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MONEY AND BANKING, 1938/39

PREFACE

These two volumes are a continuation of the memoranda on *Commercial Banks* issued in 1931, 1934 and 1935, and of *Money and Banking*, issued yearly since 1935.

The first volume, *Monetary Review*, contains four studies. The first two, which trace the course of events during 1938 and the first two months of 1939, are specially concerned with the foreign exchanges and gold and with currency, credit and Government finance. The second and third studies are special studies which cover a longer period, 1913 to 1937, and are devoted to an analysis of structural changes in the banking system and to the bill of exchange. Fifteen tables summarising the principal monetary statistics of the world are appended.

The tables containing monthly or yearly national monetary and banking statistics, in the companion volume, *Commercial and Central Banks*, are carried in most cases up to the end of 1938. The statistics are, as usual, accompanied by brief notes explaining the data given and summarising recent legislative and other measures; the introductory notes summarising the important monetary and banking developments of the past year, which in previous editions prefaced the chapters on certain countries, have been omitted this year, as developments are now reviewed in the first volume. The notes on the accounts of central banks, given for the first time in the previous edition, have been revised and completed.

A. LOVEDAY,

*Director of the Financial Section
and Economic Intelligence Service.*

League of Nations,
Geneva, March 1939.

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Detailed information relating to monetary and
banking developments in forty-four
countries will be found in
the companion
volume :
"COMMERCIAL AND CENTRAL BANKS".

MONETARY REVIEW

A. — EXCHANGES AND GOLD

International exchange relationships underwent many serious disturbances during 1938. Two sets of factors rendered the year an eventful one in the field of foreign exchanges. Political developments led to precipitate transfers of capital funds from one currency into another. The fall in the prices of primary commodities imposed a severe pressure upon the balance of payments of agricultural debtor countries.

In the earlier part of 1938, the continued depreciation of the French franc attracted much attention, whereas, in the second half of the year, it was the decline in the gold value of the pound sterling which constituted the outstanding development in international monetary relations.

The French Franc.

The return flow of funds which took place in the last quarter of 1937 and which was estimated to have brought approximately 10 milliard francs of capital back to France came to an end in the latter part of December 1937. Political factors — both internal and external — caused a recrudescence of capital flight in the first few months of 1938. Between the end of December 1937 and the end of March 1938, the gold value of the French franc declined further by nearly 10%, and the exchange value of the pound sterling in terms of francs rose correspondingly from 147 to 162 during the same period. That the Exchange Stabilisation Fund lost large amounts of gold in attempting to check the fall of the franc was clearly shown by the fact that the 3,127 million francs of gold¹ which it had been able to pass on to the Bank of France in November 1937 had to be retransferred to the Fund in February 1938. It is known that the authorities, in these circumstances, began to envisage seriously the possibility of introducing some form of exchange control.

At the beginning of April 1938, however, there occurred a change of Government. On May 4th, the new Government took a step of great importance for the external exchange position of the French franc. In the first place, it allowed the value of the franc to fall by some further 10% and the price of sterling to rise to about 178 francs. Secondly, it expressed its determination not to let the franc-sterling rate move beyond a level of 179 francs to the £.² A twofold incentive was thus provided for capital repatriation. The immediate exchange profit on the realisation of foreign assets was increased. Furthermore, the Government's declaration implied that, while a rigid bar was set to further depreciation of the currency (at any rate in relation to sterling), there would remain a possibility of appreciation, which would reduce the repatriation profit obtainable in terms of francs. In fact, during the two weeks following the devaluation of May 4th, the Stabilisation Fund reduced the price of the £ sterling with significant regularity by a few centimes almost every day. From May 5th to May 20th, the franc-sterling rate fell from 178.90 to 177.60

¹ At 43 milligrammes of gold (nine-tenths fine) per franc.

² This maximum rate of 179 francs was not laid down in any legislative act. The measures taken on May 4th were of the nature of instructions publicly issued by the Government to the administration of the Exchange Stabilisation Fund.

francs, or by 1.30 franc. On May 21st, the political situation in Central Europe gave rise to apprehensions which caused the rate to slip back to the neighbourhood of 178.50. Nevertheless, the exchange policy adopted early in May attained a large measure of success. The amount of capital repatriated during that month has been officially estimated at about 19 milliard francs, equivalent to over £105 million or about \$530 million at the rates current in the middle of the month.

The resources of the French Exchange Stabilisation Fund, which had originally amounted to 10 milliard francs and which had subsequently increased in terms of francs to about 14 milliards through the depreciation of the currency and the consequent sale of gold and foreign exchange at higher prices, were insufficient to absorb this inflow of foreign exchange. This was so in spite of the fact that these resources, prior to the repatriation movement of May, can have consisted only in small part of gold (as had been indicated by the necessity to replenish the Fund's gold reserve in February) and must in the main have represented franc balances freely available for the purchase of foreign currencies. In order to maintain the secrecy of the Fund's exchange operations, it was desired to avoid a transfer of gold to the Bank of France — a transfer which might again have to be reversed later. The supply of francs at the disposal of the Stabilisation Fund was therefore enlarged by two special methods. First, permission was given to the *Rentes* Fund¹ to lend any franc balances which had not been invested in Government bonds to the Exchange Stabilisation Fund. Secondly, the Treasury was empowered, under a Decree of May 18th, to make advances to the Exchange Stabilisation Fund for the purchase of gold.

It may be noted in passing that the two new methods, though similar in their immediate object, can have somewhat different effects on the internal credit supply. The purchase of foreign exchange by means of the *Rentes* Fund's idle balances at the Bank of France must tend to increase the amount of central-bank cash available to the money market, unless that Fund disposes of part of its security holdings on the market and lends the proceeds to the Exchange Fund. The financing of gold purchases by Treasury advances, on the other hand, tends to leave the cash basis of the credit structure unchanged and thus to "sterilise" the inflow of gold, provided that the Treasury obtains the necessary funds by additional borrowing from the market. This method therefore resembles that of the British Exchange Equalisation Account, except that it provides for no statutory limit to the amount of gold which can thus be "sterilised" by means of Government borrowing. It has been questioned whether "sterilisation" through borrowing is practicable in cases where, as in France in 1938, the Government is faced with budgetary difficulties, as the Treasury in such circumstances may already have made full use of its borrowing capacity. An inflow of capital, however, accompanied by an inflow of gold which it is desired to "sterilise" tends at the same time to create conditions conducive to the issue of additional Government obligations such as Treasury bills.

From the monthly returns of the French Treasury, it is known that, on May 31st, 1938, its advances to the Exchange Stabilisation Fund amounted to 4,300 million francs. The total amount of gold, valued on the basis of current market rates, held by the Fund on that date has been estimated at about 20 to 21 milliard francs.² As the Exchange Fund's own resources probably amounted to a little over 14 milliards, this estimate assumes that

¹ It will be recalled that this Fund — *Fonds de soutien des rentes* — had been formed in July 1937 out of the book-keeping profit on the second revaluation of the gold reserve of the Bank of France. This profit amounted to about 7 milliard francs and was placed at the disposal of the Fund for the purchase of Government bonds.

² *L'Activité économique*, October 1938, page 238.

some 1.5 to 2.5 milliard francs had been obtained in the form of advances from the *Rentes* Fund, on which no information is available.

The limit set on May 4th to the depreciation of the franc in relation to sterling has been rigidly observed : the price of the £ in terms of francs in Paris has never risen above 179,¹ in spite of the fact that conditions became less favourable after May. In July, a resumption of capital flight could be observed, and the forward exchange rate between the franc and the pound rose appreciably above the 179 limit (see Diagram 5). The renewed tension of the exchange was reflected in the fact that, at the end of July, advances of the Treasury to the Exchange Stabilisation Fund had fallen to 2,200 million francs. On August 31st, this item had dropped further to 550 millions, and the total gold holdings of the Exchange Stabilisation Fund on that date can be estimated, on the basis of an official statement, at approximately 10.5 milliard francs,² or about half the amount held three months earlier. In September, the increase in the political tension was at first accompanied by a substantial and significant return flow of funds. During the last week of the month, however, the franc showed a weaker tendency and had to be supported by the Stabilisation Fund. The Treasury's advances to the Fund had been entirely repaid on September 30th.

The important measures taken by the French Government in November 1938 will be discussed in a later section of this survey, as they were mainly concerned with the internal financial situation and did not directly affect the external position of the franc. They strengthened confidence in the currency, however, and were consequently followed by some repatriation of capital. One of these measures had a certain relevance to the exchange value of the franc. Under a Decree of November 14th, 1938, the Bank of France was directed to revalue its gold reserve on the basis of a rate of 27.5 milligrammes of gold (nine-tenths fine) per franc, instead of the rate of 43 milligrammes which had been applied since July 1937. This new rate corresponded, at the current gold value of the pound, to a franc-sterling rate of 170, and thus left still a certain margin between the actual value and the value of the Bank's gold.³ The significance of the revaluation for the exchange position of the franc was that it appeared to set a limit to any possible future appreciation of the currency and that it reduced, to that extent, the incentive to capital repatriation which had been provided by the policy adopted on May 4th.⁴

The return flow of funds which nevertheless occurred in the second half of November and in December 1938 appears to have been connected mainly with the sharp fall which occurred in the forward premia on foreign currencies (illustrated in Diagram 5 below) and which reduced the return obtainable on banking funds temporarily employed in foreign centres. The amount involved was estimated at 6 milliard francs in an official statement

¹ In London, the rate rose momentarily above 179 on September 28th, 1938.

² Cf. *L'activité économique*, October 1938, page 238.

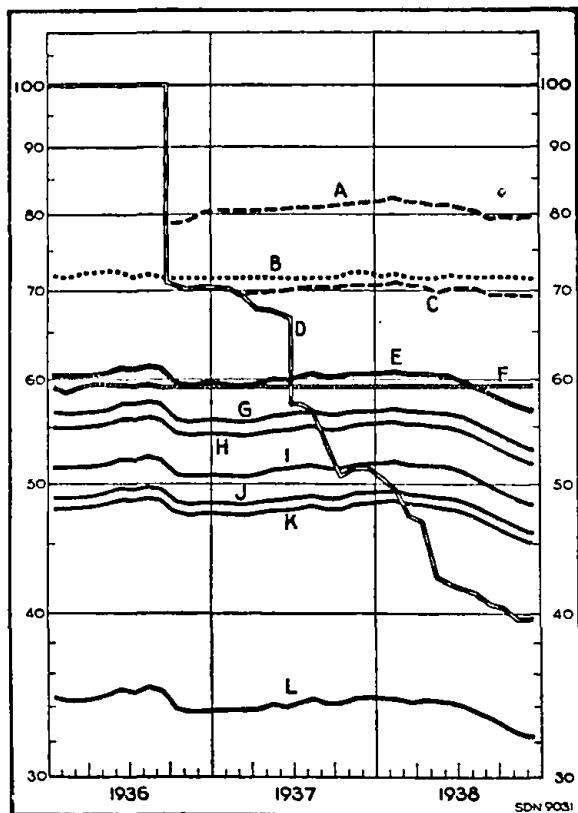
³ It should be borne in mind that the minimum exchange value of the franc is defined in terms of sterling, while the value of sterling in terms of gold is subject to fluctuations. If, therefore, the gold value of sterling declines, the franc-sterling rate corresponding to the theoretical gold content of 27.5 milligrammes per franc will naturally be lower than 170 ; and if in these circumstances the actual rate is kept in the neighbourhood of 179, the market value of the gold will be increased and the margin between it and the book value widened. If, on the other hand, the £ appreciates in relation to gold and—through the maintenance of the limit of 179—the franc appreciates with it, the market value of the Bank's gold stock will fall ; it will become equal to the book value when the £ becomes worth \$4.99.

⁴ In fact, the new bookkeeping rate of 27.5 milligrammes presents of course no absolute hindrance to an appreciation of the franc above that rate. Such a development, which would entail a fall in the actual value of the Bank's gold reserve below its book value, would merely give rise to a bookkeeping problem, which might be solved by an appropriate bookkeeping adjustment (such as the revaluation of a Government debt to the Bank).

Diagram 1.

GOLD VALUE OF CERTAIN CURRENCIES
(In % of their parity in 1929).
Logarithmic scale.

- | | |
|--------------------|---------------|
| A. Netherlands. | G. Sweden. |
| B. Belgium. | H. Norway. |
| C. Switzerland. | I. Finland. |
| D. France. | J. Denmark. |
| E. United Kingdom. | K. Australia. |
| F. United States. | L. Japan. |



There is some doubt as to the precise composition of that group. The term has been variously defined, but there are two main criteria which can be applied. A country may be considered to belong to the sterling area if it maintains its currency in a fixed exchange relationship with the pound sterling. Secondly, a country may be considered to belong to this group if its central monetary authority usually keeps the bulk of its foreign assets in the form of sterling balances in the United Kingdom. The second point is to some extent a natural consequence of the first: central banks will be inclined, for reasons of safety and convenience, to hold their foreign balances in a currency which does not fluctuate in terms of their own monetary unit of account.

¹ New Treasury advances, amounting to 12.5 milliard francs, were granted to the Stabilisation Fund in November 1938. It cannot be assumed, however, that these advances were connected with equivalent purchases of gold by the Fund. They were made in connection with the revaluation of the gold reserve of the Bank of France, and it seems that their chief purpose was to conceal future changes in the position of the Fund.

² After May 4th, the franc-sterling rate as quoted in Paris varied only between 178.98 (on October 3rd, 1938) and 176.55 (on January 4th, 1939) or within a range of only 1.4%.

made on December 7th; the movement continued after that date.¹ The forward rate on sterling in Paris fell at times to a small discount in relation to the franc; and the spot exchange was allowed to appreciate slightly relatively to sterling, so that the gold value of the franc remained unchanged in December, while that of the pound declined. On the whole, however, the French franc followed the pound sterling — and its decline in terms of gold — fairly closely after May 1938, as may be observed from the adjoining diagram.²

This diagram provides a striking illustration of the extent to which the franc has depreciated since September 1936. At the end of 1938, the franc had lost 60% of the gold value which it possessed prior to September 1936. The three deliberate devaluations, effected on September 25th, 1936, June 30th, 1937, and May 4th, 1938, together account for a reduction of 43% of the former gold parity, while the intervening periods of more gradual depreciation are responsible for the remaining 17%.

The "Sterling Group".

Diagram 1 includes some of the countries which are usually regarded as belonging to the "sterling group".

Some doubtful cases nevertheless remain, such as the Argentine, with its system of multiple exchange rates. While the "official buying rate" has been unchanged in terms of sterling for over four years, the "official selling rate" — though also expressed in terms of sterling — has been changed from time to time, and the "free rate" is subject to constant fluctuations.¹ Bolivia and Uruguay also express their official rates in terms of sterling, but are not generally included in the sterling group. That the sterling group does not comprise all British countries is shown by the case of Canada: the Canadian dollar, which after 1931 had kept a middle course between the pound sterling and the United States dollar, did not follow the downward movement of the pound in 1938, but maintained a practically constant relationship with gold and the United States dollar. Since May 1938, France has sometimes been regarded as a member of the sterling group; but it was seen above that the franc-sterling rate varied — though within narrow limits — even after May 1938; and it is known that, as a rule, the French Exchange Stabilisation Fund converts any sterling it acquires almost immediately into gold. Japan has kept a virtually fixed rate of 17 yen to the £ since 1935; but it is not known to hold any appreciable balances in London. The policy of the Japanese authorities has recently been to establish a "yen area", analogous to the "sterling area", composed of the currencies of "Manchukuo", Chosen, Taiwan and of certain parts of China proper, where attempts have been made to displace the Chinese silver dollar by a new currency, the "yuan". All these currencies are kept at a fixed parity with the Japanese yen (and therefore with sterling); and the monetary authorities of these territories are believed to hold little or no external assets except Japanese yen.

To the United Kingdom, both of the characteristics of the sterling group just mentioned are of far-reaching practical significance. The first — fixity of exchanges — means that no downward adjustment of the pound sterling can be effected without an equivalent reduction in a large number of other currencies. The bunch of parallel lines in Diagram 1, which shows a pronounced dip in 1938, represents only a part of the sterling group. In particular, the diagram does not, of course, show separately the currencies which are kept at the old sterling parity, such as those of Egypt, Estonia, India, Latvia, Portugal, Siam and the Union of South Africa. There is no currency in the sterling group whose gold value, as percentage of the old parity, is higher than that of the pound sterling; while there are many, as the diagram shows, whose gold value is lower.

The second distinguishing feature of the sterling area — the maintenance of foreign exchange reserves in the United Kingdom — does not easily admit of statistical observation. Central banks do not specify in their returns the currencies in which their external balances are held. In the case of sterling-group countries, however, there is, as previously stated, a presumption that these balances are held largely, if not wholly, in sterling. A rough indication of fluctuations in the volume of sterling area funds in London can therefore be given by the following table, which shows the quarterly movement of central foreign exchange reserves of fifteen "sterling-group" countries on which the relevant returns are published at short intervals² and show foreign exchange as a separate item.³ It should not be assumed that, even as regards the countries included, the table gives a complete picture of sterling area balances. It takes no

¹ See the section on Argentine in Vol. II of this publication: *Commercial and Central Banks*.

² Only annual data are available for British Crown Colonies and mandated territories, which are not included in the table.

³ This is not the case in the central bank returns of the Argentine, Greece, Iran and Japan, which are not included in the table.

account, in particular, of external funds of the commercial banks of these countries, which are in many cases very substantial relatively to the holdings of the central monetary authority. The former may generally be presumed to vary roughly parallel with the latter, apart from such exceptional developments as occurred in Sweden in the first half of 1937, when the possibility of appreciating the krona in relation to sterling was widely discussed and when, in consequence, the commercial banks passed on the bulk of their sterling balances to the central bank.

CENTRAL FOREIGN ASSETS RESERVE OF FIFTEEN "STERLING-GROUP" COUNTRIES
£ (000,000's).

End of:	1935	1936				1937				1938			
	Dec.	March	June	Sept.	Dec.	March	June	Sept.	Dec.	March	June	Sept.	Dec.
Australia	22.6	27.9	30.9	29.8	30.8	33.6	41.8	41.2	39.1	33.9	34.2	31.0	29.9
Denmark	- 4.0*	- 1.5*	0.2	- 1.0*	- 2.3*	- 0.9*	0.9*	0.3	3.4	4.1	4.8	5.9	4.6
Egypt	22.2	18.8	15.9	19.3	21.7	18.6	16.3	17.7	17.7	16.4	14.6	18.6	17.6*
Estonia	0.1	0.1	0.2	0.3	0.5	0.9	1.0	1.0	0.9	1.0	0.9	0.9	1.0
Finland	6.9	7.2	6.2	6.1	7.7	8.9	9.5	10.2	10.5	11.8	10.4	10.9	11.9
India	62.7	67.8	63.1	55.7	62.9	79.4	77.3	69.8	62.9	66.2	58.7	52.6	45.6
Ireland	8.3	8.0	8.2	8.3	9.1	9.1	9.1	9.0	9.7	9.6	9.6	7.6	8.7
Latvia	0.4	0.4	0.5	0.6	1.1	1.6	1.5	1.8	1.7	1.7	1.5	1.7	1.5
New Zealand	17.1	19.8	17.7	13.4	13.2	15.3	17.2	15.3	13.6	13.5	13.3	9.1	3.8
Norway	2.5	3.1	4.0	3.9	5.9	5.5	7.1	10.4	12.8	12.9	12.9	12.1	11.8
Portugal ^b	5.0	5.0	5.6	5.7	6.5	6.7	6.5	6.8	6.6	6.1	5.7	5.7	6.1
Siam	9.7	9.7	9.7	10.0	10.2	10.8	11.1	10.8	10.8	11.1	10.8	11.1	11.3*
Sweden	34.6	27.9	27.3	30.6	39.5	45.7	49.9	55.8	54.2	47.7	44.8	50.8	41.3
Iraq	4.1	4.1	4.3	4.6	4.9	5.0	5.1	5.2	5.2	5.0	4.9	5.0	4.8*
Un. of S. Africa	11.5	5.2	9.8	4.9	10.8	5.5	6.3	6.4	6.9	6.4	8.3	7.0	8.1
Total	203.7	203.5	203.6	192.2	222.5	245.7	258.8	261.7	256.0	247.4	235.4	230.0	208.0*

* Provisional.

* Net foreign liabilities.

^b Net assets, including a certain amount of Portuguese Government bonds serving as cover, not shown separately in the weekly returns of the Bank of Portugal.

It will be seen that the aggregate central exchange reserves of the fifteen countries included in the table reached their highest level in September 1937. The decline which occurred thereafter may chiefly be ascribed to two factors.

With the possible exception of Sweden, the countries shown depend for their foreign exchange supplies mainly on the export of primary commodities. The fall in the prices of these commodities, which set in during 1937, placed a strain on their balance of payments. This strain was reflected in a diminution in their external exchange reserves rather than in their gold stocks. In a number of sterling-group countries, the monetary authorities have followed the practice of keeping their gold reserve unchanged while allowing their external funds to fluctuate widely in response to shifts in the balance of payments. Thus, throughout the period covered by the above table, no change occurred in the central gold reserves of Australia, Denmark, Egypt, Estonia, India, New Zealand, Portugal and Siam (see Appendix, Table II : "Principal Assets of Central Banks").

Furthermore, the aggregate of the sterling group's external balances appears to have been affected, in 1938, by a tendency of certain countries to convert a part of their foreign exchange reserves into gold. This tendency was operative in the case of Ireland, Latvia, Norway and Sweden, whose combined exchange reserves declined from £78 million at the end of 1937 to £63 million at the end of 1938, while the value of their central monetary

gold stocks increased from £65 million to £85 million.¹ The tendency was not confined to members of the sterling area, but could also be observed in such countries as Poland and Switzerland.

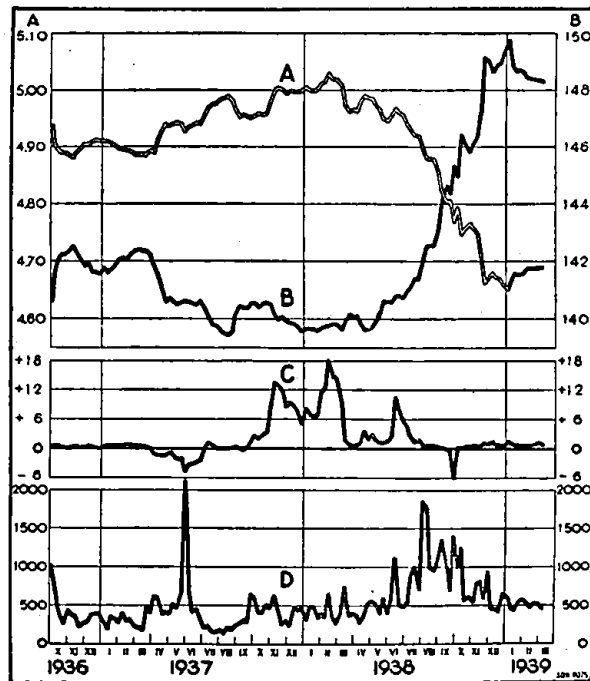
Sterling and the Dollar.

In the course of 1938, the pound sterling depreciated on balance by 7% in terms of United States dollars and — as the dollar price of gold is fixed — in terms of gold. This depreciation may be observed from Diagram 2, which, in addition to the dollar-sterling rate of exchange, shows certain data relating to the gold market in London: namely, the price of gold bullion at the daily “fixing”, the difference between that price and the current “shipping parity”,² and the amount of gold sold at the “fixing”. The London gold market is intimately connected with the dollar exchange. In fact, every movement of the dollar-sterling rate tends to produce a corresponding change in the opposite direction in the sterling price of gold. Deviations from this inverse correlation result in the premia or discount shown in line C of the diagram.³ Thus the decline in the dollar rate during 1938 was reflected in a rise in the sterling price of gold in London. The percentage rise in the price of gold was slightly less than proportional to the fall in the dollar rate, as the price stood at a “premium” at the end of 1937 and was practically equivalent to the shipping parity at the end of 1938.

In the last quarter of 1937 and the first two months of 1938, when doubts regarding the stability of the dollar were current, capital funds were withdrawn from the United States in large volume. The dollar-sterling rate rose to \$5 and even higher, while a hoarding demand for gold in London checked the corresponding fall in the price of gold and kept it at a high premium relatively to the shipping parity. The first sharp break in the dollar-sterling rate in 1938 occurred in March, when political events caused a temporary reversal of the capital flow and, after the virtual disappearance of the premium on the shipping parity, a resumption of gold shipments to the

Diagram 2.
THE DOLLAR EXCHANGE
AND THE GOLD MARKET IN LONDON
(Weekly averages).

