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The League of Nations and the production of international statistics on central banking[1]

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Abstract

The paper tracks the role of the League in establishing international statistics on central banks. Despite some efforts, statistics on CBs before 1918 had suffered from a lack of comparability. The foundation of the League brought major changes. On the one hand, the League required high quality data for its own policy programs. At the same time, it provided a forum for dialogue between national CB statisticians. The paper looks at the complex interactions between national and international actors that governed the publication of proprietary data of CBs before and in parallel to the BIS, founded in 1930.

In the history of international central bank statistics, the creation of the League of Nations in 1919 marks an important break. Efforts to collect comparable data on the note issuance, gold and foreign exchange holdings, lending to the government and other items in central bank balance sheets can be traced back to the mid-19th century. Initially done at the initiative of a loose international network of economic experts, financial journalists and government statisticians, statistics on central banks suffered from a lack of comparability. The foundation of the League as an intergovernmental organisation brought major changes. On the one hand, the League required high quality data for its own policy programs aimed first at stabilizing the post-war economies, then the encouragement of international exchange and finally at coping with the consequences of the Great Depression. At the same time, the League encouraged cooperation between member countries and provided various forums for dialogue between central banks, among others. This paper looks at the complex interactions between national and international actors that governed the collection of proprietary data of central banks before and in parallel to the BIS, founded in 1930, and the regular publication of such data in statistical periodicals that were later taken over by the IMF and the United Nations and form the basis of our knowledge on global money and banking until today.

The last decade has seen strong interest in the League of Nations and its role in the governance of the interwar economy (Clavin, 2013; Decorzant, 2011a; Fior, 2008; Martin, 2022). A central element of governance was the gathering and dissemination of information that could serve to better understand the economic challenges of the day and arrive at policy recommendations. Bemmann (2023) describes the central role of the League in the improvement and harmonization of statistical data collection in this period. Though mentioned in passing, monetary statistics and central bank data are not dealt with in detail by any of these authors. There is only one event that has received some coverage: the meeting of central bank statisticians in the golden hall of the Bank of France in Paris in 1928. But the focus is either on the participating central banks and not the League, which only played the role of a facilitator (Yee, 2023) or interprets the meeting as one-off event without consequences as the following economic crisis and the decline in international cooperation during the 1930s but also because of diverging practices of central banking rendered a shared statistical representation even more difficult than before (Margairaz, 2005).

This contribution puts the League centre stage and argues that the 1928 conference has to be understood as part of continuing efforts of the League that can be tracked from 1920 to 1945 and beyond. In these efforts, harmonization, emphasized by Margairaz (2005), is but one aspect. At least as important is access to information for the purposes of the League itself. The recent literature on the League and especially on its Economic and Financial Organization (EFO) has emphasized its agency and capacity to influence the international political discourse and agenda. Taking the League serious as political actor raises questions on its objectives and motivations but also on the specific means and techniques it employed to prevail in the face of powerful sovereign states. Monetary statistics are of particular interest here as central banks were independent institutions with no representation but also no obligations inside the League, thus rendering the need for persuasion, the appeal to a common interest and positive incentives even more crucial.

The remainder of the chapter follows a chronological order. After briefly outlining the evolution of central bank statistics before 1914, the chapter then explains how the League became a central player in the 1920s. The 1928 conference is then discussed in more detail before giving an outlook of League statistics in the 1930s and up to 1945.

Beginnings

Secrecy had long been considered the foundation of trust in note issuing banks as too much detail on lending or reserves was thought to provoke concerns or even panic among an ill-informed or economically illiterate public. By the mid-19th century, however, opinions shifted and central banks began to regularly publish (or began to be forced to publish) information on their balance sheets (Wagner, 1873). This trend dovetailed with an increasing interest in international comparisons. A diverse group of government officials and academic economists and statisticians organized a series of International Statistical Congresses that first convened in Brussels in 1853 (Randeraad, 2010). Participants argued for the interest of internationally harmonized statistics on banking in general and central bank credit and note issuance in particular. The outcome was a series of volumes on the note issuing banks in ten European countries and the US that was edited by the Italian Statistical Office under the aegis of Luigi Bodio and published between 1878 and 1881. Ambitious as it was and despite its success among readers the series was never updated as had been planned initially. In the years until World War I, central banks disclosed more and more details on their operations in their annual reports, but while the observed each other, creating embryo statistical units monitoring international developments, among others, the strive to harmonize and standardize reporting had come to a halt.

The years following the end of World War I saw two developments with significant influence on the international collection of central bank data. First, central banks created dedicated research divisions which also assembled statistical data for their analytical work (Yee, 2023). Banks, whose employees traditionally had a private banking or legal background, now also hired trained economists and statisticians (Singleton, 2011). In most cases research divisions were set-up during the 1920s and 1930s, in other cases, like France or Germany, existing units were enlarged significantly.[1] And most of them started to make their collected information publicly accessible in the form of periodic, mostly monthly, bulletins. In 1928, a survey by the League of Nations listed eleven central banks that published such bulletins containing, in addition to the information on the central banks' balance sheets, economic data on trade, production and prices.[2] As a result, central banks had professional and specialized staff that could enter into international cooperation. This

[1] See the contributions on Greece, Italy, Spain and France in Feiertag and Margairaz (2005). For France, Margairaz (2005, p. 157) argues that the Bureau des Études was small and enjoyed a low internal standing until Pierre Quesnay was named at its head in 1926. At the Reichsbank, the Statistical and foreign intelligence unit counted 70 employees in 1925. Like the Bureau des Études, the Statistische Büro collected data on foreign central banks. These were published as part of a parliamentary inquiry into central banking in 1908 (Bankenquête 1908). A significantly enlarged update was published in 1925 (Reichsbank 1925).

