

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 6 JANUARY 1983

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, 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 David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

Lord Weir

John Christopher Roderick Dow, Esq

The Minutes of the Court of 23 December 1982 were confirmed and those of the Meeting of 30 December 1982, which had also 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 introduced a statement of Official Reserves at the end of December 1982 which was laid before the Court.

At the Governor's invitation -

- 1 Mr George introduced a statement of the Banking Figures as at 8 December and commented on the preliminary estimates for M1, £M3 and PSL2. Information suggested that £M3 and PSL2 may have each grown by about 1/2% and M1 by about 1%, after seasonal adjustment.
- 2 Mr Loehnis introduced a paper on Economic Developments Abroad concerning France. A discussion followed.
- 3 Mr Dow introduced a paper summarising the latest Bank forecasts for the UK economy.
- 4 Sir Jasper Hollom introduced the Quarterly Report of the Charitable Appeals Committee which included a recommendation to change the financial year for charitable donation purposes from the present calendar year basis to one beginning on 1 March; the Report and recommendation were approved.

Mr Loehnis, Mr George, Mr Walker and Mr Dow having withdrawn, Mr Blunden introduced, at the Governor's invitation, a Minute of the Committee of Treasury on proposed changes in the terms for loans to Directors rendering exclusive service to the Bank; and the Court approved thereof.

A. J. Williams

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

Secretary of the Bank

13. 1. 83

12th January 1983

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 13 JANUARY 1983

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

Lord Nelson of Stafford

David Gerald Scholey, Esq, CBE

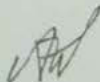
David Alan Walker, Esq

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 Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. Concern over the preceding deterioration in the sterling exchange rate and the subsequent increase in domestic interest rates stimulated a long discussion of the weight to be given to the various factors, economic and political, that influenced those developments, and of their likely effects.



At the Governor's invitation -

- 1 With reference to a Minute of the previous week, Mr George spoke about the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 8 December. Among other things, he noted some success in achieving the aim of switching the borrowing of local authorities and other public sector bodies from the banking system to the Central Government, which meant that less assistance from the Bank was required by the money market than would otherwise have been the case. He also noted that there had been a sharp fall in bank lending to the private sector; in part this was associated with a smaller increase in lending for housing, but for the rest the fall might well be simply erratic. In the following discussion, partly in response to questions at previous Meetings about the impact of interest rate changes on manufacturing industry, it was argued that, for a number of industries, it was considered essential to implement planned investment irrespective of increases in the cost of borrowing.
- 2 Mr Loehnis introduced the January paper on Economic Developments Abroad.
- 3 Following a request from Mr Drain at the Court of 23 December, Mr Dow briefly introduced a note explaining the difference between the actual and the underlying increase in average earnings.

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

The Governor mentioned that Mr Drain had been appointed a member of the Audit Commission, the body that is to take over from the District Auditor the job of examining Local Councils' books.



The Governor also referred to some aspects of the discussions at Basle concerning assistance for Yugoslavia and Argentina.

A letter from Messrs Freshfields having been submitted together with a document to be sealed, namely a Transfer whereby City Offices (Regent Street) Limited acquire the Bank's interest in Regent Arcade House, 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

20 January 1983.

C. W. McMahon

20. 1. 83

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 20 JANUARY 1983

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

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

Rodney Desmond Galpin, Esq

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

The Governor commented on the weekly Figures, drawing attention to several record items, and invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. Mr George included in his remarks a reference to the repurchase facilities offered to the market on 14 January to relieve shortages caused by tax flows to the Exchequer. Another such "revenue peak" was expected in March.



At the Governor's invitation -

- 1 Mr Dow introduced the Economic Report for January, drawing attention to some particular features. The following discussion sought mainly to assess the upturn in retail sales that had emerged over the Christmas period, and the way it might have been financed.
- 2 Following a question raised by Sir Robert Clark at the Court of 16 December, Mr Dow referred briefly to a note about end-year stock declines.
- 3 Mr Blunden introduced a Report of the Staff Committee covering the Chief of Corporate Services' annual review of general staff administration and training. Among other things, he drew attention to the working of the Youth Opportunities Programme as it affected the Bank, to the prospect of BESO merging with BIFU, and to the new staff structure being introduced at the Printing Works; Mr Galpin also mentioned the successful development of the Bank's secondment policy despite a situation of reduced prospects for most of the staff. There was a short discussion.

The Governor spoke to the Court about meetings in Paris of G10 Ministers and Governors, their Deputies and Working Party 3 of OECD in which he, the Deputy Governor and Mr Loehnis had participated earlier in the week. Useful work had been done on several issues relating to the forthcoming meeting of the Interim Committee of the IMF, including agreement on the enlargement of the GAB. A general discussion on the world economic situation had revealed agreement on its gravity, but no consensus on appropriate policies to deal with it.

A statement of a retirement under the terms of the Selective Severance Scheme was laid before the Court.

A. J. Williams
 Secretary of the Bank
 27th January 1983

Crommelton
 27.1.83

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 27 JANUARY 1983

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

Sir Lionel Alexander Bethune Pilkington, FRS

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
brief discussion, in which the addition of the National Giro
Bank to the number of clearing banks was mentioned in
connection with the position of bankers' deposits with the
Banking Department.

At the Governor's invitation, Mr Loehnis surveyed the ways in which the increasing number of countries in difficulties with their foreign debt were being handled by the international financial community, and the changing relationships between commercial bank creditors, central banks and the International Monetary Fund which the crisis was bringing about. There was some discussion of the extent to which such changes would, or should, be permanent. The Governor wound up the discussion with tributes to those in the International Monetary Fund, the Bank for International Settlements, and the Federal Reserve System who had played a large part in dealing with the crisis, mentioning also the often critical role in concerting international financial co-operation taken by those concerned in the Bank itself.

A statement of a secondment was laid before the Court, and it was noted that this was the first secondment of a woman to the post in question.

P. G. Tomlinson

Assistant Secretary

3 Feb. 83

C. M. Mahon

3. 2. 83

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 3 FEBRUARY 1983

Present

The Rt Hon Gordon William Humphreys Richardson, MBE, Governor
Christopher William McMahon, 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 Bethune Pilkington, FRS

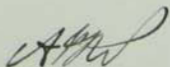
Sir David Edward Charles Steel, DSO, MC

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 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.



The Governor introduced a statement of Official Reserves at the end of January which was laid before the Court.

At the Governor's invitation -

- 1 Mr Loehnis spoke about a statement of the Overseas Trade Figures for December.
- 2 Mr Walker explained the background to a Restrictive Trade Practices case which had been brought against the Stock Exchange by the Office of Fair Trading; he outlined its implications, including those for the Bank.
- 3 Mr Loehnis introduced the February paper on Economic Developments Abroad.
- 4 Mr de Rothschild introduced a Report of the Committee to consider the Securities of Certain Funds, including recommendations to change the target ranges for investments, which was approved.
- 5 Lord Nelson spoke about his recent visit to India.

A. J. C. Williams

See

Secretary of the Bank

10th February 1983

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 10 FEBRUARY 1983

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

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

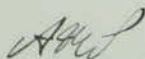
Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

Rodney Desmond Galpin, Esq

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

The Deputy Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets. In Mr Loehnis' absence, the Deputy Governor also spoke about the exchanges. In his comments, Mr George drew attention to additional charts provided for Members, and these were agreed to be helpful.



At the Deputy Governor's invitation -

- 1 Mr George introduced a statement of the Banking Figures as at 19 January and commented on the preliminary estimates of M1, £M3 and PSL 2. He considered that the position revealed by the estimates was broadly satisfactory. £M3 and PSL 2 remained comfortably within the target ranges and, as regards M1, growth at least seemed to have stabilised. There were also somewhat firmer indications that the growth of bank lending to the private sector had eased towards the end of last year.

- 2 Mr Walker spoke about the possibility of a line of credit to Thailand, a matter that had been mentioned at an earlier stage to the Committee of Treasury. It was agreed that, should the need arise, and with the guarantees specified, the Bank should, as an exceptional matter, provide the facility required; but alternative courses should continue to be investigated.

- 3 Mr Blunden spoke about a Minute on two senior appointments recommended by the Governors. After a short discussion, it was agreed that, in connection with the Annual Review of Staff, the following appointments be made with effect from 1 March 1983:

<p>P H KENT (45) an Adviser, International Division, Scale 9</p>	<p>to Scale 11a, as an Adviser, International Division, at a basic salary of £34,590</p>
<p>██████████ Adviser, Banking Supervision Division, Scale 8</p>	<p>to Scale 9, as Adviser, Banking Supervision Division</p>

- 4 Mr Clay introduced a Report of the Staff Committee on Town Allowance. Following a discussion, the Report, with its recommendations, was approved.

AW

Mr Galpin having withdrawn -

- 1 The Deputy Governor introduced a Minute proposed by the Committee of Treasury concerning pension arrangements for Mr J C R Dow, an Adviser to the Governor. It was agreed that an offer be made to him of an enhancement to his pension, under the Court Pension Scheme, of an annual sum of £6,000, provided that he agreed to remain in the employment of the Bank until 29 February 1984.

- 2 At the Deputy Governor's invitation, Sir Jasper Hollom introduced, on the same lines as to the Committee of Treasury that day, a memorandum concluding with recommendations for the Governor's pension arrangements. These had been approved by the Committee of Treasury. The Court accordingly resolved that:
 - (i) The Court Pension Scheme should bring into payment with effect from 1 March 1983 the amount of £14,501 pa required to augment the existing annuity to equal the annual rate payable as described in the memorandum from 1 July last.

 - (ii) A payment of £34,139 should be made to cover the arrears of the cost of living adjustment due in respect of the period of 25 November 1977 to 28 February 1983, together with a further sum of £6,428 (gross) being the Actuarial Adviser's calculation of interest (based on clearing bank deposit rate) due by reason of the late payment of those arrears.

 - (iii) The level of enhancement should be further increased as from 1 July 1983 on the basis set out in the memorandum and thereafter any further enhancements should be based on the resultant 1 July 1983 figure of the sum of the annuity and enhancements and calculated at the same rate as was applied to Court pensions generally.

AW

- (iv) Should Mrs Richardson survive the Governor, her survivor's annuity should be enhanced by one-half of the enhancements payable to the Governor immediately before his death, and those enhancements should thereafter be themselves enhanced proportionately on the same basis as was proposed for the Governor with effect from 1 July 1983.

A. J. Williams
Secretary of the Bank
17th February 1983

C. W. M. M. M. M.
17. II. 83

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 17 FEBRUARY 1983

Present

The Rt Hon Lord Richardson of Duntisbourne, 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

Sir Hector Laing

Anthony David Loehnis, Esq

Sir Lionel Alexander Bethune Pilkington, FRS

Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

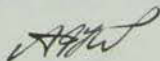
Lord Weir

John Christopher Roderick Dow, Esq

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 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 19 January. They largely confirmed the preliminary figures. He noted among other things that Bank lending had grown surprisingly slowly and presumed that this might be explained by a rundown of stocks. He then turned to monetary policy. The general picture suggested by the monetary indicators was satisfactory. In the autumn the strong exchange rate had led the authorities to be tolerant towards the acceleration of the monetary aggregates. Now that the exchange rate had fallen substantially it was appropriate to be very cautious about monetary growth, given the continuing counter-inflationary objective. The recent slower rise in the money supply was therefore welcome, and the increase in interest rates which had occurred was not inappropriate. Given the fall in inflation that had occurred the present policy stance need not inhibit an upturn in activity: even after its recent slow down, the rate of expansion of the money supply remained positive in real terms. The following discussion dealt with the possibility of recovery bringing with it excessive growth in the money supply and thus a return to a more restrictive monetary policy; the scope given for benign recovery by the lower rate of inflation; the overall objective of monetary policy; and the significance of the velocity of money as an indicator.

- 2 Sir Jasper Hollom introduced a Report of the Trustees of the Court Pension Scheme, which, with its recommendations, was approved.

The Governor spoke to the Court about meetings in Washington of the Interim Committee of the IMF in which he and Mr Loehnis had participated and where valuable progress had been made; and about other talks he had had there and in New York.



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

A letter from Messrs Freshfields having been submitted together with a document to be sealed, namely a Supplemental Trust Deed, in duplicate, relating to the Court Pension Scheme, 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
24th February 1983

Cum gratia
24. 11. 83

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 24 FEBRUARY 1983

Present

The Rt Hon Lord Richardson of Duntisbourne, 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

Lord Nelson of Stafford

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

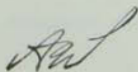
David Alan Walker, Esq

Lord Weir

John Christopher Roderick Dow, Esq

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

The 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 Quarterly Economic Report, drawing attention to its main features. The following discussion covered the less than expected increase in import prices in 1982, the paradoxical behaviour of the UK savings ratio during a period when inflation was falling, and the prospect of a reduction in consumer spending.

- 2 Sir Jasper Hollom introduced the Quarterly Report of the Audit Committee, including the Annual Review of that Committee's work. He noted that the improvement in the Bank's general standards of accuracy that had been mentioned in an earlier Report had been maintained, and underlined the contribution that had, in the Committee's view, been made by the present Auditor. The Court then approved the Report.

