BANK OF ENGLAND
1939 - 1945
VOL. 1
In 1943, on his return from North America, where he had been seconded from the Bank's service to assist H.M.Treasury, J.A.C.Osborne, an Adviser to the Governors, was given the task of compiling a history of the Bank during the Second World War. Osborne retired in 1945, and in 1947 R.E.H.Allport, who had recently retired, was retained temporarily to carry on with Osborne's history. Allport finally retired in 1950 leaving the history in its present draft form.

It was decided not to proceed with a final drafting, and the work was bound in its present state, to preserve it for the use of future historians and others who might be interested in its contents.
INTRODUCTORY

The following pages are intended to record all matters of importance affecting the Bank during the Second World War, arising from the Bank's own actions or influenced by their views, or which sometimes came about rather in opposition to them. The record is long - about 5/600,000 words - and it would be to little purpose to begin reading the whole or part with only indefinite ideas of the ground to be covered; something should first be said about purpose, scope and design.

The History's purpose is two-fold: to provide -

(a) a record of what it was found necessary to do as the inevitability of war became accepted, and later as its actuality was experienced;

(b) a guide to future action if and when the same or similar problems presented themselves in the tragic circumstances of another war.

A good deal of the History's usefulness as a guide would, of course, depend on when such a calamity happened. If it should come in the near future, while exchange control is functioning much as at present, the whole machinery would be there, only to be changed as circumstances required. If the event should be more remote, but while exchange control was still working, its traditional operation would doubtless have been handed down folklore-wise by those at present in charge to their successors. If remoter still, its incidence would perhaps still call for a repetition, with suitable modifications, of the Regulations, Orders, and other "arrangements" in force during the late war or at the present time: the History, or parts of it, might then prove useful as a guide to necessary action in an exchange control reimposed: and possibly for other purposes also, experience of evacuation, for example.
The scope is inevitably wide. It embraces practically all measures taken in connection with the country's internal finances: the marshalling and protection of external assets - Exchange Control; the recruitment (or release for more direct war service) of staff, and provision for their safety and welfare; the leasing of premises and other problems of evacuation, and the carrying out of the Bank's work in locations removed from the City.

The close touch between the Bank and H.M.Government is taken for granted, as also is the Bank's guidance of and liaison with banks and other houses concerned with all problems of the nation's finances. No doubt the most important aspect of all, and the one in which all were in one way or another concerned, is Exchange Control.

It is difficult in some respects to separate all these things rigidly; but a large measure of separation is possible, and, with this objective, chapters and appendices are arranged in four main parts, intended to be mutually exclusive -

I. Internal Finance.
II. Exchange Control.
III. Relations with certain overseas countries.
IV. Domestic matters.

Part I is concerned with all means (except taxation or outright gift) of raising money for the purpose of financing the country's expenditure during the war, and with necessary discussions to that end with the Treasury, other Government Departments and the banks; also with the control of the issue of currency.

Part II, after discussing preliminaries and the evolution of a system of exchange control far more complete than existed in the First World War, describes the growth of Regulations which could be (and were) put into force on the outbreak of war, and their strengthening and improvement towards watertight efficiency in the light of experience during the first several months of action; interpretation of the Regulations as they affected various categories of residents and non-residents (including
(including definitions of the same): special arrangements for certain leading industries and commodities; and relations with the U.S.A., Canadian and Sterling Area Controls.

Part III deals with financial relations with the U.S.A., Canada and certain other (e.g. Special Account) countries; it includes chapters on the Bretton Woods discussions, on the B.I.S. and on repatriations and conversions in the Dominions. Also, since Exchange Control was primarily instituted in order to protect them, on variations in the central reserves - their expansion and contraction as the external Balance of Payments (of the U.K. alone and of the Sterling Area as a unit) improved or (more often) deterioriated.

Part IV may be said to be concerned with all other aspects of the Bank's particular functions as the country's Central Bank: its relationships with various organisations with which its business is intimately connected - other banks, Accepting and Discount Houses, Insurance Companies, the National Debt Commissioners (of paramount importance as a medium for "small" savings and important also as an instrument of Market control), other Government Departments, the Capital Issues Committee and the Stock Exchange. The administration of staff and premises, a wide subject, also comes within its scope.

The History is set out as a series of chapters in which treatment of their subject matter is designed to tell the main story - sectionally rather than chronologically, though chapters endeavour to record developments in their correct sequence. The many detailed explanations of arrangements made to meet various contingencies are in practice relegated to a series of appendices, some very long, to which appropriate reference is made in the chapters of the main History. This should enable reading to be transferred from the one to the other as and when necessary or desirable.
The balance between the main story and the appendices naturally depends upon the character of the subject matter. The chapter on "Gold" in the main History contains less than 8,000 words while the appendices run to about 35,000. Under "Financial Relations with the U.S.A." the proportions are reversed: the main chapter contains some 20,000 words and the appendices on Lend-Lease administration, Mutual Aid, etc. about 10,000.

Appendices are of two kinds: some consist mainly of interpretations of the Regulations (who were refugees, internees, etc., and what treatment did they receive?); others are more in the nature of supplementary chapters. All Establishments matters (in Part IV) are collected in appendices.

At the openings of both main chapters and appendices, references to file numbers are given from which the progress of this or that argument, or the Bank's views on the issues raised can, if necessary, be followed in detail.

Thus, for the account on "Gold", the reader will have to consult Chapter V and Appendix IV. "Financial Relations with the U.S.A." are covered by Chapter and Appendix. Appendices on the Establishment Department (Nos. ) record all that it seems necessary to say on purely domestic (Bank) History.

Reference to individuals (limited as a rule to Directors, Advisers, or important persons outside the Bank) a change in whose style or title occurred during the war is made consistent by referring to them by their present rank, with a footnote to their first mention giving the date of creation of new rank or appointment.
TABLE OF CONTENTS

| Personalities                          | 1 - 9  |
| Chronological Table                   | 10 - 22 |
| Preface                               | 23 - 25 |

PART I: INTERNAL FINANCE

Introductory                         26  

Chapter I

Early Measures                       27 - 30  
Currency Advances                    30 - 33  
Postal Orders, Scottish & Irish Bank Notes 33 - 34  
Press Censorship                     34 - 36  
Money Market                         36 - 41  
Standstill Bills                     42 - 45  
Special Advances to Acceptors        45 - 48  
Discount Market                      48 - 54  

Appendix I (A)                       55 - 57  
" I (B)                              58 - 67  
" I (C)                              68  
" I (D)                              69 - 71  

Chapter II

Internal Borrowings to 1940         72 - 94  
3% War Loan                         94 - 98  
Conversions                         98 - 102  
Defence Loans & National Loans Acts 103 - 104  