- A. Dollar rate per £.
- B. Price of gold (in shillings and pence per fine ounce).
- C. “Premium” (+) or “discount” (—) (in pence per fine ounce).
- D. Amount of dealings in gold, £ (000's).



¹ Valued at £7 per fine ounce on both dates, in order to render the figures comparable.
² That is, the price at which, on the basis of the current dollar-sterling rate, it is just possible to ship gold to the United States without loss.
³ Cf. the preceding edition of this publication: *Money and Banking 1937/38*, Vol. I (*Monetary Review*), pages 24 ff.

United States. A further weakening of the sterling exchange followed in May as a result of the large-scale repatriation of French funds from London. In June, the dollar was again affected by devaluation rumours, and the resulting conversion of dollar balances into gold was reflected in a rise in both the premium and the turnover on the London gold market.

In the second half of 1938, the decline in the exchange value of the pound sterling was accelerated. The price of gold in London followed the upward shift of the American shipping parity very closely: the premium was negligible during most of this period, and in the disturbed conditions of the second half of September there emerged even a substantial discount.¹ The virtual absence of a premium indicates that the rise in the gold turnover, which had reached a higher level only during the gold scare of the spring of 1937, was due to arbitrage shipments to the United States rather than to hoarding. It was often observed that small premia on the shipping parity did not prevent arbitrage shipments to the United States, as dealers tended to include in their calculations the probability of a continued decline in dollar-sterling rate and an increase, therefore, in the proceeds of the sale of gold in New York in terms of sterling.

One of the factors contributing to the weakening of the pound sterling in 1938 was undoubtedly the reduction in the volume of sterling area balances in London, excepting that part of the reduction — probably a small one — which may have arisen from the balance of payments between the sterling-group countries and the United Kingdom itself. A much stronger influence, however, was the outflow of privately owned foreign funds, mainly of continental origin. The bulk of these funds were transferred to the United States. The movement was largely due to the political tension in Europe. As and when the decline in the sterling exchange became accentuated, however, this decline itself provided a motive for the withdrawal of funds from the United Kingdom. The recovery on the New York stock exchange which began in June 1938, coupled with the return of confidence in the stability of the dollar, offered a further inducement to the transfer of capital to the United States.

In its efforts to support the exchange in the face of this pressure, the Exchange Equalisation Fund disposed of a large part of the gold which it had accumulated during earlier years, when the movement of floating capital had been inward. The amount of gold held by the Equalisation Fund was practically halved between March 31st and September 30th, 1938, as will be seen from the following table, summarising the official figures which have been published regarding the gold holdings of the Fund, together with those of the Bank of England at the corresponding dates:

	1937		1938		1937		1938	
	March 31st	Sept. 30th	March 31st	Sept. 30th	March 31st	Sept. 30th	March 31st	Sept. 30th
	Ounces of fine gold (000,000's)				Value in £(000,000's) at £7 per fine ounce			
Bank of England	73.84	76.84	76.84	76.84	516.9	537.9	537.9	537.9
Exchange Equalisation Fund	26.68	39.86	42.55	21.68	186.7	279.0	297.8	151.8
Total	100.52	116.70	119.39	98.52	703.6	816.9	835.7	689.7

¹ This discount was due to large-scale dishoarding of gold prompted by the fear of restrictive measures in the case of a war, while shipments to the United States were held up by difficulties in obtaining transport and insurance facilities. Owing to a sharp increase in the cost of insurance against war risks, there was a temporary rise in the shipping parity relatively to the current market price of gold.

The exodus of "hot money" continued at a rapid rate in the last three months of the year. During December 1938 and the first few days of 1939, however, a series of measures were taken to strengthen the position of sterling, and the movement of capital appears, in fact, to have subsided at the beginning of 1939. One of these measures was a tightening of the embargo on foreign lending: the concessions which had been accorded in February 1938¹ were withdrawn on December 20th, 1938. Earlier in the same month, the London clearing-banks were requested by the authorities to refrain from granting facilities for speculative forward exchange transactions, from making advances against gold to customers other than regular dealers in bullion, and from carrying through forward dealings in gold. After the dollar-sterling rate had dropped to 4.6256 — the lowest daily closing quotation since 1933 — on January 3rd, 1939, this embargo was extended on January 5th to all banking establishments and persons operating in foreign exchange.² On January 6th, 1939, there followed a further measure of far-reaching importance for the external value of the pound sterling: a transfer of 46.52 million ounces of fine gold (equivalent to £200 million at the old statutory price and to about £350 million at the current market price of gold) was made from the Bank of England to the Exchange Equalisation Account. The increase in the fiduciary note-issue, which accompanied this transfer, and the revaluation of the Bank's remaining gold, which was effected in February 1939, are described in the last section of this Chapter. The outstanding significance of the gold transfer for the exchange position of sterling lay in the fact that, at a time when the bulk of foreign "hot money" was believed to have already left London, it supplied the Exchange Equalisation Fund with an amount of gold which was probably larger than it had held at any previous time. The transfer thus afforded a striking indication of the determination of the authorities to defend the value of the pound at its new level.

Exchanges and Prices.

Though capital movements provided no doubt the chief immediate occasion for the successive reductions in the dollar value of sterling during 1938, the opinion is widely held that the decline in the sterling exchange was justified by a disequilibrium between exchange rates and international price relationships which it had tended to correct and which had been responsible for the unfavourable development of the British balance of payments.³ As is shown by the table at the top of the next page, the balance of payments of the United Kingdom closed with a deficit of £52 million on current account in 1937. In spite of a smaller import surplus, the deficit remained substantially the same in 1938, owing to a fall in shipping receipts and in the income from overseas investments.⁴

¹ See *Monetary Review, 1937/1938*, page 31.

² An unofficial ban which was similar in character, though narrower in scope and less stringently applied, was imposed in June 1935 to discourage speculation against the French franc; it was raised in May 1938.

³ The fact that the exchange position of the pound sterling is influenced not only by the balance of payments of the United Kingdom but also by that of "sterling-group" countries is not overlooked in this connection. That the balance of payments of many of these countries was less favourable in 1938 than in 1937, owing to the fall in prices of primary products, has already been mentioned above.

⁴ If movements of silver, which have been somewhat abnormal, are left out of account, there was a total debit balance of £45 million in 1937, which increased to £66 million in 1938. Silver movements provided a debit of £10.5 million in 1937 and a credit of £11.2 million in 1938. But these movements represented mainly the shipment of silver from the Far East for safe keeping in London in 1937 and the re-export of it — mainly to the United States — in 1938.

UNITED KINGDOM : INTERNATIONAL BALANCE OF INCOME AND EXPENDITURE
(Excluding capital transactions.)
£ (000,000's).

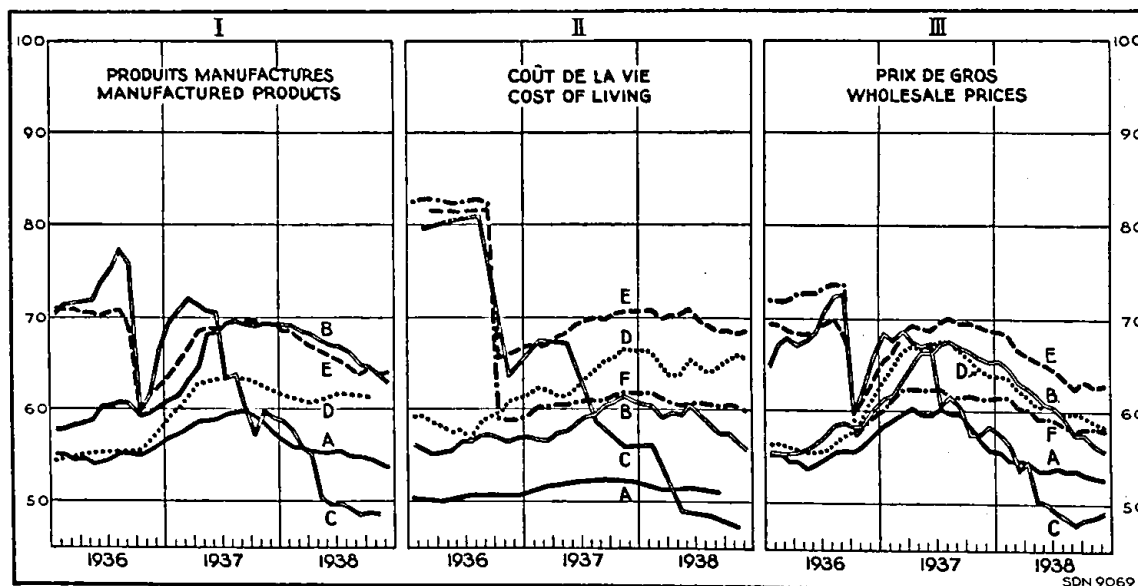
<i>Net credit (+) or debit (-):</i>	1929	1935	1936	1937	1938
Excess of merchandise imports (including silver) . . .	- 381	- 261	- 345	- 442	- 377
Estimated Government payments	+ 24	- 2	- 3	- 4	- 13
Estimated shipping income.	+ 130	+ 70	+ 85	+ 130	+ 100
Estimated income from investments	+ 250	+ 185	+ 200	+ 210	+ 200
Estimated receipts from short interest and commissions +	65	+ 30	+ 35	+ 40	+ 35
Estimated receipts from other sources	+ 15	+ 10	+ 10	+ 10	—
Estimated credit (+) or debit (-) balance	+ 103	+ 32	- 18	- 56	- 55

Diagram 3 suggests that, early in 1937, there developed a marked overvaluation of the pound sterling relatively to the United States dollar.

Diagram 3.

PRICE INDICES IN TERMS OF GOLD * (1930 = 100).

- | | |
|--------------------|-----------------|
| A. United States. | D. Belgium. |
| B. United Kingdom. | E. Netherlands. |
| C. France. | F. Switzerland. |



* No index for manufactured goods is available for Switzerland.

In the diagram, a comparison is made between three types of price indices for a group of countries covering the leading free currencies of the world.¹ The original indices have been converted to a common base year (1930) and have then been adjusted for fluctuations in the gold value of the currency. The indices "in terms of gold" which are thus obtained illustrate the changes in the competitive capacity of the national price structure in relation

¹ Wage indices have been excluded from this comparison owing to inadequate comparability of the statistics as between different countries and also owing to difficulties of interpretation arising from relative changes in labour efficiency and industrial rationalisation. Moreover, for some of the countries included in the diagram, wage statistics are only available on a yearly or half-yearly basis.

to external markets. The various difficulties inherent in such a comparison are well known. Thus, for example, there are differences between the methods of construction of the national indices, which restrict their comparability. Further, it cannot be assumed that the price-exchange relationships considered were in equilibrium in the base year. In the United Kingdom, for example, it is generally held that the pound sterling was overvalued relatively to the dollar in 1930, and even more so — by some 10% — in 1929. It must be remembered, moreover, that, since the base year, there have been many far-reaching changes in the various countries affecting the conditions of external trading relations and tending to shift the position of the theoretical equilibrium point. In this connection, allowance should be made — though it is in practice impossible to make with any precision — for changes in commercial policy.

It will be observed that the spread between the different curves is, on the whole, smaller in the third section of Diagram 3 than in the first two sections. This illustrates the fact that the movement of wholesale price indices is determined to a large extent by internationally traded raw materials and other staple products whose prices tend to be equal in different markets. It is for this reason that, in studies of international price and exchange relationships, more significance is generally attached to price indices of manufactured articles and to cost-of-living indices, which are more representative of the domestic level of industrial costs and selling prices.

As regards the relationship between “gold” prices in the United States and the United Kingdom, the three sections of the diagram all point to the same conclusion: while in 1936 the two lines moved in a roughly parallel way and with only a small margin between them, there occurred a considerable enlargement of the spread during 1937. In the first half of 1937, the divergence was due to a greater rise of prices in the United Kingdom relatively to the United States. The United Kingdom had enjoyed a greater degree of industrial recovery and had reached a point where the further expansion of demand, which was, moreover, stimulated by rearmament expenditure, expressed itself chiefly in rising prices as output became less elastic with the approach to a state of “full employment”. In the second half of 1937, the spread between American and British prices widened still further, owing to a greater decline in the United States than in the United Kingdom. This, too, was a natural development in view of the fact that the business recession which began in the middle of 1937 was much more severe in the United States than it was in the United Kingdom, where rearmament expenditure probably tended to check the decline in industrial activity.¹

As is shown by Diagram 3, the gap between American and British price levels in terms of gold tended to become narrower during 1938. This narrowing was entirely a result of the decline in the gold value of the pound sterling. The British index for manufactured goods, in terms of the national currency, remained virtually constant during the last eight months of 1938, while the cost-of-living index was stable throughout the year. In the United States, on the other hand, the corresponding indices showed a downward trend during 1938.²

¹ From the second quarter of 1937 to the second quarter of 1938, industrial production fell off by 34% in the United States, whereas in the United Kingdom the decline amounted to 9%. It must not be supposed that the improvement in the American trade balance which occurred in 1937 (see Diagram 4) was wholly due to such divergencies in the degree of fluctuations in business activity and to the consequent divergencies in price movements. A substantial proportion of American exports consists of agricultural products. After a series of unfavourable harvest years, the United States enjoyed abundant crops in 1937 and 1938, and there was thus an improvement in the country's export capacity regardless of the price situation.

² As the gold value of the United States dollar underwent no change during the period covered by the diagram, the curves shown for the United States fully reflect price changes in terms of the national currency as well as in terms of gold.

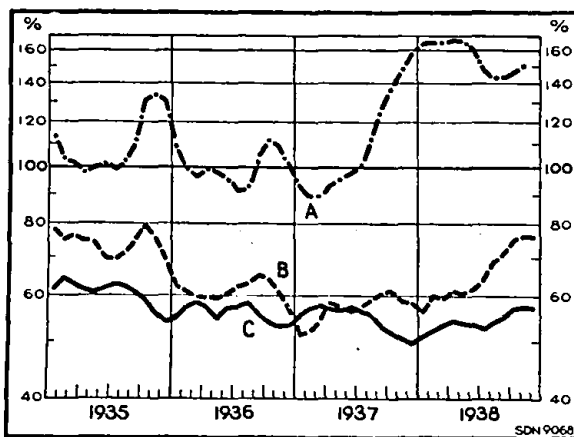
The gap which remained at the end of 1938 was nevertheless considerable. The situation of the second half of 1938 offers, however, a good example of the limitations of mere price comparisons in the study of the conditions determining international economic equilibrium. Clearly the volume of demand is as important as the comparative level of prices in influencing a country's balance of trade. Especially in a depression and in the first stages of recovery, when there is usually excess capacity of labour, plant, and materials, an increase in the volume of demand need not result in a corresponding rise in prices. The striking revival of monetary demand which occurred in the United States in the second half of 1938 and which was reflected in an expansion of industrial activity by 35% between June and December was accompanied by a slightly falling tendency in the general level of prices. The value of imports into the United States rose by 16% between June and December; the ratio of exports to imports declined, while it showed a distinct improvement in the United Kingdom, as may be seen from Diagram 4 below. There is no doubt that at least a part of these changes in trade would have occurred as a result of the recovery in American demand, even if the discrepancy between American and British price levels had remained unchanged.

Furthermore, the remaining spread which the diagram shows between the A and B curves at the end of 1938, and its possible unfavourable effect on the balance of payments of the United Kingdom, may be offset to some extent by the repercussions of the fall in the sterling exchange in 1938 on the trade balance of sterling-group countries. This may well occur if the decline in the gold value of sterling tends to improve the competitive capacity of the sterling area relatively to the rest of the world and if sterling-group countries continue the practice of depositing the surplus of their balance of payments in London.

Diagram 4.

PERCENTAGE RATIO OF EXPORTS TO IMPORTS
(Three-month moving averages).
Logarithmic scale.

- A. United States.
- B. France.
- C. United Kingdom.



France, which had been one of the "dearest" countries in terms of gold, became, in 1938, the "cheapest" of the six countries included in Diagram 3. At the same time, an appreciable recovery took place in the relation between French exports and imports, as may be observed from Diagram 4. By the end of 1938 this recovery had not, however, proceeded beyond the position ruling in 1935, when the French trade balance had already been weakened by the maintenance of the franc's gold parity.

If the level of "gold prices" in the United States is taken as a standard, the currencies of the three smaller countries shown in Diagram 3 — Belgium, the Netherlands and Switzerland — would appear to have been overvalued in recent years. It may well be, however, that this "standard" is less appropriate in the case

of these three countries. A relatively small country (such as Belgium) may have no difficulty in maintaining an "overvalued" currency if its trading relations are mainly with a larger country (such as the United Kingdom) whose currency is equally "overvalued" relatively

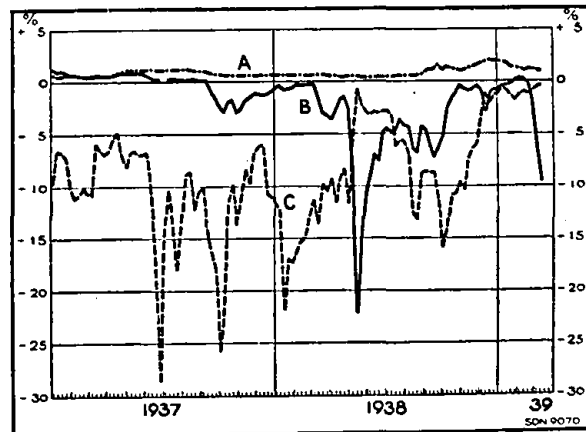
to a third currency (such as the dollar). Moreover, the three countries continued, after their respective devaluations, to apply many of the quantitative import restrictions which they had introduced as members of the former "gold bloc"; such quantitative restrictions have tended to reduce the importance of the price factor in foreign trade and may have drastically modified the position of the theoretical equilibrium rate of exchange. It is possible, nevertheless, that a certain degree of overvaluation has been present in these countries in 1937 and 1938, especially perhaps in the case of the Netherlands.

While the belga remained rigidly linked to gold during 1938, the Netherlands gulden and the Swiss franc, which pursued an intermediate course between sterling and the dollar, underwent a slight depreciation in the first three quarters of the year, as can be seen from Diagram 1. In the autumn of 1938, however, when the decline of the sterling exchange became accentuated, the gulden and the Swiss franc dissociated themselves entirely from the pound and maintained their gold value unchanged during the remaining part of the year. In the first two months of 1939, the gulden showed a weaker tendency: at the end of February 1939, its gold value stood at 78.0% of the former gold parity, as compared with 79.9% in December 1938.

Forward Exchanges.

In spite of its link with gold, the belga was one of the currencies which underwent the widest fluctuations on the market in forward exchanges during 1938. The forward belga fell to a discount relatively to the pound sterling in the autumn of 1937, owing partly to internal political changes and partly to the depreciation of the French franc. After the French devaluation of May 4th, 1938, the belga was immediately subjected to an acute exchange crisis, and the apprehensions regarding the future stability of the currency were intensified by the emergence of a deficit in the budget of the State. In the second week of May, the weekly average discount on three-month forward belgas in London reached a level corresponding to an annual interest rate of over 22%. On May 13th, the discount rose as high as 28%. To some extent, however, the rise in the discount was due to a deliberate narrowing of the forward market by the Belgian authorities, who requested the banks to refrain from carrying out forward sales of foreign currencies, in order to restrict the facilities for speculative exchange operations. The tension in the forward market gradually subsided in the following months, though a temporary widening of the discount was observed in August and September. In October 1938, the monetary authorities appear to have intervened in the forward market in a manner which distinctly contrasts with the policy adopted in May 1938. With a view to hastening the return of capital funds

Diagram 5.
 ANNUAL PERCENTAGE PREMIA (+) OR DISCOUNTS
 (—) ON THREE-MONTH FORWARD
 EXCHANGES IN LONDON
 (Weekly averages).
 A. U.S. dollar.
 B. Belga.
 C. French franc.



which, as a result of the large discount on forward belgas, were profitably employed in foreign centres, the central bank itself appears to have effected forward sales of foreign currencies. In fact, the discount on forward belgas narrowed rapidly. The forward premium quoted in Brussels on three-month dollars, for example, declined from an annual rate of about 4% at the beginning of October to an average of 1.6% in the last ten days of the month, when an internal loan of 1 milliard francs was successfully issued by the Government. Official operations in the forward market appear to have continued later in the year, as is indicated by an item described as "forward liabilities" which appeared in the National Bank's annual balance-sheet of December 25th, 1938.

The course of the forward exchange in French francs has been referred to in the first section of the present survey. The general trend disclosed by Diagram 5 seems to suggest that, concurrently with the successive reductions in the spot value of the French franc since June 1937, the forward discount has tended to become narrower. The devaluation of May 4th, 1938, unlike previous devaluations, was not preceded by an increased tension in the exchange market as reflected in a widening of the forward discount. The decrease in the discount which followed it was not, on the other hand, as lasting as that which occurred after the measures taken in November 1938. Judged by the movement of the discount relatively to the pound sterling, conditions in the forward market in French francs were calmer in December 1938 and the early months of 1939 than they had been at any time since the beginning of 1935.

The British Exchange Equalisation Fund does not, as a rule, appear to operate in the forward exchanges. In the autumn of 1938, however, the Fund was observed to intervene actively in the forward market by simultaneous purchases of spot and sales of forward dollars. These operations had the effect of keeping the premium on forward dollars lower than it otherwise would be; they tended to reduce the profit on private transactions in the forward exchange and to slow down the outflow of gold; they enabled the Fund, moreover, to obtain an immediate supply of dollars pending the shipment of gold to the United States.¹ Early in December 1938, when the decline in sterling was arrested, the forward operations of the Fund appear to have been discontinued. As is shown by Diagram 5, the premium on forward dollars in London ruled at a higher level during December 1938 and the first half of January 1939 than during the preceding months, in spite of the fact that the gold value of the pound underwent, on balance, no further fall during this period.

Currencies of Agricultural Countries.

Agricultural countries taken as a whole experienced a marked deterioration of their balance of international payments from 1937 to 1938, owing mainly to a fall in demand for their export products. The turning-point in their terms of international exchange occurred in the spring of 1937, when a worldwide decline in prices of primary commodities set in. The unfavourable development of price relationships in the trade of primary producing countries was at first accentuated by a continued advance in the prices of manufactured articles on the world market. Even after the price level of finished goods had begun to fall in the latter part of 1937, the terms of trade of most agricultural States continued to deteriorate as the prices of their products declined more rapidly than prices of imported goods.

¹ Cf. *The Economist* of December 10th, 1938.

The drastic changes in the export and import values of primary producing countries which took place during 1937 and 1938, and which are illustrated by the figures for ten representative countries shown in Diagram 6, were partly a reflection of changes in commodity prices. To some extent, the reduction in the export surplus of agricultural and mining States after the spring of 1937 was also due to the time-lags which normally elapse between a change in the incomes earned by the countries in question and the consequent change in their purchases for imports and between the placing of orders (especially for capital equipment) and the actual importation of the goods. Whatever the reasons, it is evident from Diagram 6 that, after the short "boom" from the autumn of 1936 to the spring of 1937, the strain on the balance of payments of these countries must have become acute. The monthly aggregates for the ten countries included in the diagram show that the export surplus available for meeting the service of foreign debts and for expenditure on other invisible imports, such as shipping freights, became very small during 1938 and at one time even gave way to an excess of imports.