A letter from Messrs Freshfields having been submitted together with a document to be sealed, namely a Lease relating to a letting at New Change, the Court approved thereof and

ORDERED

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

The Governor spoke to the Court about the Direction. He explained that he was not yet, unfortunately, in a position to let Members know the composition of the Court as from 1 March, given the expiry of the terms of office of four Directors on 28 February. He indicated, however, that Mr de Rothschild and Mr Clay were not to be reappointed for further terms. He then expressed his own and the Court's warm gratitude to the two retiring Members for the substantial contribution that they had made to the Court's work and for the support and help he had received from them.

3. 3. 83

C W M Mahon
A. J. Williams
 Secretary of the Bank

COURT OF DIRECTORS

For the year ending 29 February 1984

Declaration
made before Date

The Rt Hon Lord Richardson of Duntisbourne, MBE, Governor
Christopher William McMahon Esq, Deputy Governor

Deputy
Governor

3. 3.83 #Lord Nelson of Stafford

Sir Jasper Quintus Hollom KBE

Sir George Adrian Hayhurst Cadbury

Lord Weir

Deputy
Governor

3. 3.83 #Sir Hector Laing

Sir Lionel Alexander Bethune Pilkington FRS

George Blunden Esq

Sir Robert Anthony Clark DSC

Sir David Edward Charles Steel DSO MC

Geoffrey Ayrton Drain Esq CBE

Anthony David Loehnis Esq

David Gerald Scholey Esq CBE

Edward Alan John George Esq

David Alan Walker Esq

Governor

10. 3.83 *The Hon Sir John Francis Harcourt Baring CVO

Governor

29. 3.83 *Alan Lord Esq CB

*Appointed 1 March 1983

#Reappointed 1 March 1983

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 3 MARCH 1983

Present

The Rt Hon Lord Richardson of Duntisbourne, 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

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

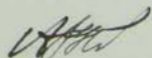
Lord Weir

John Christopher Roderick Dow, Esq

Rodney Desmond Galpin, Esq

With reference to a Minute of the previous week, the Governor spoke to the Court about the announcement, made the previous day from 10 Downing Street, of appointments and reappointments to the Court as from 1 March.

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



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. A short discussion followed, about the impact of the falls, actual and prospective, in the price of oil on the sterling exchange rate.

The Governor introduced a statement of Official Reserves at the end of February which was laid before the Court.

At the Governor's invitation -

- 1 Mr Loehnis spoke about a statement of the Overseas Trade Figures for January, and subsequently introduced the March paper on Economic Developments Abroad.
- 2 The Deputy Governor introduced a Report of the Committee on Permanent Control of Expenditure covering various aspects of the Bank's operations, including the reduction during the past five years of the Bank's staff by approximately one third, and the position as regards HM Treasury's cash limit. Finally, he spoke on the same lines as earlier that day to the Committee of Treasury about his proposal for opening discussions with the Treasury about the interim dividend due on 5 April. After satisfaction had been expressed with the way the number of staff had been reduced without disruption of the Bank's operations, the Report was approved.
- 3 Mr Blunden introduced a Report of the Trustees of the Pension Fund. Certain revisions to the Rules had become necessary, mostly as a result of the line now taken by the Inland Revenue authorities. The Report, with its two recommendations, was then approved.

AW

Pursuant to an Order of Court of 1 March 1946 regarding the Committee of Treasury, and Mr Dow and Mr Galpin having withdrawn, voting took place for the election of the Committee for the ensuing year.

A. J. Williams

Chair of Staff

Secretary of the Bank

10 to 4 March 1983

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 10 MARCH 1983

Present

The Rt Hon Lord Richardson of Duntisbourne, MBE, Governor

The Hon Sir John Francis Harcourt Baring, CVO

Sir Robert Anthony Clark, DSC

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Lord Nelson of Stafford

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

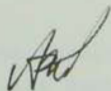
David Alan Walker, Esq

Lord Weir

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 Gill, Head of the Foreign Exchange Division, to attend, in Mr Loehnis' absence, and speak about the exchanges.



At the Governor's invitation -

- 1 Mr George introduced a statement of the Banking Figures as at 16 February and commented on the preliminary estimates of M1, M3 and PSL2. These could be regarded as satisfactory in relation to the targets. He noted that the pick-up in the clearing banks' lending to the private sector during the month covered a reduction in their lending to persons.

- 2 With reference to a Minute of 22 July 1982, Mr Galpin, an ex-officio Manager of the Bank Provident Society, introduced a Statement of Accounts of the Society for the year ended 30 November 1982, together with the final Statement of Accounts in respect of the winding up of the Society, which were laid before the Court. He recalled some features of the Society's history and the reasons for winding it up. In discussion it was noted that, quite appropriately, it was the longer-standing Members of the Society who had benefited most from the final distribution of assets.

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

LORD NELSON
SIR JASPER HOLLUM
SIR ADRIAN CADBURY
SIR HECTOR LAING
SIR DAVID STEEL

A recommendation by the Governor on the appointment of Standing Committees for the ensuing year was read and approved.

Mr George and Mr Walker having withdrawn in accordance with Section 10 of the Charter, and Mr Galpin having also withdrawn, Sir Jasper Hollom introduced a recommendation which had been approved by the Committee of Treasury the



previous week concerning Mr Leigh-Pemberton's remuneration as from 1 July 1983. He explained the considerations that had led the Committee to suggest the level of remuneration chosen, and mentioned the outstanding question of the status for tax purposes of the accommodation to be made available to Mr Leigh-Pemberton at New Change. He added that the consultation he had had with him on behalf of the Committee about the level of remuneration had been satisfactory. After a brief discussion, the Court resolved that the remuneration payable to the Governor in accordance with Section 12(2) of the Charter in respect of his exclusive services to the Bank should be at the rate of £73,000 a year as from 1 July 1983.

A. J. T. Williams
Secretary of the Bank
17^a March 1983

John of Raffad.

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 17 MARCH 1983

Present

The Rt Hon Lord Richardson of Duntisbourne, MBE, Governor

Sir George Adrian Hayhurst Cadbury

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, 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

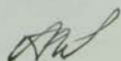
John Christopher Roderick Dow, Esq

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 Gill, Head of the Foreign Exchange Division, to attend, in the absence of the Deputy Governor and Mr Loehnis, and speak about the exchanges. Mr George drew particular attention to the advantages of the convertible stocks as funding instruments in the gilt edged market.

The Governor spoke to the Court about the varied reactions of the press to the Chancellor's Budget statement, which he and the Deputy Governor had heard at the House of



Commons on the previous Tuesday. He went on to suggest the Budget's implications for monetary policy, pointing out that the middle of the new target range for monetary growth should allow room for some expansion of the economy while still acting to restrain inflation. A discussion followed.

At the Governor's invitation and with reference to a Minute of the previous week, Mr George spoke first about the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 16 February. He subsequently spoke about the stance adopted by the Bank in the money market during the last month, explaining that the authorities' main cause for concern had been the impact of the depreciation of sterling, which on its own would have implied easier money conditions. But there had also been higher interest rates and slower monetary growth. Overall, since last autumn, little significant relaxation had occurred. Against that background the recent aim had been first to stabilise the markets when pressure on interest rates had been upwards, but then to accept the modest decline in interest rates as market confidence re-emerged. Given the continuing uncertainties, however, policy was bound to remain cautious.

In response to a question, and at the Governor's invitation, Sir David Steel spoke about the recent negotiations about the oil price, and a short discussion ensued.

Also at the Governor's invitation and with reference to a Minute of 1 July 1982, Mr Walker spoke to the Court about the current situation as regards the Cork Report, on which the Bank had been doing further work and had recently published an occasional paper. He pointed to the need for better channels of communication among financial



institutions. That was an area in which the Bank had sought to bring about improvements and progress was being made. There was a short discussion.

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

A. J. Williams
Secretary of the Bank
26th March 1983

C W M Mahon
24. iii. 83

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 24 MARCH 1983

Present

The Rt Hon Lord Richardson of Duntisbourne, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

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

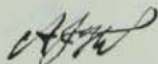
David Alan Walker, Esq

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 that context, the Governor referred to the discussions he had attended at Brussels during the past weekend and which had led to a realignment of EMS currencies. A discussion followed.

At the Governor's invitation -

- 1 Mr Flemming, Chief Adviser in charge of the Economics Division, attended in the absence of Mr Dow and described the main features of the Economic Report for March, and also of the draft of the economic commentary



which would appear in the March edition of the Quarterly Bulletin. In the following discussion, the possibility was mentioned that economic assessments were now being somewhat impeded by a deterioration in the quality of the underlying statistics.

- 2 Mr George then introduced a second draft Bulletin article, on the operation of monetary policy.

- 3 With reference to a Minute of 3 March concerning a Report of the Committee on Permanent Control of Expenditure, the Deputy Governor explained, in the terms he had used earlier that morning to the Committee of Treasury, the proposal he had agreed with Sir Douglas Wass as regards the Bank's interim payment to HM Treasury in lieu of dividend and which the Committee of Treasury recommended to the Court. The proposal, for a payment of £7½ million, was then approved.

A recommendation by the Governor for Directors' visits to Branches and Offices of the Bank during the year 1983-84 was laid before the Court. The Deputy Governor drew the attention of Members of the Court to the relatively large number of postponements and non-fulfilments of the previous year's programme of visits to Offices. He emphasised the desirability of avoiding them, if at all possible, in view of their effect on staff morale and expressed the hope that they would be kept to a minimum in 1983-84. The recommendation was then approved.

The Governor reported that -

- 1 As a result of the retirement of Mr de Rothschild and Mr Clay as Directors of the Bank and also of the forthcoming retirement of Mr G L B Morgan as Chief Registrar, Mr Lord would become a Trustee of the Court Pension Scheme in place of Mr Clay and

Sir Robert Clark and Mr J G Drake would become Trustees of the Bank of England Pension Fund in place of Mr de Rothschild and Mr Morgan.

- 2 Sir Jasper Hollom had acted as Alternate at a Meeting of the Registrar's Department Liaison Committee on 17 March.

A. S. Williams
Secretary of the Bank

31st March 1983

C W McMahon

31. iii. 83

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 31 MARCH 1983

Present

The Rt Hon Lord Richardson of Duntisbourne, MBE, Governor
 Christopher William McMahon, Esq, Deputy Governor

The Hon Sir John Francis Harcourt Baring, CVO
 George Blunden, Esq

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Alan Lord, Esq, CB

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

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, in Mr Loehnis' absence, to speak
 about the exchanges.

At the Governor's invitation -

- 1 Mr Holland, Chief Adviser in charge of the
 International Division, attended, in the absence of
 Mr Loehnis, and introduced a paper on Fiscal and
 Monetary Policy in the United States. The following

discussion dealt chiefly with the consistency of official US policy and with the impact of the currently high level of interest rates in real terms.

- 2 The Deputy Governor spoke about the Overseas Trade Figures for February. He also referred to a note setting out some reasons for the volatility of the monthly trade figures which had been prepared in response to a question put by Sir Alastair Pilkington the previous week.
- 3 With reference to a Minute of the previous week, Mr Dow introduced the March edition of the Quarterly Bulletin, which had been published the day before. He drew attention to several features of the Assessment and to the article on the international banking market in 1982. In discussion the main topic was the behaviour of the savings ratio in the recent period. Generally favourable remarks were made about "Bank Briefing".
- 4 Mr Walker introduced a paper, produced by the Industrial Finance Division, on the Unlisted Securities Market. Progress had on the whole been satisfactory in the three years of this market's existence although some criticisms remained, and a longer perspective was needed for adequate judgment.

A statement of three retirements, two in the ordinary course and one in exceptional circumstances, and of a forthcoming secondment was laid before the Court.

lu

A letter from Messrs McGrigor, Donald and Company having been submitted together with a document to be sealed, namely a Discharge of a Bond and Disposition in Security relating to a house in Glasgow, the Court approved thereof and

ORDERED

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

P. E. Thompson
Assistant Secretary.

John of Bedford.

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 7 APRIL 1983

Present

Christopher William McMahon, Esq, Deputy Governor

The Hon Sir John Francis Harcourt Baring, CVO

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Anthony David Loehnis, Esq

Alan Lord, Esq, CB

Lord Nelson of Stafford

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

Sir David Edward Charles Steel, DSO, MC

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. Confidence in both had been encouraged for the time being by the apparent stability in the spot oil market following BNOC's pricing proposals.



With reference to Minutes of the previous week and earlier, the Deputy Governor spoke to the Court about the generally quiet press reaction to the publication, the previous Wednesday, of the March edition of the Quarterly Bulletin.

The Deputy Governor introduced a statement of Official Reserves at the end of March which was laid before the Court.

