of whether any signs were yet emerging that the company sector was ready to begin financing investment through fixed interest borrowing in the capital market.

- 2 Mr Loehnis introduced a statement of the Overseas Trade Figures for July, which led to a discussion about the significance to be attached to the growth of imports of manufactured goods into the United Kingdom.

The Governor spoke to the Court about the main topics to be considered at the forthcoming international meetings, in London, Denmark and Toronto, and, with reference to a Minute of the previous week, about the measures being taken to assist Mexico. There was a short discussion, in which the indebtedness of other countries was compared.

With reference to a Minute of 12 August, the Deputy Governor, Sir Jasper Hollom and the Executive Directors having withdrawn in accordance with Section 10 of the Charter, the Governor read a Minute of the Committee of Treasury recommending increases, with effect from 1 July 1982, in the pensions and allowances in payment to former Governors and Executive Directors and after a short discussion this was approved.

With reference to a further Minute of 12 August, the Governor having withdrawn and Sir Jasper Hollom returned, Lord Nelson introduced another Minute of the Committee of Treasury, which recommended, also with effect from 1 July 1982, increases in the remuneration of those Members of the Court who rendered exclusive service to the Bank, of two Advisers to the Governor, Mr Dow and Mr Fforde, and of the Associate Directors; and the Court approved thereof.

A. J. Williams
 Secretary of the Bank
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 2. 9. 82

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 2 SEPTEMBER 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McManon, Esq, Deputy Governor

George Blunden, Esq

Sir Robert Anthony Clark, DSC

Jonn Martin Clay, Esq

Edward Alan Jonn George, Esq

Sir Jasper Quintus Hollom, KBE

Anthony David Loennis, Esq

Lord Nelson of Stafford

David Gerald Scholey, Esq, CBE

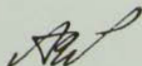
John Christopner Roderick Dow, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

The following were laid before the Court -

- 1 A statement of the Official Reserves figures as at the end of August, which were due to be published that afternoon.
- 2 A statement of a forthcoming secondment.



At the Governor's invitation -

- 1 Mr Loennis introduced the September paper on Economic Developments Abroad, and some features of this were discussed, in particular developments in Canada and France.
- 2 Mr Loennis also introduced a half-yearly paper on the international energy situation, which had been produced by the International and Economics Divisions. On this occasion it concentrated on the world prospects for the production of gas. In the following discussion, the paper was generally found to be most interesting.

The Governor spoke to the Court about the informal meetings of EEC Finance Ministers he had recently attended in Denmark and about the meeting in London of Commonwealth Finance Ministers. There was a short discussion, chiefly about the proposals that had been made in the latter forum by Mr Muldoon.

A. J. Williams

C. W. M. Chahon

Secretary of the Bank

9 9. 82

9th September 1982

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 9 SEPTEMBER 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Lord Nelson of Stafford

Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

Lord Weir

The Minutes of the last Court, having been circulated, were approved.

Arising therefrom, the Deputy Governor replied to a question that had been put during the discussion of the September paper on Economic Developments Abroad about the treatment of foreign workers in the West German unemployment figures.

The Governor commented on the weekly Figures and invited Mr Coleby, Assistant Director in charge of the Money Markets Division, and Mr Sangster, Assistant Director, Foreign Exchange Division, to attend and speak about the state of the domestic markets and the exchanges respectively. Among other matters, Mr Coleby drew attention to the issue of fixed interest long-term paper currently being placed for BOC International plc: this would be the first such issue by an industrial company for ten years.



At the Governor's invitation -

- 1 Mr Coleby, who was asked to remain for this item, introduced a statement of the Banking Figures as at 18 August, and commented on the preliminary estimates for M1, M3 and PSL2. All the indicators were shown as growing by 1 1/4%, or a little more, over the month. Cumulative growth over the target period since last February was in all cases in the 8-12% range set, but the rate of growth was accelerating. The August figures on their own were no cause for concern, but continued growth at the same rate would not be comfortable. The rate of increase in sterling lending by the banks, though down from the levels of earlier in the year, remained high.
- 2 The Deputy Governor introduced the Report of the Advisory Committee of the Houdlon-Norman Fund, which was laid before the Court. He mentioned that the Trustees of the Fund had accepted the recommendation that there should be no further grants, but not the one that, in any year when no Fellowship was awarded, there should instead be a 'block grant' to a body such as the Nuffield Foundation which would thus be enabled to make additional grants of its own. The intention was that the Fund should henceforth be devoted wholly to financing Fellowships for work in the Bank. The Deputy Governor added that Professor Matthews had taken over the Chairmanship of the Advisory Committee, Sir Alec Cairncross having taken the opportunity of the new circumstances to resign after a long period of valued service to the Committee. It was considered right that Mr Flemming should now join the Committee in his place. Lord Plowden and Lord Roberthall had resigned as Trustees, and it remained to discuss with the Governor who should replace them. Sir Alec Cairncross would obviously be very suitable for one of the vacancies.
- 3 Sir Jasper Hollom introduced the Quarterly Report of the Charitable Appeals Committee. In doing so, he mentioned that two appeals, on behalf of Queen Elizabeth House,

