

For release 7 9 p.m. Monday

12th June to Swiss press agencies,
& for simultaneous release by
Central Banks to press agencies
in their own markets.

A special delivery
in Bank this evening, by Mr. Per
Jacobson, Managing Director of
the International Monetary Fund,
made the following records.

TELEPHONE, 2310 KNEBORTH.

KNEBORTH HOUSE,
KNEBORTH,
HERTS.

In the past three months
the economic world has been
plagued by rumours of further
currency changes. These rumours
seem to me entirely baseless. They
are however very damaging to
confidence, and people would do
well to consider how much
harm they do in inventing and
spreading such rumours.
I happen to know that, in

all the major financial centres,
the monetary authorities are determined
to maintain existing parities.

There is no foundation whatever
for the rumors that there are
some new plans under international
discussion for currency adjustment,
whether by revaluation, devaluation,
widening of margins or in any
other way.

I have been very glad
to see in Paris this week-end

TELEPHONE 2310 KNEBWORTH

KNEBWORTH HOUSE,
KNEBWORTH,
HERTS.

renewed evidence of the firm
attitude of the central banks
and of the effective cooperation
which is going on between
them. Both this attitude
and this cooperation have the
warm support of the I.M.F.

Bank of England

17th April 1961.

Ans. M/S no copy.
My dear P.J.,

I promised in my letter of 17th March to let you know how things looked after a few weeks.

Although there was nothing like the disturbance and mass movement in the exchange markets in the second week of March the markets remained nervous and uncertain for several weeks after that. As is usual in these conditions there was a tendency for pressure to build up just before the weekend. On and off there was a bit of pressure against sterling, sometimes fairly heavy and sometimes quite light. The movement of funds into Germany seems to have been continuing, though again on a smaller scale than on the first period.

We have maintained an absolutely firm front throughout and have met all demands freely, going over to counter-attack whenever it looked appropriate. We have also once or twice had a short go at the forwards when they seemed to be going unhealthily far.

The offsetting arrangements to which I referred in my last letter (mainly with the Germans and the Swiss but with co-operation from other European Central Banks) cushioned the March figures very considerably. I believe that this has had a very good effect on confidence, partly because it has fortified our position but, even more, because it has demonstrated that the Central Banks are working together with determination. We went over all the ground again in Basle at the last weekend and everybody seemed to feel that the action taken had been useful and that we had at least won the first round of this particular encounter.

In the past week things have been much quieter in the exchange markets and for the first time since early March begin to look steadier and more normal. There is still nervousness about (and I guess it will take six months or so before we really get over the effects of the German and Dutch moves) and one can never say whether some incident will not trigger off new trouble, but for the moment the short-term outlook at least is much more encouraging.

If there is any notable change before your visit here in May I will let you know.

Yours ever,

Mr. Per Jacobsson.

JAN 26 1961

Dear Mr. Governor:

The newly appointed Governor of Da Afghanistan Bank, Mr. Abdel Hai Aziz, has informed the Fund that the Bank's Supreme Council recently decided to seek outside technical assistance to reorganize the Bank and streamline its activities so that it might assume more adequately its function as a modern and efficient central bank.

Three experts will be sought: The first, for consultation on monetary policy and general economic questions; the second, to advise on organization and management; and the third, to assist in a revision of existing bookkeeping and accounting methods. The first expert mentioned above is being sought within the Fund, and we are now considering arrangements whereby such an expert could be provided under our technical assistance program. For the remaining two, Da Afghanistan Bank is prepared to enter direct contractual arrangements with suitable candidates suggested by the Fund.

The Fund is in no position to provide from amongst its own staff the services of the management and accounting experts desired by Da Afghanistan Bank. In my opinion, these positions would best be filled by experts with a wide background of training and experience in a central bank. As Da Afghanistan Bank is also engaged in a not inconsiderable commercial banking operation, it would also be useful if the experts selected had in addition some familiarity with commercial banking practices in the fields in which they are to work. Experts with experience in underdeveloped countries would be preferred, but this should not be considered an essential qualification. In addition to implementing their recommendations, the experts will also be called upon to train the Bank staff.

I am therefore making this approach to you, as well as to the Governors of the central banks of Belgium, Germany, India, the Netherlands, Sweden, and the Chairman of the Federal Reserve Board of the United States, to propose one candidate for each of the positions desired, namely, an adviser on organization and management, and an adviser on accounting. I would very much appreciate having any such nominations from you, if possible, by the end of February.

I have as yet no indication of the financial terms which Da Afghanistan Bank is prepared to offer. I have been informed, however, that the Bank is prepared to offer terms which will be attractive to experts of excellent standing and experience. Your suggestions as to appropriate salaries and

cc: Mr. Jacobsson
Mr. Cochran
Mr. Gunter
Mr. Thorson

other arrangements would be appreciated, although it is understood that final arrangements would be a matter for subsequent negotiation with the candidates selected. Da Afghanistan Bank has indicated a preference for an initial contract period of two years.

We are tentatively planning for a staff mission to visit Kabul during the early part of March, at which time we would hope to complete our own arrangements for technical assistance to Da Afghanistan Bank and to assist the Bank in making arrangements for the appointment of the two additional experts. I would expect to write to you again at that time.

Your participation in this endeavor would be very much welcomed and appreciated both by the Fund and by the Afghan authorities. I hope that you will find it possible to propose candidates for the two positions.

Sincerely yours,

S
Per Jacobsson
Managing Director

The Rt. Hon. Lord Cobbold, P.C.
Governor
Bank of England
London E.C.2, England

JWG:rd (1/25/61)

Bank of England

10th January 1961.

Dear Mr. Jacobsson, ^{N/A}

We have intended, for some time past, to go further in the publication of statistical and other information relating to the working of the monetary system and the practice of monetary policy. The Report of the Radcliffe Committee supported this intention. As a first step, our last Annual Report was issued in an extended form; and at the same time we were able to announce our decision to issue a regular quarterly bulletin.

I now enclose a copy of the first number of this Bulletin which you may be interested to see; future issues will be sent to you as they appear.

Yours sincerely,

Mr. Per Jacobsson.

OFFICIAL

OUTGOING MESSAGE

OFFICIAL

INTERNATIONAL MONETARY FUND
WASHINGTON 25, D.C.