At the Deputy Governor's invitation -

- 1 Mr George introduced a statement of the Banking Figures as at 16 March and commented on the preliminary estimates for M1, M3 and PSL2. Although there had been some acceleration in the latest month, taken with the earlier figures the position with regard to monetary growth was not unsatisfactory.
- 2 Mr Loehnis introduced the March paper on International Economic Developments which combined the former reports entitled Economic Developments Abroad and International Monetary Developments. The paper's new format was welcomed by the Court, and consideration would be given to its wider circulation.
- 3 Sir Jasper Hollom introduced the Annual Report of the Charitable Appeals Committee. The Report was approved and it was agreed that the level of the Bank's annual charitable giving should remain at £75,000 for 1983/84.
- 4 Sir Adrian Cadbury spoke about impressions gained during his recent visit to India.

The Deputy Governor spoke to the Court about the picketing of the Bank by the Post Office Engineering Union and the steps that had been taken so far.

A. E. Williams
 Secretary of the Bank
 14.04.1983

Bellem of Bedford

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 14 APRIL 1983

Present

The Rt Hon Lord Richardson of Duntisbourne, MBE, Governor

The Hon Sir John Francis Harcourt Baring, CVO

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

Alan Lord, Esq, CB

Lord Nelson of Stafford

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, in doing so, referred to the change, made possible by recent legislation, whereby the amount of the Fiduciary Issue could now be altered in multiples of £10 million and at the Bank's sole discretion (ie without reference to HM Treasury). 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 and with reference to a Minute of the previous week, Mr George spoke about the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 16 March. He mentioned in particular the more rapid growth of PSL2, linking that development with the increased lending commitments of the building societies. Mr George went on to describe the policy stance adopted by the Bank in the money market during the last month, when the Bank had acted to moderate pressures first for a rise in interest rates and subsequently for a decline. He explained the reasons for continued caution. In the ensuing discussion, attention was drawn chiefly to the significance of housing finance, with its substantial weight in the credit market, as a factor affecting the extent to which monetary policy could achieve its desired objectives. It was not clear, however, that a case could be made for arguing that fiscal or other distortions connected with this kind of financial intermediation in the United Kingdom might impede or restrict credit for the industrial sector. It was left that there would have to be further discussions of these and connected topics.

Also at the Governor's invitation, Mr Blunden spoke to the Court about the following -

- 1 With reference to a Minute of 23 September 1982, the background to the recent establishment, by the Bank and Molins plc, of a jointly-owned subsidiary company, Thrissell Limited. This development was favourably received.

- 2 The result, which had been announced the previous day, of the ballot, carried out by the Electoral Reform Society, of members of the Bank of England Staff Organisation to determine whether there should be a merger of the Organisation with the Banking, Insurance and Finance Union. He referred to the implications of the majority decision against the proposed merger. There was a short discussion.
- 3 With reference to a Minute of the previous week, further developments arising from the picketing of the Bank by members of the Post Office Engineering Union. He mentioned the Bank's contacts with Whitehall on the question of the legality of the pickets.
- 4 A recommendation by the Governors on the following senior appointment, which it was agreed should be made with effect from a date to be determined in mid-May:

C J FARROW [redacted]
 Under-Secretary,
 Department of Industry,
 at present seconded
 to Kleinwort Benson
 Limited

to be an Assistant Director,
 Scale 12, working to
 Mr Walker

A. J. Williams
 Secretary of the Bank

21st April 1983

Letter of Offer

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 21 APRIL 1983

Present

The Rt Hon Lord Richardson of Duntisbourne, MBE, Governor
George Blunden, 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

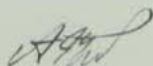
John Christopher Roderick Dow, Esq
Rodney Desmond Galpin, Esq

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.

At the Governor's invitation -

- 1 Mr Dow introduced the Economic Report for April, drawing attention to its main features and mentioning some recent figures. The discussion which followed



dwelt chiefly on whether the current indications of optimism were solidly founded. The increasing severity of competition in the UK market from nationalised (and to some extent probably subsidised) producers abroad, particularly in Southern Europe, was noted.

- 2 Mr Loehnis spoke to the Court about the World Economy Forecasts paper for April. He outlined the favourable and unfavourable factors that were likely to influence the incipient revival of activity in the major economies. Attention was also drawn, by Mr Dow, to a confidential paper giving short-term forecasts for the UK economy, intended to help discussion of the main paper. In discussion, the paper was very favourably received as an analysis of the worldwide picture.
- 3 Mr Blunden introduced a Report of the Staff Committee covering the Chief of Corporate Services' annual review of Salary Policy and Fringe Benefits, which was laid before the Court. There was a brief discussion.
- 4 Mr Blunden also reported the likely figure for the forthcoming pay settlement of the Printing Works staff, to follow the current negotiations between the printing trade employers and unions at national level. He mentioned that a surplus of labour was likely to emerge at the Printing Works in the next few years, largely as a result of the introduction of the £1 coin that day (which the Governor subsequently mentioned to the Court).

AS

A letter from Messrs McGrigor, Donald & Co and a letter from Messrs Freshfields having been submitted together with two documents to be sealed, namely a Sub-Lease relating to the Glasgow Agency and a Lease relating to a tenancy at New Change, the Court approved thereof and

ORDERED

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

A. H. Williams

Secretary of the Bank

28th April 1983

See.

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 28 APRIL 1983

Present

Christopher William McMahon, Esq, Deputy Governor

The Hon Sir John Francis Harcourt Baring, CVO

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Alan Lord, Esq, CB

Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

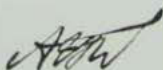
Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

The Deputy Governor referred first to the Knighthood of the Most Noble Order of the Garter recently conferred on the Governor, and the Court agreed that he should express their warm congratulations to the Governor on that special mark of distinction.

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

The Deputy Governor commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets. In Mr Loehnis' absence, the Deputy Governor also spoke about the exchanges.



At the Deputy Governor's invitation -

- 1 With reference to a Minute of 18 November 1982, Mr Walker spoke about the development of the London International Financial Futures Exchange, referring to charts showing the turnover and open positions in the various contracts traded since the market had opened. It had made successful progress, fulfilling the estimates originally made for a moderate expansion, although exaggerated expectations had been disappointed. On the present trend, it would be profitable by the end of the year, but the operation remained, of course, small in comparison with the comparable one in Chicago. A discussion followed.
- 2 Sir Adrian Cadbury, Mr Drain and Mr Scholey described their recent visits to Australia and Malaysia, Finland, and the United States, respectively.

The Deputy Governor spoke to the Court about his recent visits to Malaysia, Hong Kong and Japan (where he had attended a Plenary Session of G30).

A. G. Williams
 Secretary of the Bank

John of Rufford

5 or 4 May 1983

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 5 MAY 1983

Present

Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Alan Lord, Esq, CB

Lord Nelson of Stafford

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.

Arising from those Minutes, the Deputy Governor read to the Court a letter of thanks from the Governor in response to the congratulations he had conveyed to the Governor, in accordance with their request, upon the recently conferred Knighthood of the Most Noble Order of the Garter.

The Deputy Governor then commented on the weekly Figures and invited Mr George to speak about the state of the domestic markets, when he also mentioned the index-linked convertible gilt-edged security announced the previous week, and Mr Loehnis to speak about the exchanges. A short discussion followed, chiefly about the current problems of the building societies.

At the Deputy Governor's invitation -

- 1 Mr Loehnis spoke about a statement of the Overseas Trade Figures for March.
- 2 He also introduced the April paper on International Economic Developments, and there followed a brief discussion.
- 3 He subsequently described the main features of meetings, including of the IMF/IBRD Development Committee, which he and the Governor had recently attended in Washington.
- 4 Mr Blunden spoke about the claims for an across-the-board salary increase and for other benefits which were likely to be formally presented to the Bank that day by the Bank of England Staff Organisation on behalf of staff in the bargaining unit. After a discussion, the Court concurred with the line which he and Mr Galpin proposed to take in negotiating with the Union about those claims.
- 5 Sir Jasper Hollom passed on to the Court the appreciation which had been expressed, at the Annual General Meeting of the Bank of England Sports Club on 28 April, for the support given to the Club by the Court and the Bank. As a result of the new and improved facilities now provided, the use of the Club had increased sharply.

The Deputy Governor introduced a statement of Official Reserves at the end of April which was laid before the Court. He added that a paper was being prepared for discussion by the Court next week (when rather more Members were likely to be present), which would, it was hoped, cover questions put on 7 April about the long-term trend of the Reserves.

The Deputy Governor also mentioned an exchange of letters, involving the constitutional position of the Bank, between the Governor and the Chancellor. The Governor would probably wish

to speak about the matter himself when he next attended the Court, but it seemed right to draw the Court's attention to it without further delay.

A. J. Williams
Secretary of the Bank

Cum gratia

12 . V . 83

12th May 1983

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 12 MAY 1983

Present

The Rt Hon Lord Richardson of Duntisbourne, KG, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

The Hon Sir John Francis Harcourt Baring, CVO

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

Alan Lord, Esq, CB

Sir Lionel Alexander Bethune Pilkington, FRS

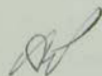
Sir David Edward Charles Steel, DSO, MC

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.



At the Governor's invitation -

- 1 Mr Flemming, Chief Adviser in charge of the Economics Division, attended the Court to introduce the Economic Report for May, and drew attention to its main features. Approval was expressed for the new format of the Report.
- 2 Mr George introduced a statement of the Banking Figures as at 20 April and commented on the preliminary estimates for M1, M3 and PSL2. The recalculation of seasonal adjustments, usually carried out at this time of year, meant that the series had been closer to the top end of the target range for the 14 month period just ended than had earlier seemed likely. On an annualised basis, over the first two months of the new target period, monetary growth was well above the 7-11% range, though it would be unwise to read too much into so short a period. A discussion followed, chiefly about the nature and timing of the recalculation of seasonal adjustment, which was currently being reconsidered.
- 3 Mr Loehnis introduced a report interpreting the recent upturn in commodity prices and there was a short discussion.
- 4 In response to a question put by Sir Alastair Pilkington at the Court of 7 April, Mr Loehnis spoke about a note explaining methods of measuring the adequacy of the Official Reserves. A discussion followed.
- 5 With reference to a Minute of 24 March, the Deputy Governor said that the Bank's Accounts for the year ended 28 February 1983 were near to completion and would be presented to the Court in a few weeks' time. It would be appropriate for negotiations with HM Treasury about the amount of the annual payment to be made in lieu of dividend to be opened soon. After a discussion, it was agreed that the Deputy Governor should follow the approach suggested by the Committee of Treasury.

- 6 Mr Drain spoke about his impressions of meetings he had recently attended of the International Labour Organisation at Geneva.

The Governor spoke to the Court about the following matters:

- 1 A convention that Chairmen of Accepting Houses who were also Directors of the Bank should not represent their Houses on the Accepting Houses Committee. It was agreed that the convention should now be abandoned.
- 2 With reference to a Minute of the previous week, his exchange of letters with the Chancellor.

A. J. Williams
Secretary of the Bank

C. W. McMahon

26. V. 83

26th May 1983

A MEETING OF DIRECTORS AT THE BANK

THURSDAY, 19 MAY 1983

Present

The Rt Hon Lord Richardson of Duntisbourne, KG, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

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

John Christopher Roderick Dow, 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 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 a brief discussion reference was made to the prospects for interest rates in the United States.

At the Governor's invitation -

- 1 With reference to a Minute of the previous week, Mr George spoke about the main features of the announcement (to be made later that day) about the Money and Banking Figures as

at 20 April. It revealed much the same picture as had emerged from the preliminary figures. Mr George went on to describe the policy stance adopted by the Bank in the money market during the last month. This amounted to a maintenance of the cautious approach he had described a month before, against a background of somewhat greater concern over the growth in Government borrowing and the money supply on the one hand, but a firmer exchange rate on the other.

- 2 Sir Jasper Hollom introduced the Quarterly Report of the Audit Committee. He mentioned various aspects of the Audit Division's work, including a review of methods of statistical sampling and the installation of new equipment giving it access to mainframe computers both in New Change and in Head Office. After a short discussion, the Meeting approved the Report.
- 3 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 1983. He drew attention to the Annual Report's new format and to several aspects of the Printing Works' operations, in particular its commercial activities. In discussion, the prospects for those activities were assessed.
- 4 Sir Jasper Hollom also spoke about an approach which the Bank had received from the English-Speaking Union, which had sought a continuation of the Bank's financial support. The matter had previously been discussed by the Committee of Treasury, and, as requested, he had pointed out to the Union's outgoing Chairman various unsatisfactory aspects of its balance sheet position. It was agreed that Sir Jasper should resume discussion with the incoming Chairman when, as an encouragement to tackle their problems, a further donation from the Bank should be either offered at the reduced level of £500 or withheld, whichever the Chairman concluded would be more helpful to him.

