

LONDON - NEVILLE CHAMBERLAIN, CHANCELLOR OF THE EXCHEQUER, INFORMED COMMONS TODAY THAT IT HAD BEEN DECIDED TO INCREASE THE BANK OF ENGLAND'S GOLD CURRENCY RESERVE BY 65,000,000 POUNDS (ABOUT \$325,000,000). AT THE SAME TIME, THE FIDUCIARY ISSUE WILL BE REDUCED BY 60,000,000 POUNDS (ABOUT \$300,000,000).

CHAMBERLAIN ANNOUNCED: "AS A TEMPORARY MEASURE IT HAS BEEN DECIDED TO INCREASE THE AMOUNT OF GOLD HELD BY THE ISSUE DEPARTMENT OF THE BANK OF ENGLAND BY 65,000,000 POUNDS STERLING. "SUCH A STEP BY ITSELF WOULD MEAN THE SHARPEST EXPANSION OF THE CREDIT BASIC, FOR WHICH THERE IS NO JUSTIFICATION AT PRESENT. THEREFORE, AT THE REQUEST OF THE BANK OF ENGLAND, I HAVE DIRECTED THAT THE FIDUCIARY ISSUE BE REDUCED BY 60,000,000 POUNDS STERLING, THUS LIMITING THE EXPANSION TO SMALL DIMENSIONS."

"THERE IS NOTHING PERMANENT IN THIS ARRANGEMENT, SINCE THE FIDUCIARY ISSUE MAY BE INCREASED OR DECREASED AT ANY TIME," CHAMBERLAIN ADDED. WILLIAM THORNE, LABORITE, ASKED THE CHANCELLOR WHAT HE MEANT, CHAMBERLAIN REPLIED: "I CANNOT EXPLAIN THAT IN ANSWER TO A QUESTION BUT I WILL TELL THE HONORABLE GENTLEMAN LATER IF HE DESIRES." THE BANK OF ENGLAND ANNOUNCED THE PURCHASE OF 65,000,000 IN GOLD BARS.