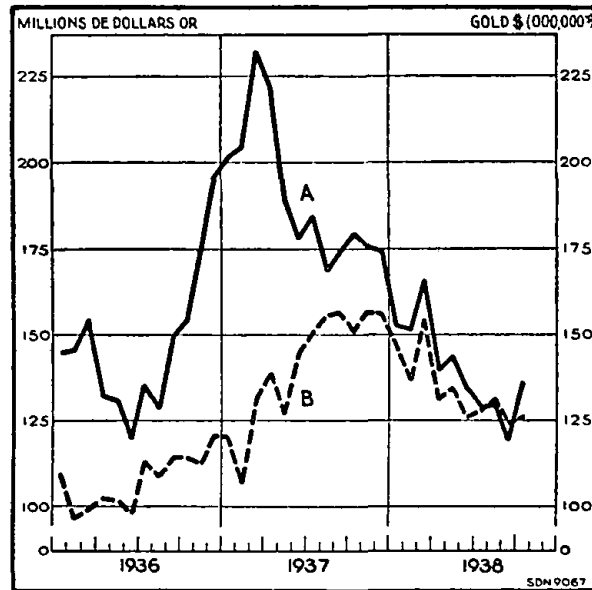
The repercussions of these developments on the internal financial and banking situation in the countries concerned will be briefly examined in the second part of the present survey. As for the repercussions on the exchanges of these countries, it can be said, on the whole, that these were moderate relatively to the deterioration in trade. Foreign exchange reserves declined in a number of cases;¹ but, as will be seen in the following section, gold reserves in primary producing countries did not suffer any appreciable reductions in 1938. Most of the countries in question seem to have preferred to meet the situation by a reduction of the exchange value of the currency or by an extension of exchange restrictions rather than by allowing gold to flow out.

The Argentine was the only agricultural debtor country whose gold reserve showed a substantial fall during 1938. In addition, there occurred a depreciation of the Argentine peso and an extension of exchange control. The difficulties of the Argentine were, however, somewhat exceptional, inasmuch as the reversal of trading conditions experienced by agricultural countries generally was in this case sharply accentuated by crop fluctuations and by movements of foreign capital. Climatic conditions were unusually favourable in 1936/37, but very unfavourable in 1937/38, and the yield of crops varied accordingly. Attracted by the prosperous state of business in the Argentine during the latter part of

Diagram 6.

AGGREGATE EXPORTS (A) AND IMPORTS (B) OF TEN AGRICULTURAL COUNTRIES

(Argentine, Australia, Brazil, British Malaya, Chile, Egypt, Netherlands Indies, New Zealand, Poland, Roumania.) In old U.S.A. gold \$ (000,000's).



¹ This was shown, for countries belonging to the "sterling group", in the table on page 14.

1936 and the first half of 1937, and possibly also by the appreciation of the peso in the free exchange market,¹ a large volume of floating funds entered the country during that period. During the second half of 1937, when business prospects worsened, these funds began to be retransferred abroad. Like the preceding inflow, the outward transfer of capital was effected through the free market, which was at first supported by substantial sales of foreign exchange by the Central Bank. In January 1938, however, the Bank withdrew its support and the price of sterling on the free market rose from 17.01 pesos in December 1937 to 19.45 pesos in March 1938. In the spring of 1938, the Central Bank appears to have resumed its sales of foreign exchange on the free market and the free exchange rate was thereafter kept practically fixed at 19 pesos to the pound sterling until the end of October 1938.

Apart from capital movements, only a small fraction of total Argentine trade was affected by the depreciation of the peso in the free market.² Much more important was the depreciation which took place in the official market on November 7th, 1938, when the selling rate for the pound sterling was raised from 16 pesos to 17 pesos. This measure, which affected the bulk of Argentine imports, was partly connected with the re-introduction of the scheme of minimum prices for wheat and linseed, which had been abandoned in December 1936, when prices in the world market were rising. As the official buying rate was kept unchanged at 15 pesos to the pound, the spread between that and the selling rate was doubled and the resulting profits were earmarked for the financing of the Government's guaranteed-price scheme for agricultural exports. The increase in the official selling rate was accompanied by a parallel depreciation of the peso in the free market, where the price of the pound sterling rose to an average of over 20.50 pesos in December 1938. Concurrently with the reduction in the exchange value of the currency, an extension of exchange restrictions was effected by the authorities: from December 1st, 1938, imports paid through the free market, which had previously been unrestricted, were made subject to the same system of "prior permits" which was in force for commercial transactions in the official market.

In Uruguay, a reduction in the gold value of the currency took place towards the end of 1937, when the buying rate of the central bank was fixed at 7.60 pesos per £, and the selling rate at 8 pesos per £ for Government requirements and at a fluctuating and slightly higher level for private requirements. The exchange situation became strained during 1938, and early in January 1939 the selling rate applicable to commercial transactions was raised from 8.58 to 9.50 pesos per £. The buying rate remained at 7.60, and the profit margin on the official exchange operations was thus raised to 25%. As in the case of the Argentine, the increase in the selling rate in Uruguay had a double purpose: on the one hand, to render foreign goods dearer and thus to check imports and, on the other, to create an additional source of public revenue. In the case of Uruguay, the profits arising from the spread between buying and selling rates were allocated to a Government programme of public works.

In Bolivia, the price of sterling was raised in June 1938 from 100 to 140 bolivianos per £, and the value of the currency thus reduced to 5.5% of the gold parity of 1929. The rate at which exporters must surrender to the Central Bank a certain proportion, varying for different commodities, of the exchange proceeds of their exports was maintained at 82 bolivianos to the £.

¹ In the official market, this appreciation was reflected in a reduction of the selling rate from 17 pesos per £ to 16 pesos per £ in December 1936.

² In 1937, only 17% of total imports was paid through the free market. The free market was available for imports for which no "prior permits" had been issued — that is, for imports from countries, such as the United States, with which no trade agreement was in operation and with which the Argentine had a passive balance of trade.

Peru continued to keep her exchange market free from any official restrictions. But the Peruvian sol lost about 17% of its gold value in the course of 1938, mainly in consequence of a failure of the cotton crop, coupled with the general unfavourable price development.

The Mexican peso depreciated in terms of gold by about 28% during 1938. The rate of 3.60 pesos per United States dollar which had been in force since the beginning of 1934 was abandoned on March 19th, 1938, when the expropriation of the properties of foreign oil companies was decreed and when the Bank of Mexico suspended all gold and exchange operations. Partly as a result of the fall in the production and export of oil, the exchange value of the peso declined steadily until the beginning of February 1939, when the Bank of Mexico undertook to stabilise it provisionally at a rate of 5 pesos per dollar.

Venezuela, which was able to increase its exports of oil in 1938, presented in some degree a counterpart to the case of Mexico. Her currency — the bolivar — appreciated slightly (by some 3%) in the course of the year.

The stability of exchange relationships within the "sterling area" was disturbed on two occasions during 1938; but as will be seen presently, the fluctuations which occurred were very slight compared with those which have just been described. In April 1938, the sterling value of the Indian rupee, which had been kept at 1s. 6 $\frac{1}{8}$ d. for several years past, weakened as a result of a shortage of sterling exchange. The Government experienced difficulties in receiving sufficient sterling tenders to cover its external requirements, and the Reserve Bank of India disposed of a substantial part of its external assets to mitigate the pressure on the exchange.¹ The rupee rate dropped at the beginning of June 1938 to 1s. 5 $\frac{13}{16}$ d., close to the minimum limit of 1s. 5 $\frac{49}{64}$ d. at which the Reserve Bank is legally obliged to sell sterling. The situation eased somewhat in the third quarter of 1938, and the Bank was able to purchase certain amounts of sterling at 1s. 5 $\frac{16}{16}$ d. India is not included among the ten countries covered by Diagram 6, as the separation of Burma from India on April 1st, 1937, prevents a continuous comparison of the figures. But it is clear from the table below that the difficulties of the rupee were due to a deterioration in trade similar to that which occurred in most agricultural countries. From the second quarter of 1937 to the second quarter of 1938, the value of merchandise exports fell off sharply, the trade balance turned passive, and the export of gold from private hoards, which had been an important credit item in the balance of payments in previous years, slowed down. Unlike the countries included in Diagram 6, however, there was a considerable improvement in the third quarter of 1938, both in the balance of merchandise trade and — possibly as a result of the rise in the sterling price of gold — in the export surplus of gold.

INDIA'S BALANCE OF TRADE

Quarter :	Merchandise		Excess of merchandise : exports (+) imports (—)	Excess of gold : exports (+)	Excess of silver : exports (+) or imports (—)	Excess of exports (+) or imports (—) of merchandise, gold and silver
	Exports	Imports				
				Ruppes	(000,000's)	
1937 II	500.4	424.3	+ 76.1	+ 34.0	— 9.4	+ 100.7
III	482.9	403.0	+ 79.9	+ 48.7	— 10.6	+ 118.0
IV	432.4	433.6	— 1.2	+ 39.1	+ 1.1	+ 39.0
1938 I	395.3	423.5	— 28.2	+ 41.6	+ 3.2	+ 16.6
II	362.3	374.6	— 12.3	+ 27.4	— 6.5	+ 8.6
III	431.9	320.2	+ 111.7	+ 52.0	— 8.4	+ 155.3
IV	433.5	382.6	+ 50.9	+ 27.0	— 0.3	+ 78.3

¹ See the table on page 14 ("Central Foreign Exchange Reserves of Fifteen Sterling-group Countries").

The other case of exchange variation within the sterling area occurred in New Zealand, where the trading banks, on October 21st, 1938, increased their buying and selling rates per £100 sterling from £(NZ)124 and £(NZ)124.5 respectively to £(NZ)124.5 and £(NZ)125. This, however, was only a minor symptom of the deterioration of New Zealand's balance of payments which had proceeded for a considerable time previously and which culminated in the introduction of exchange control in December 1938. Two factors were responsible for New Zealand's exchange difficulties: a decline in the export surplus and an outflow of capital. From 1936 to 1937, exports rose considerably; but the increase in imports was still greater. From 1937 to 1938, exports declined, while imports, despite an increase in import duties effected in February 1938, remained at a high level, as is shown by the following figures:

	1934	1935	1936	1937	1938
			£(NZ) 000,000's		
Exports	47.3	46.5	56.7	66.7	58.4
Imports	31.3	36.3	44.3	56.2	55.4
Balance	16.0	10.2	12.5	10.6	3.0

In 1938, the export surplus fell far below the amount required annually for the service of the overseas debt and for other invisible imports (such as shipping and tourist expenditure) which is estimated at about £(NZ)12 million. The situation was aggravated by a flight of capital, which had already been observed in previous years. Thus, in spite of an export surplus of £(NZ)12.5 million in 1936, the overseas assets of the Reserve Bank and the trading banks combined declined in that year by £(NZ)8.0 million, of which, however, £(NZ)3.4 million was due to repayment of external debt. In 1937, the fall in overseas assets amounted to £(NZ)4.4 million. The outflow of capital appears to have increased in 1938. During the twelve months from November 1937 to October 1938, the export surplus, amounting to £(NZ)3.4 million, and the reduction in the external assets of the banking system, amounting to £(NZ)16.2 million, together provided more than £(NZ)7 million in excess of the estimated yearly outward payment on account of the debt service and other invisible imports.

The system of exchange restrictions adopted on December 6th, 1938, was a comprehensive one from the outset. The Reserve Bank was released from its statutory obligation to sell sterling in exchange for its notes. Exports were made subject to licences, in order to ensure the surrender of the proceeds to an authorised bank in New Zealand. Official permits became necessary for imports and for non-commercial payments overseas.

New Zealand was the only country to abandon freedom of the exchange market during 1938 and to introduce a complete system of control. A number of other agricultural debtor States, however, found it necessary to render their existing exchange regulations more stringent. This tendency towards an extension and reinforcement of exchange control in primary producing countries is often difficult to trace, as it consisted in many cases simply of a tightening of administrative practice and a stricter application of existing rules. Nevertheless, there are several instances where the tendency was reflected in the adoption of new legislative or administrative measures in 1938.

The extension of exchange control in the Argentine has already been mentioned. In Brazil, a decree was issued in December 1938, under which the control was extended to dealings in foreign bank-notes, which had previously been free and had commanded a premium of about 15% over the official market rates. In Ecuador, the scarcity of foreign exchange became acute in May 1938. The exchange regulations which had been abolished in July 1937 were not formally reintroduced; but a severe system of import licensing was

adopted, and a decree was passed prohibiting the Central Bank from selling exchange to other banks during a period of three months. For such sales as the Bank continued to make, it raised its selling rate for United States dollars from 13.50 to 14.50 sucres per dollar.

In European agricultural States, likewise, the general tendency during 1938 was towards further restriction. In December 1938, the Lithuanian Government reduced by half the exchange allowance available for travelling purposes, and issued a series of stringent regulations in respect of capital transactions. In Poland, a decree was published in November 1938 which provided for the compulsory declaration of all private foreign assets and for their sale to the authorities at the official rates. In February 1939, the free limit allowed for travelling abroad was reduced by half, and it was decreed that all foreign means of payment obtained by invisible exports (such as services, insurances, interest receipts) must be delivered to the Bank of Poland.

In Yugoslavia, the proportion of foreign-exchange proceeds which traders must surrender to the central bank was raised, in December 1938, from 25% to 50%. The unfavourable effect which this measure might have had on the export trade was obviated by the introduction of a new premium of 10% on free currencies, in addition to the previously existing official premium of 28½%. The official rate for the pound sterling was thus increased from 238 to 262 dinars. The Yugoslav system of multiple exchange rates is illustrated by the fact that the old rate of 238 dinars remained in force in respect of imports of essential raw materials, whereas a rate of 280 dinars per £ was fixed for imports of such commodities as films, coffee, chocolate, etc. At the same time, the administration of exchange restrictions was made more stringent; thus, for example, control over the free margin of 50% of export exchange sold by traders was strengthened by requiring the banks to make daily reports of their exchange transactions to the National Bank.

With a view to stimulating the export trade, a partial recognition of the free exchange market was effected in Roumania in August 1938, when exporters of cereals were permitted to sell, without the intermediary of the control authorities, 30% of their exchange proceeds in free currencies to certain categories of importers and debtors having payments to make in the currencies in question. It appears, however, that, in the limited market for free foreign currencies which was thus set up, demand far outstripped supply, so that the free market price of the pound sterling, for example, rose occasionally above 1,800 lei, as compared with the official rate of 672 lei (including the 38% exchange premium). In February 1939, therefore, regulations were issued which subjected the free market to the strict control of the National Bank and introduced a system of prior permits for certain classes of transactions in that market.

Gold Movements.

The outstanding development in the gold situation in 1938 was the further accumulation of gold reserves in the United States. World production of gold outside the Union of Soviet Socialist Republics¹ continued to expand in 1938 and is estimated to have reached the new record level of 31.7 million fine ounces,² which is 7.7% higher than in 1937, and equivalent to about \$1,110 million at the United States Treasury's buying price of \$35

¹ No official data are available regarding gold production in the Union of Soviet Socialist Republics. Private estimates have placed it at roughly 5 million ounces in 1938. But a high degree of uncertainty necessarily attaches to these estimates, and the Union of Soviet Socialist Republics is therefore excluded from the figures given in the text.

² Estimate of the Union Corporation, which agrees closely with an estimate of 31.8 million ounces reported by the American Bureau of Metal Statistics.

per ounce. Total visible gold reserves of central monetary authorities in the world (excluding the Union of Soviet Socialist Republics and Spain) increased by \$1,710 million, or 7.3%, during 1938.¹ The increase in the monetary reserves of the United States alone amounted to \$1,751 million, and was thus far larger than the world production of new gold in 1938 (even if a somewhat uncertain estimate of \$175 million for production in the Union of Soviet Socialist Republics is included), and accounted for more than the total increase in the central monetary gold reserves of the world. At the end of 1938, the United States held \$14,512 million of gold, constituting 58% of the world's visible gold reserves as compared with 55% at the end of 1937.

The visible monetary gold reserves of all other countries thus declined in the aggregate by the relatively insignificant amount of \$41 million, from \$10,564 million at the end of 1937 to \$10,523 million at the end of 1938. The detailed distribution of the world's monetary gold stocks can be examined in Table IV of the Appendix,² from which it may be seen that such changes as occurred during 1938 in the gold reserves of the individual countries other than the United States were, on the whole, relatively small. The following table gives some examples of these changes, including the most important ones :

CENTRAL MONETARY GOLD RESERVES							
	End of				End of		
	1937	1938	Change		1937	1938	Change
	\$ (000,000's)				\$ (000,000's)		
Sweden	244	321	+ 77	France	2,564	2,435	-129
Netherlands	930	995	+ 65	Japan	261	164	- 97
Switzerland	648	699	+ 51	Austria	45	—	- 45
Union of South Africa	189	219	+ 30	Argentine	469	434	- 35
Roumania	120	133	+ 13	Belgium	597	581	- 16
Hungary	25	37	+ 12	Uruguay	74	69	- 5
Norway	82	94	+ 12	Lithuania	14	11	- 3
Yugoslavia	51	57	+ 6	Peru	22	19	- 3
Poland	83	85	+ 2				
Latvia	15	17	+ 2				
Total	2,387	2,657	+270	Total	4,046	3,733	-313

The increase in the gold reserves of Sweden, Switzerland, Norway, Poland and Latvia is partly due, as previously stated, to the conversion of foreign assets into gold. In the case of Roumania and Yugoslavia, the increase appears to have been due to domestic production of gold, as also in the Union of South Africa. The rise in the metallic reserve of the Netherlands Bank occurred entirely in the first quarter of the year, at a time when, as will be shown later, the Netherlands Exchange Stabilisation Fund, too, appears to have acquired substantial amounts of gold.

In the second half of the table, the reduction shown for France represents the retransfer of 3,127 million francs of gold to the Exchange Stabilisation Fund in February 1938. In Japan, the gold stock of the central bank was reduced in July 1938 by the transfer of 300 million yen to a " revolving fund ", the purpose of which was to finance additional purchases

¹ These figures do not take into account the holdings of the British Exchange Equalisation Fund, which are now published, with a delay of three months, for the end of March and the end of September each year, and which will be considered later in this section. The value of these holdings rose from \$1,395 million in September 1937 to \$1,489 million in March 1938 and declined to \$759 million in September 1938.

² It is to be observed that the figures given in Table IV of the Appendix are expressed in United States dollars of old gold content (\$ = 1.50463 gramme of fine gold, or \$20.67 = one ounce of fine gold). In order to avoid complicating the exposition in the text, the figures on gold given in the present section are all in terms of the present dollar as defined in January 1934 (\$ = 0.8886 gramme of fine gold, or \$35 = one ounce of fine gold).

of foreign raw materials necessary to the export industries and to replenish itself through increased exports of manufactures.

In spite of the widespread decline in prices of primary commodities, the Argentine, Uruguay, Lithuania and Peru are practically the only agricultural countries whose gold reserves suffered a decrease during 1938.

The gold reserve of the National Bank of Belgium, though it showed only a small change on balance, underwent very wide fluctuations in the course of the year. Between the end of 1937 and the end of May 1938, it declined from 17,623 million to 13,463 million francs, or by 4,160 millions, half of this decrease occurring in May after the devaluation of the French franc. During the rest of the year, the Belgian reserve recovered steadily to 17,140 million francs, or nearly to its previous level.

The causes of the large inflow of gold into the United States in 1938 can be only roughly indicated, as estimates of the balance of international payments of the United States for 1938 are not available at the time of writing. During the years 1935-1937, the major part of the import of gold into the United States was attributable to capital movements. The same cannot be said of 1938. In that year, the trade returns showed an exceptionally high export surplus of \$1,100 million, while tourist expenditure abroad is believed to have declined. According to the reports published by the Treasury, there was, on balance, an inward capital movement of about \$370 million, whereas the import of gold, after making allowance for earmarking transactions on foreign account, amounted to \$1,640 million.¹

Quarterly figures for capital movements, gold imports and the trade balance, covering the four years 1935-1938, are set out in the table below.

UNITED STATES: CAPITAL MOVEMENTS, THE BALANCE OF TRADE AND IMPORTS OF GOLD

(\$'000,000's)	Inflow or outflow (—) of capital							Total capital movement	Excess of merchandise exports or imports (—)	Gold imports (including earmarking transactions)
	In banking funds			In broker-age balances	In security transactions					
	Increase in foreign funds in U.S.	Decrease in U.S. funds abroad	Total		Domestic securities	Foreign securities	Total			
Quarters :										
1935 I	38.6	176.6	215.2	21.7	— 6.6	23.1	16.6	253.5	19.4	285.8
II	203.6	133.3	336.7	5.4	19.4	17.3	36.6	378.6	— 0.6	516.2
III	83.8	63.8	147.7	2.7	69.9	— 22.5	47.4	197.9	11.4	221.3
IV	277.3	— 13.4	263.9	— 23.8	234.0	107.3	341.2	581.4	174.0	715.9
Yearly total	603.3	360.3	963.5	6.0	316.7	125.2	441.8	1,411.4	204.2	1,739.2
1936 I	— 23.1	42.2	19.3	— 5.5	107.8	— 18.9	88.9	102.5	— 72.8	24.3
II	249.0	44.8	293.7	19.6	91.3	48.7	140.1	453.5	— 15.1	447.7
III	69.3	7.3	76.6	3.1	117.5	117.2	234.6	314.3	— 46.0	216.3
IV	32.0	— 24.8	7.2	— 10.3	284.1	44.0	328.2	325.0	58.9	342.6
Yearly total	327.2	69.5	396.8	6.9	600.7	191.0	791.8	1,195.3	— 5.0	1,030.9
1937 I	191.1	— 20.5	170.5	— 8.8	158.3	2.9	161.2	323.0	— 83.2	339.2
II	491.0	55.4	546.3	14.2	— 6.2	76.1	69.9	630.5	— 31.3	650.7
III	131.2	51.7	182.9	13.6	55.6	98.1	153.7	350.0	86.0	394.2
IV	— 575.1	— 69.0	— 644.1	15.6	36.9	89.9	126.8	— 501.6	317.5	0.9
Yearly total	238.2	17.8	255.8	34.8	244.6	267.0	511.6	801.9	289.0	1,385.0
1938 I	— 218.7	— 24.7	— 243.5	6.7	— 11.6	35.3	23.7	— 213.1	323.0	43.1
II	— 163.6	— 31.1	— 194.6	3.6	4.9	24.6	29.5	— 161.4	304.7	108.6
III	375.0	73.9	448.9	6.3	— 29.9	— 18.1	— 48.0	407.1	205.1	687.7
IV . . . . .	...	...	...	...	85.5	— 15.0	70.7	336.3	271.1	800.7
Yearly total . . . .	...	...	...	...	48.9	26.8	75.7	368.9	1,103.9	1,640.1

¹ The discrepancy between this figure and the increase of \$1,750 million in the monetary gold stock of the United States in 1938 is due to domestic production of gold.

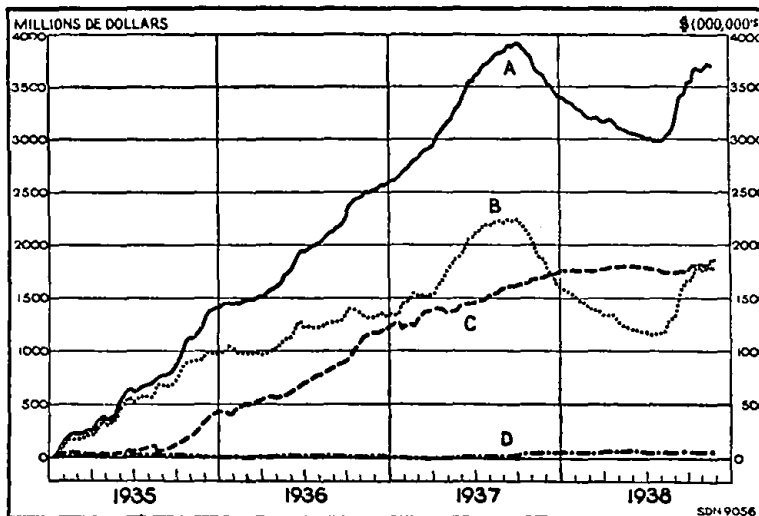
The largest quarterly inflow of capital occurred, mainly in the form of banking funds, in the second quarter of 1937, at the time of the "gold scare". The rate of inflow slowed down in the following quarter. In the autumn of 1937, the business recession gave rise to fears that the Government might attempt to counteract it by a devaluation of the dollar. This "dollar scare" led to a large outflow of banking funds which, as Diagram 5 shows, was only temporarily interrupted in March and April 1938 owing to political events in Europe, and which lasted until the end of July. August witnessed a reversal in the movement of funds; and in the four weeks ending on September 28th, the inflow amounted to \$386 million — the largest monthly total recorded during the four years covered by the Treasury's weekly statistics.

Diagram 7 discloses, during most of the period which it covers, a tendency towards an inverse correlation between the movement of banking funds and the movement of security transactions. In the fourth quarter of 1937, the capital inflow in the form of security transactions continued in spite of the large efflux of banking funds, and in spite of the sharp fall in security values which occurred on the New York stock exchange at that time. The above table shows that this inflow was largely a result of foreign repurchases of foreign securities; but there was also some inflow on account of domestic securities.

