

12th biennial IFC Conference: “Statistics and beyond: new data for decision making in central banks”

22-23 August 2024

Filling the gaps: accounting for the first 223 years of Banque de France balance sheet¹

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¹ This contribution was prepared for the conference. The views expressed in this publication are those of the authors and do not necessarily represent the official views of the Committee, its members, or the BIS.

Filling the gaps: Accounting for the first 223 years of the Banque de France Balance Sheet

A proposal for retrospective balance sheet reconstruction

Vincent Bignon, Jonas Plüss¹

Abstract

This paper outlines a method for creating a retrospective series of balance sheet items for the Banque de France using both published and archival data. We examine two types of balance sheets: the published and the unpublished balance sheets. While both are legitimate images of the same organization, their purpose and historical development differed across time. This article studies the purposes of these balance sheets to show how they can be used to supplement the published balance sheets.

Keywords: central bank balance sheet, assets, liabilities

JEL classification: E58, C82, N13

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1. Introduction

The economics community has recently shown an interest in the impact of the size and composition of central banks' balance sheets on various economic variables, producing century-long studies with data going back to the founding of central banks. A necessary component of these studies is the existence of a consistent and continuous time series of central bank balance sheet items. We provide such a retrospective reconstruction in the case of the Banque de France. We complement Beaubau (2018), who compiled the data from the balance sheets published by the Banque de France in the official government gazette. However, there are gaps in the series of published balance sheet. It starts in 1840, four decades after the Banque's creation in 1800. In addition, the publication of the balance sheet was suspended, usually at the outbreak of hostilities during wartime, see Table 1. This article uses an alternative source of Banque de France balance sheets to supplement the existing data and provide a quite complete series of year-end balance sheets covering the first 223 years of its history.

The new source of balance sheets that we are using has the same set of accounts as the series that has been published in the French Official Gazette. However, as is well known to those working in the field of statistics and accounting, the same set of accounts can allow the construction of different balance sheets (statistics). As this is the case in our case, we explain how each of them was constructed. In line with the approach set out by Bignon et al. (2022), we propose a series of adjustments to the internal balance sheet in order to produce, for the gap years, a 'synthetic' balance sheet consistent with the approach used by the Banque in constructing its published balance sheet.

The balance sheet, which was published in the government gazette, is designed to provide the public with information regarding the Bank's financial soundness. To this end, it shows the volume of banknotes *in circulation*. On the other hand, the other source of balance sheet, kept in the archives, was produced on a daily basis for internal use to record all accounting operations. Their purpose was to keep the Bank's management informed of all its activities so that they could monitor the organisation effectively. These internal balance sheets took account not only of the banknotes in circulation but also of the value of the banknotes in the Bank's vaults and of the banknotes which had become obsolete and were therefore to be destroyed. It follows that the daily "internal" balance sheet was, by construction, more complete and larger than the "published" balance sheet.

In order to fill the gaps in the existing series and at the same time ensure the consistency of a set of financial accounts, it is required to identify and reconcile any discrepancies between the two types of sources providing balance sheet items. Indeed, if the balance sheet is to be a reliable and accurate reflection of a company's activity, the principle guiding its construction must be aligned with the information needs of the intended readers and users. However, before incorporating this additional source into the existing series, adjustments must be made to the 'internal' balance sheet in order to bring its construction into line with the principles of the 'published' balance sheet and thus ensure its compatibility with the other.

The remainder of the paper is organised as follows. Section 2 discusses and explains the differences and the different objectives of the two balance sheet series available. Section 3 explains how the daily internal balance sheet account can be used

to reconstruct 'synthetic' balance sheets that can be used to fill the gaps in the published balance sheet series. Section 4 concludes.

Gaps in the publication of the Banque de France Balance sheet in the official gazette

Table 1

Date	Reason for the absence of publication	Source
1800 to 30 June 1840	No legal provision to publish a complete balance sheet	
15 September 1870 to 6 July 1871	Outbreak of the Franco-Prussian war caused difficulties of communication of branches' balance-sheet Paris Uprising (Commune)	Procès verbal du Conseil Général du 14 Septembre 1870 - 14/09/1870 Archives de la Banque de France - Patrimoine et archives historiques de la Banque de France (banque-france.fr)
30 July 1914 to 28 January 1915	Outbreak of the World War I caused difficulties of communication of branches balance-sheet	Procès verbal du Conseil Général du 05 Août 1914 - 05/08/1914 Archives de la Banque de France - Patrimoine et archives historiques de la Banque de France (banque-france.fr)
6 June 1940 to 7 August 1941	End of the Phoney war, start of the invasion of France by the German army	Procès verbal du Conseil Général du 07 Août 1941 - 07/08/1941 Archives de la Banque de France - Patrimoine et archives historiques de la Banque de France (banque-france.fr)
13 July 1944 to 28 December 1944	Liberation of France disrupts communications with the branches	Procès verbal du Conseil Général du 10 Août 1944 - 10/08/1944 Archives de la Banque de France - Patrimoine et archives historiques de la Banque de France (banque-france.fr)
31 May 1945 to 2 August 1945	First monetary reform, swap of banknotes	Procès verbal du Conseil Général du 29 Mai 1945 - 29/05/1945 Archives de la Banque de France - Patrimoine et archives historiques de la Banque de France (banque-france.fr)
22 January 1948 to 4 March 1948	Second monetary reform with the withdrawal of the 5000 francs banknotes. The law of 30 January 1948 exempts the Banque de France of the obligation to hand over to the Minister of Finance the weekly balance sheet.	Procès verbal du Conseil Général du 29 Janvier 1948 - 29/01/1948 Archives de la Banque de France - Patrimoine et archives historiques de la Banque de France (banque-france.fr)
23 May 1968	Civil unrest of May 68	

Note: All suspensions of the publication of the balance sheet were authorised by a government decree. In order to understand the reason for the non-publication, we report here the reason given in the minutes of the General Council that discussed the suspension of publication.

