

BANK OF ENGLAND
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Articles: Volumes I-V

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Articles : Volumes I-V

The December 1965 issue of the *Bulletin* completes Volume V. This supplement outlines the contents of all the articles published since the first issue in December 1960. For ease of reference the articles are grouped under ten broad headings:

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*Copies of the articles marked * are available separately on application to the Chief of the Economic Intelligence Department, Bank of England, London, E.C.2.*

The Bank of England

The management of money day by day*

Volume III, March 1963, page 15

Describes the nature of the Bank's daily operations in the money market and how these are linked to the management of the Exchequer accounts. The article also explains how these operations influence short-term interest rates; how the size of the weekly Treasury bill tender is decided upon (see also the article "The Treasury Bill", September 1964); how the clearing banks are enabled to maintain their 8% cash ratio; and how daily changes in, e.g., the sterling assets of the Exchange Equalisation Account or the note circulation are taken into account.

The Bank of England as Registrar*

Volume III, March 1963, page 22

Describes the role of the Bank as registrar of government and other securities, the work done today (remarkable chiefly for its scale), and recent technical developments. Some later information on this subject is contained in the Bank's *Annual Reports*.

Branches of the Bank of England*

Volume III, December 1963, page 279

Discusses the origin of the branches early in the nineteenth century and their work, an important part of which has always been to facilitate the circulation of Bank of England notes. A table lists the branches, with the dates of their opening (and closure, where applicable) and includes brief notes about each.

Bank of England notes

Bank note printing*

Volume I, September 1961, page 24

The Bank design and print their own notes. Some of the special problems which arise from the large scale of the work and from the need to outwit forgers are discussed.

Withdrawal of Bank notes from circulation

Volume II, September 1962, page 186

Some notes issued by the Bank remain unrepresented indefinitely. The article explains the circumstances in which these notes are written off the total of notes in circulation shown in the weekly Bank return, and the accounting and other procedures this entails.

Mutilated notes*

Volume III, September 1963, page 199

The Bank are called upon to replace a large number of damaged notes. Some details of this work are given, including an explanation of what notes, or remains of notes, may hope to qualify for replacement.

The note circulation*

Volume V, March 1965, page 39

The historical background to the Bank's position as note-issuing authority; the denominations in issue at different periods; parliamentary control of the fiduciary issue; the mechanics of issue; and the monetary effects of changes in the number of notes in circulation. There are comments on the physical problem of servicing the note issue, regional differences in the distribution of notes, and the problem of forecasting future requirements.

Changes in demand for Bank notes

Volume V, September 1965, page 248

Gives a breakdown by denominations of the total of notes in circulation since November 1956 and shows the time taken to replace notes in the public's hands when new designs have been introduced.

The Governor's speeches

Speeches made by the Governor of the Bank at the annual dinner given by the Lord Mayor to the bankers and merchants of the City of London are reprinted in the December issues of the *Bulletin* from 1960 to 1965. An extract from a speech delivered in February 1961 to the Institute of Bankers in Scotland is reprinted in the March issue of that year (Volume I).

The British banking system

The procedure of Special Deposits

Volume I, December 1960, page 18

Describes the machinery for calling Special Deposits; the form of announcement to the public and the banks; the calculation of amounts to be called from each bank—both initially and as subsequently adjusted each month; and how interest is calculated and paid.

The overseas and foreign banks in London

Volume I, September 1961, page 18

These banks are prominent in the foreign exchange market and in the finance of international trade. The article discusses the nature of their deposits, both in foreign currencies and in sterling, and the foreign currency and sterling assets in which they employ their funds.

Commercial bills

Volume I, December 1961, page 26

A brief account of the main types and features of commercial bills, of the market in these bills, and of the Bank's policy in this sphere.

Bank liquidity in the United Kingdom

Volume II, December 1962, page 248

The general concept of bank liquidity and the different considerations affecting different types of banks. Present liquidity conventions are described (with particular reference to the London clearing banks), together with the part these play in the official control of credit.

Seasonal adjustment of banking statistics: London clearing banks

Volume III, June 1963, page 95

Gives seasonally adjusted figures of the London clearing banks' net deposits and advances and other accounts from January 1959 to March 1963. The figures were subsequently brought up to date (September 1963, page 196), and were then extensively revised (December 1963, page 292).