Diagram 7.

NET CAPITAL MOVEMENT INTO THE UNITED STATES SINCE JANUARY 2ND, 1935

- A. Total.
- B. Banking funds.
- C. Security transactions.
- D. Brokerage balances.



In the third quarter of 1938, on the other hand, there was, on balance, a considerable inflow of banking funds, while an outflow took place on account of security transactions, in spite of the recovery in American share prices which began in June 1938.

In the table below, the quarterly totals of the movement of capital during 1937 and 1938 are subdivided by principal countries or groups of countries. Too much significance should not be attached to this geographical classification. It is known, for example, that a large part of the movement of capital between France and the

United States has taken place through the intermediary of financial institutions in the Netherlands, Switzerland and the United Kingdom, and has naturally been recorded in the American statistics under the headings of these countries.¹

¹ For a closer analysis of the statistics of capital movements published by the United States Treasury, reference should be made to *Balances of Payments, 1937* (League of Nations, Geneva, 1938), pages 28 ff.

UNITED STATES : CAPITAL INFLOW OR OUTFLOW (—), BY COUNTRIES

\$ (000,000's) Quarters :	United Kingdom	France	Nether- lands	Switzer- land	Other European countries	Canada	Latin America	Far East	All other countries	Total capital movement
1935 I	135.4	33.1	15.7	1.5	28.9	— 3.1	21.6	18.9	1.6	253.5
II	172.6	86.8	34.1	26.0	32.6	— 5.0	17.6	10.5	3.3	378.6
III	59.1	— 42.3	22.3	29.6	58.0	— 12.7	25.5	56.7	1.6	197.9
IV	187.8	132.6	42.4	73.3	71.1	20.8	5.1	42.2	6.2	581.4
Yearly total	554.9	210.2	114.5	130.4	190.6	—	69.8	128.3	12.7	1,411.4
1936 I	20.4	7.3	17.4	30.4	2.3	— 5.9	30.8	5.5	— 5.6	102.5
II	121.2	26.1	64.0	83.1	37.7	37.9	42.1	35.5	6.0	453.5
III	83.7	— 41.7	— 0.9	53.7	69.2	106.5	16.9	26.1	0.6	314.3
IV	49.1	97.6	34.7	37.9	57.4	12.0	40.0	— 11.4	7.7	325.0
Yearly total	274.4	89.3	115.2	205.1	166.6	150.5	129.8	55.7	8.7	1,195.3
1937 I	97.9	9.4	37.4	28.0	41.4	— 8.5	135.4	— 13.6	— 4.2	323.0
II	151.5	34.6	89.6	256.4	34.2	— 10.7	44.9	24.0	5.9	630.5
III	27.2	— 5.4	34.1	117.8	77.8	44.6	26.4	27.0	0.6	350.0
IV	— 112.2	— 56.4	— 78.9	— 130.2	— 52.4	— 69.6	2.7	3.2	— 7.8	— 501.6
Yearly total	164.4	— 17.8	82.2	272.0	101.0	— 44.2	209.4	40.6	— 5.5	801.9
1938 I	— 55.5	— 15.3	— 51.7	— 63.4	— 1.4	18.4	— 10.3	— 36.9	2.9	— 213.1
II	— 48.5	— 29.0	5.8	— 60.0	15.7	— 10.6	11.7	— 47.2	0.7	— 161.4
III	93.5	71.3	32.2	20.2	114.1	0.7	30.9	26.6	17.6	407.1
IV . . . . .	...	...	...	...	...	...	...	...	...	...
Yearly total . . . .	...	...	...	...	...	...	...	...	...	...

The physical imports of gold into the United States in 1938 were much larger than the quarterly figures given in the table on page 29 suggest. These figures represent actual gold imports less the amounts placed under earmark in the United States for foreign account. Such earmarkings assumed considerable importance in the last quarter of 1937, when monetary authorities outside the United States tended to acquire gold as a result of the reflux of capital. The volume of earmarked gold increased further in 1938, as a number of central banks shipped a part of their gold stocks to the United States for safe keeping.¹ The following statement shows the quarterly movement of earmarking transactions in the United States in recent years :

NET INCREASE OR DECREASE (—) IN GOLD UNDER EARMARK IN THE UNITED STATES

	1935	1936	1937	1938
	\$ (000,000's)			
Quarter : I	— 0.6	10.2	56.7	19.9
II	2.8	28.2	— 17.5	70.6
III	— 2.4	38.4	31.5	63.0
IV	—	9.0	129.7	180.0
Total	— 0.2	85.8	200.4	333.5

It was seen above that the increase in the monetary gold stock of the United States in 1938 was larger than the current output of gold, while the " visible " reserves of all other countries decreased only slightly. Part of the discrepancy was undoubtedly covered

¹ In the Union of South Africa, earmarking arrangements were introduced in September 1938 ; at the end of 1938, \$100 million of gold was held under earmark by owners outside the Union. In Canada, too, earmarking facilities were made available in the latter part of 1938.

by a reduction in the holdings of the British Exchange Equalisation Fund, which were not taken into account in the preceding analysis. No end-of-year figures are available regarding the amount of gold held by the British Fund. In view of the quantitative importance of recent changes in the Fund's holdings, an attempt has been made in the table below to set out the changes in the world's gold supplies between September 30th, 1937, and March 31st, 1938, and between March 31st and September 30th, 1938 — that is, between dates for which the gold holdings of the Fund are known.

ORIGIN AND DISPOSAL OF GOLD SUPPLIES

	September 30th, 1937, to March 31st, 1938	March 31st, 1938, to September 30th, 1938
	£ (000,000's)	
<i>Made available by :</i>		
Production (excluding U.S.S.R.) ^a	528	562
Decrease in British Exchange Equalisation Fund	—	730
<i>Receipts from :</i>		
Union of Soviet Socialist Republics ^b	17	93
India ^c	25	25
China, Egypt, Straits Settlements ^d	5	10
Total	575	1,420
<i>Absorbed by :</i>		
Increase in visible central gold reserves (excluding U.S.S.R. and Spain)	139	979
<i>Of which</i> United States	(54)	(965)
Increase in British Exchange Equalisation Fund	94	—
Total	233	979
Balance	342	441
Total, as above	575	1,420

^a Monthly estimates published in *Federal Reserve Bulletin*.

^b Imports from the Union of Soviet Socialist Republics into the United Kingdom.

^c Decrease in private holdings (net exports from India *minus* domestic production *plus* increase in central reserves in India).

^d Partly estimated.

On the assumption that industrial consumption of gold was approximately equal to the return of coin and scrap,¹ the "balance" shown in the lower part of the table would represent increases in "invisible" official holdings or in private hoards in Western countries. This assumption may not be warranted in fact. Moreover, the "balance" is affected by errors and omissions in all the other items of the table,² and should not therefore be relied upon except for a rough indication of the approximate order of magnitude of the amounts involved.

The first period — from October 1937 to March 1938 — covers the "dollar scare", when substantial private purchases of gold for hoarding purposes are known to have been made in the London gold market. In addition to this increase in private hoards, there was some increase in "invisible" official holdings. Thus, as a result of the political events of

¹ A similar table given in the last edition of this volume (*Monetary Review 1937/38*, page 13) suggested that the two items were of the same order of magnitude in 1936 and thus largely offset each other.

² Thus, although exports to the London gold market are likely to constitute the bulk of gold exports from the Union of Soviet Socialist Republics, there may have been exports to other countries, which cannot be traced. No direct exports from the Union of Soviet Socialist Republics to the United States appear to have taken place during the period considered.

March 1938, the gold reserve of the former Austrian National Bank, amounting to \$45 million, came to be placed in the category of "invisible" holdings.¹ Further, there is reason to believe that the amount of gold held by the Netherlands Exchange Stabilisation Fund increased by over \$50 million during this period.²

Any net increase in private hoards which may have taken place in the second period — from April to September 1938 — was certainly much smaller than in the first. The major part of the "balance" shown in the table for the second six months appears to be accounted for by three circumstances. As was stated above, the gold reserve of the Bank of Japan was reduced in July 1938 by an amount equivalent to \$97 million, which was rendered "invisible" by being allocated to a special "revolving fund". It is not possible to estimate how much, if any, of this gold had been disposed of by the end of September. Gold movements from Japan to the United States were relatively large in the three months from July to September, amounting to \$87 million; but some or all of this may have been newly produced gold, or may have been shipped by the "revolving fund" merely to be held under earmark in the United States.

A more substantial part of the "balance" is probably attributable to the increase which appears to have taken place in the gold holdings of the French Exchange Stabilisation Fund during the six months in question. This increase may be estimated at \$150 million or more.³

Lastly, an exceptionally large amount of gold must have been, on September 30th, 1938, in the ownership of arbitrage firms and in process of shipment to the United States. This amount may perhaps be put at \$100 million or more. During September and October 1938, gold imports into the United States, mainly from the United Kingdom, were proceeding at an average rate of more than \$130 million per week, as compared with about a tenth of that amount in March and April 1938; a certain portion of these imports, however, represented transfers of gold held in "visible" central reserves.

Revaluation of Central Monetary Gold Reserves.

Since 1933, central monetary gold reserves have been revalued in the majority of countries. The table on pages 36 and 37 below gives particulars for twenty-two countries with respect to the dates on which a revaluation of gold reserves was authorised,⁴ the rates at

¹ It is possible that some of this gold became "visible" once more in August, September and October 1938, when net gold exports from Germany were exceptionally large, amounting to \$60 million, according to the official trade returns.

² Since its establishment in October 1936, the Netherlands Exchange Fund has had to transfer large amounts of gold to the Netherlands Bank, as it had soon reached the limit of 300 million gulden which it was authorised to borrow in the domestic money market in order to finance its gold purchases. As the Netherlands Bank's statutory buying price of gold was not changed after the devaluation, these transfers entailed book-keeping losses for the Fund, which tended to reduce its total resources. A new method seems to have been initiated in November 1937, when a slight change was made in the return of the Netherlands Bank and when the Fund began to take up advances from the Netherlands Bank on the security of the market value of its gold holdings. The item "loans against securities, etc.," rose by 108 million gulden (equivalent to \$60 million) between the end of November 1937 and the end of March 1938. In view of the extreme liquidity of the Netherlands money market during that time, it can be assumed that this increase was due to purchases of gold by the Fund.

³ This rough estimate is based on the following information. During the week ending February 3rd, 1938, gold to the value of \$136 million had to be transferred to the Fund from the Bank of France. Between the beginning of February and the end of March 1938, the franc declined steadily and the flight of capital was considerable. At the end of August 1938, the Fund held, according to an official statement, about 10.5 milliard francs of gold, equivalent to about \$285 million at the current market rate. In the first half of September, some repatriation of capital took place, but in the latter part of the month, the exchange had to be supported heavily.

⁴ The dates of authorisation and the dates on which reserves were actually revalued are not necessarily the same. Regarding the latter dates, reference should be made to Vol. II, and to previous editions of this publication.

which this revaluation was effected, the amounts of resulting profits, and the allocation of such profits.

Central bank gold reserves have been revalued on two occasions in Czecho-Slovakia, Ecuador, Mexico, and Uruguay, three times in France, and once in the remaining seventeen countries. The legal provisions in respect of the method of revaluation have not been uniform. In a large number of countries, the law has defined a new gold parity for the currency to serve as a basis for the revaluation of reserves. The new parity has generally been identical with that to which the currency has been officially devalued. In Switzerland and for the first two revaluations in France, the rate chosen represented the higher of the two gold values defined by law as the limits within which the currency was to be devalued. In Finland and Estonia, on the other hand, the rates used for revaluation were determined in a different manner. The Finnish law merely provides that the gold reserve shall not be booked higher than at a specified price for gold; reserves are actually valued each week at somewhat below the legal maximum price. In Estonia, that part of the reserve which the Central Bank held at the moment of the devaluation of the currency on June 28th, 1933, was revalued on March 6th, 1939, on the basis of the price of gold at the former date, or at some 21% below the actual price of gold in terms of Estonian currency at the latter date; gold acquired since June 1933 continues to be booked at cost.

In a few countries, the law, while not specifying the new gold value of the currency in terms of which reserves were to be revalued, has provided for various ways of arriving at that value. In Mexico gold reserves were revalued in terms of exchange rates with the United States dollar, while in Bolivia and Latvia they were written up on the basis of a new exchange parity with the pound sterling. In Canada, gold reserves are revalued each week on the basis of the current price for gold in London and New York converted into Canadian dollars at the rate of exchange of the day. In the United Kingdom, the Currency and Bank Notes Act of 1939 leaves it to the Bank of England and the Treasury to determine the manner in which the reserves of the Bank are to be valued each week in its returns. For the first revaluation, the rate chosen was the price of gold "at the fixing" in the London gold market on the day of revaluation. The new price of gold at which the Hungarian National Bank has booked its reserves since January 15th, 1939, was arrived at by adding to the official exchange rates the premia which the Bank pays for foreign exchange convertible into gold.

The use made of the revaluation profits also varies widely from country to country; the differences are fully brought out by the classification contained in the last eight columns of the table on pages 36 and 37 and the appended notes. Attention may, however, be drawn to the effects of the allocation of revaluation profits on the supply of money. These effects have been neutral — *i.e.*, the revaluation has led to what were essentially bookkeeping adjustments, when profits have been applied to the repayment of Government debt to the central bank, and in some cases even where book profits were applied toward debt repayment to other credit agencies, or towards banking reorganisation (columns 6-9 of the table). In most of the countries under consideration a substantial part, sometimes the whole (*e.g.*, as regards the first revaluation in Czecho-Slovakia and the third revaluation in France) of the revaluation profits has been used in this "neutral" manner. The effects on the supply of money of the amounts allocated to exchange stabilisation funds and funds for the support of Government bonds naturally vary with the extent to which and the manner in which these funds are used. The Canadian Stabilisation Fund has undertaken no transactions, and the Belgian Stabilisation Fund was wound up without having been used and its resources

were eventually transferred to the Government's *Office de redressement économique* and were to be employed as part of a *masse de manœuvre* for times of crisis. The nature of the operations of the other stabilisation funds and of the Belgian and French *fonds de soutien des rentes* have been dealt with in the previous issues of this publication.¹ The allocations towards extraordinary expenditure have naturally tended to have expansionist effects. The amounts classified in column 13 of the table as being allocated to "other purposes" have been used mostly for various accountancy adjustments in the balance-sheets of the central banks. The adjustment connected with the revaluation of the Bank of England's gold reserve calls for some explanation.

On January 6th, 1939, the Bank of England transferred to the Exchange Equalisation Account gold amounting to £200 million at the statutory price of 85 shillings per fine ounce, or nearly £350 million at the current market price. This transfer was accompanied by a temporary increase in the fiduciary note issue from £230 million, to which it had been raised in December 1938, to a new level of £400 million. As it was intended to effect a permanent increase in the fiduciary issue and as such an increase requires the sanction of Parliament under the Bank of England and Currency Notes Act of 1928, the Currency and Bank Notes Act of 1939 was passed and came into effect on February 28th, 1939. The principal provisions of the new legislation are the increase of the fiduciary issue to a "normal" level of £300 million as compared with that of £260 million provided by the Act of 1928, and a weekly valuation at current prices of the assets of the Issue Department in a manner to be agreed on between the Treasury and the Bank. (These assets consist of securities serving as backing for the fiduciary issue and of gold reserves held as cover for the remainder of the Bank's note issue.) It is further provided that if, as a result of the weekly valuation of assets at current prices, "the value of the assets then held in the Department differs from the total amount of the Bank of England notes then outstanding, there shall be paid to the Department from the Exchange Equalisation Account . . . or to the Account from the Department such sum as will counteract that difference . . .", this payment being "effected in cash or . . . by a transfer of gold or securities (whichever is appropriate) or partly in cash and partly by such a transfer". Section 3 of the Act authorises the Bank to purchase gold from, or sell it to, the Account at the price employed for the last weekly valuation.

The provisions of the Act of 1939 were first incorporated in the Bank's return for March 1st, 1939. The gold reserve (£126.4 million on February 22nd) was written up on the basis of 148s. 5d. per fine ounce, or the price of the day "at the fixing" in the bullion market, the resulting book profit amounting to £94.4 million. This surplus, together with the purchase by the Bank of £5.6 million in gold from the Account on February 22nd, brought the expansion in gold holdings to the £100 million required to offset the reduction in the fiduciary issue from £400 million to its new "normal" level of £300 million. The reduction in the fiduciary issue was accompanied by the transfer to the Exchange Equalisation Account of an equivalent amount of securities. These securities will, according to the statement of the Chancellor of the Exchequer on February 6th, 1939, constitute a "capital reserve" in the Account.

A revaluation of central monetary gold reserves has not yet been effected notably in the Netherlands, in certain countries belonging to the sterling group of currencies — namely, India, Egypt, New Zealand, Union of South Africa, Portugal, Denmark, Norway and Sweden

¹ See particularly *Money and Banking, 1936/37*, Vol. I, Chapter C; *1937/38*, Vol. I, Chapters A, B and D; and Chapter B of the present volume.

REVALUATION OF CENTRAL MONETARY GOLD

Country	Date of authorisation for revaluation of gold reserve	Unit of currency	Rates of valuation		Total revaluation profit
			Grammes of fine gold per unit of currency		
			Old rate	Rate of revaluation	
	1	2	3	4	5
Argentina	28. III. 1935	Peso	1.45161	0.29289	700
Austria	30. IV. 1934	Schilling	0.21172	0.16667 ^b	20.7
Belgium	30. III. 1935	Franc	0.04184	0.03013	4,352
Bolivia	14. VI. 1937	Boliviano	0.54918	"	49
Canada	10. VII. 1935	Dollar	1.50463	(0.88867) ^g	74
Colombia	19. XI. 1938	Peso	1.46448	0.50782	16
Czecho-Slovakia	17. II. 1934	Koruna	0.04458	0.03715	422
	9. X. 1936	"	0.03175	0.03121	480
Danzig	1. V. 1935	Gulden	0.29290	0.16879	10
	19. XII. 1935	Sucre	0.30093	0.10032	40
Ecuador	13. VI. 1936	"	0.10032	0.08586	...
Estonia	6. III. 1939	Kroon	0.40323	0.28019 ^k	6.6 ^k
Finland	22. XII. 1938	Markka	0.03789	(0.02000) ⁿ	508
	1. X. 1936	Franc	0.05895	0.04410	14,000
France	21. VIII. 1937	"	0.04410	0.03870	6,800
	12. XI. 1938	"	0.03870	0.02475	31,456
Hungary	15. I. 1939	Pengö	0.26316	0.17544	62.3
Italy	5. X. 1936	Lira	0.07919	0.04677	r
Japan	25. VIII. 1937	Yen	0.75000	0.29000	774
Latvia	28. IX. 1936	Lat	0.29032	"	38
	27. IV. 1935	Peso	0.75000	"	"
Mexico	22. XII. 1938	"	"	"	(64) ^w
Roumania	6. XI. 1936	Lei	0.00900	0.00652	4,244
Switzerland	27. IX. 1936	Franc	0.29032	0.21500	538
United States of America	30. I. 1934	Dollar	1.50463	0.88867	2,812
United Kingdom	28. II. 1939	£	7.32238	(4.19138) ^z	94.4
	14. VIII. 1935	Peso	1.55615	0.70953	49
Uruguay	18. I. 1938	"	0.70953	0.58502	17

* Deposited with the Central Bank.

^b First revaluation of the gold reserve. At the end of 1935 and 1936, the gold reserve was booked respectively at the rate of 0.16768 and 0.16733 grammes of fine gold to the schilling.

^c The 1,125 million francs paid into the Exchange Stabilisation Fund in 1935 were reimbursed into a "general fund" when the former was abolished.

^d Entrusted to the *Office de redressement économique*.

^e The revaluation was made on the basis of the current official rate of exchange of 80 bolivianos to the pound sterling (paper).

^f Used to book adjustments of the stock of foreign exchange accumulated by the Central Bank and towards gold purchases from the mines.

^g Rate of first revaluation only. Gold reserves are valued weekly on the basis of the current price of gold in London and New York, converted into Canadian dollars at the rate of exchange of the day.

^h The Fund has undertaken no transactions.

ⁱ The sum of \$10 million was allocated to the chartered banks as cover for their liabilities abroad, and \$10.8 million were deposited with the Bank of Canada.

^j Left on deposit with the Central Bank for the account of the Government.

^k Rate applied only to that part of the gold reserve which was in the Bank's possession at the moment of the devaluation of the kroon on June 28th, 1933; this rate corresponds to the price of gold at that date. Gold purchased after that date entered at cost.

^l Amount added to the reserve capital of the Bank of Estonia.

^m Placed at the disposal of the State.

ⁿ The maximum rate at which gold reserve may be booked. Gold is entered each week at its approximate current value.

^o The capital of the Bank of Finland was raised from 1,000 to 1,250 million markkaa.

RESERVES AND ALLOCATION OF RESULTING PROFITS

Amounts allocated to								Country
Repayment of the Government debt		Banking reorganisation		Establishment of funds		Extra-ordinary expenditure : Public works	Other purposes	
To the central bank	Other	Subscription of capital and increase of reserve funds of the central bank	Liquidation of frozen assets of the commercial banks	Exchange stabilisation Fund	Fund to support Government bonds			
6	7	8	9	10	11	12	13	
National currency (000,000's)								
	290	10	390				10 ^a	Argentine.
500	5.3		20.7	(1,125) ^c	1,000	2,852 ^d		Austria.
30							13.7 ^f	Belgium.
50				(63) ^h			20.8 ⁱ	Bolivia.
8				3			5 ^j	Canada.
422								Colombia.
				480				Czecho-Slovakia.
17	13	10				10		Danzig.
		4.1 ^l					2.5 ^m	Ecuador.
		250 ^o					258 ^p	Estonia.
4,000				10,000				Finland.
31,456					6,800			France.
							62.3 ^q	Hungary.
				461 ^r			313 ^t	Italy.
				38				Japan.
								Latvia.
								Mexico.
64								Roumania.
2,000						1,300	942 ^x	Switzerland.
				538			812 ^y	United States.
				2,000			94.4 ^z	United Kingdom.
12 ^{bb}	5	oo	3			24	5	Uruguay.
							oo	

^p Amount entered on a Valuation Adjustment Account which is included among liabilities under the heading of "Sundry accounts".

^q Amount applied to increasing gold and foreign exchange reserves shown under "other assets" in the National Bank's returns, a corresponding amount being entered among "cash certificates" and "other liabilities".

^r The exact amount of the profit is unknown, but the whole of it was ceded to the State.

^s Gold Fund Special Account.

^t Left originally with the Bank of Japan and included in its gold reserve until July 23rd, 1938, when the Bank released 300 million yen of gold to the Government for paying for raw material imports needed by the export industry.

^u Valued on the basis of 25.22 lats = £1 (paper) at which the lat was linked to sterling on September 28th, 1936.

^v Revaluation of the reserve on the basis of the market price, or 5 pesos = 1 U.S.A. dollar.

^w The amount represents the difference in the value of the total central monetary reserves as shown in the two returns available — i.e., that for March 12th, 1938, and that for January 7th, 1939.

^x Amount used for the liquidation of various items in the balance-sheet of the National Bank.

^y Of which \$642 million were used to retire bonds carrying national-bank note circulation privilege, the remainder being appropriated to loans for industry, to the Philippines Currency Fund and for other purposes.

^z Rate of first revaluation only (148s. 5d. per fine ounce). The Currency and Bank Notes Act of 1939 provides for a weekly valuation of reserves at current prices.

^{aa} Applied to a reduction of the fiduciary issue from £400 million, to which it had been raised on January 6th, 1939, to a new "normal" level of £300 million provided for by the Currency and Bank Notes Act of 1939. The securities serving as cover for these notes were transferred to the Exchange Equalisation Account.

^{bb} Including the repayment of amounts due to the Mortgage Bank and Allocation to the Autonomous Amortisation Office.

^{oo} The sum of 17 million pesos was used partly to increase the capital of the Central Bank and partly to reinforce its foreign exchange reserves.

— and in most of the countries whose currencies are maintained at par or above their free market value by means of exchange control — notably, Bulgaria, Chile, Germany, Lithuania, Peru, Poland, Turkey, Venezuela and Yugoslavia.¹ In the majority of the above-mentioned countries, gold continues to be booked at the old par rates at which the currency was stabilised in terms of gold.