[2] The list includes the central banks of Austria, Bulgaria, Czechoslovakia, Estonia, Finland, Hungary, Norway, the Soviet Union, Switzerland as well as the Federal Reserve Board and the Federal Reserve Bank of New York. See LoNA R2694-10B-2485-2485: "Note on Bulletins of Central Banks" 27 Jan 1928. Belgium and Poland are missing from the list. The Bank of England circulated copies of its Monthly Report, instituted in 1922, only within the Bank and, by 1925, to eight select outside institutions. BoEA: EID8-1 Memo "Statistical Section".

is in contrast to the mixed group of academics and government statisticians that populated the international statistical congresses of the 19th century.

The second important change was the foundation of the League of Nations in 1919 and its emergence as an actor in international policy making. Research in recent years has argued that the League did not just provide an arena where results reflect the relative power of the sovereign states (Drezner, 2007), but that its staff became an autonomous force able to influence the political agenda at the international level. The International Relations literature identifies several channels how international organisations can impact the actions of sovereign states (Barnett and Finnemore, 2004). In the absence of any power of enforcement, IOs can only "rule through freedom". Neumann and Sending (2010) argue that the influence of IOs mainly operates through their capacity to create shared information and provide common "grids of reference" that frame the "evaluation, rating, and discussion about how societies should be governed" (p. 133). The interesting question thus becomes how these standards are produced and their specific content.

A related question is what objectives the Economic and Financial Organization within the League pursued and why. Especially in the early years, Decorzant (2011b) argues that the EFO can be best understood as a network of internal and external experts, which can be usefully analysed at the level of individuals. Clavin and Wessels (2005) characterize the EFO as a transnational mix of liberal, internationally minded people. British influence was heavy, but not exclusive. Importantly, the staff at the EFO entertained strong ties to government and academic economists not only in the members countries of the League but also in the most important non-member country, the US, an example being internationalists like the Rockefeller Foundation (Clavin p 39). While a diverse group, most of the staff probably shared the objective of a re-establishment of economic growth, the reduction of protectionism and stability of international exchange at pre-war levels. In the 1930s, as Clavin (2013) describes in detail, views shifted and while the League maintained its commitment to free trade, additional considerations and Keynesian influences began to take hold.

For the permanent Secretariat of the League, the exchange of information and dialogue between governments was a central instrument to foster international peace. At the same time convince member countries to contribute (or at least accept contribution) of sufficient economic resources to this program. As a result, and despite repeated calls for lean budgets, the League had considerably more resources and infrastructure available than any of the earlier international fora including the International Statistical Institute. As we will see below, these resources allowed the League to not only compile existing data or collect information through questionnaires, as e.g. in the Bodio series, but to critically evaluate the available information and provide alternative estimates were necessary.[3] Staff numbers and funding at the EFO increased significantly over the 1920s.

Within this context, the collection and standardization of data was not only an objective in itself, but important level to influence and direct political agenda. The League was not only a neutral broker of information. Expertise was the main lever that the Secretariat could use to influence and direct the political agenda at the intergovernmental level. Having access to accurate and timely information was the necessary prerequisite. It was this combination of professionalization within central

[3] Bemmann (2023) contrasts this to the practices at the International Institute of Agriculture, which had to publish numbers that were known by the Institute to be wrong.

banks and the emergence of a supranational organization endowed with significant resources and prestige that together shaped the collection of central bank data in the decades following World War I.

Rules and persuasion

In 1919, however, it was yet not at all clear that the League would acquire such a central role in the collection of statistics. Statistics did not figure in the founding documents of the League and several other well-established organizations stood ready to serve as coordinators on behalf of the international community. This was notably true of the International Statistical Institute (Bemmann, 2023). But the League's Secretariat and its Economic and Financial Section moved quickly. Arthur Salter, head of the Economic and Financial Section from 1919 until 1931, pleaded for the establishment of an "Intelligence and Research Division" and put the collection of "statistical and other information" as well as the "investigation of actual statistical publications (whether official or unofficial) and consideration of practicability of rendering them more uniform and comparable" on the top of the Section's agenda.[4] As the person to undertake these efforts Salter nominated Alexander Loveday, who would serve the Secretariat from 1919 to 1946.