Sources: Archives Banque de France, minutes of the general council.

2. Rationales for the publication of the balance sheet

We begin by describing what the law requires in terms of the organisation of the balance sheet and how the Bank viewed the information it contains.

2.1. The legal underpinnings of the balance sheet publication

Although the Banque was required, from the outset, to inform its shareholders of a summary of its operations for the year, it was not until the law of 30 June 1840 that the publication of a quarterly balance sheet became compulsory. The general context was the negotiation of the renewal of the Bank's monopoly on the issue of banknotes in the city where it had branches.

The provision of the law on publication reads as follows: "ART. 5. Every three months, the Minister of Finance shall publish a summary of the general situation of the Banque de France during the preceding quarter. Every six months, he shall publish the operating results of the quarter and the payment of the dividend".

The reasons for its inclusion in the law are difficult to ascertain. Article 5 was not part of the law originally submitted to Parliament. It seemed to be a product of the special parliamentary commission in charge of studying the draft law. It first appeared in the Dufaure report, which was written on behalf of the commission. Dufaure defended the provision by writing that²:

"Finally, while other institutions of the same type have shrouded their activities in the deepest secrecy, the Banque de France has sought its credibility and its strength in its own publicity. Ever since it was created, it has published the accounts which the Governor and the Censors submit to the shareholders, and these documents have become more extensive and more important over the years. Nevertheless, gentlemen, your Commission considers that these reports, which are published at too long intervals, do not provide the public with sufficient information on the Bank's situation. It is proposing a law which would oblige the Minister of Finance to publish the average situation of the Bank for the past quarter every three months, and the half-yearly results and the distribution of dividends to shareholders every six months".

During the nineteenth century, the legal provisions governing the publication of the Bank's balance sheet did not go beyond the periodicity of its publication. After 1936, it was the Ministry of Finance that published it in the official gazette. The decree was also much more precise than previous legislation, although it codified the existing practice. Article 153 of the decree of 14 December 1936 ordered the Bank to send the Minister of Finance "a detailed statement of its financial position, to be published in the Official Journal". This weekly statement includes the amount of gold reserves and sight liabilities, as well as the coverage ratio resulting from the reconciliation of these two figures. It shall also include a full breakdown of the assets which gave rise to the sight liabilities and which serve to guarantee them."

2.2. The Banque's view on the publication of the balance sheet

There is no trace of any discussion about publication in the committee's minutes. The only exception was the decision to award a medal to Thiers, the head of government who had defended the law in parliament and the son-in-law of a member of the committee. It should also be noted that one member of the board was also a member of the parliamentary commission - Jacques Lefebvre - and that he once consulted the

² Available on the website Gallica <https://gallica.bnf.fr/ark:/12148/bpt6k44291347/f9.item>

board on the issues discussed by the commission without mentioning the publications.³

But it is safe to assume that the Bank was not dissatisfied. Indeed, nine days after the law had been adopted and on the day of its publication in the Official Gazette, the balance sheet ("Bilan") was published in *Le Moniteur*. This publication also printed the balance sheet as at 30 June. This took the public by surprise, as evidenced by the commentary in the Parisian newspaper *Le Temps* that accompanied the reprinting of the balance sheet:

"Mr. Count d'Argout, Governor of the Bank of France, did not take long to make the publication required by the law of 30 June 1840, showing the average situation of the Bank during the last quarter. He went even further, giving the balance sheet as of June 30, 1840, and the results of operations ending on June 30, 1840."⁴

The publication became weekly in 1848 with the suspension of the convertibility of banknotes into gold or silver on 15 March. It printed only the balance sheet on the specified date. On the previous day, the Board of Directors had discussed the new fiat regime and the need for a weekly publication, especially as this was the first time that a ceiling had been imposed on the number of banknotes in circulation. The Board came to the conclusion that "the provision for the Bank's situation to be published in the Monitor every eight days does not meet with opposition; it is a way of reassuring the public about the adoption of the measure"⁵.

After the restoration of convertibility in 1852, the Bank met with resistance when it proposed to reduce the frequency of publication from weekly to quarterly. The government decree of 3 March prompted a debate among the members of the Board on the advantages and disadvantages of frequent publication. Some members saw weekly (or even monthly) publication as an inherent consequence of a fiat regime, but noted that such publication could lead to "unfavourable comments in the newspapers, comments that make more of an impression than the figures themselves, so that the public is misled rather than informed about the situation".

Other Board members supported the idea of publishing the balance sheet every month. They put forth that "In the absence of certain and indisputable documents, imagination can go beyond the truth, and there are more dangers there than in accurate knowledge of the situation." Another board member also noted that "the Bank is, in France, the only major credit establishment, that credit only lives on publicity, and that therefore, it has the greatest interest in putting its work in broad daylight."