Chapter III

Bank Rate and Market Rates          105 - 128  

Chapter IV

Floating Debt, etc; Treasury Bills; T.D.R's; Tax Reserve Certificates 129 - 152  

Chapter V

Tap Loans                           153 - 190  

Chapter VI
War Savings Week

Chapter VII
Committees on Small Savings 1939 & 1943
Savings Certificates
Defence Bonds
Table of Channels of Central Government Borrowing

Chapter VIII
Bank Notes

Chapter IX
Bank's War-time activities with War Office (Bank Notes)

Chapter X
Committee on Post-War Domestic Finance

Chapter XI
Agriculture

PART II: EXCHANGE CONTROL

Chapter I
London Exchange Committee
Negotiations with H.M.T: July 1937 - August 1939
Appendix I - Exchange Equalisation Account (up to the war)

Chapter II
Evolution of Defence (Finance) Regulations - General Survey

Appendix II -
A. Defence (Finance) Regulations
B. Exchange Control in U.K.
C. Blocked Sterling

Chapter III
Payments Agreements
Appendix III - Payments Agreements

Vol. I
Pages
Chapter VI
191 - 200
Chapter VII
201 - 210
211 - 212
213
214
Chapter VIII
215 - 245
Chapter IX
246 - 251
Chapter X
252 - 268
Chapter XI
269 - 273

Vol. II
Pages
Chapter I
274 - 277
278 - 289
290 - 320
Chapter II
321 - 339
Appendix II -
340
341 - 347
348 - 353
354 - 359
Chapter III
360 - 371
Appendix III - Payments Agreements
372 - 397
## Chapter IV
Reserves and Balance of Payments  

### Chapter V
Gold  

#### Appendix IV - Gold
- A. Purchases  
- B. Distribution  
- C. Sales in Middle East & India  
- D. Sovereigns  
- E. Industry  

### Chapter VI
Silver  

### Chapter VII
Exchange Control in Practice  

#### Control Offices -
- Dealing & Accounts  
- Regulations General  
- Export Permits  
- Acceptance Credits  
- Trade Control & Investigations  
- Securities Control  
- Statistics  
- Overseas & Foreign  
- Filing Section  
- Branch Controls  
- Glasgow

#### Appendix V - Review of first three years of Glasgow Office  

#### Appendix VI - Authorised Dealers  

---

**Vol.II**

<table>
<thead>
<tr>
<th>Chapter IV</th>
<th>Reserves and Balance of Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter V</td>
<td>Gold</td>
</tr>
<tr>
<td>Appendix IV - Gold</td>
<td></td>
</tr>
<tr>
<td>A. Purchases</td>
<td>437 - 466</td>
</tr>
<tr>
<td>B. Distribution</td>
<td>467 - 477</td>
</tr>
<tr>
<td>C. Sales in Middle East &amp; India</td>
<td>478 - 498</td>
</tr>
<tr>
<td>D. Sovereigns</td>
<td>499 - 502</td>
</tr>
<tr>
<td>E. Industry</td>
<td>503 - 508</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter VI</th>
<th>Silver</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Chapter VII</th>
<th>Exchange Control in Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control Offices -</td>
<td></td>
</tr>
<tr>
<td>Dealing &amp; Accounts</td>
<td>549 - 564</td>
</tr>
<tr>
<td>Regulations General</td>
<td>565 - 577</td>
</tr>
<tr>
<td>Export Permits</td>
<td>578 - 584</td>
</tr>
<tr>
<td>Acceptance Credits</td>
<td>585 - 589</td>
</tr>
<tr>
<td>Trade Control &amp; Investigations</td>
<td>590 - 595</td>
</tr>
<tr>
<td>Securities Control</td>
<td>596 - 606</td>
</tr>
<tr>
<td>Statistics</td>
<td>607 - 609</td>
</tr>
<tr>
<td>Overseas &amp; Foreign</td>
<td>610 - 611</td>
</tr>
<tr>
<td>Filing Section</td>
<td>612 - 627</td>
</tr>
<tr>
<td>Branch Controls</td>
<td>628 - 629</td>
</tr>
<tr>
<td>Glasgow</td>
<td>630 - 634</td>
</tr>
</tbody>
</table>

| Appendix V - Review of first three years of Glasgow Office | 635 - 643 |
| Appendix VI - Authorised Dealers | 644 - 659 |
Chapter VIII

Relations with other Controls:

U.S. Freezing Orders 660 - 679
Canada 680 - 701
Local Controls (Sterling Area) 702 - 713

Appendix VII - Securities and Other Assets 714 - 730

Appendix VIII - Status of Individuals, etc.

Residence 731 - 745
Internees 746 - 747
Refugees 748 - 766
Evacuees 767 - 787
Profits, Interest and Dividends 788 - 801
Missionaries and Missionary Societies 802 - 805
Relations with the T.W.E. Department 806 - 808

Appendix IX - Special arrangements for certain industries and commodities

Advertising 809 - 814
Shipping 815 - 826
Insurance 827 - 864
Films 865 - 897
Oil 898 - 916
Cotton 917 - 927
Rubber 928 - 934
Tobacco 935 - 944
Tin 945 - 950
Tea 951 - 955
Paper and Wood Pulp 956 - 965

Chapter IX

Committees 966 - 987

Chapter X

Exchange Control after the War 988 - 1023
PART III: RELATIONS WITH CERTAIN OVERSEAS COUNTRIES

Introductory

Chapter I
Financial Relations with the U.S.A.
Appendix I - Lend-Lease Administration

Chapter II
Approach to U.S.A. on Post-War Trade and Financial Policy

Chapter III
Bretton Woods

Chapter IV
Financial Relations with Canada
Appendix II -
A. Canadian Mutual Aid
B. Interrupted Communications
C. Hyde Park Agreement
D. Empire Air Training Scheme

Chapter V
India's Sterling Balances, etc.