- 5 Mr Dow having withdrawn, Sir Jasper Hollom referred in addition to a paper he had prepared for the Committee of Treasury about pension arrangements for Mr Leigh-Pemberton. This paper set out a formula to which the Inland Revenue had given agreement and which would allow the Bank to ensure reasonable provision for Mr Leigh-Pemberton, after taking account of the pension benefits he would receive from the National Westminster Bank, even if he served for no more than a single term as Governor. He mentioned that he had described the proposals to Mr Leigh-Pemberton himself, who had expressed himself as very content with them. After a discussion, those Members of the Committee of Treasury who were at the Meeting accepted the paper, approving in particular the formula set out in it and endorsing the expectation that when Mr Leigh-Pemberton came to retire the Court would make full use of the scope which the formula would permit. Sir Jasper then raised the question of a death benefit in the event of Mr Leigh-Pemberton's death between now and 1 July. It was concluded that such cover should be provided at the same level as would apply from 1 July when Mr Leigh-Pemberton would be a member of the Court Pension Scheme. The Secretary was instructed to write accordingly to Mr Leigh-Pemberton. It was agreed further that a quotation should be sought for the provision of insurance against the risk involved.

The Governor spoke to the Meeting about the following matters:

- 1 His reasons for deferring a speech he had intended to make at St Andrews.
- 2 The death of Sir Kenneth Peppiatt the previous Thursday. He then asked Sir Jasper Hollom to describe his proposal that the Trustees of the Court Pension Scheme should be authorised to pay an allowance of [redacted] a year to Lady Peppiatt. The proposal was approved.

- 3 Mr Leigh-Pemberton's presence in the Bank as from 16 May. He had invited Mr Leigh-Pemberton to attend Court when he wished. It was envisaged that he would be able to do so for the first time on 9 June.

A. G. T. Williams
Secretary of the Bank
26^a May 1983

C. W. M. Mahon
26 v. 83

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 26 MAY 1983

Present

The Rt Hon Lord Richardson of Duntisbourne, KG, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

The Hon Sir John Francis Harcourt Baring, CVO
George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Edward Alan John George, Esq

Sir Hector Laing

Anthony David Loehnis, Esq

Alan Lord, Esq, CB

Lord Nelson of Stafford

David Gerald Scholey, Esq, CBE

David Alan Walker, Esq

Lord Weir

Robert Leigh-Pemberton, Esq

John Christopher Roderick Dow, Esq

The Governor welcomed Mr Leigh-Pemberton, who was attending a Court for the first time.

The Minutes of the Court of 12 May were then confirmed and those of the Meeting of 19 May, which included two items requiring the Court's approval and which had also 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 With reference to a Minute of 12 May, the Deputy Governor spoke about the draft Accounts of the Bank for the year ended 28 February 1983, which were laid before the Court, and said that provisional approval for them would be sought at the next Court, when it should also be possible to seek approval for the amount of the total annual payment to HM Treasury in lieu of dividend. There was a short discussion.
- 2 In Mr Drain's absence, Mr Blunden introduced a Report of the Staff Committee on an increase in pensions and allowances. The interests of two Members of the Court, and also of Mr Dow, having been declared, the Report was approved.
- 3 Mr Lord spoke about impressions gained during his recent visit to Brazil and there was a discussion of aspects of that country's economic and financial situation.

A. J. Williams
Secretary of the Bank

24 June 1983

Confirmation

2. VI. 83

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 2 JUNE 1983

Present

The Rt Hon Lord Richardson of Duntisbourne, KG, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

The Hon Sir John Francis Harcourt Baring, CVO

George Blunden, Esq

Sir Robert Anthony Clark, DSC

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Alan Lord, Esq, CB

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 the Deputy Governor, in Mr Loehnis' absence, to speak about the exchanges. A short discussion followed, particularly about the prospects for controlling the US budget deficit.



The Governor introduced a statement of the Official Reserves at the end of May, which was laid before the Court.

At the Governor's invitation -

- 1 In Mr Loehnis' absence, the Deputy Governor introduced a statement of the Overseas Trade Figures for April.
- 2 The Deputy Governor also introduced a Report of the Committee on Permanent Control of Expenditure. He drew attention to its main features, including the review of major projects in Appendix 4. In discussion reference was made to the impact on the Bank of the cash limit system, especially as regards the Bank's management of the note issue. The Report was then approved.
- 3 With reference to a Minute of 5 May, Mr Blunden spoke to the Court about the state of negotiations with the Bank of England Staff Organisation over their current claims on behalf of the staff in the bargaining unit.

With reference to Minutes of the previous week and earlier, the draft Accounts of the Bank for the year ended 28 February 1983 were laid before the Court for the second time. The Deputy Governor obtained the Court's confirmation of the statement about transactions with Directors in Note 16 to the Banking Department accounts. He went on to speak, on the lines of his statement earlier to the Committee of Treasury, about the agreement he had reached with HM Treasury about the amount of the annual payment in lieu of dividend. The Court gave their provisional approval to the Bank's Accounts and, as recommended by the Committee of Treasury, to the level of the payment to be made to HM Treasury.

S. A. Williams
 Secretary of the Bank
 9 June 1983

Chairman of the Court

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 9 JUNE 1983

Present

Christopher William McMahon, Esq, Deputy Governor
The Hon Sir John Francis Harcourt Baring, CVO
George Blunden, Esq
Sir George Adrian Hayhurst Cadbury
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

Robert Leigh-Pemberton 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 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 18 May and commented on the preliminary estimates for M1, EM3 and PSL2. The broad aggregates showed considerable improvement on the previous month, when they had grown exceptionally fast. Even so the rate of growth of all three target aggregates over the first three months of the new target period was worryingly high.
- 2 Mr Loehnis spoke about the May paper on International Economic Developments, and there was a short discussion.
- 3 Mr Loehnis introduced a further International Economic Developments paper, relating specifically to Japan. The following discussion included some words of approval for the paper itself.
- 4 Mr Cooke explained the background to the revision of the 1975 Basle Concordat which had been announced the previous day by the Committee on Banking Regulation and Supervisory Practices.
- 5 With reference to Minutes of the previous week and earlier Mr Blunden described the discussion with the Bank of England Staff Organisation representatives at the Negotiating Council meeting on 7 June. The Bank had made a formal offer of 5% as from 1 July in response to the claim of 7.8% which had been made on behalf of the staff in the bargaining unit. He had explained that the offer of 5% was not to be seen as an opening position but rather as the obvious settlement level for this year beyond which the Bank would not be prepared to move. The Union had nevertheless rejected the 5% offer, and formal disagreement had been recorded. He had agreed to express to the Court the Union's belief that an offer in excess of the 5% settlement which had been reached with the staff of the London clearing banks would be particularly beneficial for

the morale of the Bank's staff, but he had said that he would not be recommending any movement beyond the 5% level. He had similarly agreed to convey to the Court the importance attached by the Union to their other main proposal, namely that a pay comparability study should be begun, with the Union, during the coming winter, on the basis that the Bank's staff had recently fallen behind in comparison with their analogues. He had explained to the Union that the Bank was not prepared to enter into any such study since there could be no commitment that its findings would be implemented. The Bank could not hope to be exempted from the constraints of cash limits and would not ask to be so exempted. The Court concurred with the line being taken by Mr Blunden.

A. J. L. Blunden

16 June 1983

C. M. Malton

16. VI. 83

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 16 JUNE 1983

Present

The Rt Hon Lord Richardson of Duntisbourne, KG, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Alan Lord, Esq, CB

Lord Nelson of Stafford

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

David Alan Walker, Esq

Lord Weir

Robert Leigh-Pemberton, Esq

John Christopher Roderick Dow, Esq

John Standish Pforde, 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 and with reference to a Minute of the previous week, Mr George spoke about the main features of the announcement (to be made later that day) about the Money



and Banking Figures as at 18 May. Even after allowance for the exaggeration produced by annualising the broader aggregates over a short period, monetary growth remained well ahead of the target range - in large part as a result of the Government's high borrowing requirement.

He then described the Bank's recent policy on interest rates. Over the election period the aim had been to maintain stability. Subsequently market pressure for modestly lower rates had not been resisted - despite the disturbing monetary prospect - in the light of the favourable prospect for inflation, the level of real interest rates, and the strength of the exchange rate. That judgment necessarily depended upon the emphasis attached to the ultimate aims of policy. Earlier, counter-inflation had been the overriding concern; now with inflation lower and recovery still fragile, the balance of risks for policy were less clear-cut. Market pressure for lower interest rates following the election posed this question in stark form: whatever the Bank's response, it was bound to give an exaggerated signal of the stance of policy on the first day in office of the new Government. In reality the judgment was a matter of degree, and, given the development of the monetary indicators, policy would have to remain cautious.

In the ensuing discussion attention was drawn to the different rates of recovery evident in the United States and the United Kingdom; and, in the latter case, to the particular situation of finance for housing, where it continued to be difficult to assess the evidence for the substantial use of mortgage finance for non-housing purposes. The prospective effects on economic activity of a possible decision by the building societies to raise their mortgage rate were given contrasting interpretations.



Also at the Governor's invitation -

- 1 Mr Dow introduced the Economic Report for June, drawing attention to its main features and to some recent indicators.
- 2 With reference to a Minute of 10 February, Mr Walker indicated that, following extensive discussions with HM Government, and in agreement with the Treasury, the Bank had expressed its readiness to be the vehicle for a line of credit to Thailand in connection with a purchase of military equipment being organised by a company owned by the Ministry of Defence. He suggested that he should report again to the Court when the matter was nearer its conclusion.

A note of the names of interest to the Bank in the Birthday Honours list was laid before the Court.

Two letters from Messrs Freshfields having been submitted together with two documents to be sealed, namely Deeds of Appointment, in duplicate, relating respectively to a new Trustee of the Court Pension Scheme and two new Trustees of the Bank of England Pension Fund, 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

C. W. M. Mahon

23. VI. 83

23rd June 1983

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 23 JUNE 1983

Present

The Rt Hon Lord Richardson of Duntisbourne, KG, 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

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Anthony David Loehnis, Esq

Lord Nelson of Stafford

Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

Lord Weir

Robert Leigh-Pemberton, Esq

John Christopher Roderick Dow, Esq

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

Having commented on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets. A short discussion ensued, about the effects of inflationary expectations on the yields of indexed and conventional gilt-edged securities. The Governor then invited Mr Loehnis to speak about the exchanges.



At the Governor's invitation -

- 1 Mr Dow and Mr George drew attention to the main features of the drafts of two sections of the June edition of the Quarterly Bulletin, dealing respectively with economic developments and the operation of monetary policy.
- 2 Mr Loehnis introduced a paper about Canada, describing the admittedly still fragile improvement that had occurred since the Court last reviewed that country's position a year previously. A discussion followed.

The Governor spoke to the Court about the following:

- 1 The Bank's recent decision to become a Member of Business in the Community.
- 2 The impending retirement from the Bank of Lord Benson, and the question of a presentation to him. It was agreed to accept the Committee of Treasury's recommendation that he should be presented both with a replica napkin ring and with one of the Bank's stock of silver dishes commissioned from Leslie Durbin in 1967. Favourable consideration would be given to a further gift.

A letter from Messrs Freshfields having been submitted together with a document to be sealed, namely a new Lease to the London Electricity Board in respect of the siting of three electrical transformer chambers in the basement and sub-basement areas at New Change, 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
 30 June 1983

Cwm Maheon
 30. vi. 83

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 30 JUNE 1983

Present

The Rt Hon Lord Richardson of Duntisbourne, KG, MBE, Governor
Christopher William McMahon, Esq, Deputy Governor

The Hon Sir John Francis Harcourt Baring, CVO
George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Alan Lord, Esq, CB

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

Robert Leigh-Pemberton, Esq

John Christopher Roderick Dow, Esq

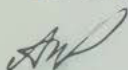
Rodney Desmond Galpin, Esq

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.

At the Governor's invitation -

- 1 Mr Loehnis introduced a statement of Overseas Trade Figures for May. A brief discussion followed.



- 2 With reference to a Minute of the previous week, 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 drew attention to several features of the assessment section of the Bulletin, and also mentioned some of its articles. There was a wide-ranging discussion, covering the correlation between higher wage settlements and inflation; the problems of assessing the competitiveness of British manufacturing industry; the quality of British products and the role of the CBI in improving it; the need for better education, both general and technical; the shortcomings of the institutional structure of the country; and the problems of funding projects of distant profitability.
- 3 With reference to Minutes of 9 June and earlier, Mr Blunden spoke to the Court about the current pay claim and about the position of staff above the bargaining unit (except for Associate Directors and two Advisers to the Governor who were covered by the arrangements for remunerating Members of the Court). A Minute of the Committee of Treasury recommending that, with effect from 1 July, an increase in pay of 5% be awarded to all those staff within the bargaining unit and a like increase in pay be awarded to the staff above the bargaining unit was submitted and approved (subject to the exclusion mentioned above).
- 4 Mr Blunden also spoke about a recommendation of an appointment by the Governors which had been approved by the Committee of Treasury. It was agreed that it should be made with effect from the date of the forthcoming retirement of R A J Middleton -
- | | |
|---|---|
| S R CHANDLER
An Assistant Chief of
Corporate Services,
Scale 9 | to Scale 11a, as a Deputy
Chief of Corporate Services
and Head of Systems and
Office Services Division,
at a basic salary of [redacted] |
|---|---|
- 5 Mr Galpin introduced a statement by the Deputy Governor on Information Systems Strategy in the Bank, which was being issued that day, dealing with the implications for the Bank of recent technological changes in computers and other information systems.