Following this discussion, the Board concluded that the three-month requirement of the 1840 Act should be interpreted as an upper limit. In addition, the Board determined that publication on a monthly basis represented a reasonable compromise between the potential risks associated with weekly publication and the need for consistent publicity, which was not fully met by quarterly publication. One Board member summed up the debate by noting that "it is prudent, appropriate and

³ BdF's General Board minutes 19 March 1840

⁴ *Le Temps*, 13 July 1840, p. 4.

⁵ BdF's general board minutes 15 March 1848

in the general interest to satisfy the perfectly legitimate curiosity of the public once a month".⁶

2.3. The Banque published more than was legally required

As an institution dependent on public confidence in the stability of the value of its banknotes, the Banque de France was concerned to inform the public about its activities. The publication of the balance sheet was therefore intended to respond to this general concern of banknote holders. It was also in the Banque's interest to respond to this concern, since most of the financing of its assets consisted of banknotes.

A first concern of the public was the ratio of banknotes to metallic reserves. In a commodity money regime with banknote convertibility, this represents the ability to convert local money into the most liquid international instrument, i.e. gold or silver. The central bank's balance sheet came to be seen by the public as a key element in assessing how much confidence they should have in the central bank's note-issuing policy. A second concern of the public was how much the Bank was financing the government. This may be related to the fact that the Banque's predecessors in the eighteenth century went down because of their involvement in financing the state, see Bignon and Flandreau (2018) for a summary.

The publication of the Bank's balance sheet was therefore regarded as the principal means of enabling the public to verify the Bank's financial soundness. One of the occasions on which the Banque experienced this need was in March 1848, when, following the three-day revolutionary uprising at the end of February, "a panic broke out" and the Bank's metallic reserves plummeted. Holders of banknotes demanded that they be exchanged for gold or silver. This led the governor to acknowledge the existence of a panic in a public letter published in the Weekly and to ask the government to declare the banknotes legal tender.⁷

3. Adjustments for constructing synthetic balance sheets

The internal balance sheet included items that should not have any impact on the economy, since about 80% of the difference with the public balance sheet was due to the accounting treatment of banknotes not in circulation. Therefore, the most suitable basis for constructing a series of balance sheet statistics is the public balance sheet. In order to obtain a series of end-of-year items, we have to fill in the gaps for the period from the creation of the Bank until 1839 and for the three years during which a war broke out: 1870, 1914 and 1940. In this way, the necessary adjustments are made to the figures in the internal balance sheets and a "synthetic" public balance sheet is obtained. Section 3.1. presents the main differences between the public and

⁶BdF's Governing Board minutes 11/03/1852: https://archives-historiques.banque-france.fr/ark:/56433/vta20e71a11363b17bb/dao/0/layout:table/idsearch:RECH_e478c46a0824ccc305dec56a9d78fa3d#id:2041958016?gallery=true&brightness=100.00&contrast=100.00¢er=877.000,-1240.500&zoom=5&rotation=0.000

⁷ See *Le Droit*, journal des tribunaux and *Le Journal des Débats*, 17 March 1848, and the description published in 1849 in the *Journal des économistes*, vol. 22 p. 191.

internal balance sheets. Section 3.2 presents the adjustments necessary to reconstruct a synthetic balance sheet for the period 1800-1839. Section 3.3. presents the adjustment made for the war years 1870 and 1914.

3.1. The internal balance sheet and the public balance sheet

The internal balance sheet provides a more comprehensive overview than the public balance sheet. In December 1840, the public balance sheet included 11 items on both the assets and liabilities sides. At the same time, the internal balance sheet contained 21 items on each side. From 1840 to 1914, the number of items in the public balance sheet remained between 15 and 20. In contrast, the internal balance sheet grew from 21 items in 1840 to 41 in 1870 and 74 in 1914. This development was mirrored by a similar increase on the liabilities side.

There is a notable discrepancy in the size of the two balance sheets. As shown in Figure 1, between 1840 and 1847, the total public balance sheet as a percentage of the total internal balance sheet fell from 84% of the internal balance sheet in 1840 to 66% in 1847. Most of the discrepancy is due to the difference between the amount of banknotes in circulation and the total value of banknotes issued, including those not yet in circulation or to be destroyed. Banknotes held by the Bank accounted for approximately 80-90% of the difference between the two balance sheets. The remaining difference between the two balance sheets is made up of miscellaneous items, including *effets à comptant*, voluntary deposits (from 1841), promissory notes to be issued (from 1846) and the balance account of certain debtors of the Bank.

A final difference should be noted. From 1800 to 1848, the "current accounts of the branches" are netted out in the published balance sheet. In the internal accounts, however, they are included under both liabilities and assets, with the labels "Debit, current accounts of the branches" and "Credit, current accounts of the branches" respectively. The internal balance therefore tends to overestimate the extent to which banknotes are used in France, as it also double-counts banknotes that have been used or are about to be used.