Seasonal adjustment of banking statistics: British Bankers' Association quarterly analysis of advances

Volume III, September 1963, page 196

This note introduces seasonally adjusted figures, from February 1958, of the quarterly changes in the B.B.A.'s analysis of advances. It also brings up to date the seasonally adjusted figures for the London clearing banks' net deposits and advances and other accounts first introduced in June 1963 (see above).

Banking statistics

Volume II, December 1962, page 267
Volume III, December 1963, page 285

The first article introduces an improved series of quarterly statistics for the accepting houses and overseas banks, in continuation of those provided to the Radcliffe Committee.

The second article gives new quarterly statistics for the whole banking system, with a sector analysis of the banks' principal assets and liabilities (*i.e.*, the current series). It includes a discussion of the concept of net deposits (needed to show the true liability of the banks as a whole to their non-bank customers), and explains a change in the definition of net deposits as applied to the London clearing banks. It also revises the seasonally adjusted figures of the London clearing banks' net deposits, and advances and other accounts, previously published in June and September 1963 (see above).

Bank clearings as a measure of economic activity*

Volume V, March 1965, page 32

Describes an investigation into the statistical relationship between the level of economic activity, as measured in the national income accounts, and the value of cheques passing through the bank clearing system; and concludes that the figures of clearings, despite their limitations, can help in assessing the latest developments in the economy.

Other U.K. financial institutions

The financial institutions*

Volume V, June 1965, page 132

Examines the new statistics available in recent years for the financial institutions (namely, insurance companies, pension funds, building societies, investment trusts, hire-purchase finance companies, special investment departments of trustee savings banks, unit trusts, and some special finance agencies). The first part of the article discusses the nature of each group's business and the sources and investment of their funds; the second part assesses the importance of the institutions to some of the markets in which they operate.

Investment trusts and unit trusts

Volume I, September 1961, page 29

From 31st December 1960 the Bank have collected statistics of these institutions' assets (annually) and transactions (quarterly); these are introduced and linked with some earlier estimates published in the Radcliffe Report.

Sources of funds of hire-purchase finance companies 1958-62*

Volume II, December 1962, page 256

Describes the main sources of the finance houses' funds, *i.e.*, from share issues, deposits, bank advances and bill finance, and reviews developments between 1958 and 1962.

Length of hire-purchase contracts for vehicles

Volume IV, March 1964, page 22

Outlines the first results of an investigation carried out jointly by Hire Purchase Information Limited and the Bank. A fuller report is given in the September 1965 *Bulletin*, as under.

Hire-purchase contracts for cars*

Volume V, September 1965, page 241

An enquiry into the length of hire-purchase contracts for cars and commercial vehicles first described in March 1964 (see above), which examines the intended and actual lengths of contracts, the reasons why contracts may be terminated early, and the relationship between terminations and fresh contracts.

Gold, commodity and security markets

The London gold market*

Volume IV, March 1964, page 16

Explains the constitution and operation of the market, including the daily fixing of the gold price. There are notes on the Bank of England's operations in the market (*e.g.*, on behalf of the Exchange Equalisation Account, the South African Reserve Bank and other central bank customers); and on the gold pool arrangements for co-ordinating the gold operations in London of certain European central banks and of the Federal Reserve Bank of New York.

U.K. commodity markets*

Volume IV, September 1964, page 194

Describes the post-war revival of these markets, initially through exchange control commodity schemes, and the Bank's part in these schemes; and outlines the broad principles of present day commodity marketing procedures, including trading in futures. There are notes on the current background and on some of the international commodity agreements.

Capital issues on the United Kingdom market

Volume I, December 1961, page 35

Introduces the current series of Bank of England estimates of capital issues, available from 1954; and compares it with the former series published by the Bank (from 1928) and with that published by the Midland Bank.

U.K. security markets: the new transfer system and the reintroduction of bearer securities

Volume IV, December 1964, page 270

The background to the Stock Transfer Act 1963, which allowed the introduction of a simpler form of transfer, and a discussion of the first year's working of the new system. The article describes war-time restrictions on bearer issues and the considerations which had to be taken into account before these restrictions were eased in 1963; it ends with a description of the progress made by the Bank in reintroducing bearer facilities for government stocks. Information on this last point is also given in the Bank's *Annual Report* for the year ended 28th February 1965.