FOR PREPARING OFFICER

Night Letter

Full Rate

Code

SPECIAL INSTRUCTIONS

To: Cobbold
Ingotiem
London [England]

2/NO. 38

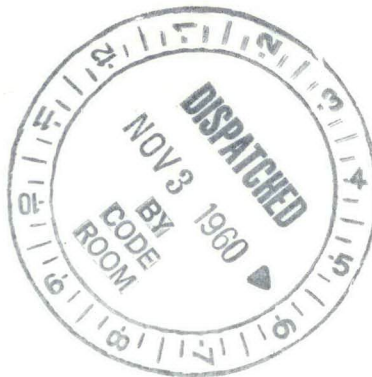
With reference to possible BIS role in Yugoslav operation, I think it might be useful to tell you that according to American sources the Italians are expected to agree to give assistance, with possibility of doing so at least in part through the BIS. I understand from some sources, and this is confirmed from German sources, that the use of the BIS channel is virtually only chance of ensuring German participation. / Without such participation probably impossible to obtain a sufficient total of European assistance to make substantial American assistance politically acceptable. Therefore it is hoped that the appropriate technical arrangements will be worked out for the BIS to be able to play a role in this operation Warm regards

Jacobsson

Drafted By Per Jacobsson
D. ment M.D.
Date November 3, 1960

AUTHORIZATION

S/ Mr. Per Jacobsson
Signature



Second Signature When Required

FOR CODE ROOM

Time Received 5:35 PM
Time Dispatched 6:15 PM
Number of Words 91
Log 33741
Route WU
Operator GB

DO NOT TYPE BELOW THIS LINE

J-R

October 28, 1960

Dear Cob:

Thank you so much for your cable of yesterday, explaining the reasons for the reduction in the Bank Rate. If I interpret your situation rightly, I believe that the Construction boom is still continuing and that demand for credit is still intense, but that somehow "expectations" have changed. People seem to be beginning to realize that business cannot only go up and up, and there is a feeling of some slackening of activity which may be more marked in the course of next year. With this change in expectations, you have been able to pay increased attention to the level of rates in other centers; and I am sure that internationally the reduction in the Bank Rate will prove helpful.

I carefully read your speech at the Mansion House, not once, but twice, and found it full of ideas and, if I may say so, elegantly phrased. There was, however, one thing that made me rather melancholy and that was your last paragraph which read like a valediction to the people to whom you spoke. From what you told me in the summer, I was perhaps not surprised, but still sad.

The sudden increase in the gold price on the London market has, of course, given rise to many inquiries here at the Fund. The outcome of all the discussions seems to me to have been quite a good one. The impression gained is that close contact has been established between the authorities in London and in the United States. The Americans seem very pleased about the helpful attitude of their friends in London--I think they feel that "a friend in need is a friend indeed" and that is all to the good. Those who wonder whether they should buy gold at current market prices have certainly been given the impression that the British and the Americans are working together. This will make them think twice before they pay more for gold than the regular price.

I should also like to say a word about the final repayment to the Fund. It is unnecessary for me to tell you how much pleasure it gave me. When I think back on the discussions of four years ago and all the gloomy prophecies from people who ought to have known better, I am indeed glad that they now have to eat their words. May I congratulate you personally, and the British authorities in general, on the successes achieved over the intervening years.

With every good wish, I am

Yours ever

The Rt. Hon. C. F. Cobbold, P. C.
Governor
Bank of England
London, E. C. 2, England

Per Jacobsson

SECRET

INCOMING MESSAGE

SECRET

INTERNATIONAL MONETARY FUND
WASHINGTON, 25,D.C.

TO: JACOBSSON, INTERFUND

FROM: COBBOLD, LONDON

40040

FILING TIME: 1241P October 27, 1960

VIA: WESTERN UNION

Number : 55

OUR OFFICIAL TELEGRAM INFORMS YOU OF THE REDUCTION OF BANK RATE BY $\frac{1}{2}\%$ TODAY. THIS DOES NOT IMPLY ANY CHANGE IN THE POLICY OF CREDIT RESTRICTIONS. THE 6% RATE SERVED A USEFUL PURPOSE, ALONG WITH OTHER MEASURES, IN RESTRAINING PRESSURES WHICH WERE DEVELOPING IN THE SUMMER. CONTINUED RESTRAINT IS NECESSARY, BUT IN TODAY'S CONDITIONS, AND HAVING REGARD ESPECIALLY TO THE LEVEL OF RATES IN OTHER CENTRES, WE HAVE CONCLUDED THAT 6% IS UNDULY HIGH AND GIVES NO ADVANTAGE TO US AS AGAINST $5\frac{1}{2}\%$

COBBOLD

Approved: *AEB*

Received in Code Room : 10:25 AM October 27, 1960

SECRET

INCOMING MESSAGE

SECRET

INTERNATIONAL MONETARY FUND
WASHINGTON, 25,D.C.

TO: JACOBSSON, INTERFUND

FROM: COBBOLD, LONDON

39905

FILING TIME: 7:21P October 17, 1960

VIA: Western Union

Number: 53

PERSONAL

WOULD YOU HAVE ANY OBJECTION TO A PASSAGE ON THE FOLLOWING LINES FOR MY MANSION HOUSE SPEECH ON THURSDAY? PLEASE LET ME KNOW AS EARLY AS POSSIBLE.

PASSAGE BEGINS. I SEE NO CAUSE TO CHEER WHEN HOT MONEY MOVEMENTS CAUSE OUR RESERVES TO RISE: NOR SHALL I SEE CAUSE TO COMPLAIN WHEN THEY GO THE OTHER WAY AND OUR RESERVES FALL THIS IS WHAT RESERVES ARE FOR. AND I HOPE THAT WE SHALL ALL GET MORE USED TO REGARDING THE INTERNATIONAL MONETARY FUND AS A SECOND LINE OF RESERVES FOR THIS SORT OF PURPOSE. TOO LITTLE IMPORTANCE HAS BEEN ATTACHED TO THE VERY LARGE INCREASE OF INTERNATIONAL MONETARY FUND FACILITIES WHICH WAS ARRANGED LAST YEAR AND TO THE PART WHICH THEY CAN PLAY IN OFFSETTING THESE HOT MONEY MOVEMENTS. PROVIDED THAT COUNTRIES ARE PURSUING PROPER FINANCIAL POLICIES THE INTERNATIONAL MONETARY FUND WILL UNDOUBTEDLY BE WILLING TO STAND BEHIND THEM. WE SHOULD BE READY TO DRAW ON THESE FACILITIES AS A MATTER OF ORDINARY BUSINESS WHEN WE NEED TO REINFORCE RESERVES AND TO REPAY WHEN OUR RESERVES ARE RISING: RECENT ADVANCE REPAYMENTS BY H.M.G. HAVE BEEN AN INSTANCE OF THIS POLICY IF DRAWING ON THE INTERNATIONAL MONETARY FUND IS REGARDED AS ONLY A LAST RESORT THEN HALF OF ITS UTILITY IS LOST BECAUSE DRAWING WILL COME TO BE REGARDED AS A CRISIS MEASURE WHICH MAY CAUSE AS MUCH NERVOUSNESS AS IT ALLAYS. PASSAGE ENDS.