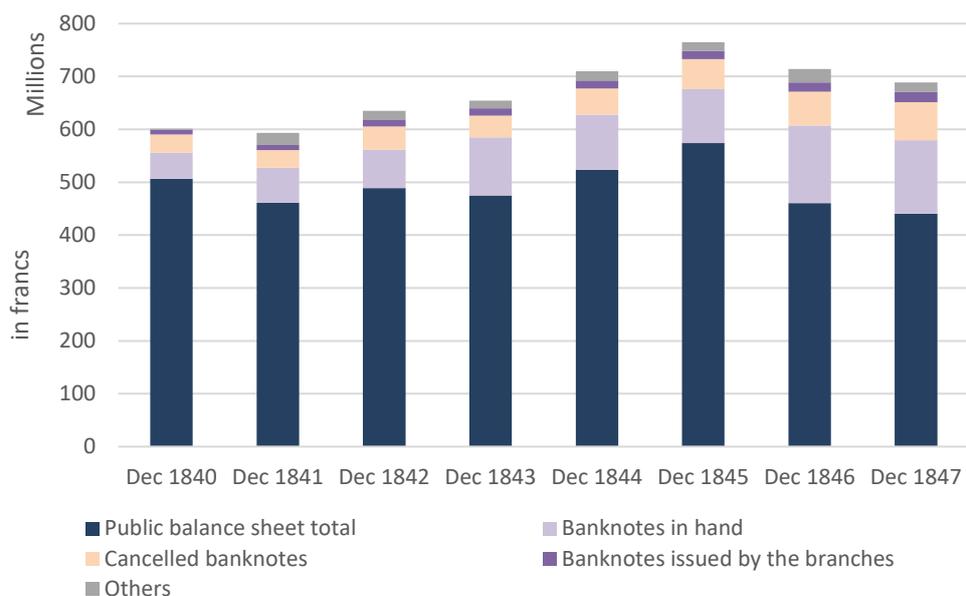


Figure 1: Evolution of the total of the published balance sheet and differences with the internal balance sheet

Source: Baubeau (2018) and "Situation quotidienne" in the Banque de France archives

3.2. The 1800-1839 period

As the accounting of the operations of the Paris head office with the branches of the Banque de France changed in 1848, when the Banque de France obtained a monopoly on the issue of banknotes in France, the reconstruction of a public balance sheet for the period between 1800 and 1839 involves three different types of backdating.

A general principle to reconstruct the public accounts

The Bank never published the amounts of assets that were also liabilities to itself. The following adjustments must therefore be made.

First, the banknotes to be burned ("billets à brûler") on the liabilities side and the cancelled banknotes ("billets annulés") on the assets side - which were always the same amount - never appeared in the public balance sheet. Recording them in the internal balance sheet made sense because the Executive Committee voted on the amount of cancelled banknotes, but their destruction took time.

Second, the value of the banknotes held by the Bank in its vault was not published, although it was recorded in the internal balance sheet in the "cash in hand" account on the assets side and in the "banknotes in issue" account on the liabilities side.

Thirdly, when the Bank owned some of its own shares between 1807 and 1834, they were recorded in the internal balance sheet as part of its assets, in addition to being part of its equity on the liabilities side. The value of these shares was deducted from both sides of the balance sheet. The same was done for the Bank's holdings of shares in the Caisse des Comptes Courants, as it was a predecessor of the Bank which merged with the Bank at the time of its creation. The dividends on these shares have been deducted from the dividends on the liabilities side.

Accounting for relations with the Banque branches

Before 1848, the Banque had a banknote monopoly only in the city where it had a branch. This means that a banknote issued by the branch in "Reims" was printed as redeemable in Reims, and is therefore recorded as a different banknote from that in Paris. In addition, the branches of the Banque de France were set up independently of the head office in Paris. They had their own shareholders and discount committee, but the manager of the branch was appointed by the Banque's General Council in Paris. The appointment was then approved by the authorities and published in the Official Journal.

This had two consequences for the internal balance sheet:

Firstly, during the period 1840-47, the balance sheet published in the official newspaper recorded only the liabilities and assets of the Paris headquarters. In its internal balance sheet, the Banque recorded its financial relations with its branches as an external entity with which the Bank was in business. The Bank's share in the equity of the branches appeared on the assets side of the balance sheet as "Branches/equity of the branches", while the banknotes issued by the branches appeared on both the assets and liabilities sides of the balance sheet.

Secondly, each branch had an account with the head office, which could be in debit or credit. As each branch was managed independently, when the Banque de France aggregated the current accounts of its branches, some were in debit and others in credit. Before 1847, the Banque's internal balance sheet did not take account of the netting of accounts receivable and payable, which meant that the current account of the branches appeared both on the liabilities side and on the assets side.

In the published balance sheet, the items "Branches, their current accounts" appeared only once, either on the assets side or on the liabilities side, depending on the net position of the debtor or creditor items of the current account in the internal balance sheet. In the synthetic balance sheet that we construct for the period 1800-1839, the account "Branches, their current accounts" appears either on the assets side or on the liabilities side, depending on the value of the net position.

In addition, the banknotes issued by the branches do not have a separate account in the published balance sheet, but are included in the "cash in hand" account in the internal balance sheet. As they still represent an asset of the head office, the banknotes issued by the branches, which are currently held by the Bank in its Paris vault, are included in the account "Branches, their current accounts" in the published "synthetic" balance sheet.

