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A. C. PIGOU'S MEMBERSHIP OF THE 'CHAMBERLAIN-BRADBURY' COMMITTEE PART I: THE HISTORICAL CONTEXT

by

Michael McLure

Business School
University of Western Australia

DISCUSSION PAPER 14.04

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ABSTRACT

In 1924-25 A. C. Pigou was a member of the "Committee on the Currency and Bank of England Note Issues", which became known as the 'Chamberlain-Bradbury' Committee after its two successive chairmen. The Committee's report is historically important for recommending a bold and quick return to the gold standard, which the British government accepted and acted on. This paper, which is the first in a three part study, briefly provide the historical context for the Committee's establishment; and reviews those parts of the transcripts of testimony given to the Committee by its witnesses that Pigou highlighted and which are suggestive of his understanding of the Committee's intended purpose. As such, the purpose of this paper is to lay the foundation for the subsequent two parts of the study of Pigou's membership of the 'Chamberlain-Bradbury' Committee.

* University of Western Australia, Business School, Economics Program. Draft paper for presentation at the Pigou Mini-Conference, 29 November 2013, Robinson College, Cambridge. I would like to thank the other participants at the Mini-Conference – Nahid Aslanbeigui, Michael Ambrosi, David Collard and Mark Hayes – for their discussion of the paper. Finally, I would like to thank Simon Frost, the Deputy Librarian at the Marshall Library, Cambridge, for being so helpful and for facilitating my access to the Pigou Papers.

1) Introduction

Few topics in economic history have been investigated more thoroughly than the gold standard. Within the subfield of 20th century British monetary history, the events that preceded the announcement by Winston Churchill, the Chancellor of the Exchequer, as part of his budget speech of 28 April 1925 that Britain would be returning to the gold standard, together with the economic effects of returning to gold, have spawned a substantial scholarly literature. The scholarly response was swift, with T. E. Gregory's small contextual monograph *The Return to Gold* (1925) and J. M. Keynes's small, and critical, pamphlet *The Economic Consequences of Mr Churchill* (1925 [1931]), both published in the same year that the change in monetary policy was announced. Since then, economic historian's interest in this episode has been both extensive and profound, with considerable attention directed towards the role played by Treasury's 'Committee on the Currency and Bank of England Note Issues', established without public announcement by the Chancellor of the Exchequer in 1924 and which reported to Churchill in 1925, effectively providing him with the case for taking the position that he announced in his budget. Donald Moggridge's *British Monetary Policy 1924-1931* (Moggridge 1972) and Barry Eichengreen's *Golden Fetters: The Gold Standard and the Great Depression, 1919–1939* (Eichengreen 1992) are two notable studies on that topic, but they are not isolated examples. Other significant works include those by B. W. E. Alford (1972), W. Ashworth (1960), N. H. Dimsdale (1981), Susan Howson (1975), E. V. Morgan (1952), Sidney Pollard (1962, 1970) and R. S. Sawyers (1970).

This episode in monetary history has not, however, been extensively considered in relation to all important individual thinkers to have contributed to the history of economic and monetary thought. The obvious exception is, of course, John Maynard Keynes who, by following his *Tract on Monetary Reform* (Keynes 1923) with critical comment on Churchill's announcement produced a dramatic reaction that has since become a significant element of the narrative on the evolution of Keynes's thinking on monetary matters.[1] In contrast, little has been said on this episode in relation to Pigou, who was not only a member of the committee that advised Churchill, he was also, following the publication of his classic article 'The Value of Money' (1917)[2], a significant monetary economist himself. Until very recently, however, there has been an obvious gap in the historical literature concerning: the general character of A. C. Pigou's views on the return to the gold standard in general; and the particular character of his membership of the 1924-25 'Committee on the Currency and Bank of England Note Issues', henceforth referred to as the Chamberlain-Bradbury Committee after the first and second chairmen of that committee respectively.