Received in Code Room: 6:30 PM October 17, 1960

Approved: GER

COBBOLD

OFFICIAL

OUTGOING MESSAGE

OFFICIAL

Int

INTERNATIONAL MONETARY FUND
WASHINGTON 25, D.C.

FOR PREPARING OFFICER

- Night Letter
- Full Rate
- Code

SPECIAL INSTRUCTIONS

No distribution

Personal

To: Cobbold, Bank of England

London

NO 27

Thank you for your cable of seventeenth. I have certainly no objection to proposed passage for your Mansion House speech and would indeed welcome it. As you know, I implied much the same thing in passages on pages four, nine and eleven of my Annual Meeting speech. Best wishes.

Per Jacobsson

Dr By Mr. Jacobsson

Department Managing Director

Date October 18, 1960

AUTHORIZATION

Signed: Per Jacobsson
Signature

Second Signature When Required

FOR CODE ROOM

Time Received 2:00 PM

Time Dispatched 2:20 PM

Number of Words 45

Log 33514

Route WU

Operator CS

DO NOT TYPE BELOW THIS LINE



J-F

June 17, 1960

Dear Cob:

This is only to thank Hermione and yourself for the luncheon on Sunday, which my wife and I very much enjoyed. Scandinavian and Commonwealth people go well together, and Great Britain forms the natural link between them.

I haven't yet been able to get any definite information on Ethiopia, but I have attended to the matter.

With every good wish, I am

Yours ever,

Per Jacobsson

The Rt. Hon. C.F. Cobbold, P.C.
Governor
Bank of England
London E.C.2, England

J-9

January 27, 1960

PERSONAL AND CONFIDENTIAL

Dear Cob:

Thank you so much for your letter telling me about the reasons for the increase in the Bank Rate, a step that I see has the approval of The Economist, which is probably more important for opinion abroad than in your own country. I like the timing. Evidence had been forthcoming that the internal boom was gathering momentum, and for that reason alone it seems to me that an increase was called for. On the other hand, a period of seasonal strength for sterling will soon set in, and the increase in the Bank Rate should ensure that the reserves get the full benefit of this.

As you have probably heard, the Federal here decided yesterday to postpone any consideration of a change in the official discount rates until the middle of February. It was felt that there were some reasons for and some reasons against an increase now, and that in a situation that was 50/50, political considerations, as well as the immediate needs of the Treasury, could be allowed to weight the scales. The decline on the stock exchange is looked upon as a favorable factor as it will probably bring more funds into the bond market. There have no doubt been some differences of opinion, but I think Bill Martin will manage to get general approval of the lines of policy which he thought the most appropriate in the present situation. I also hear that some satisfactory compromise is being worked out for the lifting of the ceiling of 4 1/4 per cent for Government bonds with a maturity of more than five years. I gather that it will be rather in the nature of a face-saving device for Democratic Congressmen in an election year.

I am glad in a way that the increase in the Bank Rate in London has not set off or given the impression of setting off a general increase in rates all round. If there were to be an increase in the rates here in a month's time, it could be regarded as the result of internal developments, without much reference to action in other markets. I saw some friends from New York today, and my advice to them was to have an open mind about what needs to be done, for it may well be that a continued weakness on the stock exchange will exert a further moderating influence on the business trend, but of course nobody can really tell yet. There will really have to be a fresh review of economic trends when the question of the discount rate again comes up for consideration after the middle of next month.

With every good wish, I am

Yours ever,

Per Jacobsson

The Rt. Hon. C.F. Cobbold, P.C.
Governor
Bank of England
London E.C.2, England

PRIVATE AND CONFIDENTIAL

Bank of England

21st January 1960.

Dear Mr. Jacobsson,

You may like to have a private indication of the way in which we see things developing here. For some time past we have been concerned at the way in which the generally satisfactory development of the economy has been accompanied by a lack of resilience in particular trades and areas. London, the Midlands and the South generally have been booming (with motor cars in the lead) while Scotland, the North East and some other isolated areas have shown little recovery. In these circumstances, which do not easily lend themselves to monetary action, we have so far been content to let things develop: prices have been stable and industrial investment has not hitherto shown much recorded recovery. We now, particularly in the last few weeks, seem to be approaching the point where, on a balanced view, there is some overloading in the economy, still sporadic but liable to lead to undue pressure on the wages and prices front and undue stockpiling if it continues. Consumer demand remains high and the latest forecasts of industrial investment have taken a sharp up-turn.

Meanwhile, although the moderate reduction in the reserves shown for November and December, attributable primarily to conditions in Germany and the U.S.A., has neither caused us any disquiet nor led to any weakening whatever of general confidence in sterling, there would come a time when the continuance of a moderate drain with no visible counter-action might lead to some renewed lack of confidence.

In this situation the timing of any monetary action is a matter of some difficulty. On the internal side we are concerned to act early enough to indicate a resolution to keep matters in hand and restrain any new inflationary pressures, but not so early as to nip desirable developments in the bud. On the external side we have not wished, and have seen no necessity, to be in a hurry to follow interest rate policies pursued in other countries in quite different circumstances - on the other hand we do not wish to see interest rate differentials go to such lengths that they might force our hand at a moment when it did not suit us. All I will say on this is that, in the light of past experience, we would sooner be accused of acting too early rather than too late - and that we have our eye primarily on internal developments and only secondarily on overseas interest rates and short-term capital movements.

Yours sincerely,

Mr. Per Jacobsson.

*On the light of our best talk
this will not surprise you. I hope you
will think it a good sign.*

SECRET

INCOMING MESSAGE

SECRET

INTERNATIONAL MONETARY FUND
WASHINGTON, 25,D.C.

TO: JACOBSSON, INTERFUND
FROM: COBBOLD, LONDON
FILING TIME: 1157A January 21, 1960
VIA: WESTERN UNION

36354

Number: 4

I HAVE TODAY WRITTEN A LETTER FOR YOUR PRIVATE INFORMATION GIVING
BACKGROUND OF TODAY'S MOVE

COBBOLD

Test number checks:

Approved: *HEB*

Received in Code Room: 10:30 AM January 21, 1960

9-F

December 16, 1959

Dear Cob:

Cromer told me yesterday about the Government's decision not to renew the stand-by. Although for various reasons I was very cautious while in London, I am sure that this is the right decision. It will demonstrate to the world that the British authorities have full confidence in the pound, and that they now feel able to maintain the position by their own resources and policies.

I am very glad that I made my recent journey to England, France, and Germany, for it has given me a much better understanding of European problems. I am also glad that I was able to meet you in New York and to hear your impressions of your visit to this country and Canada. As far as I have been able to judge from my talks with U.S. experts here in Washington since my return, I think that the authorities for the moment feel somewhat more reassured about foreign reaction to the dollar position, although they themselves are really no less anxious than they were. Many continue to think that the American public is still far too complacent, and does not sufficiently appreciate the importance of resisting cost increases to maintain the competitive power of American goods--and the Congressmen are believed to be less willing to remove the 4 1/4 per cent limit than was thought only a month ago.