- 6 Sir Hector Laing spoke about impressions gained during his recent visit to the United States.

With reference to Minutes of 2 June and earlier, the Report and Accounts of the Bank for the year ended 28 February 1983 were laid before the Court. The Governor noted that agreement had been reached with HM Treasury for a total payment of £23 million in lieu of dividend. A Minute of the Committee of Treasury, recommending that the Accounts for that year be approved and signed, and that the 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 be printed and issued, was submitted and approved, subject to amendment to a section on page 10 of the Report, to be agreed with Mr Loehnis.

At the rising of the Court, Lord Nelson said that Members of the Court would wish to have their feelings recorded on the completion of the Governor's 10 years of office. He referred to the compliments that had been paid to the Governor, including from former critics. He wished to express Members' high admiration for what the Governor had achieved. He had had the privilege of serving on the Court during the whole of that time, and had been deeply impressed by the Governor's calmness and persuasiveness in overcoming the numerous difficulties with which he had been faced. Lord Nelson had admired the way the Governor had represented the Bank in the United Kingdom and abroad, which had been of great value both to the Bank and to the country. He had not spared himself in the Bank's service, and, Lord Nelson added, they were all fortunate to have been Members of the Court with him. In responding, the Governor spoke of his own gratitude for the Court's - and indeed the whole Bank's - help and support. It had been an enormous privilege to have shared in the work of an institution which he regarded as unsurpassed.

A. H. Williams
Secretary of the Bank

7th July 1983

See

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 7 JULY 1983

Present

Robert Leigh-Pemberton, Esq, Governor
The Hon Sir John Francis Harcourt Baring, CVO
George Blunden, Esq
Geoffrey Ayrton Drain, Esq, CBE
Edward Alan John George, Esq
Sir Jasper Quintus Hollom, KBE
Alan Lord, Esq, CB
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

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


There being no comment required on the weekly figures, the Governor asked Mr George to speak about the state of the domestic markets, and there was a short discussion about the relationship between the yields of conventional and index-linked gilt-edged stocks.

He then invited Mr Gill, Head of the Foreign Exchange Division, to attend, in Mr Loehnis' absence, to speak about the exchanges and to comment on the Official Reserves figures as at the end of June, which had been published the previous Monday.

At the Governor's invitation -

- 1 Mr Holland, Chief Adviser in charge of the International Division, attended, in the absence of Mr Loehnis, and spoke about the June paper on International Economic Developments. In discussion, the danger of moves towards protectionism was emphasised.
- 2 Mr Scholey spoke about impressions gained during his recent visit to the Federal Republic of Germany, with the initial euphoria under the new administration fading, a seeming lack of a clear lead from the top, and anxiety over unemployment and the absence of export-led growth (made more acute by the situation in France).
- 3 Mr George introduced a statement of the Banking Figures as at 15 June, and commented on the preliminary estimates for M1, M3 and PSL2. These were dispiritingly high, and the excess over the targets during the four-month period could not now be regarded as a hiccup. A discussion followed.
- 4 Mr Dow introduced a paper that had been hitherto produced by the Economics Division for internal purposes, on Wage Developments to mid-June 1983. After a discussion, it was agreed that the paper, which came out at approximately three month intervals, was of considerable interest and that further issues should be similarly presented to the Court.

With reference to Minutes of the previous week and earlier, the Governor spoke to the Court about press reactions to the publication, the previous Thursday, of the June edition of the Quarterly Bulletin. A discussion followed.



The Annual Report of the Registrar's Department Liaison Committee was laid before the Court, and, at the Governor's invitation, introduced by Lord Weir. There was a brief discussion.

In connection with the forthcoming monthly meeting of the Board of the Bank for International Settlements, it was noted that Lord Richardson would be taking over the UK Directorship hitherto held by Lord O'Brien.

At the rising of the Court, Sir Jasper Hollom expressed, on Members' behalf, good wishes for a successful tenure of office by the Governor.

A. J. Williams
Secretary of the Bank

14th July 1983

Letter of Defeat.

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 14 JULY 1983

Present

Christopher William McMahon, Esq, Deputy Governor

The Hon Sir John Francis Harcourt Baring, CVO

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, XBE

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

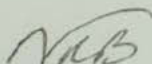
David Alan Walker, Esq

John Christopher Roderick Dow, Esq

John Standish Pforde, Esq

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

No comment being required on the weekly figures, the Deputy Governor asked Mr George to speak about the state of the domestic markets where, after an eventful week, it had proved possible to bring about a consolidation in the gilt-edged market on 12 July which in turn helped calm the money market; 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 spoke about the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 15 June. Although there may have been some erratic elements in the latest figures, there was no doubt that monetary growth was running a good deal faster than was intended, in large part because the Government's borrowing requirement was also tending to overshoot. These worrying developments affecting the Government's intermediate objectives contrasted with progress on the ultimate objectives - inflation and activity - which were developing much as expected. If however the intermediate objectives were neglected there would be damaging consequences for the ultimate objectives. The right policy response was fiscal action, where the announcement had been made the previous week. For the time being the emphasis would have to be on funding policy, though there were limits to how much weight this could bear. Mr George said they would prefer not to raise short-term interest rates - because of the damage this would cause to industrial confidence in present circumstances - but such action could ultimately become unavoidable. The following discussion centred on the problem of estimating as well as controlling the Government's borrowing requirement.
- 2 Mr Dow introduced the Economic Report for July, drawing attention to some of its features.
- 3 Mr Walker spoke about "Money for Business", the fourth edition of which had recently been published.
- 4 Mr Blunden spoke about the impact on the Bank of the additional cuts, recently announced, in HMG's cash limits as they would be applied to the Bank in the current year, and explained how the cuts might be accommodated.

NAB

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

- 1 A recent publication entitled "Banks: an Accounting and Auditing Guide", in which the Bank had had a considerable hand, one of its three joint authors being David Mallett, an accountant in the Banking Supervision Division.
- 2 A tape/slide programme which was being produced to replace the dated Bank film. He mentioned that it was intended to take photographs of the Court "in session" before the Court of the following week.

A letter from Messrs McGrigor, Donald and Company having been submitted together with a document to be sealed, namely a Discharge and Retrocession relating to a house in Edinburgh, the Court approved thereof and

ORDERED

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

N R Bedford
for the Secretary
21 July 1983

C W M Mather

21. VII. 83

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 21 JULY 1983

Present

Robert Leigh-Pemberton, Esq, Governor
Christopher William McMahon, Esq, Deputy Governor
The Hon Sir John Francis Harcourt Baring, CVO
George Blunden, Esq
Sir George Adrian Hayhurst Cadbury
Geoffrey Ayrton Drain, Esq, CBE
Sir Jasper Quintus Hollom, KBE
Sir Hector Laing
Anthony David Loehnis, Esq
Alan Lord, Esq, CB
Sir Lionel Alexander Bethune Pilkington, FRS
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.

Having been invited by the Governor, Mr Blunden commented on some aspects of the weekly Figures.

The Governor 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 where the theme had continued to be one of consolidation as the markets were encouraged to settle down; and Mr Loehnis to speak about the exchanges.



At the Governor's invitation -

- 1 Mr Dow introduced a summary, prepared by the Economics Division, of short-term forecasts for the UK economy, drawing attention to the more favourable views of the Bank and the Treasury than outside forecasters on inflation and to the difficulty of estimating the Public Sector Borrowing Requirement. He mentioned the tendency of the Bank to under-predict both growth in national output and progress in the fight against inflation. In discussion, reference was made to the awareness of the Confederation of British Industry of the need for increases in productivity, competitiveness and investment.
- 2 Mr Loehnis introduced a paper on recent economic developments in the Federal Republic of Germany.
- 3 Mr Drain introduced 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. He mentioned especially the problems of management succession considered in the Report.
- 4 Sir Jasper Hollom introduced the quarterly Report of the Charitable Appeals Committee, which was approved.

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

- 1 The press reaction to the Bank's Annual Report and Accounts and the first full Annual Report of the Deposit Protection Board, both published on 18 July.
- 2 The tragic deaths in a helicopter crash off the Scillies, the previous Saturday, of the Editor of The Old Lady, Mr David Nye, his wife and three daughters. At the Governor's invitation, Mr Blunden proposed the



establishment of the David and Susan Nye Memorial Fund, the basis being a contribution of £5,000 by the Bank. The Fund would be invested and the income made available to the Bank of England Staff Publications Committee to use, at its discretion, in promoting the interests of The Old Lady magazine. This was approved.

A. J. Williams
Secretary of the Bank
28th July 1983

C. W. M. M. M. M. M.
28. 7. 83

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 28 JULY 1983

Present

Robert Leigh-Pemberton, Esq, Governor
Christopher William McMahon, Esq, Deputy Governor
George Blunden, Esq
Geoffrey Ayrton Drain, Esq, CBE
Sir Jasper Quintus Hollom, KBE
Sir Hector Laing
Anthony David Loehnis, Esq
David Gerald Scholey, Esq, CBE
David Alan Walker, Esq
Lord Weir

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

There being no comment on the weekly Figures, the Governor 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.

At the Governor's invitation -

- 1 With reference to a Minute of 11 November 1982, Mr Walker introduced a progress report about trends in corporate profitability and finance, based directly on company accounts rather than the national accounts data which are most conventionally used for analysis of this kind. The following discussion addressed the role of take-overs and mergers as vehicles for achieving rationalisation, although

concern was also expressed at the preoccupation of some investors with dividends in the short-term, which has tended to prompt excessive distributions by boards which are apprehensive at their exposure to take-over bids.

- 2 Mr Loehnis introduced a statement of Overseas Trade Figures for June.
- 3 Mr Walker spoke to the Court about recent developments affecting the Stock Exchange and about the implications of the announcement made the previous day by HM Government with regard to the case brought against the Stock Exchange by the Office of Fair Trading. He mentioned the enhanced opportunities for progress likely to be provided by that announcement, particularly in tackling the severe challenge to UK securities trading provided by the aggressiveness and competitiveness of American securities houses. In discussion, the Bank's present and, it was hoped, future involvement in these matters was welcomed.
- 4 Sir Jasper Hollom introduced a paper, approved that day by the Committee of Treasury, which recommended the payment to Lord Richardson of an annual ex gratia allowance. After a brief discussion, the proposal in the paper was approved by the Court.

At the Governor's further invitation, the Deputy Governor introduced the following items -

- 1 The Report of the Advisory Committee of the Houblon-Norman Fund, which was laid before the Court.
- 2 A Minute of the Committee of Treasury which recommended, with effect from 1 September 1983, a new salary structure for staff promoted above Scale 9; and the Court approved thereof.

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- 3 A further Minute of the Committee of Treasury (Messrs Blunden, Loehnis and Walker having withdrawn in accordance with Section 10 of the Charter) recommending increases, with effect from 1 July 1983, in the remuneration of the Executive Directors and in the salaries of the two Advisers to the Governor, Mr Dow and Mr Fforde and of the two Associate Directors, Mr Cooke and Mr Galpin. There being no longer a quorum, those Members present expressed their agreement with the recommendations, but agreed further that the Minute should 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 matter.

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

P. E. Townshend
Assistant Secretary

4 August 1983

Letter of Stafford

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 4 AUGUST 1983

Present

Robert Leigh-Pemberton, Esq, Governor
The Hon Sir John Francis Harcourt Baring, CVO
George Blunden, Esq
Geoffrey Ayrton Drain, Esq, CBE
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

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

Having been invited by the Governor, Mr Blunden commented on some aspects of the weekly Figures, and drew attention to the summer peak of note circulation reached the previous week which, for the first time for some years, was higher than the rate of inflation.

The Governor 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 which showed evidence that they were not totally tied to developments in the USA; and Mr Loehnis to speak about the exchanges and to comment on the Official Reserves figures as at the end of July, which had been published the previous Tuesday.

At the Governor's invitation -

- 1 Mr Loehnis spoke about the July paper on International Economic Developments.
- 2 Mr Loehnis introduced a further International Economic Developments paper, relating to monetary policy and the economic outlook in the United States. There was considerable interest in the content of the paper.
- 3 Mr Blunden spoke about a recommendation by the Governors on the following appointment, which it was agreed should be made with effect from 19 September 1983:


Scale 8

to Scale 9, as an Adviser,
International Division, at a
basic salary of £31,893.

- 4 Mr Blunden, referring to a minute of 21 July, reported that the decision to set up a David and Susan Nye Memorial Fund had been greeted with great satisfaction by the Nye family.

P. J. Tomlinson

Assistant Secretary

11 August 1983

C. M. Mahon

11. 8. 83

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 11 AUGUST 1983

Present

Robert Leigh-Pemberton, Esq, Governor
Christopher William McMahon, Esq, Deputy Governor
The Hon Sir John Francis Harcourt Baring, CVO
George Blunden, Esq
Sir George Adrian Hayhurst Cadbury
Geoffrey Ayrton Drain, Esq, CBE
Sir Hector Laing
Lord Nelson of Stafford
Sir Lionel Alexander Bethune Pilkington, FRS
Sir David Edward Charles Steel, DSO, MC
David Alan Walker, Esq
Lord Weir

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

There being no comment on the weekly Figures, the Governor 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 the Deputy Governor, in Mr Loehnis' absence, to speak about the exchanges.