However, that gap has been considerably narrowed following the 2013 mini-conference on Pigou,[3] where two papers were read on this issue: one by Aslanbeigui and Oakes (2013), which tracked Pigou's views on the return to gold from 1918 to 1925 and beyond, and the

[1] Examples include Keynes's biographies, such as *Keynes: The Return of the Master* (Skidelski 2009), and in monographs on Keynes, such as *Keynes's Theoretical Development: From the Tract to the General Theory* (Kirai 2008).
[2] The key and the subtle elements of Pigou the 'Value of Money' have been examined in McLure (2013a).
[3] The Pigou mini-conference was convened by Mark Hayes on 29 November 2013 at Robinson College, Cambridge University.

other by the present author (McLure 2013b), which examined the particular issue of Pigou's screening of testimony given by witnesses before the Chamberlain-Bradbury Committee.

Unfortunately, McLure (2013b) was a particularly long paper, so it has now been broken up into two smaller papers: the present one, to briefly deal with the historical context of the Chamberlain-Bradbury Committee, and a longer, but manageable length, paper that deals with the transitional and ongoing issues dealt with in testimony given to the Committee (McLure (2013c). The primary sources for both papers are the notes taken by the Treasury reporters at the meetings of Chamberlain-Bradbury Committee, comprising transcripts of interviews with witnesses appearing before the Committee. These documents are maintained in the UK National Archive and have been used to inform historians' investigations of the re-introduction of the gold standard. However, Pigou's personal copies of these documents, which reveal additional information about Pigou's reflections on matters before the Committee because he drew a vertical line, in pencil, down the margin of the paper next to the text of discussions that he wished to highlight – are held with the 'Papers of Arthur Cecil Pigou' maintained at the Marshall Library in Cambridge. There is little doubt that these lines were drawn by Pigou because, not only are the transcripts Pigou's personal copies, but the pencil lines match the one occasion when a few words were written in pencil on the transcript.[4] Consequently, it is the copies of these transcripts maintained in the Marshall Library that have been consulted for this project.

The present introductory paper, which is Part I of a three part study, is intended to succinctly review the historical context for the Committee's establishment; and to reflect on the contextual parts of the testimony given to the Committee by its witnesses or revealed in questioning by the other committee members, which were highlighted by Pigou, and which relate to the Committee's intended purpose. As such, the purpose of this paper is to lay the foundation for the two successive parts of the study of Pigou 's membership of the 'Chamberlain-Bradbury' Committee. The next paper (McLure 2013c), which is Part II of the study, identifies the 'transitional' themes and 'ongoing themes' that Pigou highlighted on his personal copy of the transcripts of interviews and reflects critically on their relevance to Pigou's contribution to the Committee, with some regard also being given to his prior contribution to monetary economics. The final paper, Part III of this three part study, which is still to be written, will address the character of Pigou's questioning of the witnesses that appeared before the Committee; discuss the relationship between that questioning and the text from the transcripts that Pigou highlighted when he was not in attendance; and investigate the relationship between Pigou's overall contribution to the Committee and his ex-post assessment from *Aspects of British Economic History 1918-1925* (Pigou 1947).

This paper is structured in three main sections. The basic historical context to the Chamberlain-Bradbury Committee is outlined in section 2. The themes that Pigou highlighted in the transcripts of interview concerning the Committee's purpose and goals are the reviewed in section 3. Unless otherwise indicated, all quotations from the Committee's interviews cited in the paper come from text in the transcripts that Pigou personally

[4] Those words, which are inconsequential, are written in Pigou's unmistakable scrawl.

highlighted. It is concluded, in Section 4, that Pigou's understanding of the Committee and its purpose came down to providing recommendations on three core issues; and that the senior members of the Committee appear to share a common view on the core agenda for the Committee to progress.