Sale of the prior charges of seven steel companies, March 1961

Volume I, June 1961, page 17

In March 1961 the Iron and Steel Holding and Realisation Agency made a simultaneous Offer for Sale of twelve securities of seven major steel companies—an unusually large and complicated commercial issuing operation. The article describes the mechanics of the issue, in which the Bank were heavily involved, and outlines some of the problems to which it gave rise.

Central Government finance

Distribution of the National Debt

Estimates of the extent to which different kinds of debt are held by different holders—for various dates up to 1957—were published in the evidence given to the Radcliffe Committee. Similar information for 1958-61 was given in an article in the *Bulletin* for June 1962 (Volume II, page 106) and this has been carried forward subsequently in the March issues.

Tax Reserve Certificates

Volume II, September 1962, page 176

Describes the origin, in 1941, and purpose of the tax reserve certificate. The article analyses holdings, and why they fluctuate; describes the administration of the tax reserve certificate system; and includes a brief note about comparable instruments abroad. Statistical tables give the number and value of applications and surrenders of certificates since 1941; an analysis, from 1957, as between persons and other holders; and rates of interest on successive issues.

The Treasury Bill*

Volume IV, September 1964, page 186

Defines the Treasury bill and describes the methods of issue, including the weekly tender. Explains the role of the Treasury bill in the management of money day by day (see also the article with this title in March 1963) and the market in these bills.

The markets in the two countries differ for historical and organisational reasons. The article discusses these differences, describes the role of the Treasury bill in financing the public sector in each country, and considers why Treasury bills are held more widely outside the banking system in the United States.

Sector financing

Articles in December 1960 and June 1961 and 1962 analysed the financial situation of the private sector since 1952, and the flow of funds between it and three other sectors—public, banks and overseas. Later articles, in September 1963* and June 1964* and 1965*, give more detailed estimates; in particular the private sector is subdivided into persons (including unincorporated businesses), industrial and commercial companies, and financial institutions other than banks. The quarterly analysis of financial statistics in each *Bulletin*, starting with that in the March 1965 issue, gives quarterly sector accounts on similar lines to those in the annual articles.

The balance of payments

The balance of payments: methods of presentation* *Volume IV, December 1964, page 276*

Discusses the meaning of balance of payments accounts and the problems of presenting them in a useful way. The article also recasts the U.K. official figures for 1957-63 in two different ways—by the method developed by the International Monetary Fund, which divides the components of the balance of payments into 'autonomous' or 'market' transactions and 'compensatory official financing', and by sectors (*i.e.*, as between government and private transactions).

Invisibles in the balance of payments *Volume I, December 1961, page 17*

Describes what the so-called invisible items are and compares the experience of the United Kingdom and some other countries in this field between 1955 and 1960.

Unrecorded movements in the U.K. balance of payments: The "Balancing item" *Volume II, March 1962, page 16*

Explains the reason for the balancing item in the balance of payments, with reference to the methods and sources used for estimating the visible and invisible account, long-term capital, and monetary movements; and gives possible reasons for its fluctuations. See also "Leads and lags in overseas trade" in the March 1961 issue (below).

Inflows and outflows of foreign funds *Volume II, June 1962, page 93*

Discusses the form in which private capital may move to and from the United Kingdom and examines some of the effects of these movements on banks and others in this country. The article includes an explanation of the effect of the operations of the Exchange Equalisation Account on government financing, and a note on experience in 1960 and 1961.

The statistical treatment of aid *Volume V, March 1965, page 15*

Explains the effect of central bank assistance of various kinds and of I.M.F. drawings upon the relevant statistical tables of the *Bulletin*, *i.e.*, those dealing with Exchequer financing, with U.K. liabilities in sterling and foreign currencies, and with the balance of payments. The note appears also in "Additional notes to the tables" in the issues for September 1965 (page 300) and December 1965 (page 400).

Overseas assets and liabilities

U.K. overseas portfolio investments

Estimates relating to the United Kingdom's overseas investments from 1958 to 1963 appeared in the June issues of the *Bulletin* from 1961 to 1964. A note in the June 1965 issue (page 156) explained that publication had been discontinued because more comprehensive estimates of portfolio capital movements, as well as income, had become available in the official U.K. balance of payments accounts, and indicated where earlier information in the Bank's series might be found.