Mr Coleby, who was asked to remain for this item, introduced a statement of the Banking Figures as at 20 July, and commented on the preliminary estimates for M1, M3 and PSL2. There had

been some welcome signs of an easing back in monetary growth but although the annual rate was down to around 15%, this was still well above the target range.

At the Governor's invitation and with reference to a Minute of 28 July, Mr Blunden and Mr Walker having withdrawn in accordance with Section 10 of the Charter, the Deputy Governor resubmitted a Minute of the Committee of Treasury of 28 July recommending increases, with effect from 1 July 1983, in the remuneration of the Executive Directors and in the salaries of the two Advisers to the Governor, Mr Dow and Mr Fforde, and of the two Associate Directors, Mr Cooke and Mr Galpin; and the Court confirmed their approval of the Committee of Treasury's Minute.

The Governor and the Deputy Governor having withdrawn in accordance with Section 10 of the Charter, Lord Nelson took the chair in accordance with Section 6(2) of the Charter. Mr Blunden and Mr Walker returned, their potential interest having been declared. Lord Nelson then invited Sir Adrian Cadbury to introduce a Minute of the Committee of Treasury recommending increases, with effect from 1 July 1983, in the remuneration of the Governor and Deputy Governor. After some discussion, the Minute was approved. Lord Nelson then introduced a further Minute of the Committee of Treasury recommending increases, also with effect from 1 July 1983, in the pensions and allowances in payment to former Governors and Executive Directors and to the widows of two former Executive Directors. This further minute was also approved.

C W M Mahon

P. E. Zimmerman

1. 9. 83

Assistant Secretary

1 September 1983

A MEETING OF DIRECTORS AT THE BANK

THURSDAY, 18 AUGUST 1983

Present

Christopher William McMahon, Esq, Deputy Governor
The Hon Sir John Francis Harcourt Baring, CVO
George Blunden, Esq
Sir George Adrian Hayhurst Cadbury
Sir Robert Anthony Clark, DSC
Geoffrey Ayrton Drain, Esq, CBE
Edward Alan John George, Esq
Sir Lionel Alexander Bethune Pilkington, FRS

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.

There being no comments on the weekly Figures, the Deputy Governor invited Mr George to speak about the state of the domestic markets. In Mr Loehnis' absence, the Deputy Governor then spoke about the exchanges. A short discussion ensued.

At the Deputy Governor's invitation:-

- 1 Mr Flemming, Chief Adviser in charge of the Economics Division, attended the Meeting, in Mr Dow's absence, to introduce the Economic Report for August, and drew attention to some aspects of it. In the following discussion, concern was expressed at the conjunction of increased unemployment and increased overtime, and possible reasons

for it were mentioned. Mr Flemming was asked to commission a paper on the subject, which would cover both the present and previous cycles. Attention was drawn, further, to factors affecting the competitiveness of UK exports and the barriers they encounter. It was agreed that an attempt should be made, in another paper, to throw light on this subject too.

- 2 With reference to a Minute of the previous week, Mr George referred first to the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 20 July. The monetary aggregates were in line with the preliminary figures; despite the improvements shown, the situation was still uncomfortable. He went on to speak about the stance of monetary policy, where the position had in fact changed little during the month. Operational emphasis was likely to continue to be on the funding programme. The likely reaction to the announcement of the July banking figures and the weight to be given to a single month's figures were then discussed.

- 3 Mr Blunden described the background to the recent announcement of the Bank's support for the proposed capital reconstruction of Grindlays Bank.

CwmMahon

1. 9. 83

P. E. Zimmerman

Assistant Secretary

1 September 1983

A MEETING OF DIRECTORS AT THE BANK

THURSDAY, 25 AUGUST 1983

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

Edward Alan John George, Esq

David Gerald Scholey, Esq, CBE

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 Meeting, having been circulated, were approved.

On the Deputy Governor's invitation, Mr Blunden spoke about the weekly Figures, drawing attention to a substantial movement in respect of the [REDACTED] Account.

The Deputy Governor then invited Mr George to speak about the domestic markets. He himself spoke about the exchanges and introduced a statement of the Overseas Trade Figures for July. There followed a short discussion of the reported change since 1979 in the pattern of UK imports and exports of motor vehicles, with its likely impact on the balance of manufacturing trade.

h

The Annual Report and Accounts of the Bank of England Pension Fund for the year ended 28 February 1983, together with a Report of the Trustees of the Bank of England Pension Fund, were laid before the Meeting and introduced, at the Deputy Governor's invitation, by Mr Blunden. The Trustees' Report, which recommended the preparation of a Supplemental Trust Deed containing exoneration clauses for the Trustees and the members of the Committee of Management, was approved.

The Meeting took note of a statement of a forthcoming retirement in the ordinary course and of a secondment.

C. W. McMahon

1. 9. 83

P. L. Tomlinson

Assistant Secretary

1 September 1983

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 1 SEPTEMBER 1983

Present

Robert Leigh-Pemberton, Esq, Governor
Christopher William McMahon, Esq, Deputy Governor
George Blunden, Esq
Sir Robert Anthony Clark, DSC
Edward Alan John George, Esq
Sir Jasper Quintus Hollom, KBE
Anthony David Loehnis, Esq
Alan Lord, Esq, CB
David Gerald Scholey, Esq, CBE
Sir David Edward Charles Steel, DSO, MC

John Christopher Roderick Dow, Esq

The Minutes of the Court of 11 August, and those of the Meeting of 18 August were confirmed, and those of the Meeting of 25 August, which had also been circulated, were approved.

There were no comments on the weekly Figures but Mr Blunden, referring to a Minute of 4 August, commented that the rise in note circulation over the last two years was much lower than the rise in consumer spending, reflecting perhaps the gradual move towards a cash-less society.


At the Governor's invitation -

- (i) Mr George spoke about the state of the domestic markets which had had a disappointing week largely as a result of the continuing concern about US interest rates;
 - (ii) Mr Loehnis spoke about the exchanges.
- h*

The Reports and Accounts of Slater, Walker Limited and of EBS Investments Limited, both wholly-owned subsidiaries of the Bank, for the year ended 28 February 1983, were laid before the Court. At the Governor's invitation, Sir Jasper Hollom, Chairman of Slater, Walker Limited, spoke about the Report and 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 Limited, commented on that company's Report and Accounts. In both instances it was noted that satisfactory progress continued to be made in running down the business of the respective companies. In the case of Slater, Walker Limited a number of tax questions remained unresolved, some of which involved substantial amounts; it was believed however that overall fully prudent provision had been made for these in the accounts.

Also at the Governor's invitation, and with reference to a Minute of 28 July, Mr Dawkins attended Court, in the absence of Mr Walker, and spoke about the latest developments affecting the Stock Exchange. The Bank had been much involved in consultations with both the Stock Exchange and other City institutions on the questions of the admission of lay members and the monitoring arrangements to be introduced. There was a resurgence in the debate on the whole question of the future of the Stock Exchange and profound changes were likely in the securities industry. It was important that Government be restrained from pressing for premature action. Full implementation of the agreement with the Stock Exchange was likely to take some time.

The Governor spoke about a proposal concerning the annual payment to HM Treasury in lieu of dividend which had been discussed by the Committee of Treasury. It was agreed to pursue the adoption of the formula recommended by the Committee.



The Court took note of a statement of three forthcoming secondments to the International Monetary Fund.

Two letters from Messrs Freshfields having been submitted together with two documents to be sealed, namely a Lease relating to a tenancy at the Bristol Branch and a Deed of Release relating to the surrender of the lease of their branch at 32/34 Cheapside by National Westminster Bank PLC, the Court approved thereof and

ORDERED

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

The Governor recommended that the Court should in future meet at the regular time of 12.00 noon each Thursday and this was agreed.

P. E. Inman
Assistant Secretary
8. 9. 83

Cwm Mahon
8. 9. 83

MINUTES OF A COURT OF DIRECTORS AT THE BANK

THURSDAY, 8 SEPTEMBER 1983


Present

Robert Leigh-Pemberton, Esq, Governor
Christopher William McMahon, Esq, Deputy Governor
The Hon Sir John Francis Harcourt Baring, CVO
George Blunden, Esq
Sir Robert Anthony Clark, DSC
Edward Alan John George, Esq
Sir Jasper Quintus Hollom, KBE
Sir Hector Laing
Anthony David Loehnis, Esq
Alan Lord, Esq, CB
Lord Nelson of Stafford
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.

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets. He then invited Mr Loehnis to speak about the exchanges and to comment on the Official Reserves figures as at the end of August, which had been published the previous Friday.



At the Governor's invitation -

- 1 Mr George introduced a statement of the Banking Figures as at 17 August and commented on the preliminary estimates for M1, M3 and PSL2; the rate of growth, by all three definitions, was satisfactory on the month but still left the annualised rate over the target period to date well above the target range.
- 2 Sir Jasper Hollom introduced the Quarterly Report of the Audit Committee. He mentioned various aspects of the Audit Division's work and, in particular, drew attention to the progress being made with the large number of computer-based systems which were being introduced. After a short discussion, the Court approved the Report.
- 3 Mr Loehnis spoke about the August paper on International Economic Developments.
- 4 Mr Blunden reported arrangements to introduce a Voluntary Severance Scheme at the Printing Works and explained the background to them. There was a current surplus of about 40 staff there and sufficient applications were expected to enable a reduction of this size to be achieved this year. A similar surplus would arise either next year or soon thereafter, which would be dealt with by a second tranche under the same Scheme.

H. J. Inman

Assistant Secretary

15. 9. 83

John J. H. H. H.

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 15 SEPTEMBER 1983

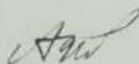
Present

Robert Leigh-Pemberton, Esq, 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
Alan Lord, Esq, CB
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
Rodney Desmond Galpin, Esq

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

There being no comments on the weekly Figures, the Governor 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 Gill, Head of the Foreign Exchange Division, to attend in the absence of both the Deputy Governor and Mr Loehnis, and speak about the exchanges.



Also 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, referred first to the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 17 August. These had confirmed the preliminary figures and showed that the cumulative rate of growth for all indicators was closer to the target range. He went on to speak about the stance of monetary policy adopted by the Bank and the progress over the last two months that had made problems less acute. The most encouraging feature was that market fears of a possible need for interest rates to go up had all but disappeared. Further progress was needed before any reduction in rates could be seriously considered.
- 2 Mr Dow introduced the Economic Report for September, drawing attention to several of its features, and some general discussion ensued.
- 3 Mr Blunden introduced a Report of the Staff Committee on Educational Loan borrowing limits. The recommendations contained in the Report were approved.

A recommendation by the Governors on the following appointment, which it was agreed should be made with effect from that day, was approved:

[REDACTED]
A Senior Manager, Banking
Supervision Division,
Scale 8

to Scale 9, as a Senior
Manager, Banking Supervision
Division

The Court took note of a forthcoming secondment to the EEC Commission in Brussels.

Mr Drain spoke about impressions gained during his recent attendance at the Annual Trades Union Congress in Blackpool.

A. G. J. Williams
22. IX. 83
Secretary of the Bank

C. W. M. Mahon

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 22 SEPTEMBER 1983

Present

Robert Leigh-Pemberton, Esq, Governor

Christopher William McMahon, Esq, Deputy Governor

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

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

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

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. In discussion the suggestion was accepted that it would be appropriate for the Court to hear, at a convenient moment, about the situation regarding the European Monetary System.

The drafts of two sections of the September edition of the Quarterly Bulletin were laid before the Court. At the Governor's invitation, Mr Dow spoke about the main features of the "Economic Commentary" and a discussion followed, mainly on



issues arising from the growth of mortgage lending. Mr George then introduced the section on the operation of monetary policy, which covered ground already familiar to the Court.

At the Governor's invitation -

- 1 Mr Loehnis introduced a paper on the international energy situation which concentrated on the recent developments in the world oil market and on the long-term trends and future prospects for UK energy consumption. A discussion followed.
- 2 With reference to a Minute of 18 August, Mr Dow introduced a paper prepared in response to questions about quantitative restrictions on trade, and there was a short discussion.

The Court took note of a recent retirement under the terms of the Selective Severance Scheme.

A. L. T. Williams

C. W. M. Mahon

Secretary of the Bank

29th September 1988

MINUTES OF A COURT OF DIRECTORS AT THE BANK

THURSDAY 29 SEPTEMBER 1983

Present

Robert Leigh-Pemberton, Esq, Governor
Christopher William McMahon, Esq, Deputy Governor
The Hon Sir John Francis Harcourt Baring, CVO
George Blunden, Esq
Sir Robert Anthony Clark, DSC
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

John Christopher Roderick Dow, Esq
Rodney Desmond Galpin, Esq

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

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets, and the Deputy Governor, in Mr Loehnis' absence, to speak about the exchanges. The Deputy Governor went on to introduce a statement of the Overseas Trade Figures for August.



