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Interview Summary Sheet

Title Page

Ref. No.:

Collection title: Old City, New City (1979-86)

Interviewee's surname: de Gelsey

Title: Mr

Interviewee's forenames: William

Sex: M

Occupation: Deputy Chairman, Orion Bank

Date of birth: 1921

Father's occupation: Landowner, baron

Mother's occupation: Baroness

Date(s) of recording: 13.03.19

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Introduction and biography; Trinity College, Cambridge; General Manager, Hungarian National Bank and the Bank of England	#00:00:00#
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Interviewee: William de Gelsey

Date: 13 March 2019

Interviewers: John Thirlwell (Q1), Gerald Ashley (Q2)

[00'00 Introduction and biography; Trinity College, Cambridge; General Manager, Hungarian National Bank and the Bank of England]

Q1: Interview with William de Gelsey, 13th March 2019. William, it's delightful to have an interview with you. The first question is, in what year were you born?

A: I was born in 1921, 17th December.

Q1: And your education?

A: My education was-- , you see Hungary went through-- , went through some very drastic changes if you consider my birth in 1921 as a starting point. We were a very exceedingly wealthy family based on our woodlands in that part of Hungary which today is Croatia, which we lost after the 1914-18 war, because the French hated the whole idea of the Austro-Hungarian monarchy. And they cut down Hungary to one third of its territory and the population equally. We were originally in 1920 let's say, er, a country of 21 million people and after the Versailles, or Trianon Treatyⁱ, we were a country of nine million people. And er, obviously the wealth of the country was taken over by the subsequent owners, like in case of Croatia, in case of Yugoslavia, in case of Czechoslovakia, in case of Ukraine. So we became a very unimportant small entity and it took us a long time to get back, er, our nation I should say. And that is why Mr Orbánⁱⁱ has done such a wonderful job ensuring that Hungary is a democratic country like Britain. In Britain, the democracy came with the Magna Carta. In Hungary, the democracy came seven years later, which was not a very great difference of time because you did it on horseback and that was in 1222, the Golden Bullⁱⁱⁱ. And erm, we as Hungarians, very proud to be Hungarians and we want that Hungary remains a Western European country.

Q2: And you went to Cambridge University, so the link with England from the time of when you were little, how did the link. . .

A: My father was in 1910 at Trinity College, and that was a very unusual thing for a Hungarian to do. So he was a great anglophile but not only from the history point of view, also because he played polo, he hunted, he did all these expensive things, which by the time my brother and I were around were no longer ours.

Q1: And you mentioned, I think, something about woodlands, so your father or your family...?

A: Woodlands in what became Croatia, which was Hungary, which as I mentioned were the sleepers produced for the railway system. And that was the first really big deal which my

grandfather did. And he was appointed by Franz Joseph^{iv}, one of his advisers, my grandfather. And he was also called Vilmos, Vilmos - William.

Q1: Right, and what degree did you take at Trinity?

A: That was quite funny, if you don't mind if I go back to; in the train from Budapest to Calais, er, I decided I wanted to do chemical engineering. I didn't know anything about chemistry, I didn't know anything about engineering but it sounded a good thing to do, and that I have to earn my living. So when I arrived at Trinity, erm, my father sent telegrams to all the ports in which were--, I mean, the authorities didn't know where we were going to land because the war was on already. I was in 1939 and the war had started on 3rd September and I was going to Cambridge. I should have gone at the beginning of October or late September. But I couldn't get my passport organised so I didn't arrive at Cambridge until 11th November 1939. And I was very lucky because at the railway station in Budapest, the General Manager of the Hungarian National Bank was going in the same direction to England. And he was carrying a big pouch on his body and that was full of bank notes. In those days the bank notes were very big, white pieces of paper--, Yes, on which it was printed, er, that the Government or whoever it was--, or the bank is very pleased to take on saying £225 six p[ence]. And all of these were the reserves of Hungary and in order for the Germans not getting it, he was carrying it.

Q2: And all on his chest?

A: All of his chest under his shirt.

Q1: On his way to...

A: To London. To the Bank of England. So that was rather nice but what was particularly nice for me that he--, when we arrived it was late in the afternoon, so he said, "Okay, you stay with us at the Savoy." And the Bank of England was a little bit puzzled, what is that boy doing? [both laugh] And eventually we told to them the boy, which was myself, and erm, so they were very nice. And we had a very nice dinner and I maintained these relationships, which I then gathered during the later parts. And because I got to know the Bank of England, when there was a period where we wanted to borrow internationally--, I mean by we I mean the Bank of England, and then when they found out that I had this sort of contact already very early on with the Bank, and then it took me to be--, not an adviser but a person with whom they were chatting about, what is Hungary doing and what's Austria doing and all these other things.