The third adjustment to be made to the internal balance sheet in order to produce a synthetic "published" balance sheet concerns the "bills payable at sight" account ("effets au comptant"). Current account holders had the option of placing these bills payable at sight on their current account. As these bills were not the result of the Banque's discounting activity, but merely a facility offered to current account holders, this item did not appear in the published balance sheet, but was deducted from the current account. For the period 1840-47, it is possible to trace which part of these bills was deducted from the current account of the Treasury or that of the Paris merchant bankers. Since the information is not available for the period before 1840, in constructing the synthetic balance sheet we have conventionally decided to deduct this amount from the (private) current accounts in Paris, since these accounts did indeed contain most of the "effets au comptant" for the period 1840-1847.

3.3. Filling the gaps caused by the wars in 1870 and 1914

The Bank has published an annual balance sheet every year since its foundation, with the exception of three years: 1870, 1914 and 1940. In order to reconstruct a synthetic "public" balance sheet for these war years, the method is similar to that used for the period before 1840, with the exception of two components.

First, after the acquisition of the banknote monopoly in 1848, the published balance sheet of the Banque included the balance sheets of its branches. It is therefore necessary to use not only the internal balance sheet of the head office in Paris, but also the internal balance sheet of the branches, which is kept in the archives as the "situation générale des succursales". These internal accounts of the branches are kept in the archives in a series of ledgers containing the balance sheets of all the branches on a weekly basis from 1848 to 1933. The items in these books are the same as those in the Paris books.

Secondly, the suspension of publication was caused by the incursion of a foreign military force into French territory, which subsequently disrupted communication channels between some branches and headquarters. This effectively means that no updates were made to the ledger for branches located in a city occupied by a foreign army.

We take the internal balance sheets at the date closest to the end of each year, use the information contained in the two ledgers, and make the necessary adjustments listed above to produce an ex post synthetic balance sheet. A new item appeared in each war year, as extended bills ("effets prorogés") were recorded as a separate item in the balance sheet. On 29 December 1870, extended bills represented 85% of the Bank's Paris commercial portfolio, and on 31 December 1914 they represented 93%.

It is possible to reconstruct a synthetic balance sheet for 29 December 1870 and 31 December 1914. However, given the complexity of the situation, it is not yet possible to propose a reconstruction for 1940. In 1870 and 1914, the synthetic balance sheet is not fully balanced between assets and liabilities.

Firstly, it should be noted that the accounts are not always complete. For example, the item "bearer banknotes in circulation" is not complete for some branches, so the total is only an approximation. This was also the case in 1914, although many branches in the invaded area anticipated a possible invasion of their city and transferred their assets to other branches further south (from northern branches to Limoges, Marseille, Saint-Etienne, Valence and Avignon).

Secondly, the sources we have used do not provide the data needed to calculate three items accurately. "Administrative expenses" and "Other assets" on the assets side and "Other liabilities". We have not been able to identify the precise calculation methods used by the bank for these items, which represent between 1 and 5 % of the total balance sheet.

Conclusions

The aim of this paper is to present a method for reconstructing an almost complete time series of the Banque de France's balance sheet. We have analysed the methodology used by the Banque de France to construct the balance sheet published in the official newspaper. Our findings show that the aim of this balance sheet was to provide the public with information on the circulation of banknotes and the way in which the Banque used this source of funds to refinance the economy. We then used the internal balance sheet kept in the archives and adjusted it to produce a "synthetic" balance sheet which reproduces the main features of the public balance sheet for the years during which the Banque did not publish it. This allows us to complete Baubeau's compilation of public balance sheets with 42 new years out of a history of 223 years. By regrouping the various items under sufficiently broad headings, we can plot their evolution between 1800 and 1839, see Figures 2 and 3.

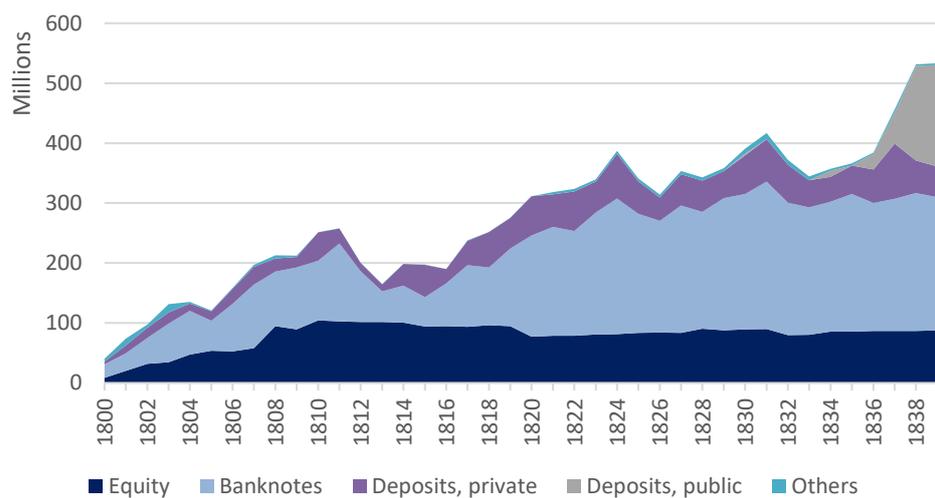


Figure 2: The evolution and composition of the liabilities side of the balance sheet of the Banque de France, 1800-1839

Source: Author using the internal balance sheet "Situation hebdomadaire" of the Banque de France.

