

## Contents

<i>List of Figures</i>	<i>page</i> viii
<i>List of Tables</i>	x
<i>List of Boxes</i>	xii
<i>Preface</i>	xiii
1 Introduction	1
2 Price and Quantity Discovery, Market-Making and Liquidity in the Gilt Market	5
3 Government Securities and the Structure of the Stock Exchange	10
4 Government Debt Management before 1928	12
5 The Gilt Market and the Issue Department 1928–39	17
5.1 The Size of the Issue Department’s Gilt Holdings	17
5.2 New Issues	19
5.3 Forthcoming Maturities	22
5.4 Emergency Financing for the Jobbers	24
5.5 Other Operations	26
5.6 The War Loan Conversion	30
5.7 Sterilising Gold Flows	33
5.8 Rising Yields and Losses, 1935 Onwards	36
5.9 The Structure of the Market	38
5.10 Minimum Prices and the Outbreak of War	40
6 Government Debt Management and the Gilt Market in the Second World War	43
6.1 Financial Controls	43

vi	<i>Contents</i>	
	6.2 Debt Management	43
	6.3 The Structure of the Gilt Market	51
7	Post-War: 1945–51	59
	7.1 Introduction	59
	7.2 Ultra-Cheap Money, the Exhaustion of Market Liquidity and the Strengthening of the Discount Market	60
	7.3 Long-Term Interest Rate Objectives and How They Were Pursued	64
	7.4 The Convertibility Crisis	66
	7.5 The Nationalisation Programme	69
	7.6 Debt Management and Money Supply	70
	7.7 The Bear Squeeze of 1949	71
	7.8 The Condition of the Market-Makers	73
8	The Gilt Market from the Reactivation of Monetary Policy until 1960	77
	8.1 The Reactivation of Monetary Policy	77
	8.2 Bank of England Policy towards the Gilt-Edged Market	77
	8.3 Market Support Operations and Monetary Policy	82
	8.4 Market Microstructure in the 1950s	85
	8.5 The Radcliffe Report	93
	8.6 Bond Washing	98
9	Gilt Market Liquidity in the 1960s	101
	9.1 Monetary Policy and the Problem of Market Liquidity	101
	9.2 The Gilt Market and the Money Market	106
	9.3 The Bolton Plans	108
	9.4 Capital Gains Tax	110
	9.5 The Stock Exchange and the Jobbers' Capital	113
10	The High Tide of Intervention: 1960–66	119
	10.1 The Pursuit of Economic Growth	119
	10.2 The Support Operation of 1961	119
	10.3 The Attempt to Manage Long-Term Interest Rates, 1962–64	122
	10.4 The Support Operation of November–December 1964	123
	10.5 The Jobbers' Jobber	128
	10.6 The Jobbers' Jobber's Job	129

*Contents*

vii

11	The Conflict with Monetary Policy Recognised and Addressed: 1967–70	132
	11.1 Support Operations 1967–70: Narrative	132
	11.2 Perceiving the Conflict with Monetary Policy	144
	11.3 The Pattern of Support Operations	151
	11.4 Addressing the Conflict with Monetary Policy	153
12	Competition and Credit Control, 1970–72	157
	12.1 Introduction	157
	12.2 Negotiations	158
	12.3 After the Change	165
	12.4 Postscript: After 1972	168
13	The Bank of England’s Contribution to Market Liquidity	172
	13.1 Routine Operations	172
	13.2 Rescuing the Jobbers	181
14	Governance in Practice	185
15	Conclusions	192
	15.1 Gilt-Market Liquidity and Monetary Policy	192
	15.2 The Age of Intervention	198
16	Epilogue: Bearing the Cost of Providing Liquidity	203
	<i>Cast of Characters</i>	206
	<i>Appendix A Bailing Out the Jobbers</i>	210
	A.1 September 1931	210
	A.2 March 1952	212
	A.3 September 1957	213
	A.4 February 1960	215
	A.5 November 1964	216
	A.6 November 1967	219
	<i>Appendix B Sources of Data</i>	222
	B.1 Issue Department Transactions	222
	B.2 Discount Houses’ Holdings of Gilts	224
	B.3 Yields	225
	<i>Appendix C New Gilt Issues for Cash or Conversion</i>	226
	<i>Appendix D Official Turnover, 1951–72</i>	240
	<i>References</i>	244
	<i>Index</i>	252