Q2: So very early on, you created a sort of financial network?

A: Yes I did, yes.

Q1: Even almost as a undergraduate [both talking at once].

Q2: And was it economics you did at Cambridge, William? Or...

Q1: Or did you stick chem....

A: No I didn't do economics, I did natural science which was physics, chemistry, mathematics. But I never did it at school, so at school I learned history and that sort of thing because I was supposed to go into the diplomatic service. But in the train I decided that's not going to give me a very good living. And then I thought up this chemical engineering idea and, erm, so by the time I arrived at Trinity and the tutor asked me, "What are you going to read?" And I said, "I would like chemical engineering," and he said, "No you can't, because we don't do chemical engineering here [inaudible], you have to take natural sciences." So I said, "Okay I'll take natural science," and he said, "You're working director is going to be FG Mann^v." And FG Mann was no picnic and when he asked me, "How much science do you know?" And I said to him, "I know that H₂O is water but don't ask me why."

Q1: Lovely.

A: At which he rushed to the telephone and rang up Barnaby my tutor, "Barnaby, take away this man, I can't deal with him!" [Laughs] Barnaby apparently answered, "FG, I can't do that, there is a war on, I can't send him back to Hungary." [laughs].

Q1: And so you stayed at Trinity and continued to do natural sciences?

A: And started doing natural sciences. I had a crammer with a Doctor Whitworth really taught me all the science which I needed. And I got my BA ordinary degree after three years and that was good enough and I joined ICI. And then I can tell you lots of funny stories about that.

[11'42 Working at ICI]

Q1: Yes, ICI and then you were a management consultant. What is fascinating, so there you are, the chemist as it were. But then you become a banker.

A: Yes, but take er, that prime minister lady, the famous one? Thatcher^{vi}! She was a chemist [laughs].

Q1: She was a chemist at Somerville in Oxford.

Q2: That's right, absolutely.

Q1: I know you did ICI and then you became a management consultant, and then I think it's in 1960 you become a banker?

A: That's right, I became a banker because I got to know very well, erm--, he became chairman... Melchett^{vii}.

Q1: Who Melchett?

A: Yes, Mond^{viii} was a German and he was one of the shareholders when ICI was created.

Q2: Yes, there was the Mond division wasn't there?

A: That's right, the Mond division, that's correct, yes. So that's how the ICI came about and when I was working for ICI, my managing director, he was a very intelligent person, said, "We're going to create a special department into which the young people who join the firm have to do either law or mathematics or other things. And we make a little organisation which

will receive all the information which goes to the board and which they have to analyse and make a report to the board.” So it was really a fantastic way of learning. And, er, in ICI there was a wonderful German called Dr Maye. Dr Maye was a Jew and IG Farben Chemie writes to ICI, says we have a very clever super research chemist called Dr Maye but he is a Jew and we want to send him off to a safe place, will ICI take him? And they said, “Naturally,” and then Dr Maye’s people said, “But we are going to pay him,” and ICI said, “No, no, no worry about that.” They insisted. And do you know that money came out all during the war, on the date from, er, the neutral country. [Pause].

Q2: Maybe Switzerland?

A: Yes, from Switzerland where the Germans formed their own bank.

[16’23 M. Samuel & Co; Orion Bank and consortium banks]

Q1: Yeah, but the banking bit--, so you then joined with Hill Samuel, or the old M Samuel & Co, yes. And then, so you were an executive director at Hill Samuel and then you to go Orion Bank?

A: Yes. What happened was that in order to get forward, somehow I was already an executive director but by that time I wasn’t going to get very far with ICI. And I was taken on by, erm, one second. [Pause] The next step was [pause]--, what have you got down for. . .

Q1: Well we were thinking of Hill Samuel was the bank. And then--, yes so Hill Samuel and then you moved to Orion Bank.

Q2: What year was that?

Q1: That was 1971.

A: Yes and Orion Bank was a new bank, erm, which was formed--, somehow there was an American aspect to it. Erm, [pause]...

Q1: There was Chase Manhattan was...

A: I think it was Chase Manhattan, you’re quite right, yes.

Q2: And also the Royal Bank of Canada I think at that stage although that...

A: Royal Bank of Canada was, I think, a stage later.

Q2: And this was a new concept was it not, the sort of consortium banks...

A: Entirely a new concept.

Q2: The big international banks, although they were big they felt, they needed to come together for certain transactions, is that right?

A: That’s correct, and what happened was that Orion, which had as its shareholders the big banks together, became very jealous. The shareholders became very--, why are you doing all the business with Orion when you should be doing it with us?