The key event that finally established the League as the central player notably in the domain of monetary and financial statistics was the International Financial Conference held in Brussels in October 1920 (Clavin, 2013, pp. 16–23; Decorzant, 2011a, pp. 163–290). The conference that was convened to address the severe economic, social, financial and monetary dislocations in the immediate aftermath of the war, motivated the Secretariat to intense preparatory work. In our context of central bank data, the most important publication was the "Memorandum on Currency Statistics". The prime interest of the Memorandum was to track the relation between the increases in money stocks and price levels that were observed globally during and after the war. As the data from official national publications were either not up-to date or not available at all, the Secretariat sent out a questionnaire on government finances, trade as well as coins, notes and deposits. In the end, Loveday and his team succeeded in assembling a data collection that was immediately applauded for its high quality. As a result, the conference delegates asked the League to convert the Memorandum into a series of regular publications of "financial information in a clear and comparative form" in order "to bring public opinion in every country to realise the essential facts of the situation, and particularly the need for re-establishing public finance on a sound basis as a preliminary to the execution of those social reforms which the world demands."[5]

In June 1921, the Council of the League, the executive body elected by the General Assembly of all member countries, consequently defined the work program of the Economic and Financial Section to include "the comparative study of the financial and economic conditions of the world [which] will involve the publication of a monthly Bulletin of Statistics, of a quarterly volume of Currency Statistics, a half-yearly volume on Banking, and an annual volume on the Public Finances of the

[4] LoNA. R.291, 10/243/243, General Note as to immediate work and requirements of Economic and Finance Section, Memorandum, Arthur Salter, 10 July 1919.

[5] LoNA R319-10-59614-10512 LoN Economic and Financial Section – Report on the economic work of the League of Nations, p. 39.

world."[6] While ultimately the frequency of publication was lower, the Council thereby established a number of yearbooks that continued to appear under changing titles until World War 2 and were later taken over by the IMF.[7] Two years after the first beginnings, financial statistics now formed an integral and uncontested part of the activities of the League.

While a public success, the compilation of the data for Brussels had also painfully revealed the challenges that the statistical efforts of the League would face in the coming years. Due to different definitions and methods used in the creation of national data, numbers could in fact not be compared across countries. As the authors noted in the introduction to the first volume of the "Memorandum on Central Banks", published in 1922, "a comparison of the balance sheets of the various banks presents considerable difficulties, partly on account of the difference in their functions, and more especially because of the different arrangement of their balance sheets." (LoN 1922 p. 5). The problems were addressed by adding detailed explanations and by creating a standard form of the balance sheet, first presented in the second edition of the "Memorandum on Central Banks" from 1924 (Figure 1), with the aim to rearrange the items from the original balance sheets "as far as possible according to above common standard". Extensive notes and methodological comments would become a hallmark of later statistical publications of the League. Words of caution were one way of dealing with the complexity of numbers, the preferred solution in the medium to long-term, however, was harmonization.

Figure 1: Standardized central bank balance sheet (League of Nations 1924)

Assets:	*Liabilities:*
I. Metallic Reserve at home	IX. Capital
(*a*) Gold	
(*b*) Silver and Token Coins	X. Reserve Funds, etc.
II. Other items of a Reserve or Cash nature	XI. Profit and Loss and Dividends Accounts
III. Assets in and Claims on Foreign Countries	
(*a*) Gold Deposits abroad	XII. Notes in Circulation
(*b*) Book Balances and Credits abroad	
IV. Commercial Bills	XIII. Post Bills, Cheques, etc., in circulation
(*a*) Inland	
(*b*) Foreign	
V. Securities and Investments	XIV. Current Accounts
(*a*) Government	(*a*) Government
(*b*) Other	(*b*) Other
VI. Loans and Advances	XV. Other Deposits
(*a*) to the Government	(*a*) Government
(*b*) on Government Securities	(*b*) Other
(*c*) Other.	
VII. Sundries (including premises, etc.)	XVI. Sundries (including pensions funds).
VIII. Total Assets.	XVII. Total Liabilities.

[6] LoNA R1409/27/13377/2764/Jacket2: "Minutes of the 13th session of the Council of the LoN held at Geneva 17 June – 28 June 1921".

[7] These included the Memorandum on Currency, the Memorandum on Central banks, and the Memorandum on Public Finance (all from 1922) as well as the Memorandum on Balances of Payment and Foreign Trade (from 1924). See Bemmann (2023, p. 214).

Both strategies required cooperation from national institutions – either through their providing of background (and often non-public) information on existing statistics or by changing the way statistical data was collected and manipulated. Loveday and his colleagues opted for a pragmatic strategy. They established a standardized "bilan type" which they used in the Memorandum. Data in the public domain or obtained from national sources was then rearranged and the results sent back to the countries. To facilitate communication, central banks were not contacted directly but through the members of the Financial Committee.[8] Central banks, fearing a misrepresentation of their balance sheets in what – after the Brussels conference – had become a benchmark publication with international visibility, quickly reacted by sending additional information and asking for changes in the text. That happened e.g. for the Bank of England, otherwise notoriously tight lipped about the composition of its asset holdings. In a letter to the editor of The Economist Walter Layton in 1922, Loveday noted with satisfaction: "You will remember that when the question of publishing such a statement was originally considered, I was somewhat sceptical [sic] on the subject. I am inclined to think though now that, if we can get out a common balance sheet for all these banks, we may be able to inspire them, as indeed we have already to a certain extent, to correct us when we go astray and give us, in consequence, more information about their actual accounts than they normally publish in their regular statements."[9] Getting more information than publicly available – the strategy of defining standards apparently worked fine.