2) The Committee and its Historical Context

Under the gold standard, one pound sterling exchanged for four US dollars and eighty six cents (i.e. £1.00 = $4.86). This represented these two currencies' respective command over gold; with monetary authorities in the US guaranteeing to convert one American dollar into 23.22 grains of fine gold and monetary authorities in Britain guaranteeing to covert one pound sterling into 113 grains of fine gold. When the exchange rate for these two currencies agrees with the ratio of their respective command over gold, there is a parity between both currencies relative to the standard against which they are issued – convertibility to gold. During the hearing of the Chamberlain-Bradbury Committee, this situation was often referred to as 'parity', as it is in this paper too. When the exchange rate between the currencies of nations that do not prohibit the export or import of gold falls below parity for one nation, and above parity for the other, an economic gain may be realised by buying gold in the below parity jurisdiction, and selling it in the above parity jurisdiction, provided, of course, that exchange rate gains from trading in gold are more than large enough to cover the costs of transacting in, and shipping, gold.

Britain abandoned the gold standard at the commencement of the Great War to free itself from monetary constrains as it attempted to consider ways of paying for the war. To prevent Britain's gold from flowing out of the country as the exchange rate fell below parity, a legal prohibition was imposed on the melting of gold and a ban on the export of gold. In that environment, the British Treasury entered the business of producing money. In the wording of Clause 1(1) of the *Currency and Bank Notes Act* (1914):

> **"**The Treasury may, subject to the provisions of this Act, issue currency notes for one pound and for ten shillings, and those notes shall be current in the United Kingdom in the same manner and to the same extent and as fully as sovereigns and half sovereigns."
>
> (*ACP 04 F3*)

But while currency notes could be converted at the Bank of England into gold at face value, the issue of such notes was not required to be backed by a reserve of gold coins. Some of the currency note issues were indeed backed by gold coin, but, most often they were issued as fiduciary money (i.e. notes not backed by gold coins but supported by a promise that the Bank of England will pay gold on demand). As a consequence, pounds Sterling were being issued by the Bank of England, in the form of 'bank notes' and by the Treasury in the form of one pound and ten shillings 'currency notes', with the domestic exchange rate of 'bank notes' and 'currency notes' being one for one.[5]

By 1916 Sterling had been pegged to the US dollar, but at an exchange rate of $4.76, which was below the rate needed to maintain the gold standard. The cost of maintaining that exchange rate, in terms of an outflow reserves, was so great that the peg had to be removed in March 1919, with the Sterling/Dollar exchange falling to a low point of $3.30 in early 1920 (Dimisdale 1981, p. 307). In 1917, the below parity pegging of the Sterling was already under pressure when Walter Cunliffe, the Governor of the Bank of England, chaired the "Committee on Currency and Foreign Exchanges after the War" (the 'Cunliffe Committee' as it became known). The 'Cunliffe Committee', of which Pigou was also a member,[6] issued its final report on January 1918, recommending that the government continue to issue currency notes but that such note issues should be accounted for, along with Bank notes, by the Banking Department of the Bank of England; and set the actual maximum fiduciary circulation of currency notes in any one year as the legal maximum for the following year. Currency note issues backed by gold coin were not, of course, affected by the recommended limit. The remainder were issued on a fiduciary basis – although Bank notes were also being transferred into the Currency Note Reserve account to support the fiduciary issue – and were subject to the limit.

By 1920 the economy of Great Britain had entered into a major slump and public debt was high. Between 1920 and 1922 deflation was very significant (29.4% decline in GDP deflator), real GDP was falling (down 3.4%) and real public expenditure on goods and services was falling (down 4.9%) (Dimisdale 1981, p. 309). Between 1922 and 1924, the economy had begun to pick up again, with real GDP growing significantly, but, significantly, real government expenditure on goods and services was still declining, as the government attempted to manage its debt problems and general fiscal constraints; and price levels were still falling, although more moderately.