Q2: Oh so they were actually losing some of their business...

A: Exactly. Why? Because we were very carefully selected, very young, very aggressive and very exceptional they were also. And then what happened? Why did I leave it? Erm...

Q1: Well before you leave, I'm really interested in--, I think the consortium banks at the time were very much the people who were doing the syndicated lending.

A: Exactly, and that's when the shareholders got angry that all the business was going through Orion and there were other banks who made these types of...

Q2: Yes, there were a quite a sector of consortium banks, we were discussing **Libra** bank, Scandinavian banks. John, a couple of others come to mind?

Q1: Yes, well they were and the sort of--, well Orion started in 1970, so you were very much at the beginning of it.

A: At the beginning, yes that's correct.

Q1: And I suppose their heyday was in the 1970s.

A: Not only Orion banking, they bought a gas tanker.

Q1: Oh really?

A: [Laughs] Which was then criticised by the Bank of England that we shouldn't have done that and so on. And erm, the person who came from the Bank--, yes, we had a wonderful person called McConachie, who came from the Inland Revenue, that's right yes. So we had a lovely mixture of good people.

Q1: Within Orion?

A: Within Orion.

Q1: And you were a managing director. I mean, were you looking at a particular industry sector or...? What was your particular management responsibility?

A: Bond issues were new then.

Q1: Yes.

Q2: Yes.

[21'21 Jewish blacklist; meeting the Governor of the Bank of England; the Venezuelan syndicate]

A: And I remember knowing that even the Bank of England was helping us. That was very much in the early days. Black--, what was it was called? Not to do with business with Jewish people?

Q2: Oh there was a blacklist.

A: Blacklist, that's right.

Q2: And some Middle East firms wouldn't deal with Jewish banking houses, for example . . .

A: That's right, yes. And erm, [pause] the Bank of England was then--, the head of the Bank of England^x was--, the person's name I forgot, but he was like a schoolmaster, it was very sort of

[laughs]--, and I was the person who got the Middle Eastern interest when we had this blacklist. And obviously a couple of shareholders of Orion which were Jewish background, were--, anyway they complained that this blacklist should not be allowed. And I did a syndication of new money in the Middle East and obviously I didn't go to Jewish banks like--,

Q1: Warburgs.

A: Warburgs and another one.

Q1: Rothschild.

A: Rothschild. Warburgs, they ran to the Bank of England chairman and said...

Q1: So Gordon Richardson...?

A: Gordon Richardson, that's correct. And Gordon Richardson called in David Montagu^x as my boss and David Montagu said, "Don't talk to me I'm the chairman, you've got to talk to William de Gelsey, he's organising all this thing." And so then I had to meet the head of the Bank of England, as you were saying it, it was...

Q1: Gordon Richardson, yes.

A: It was Gordon Richardson, he was like a senior schoolmaster and I said, " But Mr Richardson, it's all syndicated," and then he said, "Mr De Gelsey, you haven't--," because he said, "This cannot take place," and then I said, "It's been all syndicated." And then he said to me, "Mr De Gelsey, is your hearing not right? I said this deal cannot take place!" [Laughs] and I said it was syndicated. So what did I do? And then I did a brilliant thing, erm, Venezuela was just beginning to find oil and they formed an organisation of with these banks to help to take the oil and finance the oil. I remember going to the flight, what do you call it? The airline? British Airways and I flew to Caracas and I said, "I want to do a syndication for you in the Middle East."

Q2: Ah.

Q1: Ah.

A: And they said, "Wonderful," and that was a way [laughs].

Q2: And in terms of background, this is the recycling of petrodollars as they're called [both talking at once].

A: Exactly, yeah, yeah.

Q2: And so this would have been bang in the middle of 1970s I imagine, something around that?

A: Erm, so it was all very well and er...

[26'08 Funding Orion Bank; Orion's shareholders]

Q2: How was Orion funded? Where did it get its money?

A: It was funded by our shareholders who were Chase, who were...

Q1: Royal Bank of Canada?

A: Royal Bank of Canada.

Q1: NatWest?

A: NatWest, yes indeed.

Q1: WestDeutsche?

A: Yes, it wasn't called WestDeutsche^{xi} then it was called Rheinscher Bank or something.

Q1: Okay, Credito Italiano?

A: Yeah but they were just for...

Q1: Mitsubishi?

A: Mitsubishi, yes was important. And Mitsubishi was very close to the American bank which was--, what was the American bank you talked...?

Q1: Chase.

A: Yes, Chase, and so they had in house.

Q2: And in addition to funding from the shareholders, erm, would it be right to say the bank took interbank deposits from the market at all? Was there some...?