In other settings, however, the League enjoyed more leeway to actually impose rules. This was notably the case for the programs of financial reconstruction and of reforming existing or creating new central banks. In the course of the 1920s, mainly occupied with designing and supervising the stabilization loans organized by the League, first to Austria 1922, then Hungary 1923, Danzig 1923, Greece 1924 and Bulgaria 1926 (Clavin, 2013, pp. 25–34). Part of the programs, though not always, was the reform of existing or the setting-up of new central banks with the view of stabilizing the foreign exchange value of the currency and preventing the monetization of government debt in the future. All these new statutes included an article regulating the weekly publication of a detailed statement on the central bank's balance sheet, though interestingly the exact composition and detail of the statements as required by the League varied from country to country.

Efforts at improving monetary statistics have to be understood in the context of general work on international statistics. Now firmly established on the statistical landscape, the League cooperated with its former rival, the International Statistical Institute, jointly appointed a Committee on Statistical Methodology that would "advise the Council of the League of Nations with regard to statistics of any nature, which it might be in need of." (Bemmann, 2023, pp. 188–202). Based on the work of the commission, an international statistical convention was signed in December 1928 that provided for the collection and publication of harmonized statistics on international trade, industrial and agricultural production and employment. Central banks, however, did not make it into the program. Significantly, there had not been any central bank representative in the preparatory commission, which may have made sense since at that time, despite Einaudi's and other calls for central bank cooperation, there were no formal links – a fortiori statistical – between central banks. Even more,

[8] LoNA R373-10-19041-19041.

[9] LoNA R373-10-19041-19041. Loveday to Layton, Editor of the "Economist", 9 May 1922.

Article 8 of the 1928 convention explicitly excluded "statistics relating to public and private finance (public debt, revenue and expenditure, banking, the money market, stock exchange, etc.)" from the realm of the newly founded Committee of Technical Experts.[10] This is not entirely surprising as the definition of a joint agenda was already difficult enough and questions of finance even more politically sensitive than industrial censuses and indices of mining activity.

But the Conference of Statisticians was by far not the only avenue pursued by the representatives of the League. In a parallel effort to obtain timely data on industrial output, Loveday strove to win the goodwill of the producers themselves, acting through the International Chamber of Commerce, a Brussels-based organization close to the League. In a letter to the progressive American economist Royal Meeker in early 1928, Loveday expresses his hope "to achieve something similar in the realm of monetary statistics" by going directly to the "fountain head" of information, in this case the central banks, and, more specifically, not the bank directors but the statistical officers themselves.[11]

The first ever meeting of central bank statisticians – Paris 1928

The reunion, that Loveday alluded in his letter to Meeker, finally took place from 2-8 April 1928 in Paris. The single most striking feature of the "Meeting of Statistical and Information Officers of Certain Banks of Issue", as the full and somewhat awkward title read, is what was *hardly* discussed *at all* – the balance sheet of central banks.[12] In the following, the organisation of the meeting will be discussed in some detail as it illustrates well the objectives of the Secretariat, the constraints under which it operated and the strategies it employed.

That balance sheet did not feature prominently at the reunion might come as a surprise, as the lack of comparability between the balance sheets of the various banks of issue had been identified as *the* central challenge for monetary statistics. In fact, it was the apparent lack of quality of financial series why the Financial Committee discussed in December 1926 possible "measures which might be taken with a view to improving monetary statistics" and asked the Secretariat to study the problem.[13] Loveday, who, as we have seen, was at the time busy organizing international harmonization with respect to production and trade data, was charged to set up a plan.

The task was not trivial. As the Memoranda had pointed out, part of the differences in the set-up of balance sheets was due to differences in the role and functions of central banks in the different countries. In many cases, the design of the weekly statement was fixed in the bank's charter and thus difficult to amend. Finally, how to report and what to report was an eminently political question. While lending to the governments, increases in notes in circulation and rising prices had been the central issue of the post-war years, by the late 1920s attention had shifted to the

[10] LoNA R2706-10B-90579057 – Unification of economic statistics methods - Convention 14/12/1928. Text of this Convention. C.606.

[11] Loveday to Meeker 21 Jan 1928 in LoNA S82-32-12.

[12] Both Yee (2023) and Margairaz (2005) rely primarily on what was said and recorded in the minutes, missing out on the complex set-up of the meeting and the long list of 'non-dits'.

[13] LoNA - Economic and Financial Organization - Financial Committee - Vol. 8 - P.V. - 23-25 Sessions. Procès-verbal de la Quatorzième séance tenue à Genève le mercredi 8 décembre 1926 à 16 h. p. 10.

stability of the recently re-established gold standard and the apparent imbalances in the accumulation of gold by the central banks in the US and France on the one hand and Britain on the other (Eichengreen, 1996). What the balance sheets revealed about monetary policy was thus closely observed.

What Loveday could hope for under these circumstances, was to kick-start a dialogue among central bankers that would in the medium- to long-term lead to a convergence of thinking and reporting. In the short term, the exchange of views could yield important information that would help the ongoing work of the Secretariat. But to achieve that aim the central banks had to play along and the best way to ensure they would do so was to first get the politics as much as possible out of the equation and second, make the banks think that cooperation was their own idea. The plan would target the economists and statisticians at the operational level below the banks' governing boards. And the first step would be to make them meet.