By the time that the Chamberlain-Bradbury Committee had been convened, in mid-1924, the worst of the economic slump had past, but recovery had not been fully achieved and the spectre of deflation remained a consideration for monetary policy. On 21 May 1924, Sir Otto E. Niemeyer, the Comptroller of Finance in His Majesty's Treasury, sent the following 'private' letter to Pigou:

"Dear Mr Pigou,

The Chancellor is appointing a small Committee to advise him privately whether the time has come to amalgamate the currency and the Bank of England notes issues, and

[5] Today the Bank of England Museum displays a one pound 'currency note', which it labels a 'Bradbury pound' after Sir John Bradbury, the Secretary to the Treasury between 1913 and 1919, whose signature appeared on such notes.

[6] The view of Pigou around the time of his contribution to the Cunliffe Committee are discussed by Aslanbeigui and Oakes (2013).

if so, on what terms and conditions. Mr Austen Chamberlain will be the chairman of the Committee and there will be four members, of whom Sir John Bradbury[7] and myself will be two and one will be a banker. The Chancellor would be very grateful if you would consent to serve on the Committee, and I should like to add my personal hope that you will be able to do so. Though the subject is very important I do not think the work will be very exacting. It is not intended that the appointment of the Committee should be made public at present though no doubt ultimately their report will be published. I should be grateful of you would let me know if, as I hope, you would be willing to serve.

Yours very truly,

O. E. Niemeyer"

(G1/433)

The Committee met for the first time on 27 June 1924, with Pigou joining Chamberlain, Bradbury and Niemeyer as members of the Committee, along with the 'banker', Gaspard Farrer (Director of Bearings, Merchant Bankers), who had also been appointed to the Committee. Mr N. E. Young, from the Treasury, was the Committee's secretary. As the Committee's title suggests, its brief concerned the question of whether Treasury's currency notes should cease being issued and be replaced by Bank of England notes (the *note amalgamation* question). Indeed, from Niemeyer's invitation for Pigou to join the Committee, it may well appear that that was the only item to be investigated. However, as we shall see in the next section, the Chamberlain, Bradbury Committee was heir apparent to the Cunliffe Committee, from which it becomes clear that the *note amalgamation* question was to be seen in the context of two other questions to be answered. Namely, the Committee needed to come to a view on whether the embargo on the export of gold, which was set to expire on 31 December 1925, should be allowed to expire or whether it should be extended (the *gold embargo* question); and the related question of whether Sterling should return to the gold standard (the *gold standard* question).

To consider these questions, the Chamberlain-Bradbury Committee convened seven meetings to hear testimony from twelve invited witnesses, as well as other meetings. The people interviewed by the Committee were prominent individuals within government, the finance industry, in particular, and industry more generally. Past and present Bank of England officials interviewed included Montagu Norman, the Governor; and Charles Addis, a former Governor. Past Chancellors of the Exchequer, and their advisors, interviewed by the Committee included the Rt. Hon. Reginald McKenna, Chancellor of the Exchequer (1915-16) and Chairman of Midland Bank (1919-43); Sir R. S. Horne, Chancellor of the Exchequer (1921-22); and Sir George Paish, former advisor to the Chancellor of the Exchequer. Bankers and industry representatives consulted included: L. Currie, partner of Glyn, Mills Currie & Co; Sir Felix Schuster, director of the National Provincial Bank and representing

[7] In January 1925, Sir John Bradbury was elevated to the peerage. The Chamberlain-Bradbury Committee reported in February 1925, so in the very late part of the Committee's life, it was chaired by Lord Bradbury.

the Chamber of Commerce; Sir W.H.N Goschen, partner of Goshens and Cunliffe; Dr Walter Leaf, chairman of Westminster Bank; Mr F. C. Goodenough, chairman of Barclay's Bank; and Messes Chisholm and Glenday, representing the Federation of British Industries. Two academic economists were also interviewed by the Committee, J. M. Keynes, fellow of King's College Cambridge; and Edwin Cannan, professor of political economy at the University of London.