Chapter VI
South Africa

Chapter VII
Australia: Conversions, Sterling Balances

Chapter VIII
New Zealand: Conversions

Chapter IX
Bank for International Settlements

Chapter X
Miscellaneous - Reparations
Anglo-Belgian Monetary Agreement
Siam
Czechoslovak Financial Claims Fund
PART IV

Chapter I
Banking Department Securities

Chapter II
Miscellaneous Relations with Government Departments

(1) with H.M. Treasury
(a) British Purchasing Commission
(b) Financial Assistance to Local Authorities
(c) Finance of land purchase
(d) Charges for work for H.M. Government
(e) Staff

(2) War Risks Insurance Office

(3) National Debt Office

Chapter III
Relations with other Banks

Chapter IV
Criticism of the Bank and Bankers

Chapter V
U.K. Post-War Export Trade

Chapter VI
Accountant’s Department

Appendix I - Accountant’s Department
A. War-time Regulations, etc.
B. Redemption and Conversion Operations

Chapter VII
Stock Exchange
Capital Issues Control
Chapter VIII
Secretary's Office
(1) Donations 1533 - 1534
(2) News Summary 1535 - 1536
Appendix II - Establishment Department 1537
A. Payments 1538 - 1586
B. Personnel 1587 - 1616
C. Advisory Council of Directors and Staff 1617 - 1640
D. Premises: Security, A.R.P. etc. 1641 - 1652
E. Locations
   (i) Hampshire 1653 - 1713
   (ii) Other 1714 - 1723

Chapter IX
St. Luke's Printing Works 1724 - 1732

Chapter X
Miscellaneous:
(1) Branches 1733 - 1741
(2) Audit Department 1742 - 1743
(3) Mechanisation 1744 - 1750
(4) Council of Foreign Bondholders 1751 - 1752
(5) Replanning the City 1753 - 1755
GOVERNORS AND DEPUTY GOVERNORS OF THE BANK
during the war period - 3rd September 1939 to

THE RT.HON.MONTAGU COLLET NORMAN,
D.S.O., Governor from 1st April 1920
to 17th April 1944
Created Baron Norman of St.Clere,
27th July 1944.
Deceased 4th February 1950.
Deputy Governor from 31st March
1936 to 31st August 1945

LORD CATTO OF CAIRNCATTO, C.B.E.
Governor from 18th April 1944
to 28th February 1949
Sworn a Privy Councillor
25th July 1947

BASIL GAGE CATTENS, ESC.

CAMERON FROMANTEEL COBBOLD, ESQ.
Deputy Governor from 1st September
1945 to 28th February 1949
Governor from 1st March 1949.

DALLAS GERALD MERCER BERNARD, ESQ. Deputy Governor from 1st March
1949.
CECIL LUBBOCK, ESQ.  
Did not come forward for re-election in 1942.  
Deputy Governor from 24th April 1923 to 30th March 1925 and from 5th April 1927 to 25th March 1929.

SIR ALAN GARRETT ANDERSON, G.B.E., M.P.  
Retired 28th February 1946.  
Deputy Governor from 31st March 1925 to 25th April 1926.  
Appointed to Stewardship of the Chittern-Hamsden, 20th January 1945 to 28th February 1946.  
Member of Parliament for the City of London 1915-1940.

LORD ST. JUST OF ST. JUST  
Did not come forward for re-election in 1940.  
Deceased 26th November 1941.

FRANK CYRIL TIARKS, ESQ.  
Retired 10th April 1945.

SIR ROBERT MOLESWORTH KINDERSLEY, G.B.E.  
Created Baron Kindersley of West Hoathly January 1941.  
Retired 29th February 1946.

GEORGE MACAULAY BOOTH, ESQ.  
Retired 28th February 1946.

ARTHUR WHITWORTH, ESQ.  
Retired 28th February 1946.

WALTER KENNEDY WHIGHAM, ESQ.  
Retired 28th February 1946.  
Deceased 29th September 1944.

THE HON. ROLAND DUDLEY KITSON, D.S.O., M.C.  
Succeeded to the Baronetcy of Airedale 11th March 1944.  
Resigned 28th February 1947.

LORD CRAIGMYLE  
Did not come forward for re-election in 1943.  
Deceased 29th September 1944.

ALBERT CHARLES GLADSTONE, ESQ.  
Succeeded to the Baronetcy of his ancestor 12th February 1945.  
Resigned 28th February 1947.  
Deceased 16th April 1941.

LORD STAMP, G.C.B., G.B.E.  
Created K.B.E. 12th June 1941.

CHARLES JOCELYN HAM BRO, ESQ., M.C.  
Resigned 11th January 1940 on his appointment as President of the Board of Trade.

SIR ANDREW RAE DUNCAN, G.B.E.  
Retired 28th February 1946.

SIR EDWARD ROBERT PEACOCK, G.C.V.O.  
Resigned 24th May 1945 on his appointment as Chairman of the Finance Corporation for Industry Ltd.
PATRICK ASHLEY COOPER, ESQ.

EDWARD HOLLAND-MARTIN, ESQ.
JAMES GEORGE WEIR, ESQ.,
C.M.G., C.B.E.

DALLAS GERALD MERCER BERNARD, ESQ.

JOHN COLDBROOK HANBURY-WILLIAMS, ESQ.

JOHN MARTIN, ESQ.

SIR OTTO ERNST NIEMEYER, G.B.E., K.C.B.

CAMERON FROMANTEEL COBBOLD, ESQ.

LAURENCE JOHN CADBURY, ESQ.
(Re-elected 3rd April 1940)

LORD CATTO OF CAIRNCATTO C.B.E.
(Elected 3rd April 1940)

ISAAC JAMES PITMAN, ESQ.
(Elected 2nd April 1941)

JOHN MAYNARD KEYNES, ESQ., C.B.
(Elected 8th October 1941)

THE HON. JOSIAH WEDGWOOD
(Elected 15th April 1942)

BASIL SANDERSON, ESQ., M.C.
(Elected 7th April 1943)

BASIL CAGE GATTERS, ESQ.
(Re-elected 1st September 1945)

HARRY ARTHUR SIEPMANN, ESQ.
(Elected 11th April 1945)

RALPH ELLIS BROOK, ESQ., O.B.E.
(Appointed 1st March 1946)

GEORGE GIBSON, ESQ., C.H.
(Appointed 1st March 1946)

LORD PIERCY, C.B.E.
(Appointed 1st March 1946)

Knighted New Year's Honours List 1944.
Retired 29th February 1945.

Deputy Governor from 1st March 1949.

Knighted New Year's Honours List 1955.
Retired 28th February 1946.

Deputy Governor from 1st September 1945 to 28th February 1949.
Governor from 1st March 1949.

Resigned 30th June 1940 on his appointment as Financial Adviser in H.M.Treasury.
Governor from 18th April 1944 to 28th February 1949.
Sworn a Privy Councillor 25th July 1947.

Resigned 2nd August 1945 on his election as Member of Parliament for Bath.

Created Baron Keynes of Tilton 11th June 1942.
Deceased 21st April 1946.

Resigned 15th December 1948.

Deputy Governor from 21st March 1935 to 21st August 1946.
Retired 28th February 1948.

Resigned 10th November 1949 on his appointment as Deputy Chairman of the Colonial Development Corporation.