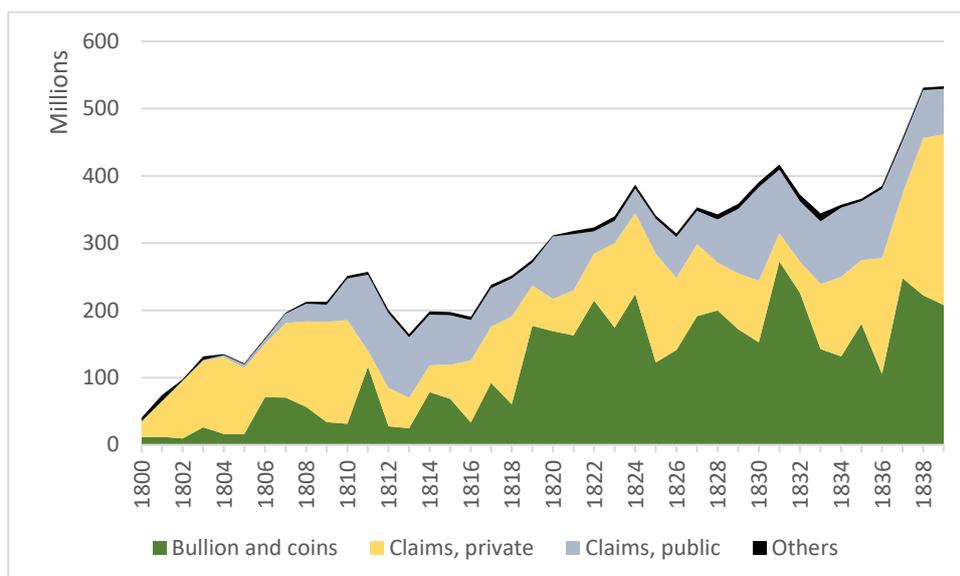


Figure 3: The evolution and composition of assets side of the balance sheet of the Banque de France, 1800-1839

Source: Author using the internal balance sheet "Situation hebdomadaire" of the Banque de France.

When regrouping the various items under broad-enough headings, this allows plotting the evolution between 1800 and 1839 of the liabilities and assets side, see figure 2 and 3.

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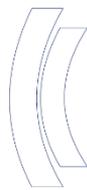
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August 23, 2024

Irving Fischer Committee Biennial Conference
Bank of International Settlements



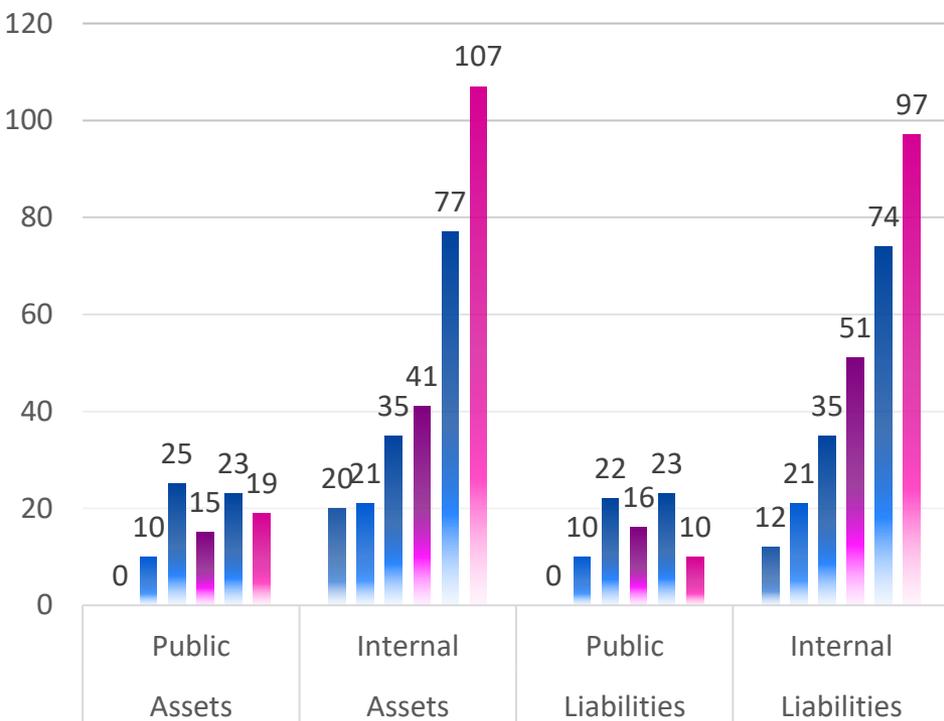
SUMMARY

- **Motivation:** Economics studies relation between the size/composition of central bank balance sheet & credit, GDP...
 - Demand for (and use of) long-run series
 - Distinction btw the « monetary » vs the « accounting » balance sheet
- **Banque de France:**
 - Created in 1800
 - Balance sheet published from 1840 onwards and with gaps
- **This presentation:**
 - What information did the public balance sheet contained?
 - What differences with the internal, daily, balance sheet?
 - How can the internal daily balance sheet be used/adjusted for in order to fill the gap in the series of published balance sheet??

