

### Volume III

#### After the Gold Standard, 1931-1999

1936 October 5

**Memorandum of C. F. C. to the Governor of the Bank of England concerning the devaluation of the Italian lira by forty per cent.** In 1936, most of the countries that remained on the gold standard were forced to devalue. This excerpt from the Bank of England's archives reports a conversation relating to the devaluation of the Italian lira in October 1936.

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Mr Capodanno called this afternoon on instructions from Signor Azzolini to communicate to you the decision taken this morning by the Italian Government.

The Italian lira is to be devalued by approximately 40%, which will mean new rates of about \$1 = L.19 and £1 = L.90. The lira will be given a new gold content on this basis, but the Head of Government will have discretion to effect a further devaluation of not more than 10% if this should prove necessary.

Mr Capodanno pointed out that this decision brings the lira into line with the £ and the \$ at the rates settled at the time of the stabilisation of the lira in 1927. Mr Capodanno does not anticipate a return to convertibility or any other essential change in the present monetary régime. He has no information about the future of the tourist lire.

A number of subsidiary decrees have been published to prevent undue increase in costs, etc.

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**Source:** *Bank of England Archives*, OV48/10, 1539/1, no. 67.