Resigned 15th December 1949.
ARTHUR GEORGE WANSBROUGH, ESQ.
(Appointed 1st June 1946)

LORD DUKESTON, C.B.E.
(Appointed 1st March 1947)

THE HON. HUGH KENYON
MOLESWORTH KINDERSLEY,
C.B.E., M.C.
(Appointed 1st March 1947)

LORD BRAINTREE
(Appointed 1st March 1948)

GEORGE LEWIS FRENCH BOLTON,
ESQ.
(Appointed 1st March 1948)

MICHAEL JAMES BABINGTON
SMITH, ESQ., C.B.E.
(Appointed 1st March 1949)

SIR GEORGE CHESTER, C.B.E.
(Appointed 1st March 1949)

SIR KENNETH OSWALD PEPPIATT,
K.B.E., M.C.,
(Appointed 1st March 1949)

HUMPHREY CHARLES BASKERVILLE
MYNORS, ESC.
(Appointed 1st March 1949)

ANDREW NAESMITH, ESQ., C.B.E.,
J.F.
(Appointed 30th September 1949)

GEOFFREY CECIL RYVES ELEY,
ESQ., C.B.E.
(Appointed 25th November 1949)
HENRY CLAY
Resigned 30th September 1944 on his appointment as Warden of Nuffield College. Created a Knight Bachelor Birthday Honours List 1946.

H.A. SIEPMANN
Elected a Director 11th April 1945.

R.N. KERSHAW, C.M.G., M.C.

J.A.C. OSBORNE
Pensioned 1st September 1945.

G.L.F. BOLTON
(Appointed an Adviser 1st March 1941)
Appointed a Director 1st March 1948.
Created K.C.M.G. - New Year's Honours List 1950.

J.B. RICKATSON-HATT
(Appointed an Adviser 10th March 1941)

H.C.B. MYNORS
(Appointed an Adviser 23rd November 1944)
Appointed a Director 1st March 1949.

J. S. LITHIBY
(Appointed an Adviser 1st March 1946)
Appointed an Assistant Adviser 10th June 1940
Appointed a Deputy Adviser 1st March 1944

P.F.J. POWELL
(Appointed an Adviser 1st March 1946)
Appointed a Deputy Adviser 1st March 1941

J.L. FISHER
(Appointed an Adviser 1st March 1950)
Appointed an Assistant Adviser 1st March 1939
Appointed an Acting Adviser 1st March 1946
Appointed Deputy Chief Cashier (Exchange Control) 29th January 1948.

C.A. GUNSTON
(Appointed an Assistant Adviser 1st March 1939)
Pensioned 5th November 1949

L. P. THOMPSON-McCAUSLAND
(Appointed an Adviser 1st March 1949)
Appointed an Assistant Adviser 1st October 1941
Appointed an Acting Adviser 1st March 1947

C.E. LOOMBE
(Appointed an Assistant Adviser 1st March 1950)
Appointed an Acting Assistant Adviser, 1st October 1945.
CHIEF OFFICIALS OF THE BANK

3rd September 1939 - ?

Assistant to the Governors  
E.H.D. Skinner  
Appointed 1 March 1935  
(Pensioned 1 August 1945)

Sir G.E.B. Abell, K.C.I.E., O.B.E.  
Appointed 1 March 1949

Chief Cashier  
Sir K.O. Peppiatt, K.B.E., M.C.  
P.S. Beale  
Appointed 1 March 1949

Chief Accountant  
A.M. Walker  
Appointed 1 January 1921  
(Pensioned 11 February 1945)

E.M. Stapley  
Appointed 11 May 1939  
(Jointly with A.M. Walker from 11 May 1939 to 11 February 1945)

F.C. Hawker  
Appointed 1 June 1948

Secretary  
H.C.B. Mynors  
Appointed 11 May 1939

W.H. Nevill  
Appointed 23 November 1944

A.W.C. Dascombe  
Appointed 15 May 1949

Chief of Establishments  
J.D. Mackenzie  
Appointed 1 June 1934  
(Pensioned 1 October 1945)

E.N. Dalton  
(Jointly with J.D. Mackenzie from 5 August 1943 to 1 October 1945)

M. McGrath  
Appointed 11 November 1949
OFFICIALS OF H.M. TREASURY

Sir Richard V.N. Hopkins 2nd Secretary 1932-1942
Permanent Secretary 1942-1945

Sir Edward E. Bridges Permanent Secretary 1945 - -

Sir Frederick Phillips Joint 2nd Secretary (in 1940-42
mainly in U.S.A.)
Died 16th August 1943

Sir Wilfrid G. Eady Joint 2nd Secretary 1942 - -

Sir (Sigismund) David Waley Principal Assistant Secretary

Sir Herbert Brittain do.
PRIME MINISTERS

The Rt.Hon.Neville Chamberlain, resigned 10th May 1940.
27th July 1945.
The Rt.Hon.Clement Richard Attlee, 27th July 1945 –

CHANCELLORS OF THE EXCHEQUER

Sir John A.Simon (Viscount: 1940) until 10th May 1940.
Sir Kingsley Wood, 13th May 1940; died 22nd September 1943.
Dr.Hugh Dalton (27th July 1945 --).
The following changes of title of persons mentioned in this record occurred during or shortly after the war:

The Rt.Ho n.H.C. Norman
Sir Robert Kindersley
K.O.Peppiatt Esq.
Henry Clay Esq.
J.M.Keynes Esq., C.B.
Herbert Brittain Esq.
Prof.H.D.Henderson
E.R.Street, Esq., C.B.E.
C.J.Gregg Esq., C.B.
George Ismay Esq., C.B.
Charles Lidbury Esq.
The Hon.S.M.Bruce

Bank of England
do.
do.
do.
H.M.Treasury
do.
do.
Westminster Bank
High Commissioner for Australia

Created
Baron 1944
Baron 1941
Baron 1942
K.B.E.1941
Knight 1946
Knight 1942
K.B.E. 1944
Knight 1942
Knight 1942
K.B.E. 1947
K.B.E. 1941
K.C.B. 1944
Knight 1947
Baron 1947
### CHRONOLOGICAL TABLE: KEY DATES