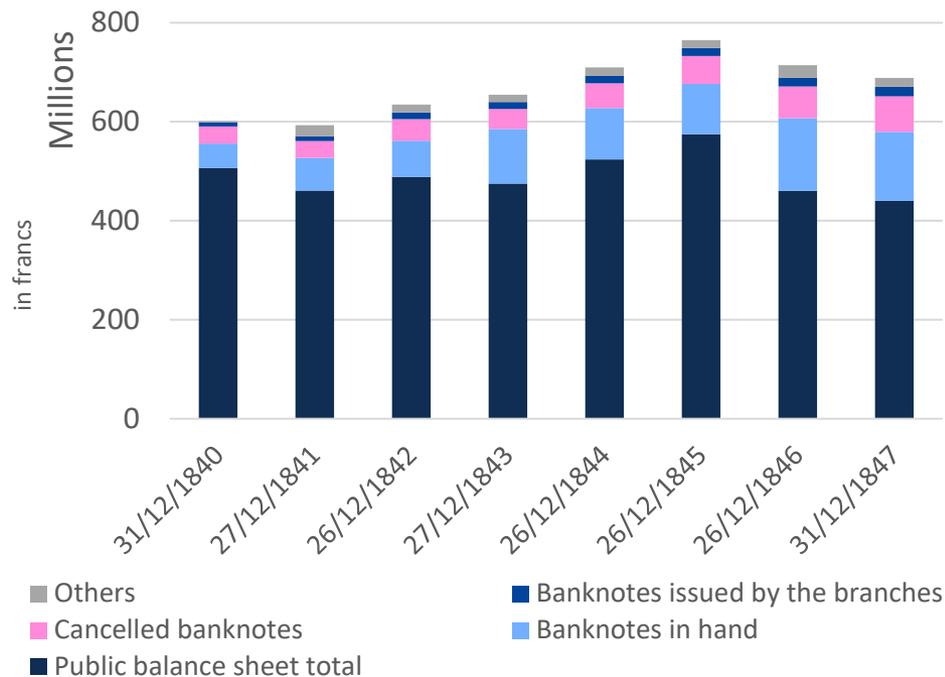
DIFFERENCES BTW PUBLIC AND INTERNAL BALANCE SHEETS

- Total of the public balance sheet is systematically lower than the internal BS (by 20% at least)
- It is also less detailed (less BS items)

OF ITEMS OF THE BALANCE SHEET



1840-47: Comparison of 2 balance sheets



- 1848 : change in the consolidation method of the branches balance sheet
- Public BS only circulating banknotes
- Internal BS adds new bknotes not in circulation and those to be burnt

PUBLISHING THE BALANCE SHEET: A LEGAL REQUIREMENT ONLY?

■ The Banque did more :

“Mr. Count d'Argout, Governor of the Bank of France, did not take long to make the publication required by the law (...). **He went even further, giving the balance sheet as of June 30, 1840**, and the results of operations ending on June 30, 1840.”

■ 1852 Bank's general council views:

“**In the absence of certain and indisputable documents, imagination can go beyond the truth**, and there are more dangers there than in accurate knowledge of the situation.”

“the Bank is, in France, the only major credit establishment, that **credit only lives on publicity, and that therefore, it has the greatest interest in putting its work in broad daylight.**”

1800 – 29.06.1840		No publication
30.06.1840 – 31.12.1847	Quarterly	Law of June 30, 1840 – art. 5
5.3.1848 – 08.04.1852	Weekly	Decree of March 15, 1848 – art.6
08.04.1852 – 09.06.1864	Monthly	1848 decree repealed new 'decree'
16.06.1864 – 2003	Weekly	BdF general council decision published in the official gazette, Law in 1928 & decree in 1936



IMPEDIMENTS TO A YEARLY SERIES : GAPS IN THE PUBLICATION

Date	Reason for the absence of publication
1800 to 30 June 1840	No legal provision to publish a complete balance sheet
15 September 1870 to 6 July 1871	Outbreak of the Franco-Prussian war caused difficulties of communication with branches Paris Uprising (Commune)
30 July 1914 to 28 January 1915	Outbreak of the World War I : communication difficulties with the branches
6 June 1940 to 7 August 1941	End of the Phoney war, beginning of the invasion of France by German army communication difficulties with the branches
13 July 1944 to 28 December 1944	Liberation of France disrupts communications with the branches
31 May 1945 to 2 August 1945	First monetary reform, swap of banknotes
22 January 1948 to 4 March 1948	Second monetary reform (withdrawal of the 5k banknotes)
23 May 1968	Civil unrest



METHOD TO FILL IN THE GAPS

Use internal balance sheet to construct a « synthetic » balance sheet, similar to the published one but with 3 general adjustments

1. General accounting principle of public accounts:

- The Bank never published amounts of assets that were also liabilities to itself. The following adjustments are therefore to be implemented.
- ⇒ banknotes to burn (assets side) cancelled out with cancelled ones (liabilities side)
- ⇒ banknotes held in Bank's vault not published.
- ⇒ Btw 1807 & 1834, BdF equity shares owned by the Bank are both on assets & liabilities sides.