At the Governor's invitation -

- 1 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 several of the matters dealt with in the assessment section of the Bulletin, and also mentioned three of the articles. Two, arising from a conference held by the Bank in May on the implications of changes in monetary systems, had been released earlier and had, in his view, attracted helpful coverage by the press that day.
- 2 Sir Hector Laing introduced a Report from the Board of Directors of BE Services Limited, including the annual accounts for the year ended 28 February 1983. A few points were raised in discussion.
- 3 With reference to Minutes of the previous week and earlier, Mr Dow introduced a paper prepared in response to questions about overtime, short-time working and redundancies during the recession. In discussion, it was argued that companies' fear of taking on additional workers was stronger in the present cycle than in comparable earlier periods, and the effects of this were pointed out.
- 4 Mr Galpin spoke about the demonstration that had been taking place in the City that day without, at that stage, any significant effect on the Bank.
- 5 Mr Galpin also mentioned that at the recent Annual General Meeting of the Bank of England Operatic and Dramatic Society he had been asked to convey thanks to the Court for their continued support of the Society.

AAW

The Court took note of a forthcoming secondment to the Bahrain Monetary Agency.

The Court were also informed of the death, the previous Friday, of a Member of the Staff.

The Governor spoke to the Court about the progress made in the IMF and other meetings in Washington from which he had just returned.

A. J. Williams
Secretary of the Bank

6 October 1983

Chairman of the Staff

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 6 OCTOBER 1983

Present

Robert Leigh-Pemberton, Esq, Governor
George Blunden, Esq
Sir George Adrian Hayhurst Cadbury
Edward Alan John George, Esq
Sir Jasper Quintus Hollom, KBE
Sir Hector Laing
Anthony David Loehnis, Esq
Alan Lord, Esq, CB
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.

At the Governor's invitation, Mr Blunden spoke about two transactions reflected in the weekly figures: one related to the progress being made in reducing the outstanding loans still being granted by the Support Group and hence the Bank's participation in them (his account being supplemented by Sir Jasper Hollom); the other concerned the taking up of a modest amount of loan stock in Thrissell Limited (with reference to Minutes of 14 April and earlier).



The Governor then invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. Mr Loehnis also commented on the Official Reserves figures as at the end of September, which had been published the previous Tuesday.

With reference to Minutes of the previous week and earlier, the Governor spoke to the Court about Press reactions to the publication, the previous Thursday, of the September edition of the Quarterly Bulletin.

At the Governor's invitation -

- 1 Mr Loehnis introduced the September paper on International Economic Developments. There followed a short discussion about the feasibility of reporting from time to time on developments of significance in important countries other than the six covered by the monthly paper.
- 2 Sir Jasper Hollow, Chairman of the Commonwealth Development Finance Company Limited, reviewed the Company's history and described its present position and prospects in the light of its recently published Annual Report and Accounts for 1983. He concluded that, in view of the progress being made in restoring the Company's capital position with the help of, inter alia, financial support from the Bank, it would probably be right to reach a decision on the Company's future in about a year's time.

With reference to a Minute of 1 September the Governor informed the Court that he had come to an agreement with the Chancellor, first that the Bank's Annual Report and Accounts should be published earlier than hitherto, if possible by the end of May each year (with the Report and Accounts of the Deposit Protection Board being published separately and still earlier, namely at the beginning of April); and secondly that the

formula which he had suggested, with the Court's approval, for determining the annual payment to HM Treasury in lieu of dividend should be adopted for the year ending 29 February 1984 and thereafter, subject to review after five years or "in extremis". There was a short discussion.

With reference to a Minute of 25 August, a letter from Messrs Freshfields having been submitted together with a document to be sealed, namely a Deed of Amendment, in duplicate, relating to the Bank of England Staff Pension Fund, the Court approved thereof and

ORDERED

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

A. E. T. Williams *Chairman of the Court*
Secretary of the Bank

20th October 1983

A MEETING OF DIRECTORS AT THE BANK

THURSDAY, 13 OCTOBER 1983

Present

Robert Leigh-Pemberton, Esq, Governor

George Blunden, Esq

Edward Alan John George, Esq

Anthony David Loehnis, Esq

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.

There were no comments on the weekly Figures.

A. J. Williams
Secretary of the Bank

20th October 1983

John of Stafford

A COURT OF DIRECTORS AT THE BANK

THURSDAY 20 OCTOBER 1983

Present

Robert Leigh-Pemberton, Esq, Governor

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Sir Robert Anthony Clark, DSC

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Alan Lord, Esq, CB

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 Pforde, Esq

The Minutes of the Court of 6 October were confirmed and those of the Meeting of 13 October, which had also been circulated, were approved.

There being no comments on the weekly Figures, the Governor 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 main features of the announcement (to be made later that day) about the Money and Banking Figures as at 21 September, noting that they indicated a



generally more satisfactory situation, with the monetary aggregates, on an annualised basis, now within or close to the target ranges, in large part as a result of the successful funding effort through the summer. He went on to describe the main preoccupations that affected the conduct of monetary policy. Despite the recent improvement in the monetary picture, which had enabled interest rates to come down modestly during the past month, there remained grounds for caution. In particular funding was likely to become harder; and continued growth in mortgage lending could become a concern, with building societies becoming increasingly aggressive lenders in a more competitive environment. The discussion which followed was chiefly concerned with the position of the building societies and with the significance of changes in the savings ratio.

- 2 Mr Dow introduced the Economic Report for October, drawing attention to several of its features and mentioning some recent figures. He also referred to a further paper, produced by the Economics Division, on Wage Developments to early-October. The ensuing discussion reverted to the question of the savings ratio.
- 3 Sir Hector Laing introduced a 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. In discussion, reference was made to the prospects for the £1 note and to the effect of forgeries on the planning of note production.
- 4 Sir Hector Laing, Sir Adrian Cadbury and Mr Scholey spoke about their recent visits to the United States, Japan and Scandinavia, respectively.
- 5 With reference to a Minute of 23 June, the Court took note of the forthcoming secondment of [REDACTED], an Assistant Chief of Corporate Services, Scale 9, for a period of two years to Business in the Community as the first Executive Director of City of London Business in the Community.

A. K. Williams, Secretary of the Bank

27. x. 83

Crommation

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 27 OCTOBER 1983

Present

Robert Leigh-Pemberton, Esq, Governor
Christopher William McMahon, Esq, Deputy Governor

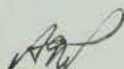
George Blunden, Esq
Sir George Adrian Hayhurst Cadbury
Sir Robert Anthony Clark, DSC
Geoffrey Ayrton Drain, Esq, CBE
Edward Alan John George, Esq
Sir Jasper Quintus Hollom, KBE
Sir Hector Laing
Anthony David Loehnis, Esq
Lord Nelson of Stafford
Sir Lionel Alexander Bethune Pilkington, FRSE
David Gerald 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.

At the Governor's invitation, Mr Blunden mentioned two matters arising from the weekly Figures, one being the fact that the autumn "low" in the note circulation appeared to have occurred in October for the second year running.

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



The Governor summarised Press comments on the speeches made by the Chancellor of the Exchequer and himself at the Mansion House Dinner on 20 October. A discussion followed, chiefly about the significance to be attached to the M0 indicator in the light of the emphasis put on it by the Chancellor.

A statement of Overseas Trade Figures for September was laid before the Court and, at the Governor's invitation, introduced by Mr Loehnis.

Also at the Governor's invitation -

- 1 With reference to Minutes of 1 September and previously, Mr Walker described the Bank's attitude to the proposals now under consideration for reforming the Stock Exchange in view of HM Government's intention to remove it from the scope of the legislation against restrictive practices. A discussion followed.
- 2 In response to a question raised by Sir Hector Laing at the Court of 21 July, Mr Loehnis spoke about the trends in manufacturing trade balances in the industrialised countries.

A. J. T. Williams

Crommelton

Secretary of the Bank

3. XI. 83

3rd Nov 1983

A COURT OF DIRECTORS AT THE BANK

THURSDAY 3 NOVEMBER 1983

Present

Robert Leigh-Pemberton, Esq, Governor
Christopher William McMahon, Esq, Deputy Governor
The Hon Sir John Francis Harcourt Baring, CVO
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
Alan Lord, Esq, CB
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.

At the Governor's invitation to comment on the weekly Figures, Mr Blunden drew attention to the fact that there had been in the last week some reversal of the recent increase in the Issue Department's holding of Commercial and Corporate Bills.



The Governor then asked Mr George to speak about the state of the domestic markets and Mr Loehnis about the exchanges. Mr Loehnis also commented on the Official Reserves figures as at the end of October, which had been published the previous afternoon.

Also at the Governor's invitation -

- 1 Mr Loehnis introduced the October paper on International Economic Developments. The following discussion touched on the questions of confidence in the interbank markets and relative international competitiveness.
- 2 Sir Jasper Hollom introduced, first, the quarterly Report of the Charitable Appeals Committee, which was approved by the Court after a brief discussion, and, secondly, a Report of the Trustees of the Court Pension Scheme, of which the Court took note.
- 3 Sir Hector Laing referred to the launching, the previous Thursday at the Printing Works, of the Forest Enterprise Agency Trust, an Enterprise Agency for the Epping Forest area.
- 4 The Deputy Governor and Sir John Baring spoke about some of the impressions they had formed as a result of their recent visits to Australia, and Mr Drain spoke about his recent visits to Florida and Brussels on trades union business.

A. J. Williams

C. W. M. Mahon

Secretary of the Bank

10 . XI . 83

10 a. Novale 1983

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 10 NOVEMBER 1983

Present

Robert Leigh-Pemberton, Esq, Governor
Christopher William McMahon, Esq, Deputy Governor
George Blunden, Esq
Sir George Adrian Hayhurst Cadbury
Geoffrey Ayrton Drain, Esq, CBE
Edward Alan John George, Esq
Sir Jasper Quintus Hollom, KBE
Sir Hector Laing
Anthony David Loehnis, Esq
Alan Lord, Esq, CB
Lord Nelson of Stafford
Sir Lionel Alexander Bethune Pilkington, FRS
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.

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges.

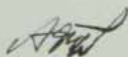


At the Governor's invitation -

- 1 Mr George introduced a statement of the Banking Figures as at 19 October and commented on the preliminary estimates for M1, EM3 and PSL2. He noted that, although they could perhaps be regarded as disappointing, after the better run of figures since July, on an annualised basis EM3 remained within the target range and the other aggregates too were growing more slowly than earlier in the year.
- 2 Mr Dow introduced the Economic Report for November, drawing attention to several of its features, including the position as regards employment and retail sales; and the former topic was the main subject of the discussion that followed.
- 3 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 1983 and which contained an estimate of the possible outturn for the full financial year. After a discussion, the Report was approved.
- 4 Sir Adrian Cadbury described his impressions of the annual national conference of the Confederation of British Industry, which had been held in Glasgow earlier that week, and there was a short discussion.

With reference to Minutes of 12 May and earlier, the Governor informed Members that, in correspondence between himself and the present Chancellor, the question of notifying H M Treasury of support operations undertaken by the Bank had been resolved, and the Court took note of that satisfactory outcome.

The Governor then mentioned two matters concerning Project Fullemploy Limited and it was RESOLVED that -



MR R D GALPIN or, failing him, MR R J WOODLEY be authorised to act as the representative of the Governor and Company of the Bank of England at any Meeting of Project Fullemploy Limited.

A statement about an exchange of responsibilities, with effect from 3 January 1984, between Mr L D D Price and Mr P H Kent which would result in the latter becoming Head of the Information Division, was laid before the Court.

of H. Williams
Secretary of the Bank
17th November 1983

See

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 17 NOVEMBER 1983

Present

Robert Leigh-Pemberton, Esq, Governor

The Hon Sir John Francis Harcourt Baring, CVO

George Blunden, Esq

Sir Robert Anthony Clark, DSC

Geoffrey Ayrton Drain, Esq, CBE

Sir Jasper Quintus Hollom, KBE

Alan Lord, Esq, CB

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

David Alan Walker, Esq

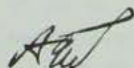
Lord Weir

John Standish Fforde, Esq

William Peter Cooke, Esq

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

There being no comments on the weekly Figures, the Governor 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 Gill, Head of the Foreign Exchange Division, to attend in the absence of both the Deputy Governor and Mr Loehnis, and speak about the exchanges.



Also 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, referred to the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 19 October. It confirmed the preliminary estimates and showed that growth in the monetary aggregates continued, as in the most recent months, to be mainly attributable to bank lending to the private sector. The net contribution of debt sales to the funding of the central government borrowing requirement would for a period be limited by the heavy flow of maturities. It was unlikely that the growth of the aggregates in the coming months would proceed at so slow a pace as to create a case for any reduction in interest rates, although it also looked unlikely at present that monetary conditions would produce upward pressure on rates. There was a brief discussion.