#### Progress of the War

<table>
<thead>
<tr>
<th>Year</th>
<th>Event Description</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1935</td>
<td>Italy invaded Abyssinia</td>
<td>October 3</td>
</tr>
<tr>
<td></td>
<td>Sanctions applied against Italy</td>
<td>November 18</td>
</tr>
<tr>
<td></td>
<td>Hoare-Laval proposals re Abyssinia issued in Paris</td>
<td>December 8</td>
</tr>
<tr>
<td>1936</td>
<td>German troops occupied Cologne and other towns in the Rhineland</td>
<td>March 7</td>
</tr>
<tr>
<td></td>
<td>German Government denounced Treaty of Locarno</td>
<td>April 7</td>
</tr>
<tr>
<td></td>
<td>Spanish Civil War started</td>
<td>July 17/18</td>
</tr>
<tr>
<td></td>
<td>King Leopold declared that Belgium must henceforward follow a policy exclusively Belgian</td>
<td>October 14</td>
</tr>
<tr>
<td>1937</td>
<td>Bi-lateral Naval Agreements signed in London with Germany and the U.S.S.R.</td>
<td>July 17</td>
</tr>
<tr>
<td>1938</td>
<td>Austria declared part of German Reich</td>
<td>February 12</td>
</tr>
<tr>
<td></td>
<td>Dr. Schacht re-appointed President of Reichsbank</td>
<td>March 15</td>
</tr>
<tr>
<td></td>
<td>Anglo-Italian Agreement signed in Rome</td>
<td>April 16</td>
</tr>
<tr>
<td></td>
<td>Hitler's State visit to Rome</td>
<td>May 3 - 9</td>
</tr>
<tr>
<td></td>
<td>Munich Pact</td>
<td>September 29</td>
</tr>
<tr>
<td>1939</td>
<td>Germany invaded Czecho-Slovakia</td>
<td>March 15</td>
</tr>
<tr>
<td></td>
<td>Memel occupied</td>
<td>April 7</td>
</tr>
<tr>
<td></td>
<td>Italy invaded Albania</td>
<td>April 7</td>
</tr>
<tr>
<td></td>
<td>Hitler denounced Naval Agreement with Britain of 1935 and non-aggression Pact with Poland of 1934</td>
<td>April 7</td>
</tr>
</tbody>
</table>

Anglo-Turkish
### 1939 (contd.)

**Anglo-Turkish Pact**  
May 12

**Italo-German Alliance signed in Berlin**  
" 22

**U.S. denounced Trade Treaty of 1911 with Japan**  
July 26

**Russo-German Pact**  
August 24

**Anglo-Polish Alliance signed**  
" 25

**Germany invaded Poland**  
September 1

**Great Britain and France declared war on Germany**  
" 3

**South Africa entered the war**  
" 5

**President of U.S.A. declared a state of "limited" national emergency**  
" 6

**Battle of Warsaw began**  
" 9

**Canada declared war**  
" 11

**Soviet troops entered East Poland**  
" 17

**Poland partitioned by Russia and Germany**  
" 28

**Empire Air Training Scheme announced**  
October 10

**First German air raid on British Isles (Firth of Forth)**  
" 16

**United States Neutrality Act passed**  
November 4

**Russia attacked Finland**  
" 30

### 1940

**Finland signed peace with Russia**  
March 12

**Germany invaded Norway and Denmark**  
April 9

**First battle of Narvik**  
" 10

**Germany invaded Holland, Belgium and Luxembourg**  
May 10

**Resignation of Mr. Chamberlain; Mr. Churchill Prime Minister**  
" 10

**Formation of Home Guard (L.D.V.) announced**  
" 14

**Dutch capitulation**  
" 15

**Bismarck sunk**  
" 27

**Capture of Narvik**  
" 28

**Belgian Army capitulated**  
" 28

**Dunkirk evacuation**  
" 30 - June 3

**Norwegians ceased hostilities**  
June 9

**British withdrew from Norway**  
" 10

*Italy*
1940 (contd.)

Italy declared war on Britain and France June 11
Germans entered Paris " 14
British offer of Anglo-French union rejected " 16
Pétain Government formed " 17
French Armistice with Germany " 22
French Armistice with Italy " 24
General de Gaulle recognised by U.K. Government as leader of Free French " 28
Channel Islands: Guernsey occupied July 1
Jersey occupied " 30
Vichy Government broke off relations with Great Britain " 5
Italians invaded British Somaliland August 4
Battle of Britain began " 8
First all-night raid on London " 26/27
Anglo-American Agreement - sea and air bases granted in exchange for 50 destroyers September 3
Bank of England bombed " 8
Italian invasion of Egypt " 13
Battle of Britain climax " 15
U.S. Conscription Act " 16
Axis Pact: Germany, Italy and Japan " 27
Italy attacked Greece October 28
Allied Desert Offensive (Africa) December 9
Mr. Ryti elected President of Finland " 19
Fire raid on London (Guildhall and 8 Wren churches destroyed) " 29/30

1941

Mr. Winant to succeed Mr. Kennedy as U.S. Ambassador to U.K. February 7
Bulgaria signed pact with Axis March 1
U.S. Lend-Lease Act " 11
National Service Bill " 26
Pro-Axis coup d'etat in Iraq April 3
Severance of diplomatic relations between U.K. and Hungary " 4
Germans invaded Greece and Yugoslavia " 6

Salonika
<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salonika occupied by Germans</td>
<td>April 9</td>
</tr>
<tr>
<td>U.S. took Greenland under her protection</td>
<td>&quot; 10</td>
</tr>
<tr>
<td>Belgrade occupied by Germans</td>
<td>&quot; 13</td>
</tr>
<tr>
<td>Germans entered Athens</td>
<td>&quot; 27</td>
</tr>
<tr>
<td>Allied withdrawal from Greece</td>
<td>&quot; 22 - May 1</td>
</tr>
<tr>
<td>Rudolf Hess landed in Scotland</td>
<td>May 10</td>
</tr>
<tr>
<td>House of Commons destroyed (last heavy raid on London in 1941)</td>
<td>&quot; 10/11</td>
</tr>
<tr>
<td>Germans invaded Crete</td>
<td>&quot; 20</td>
</tr>
<tr>
<td>President of U.S.A. proclaimed state of &quot;unlimited&quot; national emergency</td>
<td>&quot; 27</td>
</tr>
<tr>
<td>Iraqi revolt collapsed</td>
<td>&quot; 30</td>
</tr>
<tr>
<td>British Forces completely withdrawn from Crete</td>
<td>June 1</td>
</tr>
<tr>
<td>Germany invaded Russia</td>
<td>&quot; 22</td>
</tr>
<tr>
<td>Finland resumed hostilities with Russia</td>
<td>&quot; 26</td>
</tr>
<tr>
<td>Anglo-Soviet Mutual Assistance Pact</td>
<td>July 12</td>
</tr>
<tr>
<td>Syria and Lebanon under Allied control</td>
<td>&quot; 14</td>
</tr>
<tr>
<td>Japanese troops landed in Indo-China</td>
<td>&quot; 25</td>
</tr>
<tr>
<td>Mr. Churchill and President Roosevelt agreed on Atlantic Charter (published August 12)</td>
<td>August 11</td>
</tr>
<tr>
<td>British and Russian troops entered Iran</td>
<td>&quot; 25</td>
</tr>
<tr>
<td>French National Committee established</td>
<td>September 25</td>
</tr>
<tr>
<td>British and U.S. Delegations to Three-Power Conference in Moscow</td>
<td>&quot; 28 - October 1</td>
</tr>
<tr>
<td>Battle for Moscow</td>
<td>October 5 - December 6</td>
</tr>
<tr>
<td>Syria given independence</td>
<td>&quot; 28</td>
</tr>
<tr>
<td>Imperial Forces took offensive in Libya</td>
<td>November 18</td>
</tr>
<tr>
<td>Sections 2, 3 and 6 of U.S. Neutrality Act repealed*</td>
<td>&quot; 18</td>
</tr>
<tr>
<td>Lebanon given independence</td>
<td>&quot; 26</td>
</tr>
<tr>
<td>Pearl Harbour attacked by Japanese</td>
<td>December 7</td>
</tr>
<tr>
<td>U.K. declared war on Finland, Hungary and Roumania</td>
<td>&quot; 7</td>
</tr>
<tr>
<td>U.S.A. and U.K. declared war on Japan</td>
<td>&quot; 8</td>
</tr>
<tr>
<td>Australia, New Zealand and S.Africa declared war on Japan</td>
<td>&quot; 9</td>
</tr>
</tbody>
</table>