I should like to thank you again for the kindness shown to me by the Bank while I was in London, for which I am most grateful--please thank Humphrey Mynors, too.

My wife joins me in sending you and your family very best wishes for A Merry Christmas and A Happy New Year.

Yours ever,

Per Jacobsson

The Rt. Hon. C.F. Cobbold, P.C.
Governor
Bank of England
London E.C.2, England

Mr. P. Jacobsson

I have been asked by the Governor of the Bank of England to pass to you the following message, received by telegraph today:-

"We have been considering for some time reorganisation of our statistical and information services but action awaited Radcliffe recommendations.

"We have today announced formation of Central Banking Information Department to incorporate existing Overseas Department and Statistics Office. G.M. Watson will be Chief of the new Department with general oversight by one of the present Executive Directors as other Departments.

"Our existing channels of contact with you will not be affected.

"We have made no announcement about publication or other specific recommendations of Radcliffe Committee in the field of information and research. I shall probably be speaking about this in general terms at the Bankers' Dinner at the Mansion House on 12th November."


G.J. MacGillivray.

WASHINGTON, D.C.
29th October, 1959

Bank of England

29th October 1959.

Dear Mr. Jacobsson,

I write to thank you for your letter of 23rd October enclosing copies of the Executive Board's decision on "Discrimination for balance of payments reasons", and of the Fund's earlier decision on bilateralism to which it referred. Copies have been passed to H.M. Treasury.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'R. Robb', with a long, sweeping underline.

Mr. Per Jacobsson.



CLOSED DOCUMENT
IN ACCORDANCE WITH THE POLICY ON ACCESS TO THE
IMF ARCHIVES

This document or file has been removed as it belongs to the following category

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- Personnel files and medical or other records pertaining to individuals,
- Documents and proceedings of the Grievance Committee,
- Records furnished to the Fund by external parties, including members, with security marking confidential or above (declassification can be requested)
- Other sensitive ..

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Box number A3051-005

File number 73

ADLIB ref number 6688

File title & dates Cobbold, C F , no date

Doc title & dates 14 August 1959
Bank of England - Private and Confidential

October 6, 1959

Dear Mr. Governor:

Thank you for your letter of the 29th September. We shall look forward to seeing Mr. Haslam in the Fund during his stay in Washington, and I understand that Mr. Savkar, the Director of the Asian Department, has already made arrangements, through Mr. MacGillivray, to have lunch with him on the 23rd of October. I shall also hope to have a talk with him.

Yours sincerely,

Per Jacobsson
Managing Director

The Rt. Hon. C.F. Cobbold, P.C.
Governor
Bank of England
London, E.C.2, England

Bank of England

29th September 1959.

Dear Mr. Jacobsson,

You will, I think, have been informed by Mr. Parsons that our Adviser on the Far East, Mr. E. P. Haslam, will visit Washington between the 23rd and 25th October on his way to South East Asia. As you are aware, we here are exercised over recent measures in the Philippines and Indonesia and I should be grateful if you will agree to his talking with Fund experts on these subjects.

Mr. Haslam will make his own arrangements as regards accommodation through Mr. MacGillivray.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'R. Robb'. The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Mr. Per Jacobsson.

July 24, 1959

Dear Cob:

I have just received your letter of July 21st regarding a possible request from Kuwait for an expert to advise them on certain monetary problems. I too think that a Scandinavian might be quite useful and have already some names in mind.

I am off tomorrow on holiday and shall spend the next fortnight at the Post Hotel, Scuol-Tarasp, Switzerland. After that I hope to go up for a brief visit to Stockholm, and on my return journey pass through Brussels (at the request of Ansiaux) and probably also London, around August 20-25. If any request should come here during my absence, I have asked Cochran to wire me and I really hope to be able to talk to you again before a name is suggested from here. Naturally, I respect your wishes and this will go no further than Cochran and myself.

Yours ever

Per Jacobsson

The Rt. Hon. C. F. Cobbold, P. C.
Governor
Bank of England
London, E. C. 2, England

PRIVATE & CONFIDENTIAL

Bank of England

21st July 1959.

My dear P.J.,

As you know, the Indian Government has recently exchanged the rupee currency circulating in the Persian Gulf for a new external rupee, and this operation has not unnaturally given rise to a good deal of thought, particularly in Kuwait, to the introduction of an independent currency. The attached note gives some of the background.

From a Kuwaiti source I understand that a meeting was recently held in Kuwait between representatives of the Finance Department, the National Bank of Kuwait (the Kuwaiti commercial bank) and the newly-formed Kuwaiti Chamber of Commerce, at which the Finance Department proposed that advice on the introduction of the new currency should be sought from the United Kingdom and the United Arab Republic. After much discussion the consensus of opinion was that Kuwait should seek advice from a neutral source, and it was then decided to write to Abdul Majeed Shoman, Managing Director of the Arab Bank in Amman (who is a member of the Jordan Currency Board) to ask if he could suggest a name whom the Kuwaitis could approach for advice.

In Basle last week I heard from Blessing that the Kuwait Government, through the Arab Bank, have now asked the Deutsche Bank for two experts, and have offered a definite contract for one year. Blessing agrees with me that it might be unwise to have two Germans, and he will encourage the Deutsche Bank to reply that they would try to find one man and propose to Kuwait that they should ask you for the second. If you should be asked, it might be a good plan if you could produce a Scandinavian.

Whether or not you receive a request, I thought you would wish me to send you this private line so as to give you advance warning. As you know, it is a very sensitive part of the world, and I am most anxious that the Kuwaitis should have sound advice when they decide to embark on their currency plans. I will let you know if I should hear any more.

Please treat this information as strictly private, because the whole problem vis-à-vis the Indians is naturally very delicate, and as yet I hardly feel in a position to say anything to Iengar.

Yours sincerely,

Mr. Per Jacobsson.



CURRENCY IN KUWAIT

The generally accepted currency in circulation in the Persian Gulf is the Indian rupee. This situation has given rise to some dissatisfaction in the past, and the possibility of introducing a new currency or currencies in the Persian Gulf, and in particular in Kuwait, has been debated at intervals since 1953. The Kuwait Finance Department examined the question in that year, and again in 1956, when a draft currency decree was prepared, which envisaged that the National Bank of Kuwait would be given responsibility for the issue of a Kuwaiti currency.

The Ruler of Kuwait referred the proposals to leading merchants, who showed little enthusiasm, and the question was left in abeyance.