¹ The gold reserve of the Bank of Greece was booked at the legal par rate until April 23rd, 1932 ; since that date, gold is not shown separately from foreign exchange in its balance-sheets, and no information is available with regard to the rate at which it is booked.

B. — CURRENCY, CREDIT AND GOVERNMENT FINANCE

In the course of 1937, the upward trend in world production and trade received a serious check. On the leading commodity markets and stock exchanges, a sharp fall in prices occurred in the spring; and in a large number of countries a decline in industrial activity set in during the second half of the year. The decline was especially severe in the United States, where it was preceded by a reduction in Government expenditure and an abrupt change in the behaviour of business-men with regard to the holding of commodity stocks; but there were few countries, if any, which were not in some degree affected by the deterioration of economic conditions. In the United Kingdom and certain other countries which had enjoyed a long period of uninterrupted improvement, private investment tended to slow down and consumers' purchases to decline. The majority of agricultural countries were adversely affected by the resulting fall in the prices of primary commodities.

One of the outstanding features of this recession was the fact that the turning-point from prosperity to depression was not, on the whole, marked by any monetary stringency. In the United States, it is true, certain measures were taken with a view to absorbing a part of the excess reserves of the banking system; but the rise in interest rates which this policy produced in the spring of 1937 was very slight, and was followed, moreover, by a renewed downward tendency in the second half of the year, when the violent contraction in industrial activity took place. Not only was the outset of the slump free from any serious disturbances in the supply of currency and credit, but the subsequent course of the depression was not intensified in any country by deflationary developments. There was no quasi-automatic "secondary" deflation through bank failures or through the wholesale liquidation of short-term credits, which had played such an ominous part in 1931 and 1932. There were few, if any, deliberate measures of restriction on the part of monetary authorities. On the contrary, banking policy was directed, in most countries, to the maintenance of a cheap and abundant money supply.

The changes which have taken place in the volume of money in recent years are illustrated in the table given on the next page.¹ It may be observed that, in 1937, notes in circulation declined in only five of the thirty-eight countries included, while deposits with commercial banks also declined in only five countries. In 1938, there were only two countries in which the note circulation showed a decrease, whereas the increases were in many cases very considerable.² In most countries, however, commercial bank deposits increased less or even declined. It is clear, therefore, that a change took place in the composition of the monetary supply. Under the influence of political disturbances and apprehensions, the public preferred to hold a larger proportion of its liquid resources in the form of cash, and a smaller proportion in the form of bank deposits. The monetary repercussions of the "September crisis", which formed the culminating point of international tension in 1938, will be examined presently; it will be shown that the banking systems of the countries concerned experienced, in general, no difficulty in meeting the increased demand for currency. A change of this kind in the composition of the stock of money held by the public, even

¹ For a more complete analysis of the quantity of money available, reference should be made to Table I of the Appendix ("Currency Composition and Movements"), based on annual data which are more comprehensive but less up to date than the monthly returns utilised for the table on the following page.

² It will be noted that the figures for Hungary, Germany and Poland, appearing at the top of the table, were affected to some extent by the territorial changes which occurred in Central Europe during 1938.

ANNUAL PERCENTAGE INCREASE OR DECREASE (—) IN THE VOLUME OF MONEY

Countries, in the order of increase in note circulation in 1938	Note circulation			Commercial bank deposits		
	1936	1937	1938	1936	1937	1938
Hungary	5	7	85	2	8	-6
Germany	14	10	46	8	9	16
Japan	1	20	28	11	13	22
Poland	4	2	25	14	30	3
Lithuania	6	6	21	10	20	18
Roumania	11	15	19	11	7	-3 ^a
Yugoslavia	11	8	19	-2	5	-3
France	10	5	18	3	7	11
Latvia	5	29	14	58	48	11 ^a
Netherlands	-2	10	14	24	17	...
Switzerland	8	3	14	17	4	-5
New Zealand	37	13	12	-1	3	-3
Chile	15	9	12	15	8	1
Peru	14	0	11	20	14	11 ^a
Bulgaria	3	0	9	0	-1	...
Colombia	28	-7	9	10	11	14 ^a
Sweden	14	10	8	6	4	7
Ireland	6	4	8	0	-2	-3
Greece	4	9	7	6	10	15 ^d
Brazil	12	12	6	7	6	27 ^e
Union of South Africa	16	10	6	7	-1	6
Norway	23	5	6	-3	12	8
Denmark	4	5	6	4	2	4
Italy	1	6	...	13	3	2 ^b
Estonia	11	10	5	26	26	13
United States	11	0	5	10	-5	8
Uruguay	9	2	4 ^a	12	17	7 ^e
Finland	18	26	2	8	17	7
Belgium	10	-5	2	8	-5	-17
Ecuador	16	20	1	16	5	-1 ^b
Czecho-Slovakia	12	7	1	0	6	-2 ^e
Australia	2	6	1	1	8	2
India	11	-2	1	4	1	-2
Portugal	2	-2	1	14	40	-3 ^a
Canada	12	8	0	5	2	5
United Kingdom	10	8	0	11	0	-3
Egypt	-1	-10	-1	.	.	.
Argentina	11	4	-2	9	6	-2

Months compared : ^a November ; ^b October ; ^c September ; ^d August ; ^e June.

though it may at first leave the aggregate stock unchanged, tends normally, through the reduction in bankers' cash reserves, to have a restrictive influence on the supply of bank credit. In the present case, however, such repercussions seem to a large extent to have been avoided. On the one hand, commercial banks were in many countries in a highly liquid position before the exceptional demand for currency set in, and were able to permit a reduction in their cash ratio without any further consequences. On the other hand, central banks were ready to expand their loans and discounts. Moreover, the same circumstances which led to the increased demand for currency tended, in some cases, to induce Governments to draw on their cash balances or to borrow at the central bank, and thus to make additional currency available. As a result, the credit conditions of commercial banks remained easy. Deposits increased during 1938 in the majority of the countries shown in the table. The only considerable decline occurred in Belgium and reflected, in the main, an outflow of capital due to recurrent uncertainties regarding the stability of the belga in the foreign exchange market.

The recession in business appears to have been interrupted in the middle of 1938. The general level of prices in the world market ceased to fall. The shrinkage of international trade slowed down : in the last quarter of 1938, the " quantum " of world trade was 6% lower than in the same period in 1937, whereas in the second quarter of 1938, the fall had amounted to 14%, as compared with the corresponding quarter of the previous year. The world index of industrial production (excluding the U.S.S.R.), which [had fallen from 107% of the 1929 level in the second quarter of 1937 to 88% a year later, advanced once more to 100% in the last quarter of 1938. In the United States, the recovery in industrial activity began in the second half of June 1938. Later in the year and in the first two or three months of 1939, it spread to the United Kingdom, France and a number of other countries.

It is not intended to suggest that the relatively short duration of the recession of 1937/38 can be wholly attributed to the absence of credit restriction, or that the revival which set in during the second half of 1938 was wholly — or even mainly — due to measures of monetary expansion. Many other factors influenced the course of economic development in 1937 and 1938. Expenditure on armaments increased rapidly. In some countries, Governments applied direct and effective stimulants through budgetary policy, public works, etc. It is doubtful if, under present circumstances, recovery could be effectively promoted simply by an increase in the available quantity of money. Nevertheless, a certain degree of monetary ease may well be a necessary — and important — *condition* for a revival of business activity. It would seem that this condition was, on the whole, fulfilled in 1937/38.

It is, of course, impossible to foresee whether the recent recovery will be lasting. The situation is dominated to a large extent by unpredictable political factors. From the economic point of view alone, the outlook has been greatly improved by the vigorous and almost simultaneous action of three leading countries — the United States, France and the United Kingdom — tending to promote monetary expansion and to stimulate the recovery of production and trade. In the United States, the cash basis of the banking structure was substantially enlarged in the spring of 1938, and a new Government programme of loan expenditure was adopted in June 1938 ; at the beginning of 1939, this programme was extended further. In France, monetary expansion, which had previously been neutralised by the outflow of gold, became effective in the latter part of 1938, owing to the improvement in confidence and the repatriation of capital ; at the same time, certain measures were adopted with a view to restoring the elasticity of the productive system necessary for the expansion of national output and income. In the United Kingdom, an important change in Government finance was effected at the beginning of 1939, when it was decided to increase very considerably the proportion of loan expenditure in the total cost of the rearmament programme ; this decision implied an increase in the issue of Treasury bills and was thus of far-reaching importance for the banking situation, in that it tended to remove the shortage of liquid bank assets.

These measures are described in greater detail in a later part of the present chapter, where the main developments in certain individual countries are briefly reviewed. Two countries included in this review — Germany and Japan — present an interesting case of monetary expansion under conditions of " full employment ". In neither country has this expansion led to any progressive and general inflation of prices.¹ The increased potential monetary demand of private consumers and producers has, to a large extent, been offset simply by an extension of the various methods of rationing by which the power of the

¹ Account must be taken, however, of the incomplete character of certain official price indices and of the deterioration in the quality of goods at unchanged prices ; it is clear that the latter factor alone may conceal a considerable rise in prices.

individual to purchase commodities is more or less severely restricted. A natural outcome of this situation has been an increase in the "liquidity" of certain sections of the private economy and a fall in the average velocity of monetary circulation, by which the increase in the quantity of money has in some measure been neutralised. Owing to the extension of rationing, the money receipts of consumers and producers, in so far as they have not been used for the purchase of Government bonds, have necessarily tended to remain idle.¹

The September Crisis, 1938.

The political events which threatened the peace of Europe in the autumn of 1938 subjected the monetary systems of a large number of countries to a serious test. In the first place, the fear of a general war led to international capital transfers on a large scale, chiefly from the United Kingdom to the United States. This movement of funds has been described above. The phenomenon was not confined to September 1938, the outflow of capital from the United Kingdom, in particular, taking place almost continuously from May 1938 to the beginning of 1939. A more general and characteristic feature of monetary developments in the autumn of 1938 was the sudden propensity of the public to withdraw bank deposits and to hold larger amounts of cash. As a result, there was a sharp increase in the note circulation in September 1938, combined, in most cases, with a decrease in deposits with commercial and savings banks.

In the table opposite, an attempt is made to illustrate these tendencies in most of the countries concerned. The table shows the figures for the note circulation and for commercial and savings bank deposits at the end of September, October and November 1938, expressed as percentages of the corresponding figures for the end of August 1938. For several reasons, this table can only be taken as a rough indication of the changes considered. Thus, it takes no account of the seasonal influences which especially affect movements in the note circulation, and which do not operate with the same force or even in the same direction in the various countries shown. Moreover, the figures for the note circulation in certain countries, such as Belgium, France, the Netherlands and the United Kingdom, where central bank returns are published on a fixed day of the week, do not refer to the last day, but to the last weekly return in the month; though the differences in dates are small, they are undoubtedly important in the case of the September figures and tend therefore to restrict the comparability of the corresponding indices shown in the table.

Most of the countries included in the table show a large increase in the note circulation in September. It should be noted that in some of these countries, such as Bulgaria, Czechoslovakia and Hungary, the note circulation was already exceptionally large before the end of August 1938, the date taken as basis. The expansion in note issues was not confined to Europe; it was observed on a considerable scale in such countries as Egypt, Canada and the Union of South Africa.

The increased demand for currency was due to several factors. There was, in the first place, a general desire on the part of the public to obtain greater liquidity in order to be prepared against all eventualities. Expectations of a banking moratorium and of the closing

¹ These developments seem to bear a certain resemblance to conditions in the Union of Soviet Socialist Republics during the years 1930-1932, before the abandonment of rationing. During that period, there was a sharp increase in the note circulation; rationing, which had been reintroduced with the first five-year plan in 1928, was greatly extended; the velocity of circulation declined; and several public issues of Government bonds were made with complete success (cf. *Money and Banking, 1935/36*, Vol. II, pages 179 and 180). Clearly, consumers found little use for their money receipts, except for the purchase of Government bonds and the accumulation of idle cash balances.

of the stock exchanges undoubtedly played an important part ; Czecho-Slovakia proved to be the only country in which these measures were actually applied. In addition, the partial or general mobilisation of military forces naturally put substantial amounts of currency into circulation ; and the separation of families involved also tended to increase the need for cash holdings. In some countries, such as the United Kingdom, a large part of the expansion in the note circulation was due to the action of commercial banks which, in the expectation of temporary difficulties in transport and communications after the outbreak of war, took steps to strengthen the reserves of till money in their local branch establishments.¹

BANK NOTES AND DEPOSITS IN THE AUTUMN OF 1938
August 1938 = 100.

End of :	Note circulation			Commercial bank deposits			Savings bank deposits		
	Sept.	Oct.	Nov.	Sept.	Oct.	Nov.	Sept.	Oct.	Nov.
Belgium	121 ^a	108	105	.	.	.	97	97	98
Bulgaria	106	105	99	.	.	.	100	101	104
Canada	115	113	108	102	104	104	100	100	100
Czecho-Slovakia	100	88	85	.	.	.	71	71	...
Denmark	108	110	104	102	101	104	100	100	100
Egypt	128	124	117	.	.	.	94	98	100
Estonia	109	112	107	96	98	100	99	100	101
Finland	106	101	100	97	96	95	100	100	100
France	126 ^a	112	108	86	96	96	95	95	96
Germany	116	112	112	100	101	104	99	101	102
Greece	106	107	104	...	...	...	98	98	99
Hungary	141	131	133	90	93	95	82	82	...
Latvia	130 ^b	121	120	93	97	99	91	93	96
Lithuania	119	115	115	91	96	100	.	.	.
Netherlands	112 ^c	111	107	.	.	.	98	99	100
Norway	104	101	99	102	102	99	100	100	100
Poland	126	122	114	90	95	97	88	91	95
Roumania	111	112	109	86	95	99	76	82	87
Sweden	112	106	101	102	103	101	100	101	100
Switzerland	124	112	109	.	.	.	99	99	99
Union of South Africa	112	108	101	102	105	107	101	102	102
United Kingdom	104 ^d	100	100	99	98	98	100	101	102
Yugoslavia	119	112	109	95	96	97	90	91	93

^a September 29th.

^b October 1st.

^c September 26th.

^d September 28th.

There were three or four principal methods by which the additional supplies of currency became available. It will suffice simply to enumerate them without attempting any elaborate statistical analysis.

The demand for currency was met in part by the commercial banks, which obtained the bank-notes required by their depositors by drawing on their own reserve balances with the central bank and by allowing their cash ratio to decline. To the extent that commercial banks were thus willing to reduce their cash reserves, the total sight liabilities of the central bank tended to remain unchanged, the increase in its note issue being compensated by the decrease in its deposit liabilities to the commercial banks. As has just been mentioned, the increase in the note issue was, in some countries, partly due to larger requirements of

¹ The available data suggest that about two-thirds of the abnormal increase in note circulation in the United Kingdom was due to this factor.

till money on the part of the commercial banks themselves. To the extent that the banks simply converted part of their central bank balances into bank-notes, both the total amount of their cash reserves and the total amount of central bank credit outstanding remained unchanged. In the United Kingdom, where the habitual tendency of the central bank — prompted by the desire to stabilise the cash basis of the banking system — is to accompany changes in the note circulation by parallel changes in its security holdings, this shift in the composition of commercial banks' cash reserves may have tended, not merely to leave the position unchanged, but even to produce an expansion of central bank credit.

Another important source of additional bank-notes was the increase in central banks' loans and discounts, including rediscounts to commercial banks. In general, central banks appear to have extended their credit facilities freely. It is significant that, apart from the Bank of France, no central bank raised its discount rate in September 1938. An example of the elasticity of central bank credit policy was given by the Bank of Poland, whose reserve ratio of gold to total sight liabilities dropped below the legal minimum of 30% in the latter part of the month; the Bank disregarded the statutory provision calling for an increase in the official discount rate in such circumstances.

The calls made upon the commercial banks for currency, resulting in a decline in their cash reserves and an increase in their indebtedness to the central bank as shown above, might possibly have influenced the attitude of bankers in the direction of restriction if the situation had not changed rapidly. In fact, a reversal of the movement of bank-notes and deposits took place in October and November, even though in most cases the events of September would seem to have left more or less lasting traces in the form of larger note issues.

In a few countries, such as Belgium and the Scandinavian States, the counterpart to the increase in the note circulation was provided, at least in part, by an inflow of gold and foreign exchange. As may be seen from the table given above, the Scandinavian States belonged to the small group of countries where bank deposits did not decline in September 1938. Sweden, in particular, experienced an inflow even of foreign-owned capital funds. The total volume of foreign deposits in the Swedish banking system rose from 419 million kroner at the end of August to 554 millions at the end of September.

In the world as a whole, "visible" central gold reserves¹ rose by about \$705 million during September 1938.² The increase in the aggregate gold stock afforded, however, little or no relief, owing to its geographical distribution: \$623 million of this increase was accounted for by the United States, where no abnormal expansion in note circulation appears to have occurred.

Finally, as was mentioned earlier, exceptional Government expenditures were undertaken in September 1938, and these expenditures were in several cases financed partly by central bank credit — by a reduction in Government deposits or by Government borrowing at central banks. Additional bank-notes thus became available as a result of the same circumstances which caused the increase in the demand for them. In France, for example, the central bank's advances to the State rose by 10 milliard francs between September 8th and September 29th. Part of this amount, however, was re-lent by the Government Treasury to the institution responsible for the management of savings deposits,³ to meet the withdrawal of savings bank deposits by the public. The subsequent reflux of deposits

¹ Excluding Spain, the Union of Soviet Socialist Republics and the holdings of the British Exchange Equalisation Fund.

² Probably a large part of this amount was released by the British Exchange Equalisation Fund.

³ The *Caisse des dépôts et des consignations*.

permitted the State, in the first fortnight of October, to repay two of the ten milliards borrowed from the Bank of France.

On the whole, it may be concluded that the internal structure of currency and credit displayed, in the countries concerned, a high degree of elasticity during the international crisis. The sudden increase in the demand for cash was met without any acute deflationary disturbances. The rise in money market rates and bond yields was in most cases relatively slight, and was quickly reversed in the succeeding months. There does not seem to have been a single bank failure of any consequence during September 1938.

United States of America.

The adoption of the new programme of Government deficit expenditure in June 1938 formed the culminating point of a long series of measures taken with a view to combating the severe depression in industrial activity which set in during the early autumn of 1937. It is a noteworthy fact that, with the exception of the "pump-priming" scheme itself and of certain earlier actions such as the extension of financial facilities for residential building in February 1938 and the increase in the lending powers of the Reconstruction Finance Corporation,¹ these measures were principally designed to effect a re-expansion of the cash basis of the banking structure. They thus represented a complete reversal of the policy, by which a considerable contraction in the cash position had been brought about from the beginning of 1936 to the spring of 1937.

The first three of these measures were described in the last edition of this *Review*: the "de-sterilisation" of \$300 million of gold in September 1937; the Federal Reserve Banks' open-market operations in November 1937; and the partial abandonment of the sterilisation of current gold imports in February 1938. Two further steps in the same direction were taken in April 1938. In the first place, the reserve requirements of member banks, which, since May 1937, had been at the maximum level provided by law, were reduced by a approximately 13¼%, and \$750 million of the cash balances of member banks were thereby immediately transferred from the category of "required" to that of "excess reserves".²

Secondly, the policy of "gold sterilisation" was discarded altogether, and the "inactive account", in which gold had been accumulated since December 1936, was liquidated. The Treasury accordingly transferred to the gold certificate fund of the Federal Reserve System a total of \$1,392 million of gold, consisting of \$1,183 million from its "inactive account" and of \$209 million held in its "working balance". The Treasury's cash balance with the Federal Reserve Banks was thereby increased by a corresponding amount. Through subsequent expenditures of this money by the Treasury,³ an increase took place in member banks' cash balances with the Federal Reserve System.

It may be noted that, whereas the reduction in reserve requirements left *total* reserves

¹ Cf. *World Economic Survey, 1937/38* (League of Nations), page 203.

² The reductions in reserve requirements were as follows:

	From	To
	%	%
<i>Demand deposits:</i>		
Central reserve city banks	26	22¾
Reserve city banks	20	17½
Country banks	14	12
<i>Time deposits:</i>		
All member banks	6	5

³ A large part was spent through net redemption of Government obligations, especially Treasury bills. From the end of March to the end of July 1938, the total publicly offered Government debt declined from \$34,032 million to \$33,400 million, or by \$632 million.

unchanged, the liquidation of the inactive account increased both total reserves — which, owing to the sterilisation policy, had been remarkably stable in 1937 — and — as the volume of deposits was not immediately affected — excess reserves.

After the abandonment of gold sterilisation, imports of gold tended, similarly, to have the effect of increasing both total and excess reserves of cash. This effect, however, was by no means automatic. The Treasury adopted the practice of retaining a substantial amount of gold in its “working balance”¹ instead of passing it on to the Federal Reserve

System through the issue of gold certificates. If the Treasury paid for its gold purchases with funds borrowed in the market, the gold acquired for the working balance was thus effectively “sterilised”; if, on the other hand, it paid by drawing on its balance with the Federal Reserve Banks, this tended to increase the cash reserves of the member banks, even if the amount of gold certificates held by the Federal Reserve System remained unchanged.

In fact, the heavy inflow of gold which occurred in the second half of 1938 led to a further enlargement of the banks' cash basis. The plethora of cash attained unprecedented proportions towards the end of the year. In December 1938, the total cash holdings of the weekly reporting member banks represented 33% of their total deposits (excluding inter-bank balances). In spite of the fact that the legal reserve requirements were about 75% higher, the volume of excess reserves outstanding in the latter part of 1938 surpassed the previous top level reached at the end of 1935 (see Diagram 8). Precisely because

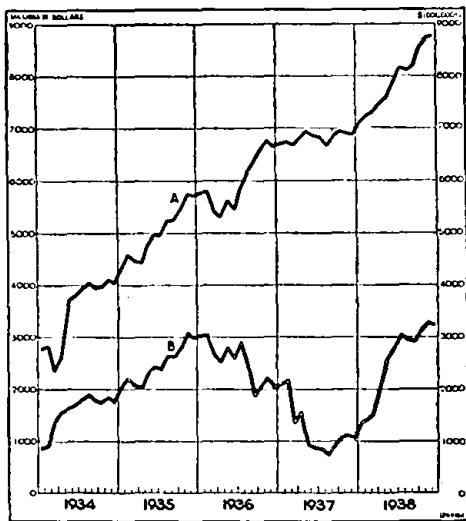
of the large net increase in reserve requirements, however, the potential expansive power of a given amount of excess reserves was substantially less at the end of 1938 than at the end of 1935. On the other hand, with reserve requirements already close to the upper limit provided by law, possibilities of control over the volume of excess reserves were undoubtedly smaller. At the end of 1938, an increase of reserve requirements to their legal maximum would have absorbed only about \$800 million of excess reserves. Comparisons have sometimes been made between the volume of member banks' excess reserves (\$3,597 million on January 25th, 1939) and the amount of Government securities issued to the Federal Reserve Banks (\$2,564 million on January 25th, 1939); but it seems doubtful if, under present conditions, such comparisons have more than theoretical significance.²

The increase in cash was the most important change in the position of the member banks during 1938. It cannot be said that this increase had any striking effects on the other main accounts of the banks, as shown in Diagram 9. A comparison of the

Diagram 8.

MEMBER BANK RESERVES
(Monthly averages).

- A. Total reserve balances.
B. Excess reserves.



¹ The “working balance” represents the liquid resources of the Treasury. At the end of 1938, it amounted to \$2,400 million, of which about a third consisted of balances with the Federal Reserve Banks; about a third, of balances with other banks; and about a third, of gold.

² The problem of excess reserves is given careful consideration by the Board of Governors of the Federal Reserve System in their annual report for 1938 (see especially pages 18-22).

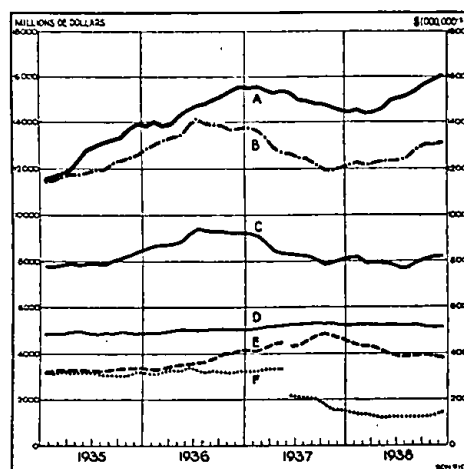
monthly averages for the reporting member banks from December 1937 to December 1938 shows that demand deposits rose, on balance, by roughly \$1,500 million; total cash reserves rose by \$2,000 million; total investments rose by \$1,100 million (of which direct Government obligations contributed only some \$150 million); and loans of all kinds showed a net decline of \$1,000 million.