*For financial section, see 21.2.42.
1941 (contd.)

Indo-China declared "enemy territory" by U.K. December 9
Thailand occupied by Japan " 9
Prince of Wales and Repulse sunk " 10
Germany and Italy declared war on U.S.A. " 11
Mr. Churchill in Washington " 23
St. Pierre et Miquelon occupied by Free French " 24
Fall of Hong Kong " 25
Mr. Churchill in Ottawa " 29

1942

26 Nations Pact signed in Washington January 1
Ethiopia: Sovereignty of Haile Selassie recognised February 15
Fall of Singapore " 31
Section 7 (Financial) of U.S. Neutrality Act abrogated March 28
Mutual Aid Agreement (U.S.A.-U.K.) " 21
Battle of Java Sea " 23
St. Nazaire raid " 27
U.S. Forces at Bataan surrendered April 9
First "Baedeker" raid (Exeter) " 24
U.S. garrison at Corregidor surrendered May 4
British land on Madagascar " 5
Twenty-year Anglo-Soviet Treaty signed " 26
Extended Empire air-training agreement signed in Ottawa by U.K., Canada, Australia and New Zealand June 5
Mr. Churchill in U.S.A. " 18 - 27
Fall of Tobruk " 21
Germans reached El Alamein July 1
Germans captured Sevastopol " 1
Germans withdrew from El Alamein " 2
International wheat agreement " 2
Montgomery took command of 8th Army August 1
Mr. Churchill in Moscow " 12
Commando raid on Dieppe " 19
Brazil declared war on Germany and Italy " 22

Germans
1942 (contd.)

Germans reached Stalingrad

Allied offensive resumed in Egypt:
- El Alamein

Armistice signed in Madagascar

Allied Forces landed in North Africa

U.S. relations with Vichy France broken off

German Troops entered Unoccupied France

Axis forces driven out of Egypt

German forces entered Toulon. French warships in harbour scuttled

Russian forces flung back German counter attacks on Stalingrad and central front

1943

Casablanca Conference (Churchill-Roosevelt) January 14 - 24

Russians raise siege of Leningrad

8th Army entered Tripoli

German forces at Stalingrad capitulated February 2

General Eisenhower appointed to Command in North Africa

Soviet Government broke off relations with Poland

First concentrated raid on Berlin

Tunis captured

Axis forces in Tunisia surrendered May 13

Conference on Food and Agriculture at Hot Springs opened

Treaties with China renouncing British and U.S. extra-territorial rights ratified

Canadian Mutual Aid Act passed

Sicily invaded by Allies July 10

Mussolini resigned

Fascist Party dissolved

Anglo-American Conference in Quebec August 11 - 24

Resistance in Sicily ceased

French Committee of National Liberation recognised by Allies
1943 (contd.)

Italian Armistice signed  
Mr. Churchill arrested in Washington  
Italy declared war on Germany  
Tripartite Conference in Moscow  
Lebanon: French arrested President, Prime Minister and other Ministers  
Cairo Conference: General Chiang Kai-Shek, Mr. Churchill and President Roosevelt  
Teheran Conference: Mr. Churchill, President Roosevelt and Marshal Stalin  
Cairo Conference: President Roosevelt, Mr. Churchill and President of Turkey

1944

General Eisenhower assumed duties of C-in-C A.E.F.  
Argentina broke with Axis  
Anglo-French Mutual Aid pact signed  
Mutual Aid Agreements signed between Canada, U.K., Russia and Australia  
Puppet government installed in Hungary by Hitler  
Germans occupied Roumania  
Russians entered Roumania  
De Gaulle became head of French armed forces  
Greek Government resigned  
Military and Political Co-operation Agreement signed by Yugoslavia and Italy  
Britain suspended foreign diplomats privileges (except U.S. and Russian)  
Turkey banned chrome exports to Germany  
Marshal Badoglio formed new Italian Government  
Empire Prime Ministers met in London  
Britain and U.S./Norway, Netherlands and Belgium Agreement signed concerning administration of liberated territories  
Rome occupied by Allies  
Allies invaded France ("D-Day")  
Portugal stopped wolfram exports to Germany
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 9</td>
<td>Marshal Badoglio resigned: new Italian Government</td>
</tr>
<tr>
<td>&quot; 13</td>
<td>First flying bomb launched against London</td>
</tr>
<tr>
<td>&quot; 19</td>
<td>Termination of ban on use of Diplomatic Bags by diplomatic missions</td>
</tr>
<tr>
<td>&quot; 30</td>
<td>U.S. severed diplomatic relations with Finland</td>
</tr>
<tr>
<td>July 20</td>
<td>Attempted assassination of Hitler by German Generals</td>
</tr>
<tr>
<td>August 15</td>
<td>Allied landings in France from Mediterranean</td>
</tr>
<tr>
<td>&quot; 25</td>
<td>Paris liberated</td>
</tr>
<tr>
<td>&quot; 25</td>
<td>Roumania declared war on Germany</td>
</tr>
<tr>
<td>September 2</td>
<td>Finland broke off diplomatic relations with Germany</td>
</tr>
<tr>
<td>&quot; 3</td>
<td>Brussels liberated</td>
</tr>
<tr>
<td>&quot; 7</td>
<td>Bulgaria declared war on Germany</td>
</tr>
<tr>
<td>&quot; 8</td>
<td>First V2 in London Area</td>
</tr>
<tr>
<td>&quot; 13</td>
<td>Armistice signed between Russia, Great Britain and the U.S. and Roumania</td>
</tr>
<tr>
<td>&quot; 20</td>
<td>Russo-Finnish peace terms published</td>
</tr>
<tr>
<td>October 9 - 19</td>
<td>Mr. Churchill and Mr. Eden visited Moscow</td>
</tr>
<tr>
<td>&quot; 28</td>
<td>Armistice signed between Bulgaria and the Allies</td>
</tr>
<tr>
<td>November 3</td>
<td>All Belgium freed</td>
</tr>
<tr>
<td>&quot; 6</td>
<td>Lord Moyne, British Minister in Middle East, assassinated in Cairo</td>
</tr>
<tr>
<td>&quot; 7</td>
<td>President Roosevelt elected for 4th term</td>
</tr>
<tr>
<td>&quot; 11</td>
<td>Anglo-U.S. air talks began</td>
</tr>
<tr>
<td>&quot; 23</td>
<td>Canada: Mackenzie King announced conscription for overseas service</td>
</tr>
<tr>
<td>&quot; 23</td>
<td>Polish Premier in London resigned</td>
</tr>
<tr>
<td>&quot; 28</td>
<td>Antwerp re-opened to traffic</td>
</tr>
<tr>
<td>December 10</td>
<td>Soviet-French Treaty</td>
</tr>
<tr>
<td>&quot; 23 - 26</td>
<td>Mr. Churchill and Mr. Eden opened Conference at Athens</td>
</tr>
<tr>
<td>&quot; 30</td>
<td>Hungary declared war on Germany</td>
</tr>
</tbody>
</table>
**1945**