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Lincoln College, Oxford and the David E Bruce Endowment Committee UK respectively, had been referred to the Governor as they had not been considered by the Committee to fall within their established guidelines, despite their merits and the quality of their sponsors. The Governor then spoke about both these appeals and expressed the hope that the Court would feel able to respond favourably to them. After a short discussion it was agreed that £1,000 should be given to each. The Committee's Report was approved.

The Governor spoke to the Court about his impressions of the meetings he had recently attended in Toronto, and, at his invitation, the Deputy Governor also mentioned the meeting of OECD Working Party 3 he had chaired during the previous week.

A. J. Williams

Secretary of the Bank

16th September 1982

C. W. M. Mahon

16. ix. 82

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 16 SEPTEMBER 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McManon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

Sir Lionel Alexander Betnune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

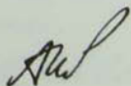
David Alan Walker, Esq

Lord Weir

John Christopher Roderick Dow, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr Coleby, Assistant Director in charge of the Money Markets Division, to attend, in Mr George's absence, and speak about the state of the domestic markets, and Mr Loehnis to speak about the exchanges. Mr Coleby referred, among other things, to a further corporate bond issue that had followed the successful issue he had mentioned the previous week.



At the Governor's invitation -

- 1 With reference to a Minute of the previous week, Mr Coleby, who was asked to remain for this item, described the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 18 August. This confirmed the preliminary figures. He went on to contrast the situation four weeks before, when the authorities had indicated that caution should be exercised in face of the market's general optimism, with the more subdued and balanced position now. Market expectations (influenced mainly by tighter conditions in the US) had become less sanguine and there were undeniable signs of some acceleration in UK monetary aggregates. Future official decisions on interest rates might require careful balancing between indicators pointing in somewhat different directions. The following discussion concerned chiefly the nature of the relationship between the US and UK markets.

- 2 With reference to a Minute of the previous week Mr Walker spoke to the Court about the developments that had led up to the forthcoming opening of the new international financial futures market in the Royal Exchange and about its structure and objectives. There was a brief discussion.

The Governor spoke to the Court about the following -

- 1 With reference to a Minute of 19 August, the appointment of Mr Althaus to succeed the late Lord Cromwell as Government Broker.

- 2 The Bank's part in the recent reciprocal lifting of the financial restrictions that had been imposed against one another by the UK and Argentina in April; his account of the preceding negotiations was supplemented by the Deputy Governor and Mr Loennis.

A statement of a forthcoming secondment was laid before the Court.

A. J. C. Williams
Secretary of the Bank

C. W. M. Althaus
23. 10. 82

3. 10. 82
962

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 23 SEPTEMBER 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
 Christopher William McMahon, Esq, Deputy Governor

John Martin Clay, Esq
 Leopold David de Rothschild, Esq
 Geoffrey Ayrton Drain, Esq, CBE
 Edward Alan John George, Esq
 Sir Jasper Quintus Hollom, KBE
 Sir Hector Laing
 Anthony David Loehnis, Esq
 Lord Nelson of Stafford
 David Alan Walker, Esq
 Lord Weir

John Christopher Roderick Dow, Esq
 William Peter Cooke, Esq
 Rodney Desmond Galpin, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

At the Governor's invitation -

- 1 Mr Dow introduced the Economic Report for August and also the draft of the economic commentary which would appear in the September edition of the Quarterly Bulletin, and drew attention to its main features. A discussion followed, chiefly on the prospects for exports in conditions of international recession and on the implications of high unemployment.



