A. C. Pigou and the Purpose of the 'Chamberlain-Bradbury' Committee

Michael McLure*

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 historians' 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 just two of the more notable studies on that topic.[1]

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[1] Other significant examples include those by B. W. E. Alford (1972), W. Ashworth (1960), N. H. Dimsdale (1981), J. Dutton (1984), B. Eichengreen (1985), Susan Howson (1975), E. V. Morgan (1952), Sidney Pollard (1962, 1970) and R. S. Sawyers (1970).

This episode in monetary history has also been extensively considered in relation to the monetary thought of John Maynard Keynes who, following his *Tract on Monetary Reform* (Keynes 1923), wrote critical comments on both Churchill's announcement on the return to gold and the quality of the expert advice that he relied on.[2] Compared to Keynes, however, relatively little has been said on this episode in relation to Pigou, who was not only a member of the 1924-25 *Committee on the Currency and Bank of England Note Issues*, the Treasury Committee that advised Churchill to make a rapid and decisive return to the gold standard; but also a significant monetary economist himself following the publication of his classic article 'The Value of Money' (1917).[3]

Of course, this is not to suggest that Pigou's role in the return to the gold standard has been completely ignored. From the historical literature in the public domain there are at least three fundamental propositions on Pigou and the gold standard. First, as a member of the '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 – Moggridge (1972) has drawn attention to Pigou's support for the return to gold was lacking in urgency, with his fellow committee member, Sir John Bradbury, noting that Pigou's draft of the Committee's Report was 'flabby'. Second, the pro-gold position of Pigou and the corresponding anti-gold position of Keynes were both consistent with the quantity theory of money (Milgate 1983). Third, in works published after the Report of the Chamberlain-Bradbury Committee, especially his *Industrial Fluctuation* (Pigou 1927), Pigou raised concerns with the impact of the gold standard on employment (Takami 2011), but he nevertheless refused to concede that the decision to return to gold was based on flawed advice from experts (Milgate 1983). Most recently, Pigou's views on the return to gold, from his involvement in the Cunliffe Committee and beyond, and the criterion that he set for a return to gold at the pre-War parity, were reviewed by Aslanbeigui and Oakes (2013).

The present paper deals with Pigou's understanding of the purpose of the Chamberlain-Bradbury Committee. In that regard, Sir Otto Neimeyer's letter to Pigou inviting him to join the *Committee on the Currency and Bank of England Note Issues* referred only to the question of note amalgamation. There was no reference to the possibility of returning to the gold standard. Even the name of the Committee gives no *prima facie*

[2] Examples of studies that consider Keynes's views on the return to gold 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).

[3] The key and the subtle elements of Pigou's 'The Value of Money' have been examined in McLure (2013a).

indication that the return to gold was the main issue to be investigated. In view of this, the following question emerges: was Pigou expecting the Committee to deal expansively with the note amalgamation question, with the return to gold being a mere subsidiary issue? Related to this is the question of whether Bradbury's critical assessment of Pigou's failure to express a bold position on the timing of a return to gold was due to Pigou expecting the Committee to treat the currency and note amalgamation question as its primary concern.

To answer those questions, two related main sets of archival information have been examined. The first set of archival records is Pigou's personal copy of the Treasury reporters' transcripts of the testimony of witnesses appearing before the Committee, which include vertical lines, drawn in pencil, down the margin next to some of the text. There is little doubt that these lines were drawn by Pigou himself; 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] The second set of archival records is the Pigou draft of the Committee's report, written around August 1924.

Pigou's understanding of the purpose of the Chamberlain-Bradbury Committee is evident from two issues that Pigou highlighted on his copy of the transcripts, namely the relevance of the Cunliffe and Dawes Committees to the consideration of the Chamberlain-Bradbury Committee. Of course, Pigou's highlighting of testimony only establishes that Pigou considered those matters noteworthy. It does not establish why he considered those issues noteworthy or whether he agreed with the points he highlighted. To establish whether he agreed with the points he highlighted, Pigou's draft of the Committee's Report is examined for supporting, or opposing, comments.[5]

The paper is structured in five sections. The historical context to the Chamberlain-Bradbury Committee is provided in section 2. Pigou's understanding of the potential relevance of the Cunliffe Committee Report is considered in section 3 and his understanding of the potential relevance of the Dawes Committee, on post war reparation arrangements, is considered in section 4. Importantly, all quotations from the transcripts of interview cited within sections 3 and 4 are to text highlighted by Pigou on his personal copies of those transcripts. The paper concludes, in Section 5, that Pigou and Bradbury, and most likely their