An inventory of U.K. external assets and liabilities: end-1962 and end-1964*

Volume IV, March 1964, page 23
Volume V, December 1965, page 339

The problems of compiling such an inventory are discussed, with notes on the detailed items which would have to be included. A tentative estimate is made of the position at the end of 1962. This is revised in the *Bulletin* for December 1965, when an estimate is also made for the end of 1964.

New series of external liabilities and claims in sterling*

Volume III, June 1963, page 98

The new (current) series of figures available from December 1962 is described and compared with the former series, which dated back to the report of the Macmillan Committee in 1931.

Overseas sterling holdings*

Volume III, December 1963, page 264

Describes the growth of overseas holdings of sterling since 1931, and examines their distribution and character, the motives of different kinds of holders, and the reasons why their holdings alter. The article includes some previously unpublished material, detailed on page 275.

U.K. banks' external liabilities and claims in foreign currencies*

Volume IV, June 1964, page 100

Describes the development of the euro-dollar market since the end of 1957 and the part played in it by London banks. The article explains the sources and use of these funds, and introduces the current series of quarterly statistics of U.K. banks' external liabilities and claims in foreign currencies (starting from December 1962).

Overseas trade and finance for exports

Leads and lags in overseas trade

Volume I, March 1961, page 18

'Leads and lags' in the timing of international payments are defined, and distinguished from other short-term movements which may affect the reserves. The article discusses the reasons for leads and lags and their effect on the reserves; normal methods of payment in the commodity markets and elsewhere and the scope that exists for varying them; and the limitations imposed by U.K. Exchange Control.

Medium and long-term credit granted by U.K. exporters to countries outside the sterling area

Volume III, March 1963, page 32

Estimates, based on exchange control sources, of credit granted by about 400 of the larger exporting firms on exports to countries outside the sterling area. Totals are charted from 1952-61; the figures for 1961 are analysed by importing area, and those for 1962 by term. Later and more comprehensive information on this subject was given in the *Board of Trade Journal* for 7th May 1965.

Re-financing of medium-term export credits

Volume I, March 1961, page 15

Describes the scheme announced in February 1961 under which, to encourage the banks to make more medium-term credit available for U.K. exports, the Bank of England would offer re-finance of part of their export credits. The article explains which kinds of contract are eligible, the nature of the guarantee required from the Export Credits Guarantee Department, and the terms on which re-financing is made available. (See also the following articles, in June 1961 and March 1965)

Finance for exports

Volume I, June 1961, page 21
Volume II, March 1962, page 23

The article in June 1961 discusses the general problem of providing credit for exports, the improved facilities made available by the E.C.G.D. in October 1960, and the difficulties which could arise if the banks were to provide more medium-term credit. The solution to the last problem finally adopted was the Bank's scheme for re-financing medium-term export credit, described in the article in March 1961 (see also March 1965 below).

The note in March 1962 describes the arrangements introduced the previous January for some banks and insurance companies to provide medium and longer-term finance for the export of heavy capital equipment at a fixed rate of interest.

Help for exports

Volume V, March 1965, page 30

Describes further measures to help exports announced by the Board of Trade and the Bank on 27th January 1965. These included the formation of a Commonwealth Exports Council; various steps to be taken by the existing British National Export Council and government departments; wider availability of E.C.G.D. bank guarantees; and changes in the availability of export finance at a fixed rate of interest and in the Bank of England's re-financing scheme.

Overseas institutions and markets

International Monetary Fund

Volume I, March 1961, page 17

In February 1961 the United Kingdom—along with a number of other countries—notified the I.M.F. that it accepted the obligations of Article VIII of the I.M.F. Agreement. A brief note explains these obligations and gives a little of the historical background.

Currency and banking developments in certain Commonwealth countries during the past ten years

Volume II, March 1962, page 25

Describes the origin and nature of a number of colonial currency boards and their subsequent development, either through the enlargement of their powers and duties or through the creation or elaboration of central banking institutions. A number of these new central banks are described, and there are brief notes on their powers and attitudes towards commercial banks.

International investment: The role of security markets*

Volume III, June 1963, page 106

Examines the main features of public capital markets in the United Kingdom and continental Europe, using the U.S. market as a point of reference. Special attention is paid to the scope of these markets for foreign security issues and to the comparative costs of foreign security issues and dealings.

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