- 2 Mr George then introduced a second draft Bulletin article, on the operation of monetary policy.
- 3 Mr Cooke spoke to the Court about the circumstances of the Bank's request to the High Court, in exercise of its powers under the Banking Act 1979, to order the compulsory winding-up of First Guarantee Trust, a licensed deposit-taker.
- 4 Mr Clay introduced two Reports of the Staff Committee, on Educational Loan borrowing limits and Town Allowances respectively. After a discussion, the recommendations contained in both Reports were approved; but as regards Town Allowance, Court took the view that the basis for adjustment of the Allowance should be re-examined, and the Union be told that there could accordingly be no presumption that a similar basis of adjustment would be applied in 1983.
- 5 Mr Drain spoke about impressions gained during his recent attendance at the Annual TUC Conference and at a meeting of Public Services International in Stuttgart.
- 6 The Deputy Governor explained the circumstances behind the proposed setting up by the Bank and Molins plc of a jointly-owned subsidiary company to tender for the design and building of a new prototype web press in the United States. The Court concurred with this proposal.

A. J. H. Williams
Secretary of the Bank
30th September 1982

W. M. M. M. M.
20/9/82

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 30 SEPTEMBER 1982

Present

The Rt Hon Gordon William Humpreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

David Gerald Scholey, Esq, CBE

David Alan Walker, Esq

Lord Weir

John Christopher Roderick Dow, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly figures and invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

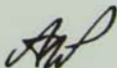


At the Governor's invitation -

- 1 Mr Loehnis introduced a statement of the Overseas Trade Figures for August, which led to a discussion of the growing deficit in the United Kingdom's trade in manufactured goods.

- 2 With reference to a Minute of the previous week, Mr Dow introduced the September edition of the Quarterly Bulletin, which was to be published later that day together with an edition of Bank Briefing. He drew attention to various features of the Assessment. His favourable reference to the improvement in the Bulletin's layout under its new Editor was endorsed in the following discussion, which went on to emphasise the generally gloomy picture that had been presented of the economy and the further deferral by the forecasters of the prospective recovery. The capacity of domestic industry to deal with an upturn without provoking additional import penetration and renewed upward pressure on wages was considered, as was the difficulty of internationally concerted action to provide the kind of benign stimulus that was recognised to be desirable. The position in the United Kingdom was contrasted with that in the United States, where there was considerable scepticism about the Government's control over budget deficits in the longer term. Although it was difficult to estimate their effect, it was felt that high real interest rates were harmful to a renewal of growth.

- 3 Sir Robert Clark spoke about impressions gained during his recent visit to the United States of America. These largely confirmed the views about economic prospects that had already been expressed.



The Governor spoke to the Court about the following matters:

- 1 With reference to Minutes of 16 September and earlier, the International Financial Futures Market in the Royal Exchange which he had opened that morning.
- 2 The discussions at the recent Basle meetings, particularly about short-term assistance for certain countries.
- 3 The Memorial Service to be held for Sir George Bolton on 28 October at noon; it was agreed that the Court should meet on that day at 2.15 pm.

A statement of a forthcoming secondment was laid before the Court.

A. J. Williams
Secretary of the Bank

7th October 1982

John of Bedford

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 7 OCTOBER 1982

Present

Christopher William McMahon, Esq, Deputy Governor

Sir George Adrian Hayhurst Cadbury

John Martin Clay, Esq

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

David Gerald Scholey, Esq, CBE

David Alan Walker, Esq

Lord Weir

The Minutes of the last Court, having been circulated, were approved.

The Deputy Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. In the following discussion, the appearance of several industrial bond issues was mentioned as an encouraging feature, and there were comments on recent developments in the Hong Kong market. Mr George confirmed reports in the press that the Bank would be the issuing house for the forthcoming loan of the European Investment Bank in the London market.



With reference to Minutes of the previous week and earlier, the Deputy Governor spoke to the Court about press reaction to the publication, the previous Thursday, of the September edition of the Quarterly Bulletin. This had been reasonable, but rather less prominent than had been usual hitherto.

A statement of Official Reserves at the end of September was laid before the Court.

At the Deputy Governor's invitation -

- 1 Mr George introduced a statement of the Banking Figures as at 15 September and commented on the preliminary estimates for M1, M3 and PSL2. These reflected the continuing acceleration of the aggregates that had been noted on earlier occasions; bank lending to the private sector had similarly continued to grow. This latter feature was the subject of discussion, but an adequate explanation remained to be discovered.

- 2 Mr Loehnis introduced the October paper on Economic Developments Abroad, together with an additional paper on recent developments in Germany. A discussion followed.