In view of the business revival which developed in the second half of the year, greater interest attaches to a comparison confined to that period. From June to December 1938, there occurred a rise in industrial production of 35% — the largest percentage increase recorded in the United States in any six-month period. During the same months, demand deposits with the reporting member banks expanded by over \$1,100 million, or about 7.5%; cash increased by \$900 million, and investments by \$800 million (of which direct Government obligations by \$300 million). Loans to brokers and dealers in securities showed a rise by nearly \$200 million, which was not surprising in view of the recovery of share values. A notable fact was the decline by about \$100 million which occurred in the banks' commercial loans from June to December 1938, in spite of the improvement in business activity and in spite of the extensive relaxation of the official regulations governing commercial bank loans which was effected in June 1938.¹

The increase in the banks' investments, and especially in their holdings of Government obligations, must be regarded as small relatively to the enlargement of the cash base. The banks' portfolio of direct Government obligations even showed a decrease by some \$300 million between March and July 1938; but this was simply a reflection of the temporary decline in the publicly issued Government debt following upon the liquidation of the Treasury's inactive gold account in April, and represented a mere exchange of Government securities — largely Treasury bills — for cash. From July to December 1938, after the introduction of the new spending programme, the publicly issued Government debt increased by practically \$2,000 million, of which only about a quarter was taken up by the reporting member banks. The failure of the banks' holdings of Government obligations to show a more substantial rise was probably connected with the fact that new Government borrowing took place entirely in the form of bonds in the second half of 1938, while the supply of Treasury bills and notes, which

Diagram 9.
REPORTING MEMBER BANKS
(Monthly averages.)

- A. Demand deposits, adjusted.^a
- B. Total investments.^b
- C. United States Government obligations.^c
- D. Time deposits.^d
- E. Commercial loans.^e
- F. Loans on securities.^f



^a Demand deposits other than inter-bank and Government deposits, less cash items in process of collection.

^b Including Government obligations.

^c Direct Government obligations only.

^d Excluding inter-bank deposits.

^e Classification changed on May 19th, 1937. Before that date, all loans not on securities. Subsequently, including commercial loans on securities.

^f Before May 19th, 1937, all loans on securities. Subsequently, only loans to brokers and dealers in securities and loans to others for purchasing or carrying securities.

¹ Under the amended rules, banks were empowered, for example, to make loans for periods up to ten years, and to accept collateral which is not readily marketable.

carry practically no risk of capital depreciation and are therefore frequently preferred by the banks, was reduced. This, it may be noted, represented the continuation of a trend which had been observed for over two years previously and which resulted in the following changes in the composition of the publicly issued Government debt :

	June 30th, 1936	December 31st, 1938	Increase (+) or decrease (—)
	\$ (000,000's)		
Notes and bills	13,735	9,802	— 3,933
Bonds	<u>17,563</u>	<u>25,526</u>	<u>+ 7,963</u>
Total	31,297	35,327	+ 4,030

The resumption of deficit expenditure in the second half of 1938 is generally believed to have exercised a stronger influence on the course of business than any changes in the banking position. The new spending programme, which had been announced in April and which was finally adopted in June, provided for an estimated budget deficit of \$3,984 million¹ during the financial year extending from July 1938 to June 1939.

The actual development of Government deficit expenditure may be illustrated by the following table, which shows the quarterly changes in the publicly issued Government debt after making allowance for changes in the Treasury's "general fund balance" (that is, broadly speaking, in the cash reserve of the Government)² :

Quarterly Changes in publicly issued Government Debt.
\$ (000,000's).

	Increase (+) or decrease (—) in debt	Increase (—) or decrease (+) in general fund balance	Net increase (+) or decrease (—) in debt		Increase (+) or decrease (—) in debt	Increase (—) or decrease (+) in general fund balance	Net increase (+) or decrease (—) in debt
1936 III	+ 533	+ 494	+ 1,027	1938 I	+ 14	— 167	— 153
IV	+ 667	+ 282	+ 949	II	— 569	+ 924	+ 355*
1937 I	+ 225	+ 80	+ 305	III	+ 1,030	— 762	+ 268
II	+ 1,012	— 727	+ 285	IV	+ 834	— 106	+ 728
III	+ 143	— 307	— 164	1939 I . . . . .	...	...	...
IV	+ 141	— 113	+ 28	II . . . . .	...	...	...

* During the second quarter of 1938, a Treasury payment of \$94 million was made to the Commodity Credit Corporation to restore an impairment of the Corporation's capital stock.

The figures regarding net changes in publicly issued debt during 1938 suggest two main comments. In the first place, deficit expenditure appears to have taken place on an appreciable scale as early as the second quarter of the year — before the enactment of the new "pump-priming" scheme — even if allowance is made for a capital transfer of \$94 million to a Government agency during that quarter. This deficit expenditure appears to have been a quasi-automatic reflection of the business depression ; it was the result

¹ The "true" estimated deficit was somewhat lower, since about \$680 million of the \$3,984 million was expected to be covered by social security contributions.

² This method, though only a rough one, avoids two factors tending to complicate the analysis of recent changes in Government finance in the United States. By confining itself to publicly issued debt, it excludes that part of the budget deficit which has been covered by taxes and contributions for the benefit of the social security funds and which has been reflected in special issues of Government securities to these funds. Secondly, this method excludes all Government borrowing for the purchasing or holding of gold. The inactive gold account formed part of the general fund balance. Since the liquidation of the inactive account, the general fund balance represents, in the main, the so-called "working balance", the nature of which was indicated above.

of a fall in tax revenue, of a rise in "agriculture adjustment" payments to farmers due to the fall in prices, and of a rise in Treasury expenditure for purposes of "recovery and relief".¹

The second observation which may be made is that, during the first quarter of the new spending programme (July–September 1938), the actual deficit does not appear to have risen further as compared with the previous quarter. In October–December 1938, the net increase in publicly issued debt was much larger, but it still remained far below the figure shown for the corresponding months of 1936. The delay in the expansion of deficit expenditure appears to be mainly accounted for by public works expenditures. These, however, attained a high level towards the end of 1938; and at the beginning of 1939, provision was made for an additional expenditure of \$725 million for "recovery and relief" during the financial year 1938/39.

The business recovery which began in June 1938 was probably influenced, at any rate in its first stages, by anticipations of large Government expenditures at least as much as by the actual occurrence of such expenditures. The improvement in future prospects led to a revival in private replacement expenditure on plant and equipment, to an increase in the demand for durable consumers' goods and to a replenishment of dealers' and producers' commodity stocks. All this implied a more active use of money balances, as is evident from a comparison between the volume of industrial production and the supply of money. The former rose by 35% between June and December 1938, as was mentioned earlier; both wholesale and retail prices remained practically constant; and the total quantity of money available to the public² rose by only a little more than 5% during this period.

France.

From the table given on page 40, above, it appeared that France was one of the countries which showed the largest increase in the note circulation during 1938. This increase is the more significant inasmuch as currency forms by far the greater part of the total volume of money in France, deposits with the leading commercial banks being equal to only about a third of the note circulation. To some extent, the high level of the French note circulation at the end of 1938 may have been a distant reflection of the September crisis; but it should be noted that both commercial bank and savings bank deposits at the end of 1938 were also higher than a year earlier. That the expansion in the volume of currency was due to an increase in the *supply* of money, rather than to an increased *demand* for liquid resources, is confirmed by the appreciable decline in interest rates which occurred, on balance, in the course of the year.

It was in the spring of 1938 that monetary expansion began on a considerable scale. It has been estimated that, between the end of April and the end of December 1938, over 20 milliard francs of new money was made available to the French economy.³ Of this amount,

¹ The following table shows the quarterly expenditure of the Treasury under the heading of "recovery and relief" during the years 1936 to 1938:

	1936/37	1937/38	1938/39
		\$ (000,000's)	
Quarter: III	835	530	695
IV	863	489	817
I	689	495	...
II	679	628*	...

* Excluding Treasury payment of \$94 million to Commodity Credit Corporation.

² Demand deposits adjusted *plus* other than inter-bank time deposits with the reporting member banks *plus* currency in circulation outside banks.

³ Cf. *L'Activité économique*, January 1939, page 328.

approximately 13 to 14 milliard francs is estimated to have been due to the repatriation of capital,¹ which resulted in the acquisition of gold and foreign exchange by the authorities and in a corresponding addition to the stock of domestic money at the disposal of the public. During the same period, Government borrowing at the Bank of France added over 6 milliard francs to the supply of money.² To this must be added some relatively minor sources of new means of payment, such as the open-market purchases of short-term securities which the Bank of France was authorised to undertake in virtue of a Decree of June 17th, 1938,³ and which, by the end of the year, amounted to 1,900 million francs.

The fact that such internal measures of expansion as Government borrowing at the central bank and open-market operations could make an effective contribution to the increase in the money supply reflected a significant change in the French monetary situation. It will be recalled that, in previous years, the substantial expansion of central bank credit through Government borrowing had been largely "neutralised" through the outflow of capital.⁴ It was mainly with a view to rendering monetary expansion effective that the introduction of exchange restrictions was contemplated in many quarters in the early spring of 1938. Subsequently, however, the return of confidence of owners of capital, following upon certain internal Government measures, taken mainly in May and November, not only achieved the object of stopping the leakage of funds abroad, but led, in addition, to an inflow of gold. As the Government measures in question aimed, in the main, at reducing the budgetary deficit, it may be said that the prospect of a curtailment of one means of monetary expansion — namely, Government borrowing — tended to favour another means of expansion — namely, purchases of gold by the central monetary authorities.

The first important step taken during 1938 towards a reduction in the budget deficit was the almost general increase of 8% in rates of taxation at the beginning of May. Later in the same month, the Government was able to issue a domestic long-term loan of 5,000 million francs. Another series of decrees affecting the finances of the State was adopted in November 1938, whereby certain taxes were raised further. At the same time, several items of expenditure were curtailed. Thus, a public works programme providing for 11 milliard francs of expenditure over three years, which had been introduced in May, was abandoned in view of the magnitude of Government loan expenditure for other purposes.

¹ This was the net result of a large reflux in May, of outward movements in July, the latter part of September and October, and of a renewed inflow in November and December.

² This figure is the net result of the following movements. At the end of April, "provisional advances" to the State were shown in the balance-sheet of the Bank of France at 40,134 million francs. The amount remained unchanged until September 8th, after which it rose to 50,134 millions on September 29th. During the two succeeding weeks, the item was reduced to 48,134 millions. At this level — that is, 8,000 millions higher than in April — it stood in the Bank's last weekly return before the revaluation of the gold stock in the middle of November. The whole of the revaluation profit, amounting to 31,456 million francs, was applied to the repayment of "provisional advances". In the first weekly return of the Bank after the revaluation, the remaining provisional advances to the State were shown at 20,627 millions. From this it appeared, as was also officially confirmed, that the Government had borrowed an additional amount of 3,950 millions immediately before the revaluation. At the same time, the State obtained another 6,800 millions through the revaluation of its permanent debt to the Bank from 3,200 to 10,000 millions. From the total of 18,750 millions thus obtained (8,000 millions plus 3,950 millions plus 6,800 millions), a sum of 10,300 millions must be deducted, representing the balance remaining at the end of the year out of the 12,500 millions which the Treasury advanced to the Exchange Stabilisation Fund in November. Finally, allowance must be made for the fact that the Treasury's cash balance at the Bank of France was roughly 2,000 millions higher at the end of December than at the end of April 1938.

³ This decree limited the open-market operations of the Bank to short-term negotiable paper. For analogous operations in long-term securities, the official fund for the support of *rentes*, created in July 1937, remained in existence. No information is available regarding the transactions of this fund.

⁴ Cf. *Monetary Review, 1937/38*, pages 52-55. It may be mentioned that, between the end of 1934 and the end of 1937, Government borrowing at the Bank of France amounted to 37,909 million francs (including the 6,000 millions cancelled by part of the gold revaluation profit in October 1936). During the same period, the note circulation increased from 83,412 millions to 93,837 millions, or by only 10,425 million francs. During the first four months of 1938, Government borrowing at the Bank amounted to 8,225 million francs, while the note circulation increased by 4,682 millions.

Moreover, in order to facilitate the expansion of productive activity, the law regarding the forty-hour working-week was rendered more elastic.

The revival of confidence which followed the adoption of these measures led to repatriation of capital on a considerable scale, and permitted the Government, in January 1939, to issue a long-term loan at 4% in the Netherlands and Switzerland for the purpose of converting eight railway loans carrying higher interest rates and totalling over 3,600 million francs. The Treasury was able to cover its current needs of new money by increasing the amount of Treasury bills outstanding.¹ In November 1938, it was, in fact, announced that the Government intended to refrain from making any new issue in the long-term capital market during a period of some six months. This was done in order to encourage private capital issues and to stimulate the revival of investment activity. With the same object in view, certain tax remissions in favour of commercial and industrial financing were effected in January 1939.

It is of interest to observe that the substantial expansion of the quantity of money in 1938, which was made possible by the revival of confidence, was accompanied by a marked falling-off in the rate of increase of commodity prices. Both the index of wholesale prices and the cost-of-living index rose much less than the note circulation during 1938, whereas in the two preceding years the rise of the two price indices had been far greater than that of the note circulation, as is shown by the following figures :

	Percentage increase or decrease (—) during			
	1935	1936	1937	1938
Note circulation	— 2.7	10.1	5.0	18.2
Wholesale prices	2.9	46.5	21.5	8.4
Cost of living	— 5.5	17.1	20.7	9.4

A notable consequence of the increase in the supply of money relatively to the needs of the monetary turnover was the decline in interest rates which took place during 1938, and which is illustrated in the table below :

	Percentage figures for December			
	1935	1936	1937	1938
Discount rate of Bank of France	5	2	3	2.5
Market rate of discount (commercial paper)	5.91	2.13	3.13	2.36
Treasury bill rate	6.00	1.98	2.86	1.93
Yield of 4% Government bonds, 1918	4.79	4.87	5.97	4.68
Yield of thirty-six miscellaneous bonds	5.57	5.61	6.16	4.58

It will be seen that, by December 1938, three of the five series quoted had fallen below the low level which prevailed for a short time after the first devaluation in 1936.

Early in 1939, the ease of the short-term money market became even more pronounced, the market rate of discount falling to 1.99% in January. Bond quotations, however, suffered a slight reaction in that month, and yields did not therefore remain at the level of December 1938, though they continued to be appreciably lower than a year earlier.

At the time of writing (February 1939), it is not yet possible to estimate to what extent the reductions in interest rates, deliberately promoted by the Government, together with the tax remissions mentioned above, have tended to stimulate private borrowing

¹ Total short-term debt maturing within eighteen months amounted to 21,600 millions at the end of November 1938 as against 11,600 millions a year earlier.

for investment expenditure. The revival of private investment forms an important link in the Government programme, as the resulting expansion in the national income and in the tax revenue of the State would greatly help to relieve the budgetary problem. But whatever the course of domestic investment, there is no doubt that the depreciation of the franc has begun to relieve the foreign trade balance, as was indicated in Diagram 4 in the preceding chapter ; and the improvement of the trade balance tends to have similar effects on the internal economy as a revival in domestic investment activity.

United Kingdom.

The recession in economic activity which began in the United Kingdom in the second half of 1937 was not marked by any monetary stringency. The yield of long-term bonds showed, indeed, an upward trend ; but the bank rate remained at 2%, and the market rate of discount on first-class bills remained at only a shade above $\frac{1}{2}$ %. The country had enjoyed five years of continuous recovery ; and a state of relative saturation had undoubtedly been reached in certain forms of private investment, such as residential building. The internal factors contributing to the setback were reinforced by the widespread repercussions of the sudden fall in production and trade in the United States. In the United Kingdom, the comprehensive index of business activity computed by *The Economist* (1935 = 100) reached a maximum at 113.5 in August 1937, and declined thereafter gradually to 111 in December. The decline became more rapid in the first half of 1938 ; the index dropped to 103 in June and varied but slightly around that level in the second half of the year.

That the supply of money can hardly have been an important initiating factor in the recession is indicated by the fact that the aggregate volume of deposits with the London clearing-banks continued to grow until December 1937, when it reached a record level of £2,330 million. The average amount of notes and coin held by the public in that month was £476 million, which likewise constituted a maximum, even if allowance is made for seasonal influence.

In the course of 1938, however, there occurred a perceptible contraction in the quantity of money. From January 1938 to January 1939, bank deposits declined by £99 million and currency in the hands of the public by £7 million, as may be observed from the following table :

	Monthly averages for January			
	1936	1937	1938	1939
	£ (000,000's)			
Currency held by the public	380	430	456	449
<i>London clearing-banks :</i>				
Deposits	2,164	2,307	2,329	2,230
Cash	228	238	251	248
Cash as percentage of deposits	<u>10.5</u>	<u>10.3</u>	<u>10.8</u>	<u>11.1</u>
Call money and short loans	159	179	154	143
Bills discounted	346	345	331	256
Cash, call money and bills as percentage of deposits	<u>33.9</u>	<u>33.1</u>	<u>31.6</u>	<u>29.0</u>
Investments	630	669	636	624
Advances	812	880	965	968
Treasury bills outstanding (" tender issue ") . . .	551	581	605	440

The contraction in the supply of currency and bank deposits in 1938 was largely a direct result of the outflow of foreign funds. The amount of notes and coin in circulation

was affected by the dishoarding of sterling notes on the part of French holders, which took place in May and, on a smaller scale, in December 1938. The volume of deposits was also affected to some extent by the repatriation of French capital; the predominant factor, however, was the transfer of foreign balances to the United States in the second half of 1938. It would not be legitimate to suppose that the reduction by £99 million in total deposits represented a reduction *by that amount* in foreign — and presumably inactive — deposits, and that the volume of deposits available for the domestic turnover in the United Kingdom thus remained substantially unchanged. A large part of the outward transfer of foreign capital was effected through sales of British securities in the London market. The persons and institutions in the United Kingdom who purchased these securities paid for them with bank deposits; and, in the process of the capital transfer, these deposits were wiped out by the familiar mechanism of the Exchange Equalisation Fund, consisting in this case in net repayments of Treasury bills by means of the sterling proceeds of the Fund's sales of gold and foreign exchange.

Thus the "neutralisation" of the outflow of capital in 1938 does not appear to have been complete; there was probably some reduction in the supply of bank money available for internal needs. The two reasons why the commercial banks were unable to offset the outflow of foreign money and were compelled to let total deposits decline are apparent from the table above. In the first place, there occurred, on balance, a reduction — though only a slight one — in the volume of banks' cash reserves. In the second place, there was a sharp decline in the banks' "secondary reserve" of highly liquid earning assets — namely, bills and short-term loans.

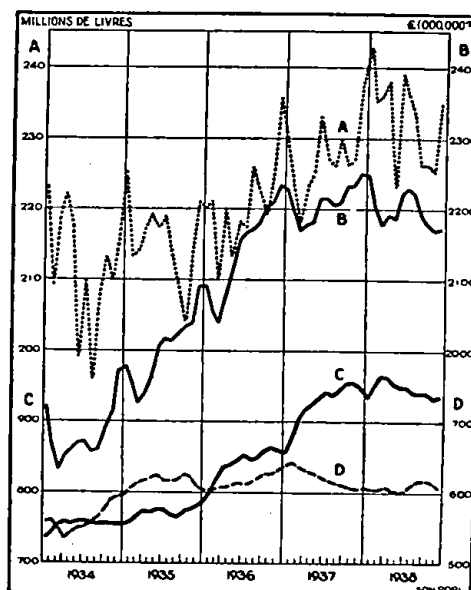
The drop in banks' cash was of relatively minor significance. In the first four months of 1938, indeed, the cash base was maintained at an unusually high level — at £246 million on the average, as against £231 million in the corresponding period of 1937 — and as the supply of Treasury bills did not undergo a more than seasonal reduction, there was a growing impression that the authorities desired to effect a certain measure of credit expansion, in order to counteract the recession in business activity. A temporary but sharp contraction in cash occurred, however, in May 1938, as may be seen from Diagram 10. During the five months from September 1938 to January 1939, the cash reserves of the clearing-banks averaged £238 million, as compared with £240 million a year earlier.

The slight decline in cash reserves was connected with the outward movement of capital. Normally, the proceeds of any sales of gold which the Exchange Equalisation Fund may have to make are reinvested in Treasury bills, and the corresponding reduction in the amount of Treasury bills

Diagram 10.

TEN CLEARING-BANKS *

- A. Cash.
- B. Deposits.
- C. Advances.
- D. Investments.



* The diagram excludes the District Bank, which became a clearing-bank on January 1st, 1937, and is not therefore comparable with the table given above. It will be noticed that the vertical scale for deposits is one-tenth of that for cash, so that, for example, whenever curve A touches curve B, the cash-ratio has dropped to the conventional minimum of 10%.

held on the market (including the commercial banks) takes place by a curtailment of the amount of new bills issued every week, so that there is an excess of weekly maturities falling due for repayment. This process of adjustment may take several weeks, especially if the outflow of foreign balances is substantial. In the meantime, the proceeds of the sales of gold made by the Equalisation Fund tend to accumulate at the Bank of England under the item "public deposits", and this accumulation tends naturally to take place at the expense of "bankers' deposits" at the Bank of England. In order to avoid this deflationary effect, the Fund is known to have made purchases of bills in the discount market, pending the reduction of the total "tender issue" outstanding through the appropriate adjustment of weekly allotments and maturities. In May 1938, moreover, the authorities let it be known that they were prepared to take up Treasury bills from the market at the current market rate of slightly over $\frac{1}{2}\%$, instead of the official discount rate of 2% .¹ This arrangement appears to have proved convenient to the discount market. The fact that it did not always prevent temporary stringencies due to immobilisation of credit in "public deposits" may partly be ascribed to the clearing-banks' tradition of holding their bills till maturity and of refraining from reselling or rediscounting them.

In December 1938 and January 1939, "public deposits" at the Bank of England averaged £16 million, as against £12.3 million in the corresponding months a year earlier. But if the average is calculated over a longer period, it is immediately apparent that the rise in "public deposits" — like the corresponding reduction in banks' cash — has, on the whole, been surprisingly small. From September 1938 to January 1939, for example, the average amount of "public deposits" at the Bank of England was £20.3 million, as compared with £19.7 million from September 1937 to January 1938.

A much more important restrictive influence arising from the operations of the Exchange Equalisation Fund in connection with the outflow of foreign balances was the severe contraction in the available supply of Treasury bills. From January 1938 to January 1939, the amount of Treasury bills issued through the weekly "tender" fell off by £165 million, as is shown in the last line of the table on page 52. The clearing-banks endeavour, as a rule, to cover at least 30% of their deposit liabilities by highly liquid assets, including cash, call money and bills. Changes in cash have just been discussed. The other two items, owing to the continued shortage of commercial bills,² represent, in the main, Treasury bills.³ As a result of the outflow of foreign funds — especially of "sterling area" balance — which had formerly been held in Treasury bills, the clearing-banks were able to secure, directly or indirectly, a larger share of the diminished supply of bills: the ratio of their "call money" and "bills discounted" to the total "tender issue" of Treasury bills rose from 80% in January 1938 to 91% in January 1939. But the relief which could be obtained in this way was limited. As may be seen from the table, "call money" and "bills discounted" together fell by £86 million. In spite of the rise in the cash ratio, and in spite of the reduction in the banks' investment portfolio, the ratio of "quick assets" to total deposits fell below the conventional minimum of 30%.

It was the shortage of bills, therefore, rather than a shortage of cash, which was responsible for the fall in deposits in 1938. The greater part of this fall was a direct reflection of the decline in the absolute amount of bills held by the banks. In addition, however, a

¹ Purchases of bills under this arrangement differed from open-market operations, in that they were made by the authorities on the initiative of the market.

² See Chapter D, below.

³ This is true, not only of "bills discounted", but also of "money at call and short notice", the bulk of which is lent to the discount market on the security of Treasury bills.