The scheduling of the meeting is summarised in Table 1 below. Pigou did not attend any meetings in July 1924, which is when most of the meetings with witnesses were scheduled. However, as noted in the introduction, he was diligent in reviewing the transcripts of testimony from those meetings; and his highlighting of those transcripts has provided the basis for section 3 of this paper.[8]

Table 1: *Meetings of the Chamberlain-Bradbury Committee Scheduled as Hearings to take Testimony from Witnesses*

Date / time of meeting	Pigou in Attendance	Witnesses
27 June 1924 (11:00am)	Yes	Norman and Addis
3 July 1924 (2:45pm)	No	Schuster
4 July 1924 (10:30am)	No	Goschen, Curries and Leaf
10 July 1924 (10:30am)	No	Paise, McKenna
11 July 1924 (10:30 & 2:30)	No	Cannan, Keynes and Goodenough
30 July 1924 (10:30 & 4:30)	No	Chisholm & Glenday, Horne
28 January 1925 (3:30pm) [a]	Yes	Addis and Norman

(a) Chaired by Lord Bradbury. All other meetings chaired by Austen Chamberlain.

3) Pigou's Reading of the Transcripts: Contextual Issues

A significant portion of the interviewees canvassed matters that can be broadly described as contextual themes. Three main contextual issues highlighted by Pigou were the underlying objectives of the Cunliffe Committee Report and their relevance to the current review; the similarities and differences between the monetary system prevailing in 1924 and that which had prevailed prior to the Great War; and the need for due regard to be taken of post war economic reconstruction in the Continent.

J. Bradbury: "It seems to me that the plan contemplated by the Cunliffe Committee's Report was, first of all, to ascertain the normal level of the gold reservoir under free import and export conditions, then fix the fiduciary issue and then transfer the note

[8] Pigou's highlighted transcripts from the July 1924 meetings also provided the basis for all of (McLure 2013c).

issue to the Bank of England. I do not say, of course, that the Cunliffe Committee's Report should necessarily be followed."

(*ACP 4 F22*, p. 11)

It is probable that Pigou highlighted Branbury's comment because he agreed with it. Not just because it succinctly captured the key elements of the Cunliffe report, but mainly because it emphasised that the core elements of the Cunliffe Committee report that were open issues for the current committee. As such, the Cunliffe report 'suggests' the type of on-going issues that the Chamberlain-Bradbury Committee may wish to be concerned with. As is evident from Part II of this study, the issues that the Committee considered are broadly in line with Bradbury's summary statement cited above.

The Cunliffe Committee's recommendation to restrict fiduciary issues was sometimes thought of as an initial step back towards the British monetary system prior to the Great War. However, Keynes pointed out to the Committee that the monetary systems of 1914 and 1924 were still very different in two substantive ways.

J. M. Keynes: "... the present system is different from the pre-war system in two very important respects. The first one is the very familiar one that the maximum is liable to vary downwards from one year to another, and never liable to vary upwards. That is familiar. The other point I do not think is quite so familiar, although it is really obvious. It is that under the present system, although there is no means of increasing the non-fiduciary portion, so that, whereas under the pre-war system we had a fixed fiduciary issue and a fluctuating non-fiduciary issue varying with imports of gold, what we have in effect now is a fixed total issue."

(*ACP 4 F26*, p. 1)

J. M. Keynes: "it is a mistake for the reason I elaborated a few minutes ago, to think that this system of rigid limitation is the pre-war system. It is much more dangerous than the pre-war system, because the pre-war system was always capable of expansion without any violent re-adjustment of the situation."

(*ACP 4 F26*, p. 3)

It is likely that Pigou highlighted these comments as part of his attempt to understand the full extent of the weakness in the current monetary system. The risk to future British economic activity associated with the asymmetric rigidity of the kind prevailing was dangerous and did, it appears, contribute to Pigou's acceptance of the idea that change is needed. As a negative assessment of the present relative to the past, it might have, in Pigou's mind, lent some support for a return to the pre-war gold standard because it was not asymmetrically restrictive. However, that would have only been one of many influences, as sections 4 and 5 suggest.