A. J. J. Williams

Secretary of the Bank

14^a October 1982

Lehm of Hoffad.

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 14 OCTOBER 1982

Present

Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

David Alan Walker, Esq

John Christopher Roderick Dow, Esq

John Standish Fforde, Esq

The Minutes of the last Court, having been circulated, were approved.

The Deputy Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. Mr George noted, with reference to a Minute of the previous week, that the European Investment Bank loan, which was being issued by the Bank, had been substantially over-subscribed.



At the Deputy Governor's invitation -

- 1 With reference to a Minute of the previous week, Mr George first drew attention to the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 15 September, also mentioning the Quarterly Analysis of Bank Advances as at 18 August. He then described the policy stance adopted by the authorities in the money market in the past month. The acceleration in the growth of the money supply suggested caution on interest rates, but needed to be interpreted in the light of the improving prospect for inflation and hesitant output growth. Given the resilience of sterling and continuing encouraging price performance it had been judged appropriate to accommodate some extra demand for liquidity, and allow a moderate further fall in short term interest rates without which real interest rates would have increased. The ensuing discussion was again concerned chiefly with the difficulty of interpreting the sharp growth, particularly since June, in the business sector's recourse to credit from the banking system.

- 2 Mr Loehnis introduced a paper on recent developments in the United States of America, and also spoke about a statement just made by Mr Volcker. There was a short discussion.

- 3 Sir Jasper Hollom, Chairman of the Commonwealth Development Finance Company Limited, spoke to the Court about the Company's present situation and prospects in the light of its recently published Annual Report and Accounts for 1982. Useful progress had continued to be made in improving the Company's profitability and portfolio; and although in the longer term it was likely that a new setting would have to be sought for a company whose initial aims had largely been overtaken by events, he thought that the time for that had not yet come.

And

Two letters from Messrs Freshfields having been submitted together with two documents to be sealed, namely a Lease relating to premises at 43 Cheapside and a Deed of Variation, in triplicate, relating to a tenancy at Bank House, Manchester, the Court approved thereof and

ORDERED

that the documents in question be sealed with the Common Seal of the Bank.

A. J. D. Lillians

C. W. McMahon

Secretary of the Bank

21. 10. 82

21. 10. 1982

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 21 OCTOBER 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir Robert Anthony Clark, DSC

Leopold David de Rothschild, Esq

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

Sir Lionel Alexander Bethune Pilkington, FRS

Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

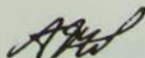
Lord Weir

John Christopher Roderick Dow, Esq

Rodney Desmond Galpin, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. In the course of his remarks Mr George mentioned the intended merger between Gillett Brothers Discount Company Ltd and Jessel Toynbee and Co Ltd.



At the Governor's invitation -

- 1 Mr Dow drew attention to the main features of the Economic Report for September. In discussion, the varying rates of improvement in productivity among manufacturing sectors were noted.
- 2 Sir David Steel spoke about impressions he had received during his recent visits to New Zealand and Australia as leader of a mission from the London Chamber of Commerce.
- 3 Sir Hector Laing introduced the Report of the Debden Committee about the operation of the Printing Works for the half year ended 31 August, which was laid before the Court. He mentioned, in addition, problems caused by the prolonged circulation of notes, about which the Committee intended reporting with the next Annual Accounts. In discussion, the possibility was mentioned of friction with other printing concerns arising from the Printing Works' involvement in commercial projects. This should not, however, lead the Printing Works to withdraw from such projects, especially if they replaced foreign rather than domestic sources of supply and if it could be demonstrated that they were not subsidised. Sir Hector Laing also reported that praise for the Printing Works' role in combatting possible forgeries had been received from the American authorities. The Court asked for their congratulations to be passed to those concerned.
- 4 Mr Blunden introduced a Report of the Staff Committee proposing changes in authorities to dismiss members of the staff. This was approved.
- 5 Sir Jasper Hollom explained the background of a Minute of the Charitable Appeals Committee recommending two charitable donations. After a brief discussion, the Minute was approved.

AMS

The Governor spoke to the Court about his recent visits to Malaysia, Hong Kong, Japan (where he had attended the Bank of Japan's centenary celebrations) and South Korea.

