

Chapter IX

The Bank's wartime activities with the War Office - other than those of a purely routine nature - fall into three separate, though closely related, categories:-

1. The production of currency notes.
2. The storage, preparation and handling of the quantities of notes required for various Military operations, e.g., the Western Desert, North African invasion, "D"-Day, etc.
3. The co-ordination and supply of currency notes of various countries for "special purposes", e.g. sabotage, subvention of underground movements, airmen's purses.

1. Production

(i) The first Wavell offensive in the Western Desert in the winter of 1940/41 prompted the Bank to raise with H.M.T. the question of what money should be used for the pay of troops in the Italian African colonies as it was obviously undesirable to use sterling or Egyptian pounds, at any rate beyond the borders of Cyrenaica.

It was finally agreed (28th January 1941) that a special issue of notes denominated in pounds and shillings should be manufactured for eventual use not only in the Western Desert but also in other invaded territories as and when opportunity offered. Consequently the design of the notes bore no reference to the country in which they were first used and was of a conventional pattern, except for the main motif - a reproduction of the Lion and Crown emblem of the General Staff.

The notes bear the legend "Issued by the British Military Authority" and are known as B.M.A. notes. They were originally issued in denominations of £1, 10/-, 5/-, 2/6 and 1/-. Later on a 6d. note was added.

B.M.A. notes were used in Tripoli, in the earlier stages of the North African invasion, in Sicily, Italy, Greece and the Dodecanese Islands. A large reserve was always kept, partially in the U.K. and partially in the Middle East, for use

in emergencies (e.g., Greece) or in case Allied Military notes denominated in local currencies should prove unacceptable and thus prejudice the success of any Military operation. They have also been used extensively on troop ships in the Mediterranean.

B.M.A. notes were printed to a total number of 259,660,000 pieces of a nominal value of £59,813,000. All were manufactured at St.Luke's.

(ii) As a result of experience gained in printing the first series of B.M.A. notes it became apparent early in 1942 that note-printing and paper-making facilities in the U.K. would be unable to stand the strain unless someone was prepared to co-ordinate supply and demand. In addition to expanding demands from the Colonies and a number of foreign countries (all pre-war customers of the trade) we already knew that Military requirements were likely to increase and that most of the European Allies intended to replace their old issues by new ones printed in the U.K.

To meet this situation a Bank committee was formed in April 1942 with the following terms of reference:-

"to enquire into the position of bank note paper, printing capacity and requirements as a whole".

The committee held a meeting on 3rd April 1942 and delegated two of its members to carry out the work.

Since that date all orders for printing bank notes or for the manufacture of bank note paper have been examined and a priority given in relation to the total output required and the total capacity available. In order to make this possible all Colonies, Currency Boards and Allied Governments were asked to make a forecast of their note requirements for one year ahead. From the information thus obtained production schedules were established both for paper-making and printing. These schedules have been kept under constant review - and alterations and additions recorded each month. As the war situation improved

the changes in the schedules became more frequent and more complicated - one series of notes after another assuming first place on the priority list. Throughout the Bank were in constant touch with the Allies and were consulted on technical questions of design, specification and manufacture.

A vast amount of work fell on the shoulders of the General Works Manager of St. Luke's who acted as the link between the Bank and the trade. He not only persuaded the trade to accept ungrudgingly a considerable curtailment of their normal competitive freedom but also allotted to each firm the amount of special work to be undertaken and the order of priority of its execution. It is mainly due to him that the War Office have at all times been able to rely on receiving, when required, such quantity of U.K.-printed special notes as were needed for Military operations.

The Allied Governments also have reason to be grateful for the manner in which he overcame many difficulties and delays caused by their own procrastination or inability to take decisions.

Exclusive of Bank of England and B.M.A. notes, the approximate total of notes printed in the U.K. between April 1942 and end-December 1944 was 7,000 million for some 60 different currency authorities and in more than 300 different denominations.

In addition unprinted bank note paper was exported to 11 different countries - the most important of which was India whose total consumption during the past three years was 3,048 tons.

Printing was on various occasions severely interrupted by enemy action - and at the height of the flying bomb period production fell below 50% of normal in factories in and around London. Throughout all branches of the trade work was constantly handicapped by shortage of labour - despite the efforts of the Bank and H.M.T. to cause the necessary labour to be directed where required.