Loveday argued that the crucial element to ensure the participation of central banks was to make the meeting appear as not implying any further commitments.[14] The invitation should emphasize the meeting was ad hoc, unofficial and of merely technical character. Even though the Secretariat hoped the meeting to be the first of several, where "real progress might be made",[15] no mention of such should be made in the letter. In order to further minimize the risk of misunderstandings, Loveday suggested to contact all banks unofficially and do so through personal contacts, preferably in person. Only then a formal letter of invitation should be sent out.

On the positive side, the conference was to be framed as in the direct interest of the central banks. As Loveday wrote later in a letter to Banque the France Governor Moreau, "a meeting of this type would constitute not only the most effective means of achieving the particular goal of the Financial Committee itself, but could still be [...] of interest to the central banks themselves."[16] The Financial Committee emphasized the "importance of keeping the meeting private and confidential" and decided not to mention the planned meeting in its official report to the Council.[17]

With the go-ahead of the Financial Committee, Loveday activated his contacts at the Bank of England and the Banque de France. Thanks to Quesnay it was possible to organize the meeting in the premises and at the invitation of the Banque de France, which served to underline that the event was first and foremost a meeting of central bankers with the League as a benevolent participant. The agenda was decided relatively late. Either Loveday didn't care too much, with the meeting itself being the primary objective (see discussion below) or he wanted Quesnay and Osborne to take the initiative. [18] The final agenda included the comparability of monetary and various other economic statistics, money markets and interest rates and possibilities for exchange among central bank research departments. Absent from the agenda were any direct references to the balance sheet of the central banks. The sensibilities are

[14] LoNA S133-83-2: Loveday to Salter 8 June 1927.

[15] LoNA S133-83-2: Unsigned memo "The object of the conference".

[16] LoNA R486/10/62480/61665: Loveday to Moreau 27 January 1928.

[17] "Note on possible measures for the improvement of monetary statistics" 30 August 1927. LoNA R486-10-61665-61665. LoNA - Economic and Financial Organization - Financial Committee - Vol. 10 - P.V. - 28-29 Sessions. Procès-verbal de la neuvième séance tenue le 7 septembre 1927 à 10h. p. 7 "Mesures à prendre pour l'amélioration des statistiques monétaires".

[18] Osborne to Loveday 11 January 1928. LoNA R486-10-62715-61665.

relatively well documented for the Bank of England. Already at the occasion of his first conversation with Harry Siepmann in Summer 1927, Loveday had to assure him that "bank returns, monetary policy, statutes and central bank cooperation" would be "entirely outside the scope of the discussions."[19] The issue seemed to have come up repeatedly, as Loveday again mentions the "susceptibilities of the Bank of England" in a letter from January 1928.[20] And Siepmann did everything to make sure that the representative of the Bank of England kept to the official line. In his instructions to Osborne he explained: "We assume that Bank Returns will not be discussed. The Bank of England Representative cannot discuss (a) any alternative in the form of the weekly return, (b) the detailed interpretation of any item in the Bank Return, e.g. 'gold and silver coin'." Also, he "must avoid the difficult question whether a Central Bank Return ought to be informative, e.g. whether there should be hidden reserves of gold or foreign exchange."[21] We can imagine that sensibilities were similar at most other central banks.

Instead, Loveday prepared a note that was circulated before the conference and which set out "in quite an objective fashion" the monetary and banking statistics currently published in central bank bulletins.[22] The note provided not only meticulously edited tables summarizing the exact series provided in the eleven bulletins available, but also listed what Loveday considered "lacuna" in the current publications.[23] Loveday took the occasion to bring up indirectly reporting by central banks, notably the reporting of gold and foreign exchange. [24] Loveday knew well that a harmonization of these positions was elusive, however, a conversation could raise awareness and at the same time reveal information useful for the Secretariat in its future analytical work.

Thus the stage was set for the 31 central bank representatives and Loveday, Rueff and Rosenborg from the League who all sat down on 11 April 1928 in the Galérie dorée. In his introductory speech, Governor Moreau, certainly briefed by Quesnay, set the tone by arguing that the aim of the coming days should not be "to render uniform our methods" but to compare them.[25] After the designation of Quesnay as chairman for the meeting, Loveday followed up on Moreau. He argued that monetary statistics were certainly not comparable at the present, but that even if they were assembled according to the same definitions and methods (be made "scientifically comparable"), interpretation would still require significant institutional knowledge on the banks and

[19]BoEA OV1-1: Memorandum Harry Siepmann on visit by Loveday 8 August 1927.

[20] LoNA R486-10-62715-61665: Loveday to Felkin 27 January 1928.

[21] BoEA OV1-1: "Statistical Officers' Conference – Suggestions and Questions" March 1928.

[22] LoNA R486-10-62715-61665: Loveday to Quesnay 24 October 1927.

[23] LoNA R2694-10B-2485-2485: „Note on bulletins of central banks" 27 January 1928.