A. J. T. Williams

C. W. M. Mahon

Secretary of the Bank

28. 10. 82

28th October 1982

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 28 OCTOBER 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

Sir Lionel Alexander Bethune Pilkington, FRS

Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

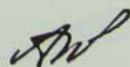
Lord Weir

John Christopher Roderick Dow, Esq

Rodney Desmond Galpin, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor first commented on the weekly Figures. In doing so he pointed out that, although the weekly Figures and the Bank Return did not show it, the National Loans Fund had built up temporarily for the first time a significant surplus within the week, which, in accordance with the arrangements made in the 1982 Finance Act, had been deposited with the Banking Department. He then invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. In discussion the question of the degree of demand for index-linked gilts was raised.



The Governor then spoke to the Court about Press reactions to the speeches made by the Chancellor of the Exchequer and himself at the Mansion House Dinner on 21 October.

At the Governor's invitation -

- 1 Mr Loehnis introduced a statement of the Overseas Trade Figures for September.

- 2 Mr Clay introduced a Report of the Staff Committee on the subject of Performance Awards, and his remarks were supplemented by comments from Mr Blunden and Mr Galpin. It was explained that the existing system of Performance Awards stemmed from the 1979 Reclassification Scheme and reflected pressure for such a system from the Staff and the Union rather than the views of the Court. The Court had, however, insisted that there should be a cost control over the granting of Performance Awards and this had taken the form of a predetermined distribution between the various levels of awards. The application of this formula had not been wholly successful and arbitrary distinctions between individuals and departmental standards, made in an attempt to limit costs, had provoked resentment in both managers and staff. The proposals for changing the system had been adapted from a suggestion by the Union so that their acceptance by the Staff and the Union seemed likely. It was emphasised, further, that the new arrangements, involving a formula for the calculation of the total annual sum available for Performance Awards, would give the Bank full control over costs, while removing the present inequalities. Any "creep" in the granting of Awards would be offset by a reduction in their size, and the 1979 Scheme would be amended so as to incorporate variable rather than fixed values for Performance Awards. After a short discussion the Report was approved.

- 3 Mr Drain spoke about impressions gained during his recent visit to Israel.

MS

- 4 With reference to a Minute of 23 September about the Town Allowance, Mr Blunden mentioned that there would be no choice but to change the basis for its adjustment, as it had recently been announced that the requisite indices of London costs were no longer to be published.

A statement of a forthcoming secondment was laid before the Court.

A. J. Williams
Secretary of the Bank
4th November 1982

C. W. Mahon
4. xi. 82

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 4 NOVEMBER 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Edward Alan John George, Esq

Sir Hector Laing

Anthony David Loehnis, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

Lord Weir

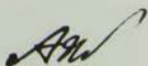
John Christopher Roderick Dow, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

At the Governor's invitation -

- 1 Mr Loehnis spoke to the Court about the November paper on Economic Developments Abroad, which on this occasion presented new forecasts for the world economy to the end



of 1984, and an additional paper on World Prospects. Attention was also drawn to a confidential paper of short-term forecasts for the UK economy, which were intended to help discussion of the main papers but which, as Mr Dow subsequently explained, were somewhat out of date. In a wide-ranging discussion, several points from the papers were considered. While it was recognised that too much attention should not be paid to the particular figures thrown up in those forecasting exercises, not least because of their relative lack of predictive success, it was concluded that such papers helped to direct attention towards critical features in the actual economies of the countries considered.

- 2 Sir Adrian Cadbury described his impressions of the recent annual national conference of the Confederation of British Industry. In his view, despite some deficiencies in the presentation of the issues under discussion, it had been generally beneficial.

The Governor introduced a statement of the Official Reserves at the end of October.

A. J. J. Williams
 Secretary of the Bank

C. W. M. M. M. M.

11. XI. 82

11 November 1982

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 11 NOVEMBER 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Edward Alan John George, Esq

Sir Hector Laing

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

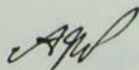
Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

John Christopher Roderick Dow, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Sangster, Assistant Director in charge of the Foreign Exchange Division, to attend and speak about the exchanges. The Governor commented subsequently that it was likely to have been Mr Sangster's last such attendance in view of his impending retirement, mentioned his distinguished career in the Bank and wished him well for the future.



At the Governor's invitation -

- 1 Mr George introduced a statement of the Banking Figures as at 20 October and commented on the preliminary estimates for M1, EM3 and PSL2. These had been distorted by the massive oversubscription for shares in Standard Telephones and Cables plc. If an attempt was made to allow for these distortions EM3 appeared to have grown to around the top of the target range since mid-February while both M1 and PSL2 were in the middle of the range.