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lublin Polish Provisional Government recognised by Soviet Government</td>
<td>January 5</td>
</tr>
<tr>
<td>Russian and Polish troops captured Warsaw</td>
<td>&quot;</td>
</tr>
<tr>
<td>Crimea Conference at Yalta</td>
<td>February 6</td>
</tr>
<tr>
<td>Peace Treaty in Greece concluded</td>
<td>&quot;</td>
</tr>
<tr>
<td>Budapest completely occupied by Russians</td>
<td>&quot;</td>
</tr>
<tr>
<td>Rhine crossed at Remagen by U.S. forces</td>
<td>March 7</td>
</tr>
<tr>
<td>Four-Power economic pact signed in Paris</td>
<td>&quot;</td>
</tr>
<tr>
<td>Last rocket (V2) fell (at Orpington)</td>
<td>&quot;</td>
</tr>
<tr>
<td>All Hungary liberated</td>
<td>April 4</td>
</tr>
<tr>
<td>Chile declared war on Japan</td>
<td>&quot;</td>
</tr>
<tr>
<td>British and U.S. Governments recognised Argentine Government</td>
<td>&quot;</td>
</tr>
<tr>
<td>President Roosevelt died</td>
<td>&quot;</td>
</tr>
<tr>
<td>Vienna liberated by Russians</td>
<td>&quot;</td>
</tr>
<tr>
<td>Mussolini executed by Italian partisans</td>
<td>&quot;</td>
</tr>
<tr>
<td>Unconditional surrender of German armies in Italy: (Hostilities ceased 2nd May)</td>
<td>&quot;</td>
</tr>
<tr>
<td>Death of Hitler in Berlin announced</td>
<td>May 1</td>
</tr>
<tr>
<td>Berlin surrendered to Russians</td>
<td>&quot;</td>
</tr>
<tr>
<td>German First and Nineteenth Armies surrendered to American forces</td>
<td>&quot;</td>
</tr>
<tr>
<td>German forces in Holland, N.W. Germany, Denmark, etc., surrendered</td>
<td>&quot;</td>
</tr>
<tr>
<td>Unconditional surrender of all German fighting forces</td>
<td>&quot;</td>
</tr>
<tr>
<td>Victory Holiday</td>
<td>&quot;</td>
</tr>
<tr>
<td>World Security Charter signed at San Francisco</td>
<td>June 26</td>
</tr>
<tr>
<td>First atomic bomb dropped on Japan (Hiroshima)</td>
<td>August 6</td>
</tr>
<tr>
<td>Russia declared war on Japan</td>
<td>&quot;</td>
</tr>
<tr>
<td>Japanese surrender</td>
<td>&quot;</td>
</tr>
</tbody>
</table>
II Internal Administration and Financial

1936

Devaluation of French franc

September 26

1937

"Cash and Carry" Bill passed by U.S. Senate

March 3

Chancellor informed the House that the E.E. Fund was to be increased by £200 million

June 25

1938

Mr. Eden resigned office of Foreign Secretary

February 20

1939

Conscription introduced into U.K.

April 26

Stock Exchange closed

September 1 - 6

Bank Holiday (affecting Banks only)

" 4

Stock Exchange: all dealings for cash: minimum prices for certain securities

" 7

Chancellor's letter to Bankers asking them to restrict certain classes of Advances

" 26

3% Defence Bonds, Post Office issue, placed "on tap"

November 22

1940

Exchequer provided £1 million a week to control food prices

January 31

3% War Loan 1955/9 Prospectus issued

March 5

5 exports to certain territories to be invoiced in hard currencies

" 7

" 12

All exports to certain territories to be invoiced in hard currencies

June 7

Anglo-Netherlands Financial Agreement

" 14

2½% National War Bonds 1945/7: first Tap Issue

" 24

First Treasury Deposit Receipt Borrowings

July 6

Income tax 8/6 in the £

" 23

"War Weapons" weeks began

September 18

Anglo-Turkish
Anglo-Turkish Financial Agreement December 2
£10 million credit to China announced " 10
War Damage Bill introduced " 11
2 1/2% National War Bonds 1946/8 placed "on tap" " 27
3% Savings Bonds 1955/65 placed "on tap" " 27

Anglo-French Financial Agreements signed March 19
Free French territories included in Sterling Area April 2
British loan to Spain: £2 1/2 million " 7
U.S. froze German and Italian assets in U.S.A. June 14
U.K. credit to Russia of £10 million at 3% for 5 years August 16
"W arships" weeks began October 18

Government took over Railways and L.P.T.B. January 1
Billion dollar gift by Canada " 26
British and U.S. Loans (£50 million and £125 million respectively) to China February 2
New Anglo-Soviet Arms Agreement signed in Moscow. Further British credit of £25 million June 27
B.O.T. fixed prices for all textiles and utility boots July 25
Beveridge Report on Social Security issued December 2

"Wings for Victory" weeks began March 6

"Salute the Soldier" weeks began March 25
Mr. Montagu Norman retired from Governorship of Bank of England: to take effect from 18th April: succeeded by Lord Catto April 6
All travel abroad from Britain banned " 24
Government White Paper on Employment Policy after war May 26
1944 (contd.)