[4] Those words, which are inconsequential, are written in Pigou's unmistakable scrawl.
[5] Pigou's personal copies of the transcripts to the Chamberlain-Bradury Committee are held with the 'Papers of Arthur Cecil Pigou' at the Marshall Library in Cambridge. His draft of the Report of the Chamberlain-Bradbury Committee is available from the UK National Archive in Kew.

fellow committee members, shared a common view on the core agenda for the Committee to progress and that the difference between Bradbury and Pigou on the urgency of a return to the gold standard is not at all due to the two men working at cross purposes.

2) The Committee and its historical context

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. Some of the currency note issues were indeed backed by gold coin, but, most often they were issued as fiduciary money; that is, 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 (or on behalf of 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.[6]

By 1916 the sterling had been pegged to the US dollar, but at an exchange rate of \$4.76, which was below the \$4.86 rate given by the gold standard. The cost of maintaining

[6] 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.

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). But the below parity pegging of the sterling was already under pressure in 1917 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 a member,[7] 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 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 recommended by the Cunliffe Committee.

Between 1918, when the Cunliffe Committee reported, and 1925, when the Chamberlain-Bradbury committee reported, the British economy went through a number of macro-economic periods. Pigou himself, in *Aspects of British Economic History 1918-1925* (Pigou 1947),[8] suggested that there were four different periods of note: the 'breathing space', from Armistice to the end of April 1919, when there were mixed economic signals; the monetary 'boom' and associated wage rises, from late April 1919 to late April 1920; the 'slump', from April 1920 until the beginning of 1923; followed by the 'doldrums', from 1923 to 1925 (and continuing well beyond 1925).

The economic and monetary context prevailing at the time of the Chaimberlain-Bradbury Committee was, therefore, that of the 'doldrums', with the slump that preceded it being very significant. Between 1920 and 1922 deflation was of great concern (29.4% decline in GDP deflator), real GDP was falling (down 3.4%) and real public expenditure on goods and services had also fallen (down 4.9%) (Dimisdale 1981, p. 309). From the beginning of 1923, the real economic activity was beginning to pick up, but price levels were still falling, although much more moderately. In this environment real government expenditure on goods and services was declining as the government attempted to manage its debt problems and

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

[8] This book was originally written during World War II, with a view to considering any implications for the war economy.

general fiscal constraints. So, by the time that the Chamberlain-Bradbury Committee had been convened, in mid-1924, the worst of the economic slump may have passed but the economic outlook in general, including the outlook for public finances, was poor and the spectre of deflation remained a consideration for monetary policy.

In was in just such an environment that, on 21 May 1924, Sir Otto E. Niemeyer, the Comptroller of Finance in His Majesty's Treasury, sent the following letter to '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 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 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."
>
> (G1/433)

Pigou responded, on 22 May 1924, that "I am leaving England on July 2 and shall be away till nearly the end of August. If that is not a bar, I shall be glad to serve on the Committee" (T160/197, folio 19). That clearly did not prove to be a bar, as Pigou joined Chamberlain, Bradbury[9] and Niemeyer as members of the Committee, along with the 'banker', Gaspard Farrer (Director of Bearings, Merchant Bankers), who was also 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 to Pigou to join the Committee, it may well appear that the only purpose of the Committee was to address the amalgamation

[9] On 2 December 1924, the Committee was informed that "Mr Chamberlain has decided that he must ask Sir John Bradbury to take over the Chairmanship of the Committee on the Currency and Bank of England Note Issues" (T160/197, folio 97). As Sir John Bradbury was elevated to the peerage in January 1925 and the Chamberlain-Bradbury Committee reported in February 1925, the Committee was chaired by 'Sir John Bradbury' between December 1924 and January 1925; and by 'Lord Bradbury' between January and February 1925.

question. But as is now well known, the major issues addressed by the Committee concern the return to gold, e.g. whether or not to end an embargo on the free export on gold and when to announce a return to gold.

The Chamberlain-Bradbury Committee convened seven meetings to hear testimony from twelve invited witnesses, as well as other meetings without witnesses. 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 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 Messrs 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.