A: Oh yes, there was a lot of that but we then created a bond market. And we did it by using our shareholders--, what you might call...

Q2: A guarantee effectively.

A: Yes, they really owned. . .

Q2: So you would issue bonds and create funds really and the bond holders had the knowledge that the big shareholders were standing in the background?

A: That's right yes.

Q1: And so you got reasonable margins and whatever?

A: Yes, we were really exciting by it.

Q1: [Laughs] And then Herstatt^{xii} happened...

A: Oh yes, let me tell you all of that but I shall never forget when they said, "Mr De Gelsey, you haven't heard what I said, this deal cannot take place," and I said, "But Governor, it's been all syndicated." [Laughs].

Q2: And, of course, the voice of the Governor was law so you had to do something.

Q1: I was going to say...

A: So that's right, I then said, "Okay, I'll show you," and I flew to Caracas...

Q2: To do the deal?

Q1: To do the deal, gosh. So the consortium banks as we were saying a bit earlier, they had their heyday and there were two things I always get the feeling, one was Herstatt was sort of then

suddenly there was a crisis, generally. But also, as you said earlier, the competition, or you became a competitor of your shareholders.

A: Yes, [laughs].

Q1: And was that then...

A: That was entirely out of jealousy that we were doing these bond issues with great success that using the shareholders as a background so to say.

Q2: So does that lead to an uncomfortable relationship with the shareholders a little bit?

A: I mean David Montagu, who was our chairman, was such an important personality. You see, the Montagus were originally--, I mean it was...

Q1: Was that the Samuel Montagu?

A: Yes that it, Samuel Montagu, because the way Samuel Montagu was started was Montagu Samuel.

Q2: Ah.

A: And they were gold dealers in Liverpool.

Q1: Oh wow.

A: [Laughs] And so then David Montagu obviously had a big say about them and then he used it and become very active.

[30'45 Christopher Chataway^{xiii}]

Q2: One name I just always remember associated with Orion was the former politician, Christopher Chataway.

A: Indeed, yes.

Q2: And he was quite a well-known figure within the banking circles.

A: Well he was a great friend of, erm--, Christopher Chataway was a great friend of one of the shareholders. [Pause].

Q2: Not with NatWest or...?

A: I think it was NatWest, yes. It was NatWest.

Q2: And of course he'd obviously been a famous athlete and then a politician, so there was quite a lot of political links as well I suppose in that sense.

A: When he died, there was great excitement and the person who [pause] ran in front of him, erm, and was doing the four minutes.

Q2: Mr Bannister?

A: Bannister. And when--, what's his name, died, there was a funeral and Bannister was there but he was...

Q2: On a frame?

A: A frame.

Q2: A walking frame.

Q1: Yes.

A: Walking frame.

Q1: Yes.

A: Which shows how much energy he must have given to keep...

Q1: Yes.

Q2: And it was such a famous race because it was filmed and we briefly discussed this before coming, because we think Christopher Chataway was one of the main so-called pacemakers that helped Bannister keep the pace, yes.

Q1: Help Bannister to--, yeah.

A: Yes, that's right.

Q2: So he was a fascinating figure then, Christopher Chataway, from his background away from banking.

A: He was a gentleman, unbelievable. There was another company which was rich and that was [pause]--, a Northern part of Europe and there's been a lot of anti because they became very nationalistic.

Q1: What in the Baltic?

A: No, nearer, a country which has a lot of oil.

Q1: Norway?

A: No, it was country where for example, er, the president...?

Q2: Are we thinking Romania possibly [both talking at once].

A: No, no, the president of America is called...?

Q1: Trump.

A: And Trump hated that country because it assisted [pause] the [pause]--, how should I put it? Who--, Trump wanted to get rid of the oil producing country and this chap was an important member of the, of the family who were very much...

Q2: Maybe it's gone a little from your memory but maybe this is demonstrating that Orion as a bank had lots of very important international contacts. I mean, your good self with your wonderful start with your network on the train, which I think is a great story. But in a way it perhaps demonstrated in banking, having a group of well networked, very intelligent people was more important than just the capital of being a big bank. Is that--, would you say that's fair to say?

A: Yes [both talking at once], yes.

[35'42 Mr de Gelsey, Deputy Chairman, Orion Bank; how Orion Royal Bank was named]

Q1: Orion, er, you become deputy chairman, presumably after Royal Bank of Canada effectively took over Orion, was that right?

A: I become deputy chairman because of David Montagu, because he became chairman.

Q1: So he was chairman and you were...?

A: And we had a division between David and I, I got to go out and get the business and David was the one who kept the shareholders quiet. [laughs]

Q1: Ahh! But it then became Orion Royal...