The financial stability of the Persian Gulf is clearly a matter of concern to H.M.G.; and, although the United Kingdom has avoided taking any initiative in currency matters, a number of possible developments have been studied here; among others, the introduction of a separate currency for Kuwait, for which a draft Currency Law was prepared. The Government of Kuwait have been told that the Bank of England would be prepared, if asked, to provide technical assistance in setting up a new currency.

From the Indian point of view, the existing currency arrangements in the Gulf provided an easy means of financing the smuggling of gold into India, and consequently gave rise to a drain on India's foreign exchange reserves. This reached such proportions during 1957 and 1958 that the Indian authorities decided to introduce in May an "external" rupee for circulation in the Gulf, which is not legal tender in India, and should therefore not lend itself so readily to the financing of smuggling operations. The Indian Government (who are naturally concerned to maintain the prestige of the rupee) were warned by H.M.G. that the introduction of the external rupee might stimulate a demand for local currencies.

The exchange operation is now virtually complete and has, as forecast, provoked some discussion of the possibility of introducing separate currencies. It seems likely that only in Kuwait is a decision to introduce a new currency probable, though it is not impossible that a Kuwaiti currency might in time win acceptance as a common currency throughout the Gulf. The recent exchange operation indicated that the present circulation in Kuwait amounts to approximately Rs.30 crores (£22½ mn.) and in the Gulf as a whole, approximately Rs.46 crores (£34½ mn.)

21st July 1959.

June 19, 1959

Personal

Dear Cob:

I have just signed an official letter to Robert Anderson, acknowledging the consent of the U.S. Government to an increase in its quota in the Fund. Having done so, I want also to write a word to you, since I am sure that the decision taken in London to make the payment to the Fund in the course of the month of May very much expedited the decision on this side. It is true that the U.S. representative took the formal initiative at New Delhi, but we all know that the idea that the Fund's resources should be enlarged originated in London. It now seems certain that we shall reach by the due date the required percentage of consent for the quota increases to become effective--the total is already 47.3 per cent. It only remains for me to add that I hope the Fund in years to come will be able to live up to the confidence which its members have shown it by their action in enlarging the Fund's resources.

I take this opportunity also to thank you for two letters received--one about Somerset and one about the expert requested by Ghana. I have today written a letter to the Finance Minister of Ghana, which is designed to gain more time before we have to come to a decision here.

I shall be leaving tomorrow for Spain. I am not very happy to have to travel another week-end, but it seems necessary for me to join the O.E.E.C. mission there early next week.

With best wishes, I am

Yours ever,

Per Jacobsson

The Right Hon. C.F. Cobbold, P.C.
Governor
The Bank of England
London, E.C.2, England

CABLE RECEIVED IN CODE

FROM: MR.C.F.COBBOLD

R. Washington, 22nd June 1959 5.45 p.m.

No.3 Confidential

1. A joint communique announcing Iraq's departure from the Sterling Area following recent talks in Baghdad will be issued on 23rd June.
2. As has already been foreshadowed in announcement by Iraqi leaders, e.g. Kassem on 4th June Iraq's departure from the Sterling Area is a political decision.
3. In the talks with Iraq Her Majesty's Government did not oppose her wish to leave the Sterling Area. No special facilities have been promised and Iraq will in future be treated like other external account countries. The Central Bank of Iraq has assured us that it will wish to work closely with the Bank of England as hitherto.
4. Transfers to Iraq will in future require exchange control permission and imports from Iraq into the U.K. will be given the same treatment as those for other non-sterling countries.
5. The change does not affect the arrangements under which Iraq receives her oil royalties in sterling.
6. The effect of Iraq's departure on the Sterling Area's balance of payments on current account will probably be negligible. In practice Iraq has not been accumulating surplus oil revenue in recent years; and we anticipate that Iraq's *substantial* ~~(gr. net. ? short-term)~~ net surplus with the Sterling Area will continue as before to be largely offset by her net deficit with the non-Sterling Area countries.
7. However, we expect that Iraq will for political reasons wish to mark her departure from the Sterling Area by carrying out initially some diversification of her reserves. This may take the form of converting part of her sterling balances into other foreign currencies or into gold. But it is likely that Iraq will continue to keep a substantial part of her exchange reserves in sterling. Most of her trade and other financial transactions will continue to be in sterling and it will be to her interest to continue to keep a substantial working balance in the same form. The Iraq dinar must in any event be linked to one or other of the world currencies or to gold and we have reason to think that Iraq will continue to peg the exchange rate on sterling and to maintain her existing exchange control regulations.



Orig: Mg. Dir.
 cc: Dep. Mg. Dir.
 Euro. Dept.
 ERD
 TRE
 RES
 SEC



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Box number A3051-005

File number 73

ADLIB ref number 6688

File title & dates Cobbold, C F , no date

Doc title & dates 16 June 1959
Bank of England - Personal

J-F

Bank of England

15th June 1959.

My dear P.J.,

Following the visit of de Moubray to which you refer in your letter of the 2nd June, we have now planned for Somerset to arrive in Washington at the end of August, so that he can join de Moubray on the 1st September for the process of taking over. The application form completed by Somerset has already been sent.

For the sake of the record, may I say that our plans are based on Somerset's appointment being for two years or thereabouts.


Yours sincerely,



Mr. Per Jacobsson.

INTERNATIONAL MONETARY FUND

TO : Mr. Cochran

FROM: P. Thorson 

In connection with the proposed appointment two points should be drawn to Mr. Jacobsson's attention:

1. Since we do not ordinarily provide for extended overlaps in the filling of positions the notice to the Executive Board of Somerset's appointment should mention it.
2. In view of the particular character of the position being filled it should be understood that the appointment would run concurrently with the term of service of the Managing Director, and the incumbent would serve at the Managing Director's pleasure. This could be put into this letter or the letter of appointment, as we do in the case of Assistants to Executive Directors, or it could be a private understanding.

June 2, 1959



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File number 73

ADLIB ref number 6688

File title & dates Cobbold, C F , no date

Doc title & dates June 2, 1959
Letter from Per Jaconsson to the Governor of the Bank of England
Contains personal data, e g salary information



Office Memorandum

TO : Mr. Horne's Office
FROM : R.M.Mays-Smith
SUBJECT : Method of Address

DATE: 28th April 1959.

With reference to a telephone conversation this morning, I confirm that the following is the correct way to address the Governor of the Bank of England -

The Right Hon. C.F.Cobbold.

Orig: SEC
cc: Mg. Dir.
Dep. Mg. Dir.
Euro. Dept.
ERD
RES

APR 16 1959

Dear Mr. Governor:

I appreciate very much the gift of Sir John Clapham's "The Bank of England," which Mr. MacGillivray presented on behalf of the Bank to our Joint Library. It will occupy a much frequented place on our shelves and those who are not already acquainted with it will have to take their turn with those, like myself, who will be stimulated by your gift to read it again.

