CONTENTS

List of illustrations and acknowledgements xi
Preface xii
List of abbreviations xvii

1 The nationalisation of Norman's Bank 1
(a) Introductory 1
(b) The Bill prepared 4
(c) The Bill launched 17
(d) The Bill's passage through Parliament 20

2 Lord Keynes and the Bank: Bretton Woods and the Anglo-American Loan 31
(a) The setting: opposing forces 31
(b) The first adoption of strategic views: 1941-1942 35
(c) From the Mutual Aid Agreement to Bretton Woods: tactical alliance and strategic disagreement 49
(d) The setting of the trap: from Bretton Woods to VJ Day 62
(e) The Loan negotiations 73

3 The false dawn and the crisis of 1947 88
(a) Determining a strategy for the sterling balances: 1946 88
(b) Tying up the balances of the Sterling Area and Argentina: 1946–1947 95
The Canadian Loan 97
Australia and New Zealand 101
Argentina 103
India 108
Egypt 114
Appraisal 123
viii

(c) Europe not forgotten: 1942–1946 124
(d) Preparing for sterling convertibility in Western Europe: 1946–1947 132
(e) The dénouement: 1947 141

4 The four difficult years: from the crisis of 1947 to the Korean War 166
(a) Introductory 166
(b) European payments problems 170
Analyses, remedies, and the taking of positions: 1947 170
The Ansiaux Plan and IEPC: 1948–1949 179
The European Payments Union 193
(c) Cheap sterling and the frontiers of exchange control: 1948–1951 219
(d) The sterling balances: 1947–1951 249
India and Pakistan 251
Egypt 256
Argentina 261
London, Washington, and radical plans 267
(e) Devaluation 276
(f) Changes ahead: 1950–1951 304

5 Domestic monetary policy 1945–1951 314
(a) Introductory 314
(b) The lost alternative: 1943–1945 320
(c) Cheaper money – preliminary moves 327
(d) Cheaper money – mounting the assault on longer-term rates: 1944–1945 330
(e) The road to the 2 1/2% irredeemable: 1946 339
(f) 1947: the retreat to 3% 355
(g) Money supply, bank advances, and fiscal disinflation; 1948–1949 359
(h) Direct credit control versus the interest-rate weapon 370

6 The watershed: 1951–1952 398
(a) Clearing the decks 398
The reordering of monetary policy 398
The reopening of the exchange market 412
Devising a longer-term plan for convertibility 417
(b) Emergency action: the Robot plan 426
7 The rise and fall of the Collective Approach: 1952–1955
(a) Introductory 475
(b) The Commonwealth Prime Ministers’ Conference, the row in Europe, and the failure of the first approach to the US 477
(c) The reorientation of policy and the liberalisation of transferable sterling: March 1953–March 1954 492
(d) Missing the tide, 1954, and the introduction of back-door convertibility in February 1955 505
(e) The European Monetary Agreement, 1955, and the demise of Stage 2 528

8 1956: The Bank and the Suez affair
(a) Prologue 543
(b) The crisis 549
Appendix: The mysterious telephone call 564

9 Convertibility: the last act, 1957–1958
(a) The pound, the franc, and the Deutschmark: 1957 566
(b) International liquidity and IMF quotas 572
(c) The approach to Operation Unicorn: January – October 1958 585
(d) Unicorn and the French connection: October – December 1958 595

10 Domestic monetary policy 1952–1958: disillusion and debate 606
(a) The context 606
(b) Thinking as you go: 1952–1954 613
(c) The slide back to requests 632
(d) Supporting the credit squeeze and supporting gilt-edged 643
(e) The Macmillan style: 1956 652
(f) Climax and aftermath: 1957–1958 669
11 The Bank and the Square Mile 695
(a) Introductory 695
(b) Janus in operation: the establishment of the FCI and the ICFC, 1943–1945 704
(c) Further ventures in the public interest 727
   The Steel Company of Wales: 1947 727
   The Commonwealth Development Finance Company: 1952 729
   The denationalisation of iron and steel: 1951–1955 733
   British Aluminium: 1958 743
(d) Banking supervision 749
   Old style 749
   The pursuit of new-style supervision – the Credit Trading Bill and after: 1955–1958 761
12 Envoi 780
   APPENDIX A The Bank and the commodity markets 785
      J. F. A. Pullinger
   APPENDIX B Eastern Europe 795
      J. F. A. Pullinger
   APPENDIX C The Anglo–American Loan negotiations: the US viewpoint 807
      Corinna Balfour
Index 823
ILLUSTRATIONS

<table>
<thead>
<tr>
<th>Illustration</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Janus mosaic</td>
<td></td>
</tr>
<tr>
<td>Chancellor and Governor, 1945</td>
<td>16</td>
</tr>
<tr>
<td>Montagu Norman, 1942</td>
<td>29</td>
</tr>
<tr>
<td>Cameron Cobbold as Executive Director, 1942</td>
<td>40</td>
</tr>
<tr>
<td>B. G. Catterns, Deputy Governor 1936–1945</td>
<td>46</td>
</tr>
<tr>
<td>An Argentine comment on Eady’s success: 1946</td>
<td>107</td>
</tr>
<tr>
<td>Harry Siepmann, Executive Director 1945–1954</td>
<td>163</td>
</tr>
<tr>
<td>George Bolton, Executive Director, 1948–1957</td>
<td>197</td>
</tr>
<tr>
<td>Roy Bridge</td>
<td>217</td>
</tr>
<tr>
<td>Cameron Cobbold, Governor 1949</td>
<td>230</td>
</tr>
<tr>
<td>Dallas Bernard, Deputy Governor 1949–1954</td>
<td>239</td>
</tr>
<tr>
<td>Kenneth Peppiatt, Chief Cashier 1934–1949</td>
<td>319</td>
</tr>
<tr>
<td>Otto Niemeyer, Executive Director 1938–1952</td>
<td>337</td>
</tr>
<tr>
<td>Lucius Thompson-McCausland</td>
<td>419</td>
</tr>
<tr>
<td>Cameron Cobbold late in his second term, 1959</td>
<td>525</td>
</tr>
<tr>
<td>Maurice Parsons, Executive Director 1957–1966</td>
<td>584</td>
</tr>
<tr>
<td>John Stevens, Executive Director 1957–1964</td>
<td>604</td>
</tr>
<tr>
<td>Maurice Allen, Economic Adviser</td>
<td>619</td>
</tr>
<tr>
<td>P. S. Beale, Chief Cashier 1949–1955</td>
<td>627</td>
</tr>
<tr>
<td>Leslie O’Brien, Chief Cashier 1955–1962</td>
<td>634</td>
</tr>
<tr>
<td>Humphrey Mynors, Deputy Governor 1954–1964</td>
<td>682</td>
</tr>
<tr>
<td>The Parker Tribunal: a cartoonist’s comment</td>
<td>703</td>
</tr>
<tr>
<td>Norman the Persuader, 1942</td>
<td>713</td>
</tr>
<tr>
<td>Lord Catto, Governor 1944–1949</td>
<td>726</td>
</tr>
<tr>
<td>Edward Peacock</td>
<td>734</td>
</tr>
<tr>
<td>Cyril Hawker, Executive Director 1954–1962</td>
<td>772</td>
</tr>
</tbody>
</table>