Eire General Election: De Valera obtained majority of 14

Bretton Woods discussions began (ended 22nd July)

Bank of England's 250th Anniversary

3% Savings Bonds 1965/75 issued

H.M.G.'s Social Security Plan published

U.K. Monetary Agreement with Belgium

Sir E. Grigg appointed Minister Resident in Middle East

Iron and Steel freed from Lend-Lease export ban

1945

Anglo-French Financial Agreement signed in Paris

Price of gold raised to 172/3 (for S.A. mines retrospective to January 1)

U.S. Registered Accounts become "American Accounts"

U.K. Election: Labour win

Authorised Banks - Extension of Exchange Control powers

B.I.D. Company to be wound up: Gazette Notice
### III Rationing

#### 1940

<table>
<thead>
<tr>
<th>Item</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bacon, ham, butter and sugar</td>
<td>January 8</td>
</tr>
<tr>
<td>Meat</td>
<td>March 11</td>
</tr>
<tr>
<td>Tea</td>
<td>July 9</td>
</tr>
<tr>
<td>Margarine and cooking fats</td>
<td>&quot; 22</td>
</tr>
</tbody>
</table>

#### 1941

<table>
<thead>
<tr>
<th>Item</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jam and marmalade</td>
<td>March 17</td>
</tr>
<tr>
<td>Cheese</td>
<td>May 5</td>
</tr>
<tr>
<td>Clothes</td>
<td>June 1</td>
</tr>
<tr>
<td>Eggs</td>
<td>July 1</td>
</tr>
</tbody>
</table>

#### 1942

<table>
<thead>
<tr>
<th>Item</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dried and canned fruits</td>
<td>January 22</td>
</tr>
<tr>
<td>Soap</td>
<td>February 9</td>
</tr>
<tr>
<td>Tinned milk</td>
<td>April 6</td>
</tr>
<tr>
<td>Petrol (none except for authorised purposes)</td>
<td>July 1</td>
</tr>
<tr>
<td>Chocolates and sweets</td>
<td>&quot; 26</td>
</tr>
</tbody>
</table>
Preface

This compilation is designed primarily for use in the event of another major war. Technicalities, therefore, could not be avoided even if sometimes they become tedious. But motives are no less important and have been dealt with wherever they could be discovered.

Some parts of the record have been contributed by various hands and the whole is therefore less homogeneous than could be wished. A shorter history would be more readable, but perhaps less useful.

There were many differences between the Bank of England of 1914 and that of 25 and 30 years later as it happened, because of an unexampled continuity in its direction. Lord Norman, created a baron in 1944, had not only been Governor from 1920 to 1944, but for six years before 1920 he had been an informal Assistant Governor and then Deputy Governor.

Even in 1914 the Bank did not quite consciously regard itself as a Central Bank - the term indeed had not then been invented - though they understood well their responsibilities as such under the regime of the Gold Standard. But they still held themselves a little too aloof from the other bankers, with whom they continued to compete, if not very actively, until the outbreak of the first World War; and judged by their subsequent relationship to the Treasury they were remote also from Whitehall. At that time, too, the Bank had almost no contacts with industry.

Lord Norman altered the Bank's outlook in almost every direction, and in particular drew them into close contact and collaboration with the Treasury.

But paradoxically the co-ordination of the Bank and Treasury, under which the Bank's advice was sought or given with greater continuity and on a wider range of subjects, did not in 1938-39 result in an identity of views on two main aspects of war-time finance, whereas there had been complete and almost automatic agreement upon them at the outbreak of, and indeed throughout the greater part of, the war of 1914-18. There had then been disagreements and misunderstandings, but on other subjects...
In that war the Treasury and the Bank for years felt that borrowing at increasingly high rates was unavoidable; and both Treasury and Bank were equally anxious that London should maintain unimpaired, at least so far as official actions went and the war permitted, its position as an international financial centre.

Before the second World War broke out the U.K. had had to abandon the Gold Standard, re-introduced in 1925, and the Bank, though desiring to preserve the international status of sterling so far as possible, were ready, while the Treasury were not, to impose restrictions on its free transferability into foreign currencies. The Bank had had seven years' experience in the management of the Exchange Equalisation Account and fully realised the dangers of an inadequate control; at the same time they believed that a full control would be expected and accepted by other countries on the outbreak of war.

Again, although urged by an ex-Treasury official of the previous war, Lord (then Mr.J.M.) Keynes, created a baron in 1942, and simultaneously by the Bank, to adopt a cheap money policy from the outset, the Treasury before and during nearly a year of the second World War could not quite bring themselves to believe that this would be practicable.

This failure to agree before and during the early months of the war on such important aspects of war finance may perhaps have been partly due to the fact that, although the Bank had had the same Governor for nearly 20 years before the war and the Secretary of the Treasury, Sir Warren Fisher, had also been in office from 1919 to 1939, the former had made an almost complete change in the Bank's higher officials by way of large additions to their number, many having been brought in from outside, while there had been far fewer changes in the personnel of the Treasury, which had not been adequately increased or renewed.

Thus, in spite of the closer relationship between the Bank and the Treasury, the Bank had moved away from 1914-18 while the Treasury tended to look at the new war in the light of their
experience of the previous one. The politicians too, or some of them, expected a short war as they had in 1914, and this made it more difficult for the Bank to persuade the Treasury to long views.

During the late war the Bank and Treasury became almost one organisation when dealing with matters where they were jointly concerned; and questions of finance, internal and external, were discussed between them almost daily, and at different levels; partly through joint committees but still more through the correspondence, meetings and telephone conversations of individuals. So much of the discussion was oral that the record of the development of opinion between the Bank and the Treasury is naturally at times defective. It would have been impossible to record on paper the gist of all negotiations, even if there had been opportunity and no paper shortage. Memories also suffered from pressure of work and could not always be relied on to supply missing information.

Many officials on both sides were involved and at the Treasury many changes of duties took place, so that continuity of policy seemed to be sometimes endangered, and it has at times been difficult for the historian to know whose views represented those of the Treasury. Naturally on neither side would officials express entirely uniform views while a joint Treasury-Bank opinion was being worked out as a preliminary to action: not all their differing contributions could reflect the official, even if temporary, conclusions of the Treasury and Bank respectively; some must be personal or at best semi-official reactions.

But in spite of all qualifications no doubt the co-operation between Treasury and Bank over the war period was remarkably successful: at least as complete and satisfactory as could be expected of any two separate institutions with such long-established traditions and different, if over-lapping, responsibilities.