When I think that the occasion of the book was the Bank's two hundred and fiftieth birthday and that it was first printed in the midst of a war in which London was in the forefront, I cannot fail to be impressed by the great events the Bank has seen and the vigour it has shown through them all.

Again, my sincere thanks and good wishes.

Per

Per Jacobsson

The Right Hon. C. F. Cobbold, P. C.
Governor, Bank of England
London, E.C. 2, England

ACFrost:ecf
4/14/59

March 30, 1959

Dear Cob:

Thank you for your letter giving me exactly the advice I wanted. If I should wish to refer to the Radcliffe Report, I might, of course, do so in the Stamp Memorial Lecture, but since the Report will be debated in Parliament, it might be wiser to keep off it, and it would certainly be inappropriate for me to write a review of it. I shall therefore write and decline the invitation. Anyway I want more spare time here at the Fund after two and a half very busy years which have not given me much opportunity to consider the task of the various departments.

With many thanks and best wishes, I am

Yours sincerely

Per Jacobsson

The Right Hon. C. F. Cobbold, P. C.,
Governor
The Bank of England
London, E. C. 2, England

Permet.

J-F
Bank of England

26th March 1959.

My dear P.J.,

Thank you for your letter of March 20th, which has crossed one of mine.

On your enquiry about an article on the Radcliffe Report I am afraid I must advise you most definitely not to touch it. It is probable that the Report will be debated in Parliament and an article by yourself in your present position might easily put you on the wrong foot with the Government, or expose you to criticism in Parliament. I feel sure you would be wise to decline.

Yours sincerely,

Mr. Per Jacobsson.



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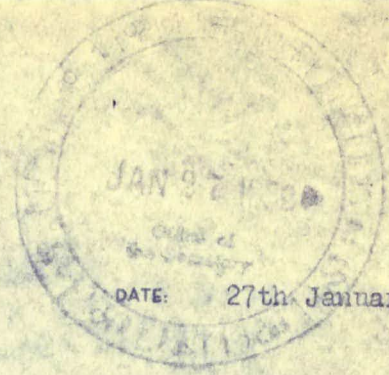
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Box number	A3051-005
File number	73
ADLIB ref number	6688
File title & dates	Cobbold, C F , no date
Doc title & dates	March 20, 1959 Letter from Per Jacobsson to Governor of the Bank of England Contains personal data



Office Memorandum



TO : Mr.Horne's Office
FROM : M.A.Schofield
SUBJECT : Method of Address

With reference to a telephone conversation this morning, I confirm that the following is now the correct way to address the Governor of the Bank of England -

The Right Hon. C.F.Cobbold, P.C.

marked

cc: Mg. Dir.
Dep. Mg. Dir.
Euro. Dept.
ERD
RES
SEC

INTERNATIONAL MONETARY FUND

European Department.

Please note
and return.

Returned with
thanks,
Clay

The Managing Director

030043

WU A038 68 1/45 PD INTL FR

ZL RE LONDON VIA WUCABLES AUG 14 1210PM

JACOBSSON INTERFUND

WASHDC

32 THE REDUCTION OF BANK RATE FROM FIVE PERCENT TO
FOURANDONEHALF PERCENT IS IN STEP WITH RECENT CREDIT
RELAXATIONS AND IS JUSTIFIED BY INTERNAL TRENDS AND
CONTINUING STRENGTH OF STERLING DESPITE SEASONAL
PRESSURES STOP THE REDUCTION HAS BEEN CONFIDENTLY
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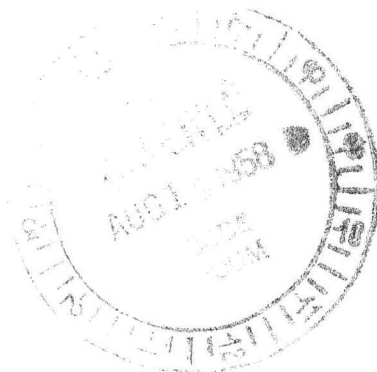
WU A038 2/23

MARKET AND HAS ALREADY BEEN LARGELY DISCOUNTED STOP IT
GIVES GREATER FREEDOM OF MOVEMENT IN EITHER DIRECTION
AS CIRCUMSTANCES MAY REQUIRE ██████████

COBBOLD

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Box number	A3051-005
File number	73
ADLIB ref number	6688
File title & dates	Cobbold, C F , no date
Doc title & dates	January 24, 1958 Letter from Managing Director of the IMF to Governor of the Bank of England



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Box number	A3051-005
File number	73
ADLIB ref number	6688
File title & dates	Cobbold, C F , no date
Doc title & dates	10 January 1958 Bank of England - Private and Confidential Letter from Managing Director of the IMF to Governor of the Bank of England

Owing to the indisposition of
the Governor, his speech was delivered
by the Deputy Governor, Mr.H.C.B.Mynors.

JF

SPEECH TO BE DELIVERED BY
C.F. COBBOLD, ESQ.,
GOVERNOR OF THE BANK OF ENGLAND,
AT THE COVENTRY CHAMBER OF COMMERCE ANNUAL BANQUET
ON THE 12TH FEBRUARY 1957

I always hesitate to talk about monetary matters on occasions like this, because it is rather heavy going for an after-dinner speech. But as you have done me the honour of asking me to speak here tonight, I can only suppose that you have taken the risk deliberately.

These questions of credit policy always sound very complicated. It is true that they are closely tied up with a great many different problems, investment, employment, public finance, balance of payments among them. But in many ways the decisions which face us are very like the decisions which face most of you in this room week-in and week-out. There is help to be got from statistical information - a very necessary background - and the more complete and more up-to-date you can get it, the better. There is help to be got from current information about market views and trends, collected from varied sources at home and abroad. But in the end, in our business as in yours, there is no rule of thumb, and decisions must depend on judgment. One must judge how much relative importance to give to different indicators (which do not often all point in the same direction). Above all one must try to judge what the future holds - and on this subject statistics unfortunately do not give you much help.

any measure

This is not an occasion to go deeply into the economic history of the past few years. It has by now been generally recognised that in late 1954 and throughout 1955 the demands on the economy were too heavy and were increasing. It is now also generally recognised that some restrictive action was needed. There is still much argument as to whether action was taken over a wide enough field and whether it was taken in the right doses and at the right times. But the consensus of opinion is, I would judge, that the measures taken in 1955 and 1956 have had a considerable effect and that, although, as you here very well know, they have borne hardly in particular directions, the United Kingdom economy in general is now a deal stronger than it would have been without them.

It is a familiar criticism of these measures that they have fallen more heavily on private business than on Government and near-Government activities. Although some sections of public expenditure have been brought progressively more into line, this criticism is still valid. I repeat what I said at the Mansion House in October: "you cannot drive the economic machine with one foot on the accelerator of public expenditure and the other on the brake of credit restriction".