- 2 Mr Cooke spoke about the removal early this year of the licence of a deposit-taking institution under the Banking Act 1979. An appeal against the Bank's decision had been heard in the summer, and the Chancellor of the Exchequer had recently confirmed the Bank's decision to revoke the licence. In explaining the particular circumstances of the case and the procedure that had been followed, Mr Cooke drew attention to several features that were unsatisfactory so far as the Bank was concerned. In the discussion that followed, Members concurred with the view that there were a number of important issues arising from the case that should be taken up with H M Treasury.

- 3 Sir Robert Clark spoke about his impressions of the economic and political scene in South Africa, gained during his recent visit there.

A statement of four retirements and of a secondment was laid before the Court. Mr Drain mentioned the particular success of Mr A T Bell, one of the senior officials retiring, in explaining the Bank's views to trades union contacts.

A. J. T. Williams
 24. 11. 83
 Secretary of the Bank

C. W. Mahon

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 24 NOVEMBER 1983

Present

Robert Leigh-Pemberton, Esq, Governor
Christopher William McMahon, Esq, Deputy Governor
George Blunden, Esq
Sir Robert Anthony Clark, DSC
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 Governor invited Mr Blunden to speak about the weekly figures: he drew attention to the beginning of the seasonal increase in the note issue and to two transactions reflected in the increase shown under the heading of "Premises and Equipment".

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



The Governor informed the Court that the question of lending to Argentina by British banks might be mentioned in the context of a Parliamentary question due to be addressed that afternoon to the Chancellor of the Exchequer. The various issues that could arise for the Bank were discussed.

At the Governor's invitation -

- 1 Mr Dow introduced a paper by the Economics Division about some of the main points of the Chancellor's Autumn Statement to Parliament the previous Thursday.
- 2 Mr Loehnis spoke to the Court about the World Economy Forecast paper for October, and also about a paper on the balance of payments and debt prospects for a sample of twenty-four less developed countries. It was noted in discussion that both papers provided a good analysis of the topics covered, and that, in particular, although an alternative interpretation could be supported, it was likely that the position of the less developed countries would continue to be fragile.

A. H. C. Williams *Cum gratia*
Secretary of the Bank 1 . xii . 83
1st December 1983

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 1 DECEMBER 1983

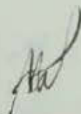
Present

Robert Leigh-Pemberton, Esq, Governor
Christopher William McMahon, Esq, Deputy Governor
The Hon Sir John Francis Harcourt Baring, CVO
George Blunden, Esq
Sir George Adrian Hayhurst Cadbury
Edward Alan John George, Esq
Sir Hector Laing
Anthony David Loehnis, Esq
Lord Nelson of Stafford
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 having noted that the Parliamentary Question about Argentina had not in the event given rise to any of the issues envisaged.

There being no comments on the weekly Figures, the Governor invited Mr George to speak about the state of the domestic markets and Mr Loehnis to speak about the exchanges. Mr Loehnis went on to introduce a statement of the Overseas Trade Figures for October, and there was a brief discussion.



At the Governor's invitation -

- 1 With reference to Minutes of 28 July and earlier, Mr Walker introduced a Corporate Sector Report about trends in corporate profitability and finance. The ensuing discussion was mainly concerned with the unsatisfactory state of the present proposals within the accounting profession for ensuring adequate standards for current cost accounting in financial accounts and concern was also expressed at the high proportion of listed companies that distribute dividends that are uncovered on a current cost basis.
- 2 Sir Adrian Cadbury spoke about some of the impressions he had gained during his recent visits to Canada and the United States.

The Governor informed the Court that Tuesday 5 June 1984 would be the 250th anniversary of the Bank opening for business in Threadneedle Street. As part of the celebrations, it was planned to hold a reception in the Bank on the evening of 4 June, to which the Lord Mayor and other City dignitaries would be invited. Her Majesty The Queen had accepted his invitation to lunch with the Court, Associate Directors and Advisers to the Governor, with their wives, on a date, still to be agreed, early in the year.

A letter from Messrs Freshfields having been submitted together with a document to be sealed, namely a Lease relating to a tenancy at New Change, 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
 8th Dec 1983

Belmont of Haffad.

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 8 DECEMBER 1983

Present

Christopher William McMahon, Esq, Deputy Governor

The Hon Sir John Francis Harcourt Baring, CVO

George Blunden, Esq

Sir George Adrian Hayhurst Cadbury

Geoffrey Ayrton Drain, Esq, CBE

Edward Alan John George, Esq

Sir Jasper Quintus Hollom, KBE

Sir Hector Laing

Anthony David Loehnis, Esq

Alan Lord, Esq, CB

Lord Nelson of Stafford

Sir Lionel Alexander Bethune Pilkington, FRS

David Gerald Scholey, Esq, CBE

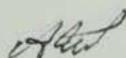
Sir David Edward Charles Steel, DSO, MC

David Alan Walker, Esq

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

The Deputy Governor invited Mr Blunden to speak about the weekly Figures, and he drew attention to a variation in the Public Deposits item which reflected a deposit made by HM Paymaster-General to cover the costs of the work done for him in the Clearing Centre.

The Deputy Governor then invited Mr George to speak about the state of the domestic markets. Referring, inter alia, to the recent market issue on behalf of the Cable and Wireless Company, he said the Bank was not inclined to draw any conclusions from it as regards the method of future issues of that kind.



Also at the Deputy Governor's invitation:-

- 1 Mr Loehnis spoke about the exchanges and commented on the Official Reserves figures as at the end of November, which had been published the previous Friday. Mr Loehnis later introduced the November paper on International Economic Developments; in the following discussion, the stimulus given by increased consumption to the growth of the industrial economies was among the subjects covered.
- 2 Mr George introduced a statement of the Banking Figures as at 16 November, and commented on the preliminary estimates for EM3, PSL2 and M1. They indicated that the growth of the aggregates had tended to slow down since early in the target period and the annualised rate had come down towards the top of the target range.
- 3 Mr Scholey spoke about his recent visit to West Germany. He mentioned that the recent difficulties of a private bank there might have wider implications for banking supervision, and this point was taken up in discussion.
- 4 Mr Blunden explained the background to the annual salary settlement for Electronic Data Processing staff.

A Quarterly Report of the Audit Committee was laid before the Court and, at the Deputy Governor's invitation, introduced by Sir Jasper Hollom. He drew attention to a number of matters which were mentioned in the Report as giving concern to the Committee. After a short discussion, the Report was approved.

With reference to a Resolution of the Court of 1 March 1946, a Minute of the Committee of Treasury recommending a change in the procedure for appointing its Members was also laid before the Court. The Deputy Governor explained, on the lines of his statement to the Committee earlier that day, the grounds for

aligning the arrangements for that Committee to those for the Court's other Standing Committees. After a brief discussion, the Court

- 1 Agreed to delete Clauses 2, 7 and 8 of its Resolution of 1 March 1946 and replace Clause 2 as follows:

That the Members of the Committee, other than the ex-officio Members, be appointed annually by the Court, provided always that no more than one Executive Director may be so appointed, and that casual vacancies be filled by the Court at its discretion.

- 2 Resolved that:

- (i) The Members of all its Standing Committees in the ensuing year should henceforward be appointed at its first meeting in March each year.
- (ii) The arrangements for visits by Directors to the branches and offices of the Bank during the ensuing year should henceforward be approved at its second meeting in March each year.

A. J. Williams
 Secretary of the Bank
 15th Dec 1983

C. W. McMahon
 15. XII. 83

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 15 DECEMBER 1983

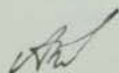
Present

Robert Leigh-Pemberton, Esq, Governor
Christopher William McMahon, Esq, Deputy Governor
The Hon Sir John Francis Harcourt Baring, CVO
George Blunden, Esq
Sir George Adrian Hayhurst Cadbury
Sir Robert Anthony Clark, DSC
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
John Standish Fforde, Esq
Rodney Desmond Galpin, Esq

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

There being no comments on the weekly Figures, the Governor 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 With reference to a Minute of the previous week, Mr George referred to the main features of the announcement (to be made later that day) about the Money and Banking Figures as at 16 November. The final figures showed all three target aggregates had grown by 0.6%, so that, at an annualised rate, EM3 lay within the target range with the other aggregates close to it, but still outside. Despite the more modest monetary growth of the last six months there were few grounds for complacency. Given the upturn in the PSBR at the end of the last financial year, there was necessarily some concern that this could recur. With monetary control as heavily dependent on funding as at present, the position was vulnerable to setbacks in the gilt-edged market. And should the upturn in economic activity lead to a higher rate of growth in bank lending, that too could be cause for concern. While in each case the problems were potential rather than actual, the monetary situation could not be considered secure. Some comfort might be drawn from other indicators: even the currently nervous exchange rate - affected by US developments and oil - revealed little about the domestic position. There was a short discussion, in which the Governor referred to the Chancellor's interest in the M0 indicator.
- 2 Mr Dow pointed out various features in the Economic Report for December, including some later figures, and also made some comments on the draft Economic Commentary for the December edition of the Quarterly Bulletin. A discussion followed, mostly about the savings ratio and the underlying trend in the UK trade balance.
- 3 Mr George then introduced a second draft Quarterly Bulletin article, on the operation of Monetary Policy.
- 4 Mr Loehnis introduced a World Payments Report as at Autumn 1983, and a brief discussion ensued.



The Governor spoke about a Minute which had been approved by the Committee of Treasury that day, recommending two senior appointments. It was agreed that they should be made with effect from 1 March 1984 -

J S FLEMMING (42)
A Chief Adviser and
Head of the Economics
Division, Scale 12

to be the Economic Adviser to the
Governor, with the status of
Associate Director, at a salary of
£52,000.

C T TAYLOR [redacted]
An Adviser, Economics
Division, Scale 9

to be Head of the Economics
Division, on Point C.

Two letters from Messrs Freshfields having been submitted together with two documents to be sealed, namely a Lease relating to a tenancy at New Change and a Building Contract, in duplicate, relating to remedial work to the external cladding 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. Williams

C. W. M. Chalton

Secretary of the Bank

22 . XII . 83

22nd Dec 1983

A COURT OF DIRECTORS AT THE BANK

THURSDAY, 22 DECEMBER 1983

Present

Robert Leigh-Pemberton, Esq, 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
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
Rodney Desmond Galpin, Esq

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

At the Governor's invitation, Mr Blunden mentioned the seasonal increase in the note issue shown in the weekly Figures, and a short discussion followed on this and related topics, including an answer given that morning in the House of Commons by the Prime Minister on the £1 coin.



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

Also at the Governor's invitation -

- 1 Mr Dow spoke briefly about a paper which had been produced by the Economics Division summarising recent developments in the United Kingdom's balance of payments position. The significance of outward portfolio investment since the ending of Exchange Control was raised in the ensuing discussion. Mr Dow went on to draw Members' attention to the latest Bank forecasts for the UK economy, which also gave rise to a short discussion.
- 2 With reference to a Minute of the previous week, Mr Dow introduced the December edition of the Quarterly Bulletin, together with an edition of Bank Briefing. As he noted, they came before the Court after their publication, which had occurred the previous Tuesday. He drew attention to several features of the Assessment, some of which had received a perhaps less than balanced treatment by the Press, and to the speeches by the Governor and others reproduced in the Bulletin, which had attained almost a record size, despite the shorter statistical appendix. He felt nevertheless that the speeches gave a good idea of Bank thinking on a wide range of subjects.
- 3 A report of the Staff Committee, proposing a revision of borrowing limits under the Housing Loan Scheme, was laid before the Court and, having been introduced by Mr Drain at the Governor's invitation, was approved.

Sir Hector Laing was granted permission to become a non-executive director of the Exxon Corporation.

AGD

Two letters from Messrs Freshfields having been submitted together with two documents to be sealed, namely a Building Contract, in duplicate, between the Bank and Higgs and Hill Building Ltd, being the management contract for the modernisation and improvement of engineering services in Head Office, and a Deed of Indemnity, in duplicate, between the Bank and Standard Bank plc arising out of the rescue operation for the Wallace Brothers Group in 1977, the Court approved thereof and

ORDERED

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

A. J. J. Williams

See.

Secretary of the Bank

5th January 1984

A MEETING OF DIRECTORS AT THE BANK

THURSDAY, 29 DECEMBER 1983

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

Edward Alan John George, 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.

At the Deputy Governor's invitation Mr Blunden mentioned in relation to the weekly Figures a sizeable reduction in the Iranian Escrow Account.

The Deputy Governor then invited Mr George to speak about the state of the domestic markets and a short discussion followed on the gap in the yield curve between British Government Securities and US Treasury Bonds.

In the absence of Mr Loehnis, the Deputy Governor then spoke about the exchanges and went on to introduce a statement of the Overseas Trade Figures for November, one of the striking features of which was the volatility of the monthly figures for the current balance over the previous 12 months.

A statement of three retirements was laid before the Meeting.

The Meeting was also informed of the death of Lord Pilkington the previous Thursday. Lord Pilkington had been a Member of the Court from 1955 to 1972.

A. J. J. Williams
Secretary of the Bank 5th January 1984 *Jee*