- 2 Mr Walker introduced a paper he had written on the Venture Capital industry, chiefly as it existed in the United States, and based on a study carried out by the United States General Accounting Office. It was his contention that the industry was comparatively backward and rudimentary in the United Kingdom. After outlining its characteristics and achievements in the United States he pointed to some ways in which it might be promoted here. The Bank had a possible role to play, such as in the dissemination of information, but changes in attitude and in the fiscal environment were indispensable for its successful development. The ensuing discussion largely endorsed the points made, emphasising the importance in the national interest that entrepreneurial spirit should be encouraged and accepted as respectable. The possible sources of the necessary risk capital, whether from institutions such as pension funds, where private resources were now mostly accumulated, or the apparently dwindling stocks of privately controlled capital, were also considered.

- 3 With reference to a Minute of 8 July, Mr Dow introduced a paper about recent developments in the profitability and finance of industrial and commercial companies. There seemed to have been a marginal improvement so far as manufacturing industry was concerned. A short



discussion followed. A paper including more detail was being prepared by the Industrial Finance Division, which would be based on company accounts.

A statement of two forthcoming retirements in the ordinary course was laid before the Court (one being that of Mr Sangster, as already mentioned by the Governor).

A. J. T. Williams

John of Stefan

Secretary of the Bank

18th November 1982

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 18 NOVEMBER 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
George Blunden, Esq
Sir George Adrian Hayhurst Cadbury
Leopold David de Rothschild, Esq
Edward Alan John George, Esq
Anthony David Loehnis, Esq
Lord Nelson of Stafford
Sir Lionel Alexander Bethune Pilkington, FRS
Sir David Edward Charles Steel, DSO, MC
David Alan Walker, Esq
Lord Weir

John Standish Fforde, Esq
Rodney Desmond Galpin, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. Mr George's remarks included a reference to the contract for gilt-edged securities which had that day been introduced to the London International Financial Futures Exchange.



At the Governor's invitation -

- 1 With reference to a Minute of the previous week, Mr George first spoke about the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 20 October. He said that the assessment was essentially the same as had been described the previous week. He then spoke about the policy stance adopted by the authorities in the money market during the past month. Although the main factors influencing policy were much the same as before, there were beginning to be some indications that policy was having a less restrictive effect. Reductions in interest rates hitherto had been readily accepted in financial markets; but, with the fall in the sterling exchange rate that had recently occurred, the market atmosphere was becoming clearly more cautious. A discussion followed, chiefly on the question of the degree of anxiety caused by the acceleration of the monetary aggregates.

- 2 Mr Flemming, Chief Adviser, Economics Division, attended to introduce the Economic Report, which on that (quarterly) occasion took the form of an analysis of the Chancellor's Autumn Statement. In discussion attention was directed towards the significance of the changes that had been forecast in the external position.

- 3 Mr Walker spoke about the progress of the London International Financial Futures market since its inception on 30 September, on the basis of a paper he had circulated. When an adequate data series had been achieved, a more sophisticated analysis would be done. He proposed, however, to submit a further interim report in, say, two months time.

Ad

- 4 Mr Blunden introduced a Report of the Staff Committee on the Chief of Corporate Services' annual review of the Premises Division, drawing attention to the improvements that had been achieved in the management of the Division. He also pointed out that it was in that area of the Bank that the Union was most effective.

A letter from Messrs Freshfields having been submitted together with a document to be sealed, namely a Deed of Release in connection with a proposed development of a building site lying immediately west of the Birmingham Branch, the Court approved thereof and

ORDERED

that the document in question be sealed with the Common Seal of the Bank.

After the Governor's withdrawal, Lord Nelson took the chair and spoke to the Court about impressions gained during his recent visits to China and Malaysia.

A. J. Williams
Secretary of the Bank

25th Nov 1982

C W M Mahon
25. XI. 82

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 25 NOVEMBER 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

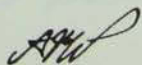
Lord Weir

John Christopher Roderick Dow, Esq

Rodney Desmond Galpin, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.



At the Governor's invitation

- 1 Mr Loehnis spoke about a statement of the Overseas Trade Figures for October.
- 2 the Deputy Governor introduced a Report of the Committee on Permanent Control of Expenditure, which incorporated figures showing the results of the Banking Department's operations for the half-year ended 31 August 1982 and which contained an estimate of the possible outturn for the full financial year. He also mentioned the prospects for HM Government's Cash Limits as they affected the Bank. After a short discussion, the Report was approved.
- 3 Sir Robert Clark and Sir David Steel spoke about their recent visits to South Africa and Hungary, respectively.