[24] LoNA R486-10-62715-61665: Loveday to Felkin 27 January 1928. "I am abstaining from putting in any model for Central Banks on account of the susceptibilities of the Bank of England. Siepmann was naturally a little bit anxious lest our meeting should result in some sort of criticism of the weekly return of the Bank of England. As you will see from the memorandum I drafted for the Committee, I have inserted a paragraph to the effect that the question of the form of the monthly statement of the Central Banks is one which concerns their methods of accountancy and general policy, and is therefore outside the scope of the activities of our Committee. On the other hand, I think it would be sound for us to take copies, not of the Austrian-Hungarian models, but of the model we adopt in our Memorandum on Central Banks to Paris privately in case the question is actually discussed."

[25] LoNA R2689-10B-7978-1047. 1ere réunion des Délégués des Services d'Etudes et de Statistiques des Banques d'Emission. Minutes of the First Meeting p. 3.

markets in question. The same term and economic concept, e.g. the rate of discount or day-to-day money, can have a very different economic meaning and importance in various countries. It was thus necessary, Loveday continued "not only to consider the question of comparability form the point of view of the method of compilation, but from the point of view of the actual conditions existing in the several countries. *These conditions could not, of course, be altered*, but they could be defined" [emphasis added].[26] In the case of central bank balance sheets, Loveday's strategy of gently guiding the discussion away from harmonization to an exchange on the actual meaning of economic figures could be considered a pre-emptive and pragmatic response to what would very likely have been strong resistance of the central banks. Alternatively, it could also be interpreted as strategy to obtain information on the economic policies underlying the published figures.

In the end, the meeting consisted primarily in the exchange of information on the various countries in the form of country notes. Four notes were prepared before, during, and after the meeting. Counting between two and up fifteen pages each, the notes covered the (1) organization of statistical services at the central banks, (2) a description of the money markets, definitions of money market rates and the character of transactions to which the quoted rates refer, (3) information on gold markets and the quality of statistics on the import and export of gold and (4) the structure of the foreign exchange market. During the meeting the discussion focused on the main markets were especially New York attracted significant interest, but there was also a lengthy exchange on the differences between the larger and more established money markets in markets in Central and Eastern Europe.

We know little on how Loveday and Secretariat assessed the success of the meeting. Where the meeting certainly failed, was with respect to the establishment of a regular working group among central bank statisticians. There was no follow-up, which Loveday had initially hoped for. An important benefit seems to have been the fostering of personal contacts, which was also the main comment made by the participants in their concluding statements. Personal contacts were particularly important for the League as they helped to obtain information faster and more reliably than through official channels. The files accompanying the publication of the monetary and banking statistics in the archives of the League are full of correspondence with local contacts, what Bemmann (2023) has called the "invisible network". And there was the direct result in form of the country notes. Again, it is difficult to assess what was really new from the point of view of the League, but it could be imagined that some information was relevant especially for smaller countries and countries less well represented among the personal of the Secretariat.

Changing objectives – central bank statistics in the 1930s

In any case, the Paris meeting did not lead to new or improved publications. To the contrary, the Memoranda on Currencies and Central Banks had already been discontinued in 1926 after the publication of the volume covering the years up to 1925. Why the successful series was (temporarily) stopped requires further archival research. Part of the story might have been new challenges for the world economy requiring new and different data than before. As the authors pointed out in the "Report on the economic work of the League of Nations", the organisation

[26] Minutes of the First Meeting p. 8-9.

understood the publications of statistics not as an objective in itself, but always related to "inform the public opinion on immediate and vital problems". These vital problems changed as the inflationary environment of the immediate post-war period gave way to the risks of international capital flows in the restored gold standard. As the "Report on the economic work of the League of Nations" from 1927 points out: "The first memoranda prepared, therefore, dealt with the questions of public finance, currency and, as the various currencies became stabilised and new banks were founded, with the central banking position. In order to complete the picture of the currency and banking situation, a volume on joint-stock banks is now in course of preparation. In 1920 and the years immediately following, the gravest difficulties that the various countries had to face were primarily national in character. The attainment of budgetary equilibrium or the stabilisation of domestic currencies could only be assisted by international action after certain indispensable national measures had been adopted, but gradually the international aspect of the financial problem became more important, and the Third Assembly of the League of Nations accordingly passed a resolution to the effect that 'a study of the various questions connected with the stabilisation of currencies, and in particular that of the foreign trade balance and balance of payments of various States, ... be actively pressed forward so as to lead to the publication of reports which will throw light on this question.'"

The first Memorandum on Commercial Banks, covering the years 1913 to 1929, was published in 1931, a second volume following in 1934. But the League had not lost central banks out of sight. The 1935 volume of the new Memorandum again contained significant material on central banks. As Alexander Loveday noted in the preface, the publication therefore covered "to a considerable extent, the subjects dealt with in earlier years by the special Memoranda on Currency and Central Banks issued by the League; but these currency problems are approached rather through the avenue of commercial banking than along the road which started from the Government printing press. This change in approach is justified by the change in circumstances."

There were other changes in circumstances as well, most notably the foundation of the BIS in 1930. Central banks now had a dedicated institution for international exchange and cooperation in not only but also the domain of international statistics. Further archival research will tell more on how the secretariat at the League perceived its new partner and competitor. In any case, the League continued to produce statistics on central banking and even returned to a more regular publication in the late 1930s. In 1936 the Memoranda on Commercial Banking were renamed to reflect their much broader thematic coverage and were now published under the title "Money and Banking" with two volumes, a more qualitative "Monetary review" and a statistical "Commercial banks", which also contained the balance sheets of the central banks. The League continued the series even after the EFO fled war-torn Europe to Princeton. A volume on 1940–1942 appeared in 1942.