It is no part of the Central Bank's duty to suggest on what items economies in public expenditure should fall. That is a political judgment. But the Central Bank is very much concerned with the overall monetary position. And it is one of its prime duties to sound warning bells when Government and near-Government spending is putting too heavy a burden on the country's resources.

We are now entering a new phase. We have survived some critical months in the exchanges, and sterling has regained its strength in the markets. But this has been done largely by negotiating big credits: and to the extent that we draw on those credits, repayment will add to our future burdens.

Of recent years our foreign exchange position has been on a see-saw, swinging sometimes just above and sometimes just below the danger line. There are signs that we may now be due for one of the swings in the right direction. Confidence is returning and the technical position of sterling is strong. But this time, having mobilised our exchange defences, the country as a whole must really give a heave - so that we pull ourselves well clear of the danger line and give ourselves that margin for future swings which recently we have not had.

The first need of the moment is to take advantage of sterling's new strength and to ensure beyond doubt the value of the currency, both the domestic value and the international value. I hear too many people say that when the pound is weak it is because naughty foreign bankers are speculating against it. Obviously, if the value of the pound looks doubtful, foreigners will be disinclined to hold sterling in their reserves. But what really matters is to ensure the value of the pound for British traders, British workers and British savers. So long as we do this, our overseas friends will deal in sterling happily enough.

To put the value of sterling beyond question for a period of years, we must have a bigger safety margin in our domestic finances and in our balance of payments, and we must have it soon. It is so easy to say "Oh, we've heard all this before, but we always seem to get through the next crisis". I am no pessimist about the future of this country. The standards of living, production and employment we all hope for are within our grasp ... But they will not be handed to us on a plate. We have several years' hard plodding in front of us. And it is not safe to risk another crisis.

In the last two months the monetary authorities have naturally had very much in mind this need to keep a margin on the right side. The objections to a very high level of short-term interest rates are obvious enough. As long ago as October I looked forward to the time when circumstances would justify some reduction. In November we ran into exchange and other troubles which put those hopes back for a while. During December and January, mainly because of a heavy demand for Treasury Bills at a time when the supply was decreasing, short-term market rates came down quite sharply, providing a little welcome relief to the Exchequer.

A change in Bank Rate, with its wider implications, seemed to us to need a cautious approach. There seemed much to be said in the circumstances for first allowing market rates to move to a new level and settle down, and thereafter adjusting Bank Rate to take account of the new structure. This procedure follows the same line of thought as that recently introduced by the Canadian authorities, who are now adjusting their Bank Rate to every movement of their Treasury Bill rate. I am not suggesting that adoption of the Canadian technique in full would suit the very different conditions of this market. I do not think it would - not least because there are many occasions when we here should wish to use Bank Rate more positively, to mark a change of policy or a reinforcement of policy. But the present is not one of those occasions.

The 5½% Bank Rate (for which I make no apology and which I believe helped us materially in weathering last year's storm) was a crisis rate. It was obviously desirable to make some adjustment as soon as conditions allowed. If an abnormal rate is maintained for too long after it has become technically unnecessary, it only limits the authorities' freedom to move the rate either way as circumstances develop. As I have said, from a

purely market point of view there had for several weeks past been a case for a minor adjustment of Bank Rate. And technically it is easier in this period to maintain tight credit conditions with a somewhat lower interest-rate structure, because of the sharp reduction in Bank liquidity anticipated during February and March. Last week's alteration of Bank Rate should thus be seen as an adjustment to market conditions, with no implication of a change of policy. Nor should it be seen as a decision to abandon the use of interest rates in favour of other ingredients of monetary control. We have every intention of continuing to use the influence of interest rates, together with the other ingredients, in such mixtures as may seem suited to the needs of the moment.

I have talked a lot, and I fear with some technicalities, about credit policy, because it has been much in debate lately and it is my trade. But I do not wish to exaggerate its importance. It has, I believe, helped to strengthen the economy over the past eighteen months: we must now stand ready to hold it firm as long as seems necessary and to make adjustments when, but not before, they are needed.

In the next period the vital decisions lie elsewhere.

I know very well the practical difficulties of containing the growth of public expenditure. Time and again over the past ten years I have seen the Treasury make valiant attempts to prune expenditure, only to find that a few months later for one reason or another it is back to where it was or higher.

Ever since the war there has been too much tendency (a natural tendency enough) to take on commitments without first counting the cost; with the result that the public purse has been continuously strained, the economy has been overburdened by taxation and there have been inadequate resources left over for investment.

This is a national problem. If there is one thing in which every individual and every section of the community has a vested interest, it is the stability of the currency.

Over the next few months the business world will have its eye firmly, and rightly, fixed on the public finances; nobody should expect miracles and nobody should expect to see everything done in one year. But everybody will expect two things. They will expect to see policies formed which will keep expenditure within our means over the next few years. And they will expect to see a first dividend from these policies in the coming financial year. It is mainly on success in these objectives that the trade and industry of Coventry and of the country will depend.

J-F

October 4, 1957

Dear Cobbold:

It was interesting and useful to hear from you. I had a long talk with Parsons the day he arrived and got a good picture of the situation. Our attempt here has been to make the Fund meeting a stabilizing factor in a situation full of rumors and fears, and in that, I believe, we succeeded--up to a point at least. The Chancellor made a very effective speech, and the Germans followed up in a friendly fashion. It was of great importance that there were no recriminations which, in itself, helped to calm the atmosphere.

Signs here are multiplying that the inflationary phase of the business cycle is over. There are certain investments already launched and not yet completed that need further financing, and with regard to them one has to be a bit careful, but there is a reduction in the starting of new investments and there is generally a decline in the banks' business advances. I think this country will be in for a change in its credit policy before long.

At the informal meeting held on Wednesday last week, Bill Martin was very vague as to what measures the Federal would take. I had a feeling he wanted to keep every possibility open, which was all to the good.

my wife and I we have felt the strain of the social and other activities of the Fund and Bank Meeting, but we have not become exhausted, and, in some respects, have even enjoyed them. Should we come to Europe this autumn we certainly will make a visit to London, for a number of reasons.

Hoping that you and yours are well, and with our warmest regards to you both from my wife and myself, I am

Yours ever,

Per Jacobsson

C. F. Cobbold, Esq.
Governor
Bank of England
London, E.C.2,
England

February 26, 1957

Dear Cob:

Thank you so much for sending me a copy of your address at the Annual Banquet of the Coventry Chamber of Commerce on the 12th of February 1957. I am sure that it is a good thing for you to speak more frequently to the public; it is not only that an official interpretation is given of current monetary developments, but also that a few frank words help to make monetary matters appear less mysterious. As far as I have been able to judge from here, your address at Coventry was very well received by the press.