“ secondary ” fall in deposits may be distinguished, which was due to the influence of the bill *ratio* on the policy of the banks, and which was effected through a net reduction in security holdings.¹

Between June and September 1938 — the period during which the second National Defence Loan was issued — the “ investments ” of the clearing-banks rose from £630 to £645 million. Subsequently, however, this item declined to £624 million in January 1939. On balance, therefore, the banks were not only unable to assist in the financing of the Government's loan expenditure in 1938 and to offset the sales of securities by foreign holders, but were even compelled to dispose of £12 million of their own security holdings between January 1938 and January 1939.

It would be misleading to represent the changes in banks' cash reserves and bill holdings, which have been discussed above, as automatic consequences of the outflow of capital. With the effective management which has been attained in monetary affairs, the remaining elements of “ automatism ” in the credit system are severely restricted. It is obvious that the authorities could have prevented the small decrease in cash and the substantial decrease in Treasury bills which occurred in 1938, had they wished to do so.² Moreover, it may be noted that the bulk of the Government expenditure made under the rearmament programme of February 1937 was financed by taxation, resulting in a mere transfer of demand in favour of Government requirements and a corresponding reduction in private expenditure, and not by borrowing. Out of total expenditure on the defence services, £200 million was covered by revenue and £65 million by borrowing in the financial year 1937/38. The proportion of loan expenditure rose somewhat in 1938/39, but the amount spent from revenue (£274 million) continued to be more than twice as high as the amount spent from borrowed funds (£132 million). Rates of taxation were increased in 1938 as well as in 1937. In these circumstances, the recession in private business activity developed, in spite of the rapid rise in rearmament expenditure.

Of the various factors which may have determined recent monetary and financial policy in the United Kingdom, only a few need be recalled here. Thus, the choice between taxing and borrowing for rearmament may have been influenced by the expectation that a certain slackening in the private demand for productive resources would help to accelerate the execution of the Government's programme and would tend to lessen the delays in the delivery of materials, etc., which were a frequent occurrence in 1937. Furthermore, the effects of internal financial measures on the external position of the currency cannot be disregarded in a country like the United Kingdom. Expansion of credit would have tended to aggravate the disparity between British prices and prices elsewhere — notably in the United States — which appears to have existed in 1937 and 1938. Finally, the experience of certain countries, such as France and New Zealand, suggests that, when a tendency towards an outflow of capital is on foot, credit expansion tends to be ineffective so long as the exchange market is unrestricted ; the additional credits, in such circumstances, may tend to be used for purchases of gold or foreign exchange, and

¹ It is instructive to compare the year 1938 with the somewhat similar developments which occurred five years earlier. In 1933, the supply of Treasury bills was sharply reduced by means of loan funding operations on the part of the Government. From January 1933 to January 1934, the bill holdings of the clearing-banks declined by £147 million. The ratio of “ quick assets ” to deposits, however, remained adequate (33.2%), even in the latter month. Deposits, therefore, decreased only by £63 million ; there was thus no “ secondary ” contraction.

² The decrease in cash could have been prevented, for example, if the Exchange Equalisation Fund had deposited with the clearing-banks, instead of with the Bank of England, the sterling balances which it was temporarily unable to invest in Treasury bills. The decrease in Treasury bills available to the banking system could have been prevented if the Government Departments, including the Exchange Equalisation Fund, had reduced their holdings of “ tax bills ” and increased, instead, their holdings of bonds.

may thus accentuate the outflow while leaving the domestic money supply substantially unchanged.

In February 1939 — at a time when the “ construction phase ”¹ of the rearmament programme was well advanced, when the external price disparity had been attenuated by the decline of the pound sterling, and when the bulk of floating money had left the country — the Government announced a significant change in the method of rearmament finance, placing the emphasis upon borrowing rather than taxation. The Government’s borrowing powers for the quinquennium 1937–1942, which had been fixed at £400 million under the Defence Loans Act of February 1937, were increased to £800 million. Out of a total defence expenditure of £580 million planned for the financial year 1939/40, it was decided to raise as much as £350 million through borrowing, as compared with £132 million in 1938/39, and to reduce the amount chargeable to current revenue, which had been £274 million in 1938/39, to £230 million. The amount of £350 million of prospective borrowing should be considered in the light of the acute shortage of Treasury bills, which, as has been described, arose in the banking system in 1938 and the early months of 1939. A replenishment of the banks’ bill holdings tends, under such circumstances, to increase rather than diminish the willingness of banks to take up Government bonds. The supply of Treasury bills issued through the tender was in February 1939 about £175 million less than in February 1938. Clearing-banks’ “ investments ” in January 1939 were £47 million below the peak level reached in February 1937. Moreover, it should be remembered that the expansion in the national money-income which may be expected to result from the increased loan expenditure is likely to enlarge the flow of private savings available for investment in Government bonds. At the same time, the state of substantial under-employment existing at the beginning of 1939² made it appear improbable that an abnormal rise in prices, if any, would ensue from the increase in Government loan expenditure.

Germany.

The change in the method of financing the Government’s special expenditures which was announced on March 11th, and which came into effect on April 1st, 1938, was accompanied by official comments in which frequent reference was made to the state of “ full employment ” which had been reached in the German economy. The shortage of labour and other productive resources was tending to become general. On the other hand, the authorities were determined to prevent a rise in prices and wages. Further extension of rationing presented obvious disadvantages. The remaining alternative was to put a brake on the expansion of currency and credit. It was therefore decided to discontinue the issue of “ special bills ”, which had been taken up mainly by the banking system (including the central bank), and to introduce a new type of bill for the settlement of State contracts — the so-called “ delivery bill ”, the issue of which was to be limited to such amounts as could be redeemed at maturity from the proceeds of current tax revenue or of long-term loans in the capital market.

The new “ delivery bills ” differed from the “ special bills ” mainly in that they were not eligible for rediscount at the Reichsbank. This difference was an important one from the point of view of the liquidity of commercial banks. German banks generally keep only a relatively small cash reserve, and rely extensively on rediscounting; their credit policy

¹ That is, the establishment of new industrial plant, which probably required more extensive displacements of labour, materials, etc., than the subsequent working of the new factories.

² The number of persons unemployed at the beginning of 1939 was over two millions.

is consequently influenced in a far higher degree by their holdings of rediscountable assets than by variations in their reserves of cash. The change-over from "special" to "delivery" bills was expected to bring about a reduction in the amount of liquid assets available to the banking system, and was therefore interpreted, by some observers, not merely as an anti-inflationary, but even as a deflationary measure.

The actual course of events proved to be very different. In the first place, owing to political circumstances, the amount of delivery bills which came to be issued was far larger than originally anticipated.¹ Unlike the special bills, delivery bills are included under Treasury bills both in the monthly statements of the public debt and in the monthly banking returns. As delivery bills have a currency of six months, the first bills fell due for repayment during October 1938. At the end of that month, the total amount of Treasury bills outstanding was 4,560 million marks, or 2,925 millions higher than at the end of March 1938, while the Treasury bill holdings of the commercial banks² were 3,482 million marks, or 1,972 millions higher than at the end of March. Thus the banks took up about two-thirds of the delivery bills issued during the intervening period. A large consolidation loan of 1,850 million marks was issued in October and November, but the amount of Treasury bills outstanding declined only to 4,357 millions and the amount held by the banks to 3,286 millions at the end of November. A further consolidation loan of 1,500 million marks was issued during the two following months; but the amount of Treasury bills held by the banks rose to 3,506 millions at the end of January 1939, as is shown in the table given below.

In the second place, the decline in the banks' holdings of bills (other than Treasury bills) was relatively small. The greater part of these holdings consisted of "special bills";

FINANCIAL AND MONETARY CONDITIONS IN GERMANY *

End of :	November 1935	November 1936	November 1937	March 1938	October 1938	November 1938	January 1939
	Reichsmarks (000,000's)						
Internal public debt ^b	8,530	10,155	12,816	14,299	21,080	21,077	
<i>Thereof</i> : Treasury bills	1,933	1,812	1,615	1,635	4,560	4,357	
<i>All banks</i> : ^c							
Bills	3,967	5,232	6,515	6,679	5,435	5,859	6,408
Treasury bills	2,044	1,768	1,624	1,510	3,482	3,286	3,506
Securities	2,774	3,078	3,234	3,313	3,572	4,155	3,606
Advances on current account	4,588	4,536	4,429	4,568	4,774	4,714	4,817
Deposits	10,319	11,193	11,683	11,922	12,871	13,225	13,297
Currency in circulation ^d	6,296	6,646	7,177	7,591	9,862	9,865	9,937
<i>Golddiskontbank</i> :							
<i>Solawechsel</i> outstanding	701	463	951	767	1,349	1,468	1,531 ^e

^a The choice of the dates shown in this table is affected by the fact that no commercial bank returns are published for December.

^b Excluding "special bills" (*Sondernwechsel*), estimates for which will be found in the section dealing with Germany in Vol. II of this publication (*Commercial and Central Banks*).

^c The banks included are those which, except for December of each year, publish monthly balance-sheets (*Alle Monatsbilanzbanken*) — that is to say, the credit banks, including the five big Berlin banks (*Grossbanken*) and the eighty-three other credit banks (*Sonstige Kreditbanken*), special and provincial banks and *Girozentralen*. Excluding the Reichsbank, the Golddiskontbank and the Konversionskasse.

^d Notes and coin.

^e February 1939. No returns are published in January.

¹ Cf. the last report of the Reichs-Kredit-Gesellschaft (*Deutschlands Wirtschaftliche Lage an der Jahreswende, 1938/39*).

² All banks publishing monthly returns, excluding savings banks and the Reichsbank with its affiliates.

as the nominal currency of these bills was six months, and as no such bills were issued after the end of March, they must have disappeared from the banks' portfolios through repayment by the State or through transfer to the Reichsbank and its affiliates. In fact, the aggregate bill portfolio of the banks declined between the end of March and the end of October 1938 from 6,679 millions to 5,435 millions, or by 1,244 million marks (see table above). During the succeeding months, however, it increased once more to 6,408 million marks at the end of January 1939, as compared with 6,154 millions on the corresponding date in 1938. The explanation for this movement of bill holdings lies in the fact that the special bills were only formally withdrawn; they were, in effect, replaced by two similar types of bills — the promissory notes issued by the Golddiskontbank (*Solawechsel*) and the so-called "block bills" issued by the Reichsbank (*Blockwechsel*). The former, issued since 1935, represented a highly liquid asset in which the banks temporarily invested any unemployed funds at their disposal; the proceeds were used by the Golddiskontbank — which, it will be remembered, is itself a subsidiary of the Reichsbank — to relieve the bill holding of the latter. Previously, the amount of *Solawechsel* outstanding was highly variable, and was regarded as a sensitive indicator of the state of the money market, being large when funds were plentiful (usually before the issue of a consolidation loan) and small when conditions were less easy (usually after the issue of a consolidation loan). The character of the *Solawechsel* appears to have changed during 1938. The amount outstanding increased almost continuously from 540 million marks at the end of March to 1,468 millions at the end of November and further to 1,531 millions at the end of February 1939. It would seem that the *Solawechsel* tended to become a permanent substitute for the special bills taken up by the Reichsbank.

The issue of "block bills" was begun during 1938 for the deliberate purpose of financing the transfer of special bills to the Reichsbank. The special bills, as and when they matured, were taken over by the Reichsbank; in exchange, "block bills" were issued by the latter against large "blocks" of such special bills. These transactions naturally left the position of the Reichsbank unchanged and did not even affect its balance-sheet. Like both special bills and *Solawechsel*, the "block bills" constitute a highly liquid banking asset, being eligible for rediscount at the bank of issue. They are, of course, renewable. No data are published regarding the amounts outstanding.

Thus, the change in the methods of short-term Government finance did not modify the banking position to any considerable extent. As may be observed from the table below, the banks increased, not only their Treasury bill portfolio during 1938, but also their holdings of securities, consisting largely of Government bonds. At the same time, loans and advances to customers showed, in contrast to preceding years, a slight upward tendency. As a natural reflection of the increase in banks' assets, the volume of deposits also showed a substantial rise during 1938. In brief, credit expansion continued.

The amount of bank-notes and token coin in circulation rose by 2,909 million marks, or by 39%, between the end of 1937 and the end of 1938. It has been officially estimated that, of this increase, nearly 1,100 million marks was due to the territorial changes which occurred during the year.¹ After making allowance for this estimate, the rise in the currency circulation would appear to have amounted to about 25%. The principal counterpart of the increase in the note issue during 1938 was an increase of 2,110 million marks in the bill portfolio of the Reichsbank; that part of the increase in the note issue

¹ Cf. *Wirtschaft und Statistik*, No. 2, January 1939, page 79.

which was due to the changes in territory was reflected in a rise of 1,200 millions in the Reichsbank's security holdings and " other assets ".

In spite of the monetary expansion, the official price indices continued to show practically no change. The upper limit of aggregate productive capacity may have been less rigid than had been supposed ; the limit may have been extended somewhat by the territorial changes mentioned. It appears, at any rate, that the volume of production continued to expand ; but the rate of expansion was appreciably slower than in preceding years,¹ and was clearly insufficient to offset the marked increase in the quantity of means of payment. In these circumstances, resort was had to an extension of the various methods of rationing. The extension of rationing affected, not only consumers, but also producers in industries which were not regarded as essential for State requirements and which therefore received less favourable consideration in the allocation of labour and raw materials.

The increased application of quantitative restrictions on the supply of commodities appears to have been one of the factors which facilitated the large volume of Government borrowing in the capital market, amounting to not less than 8,000 million marks² in 1938, as against about 3,500 millions in 1937 and 2,500 millions in 1936. Rationing of consumers' goods tended to set free a larger proportion of current incomes for the purchase of Government bonds.³ Rationing of labour and materials in certain industries tended to set free working capital and replacement allowances for similar purposes.⁴

Another circumstance which favoured the issue of new Government bonds during 1938 was the fact that the 1½ to 2 milliard marks of special bills, which are estimated to have been in the ownership of industrial enterprises and other non-banking holders at the end of 1937, were largely reinvested in Government bonds, as the bills in question were repaid or taken up by the Reichsbank.⁵

Voluntary saving continued to be encouraged by various means, in order to " make room " for State expenditure and to liberate productive resources for State requirements. An example of this policy was the extension, as from the beginning of 1939, of the network of the former Austrian postal savings banks to the whole territory of the Reich.

The volume of voluntary saving appears, nevertheless, to have been inadequate. State taxation was therefore again increased. In the summer of 1938, a further increase was made in the corporation tax ; a number of local taxes were appropriated by the State ; a capital levy of 1,000 million marks was imposed upon a section of the population in November 1938 ; and the general incidence of the income tax was extended by the removal of certain exemptions and abatements in February 1939.⁶

¹ From November 1937 to November 1938, the index of industrial production rose by 6.8%, as compared with 10.3% in the corresponding period a year earlier and 13.8% two years earlier.

² Including a loan of 1,500 millions issued in December 1938, subscriptions for which were closed on January 9th, 1939.

³ The connection between rationing and the volume of savings is pointed out in *Wirtschaft und Statistik*, No. 2, January 1939, page 78.

⁴ Cf. *Frankfurter Zeitung*, February 5th, 1939.

⁵ Cf. *Bank-Archiv*, February 15th, 1939, page 88.

⁶ After the above was written, a new financial plan was announced on March 24th, 1939, to be enforced from May 1st, 1939. This plan represents an attempt to anticipate future tax revenue. Government departments and agencies will be required to effect 40% of their payments to private enterprises, not in cash, but in the form of " tax certificates " (*Steuergutscheine*). Two classes of tax certificates will be issued, in equal parts, for this purpose. Certificates of Class I will be accepted at par, after six months from the date of issue, in payment of taxes to the State. Certificates of Class II can likewise be used for tax payments, being accepted by the State at 112% of their nominal value, but only after three years from the date of issue ; they will be eligible as collateral for bank loans. Class I certificates may be used for business settlements between private firms, and thus constitute additional means of payment ; but it is intended to restrict their velocity of circulation by granting tax concessions to firms holding such certificates continuously for certain periods of time. A new

Japan.

Monetary expansion continued at a rapid rate during 1938. The "net" note circulation¹ rose by 19% and commercial bank deposits by 22%. Taking the years 1937 and 1938 together, the former shows a rise of 41% and the latter a rise of 38%.

Government borrowing for war expenditure remained the main influence underlying this expansion. As in previous years, the borrowing took place in the form of bonds; no floating debt appears to have been incurred by the State for war financing. The amount of internal Government bonds outstanding at the end of 1938 was 65% higher than at the end of 1936 and nearly three times as large as in 1932. The distribution of Government bonds among the main groups of holdings is shown below.

GOVERNMENT BONDS

End of :	1932	1936	1937	1938	Net increase		
					From 1932 to 1936	From 1936 to 1938	From 1937 to 1938
Yen (000,000's)							
Holdings of :							
" Ordinary " (commercial) banks	1,189	2,561	2,500	3,634	+ 1,372	+ 1,073	+ 1,134
Bank of Japan	565	829	1,387	1,841	+ 264	+ 1,012	+ 454
Other " special " banks	284	323	342	708*	+ 32	+ 385*	+ 366*
Savings banks	696	1,016	1,145	1,424	+ 320	+ 408	+ 279
Trust companies	105	360	410	511*	+ 255	+ 151*	+ 101*
Treasury Deposit Bureau	1,093	1,910	2,248	3,177	+ 817	+ 1,267	+ 929
Total bank holdings	3,932	6,999	8,032	11,295*	+ 3,067	+ 4,296*	+ 3,263*
Holdings outside banks	1,217	2,073	2,553	3,640*	+ 856	+ 1,567*	+ 1,087*
Total outstanding	5,149	9,072	10,585	14,935	+ 3,923	+ 5,863	+ 4,350

* Provisional.

It will be noticed that, in 1938, by far the greater part of Government borrowing continued to be financed by the banking system. Nevertheless, there was also a remarkable increase in Government bond holdings outside banks. During the four years 1933-1936, total bank holdings increased by 78% and non-bank holdings by 71%. During 1937 and 1938, the former rose by 61% and the latter by as much as 76%.

The increase in outside holdings of Government bonds has undoubtedly been facilitated by the extensive application of quantitative restrictions on the supply of commodities since 1937. Through the rationing both of consumption goods and of labour and raw materials, the use to which consumers' and producers' money receipts can be put has to a large extent been restricted to the purchase of Government bonds or to the accumulation of idle cash balances. That advantage has been taken in some measure of the latter

tax on increases in income will be introduced, in order to prevent these concessions from reducing the aggregate tax revenue of the State.

According to the new plan, all Government expenditure which is not covered by current revenue will thus be met by tax certificates. Except for unforeseen requirements, long-term Government loans will no longer be issued; and the restrictions on capital issues of joint-stock companies will be relaxed in favour of enterprises connected with the four-year plan and other Government schemes. The issue of the "delivery bills" mentioned in the text above is to be discontinued after the end of April 1939.

¹ Excluding notes of the Bank of Japan used as reserves by other banks of issue in the "yen area". The comparability of the figures regarding the Japanese note circulation does not seem to have been materially affected by the war in China. Military disbursements in China have been made in two new kinds of paper currency: (1) special "war notes" issued by the military authorities and (2) the new "yuan" notes issued by the "Federal Reserve Bank" established in Northern China on the initiative of the Japanese authorities.

alternative is indicated by the fall in the velocity of the monetary circulation which, in spite of the rise in commodity prices, appears to have taken place recently.¹

Consumers' expenditure has been restricted, not only by rationing, but also by increased State taxation. Shortly after the outbreak of hostilities in China in the summer of 1937, the Government introduced a special war tax. In April 1938, moreover, the authorities initiated a vigorous thrift campaign which was not free from certain coercive features. The marked increase in non-banking holdings of Government securities in 1938 was no doubt partly due to the official stimulation of private saving. In order to ensure the widest possible distribution of bonds among all classes of the population, some loans were issued by the Government in bonds of very small denominations, such as 25 yen.² No information is available as to whether and to what extent such bonds have assumed the function of means of payment.

In spite of rationing, increased taxation and official promotion of thrift, the curtailment of private expenditure appears to have been insufficient to counterbalance the increase in State expenditure. Prices therefore continued to rise in 1938, though the movement was relatively moderate. In the case of wholesale prices, the rate of increase in 1938 (6%) was smaller than in 1937 (12%); in the case of the cost-of-living index, it was somewhat greater (10%, as against 7% in 1937). As the control of commodity prices with the aid of quantitative restrictions has not yet been rendered complete, the rise in prices was natural in view of the magnitude of the monetary expansion connected with war finance, and especially in view of the virtual absence of any further unused reserves of productive capacity. From the third quarter of 1937 to the third quarter of 1938, the index of industrial production rose by only 3%. The changes in the composition of total money expenditure are reflected in the fact that the component index for the production of consumers' goods declined by 8% during the same period, while the corresponding index for "investment goods" shows an increase of 11%.

Agricultural Countries.

As was pointed out in Chapter A, the monetary systems of agricultural States reacted to the fall in the prices of primary products in the second half of 1937 and in 1938 mainly by further depreciation or increased control of the exchange. The fall in export prices therefore produced little or no internal monetary stringency in agricultural countries. Behind a rigid barrier of exchange restrictions, several of these countries pursued a policy of monetary ease or even expansion. A few agricultural States, such as Denmark, Bulgaria, Yugoslavia, etc., experienced a relatively favourable demand for some of their export products and were thus able, not only to maintain, but even to increase, their external monetary assets. In consequence, the number of primary producing countries whose gold and foreign exchange reserves declined in 1937 or 1938 is relatively small. The five countries which are briefly examined below — the Argentine, Australia, New Zealand, India, Ecuador — represent the main examples of the last-mentioned group. The purpose of the following

¹ The decline in the rate of turnover of the monetary supply is evident from a comparison of the following figures. From the third quarter of 1937 to the third quarter of 1938, the note circulation and the volume of commercial bank deposits together rose by 19%; the volume of industrial production rose by 3%; and the average of wholesale and retail prices by 9.5%. The volume of monetary transactions thus appears to have increased by 13%, considerably less than the supply of money. A comparison of bank clearings with the volume of commercial bank deposits points to the same conclusion. The former were only 1% higher in 1938 than in 1937, whereas the latter was, on the average, over 15% higher.

² It is even reported that an issue of 5-yen bonds has been made through the postal savings banks. It may be mentioned that the official exchange value of the yen is linked to sterling at the rate of 17 yen to the pound.

tables and comments is to illustrate the repercussions which the decline in gold or exchange reserves had upon the internal monetary situation in these countries.

MONETARY CONDITIONS IN THE ARGENTINE

End of :	Dec. 1935	Dec. 1936	June 1937	Dec. 1937	June 1938	Dec. 1938
	Pesos (000,000's)					
Notes and coin in circulation*	820	914	930	990	920	985
<i>Banco Central :</i>						
Gold and foreign exchange	1,354	1,528	1,568	1,422	1,340	1,296
Consolidated Treasury bonds	221	—	40	87	63	95
<i>Commercial banks :</i>						
Cash	827	772	840	690	651	631
Short-term investments	194	440	664	593	471	364
Loans and discounts	2,182	2,313	2,174	2,358	2,475	2,592
Deposits	3,357	3,669	3,913	3,881	3,807	3,790
<i>Interest rates :</i>						
Treasury bill rate (thirty days)	2.45	2.08	2.00	2.05	2.12	2.12
Yield of Government bonds	5.22	4.79	4.70	4.87	4.88	4.92

* Net circulation, outside banks.

The deterioration of the external trading position which set in during 1937 in most primary producing States was particularly severe in the Argentine. As was pointed out in the previous chapter of this *Review*, the effects of the general change in the terms of trade in the world market were aggravated, in the case of the Argentine, by harvest fluctuations and by the movement of foreign funds — by the inflow of capital in 1936 and the first half of 1937 and by the subsequent outflow. The reversal in the balance of trade alone was very striking : instead of an export surplus of 644 million pesos in 1936 and 895 millions in 1937, there developed an import surplus of 16 millions in 1938.

The repercussions of these changes on the domestic credit situation were surprisingly small, owing to the remarkable policy of monetary " insulation " pursued in recent years.¹ The inflow of foreign exchange in 1936 and the early months of 1937 was " sterilised ", at first through the sale of Treasury bonds by the Central Bank, and after November 1936, when these had been sold out, by the issue of Treasury bills to the market for purchases of exchange on Government account. By May 1937, the total funds " sterilised " by these methods amounted to 1,060 million pesos. In addition, over 400 million pesos of foreign exchange were absorbed by the repatriation of external Government debts by means of loan issues in the domestic capital market.² In consequence, the expansion which took place in 1936 and the first half of 1937 in the amount of currency in circulation, in bankers' cash reserves and in the volume of deposits was moderate in comparison with the " boom " in the export trade and the influx of floating funds.