A: Yes, when the Royal Bank of Canada...

Q1: When they took over. And then presumably...

A: And you know, I did a very wonderful thing. Naturally the Royal Bank of Canada wanted it to call Royal Orion. And I thought no, no, no and then I said, "You can't call it Royal Orion because that reads ROB, and you can't call a--," [laughs].

Q1: Ahh, wonderful.

A: Royal Bank of Canada.

Q2: So you would have a bank called ROB.

A: Yes, exactly.

Q2: Now that would have been a PR disaster, wouldn't it?

A: And therefore the ORB, Orion Royal Bank [laughs].

Q1: And so that's how it became.

Q2: That's a wonderful bit of PR.

A: It was the little sort of things in [laughs].

Q2: Now that's a wonderful story.

A: [Laughs] ORB was better than ROB [laughs].

Q1: Absolutely. I mean particularly we've been talking about Orion which is really very much our period if you like. Any other sort of reminiscences of that time that you...?

Q2: Or characters maybe?

Q1: Or, yes indeed.

A: I mean for example, us going to Venezuela to get money from that to do lots of those things. And erm, the head quarters of the bank in Caracas was high up; Caracas itself was high up and their bank was even--, more or less top of the hill. And to get up there was very exhausting because the air is very, very thin.

Q1: Oh of course.

A: And you will have arrived [laughs], and I can remember the managing director or something of that bank, when I arrived at [panting], he said, "I know the feeling, it happens to me every day." [laughs].

Q2: Oh wow.

Q1: Yes. Well that's been fascinating. Thank you so much William for giving us the time, because it's been [both talking at once].

A: I'm sorry that some--, I can't remember...

Q2: No, I shall remember the General Manager of the Hungarian Central Bank with the country's reserves on his chest for some time, I think.

A: [Laughs].

[END OF RECORDING:0:39:19]

ⁱ The Treaty of Trianon, signed on 4 June 1920, was the peace agreement that formally ended World War I between most of the Allies of World War I and the Kingdom of Hungary, the latter being one of the successor states to Austria-Hungary. The treaty regulated the status of an independent Hungarian state and defined its borders.

ⁱⁱ Viktor Orbán is serving as Prime Minister of Hungary since 2010. He also served as Prime Minister from 1998 to 2002.

ⁱⁱⁱ King Andrew II of Hungary was forced by his nobles to accept the Golden Bull (1222), which was one of the first examples of constitutional limits being placed on the powers of a European monarch.

^{iv} Franz Joseph I (1830 –1916) was Emperor of Austria and King of Hungary.

^v FG Mann (1898-1982), organic chemist, Fellow of Trinity College, Cambridge.

^{vi} Margaret Thatcher (1925 –2013) was Prime Minister of the United Kingdom from 1979 to 1990.

^{vii} Julian Mond, 3rd Baron Melchett (1925–73), joined the merchant bankers M. Samuel & Co which merged with Philip Hill, Higginson and Erlanger Ltd to form Hill Samuel & Co. Limited and Melchett became director in charge of the banking and overseas departments. In 1966 Harold Wilson asked him to be chairman of a committee to plan the nationalisation of the British steel industry, and from that time until his death he was effectively the chairman of what became the British Steel Corporation.

^{viii} ICI was founded in December 1926 from the merger of four companies: Brunner Mond, Nobel Explosives, the United Alkali Company, and British Dyestuffs Corporation. Alfred Mond, later 1st Baron Melchett, was ICI's first chairman.

^{ix} Gordon Richardson, Governor of the Bank of England (1973-83).

^x David Montagu, 4th Baron Swaythling (1928-98), became chairman of his family's banking firm, Samuel Montagu & Co., in 1970. In 1973, the firm was bought out by the Midland Bank. He was chairman and chief executive of Orion Bank from 1974 to 1979.

^{xi} Westdeutsche Landesbank Girozentrale was established in 1969. Its predecessor was Westphalian Provinzialbank-Hülfskasse which was founded in 1832.

^{xii} Herstatt Bank was a privately-owned bank, based in Cologne. It went bankrupt on 26 June 1974 in a famous incident illustrating settlement risk in international finance.

^{xiii} Christopher Chataway (1931-2014), knighted in 1995, Managing Director and late Vice-Chairman of Orion Bank (1974-89), was a middle distance runner, broadcaster and Conservative politician (MP for Lewisham North 1959-66, Chichester 1969-74). Chris Brasher and he were the pace-makers to Roger Bannister, who broke the '4 minute mile' barrier on 6 May 1954 at Iffley Road, Oxford.