But Pigou's lack of availability in July and August meant that he missed the Committee's meetings with all witnesses except Norman and Addis. The scheduling of the meetings is summarised in Table 1 below. [10]

[10] Pigou's highlighted transcripts from the July 1924 meetings also provided the basis for (McLure 2013b).

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	Addis and Norman
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 previous meetings chaired by Austen Chamberlain.

However, Pigou was diligent in reviewing the transcripts of testimony from the July 1924 meetings.

When the Committee came to draft its report, the initial draft was prepared by Mr Young, the Treasury officer acting as secretary to the Committee, but Pigou was the author of the second draft of that report. Bradbury's letter of 11 September 1914 to Mr Young makes it perfectly clear that he thought Pigou's draft made the Committee's position look weak.

> "The general impression however that it [Pigou's draft] leaves on my mind is that it is rather flabby. For the moment we propose to wait and see which way the cat jumps. If she jumps one way, and we can avoid jumping after her – and whether we can or not remains to be seen – everything will probably be alright. If it isn't, we shall be prepared to be a good deal braver that we are at the moment. [11]

[11] The 'cat' is, of course, the exchange rate, and the 'jump' is a reference to a movement in the exchange rate, either towards parity, which appeared likely but not certain because of downward pressure in British domestic prices relative to domestic American prices, or away from parity.

> I think we ought to make it perfectly clear that we regard a return to a free gold market at pre-war parity without long delay as of vital importance. ... I would at the same time lay rather more stress than is laid in the draft report as it stands on the importance during this interim period of holding fast to the improvement of sterling which has already been effected."

(John Bradbury, letter to N. E. Young, T160/197, p.21)

Indeed, the final draft of the report, submitted to the Chancellor of the Exchequer on 5 February 1925, was firm and decisive in its recommendations on the return to gold, just as Bradbury wanted. Pigou's more cautious and conditional text on the timing of a return to gold has been replaced by essentially unequivocal and unconditional wording. Consequently, in September 1924 there was a significant difference in the minds of Bradbury and Pigou on the importance of the timing of any return to the gold standard, but even at that stage it was already unlikely that Pigou would not oppose Bradbury. In Mr Young's reply to Bradbury, Young quotes Pigou as saying

> "I am only *just* on balance in favour of a 'wait and see' policy. It would be inappropriate of me as an academic person to *press* for heroism; but if the rest of the Committee had been in favour of it, I doubt if I should have opposed."

(Pigou, cited in Moggridge 1972, p. 49)

The simple objective of this paper is to consider Pigou's understanding of the purpose of the Committee Chamberlain-Bradbury Committee and consider that his understanding may explain why, in September 1924, Bradley regarded the Pigou draft of the Committee's report as 'flabby'. The rationale for raising Pigou's understanding of the Committee's purpose derives from the letter of invitation that Neimeyer sent to Pigou, cited earlier, and the Committee's name, neither of which contain any reference to Britain returning to gold.

3) Relevance of the Cunfliffe Committee

Perhaps the single most significant consideration pertaining to Pigou's understanding of the purpose of the Chamberlain-Bradbury Committee concerns his assessment of the relevance, to that Committee, of the report of the earlier Cunliffe Committee. This is because the report of the Cunliffe Committee laid out an agenda for development in post War monetary arrangements; and because Pigou, like Bradbury, also served on that Committee.

As noted earlier, Pigou did not attend the July meetings of the Chamberlain-Bradbury Committee, but on the question of the relevance of the Cunliffe Committee, he highlighted the following statement by Sir John Bradbury when interviewing Dr Walter Leaf.

> 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 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)

Given the objective of this paper, two important points emerge from that statement: first, that matters related to the return to gold are directly linked to the amalgamation of note and currency issue; and second, that the conditions necessary to reach a view on the amalgamation of currency are conditional on experience gained while operating on the gold standard. Of course, from a highlight marked on Pigou's personal copy of testimony at the Committee meetings it is not evident whether he agreed with, or disagreed with, the marked text. However, consideration of Pigou's draft of the Chamberlain-Bradbury Report actually confirms that Pigou shared Bradbury's assessment. Most importantly, Pigou's draft points out that the Cunliffe Committee was of the view that emphasises that "the currency note issue should be transferred to the Bank of England when it has been ascertained from experience in a free gold market, what fiduciary issue is compatible with the maintenance of a central gold reserve of £150,000,000" (National Archive T160-197, pp. 9-10). The Pigou draft of the report goes on to add that:

> "these conditions have not yet been fulfilled and we have found it necessary to enter somewhat fully into the question whether a return to the gold standard is, in present circumstances, no less desirable than at the time of the Cunliffe Committee's Report; whether this is likely to be achieved without further deliberate Government action to that end; and whether experience of the

> amount of the gold reserve which can be maintained in post-war conditions must necessarily precede the amalgamation of the note issue."
>
> (T160-197, p. 10)

Pigou's draft also notes that the Committee had been asked to consider amalgamating the currency and note issue before removal of the prohibition on gold exports, as a signal of intent to return to parity, but had rejected that view because the "the permanent fiduciary issue [once currency notes and bank notes are amalgamated] cannot be fixed except with reference to the actual conditions of a free gold market" (T160-197, p. 18). In light of this, the Pigou draft concludes:

> "We recommend therefore that the policy with regard to the transfer of the Currency Note issue to the Bank of England should remain as recommended by the Cunliffe Committee."
>
> (T160-197, p. 10)

Consequently, the Pigou draft of the Committee's report is entirely consistent with Bradbury's recollection of the Cunliffe Committee's forward looking agenda. The fact that most of this characterisation of the Cunliffe Committee is much the same in the final published report as it is in the Pigou draft suggests that Bradbury and Pigou, and most likely the other members of the Committee, were as one in regard to their purpose. That is, the members of the Committee recognised that issues related to the return to gold were first order issues for the Committee to consider, because it was seen as a necessary pre-condition to note amalgamation.

4) Current European events: the relevance of the Dawes Committee Report

The previous section demonstrates that, in the eyes of Pigou and Bradbury at least, issues related to the return to gold and note amalgamation were linked issues, with resolution of the former necessary before the latter could be resolved. When current international issues were considered, they were almost completely considered within the context of gold and the

British-American relationship, [12] which provides more support for the gold first thesis. But that thesis receives even greater support when European events current during the Committee's hearings around July 1924, but which were not reflected in the Committee's final report, are considered. The specific current European event that attracted Pigou's attention was the likely outcome of the 'Dawes Committee Report' (1924), which dealt with credit for Germany to facilitate post war reconstruction and German reparation payments to the allies.

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 (Fleck 2013). 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. The hearings of the Chamberlain-Bradbury Committee were mainly convened in July 1924, and all members of the Committee, not just Bradbury, were aware that the Dawes plan called for 800 million gold marks to be given in Credit to Germany by major powers (Fleck 2013) to maintain currency stability and to assist in reconstruction, the rescheduling of reparation payments and the reorganisation of Reichsbank under allied supervision. However, it was not until 16 August 1924 that the plan was ratified by Governments in London, becoming operational from 1 September 1924 (Osmańczyk, p.509). Consequently, during the 1924 hearings of the Committee, there was considerable uncertainty as to whether the Dawes plan would be adopted, modified or rejected by the nations sponsoring the Allied Reparations Commission.

The parts of the transcripts that Pigou highlighted concerned the possibility of Germany adopting the gold standard and the implications for Britain if Germany did adopt an indirect gold standard and the effect of that 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.

[12] Even when the Committee recognised 'empire' issues, those too were in the context of gold e.g. that some empire nations are as gold producers.

The first two of these concerns are evident from the Committee's interviews, with the contrasting views of Chisholm and McKenna most evident.

> 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)
>
> J. Bradbury: "That policy [Germany stabilising its currency against the US dollar, which is already on the gold standard] 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)

Pigou clearly highlighted these issues as he regarded them as important. From Pigou's draft of the Committee's report, it is also clear that he endorsed and further developed McKenna's line of thinking on the issue, as evident from the following extract.

> "There is no little apprehension in this country as to the effects of the re-establishment in Germany of a gold standard or a gold exchange standard in accordance with the Report of the First Committee of Experts (the Dawes Report). ... In our view, however, the provisions of the Dawes Report by no means necessarily imply that the mark will be continuously maintained at full gold parity. We do not think it inconsistent with the successful application of the recommendations of that Report that the mark would, at any rate for some considerable time, stand at a discount in relation to gold as great as that at which sterling now stands. Even if the successful adoption of the Dawes Plan

> results immediately in the establishment in Germany of parity with gold, we do not think it probable that other countries which might be associated with Germany in re-establishing a group of gold standard counties would be prepared to take any action to this until some experience was available from which they could judge whether the gold value of the new German currency could be permanently maintained. We are not therefore convinced that this consideration need be treated as of immediate urgency.
>
> (T160-197, p. 4-5)

This paragraph is not included in the published version of the Committee's report. However, it is unlikely that that is due to dissent. Rather, the lack of urgency, noted by Pigou above, would have been a factor in its removal, as would the fact that by the time the Committee considered Pigou's drafted his version of the report, the Dawes plan had actually been adopted by Governments and any residual uncertainty and apprehension associated with the Dawes plan for the return to gold associated would have dissipated by February 1925, when the Committee's final report was submitted.