Monetary policy remains, of course, important but, as you pointed out, the vital decisions now lie elsewhere, i.e., in the field of public expenditure. Since the war there has been what I would call a very pernicious tendency to take on commitments without first counting the cost; with the result, as you told your audience, that the public purse has been continually strained, the economy has been overburdened by taxation, and there have been inadequate resources left over for investment.

You say that this is a national problem, but I can assure you that it is also an international problem in that it reappears in some form in almost every country in the Western world.

With regard to the recent lowering of the interest rate, it appears that February begins to stand out as a key month in monetary policy. In 1955 and 1956, the Bank rate was raised in that month; this time it was lowered. Things either go well or badly in February and policy must be shaped accordingly.

The work here in the Fund keeps me busy. It is in many respects different from that in Basle. I have to deal more with persons and less with papers, although there is an awful lot of documents to go through even here. So far everybody has been friendly, and I hope good relations will endure.

With best wishes to you both from Violet and myself, and I am,

Yours ever sincerely,

Per Jacobsson

C. F. Cobbold, Esq.
Governor
Bank of England
London, E.C.2,
England

December 11, 1956

Notes of Conversation with Mr. Cameron Cobbold,
Governor of the Bank of England,
at 10 a.m. on December 11, 1956

In the course of the conversation, I mentioned to Mr. Cobbold that Mr. Louis Rasminsky had raised with me privately and also at the meeting yesterday of the Board of Executive Directors, the question of what kind of contacts and consultations would be established between the British authorities and the International Monetary Fund now that the United Kingdom had obtained so much money from the Fund. I told Mr. Cobbold that at the Board meeting I had avoided a discussion of the question, since I thought it would be better to discuss the various aspects of this question informally before it was taken up--if at all--at a meeting of the Board of Executive Directors.

Mr. Cobbold had obviously not thought about the question beforehand. After some reflection he told me that I would always be able personally to be in contact with the Bank of England as I had been in the past.

I thanked him for this, but added that something more might be needed. Would it be possible, for instance, for Mr. Maurice Allen to come over sometime in the spring and meet different people here, and in that way inform them about the evolution of the British economy? I knew that Mr. A. M. Stamp was coming over early in the new year, and his visit would clearly provide a useful source of information. Mr. Cobbold told me that Mr. Stamp would be here in February, and it could easily be arranged for him to stay some time in the Fund. Mr. Cobbold also said that he was quite willing to let Mr. Maurice Allen come over in the spring. There would thus be at least two visitors from London.

I then asked whether Mr. Cobbold did not think the Treasury too might be willing to send over some person before long. Mr. Cobbold replied that the Treasury, of course, had its contact with the Fund through the U.K. Executive Director, and although Mr. Cobbold was sorry that Lord Harcourt was leaving, he was sure that Mr. Thorold would also prove to be an acceptable and able Executive Director in his relations with the Fund. I wondered whether Sir Robert Hall might not also make us a visit, and Mr. Cobbold thought that that could be arranged; Sir Robert might welcome a visit to the United States. Moreover, I would find that Mr. Heasman was very well informed, and well worth talking to.

Finally, Mr. Cobbold said that if I had any particular question, he would be glad if I would write to him personally. He would only show such letters to Mr. Mynors, if they were of a confidential nature, and he would expect me to keep them to myself and to Mr. Cochran.

- - - - -

With regard to the facilities that the United Kingdom had obtained from the Fund, Mr. Cobbold said that he did not like debts so he hoped there would be repayments at an early date.

As regards the Suez question, Mr. Cobbold pointed out that now that the United Nations and the United States had prevented the British and the French from going on with the solution they had envisaged, it was up to the United Nations and the United States to find a practical solution of the difficulties. The question had now been turned over to them and Mr. Cobbold hoped sincerely that they would show themselves capable of carrying out the task which they had assumed.

October 4, 1957

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Yours ever,

Per Jacobsson

C. F. Cobbold, Esq.
Governor
Bank of England
London, E.C.2,
England

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CONFIDENTIAL

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Governor of the Bank of England,
at 10 a.m. on December 11, 1956

In the course of the conversation, I mentioned to Mr. Cobbold that Mr. Louis Rasminsky had raised with me privately and also at the meeting yesterday of the Board of Executive Directors, the question of what kind of contacts and consultations would be established between the British authorities and the International Monetary Fund now that the United Kingdom had obtained so much money from the Fund. I told Mr. Cobbold that at the Board meeting I had avoided a discussion of the question, since I thought it would be better to discuss the various aspects of this question informally before it was taken up--if at all--at a meeting of the Board of Executive Directors.

Mr. Cobbold had obviously not thought about the question beforehand. After some reflection he told me that I would always be able personally to be in contact with the Bank of England as I had been in the past.

I thanked him for this, but added that something more might be needed. Would it be possible, for instance, for Mr. Maurice Allen to come over sometime in the spring and meet different people here, and in that way inform them about the evolution of the British economy? I knew that Mr. A. M. Stamp was coming over early in the new year, and his visit would clearly provide a useful source of information. Mr. Cobbold told me that Mr. Stamp would be here in February, and it could easily be arranged for him to stay some time in the Fund. Mr. Cobbold also said that he was quite willing to let Mr. Maurice Allen come over in the spring. There would thus be at least two visitors from London.

I then asked whether Mr. Cobbold did not think the Treasury too might be willing to send over some person before long. Mr. Cobbold replied that the Treasury, of course, had its contact with the Fund through the U.K. Executive Director, and although Mr. Cobbold was sorry that Lord Harcourt was leaving, he was sure that Mr. Thorold would also prove to be an acceptable and able Executive Director in his relations with the Fund. I wondered whether Sir Robert Hall might not also make us a visit, and Mr. Cobbold thought that that could be arranged; Sir Robert might welcome a visit to the United States. Moreover, I would find that Mr. Heasman was very well informed, and well worth talking to.

Finally, Mr. Cobbold said that if I had any particular question, he would be glad if I would write to him personally. He would only show such letters to Mr. Mynors, if they were of a confidential nature, and he would expect me to keep them to myself and to Mr. Cochran.

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With regard to the facilities that the United Kingdom had obtained from the Fund, Mr. Cobbold said that he did not like debts so he hoped there would be repayments at an early date.

As regards the Suez question, Mr. Cobbold pointed out that now that the United Nations and the United States had prevented the British and the French from going on with the solution they had envisaged, it was up to the United Nations and the United States to find a practical solution of the difficulties. The question had now been turned over to them and Mr. Cobbold hoped sincerely that they would show themselves capable of carrying out the task which they had assumed.

CONFIDENTIAL

December 11, 1956

Notes of Conversation with Mr. Cameron Cobbold,
Governor of the Bank of England,
at 10 a.m. on December 11, 1956

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