In January 1944, Kriz, a collaborator of Loveday, wrote in a note: "If we make an effort (and obviously we must) to bring our files up to date, we may as well publish a new "Money and Banking". Such a compendium of world monetary statistics would be of direct and immediate interest to governments, central banks, etc. Moreover, -

in view of the possibility of a similar publication by the B.I.S. or some other body - it is important for us, I believe, to reaffirm the continuity of our work in this field".[27]

In some sense, the story had come full circle. Again, as in 1920, the objective was to organise for a post-war order. By now, however, the existence of established international organisations and their various techniques of soft power had fundamentally transformed the was international statistics on central banks were produced.

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Memorandum on Central banks 1913, 1918–1923, Geneva 1924.

Memorandum on Currency and Central banks 1913–1924, two volumes, Geneva 1925.

Memorandum on Currency and Central banks 1913–1925, two volumes, Geneva 1926.

Memorandum on Commercial banks 1913–1929, Geneva 1931.

Memorandum on Commercial banks 1925–1933, Geneva 1934.

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The *League of Nations* and the production of international statistics on central banking

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IFC meeting 22-23 August 2024

Outline

- CB balance sheets provide key information on monetary and financial stability policies
- Two dimensions of data collection:
  - Data are proprietary: What do CBs publish? What do they consider confidential?
  - Definition of series (meta-data), international comparability and harmonization
- This paper:
  - Role and scope of international organizations in the production of international data
  - IOs with their own proper objectives and topics of interest
- Efforts of the League of Nations 1920–1945 as precursor of modern data collection at BIS and IMF

Statistics at the League of Nations

- League quickly involved in post-war financial reconstruction
- Preparation for Brussels conference in 1920
  - War- and post-war inflation, restoration of gold standard
  - "Memorandum on currency statistics": rise in price levels and note circulation
  - Turned into an *annual publication* on currency and CBs
- Challenges
  - "a comparison of the balance sheets of the various banks presents considerable difficulties, partly on account of the difference in their functions, and more especially because of the different arrangement of their balance sheets."
  - Same as faced by international compilations of CB data in the 19th century