The final contextual issue concerned relevance of the likely outcome of the 'Dawes' Committee. Following Germany's default on war reparation payments, troops from France and Belgium occupied the Ruhr Valley, leading to major disruption to production in this coal and steel producing area of Germany. In response, the *Allied Reparations Commission* established an international committee, with representatives from Belgium, Britain, France, Italy and United States, chaired by an American, Senator Charles Dawes. Bradbury was Britain's principal representative on the Dawes Committee, which met during early 1924 with a brief to work out the terms under which troops would be withdrawn from the Ruhr Valley and reparation payments repaid, and still leave scope for the advancement of German reconstruction. The resulting Dawes plan was published in April 1924. As the hearings of the Chamberlain-Bradbury Committee commenced in June 1924, all members of the Committee, not just Bradbury, were aware that the Dawes plan called for loans for reconstruction, facilitation of a rescheduling of reparation payments, fiscal arrangements (such as customs and excise duties) to raise revenue to fund repayments and the reorganisation of Reichsbank under allied supervision. However, the Dawes plan was introduced not until August 1924. Consequently, during the 1924 hearings of the Committee, there was some uncertainty as to whether the Dawes plan would be accepted, modified or rejected by the nations sponsoring the Allied Reparations Commission.[9] However, by the time that the Committee reported, that uncertainty had been removed.

The parts of the transcripts that Pigou highlighted concerned the possibility of Germany adopting the gold standard; the implications for Britain if Germany did adopt an indirect gold standard; and the effect on the 'Bank Rate' when raising loans in Britain for German reconstruction; and the relevance of reparation arrangements for the proposed amalgamation of currency and bank note issues under the control of the Bank of England. These concerns are evident from the Committee's interviews with Chisholm, McKenna and leaf, as the following extracts of transcript reveal.

J. A. Chamberlain: "Assuming – for the purpose of agreement, at any rate – that that Report [Dawes' Report] goes through, and Germany is placed upon a gold exchange basis, would you consider that a reason for action by us?"

Mr Chisholm [in reply]. "… The idea of Germany being put by us on to a gold standard would seem to be ridiculous if we were not on one ourselves."

(*ACP 4 F32*, p. 3)

Perhaps the main relevance of the above discussion is that the Committee, and Pigou, were conscious of the multilateral international dimension to the issues before the Committee. The parity question is defined with reference to the Sterling – US dollar exchange rate and discussion of that bi-lateral relationship dominated the Committees discussions, no doubt because the US was the only major power on the gold standard at the time. Nevertheless, the multilateral dimension was not completely ignored, especially concerning the extent to which European nations, with which Britain is economically interdependent, do or don't introduce a gold standard.

[9] That as the report of the Chamberlain-Bradbury Committee was submitted in 1925, the uncertainly associated with the Dawes plan had ceased when the recommendations of the Committee were being developed.

J. Bradbury: "Admitted that there is no intention of establishing a German free market in gold. It is, as I read the Dawes Report, the intention at any rate to attempt to stabilise the exchange values of the market in terms of the American dollar, which is a currency based on gold."

R. McKenna [in reply]: "Yes".

J. Bradbury: "That policy may, or may not, be successful. Assuming that it is successful, then you will have a condition in which the dollar-mark exchange rate is stable. If the value of commodities in gold is variable, you will have concurrently a condition in which the sterling gold, sterling-mark exchange, is unstable, because sterling will follow commodities, and the mark will follow gold. Do you see the danger?"

R. McKenna [in reply]: "I see great danger to dollars and marks, but not to sterling. Sterling would be the stable, and the others would be fluctuating."