2. Storage, preparation and handling

All Allied Military notes and most of the issues printed on behalf of the exiled governments were potentially connected with future Military operations. To provide the greatest possible measure of security against both bombs and indiscretions all notes which might eventually become "operational" were lodged with the Bank. A small panel of senior Bank officials was formed to take control and a number of vaults was placed at their disposal. In so far as possible movements in and out were arranged after banking hours and during week-ends. An office was established in one of the vaults where all correspondence with the War Office was kept.

Between September 1942 and December 1944 the Bank ~~have~~ received through this special control over 50,000 boxes of notes weighing in all more than 2,250 tons. Owing to space conditions and inevitable changes in delivery instructions, many thousands of these boxes had to be handled two or three times: the total tonnage handled exceed^{ed} 7,500 tons.

Also between these same dates 22,500 boxes ~~have been~~^{were} delivered to the Military authorities - and every box had to be labelled in code and in many cases shipping marks painted or stencilled on them.

For the North African landings all this work was carried out by the few Bank officials mentioned above. It covered not only British troops but also all American troops based in the U.K. Special groups of boxes and parcels of notes were made for each ship carrying troops, the quantities varying according to the number of troops on each ship. The groups of boxes were handed over after dark to the R.A.P.C. field cashiers who were to accompany the ships as, for security reasons, Bank of England notes in the hands of the troops were not exchanged until after the ships had left port.

The work for the Normandy landings started in January 1944 and, as before, covered both British and U.K.-based American

units. This operation entailed - amongst other things:-

- (i) The packing of 2,700 special boxes for U.K. troops.
- (ii) The packing of 40 American field safes.
- (iii) The packing of about 2,200 special packs mostly in small cardboard boxes - some for the use of the Airborne troops.
- (iv) The waterproofing of 1,500 wooden boxes to prevent pulping of the notes when the lorries landed from the L.C.'s. (*Landing Craft*)
- (v) The use of nearly three miles of rope and string and more than three miles of banding iron.
- (vi) The constant employment of Military working-parties in the Bank to a total of about 7,000 man-hours.

The work was substantially completed by the 14th May: with the exception of three Sundays out of 17, work had gone on every day since January 23rd.

3. Notes for special purposes

As the result of constant pressure by the Bank and after many months delay the various users agreed in the summer of 1942 to pool their resources and co-ordinate their requirements under the general supervision of the Bank. Monthly meetings were held at the Bank at which representatives of the Foreign Office, the War Office and the two principal Secret Service organisations put in their forecasts of notes required. The Bank then compared demands with visible supplies and took such steps as were possible to obtain the balance.

Most of the actual procurement of notes was done by one of the Secret Service organisations mentioned above. It is a remarkable tribute to the efficiency of their organisation that they managed to get out of occupied Europe into the vaults of the Bank sufficient notes to carry on the necessary work not only of their own but of two other organisations both of which were very heavy consumers.

At one time or other the pool dealt in the notes of all the occupied countries of Western Europe, to say nothing of the comparatively easy neutrals.

One of the most interesting demands for notes came from the Allied Air Forces. From about the summer of 1943 onwards it was the custom for each member of an Allied air crew to carry on him a purse containing notes of all the enemy or enemy-occupied countries over which he expected to fly. Many a baled-out airman owed his return to the U.K. to being able to pay his way in local currency until he got into touch with the first link of the underground repatriation chain. To satisfy these demands was a considerable task as only small denomination notes were of any use. When the demand sprang up we had practically no stock of the right kind of notes - so that for this purpose alone we had to import large quantities of marks, guilders, Danish crowns and Belgian and French francs.

For all these purposes - airmen's purses included - our main imports between July 1942 and December 1944 were:-

F.Fcs 920,000,000
B.Fcs 26,500,000
RM 9,800,000
Guilders 9,300,000
Nor.Kr 5,000,000
Dan.Kr 4,000,000

It is as well to draw a veil over the means employed to pay for some of these imports: suffice it to say that they were outside the normal practice of a Central Bank and included saccharine and collections of postage stamps.

17th May 1945.

J.S.L.