2. Accounting for relations with the Banque branches:

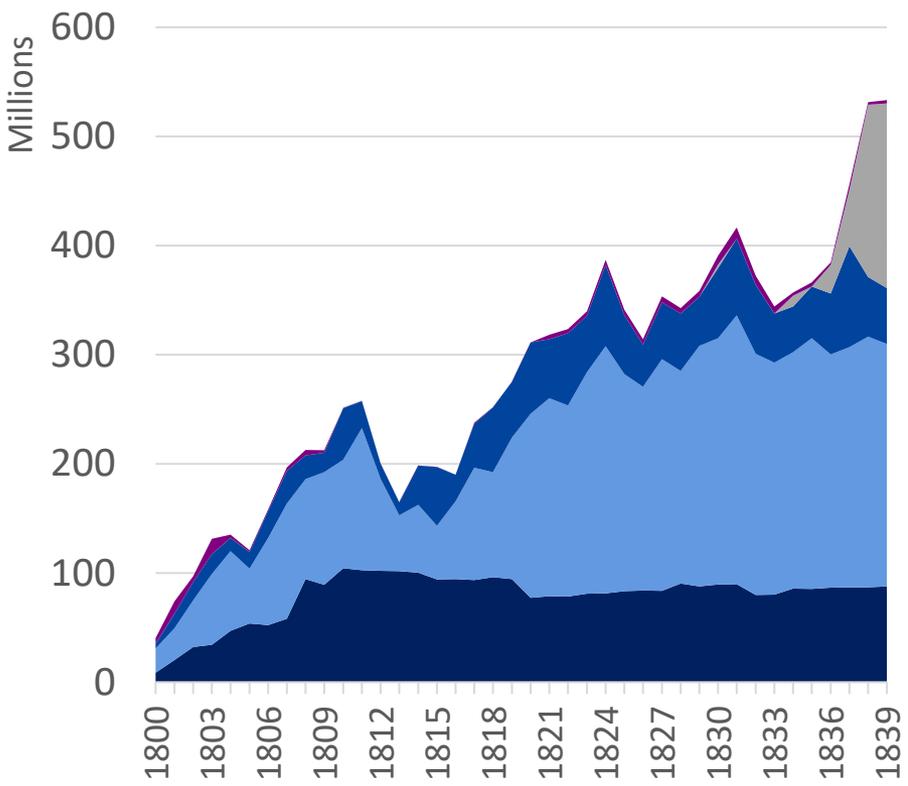
- Before 1848, the Bank consolidated the balance sheet of its branches using the equity method, i.e. *as if* it had no majority control over them
- ⇒ In public balance sheet, the item “Branches, their current account” appeared either on assets or liabilities sides, depending on the net position.
- After 1848, the Paris & branches' balance sheets are fully consolidated

3. A third adjustment : ‘Bills payable at sight’ are subtracted from the amount of current accounts

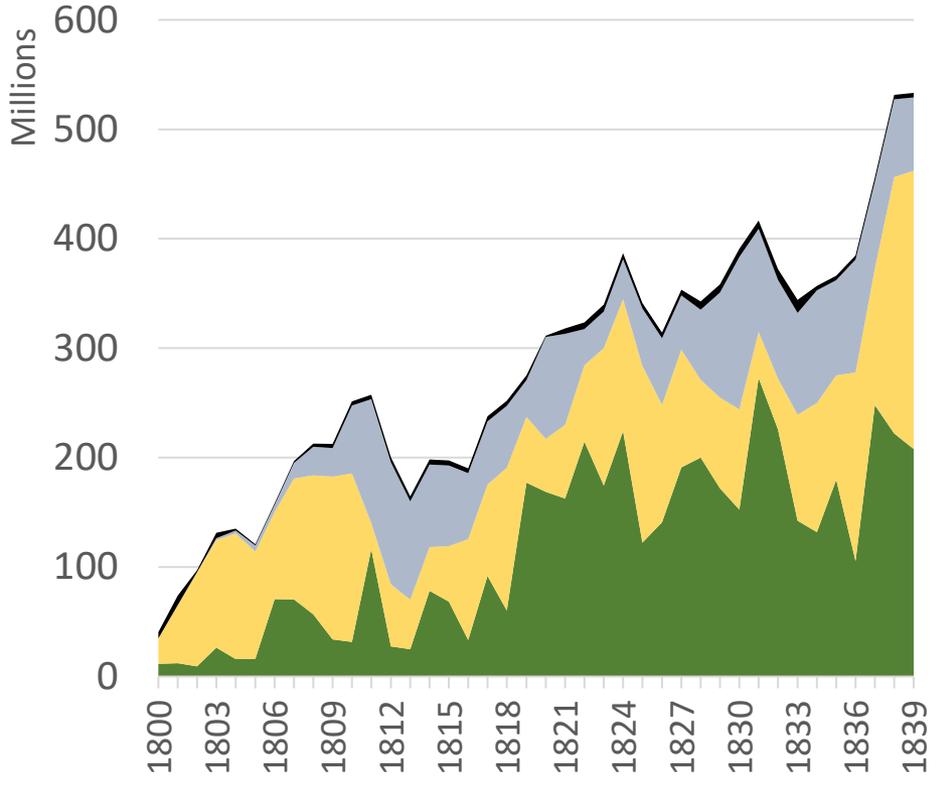


EVOLUTION AND COMPOSITION OF THE BALANCE SHEET, 1800-39

Assets side



Liabilities side



■ Equity ■ Banknotes ■ Deposits, private
■ Deposits, public ■ Others

■ Bullion and coins ■ Claims, private
■ Claims, public ■ Others

The method allowed us to construct a synthetic balance sheet in 1870 & 1914 but not in 1940