

AN INTRODUCTION
TO THE
MONEY AND BANKING SYSTEM
OF THE
UNITED STATES

BY

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INTRODUCTION

THE growing importance of the United States in World finance, the increasing recognition of the interdependence of the credit conditions of the leading commercial nations, and the continuous efforts towards a more satisfactory control of international credit, render it all the more necessary that students outside the United States should gain an adequate knowledge of the banking system of that country. It is mainly for such students that this book is written. The attempt has been made, by omitting the details of ordinary banking practice, to explain in a reasonably brief manner the milieu in which the Federal Reserve System works, what it is intended to do, and what degree of success it has achieved. It is considered that a proper understanding of the Federal Reserve System is the essence of the matter for, at least, the non-American student. It must be remembered that the Federal Reserve System is still scarcely out of its infancy and much of its experience has been only of abnormal conditions. It was established in 1913, and before that date any collaboration of the Central Banking authorities of the World to control credit more rationally on the lines since advocated by the

Genoa Conference would have been impossible because credit in the United States was then almost entirely lacking in any organized central control. Now that the Federal Reserve Board exists, this impossibility has been removed, and it is this fact which gives particular interest to the study of the Federal Reserve System.

The curbing of those fluctuations in the purchasing power of money which Sir Josiah Stamp has stigmatized as the greatest social evil of our time depends largely on the degree of success attained by the Federal Reserve Board both in controlling conditions in the United States and in collaborating with the Central Banking authorities of other countries. Various circumstances, including the accumulation of a large stock of surplus gold in the United States, have combined to give that country the main responsibility for success or failure in the present efforts to achieve a more reasonable and more efficient control of money and credit in the world of to-day and to-morrow. It is hoped that these considerations will be held to justify the appearance of this book to serve as an introduction for British students to the money and banking system of the United States. For closer study, the student is referred to the Annual Reports and the Monthly Bulletins by the Federal Reserve Board, to the periodical reviews of the leading Banks and newspapers, and to the various large text books written by

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American authors, to all of which sources the author wishes to acknowledge his indebtedness. Acknowledgment is also due to his colleague, Assistant Professor J. T. Culliton, M.A., for criticism and help in reading the proofs.

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