(*ACP 4 F25*, p. 27)

The US dollar is directly on the gold standard, but the German Mark could go indirectly on the gold standard by being pegged to the US dollar. Pigou highlighted the uncertainly associated with this problem. The positions of Bradbury – that Britain may have a problem – and McKenna – that the United States and Germany, and not Britain, may have a problem – are both highlighted, and it is not possible to be certain which side of the argument Pigou accepts. However, as evident from the highlighted testimony reproduced in Part II of this study, it is evident that Pigou was particularly interested in McKenna's views. There is also a consistency between the position McKenna takes above and his discussion of transitional and on-going themes. It is, therefore, likely that at the very least he is giving serious consideration to McKenna's observation on the problems associated with the US and Germany concerning the return to the gold standard.

Bradbury also raised the effect of a change in the Bank of England's 'Bank Rate' on the success, or otherwise, of relatively high interest European reconstruction loans, such as those envisaged under the Dawes' Report, on the London market.

J. Bradbury: "I do not want to indicate the sort of terms on which it might be possible to raise a German loan, but assuming, for instance, it was on terms perhaps a little better than the recent Hungarian Loan, merely for the sake of argument, on a 7% or 8% basis, would the raising of 10 to 15 millions sterling in the London market on such a basis be appreciably more difficult if the Bank Rate were 5% instead of 4%. That is the short point.

Dr Leaf [in reply]. "Of course, the Hungarian Loan has been raised on a 8½% basis and the Bank rate is 4%. One would naturally expect a proportionate increase – if the credit in Germany is no better – if the Bank rate were 5%."

(*ACP 4 F22*, p. 18)

Pigou probably highlighted this text as an illustration of potential economic consequences for other countries if Britain has to adjust the Bank rate to prevent an outflow of gold following the scheduled lifting of the British embargo on gold exports from 31 December 1925.

4) Conclusion

Pigou's reading of the transcripts reveal that he looked for contextual themes that would assisted him in isolating the Committee's purpose, subject to the constraints implied by previous enquiries and the present world facts of a developed world still coming to grips the effects of war.

From the name of the Committee, "Committee on the Currency and Bank Note Issues", only one agenda item is clear: the *note amalgamation* question (if, and when, should currency notes issue be absorbed within Bank note issue). However, the actual agenda extended to include: the *gold embargo* question (should the embargo current embargo on gold exports, which was already scheduled to expire at the end of 1925, be lifted or extended); and the *gold standard* question (if the gold embargo is lifted, is Britain to make a public long term commitment to the gold standard). This is because the context for each of these three agenda items had been largely framed already as part of the 1918 Cunliffe Committee's legacy. Furthermore, Pigou, and the members of the Chamberlain-Bradbury Committee whose words he had highlighted, shared a common view that the future agenda for monetary reform implied by the Cunliffe Committee was legitimate and appropriate for their purpose in 1924-25.

The second contextual issue concerns reflection on just what the current system is and how it differs exactly from the system that applied before the war. On that one issue, more so than any other issue, Pigou highlighted the ideas of monetary theorists, rather than practical industry or government. In particular, Keynes's advice was highlighted. The relevance is that is that it suggested that Pigou appreciated that the life of current monetary arrangements were finite and that something would be needed to replace them in the not too distant future.

Finally, the last point of context, which Pigou highlighted rather extensively, concerned the issue of post war reconstruction in Europe and the associated impact of the volatile state of affairs concerning reparations. As the immediate uncertainty over the situation diminished after Dawes report had been accepted, and the matter had little impact on final recommendations of the Chamberlain-Bradbury Committee, the prominence accorded to the issue indicated that, although Britain's return to the gold standard was largely discussed in a bilateral UK-US context, the context of the day ensured that, properly considered, that matters under investigation raised some multi-lateral issues too, with Britain possibly being affected by the monetary relationship between Germany, and other European countries, and the US.

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Ernst Juerg Weber
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35 Sterling Hwy
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Australia

Email: ecoadmin@biz.uwa.edu.au

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