The Governor spoke to the Court about a Report of the Registrar's Department Liaison Committee and a Minute of the Committee of Treasury in connection with the redevelopment of the New Change building. He said that, subject to two amendments to the Report, to which Lord Weir had consented on behalf of the Registrar's Department Liaison Committee, the Committee of Treasury had, after full consideration of the issues involved, approved the Report and the Minute for submission to the Court. There was some discussion, particularly on the manner of presenting to the staff the conclusions that had been reached about redeveloping the New Change building. The Report and the Minute were then approved.

A. J. Williams
 Secretary of the Bank

2nd December 1982

C. W. Mahon

2. XII. 82

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 2 DECEMBER 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

John Martin Clay, Esq

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

John Christopher Roderick Dow, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. There was a short discussion about the view taken by the Bank of the sudden depreciation of sterling and of its consequences for domestic interest rates.

At the Governor's invitation -

- 1 Mr Loehnis introduced a paper on Japan. A discussion followed, in which some implications of the present economic situation in Japan for external financial markets and for trade with Japan were considered.
- 2 Mr Blunden spoke about a consultative document which had been issued by the Secretary General of BESO and about a letter he had received from the Secretary General. Mr Blunden indicated that in responding to the letter he would hold to the principle long-established by Court that they did not enter into commitments which they could not see a prospect of fulfilling and which might bind their successors. Nor would he agree to carrying out a comparability exercise whose results could not be used; an exercise on the lines of that used in 1979 could always be mounted quickly if required.
- 3 Mr Drain spoke about impressions gained during his recent visit to Russia.
- 4 Sir Jasper Hollom described the recent settlement of a long-outstanding legal action which had been brought against Slater Walker Limited, and the effects of that settlement on the company's accounts.
- 5 Sir Jasper Hollom introduced a Quarterly Report of the Audit Committee, drawing attention to the main developments affecting the work of the Audit Division, some of which, such as those in various computer areas, were still making considerable demands on resources. He noted that the Auditor had found his visit to the United States of value. He also explained the circumstances of a particular loss to the Bank, which was entirely attributable to an outside body. The Report was then approved.

A Minute of the Committee of Treasury on two senior appointments was read and approved.

A statement of Official Reserves at the end of November was laid before the Court.

P. S. Tomlinson

Assistant Secretary

9th December 1982

John G. Gifford

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 9 DECEMBER 1982

Present

Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

Lord Weir

John Christopher Roderick Dow, Esq

The Minutes of the last Court, having been circulated, were approved.

The Deputy Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

At the Deputy Governor's invitation -

- 1 Mr George introduced a statement of the Banking Figures as at 17 November and commented on the preliminary estimates for M1, £M3 and PSL2. All the aggregates remained for the time being within their target range, although towards the top end of it.

- 2 Mr Loehnis introduced the December paper on Economic Developments Abroad and the Quarterly Commodities Report. A short discussion followed each paper.
- 3 Mr Dow introduced the draft of the economic commentary which would appear in the December edition of the Quarterly Bulletin and drew attention to its main features.
- 4 Mr George then introduced a second draft Bulletin article on the operation of monetary policy.
- 5 Mr de Rothschild spoke about impressions gained during his recent visit to Mexico.

A statement of a recent secondment and a recent retirement was laid before the Court.

The Deputy Governor and the four Executive Directors having withdrawn in accordance with Section 10 of the Charter, and Mr Dow having also withdrawn, Sir Jasper Hollom submitted a Report of the Trustees of the Court Pension Scheme together with the Report and Accounts for the year ended 28 February 1982. Certain recommendations and proposals arising from the Trustees' Report were considered and approved. Since a quorum was no longer present, however, such approval was made subject to ratification at the next meeting of the Court.

A. J. L. Williams
Secretary of the Bank

16th December 1982

C. W. M. Mahon
16. 12. 82

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 16 DECEMBER 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Lord Nelson of Stafford

Sir Lionel Alexander Bethune Pilkington, FRS

Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

Lord Weir

John Christopner Roderick Dow, Esq

John Standish Fforde, Esq

The Minutes of the last Court, having been circulated, were approved.

Arising from the Minutes, the Governor explained that too few Directors had remained at Court that week to approve the recommendations and proposals contained in the Trustees' Report and the Report and Accounts of the Court Pension Scheme for the year ended 28 February 1982. With a quorum present, these were duly approved retrospectively.

The Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets, where the authorities had indicated that they were not anxious to see short-term interest rates moving up, and Mr Loehnis to speak about the exchanges.

At the Governor's invitation -

- 1 With reference to a Minute of the previous week, Mr George first spoke about the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 17 November. He then spoke about the stance adopted by the authorities in the money market during the past month. The underlying position had become more ambivalent than earlier in the year when most factors had pointed clearly to lower interest rates. Nevertheless, and particularly after the rise in base rates which had occurred, there was no clear case for still higher rates, and policy had been to resist this.

In discussion there was some consideration of whether, with hindsight, the decline in interest rates after the summer had become unduly rapid, although on balance it was thought that this would have made little difference to the recent reversal. It was agreed that the policy that had been applied of small downward steps maintained confidence and stability better than larger movements of the kind more appropriate for policy directed the other way. There were doubts as to how far short-term interest rates could and should be left to be determined by market forces when the markets themselves were congenitally adapted to looking for a lead from the authorities. As regards the reactions of industrial and commercial companies to official policy on interest rates, it was suggested that it would be helpful and interesting for the Bank to be made aware of the economic forecasts used by, say, the 50 leading companies.

- 2 With reference to a Minute of the previous week, Mr Dow introduced the December edition of the Quarterly Bulletin, which was to be published later that day, together with an edition of Bank Briefing. He drew attention to several features of the Assessment and of articles in the Bulletin. There was a short discussion.
- 3 Mr Blunden introduced a Report of the Staff Committee on a review of borrowing limits under the Housing Loan Scheme. The revised limits were approved.

A recommendation by the Governors on two appointments at the Printing Works was read and approved.

A statement of two forthcoming retirements in the ordinary course was laid before the Court.

The Governor spoke to the Court about the meetings he had attended in Frankfurt the previous week, which he felt had been useful, and also about the progress of discussions under the auspices of the BIS about current international debt problems.

P. E. Johnson
 Assistant Secretary
 23 December 1982

Cwm Mahon
 23. XII. 82

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 23 DECEMBER 1982

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir Robert Anthony Clark, DSC

John Martin Clay, Esq

Leopold David de Rothschild, Esq

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Anthony David Loennis, Esq

Lord Nelson of Stafford

David Alan Walker, Esq

John Christopher Roderick Dow, Esq

The Minutes of the last Court, having been circulated, were approved.

The Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets and Mr Loennis to speak about the exchanges.

With reference to Minutes of the previous week and earlier, the Governor spoke to the Court about press reaction to the publication, the previous Thursday, of the December edition of the Quarterly Bulletin.

At the Governor's invitation Mr Dow introduced the Economic Report for November. A short discussion followed.

A statement of a forthcoming secondment was laid before the Court.

Two letters from Messrs Fresfields having been submitted together with two documents to be sealed, namely a Deed of Covenant with the Charities Aid Foundation and a Lease relating to part of the Birmingham Branch, the Court approved thereof and

ORDERED

that the documents in question be sealed with the Common Seal of the Bank.

The Governor announced that he would be retiring on 1 July 1983 and that his successor would be Mr Robin Leigh-Pemberton.

P. V. Zimmerman
Assistant Secretary

John of Stafford

A MEETING OF DIRECTORS AT THE BANK

THURSDAY, 30 DECEMBER 1982

Present

Christopher William McMahon, Esq, Deputy Governor

Sir Robert Anthony Clark, DSC

Geoffrey Ayrton Drain, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

The number of Directors assembled being insufficient to form a Court, those present proceeded to the business, subject to ratification by the next Court.

The Minutes of the last Court, having been circulated, were approved.

The Deputy Governor commented on the weekly Figures, drawing attention in particular to the large increase in the Banking Department's Public Deposits caused by a substantial deposit made by the National Loans Fund. He also commented, in Mr Loehnis' absence, on the exchanges, and then invited Mr Coleby, Assistant Director in charge of the Money Markets Division, to attend, in Mr George's absence, and speak about the state of the domestic markets.

The Deputy Governor introduced a statement of the Overseas Trade Figures for November, which included some encouraging features, although on the longer view he felt that the trend of the balance of payments still gave cause for concern. A discussion followed, about the significance of the recent marked upturn in retail sales and its likely effect on imports.

P. R. Thompson
Assistant Secretary

John of the Bank