Given the purpose of this study, the relevance of Pigou's highlighting of the Dawes Report, as well as his reference to that report in his draft, is to underscore that in Pigou's mind that international, as well as domestic, questions related to the return to gold were to be of the first order of importance for the Chamberlain-Bradbury Committee to consider.

5) Conclusion

Prima facie, it appears strange that Pigou's letter of invitation to join the Chamberlain-Bradbury Committee contained no mention of gold or the investigation of a possible return to the gold standard. But contrary to the *prima facie* impression, there is an unstated and important context that underlies the amalgamation of currency notes with and Bank of England notes, and that context is the agenda for monetary reform set by the Cunliffe Committee in 1919.

When Pigou's letter of invitation to join the Committee is considered in the context of the Cunliffe report, it is more than evident that a return to gold was considered a pre-condition to note amalgamation. Moreover, both Bradbury and Pigou were perfectly aware of this, as confirmed by the transcript of interview with witnesses before the Committee, which Pigou highlighted; and Pigou's draft of the Committee's report, which underlines the Cunliffe agenda and the associated need to have a considerable period of operation under the free export of gold before the amount of fiduciary issue could be set. In other words, the balance between gold backed non-fiduciary issue and non-gold backed fiduciary issue, which would have to take place once the currency note issue is withdrawn and replace by Bank note issue, can only be determined with safety after gold exports were observed under a post war gold standard.

The strength of this conclusion is given greater weight when consideration is given to the Committee's treatment of European events in July August 1924 that are not reported on in its final report. While Pigou's draft of the Committee's report stresses the lack of urgency consequences for the British monetary standard as a result of the Dawes Report being adopted, it underscores the relevance (or lack thereof) of these events for treating Britain's return to gold as the primary agenda item for the Committee.

The starting point of this study is the fact that in September 1924 Pigou was not convinced of the need for urgent action to return Britain to the gold standard rapidly, while, at the same time, Bradbury and the Committee more generally were far more bullish. What is clear now from this study is that that difference has nothing to do with Pigou and Bradbury having different perceptions of the Committee's purpose. They were not working at cross purposes. The explanation for Pigou's caution lies in his analysis of transition issues, and the limitations of such analysis, which is the subject of the present author's future research.

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In Part I of the essay, we show that Pigou developed a blueprint for an analytical theory of economic welfare that specified the conditions an analysis of economic policy must satisfy in order to qualify as scientifically legitimate. In Part II, we examine his writings on public finance in order to explore the main inference he drew from this theory: the historicity of policy analysis, a critical aspect of his thought that has been largely neglected in the secondary literature.Â 1 Compare, for example, the discussion of policies ascribed to Pigou in the first and the most recent (...) 2 A professor at Harvard University, Mankiw served as chairman of the U.S. Council of Economic adviso (...) Yes, people are sick and dying. However, the statistics make it clear that COVID-19 simply does not warrant a total lockdown of the planet and further destruction of the economy. Regardless, nations around the world are using COVID-19 as an opportunity to grab more surveillance and police state powers, institute mask and vaccine mandates, accelerate the push towards a completely digital world, enact more corporate bailouts, and generally, extreme control and involvement in citizens lives.Â If you can do this while convincing your opponent that they are consciously making their own choices and the path is for their own good - well, you are all but guaranteed success. Pigou was generally critical of Keynesian macroeconomics and developed the idea of the Pigou effect on real money balances to argue that the economy would be more self-stabilizing than Keynes proposed. In a couple of lectures delivered in 1949 he made a more favourable, though still critical evaluation of Keynes' work: "I should say that in setting out and developing his fundamental conception, Keynes made a very important, original and valuable addition to the armoury of economic analysis".[5] He later said that he had come with the passage of time to feel that. he had failed earlier to ap...Â ^ "Pigou, Arthur Cecil (PG896AC)". A Cambridge Alumni Database. University of Cambridge.