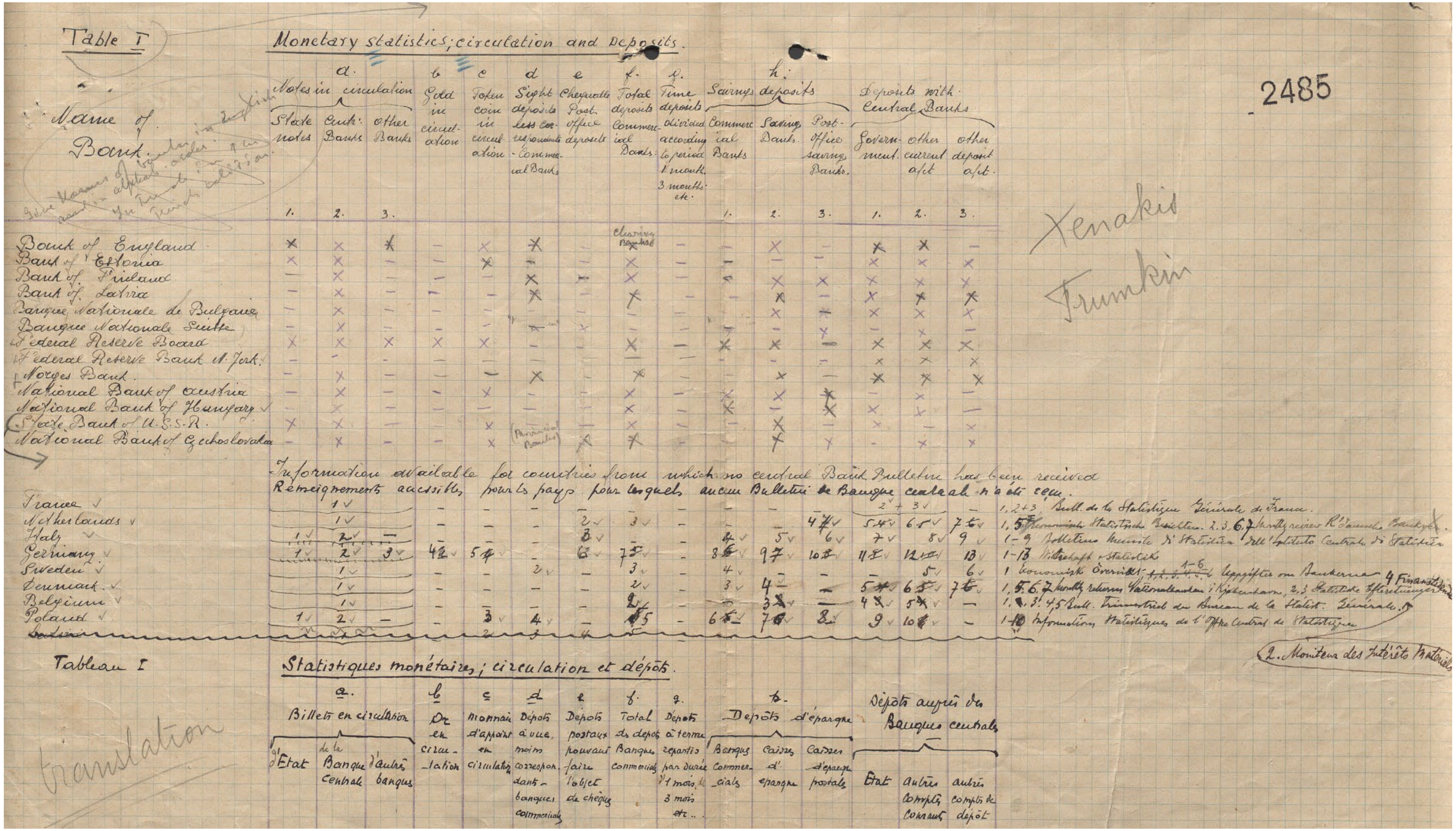
Data collection at a new level

- Dealing with complex data
  - Rearrangement according to common definitions
  - When not possible, detailed comments
  - Foster harmonization in data production
- Significant resources available
  - LoN permanent secretariat, specialized staff
- New statistical departments at NCBs
- LoN as political actor
  - Information key instrument to influence international agenda in the face of powerful sovereign states

Standardized balance sheet used in 1924 Memorandum on CBs

Assets:	*Liabilities:*
I. Metallic Reserve at home	IX. Capital
(*a*) Gold	
(*b*) Silver and Token Coins	X. Reserve Funds, etc.
II. Other items of a Reserve or Cash nature	XI. Profit and Loss and Dividends Accounts
III. Assets in and Claims on Foreign Countries	
(*a*) Gold Deposits abroad	XII. Notes in Circulation
(*b*) Book Balances and Credits abroad	
IV. Commercial Bills	XIII. Post Bills, Cheques, etc., in circulation
(*a*) Inland	
(*b*) Foreign	
V. Securities and Investments	XIV. Current Accounts
(*a*) Government	(*a*) Government
(*b*) Other	(*b*) Other
VI. Loans and Advances	XV. Other Deposits
(*a*) to the Government	(*a*) Government
(*b*) on Government Securities	(*b*) Other
(*c*) Other.	
VII. Sundries (including premises, etc.)	XVI. Sundries (including pensions funds).
VIII. Total Assets.	XVII. Total Liabilities.

Checking available information in CB bulletins



Soft power

- Obtain information by asking, nudging…
    - Operate through non-CB members of Financial Committee who know whom to contact at national CBs
    - Provide grids of references (‘bilan type’)
    - Iterative process: produce “not yet correct” data to *“inspire them to […] give us more information about their actual accounts than they normally publish in their regular statements.”* (Loveday to Layton 1924)
- … and imposing
    - League sponsors stabilization loans for several CEE countries and advices on CB reforms
    - Disclosure requirements in charters are key element in all programs
    - Programs often include presence of LoN advisors at national CBs

Postcard by Martin Funke, director of the statistical office of the Free City of Danzig, that he had ordered the office to forward the required data on coins in circulation.

1928: First ever meeting of CB statisticians

- Limits of approach: LoN organization of states, not central banks
- “Go to fountainhead of information”
- Highly political and delicate balancing act
  - Keep at technical level of CB statistical officers
  - Invitation not by LoN, but BoF (Head of Research Quesnay formerly at LoN)
  - Loveday to Siepmann (BoE): “bank returns, monetary policy, statutes and central bank cooperation […] entirely outside the scope of the discussions.”
- Success or failure?
  - 31 banks, country notes on gold, forex and money markets, notes on organization of statistical offices, but no follow-up meeting
- LoN ceases publication of *Memoranda* in 1927

In a relay race with the BIS

- 1930: BIS as new logical platform for international data collection
  - Central bank cooperation as "gather[ing] and exchang[ing] data and information of a monetary and economic character, domestic and foreign, thus helping to form a basis of judgment in guiding credit policy and deciding the proper course of conduct." (5th Annual Report)
- First managing director Quesnay: Monetary and Economic Department
- Different logic than the League: BIS as "information safe house"
  - "The B.I.S. will, like other banking institutions, have to exercise discretion." "Great care must […] be exercised […], for if the B.I.S. were to forward all the information it obtained, it would probably very soon find that everyone would be most cautious before entrusting it with any confidential information." (1931 memo).
- Governance and proprietary data remain a challenge
  - But successful project on short-term debt
  - BIS continues to collect CB reports and to accumulate data

Conclusion and outlook

- League resumes publication of central bank statistics in 1935
  - “It covers therefore, to a considerable extent, the subjects dealt with in earlier years by the special Memoranda on Currency and Central Banks issued by the League ; but these currency problems are approached rather through the avenue of commercial banking than along the road which started from the Government printing press. This change in approach is justified by the change in circumstances.”
- Last volume of “Money and Banking” published by Princeton office of the LoN in 1942
- Story illustrates complex politics of data and the role of international organizations