The policy of stabilising internal monetary conditions was continued after the middle of 1937, when the balance of payments became unfavourable. Foreign exchange was released from the " sterilised " official holdings which had been accumulated outside the Central Bank. The Central Bank offset a part of the decline in its own gold and exchange reserve by repurchasing some of the Treasury bonds it had sold previously. The outflow of gold

¹ See the section concerning the Argentine in Vol. II of this publication (*Commercial and Central Banks*).

² Debt repatriation effectively sterilised part of the inflow of foreign exchange ; but it differed from the special methods of sterilisation in that it did not provide a reserve against a subsequent outflow of foreign exchange.

and foreign exchange was therefore reflected to a greater extent in a reduction in the short-term investments, of the commercial banks which included the bills and certificates sold by the authorities for purposes of "sterilisation", than in a reduction in their cash reserves. In spite of the fall in bankers' cash, the latter still represented, in December 1938, 17% of total deposits, as compared with the average legal minimum ratio of about 11%. The absence of any serious pressure on their cash position enabled the banks to meet the increased demand for commercial loans and discounts which made itself felt after the middle of 1937, partly, no doubt, for the financing of unsold commodity stocks. As a result, the fall in deposits was only very slight, amounting to 3% from June 1937 to December 1938. The decrease in the liquidity of the public — due both to the fall in their aggregate bank balances and to the rise in their indebtedness to the banks — was naturally reflected in a rise in interest rates; but, as may be seen from the following table, the rise was very moderate.

MONETARY CONDITIONS IN AUSTRALIA

End of :	Dec. 1935	Dec. 1936	June 1937	Dec. 1937	June 1938	Dec. 1938
	£(A.) (000,000's)					
<i>Commonwealth Bank :</i>						
Notes in circulation ^a	30.4	34.8	29.5	38.4	31.4	39.0
Sterling assets	28.3 ^b	38.8	52.5	49.2	44.3	41.7
Securities ^c	82.4	84.3	78.9	88.3	88.0	98.2
<i>Trading banks :</i>						
Cash	33.6 ^d	32.1	39.3	37.1	31.0	36.1
Advances, discounts, etc.	260.8 ^d	262.7	259.2	273.7	284.9	286.9
Deposits	295.8 ^d	295.3	308.4	314.5	315.1	319.1
<i>Of which :</i> Interest-bearing	185.2 ^d	181.9	192.6	192.9	198.5	198.0
Non-interest-bearing	110.6 ^d	113.4	115.8	121.6	116.6	121.1
<i>Yield of 4% Government bonds</i>	3.85	4.02	3.75	3.74	3.82	3.91

^a Net circulation, outside banks.

^b Valued partly at the old sterling parity.

^c Government and other securities, including Treasury bills.

^d Average for December quarter.

Australia's balance of international payments was quickly affected by the fall in the prices of primary commodities. The price index of Australian export products (1927=100) fell from over 100 in the spring of 1937 to 65.4 in December 1938. The external exchange reserve of the Commonwealth Bank reached a high point in June 1937 and declined steadily thereafter.¹ This decline was offset by a rise in the Bank's security holdings, a part of which occurred through the subscription of £(A.)6 million to a Conversion and Defence Loan of £(A.)72 million issued by the Commonwealth Government in November 1938. Thus the reduction in the trading banks' cash reserves, which was partly due to the rising demand for currency in the hands of the public, was checked. As in the case of the Argentine, there was an increased demand for advances, which the banks were in a position to satisfy without difficulty. Short-term interest rates, such as the banks' deposit rates and the discount rate on Treasury bills, remained unchanged, and there was only a relatively small rise in the yield of long-term bonds. The volume of deposits did not decline, and even showed a small increase.

¹ The total sterling funds of the banking system (Commonwealth Bank and trading banks combined) declined from £(A.)89.9 million in June 1937 to £(A.)78.4 million in June 1938. It would seem that capital transfers from New Zealand to Australia tended to check, to some extent, the decline in the external assets of the Australian banking system in 1938.

Internal trade and production continued at a high level during 1938, though signs of a gradual deterioration became apparent in the course of the year. The slackening of business activity was reflected in a slight rise in the proportion of interest-bearing — largely inactive — deposits in the total volume of bank deposits.

MONETARY CONDITIONS IN NEW ZEALAND

End of :	Dec. 1935	Dec. 1936	June 1937	Dec. 1937	June 1938	Dec. 1938
	£ (N.Z.) (000,000's)					
<i>Reserve Bank :</i>						
Notes in circulation	10.7	13.6	12.6	15.2	13.8	16.6
Net overseas assets *	21.4	16.5	21.5	17.0	16.6	4.7
Advances to the State	—	7.9	5.0	7.1	4.8	16.5
Investments	1.6	2.7	2.9	2.7	2.7	3.6
<i>Trading banks :</i>						
Cash	14.1	14.8	14.5	13.2	12.0	11.4
Net overseas assets *	14.7	11.5	15.4	6.7	9.5	2.1
Advances and discounts	46.6	48.3	47.7	54.0	54.9	57.8
Deposits	64.3	64.2	69.0	65.7	66.2	64.0
<i>Of which :</i> Time deposits	37.1	33.1	32.9	32.1	31.1	29.8
Demand deposits	27.2	31.0	36.1	33.6	35.1	34.2
<i>Yield of 4% Government bonds</i>		3.86	3.75	3.76	3.78	4.25
<i>Price indices (1929 = 100) :</i>						
Wholesale prices	95.0	97.4	101.7	105.2	101.9	104.0
Cost of living	84.2	88.3	91.3	94.5	94.3	96.3

* This item normally shows a seasonal peak in the second quarter of the year.

New Zealand's monetary experience in recent years has differed in many respects from that of other agricultural countries. To begin with, the rise in New Zealand's export prices during the years 1935-1937 was not accompanied by an accumulation of external reserves. From the last quarter of 1934 to the last quarter of 1937, the index of prices of export products rose by 50%. At the same time, the net overseas assets of the banking system (Reserve Bank and trading banks combined) declined from £(N.Z.)40.6 million at the end of 1934 to £(N.Z.)23.7 million at the end of 1937, or by over 40%. The index of export prices reached a maximum in November 1937; in the succeeding twelve months, it declined by the relatively moderate percentage of 11.5%.¹ The reduction in overseas assets, on the other hand, was sharply accelerated in 1938, as is shown by the table above.

Considering the period 1936-1938 as a whole, the table discloses the remarkable fact that the amount of Government borrowing at the central bank (£(N.Z.)16.5 million) was almost exactly equal to the reduction in the bank's exchange reserve (£(N.Z.)16.7 million). The causes of this reduction in foreign assets are to be sought partly in the more unfavourable trade balance and partly in capital export. The introduction of the forty-hour week and the Government's expenditures on social services and public works tended to raise the level of costs, prices and incomes. Owing to the great importance of foreign trade in New Zealand's economy, prices rose much less than they did under similar conditions elsewhere, as, for example, in France. Nevertheless, mainly through the direct effect of increased incomes on the volume of demand, the export surplus was reduced from £(N.Z.)16 million in 1934 to £(N.Z.)12.5 million in 1936 and further to £(N.Z.)3 million in 1938.

¹ This decline was mainly due to the sharp fall in the price of wool. Prices of dairy products and meat remained practically unchanged.

The outflow of capital became especially acute in 1938. This outflow was not accompanied by a contraction of central bank credit, which, by creating shortage of liquid funds available for expatriation, might have checked it. Government expenditure was largely financed by borrowing at the central bank; and the money thus created, to the extent that it was not needed for the actual turnover of goods and services, could be employed for the purchase of foreign exchange at the central bank.

Under the well-known marketing scheme for dairy products in New Zealand, the Government guarantees a stable price to the producers, and covers, in effect, the difference between this and the price actually received in overseas markets by borrowing at the Reserve Bank. It is of interest to observe that the increase in the Bank's advances to the State in 1938 was only due, to an insignificant extent, to the operation of this scheme in a period of declining export prices. From November 1937 to November 1938, export prices declined, on the average, by 11.5%, while the Reserve Bank's advances to the Government's marketing department rose only from £(N.Z.)4.6 million to £(N.Z.)5 million. The increase in the Bank's advances to the State in 1938 was mainly due to the Government's housing, public works and defence expenditures.

The exchange restrictions which were introduced at the beginning of December 1938 as a result of the shrinkage in the sterling reserve have been described in the preceding chapter. It remains to note the effects of this shrinkage on the position of the commercial banks. There occurred, in the first place, a marked reduction in the cash reserves of the trading banks in 1937 and 1938, due partly to the fact that, during these two years, the fall in the Reserve Bank's external assets was, on balance, incompletely offset by the rise in advances to the State, and partly also to the drain of notes into circulation owing to higher prices and active internal business conditions. The last-mentioned factor was also reflected in an increased demand for bank advances. Aggregate deposits showed a small decline in 1938. A significant change took place in the composition of the total: time deposits declined as a result of the outflow of funds, while the proportion of demand deposits increased, owing to the higher demand for money for the active circulation. The scarcity of liquid domestic funds at the disposal of the public expressed itself in an appreciable rise in the yield of bonds. The Reserve Bank raised its discount rate from 2% to 4% in November 1938.

MONETARY CONDITIONS IN INDIA *

Monthly averages :	Dec. 1935	Dec. 1936	June 1937	Dec. 1937	June 1938	Dec. 1938
	Rupees (000,000's)					
<i>Reserve Bank :</i>						
Notes in circulation	1,665	1,837	1,899	1,835	1,792	1,839
External assets	828	809	1,033	844	788	610
Domestic Government securities	255	234	274	274	324	324
<i>" Scheduled " banks :</i>						
Cash	348	275	328	312	220	183
Advances	818	935	1,191	1,052	1,210	1,089
Deposits	2,226	2,327	2,417	2,418	2,363	2,389
<i>Interest rates :</i>						
Treasury bill rate (three months)	0.98	0.99	0.98	1.05	1.31	2.18
Yield of 4% Government bonds	3.27	3.10	3.35	3.17	3.18	3.27

* Burma is included in the banking figures, even after April 1937.

Unlike the central banks of Australia and New Zealand, the Reserve Bank of India holds a substantial gold reserve, which, however, remained unchanged at 415 million rupees (valued at the old parity) throughout the period covered by the table on the preceding page. It was the Bank's exchange reserve which reflected the deterioration of India's balance of payments, and which showed a heavy fall between the middle of 1937 and the end of 1938. The ratio of gold and sterling securities to total notes issued,¹ of which the legal minimum is 40%, declined from 60% in June 1937 to less than 50% in January 1939, the lowest level since the establishment of the Bank in 1935. Only a small part of the reduction in external assets was neutralised by an expansion in the Bank's holdings of domestic securities. In consequence, the cash reserves of the commercial ("scheduled") banks underwent a substantial contraction. Their advances remained, however, at a high level, and the decline in cash was reflected in only a slight falling-off in deposits. Bond yields showed an upward tendency during 1938. The sharp rise in the discount rate on Treasury bills was a natural result of the strained cash position of the banking system, but it was partly due also to the rise in the volume of Treasury bills outstanding, which increased from 211 million rupees at the end of 1937 to 306 millions at the end of 1938.

MONETARY CONDITIONS IN ECUADOR

End of :	Dec. 1935	Dec. 1936	June 1937	Dec. 1937	June 1938	Dec. 1938
Suces (000,000's)						
<i>Central Bank :</i>						
Gold *	37	33	36	39	34	36
Foreign exchange	3	19	29	11	5	4
Loans and discounts	43	39	43	58	56	(55) ^b
Deposits	30	34	51	44	37	(33) ^b
Notes in circulation	49	57	63	68	61	69
<i>Commercial banks :</i>						
Sight deposits	53	60	74	63	60	(61) ^c
Time deposits	11	18	19	19	21	(22) ^c
Total deposits	67	78	93	82	81	(83) ^c

* The gold was revaluated from 9.97 suces per gramme of fine gold to 11.65 suces per gramme of fine gold on June 13th, 1936.

^b November 1938.

^c October 1938.

Ecuador experienced a drop in her export surplus from 28 million suces in 1936 and 32 million suces in 1937 to 18 millions in 1938. The gold and exchange reserve of the Central Bank declined from 65 million suces in June 1937 to 40 millions in December 1938. A substantial part of this decline was offset by an increase in the Bank's loans and discounts. Nevertheless, there was an appreciable reduction in the Bank's deposit liabilities, largely representing the cash balances of the commercial banks. These banks would seem to have absorbed part of the impact of the decline in external monetary reserves by allowing their cash ratio to fall. Commercial bank deposits had been temporarily inflated in the spring of 1937, and quickly declined again in the third quarter of that year. In 1938, they showed a remarkable stability, in spite of the decrease in deposit balances with the Central Bank. Only a slight shift from sight to time deposits indicated a slowing-down of domestic business activity. The note circulation remained, on balance, practically constant.

¹ "Notes issued" include, besides notes in circulation, notes held by the Banking Department of the Reserve Bank. "Sterling securities" do not include foreign balances held by the Banking Department; these are, however, included, together with "sterling securities", under "external assets" in the table above.

Interest Rates, Share Prices and Capital Issues.

The movement of money rates and bond yields in a large number of countries is shown in Table VI of the Appendix. This table needs little comment. The main conclusion which it suggests is that, in spite of economic and political disturbances, both short- and long-term credit remained on the whole relatively cheap in 1937 and 1938. Movements of interest rates have, of course, differed from country to country, but there are a great many cases in which recent changes have been in the downward direction. There has been, for example, a notable tendency towards a reduction in the official discount rates of the central banks. This tendency is the more significant in that it has shown itself in a number of agricultural countries, where direct loans and discounts by the central bank to the public are common, and where changes in the bank rate have therefore not merely a psychological influence but also an important direct effect on the cost of credit. Reductions in the rates of discount of the central banks have recently been made in the following countries : Poland (December 1937), Norway (January 1938), Roumania (May 1938), Lithuania (July 1938), Turkey (July 1938), Latvia (January 1939), Denmark (February 1939). In New Zealand, on the other hand, the bank rate was raised from 2% to 4% in October 1938, shortly before the introduction of exchange control. Apart from the cases mentioned, the only recent fluctuations have occurred in Belgium and France. In Belgium, the discount rate of the National Bank, which had remained unchanged at 2% since 1935, was increased to 4% in May 1938 ; after the abatement of the capital outflow, it was lowered to 3% in the same month and further to 2½% in October 1938. The Bank of France reduced its discount rate from 3% to 2½% in May 1938, raised it again to 3% at the end of September, and lowered it thereafter, in two stages, to 2% at the beginning of 1939.

The movement of market rates of short-term interest in Belgium and France was broadly similar to that of the official discount rates. The rise which occurred in India in the rate of discount on Treasury bills was noted in the preceding section of this chapter. In most other countries, conditions in the money markets underwent no striking changes. The " private discount " in the Netherlands remained at about 0.20%, except for a small and temporary rise in the autumn of 1938. In Canada, the United Kingdom and the United States, rates on three-month Treasury bills continued to be well below 1%. The Treasury bill rate in the United States showed a distinct downward tendency during 1938 ; it stood at 0.005% in January 1939.

Long-term bond yields also showed relatively little change during 1938. In Germany, the yield of Government bonds moved slightly upwards, in spite of the strict control and regulation to which the market in public securities is subjected. The rise in bond yields in Australia, India and New Zealand was mentioned in the previous section. As may be seen from Diagram 11, bond yields in the United Kingdom increased on balance during 1938 ; the increase was, however, very moderate, especially if account is taken of the sales of securities which were made during the year by the commercial banks and by foreign holders.

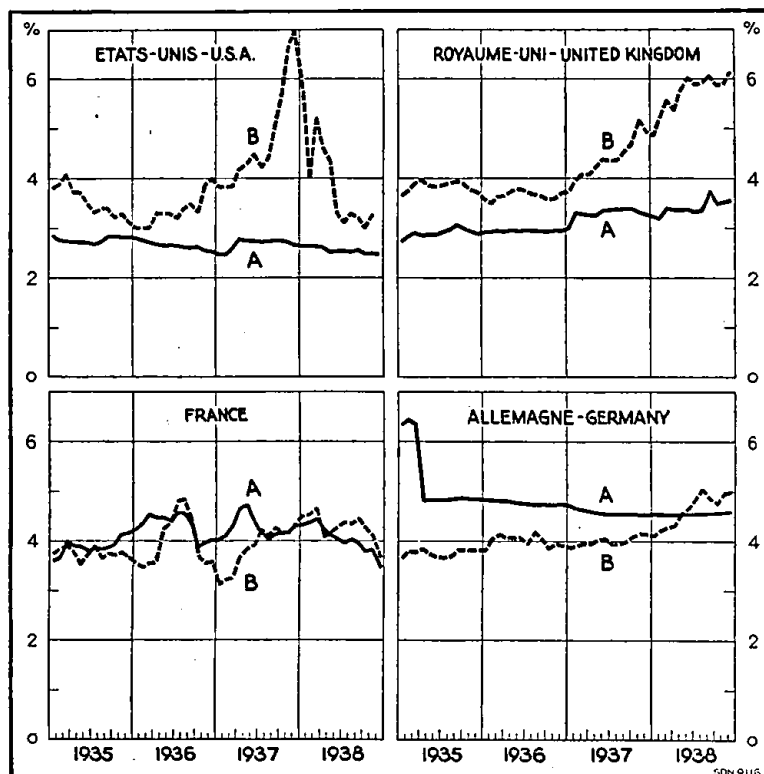
In Canada, Sweden and the United States of America, where bond yields had already fallen to a very low level, there was a further decline in 1938. Bond yields also declined in a group of countries — France, Poland, Roumania and Yugoslavia — where they had previously been comparatively high.

The extremely low level of long-term interest rates in such countries as the Netherlands, Sweden and Switzerland was undoubtedly a factor tending to check the general deterioration of business conditions in the latter part of 1937 and in 1938 ; it is significant

Diagram 11.

PERCENTAGE YIELD OF GOVERNMENT BONDS (A) AND INDUSTRIAL SHARES (B)

Note. — The bond yields illustrated in this diagram refer to the following securities: United States Treasury bonds maturing in twelve or more years; United Kingdom: 2½% "Consols"; France: 3% perpetual *rentes*; Germany: 4½% public bonds. The share yields represent averages computed in the countries concerned.



of shares: the rate of dividend paid in the immediate past and the current market value of the shares. The latter, in turn, tends to be determined partly by anticipations regarding future dividends and partly by the long-term interest rate, as reflected in the yield of bonds, at which expected dividends are capitalised. Share yields tend normally to be higher than the yields of first-class bonds, being subject to a greater degree of risk and uncertainty. The spread between the two, which is sometimes taken to indicate the state of anticipations entertained by the market, is illustrated in Diagram 11.

In the United States, the rapid narrowing of the spread during 1938 reflected a striking change from the general pessimism which prevailed in the latter part of 1937 in the market's evaluation of prospects. In the United Kingdom, the spread which existed at the end of 1938 was wider than at any time since 1931; the exceptionally high yield of shares — the highest since 1932 — was not, of course, due to high dividends, but to low share prices, discounting the probability of lower dividends in the near future as a result of the depressed business conditions of 1938.¹ In France, the margin between the average yield of shares

¹ Cf. *The Economist* of January 7th, 1939.

that, in the three countries mentioned, the activity of the building industry, in which the price of long-term capital plays an important part, was appreciably greater in 1938 than in 1937. In the United Kingdom, on the other hand, where the long-term rate of interest tended to rise, residential building activity declined; but this decline was probably due to a larger extent to the saturation of demand than to the rise in the interest rate.

In addition to the percentage yield of bonds, that of industrial shares also has a certain relevance to the cost of financing long-term investment schemes. The yield of existing shares is sometimes regarded as an indicator of the ease with which such financing can be effected through issues of new shares. Two sets of data are used in calculating the percentage yield

and the yield of the 3% *Rente* was remarkably small during the period covered by Diagram 11 ; indeed, it was often negative, especially between the middle of 1935 and the middle of 1937. It would seem that, in spite of the fall in dividends, shares were favoured, as against bonds, at first owing to the fear of currency depreciation and later also owing to the rapid rise in commodity prices. In Germany, likewise, the percentage yield of shares was, for various reasons, below the yield of bonds during a considerable period ; the former, however, rose steadily, especially in 1938, when the margin between the two became positive.

In the course of 1937 and the first half of 1938, a decline in share prices occurred almost everywhere. Among the twelve countries shown in Diagram 12 below, Poland is seen to be an exception in this respect. The Polish index of share values showed a striking advance during 1937 and 1938, which was accompanied by an expansion in the monetary circulation and a marked increase in industrial production, due mainly to the Government's investment activities and to the creation of a " Central Industrial Area ".

Mainly as a result of the improvement in her terms of trade, Denmark formed another exception, though a less striking one, to the general fall in share prices. The Danish share index declined only very slightly during 1937 and showed an upward tendency during 1938 ; relatively to 1929, share prices remained higher in Denmark than in most other countries.

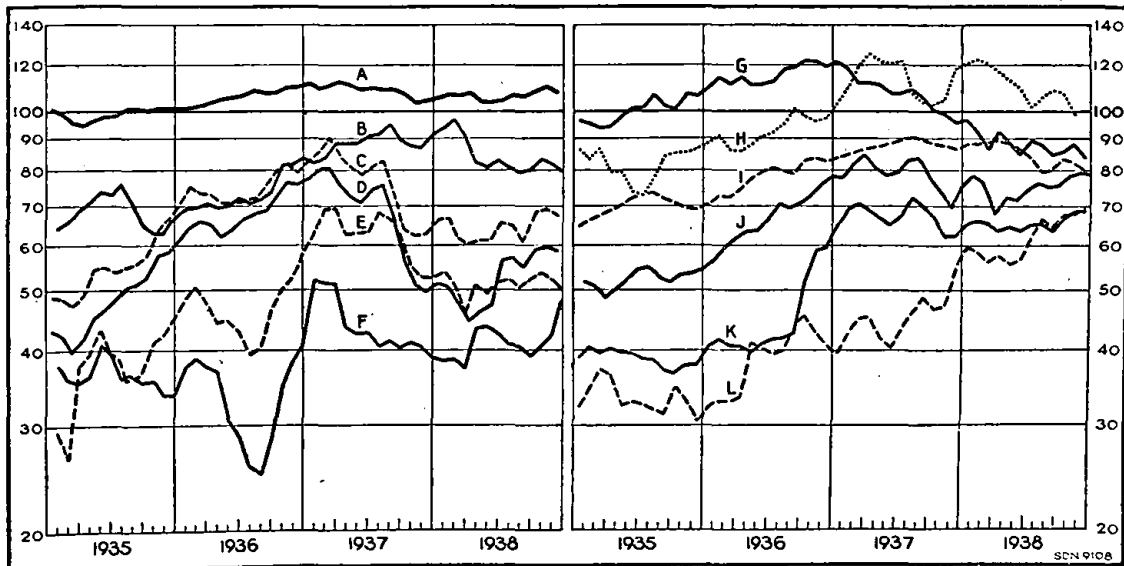
In France, the level of share prices rose, on balance, during 1938, but, in spite of the depreciation of the currency and the rise in domestic prices, it remained lower, relatively to 1929, than in any other country included in Diagram 12.

Diagram 12.

INDICES OF MARKET VALUE OF INDUSTRIAL SHARES
1929 = 100.

Logarithmic scale.

- | | |
|-------------------|------------------------|
| A. Denmark. | G. United Kingdom. |
| B. Italy. | H. Japan (1934 = 100). |
| C. Canada. | I. Germany. |
| D. United States. | J. Sweden. |
| E. Belgium. | K. Netherlands. |
| F. France. | L. Poland. |



The rise in share quotations in the United States in the summer of 1938 was one of the outstanding events in the world's capital markets during the year. The rise was rapid, but comparatively brief, and only a part of the loss which prices had suffered from the spring of 1937 to the spring of 1938 was regained. In 1937, the decline in the market value of industrial shares in the United Kingdom was often explained partly with reference to the effects — both “ psychological ” and material — of the slump on the New York Stock Exchange on the security markets of other countries. That the recovery in American share values in 1938 exercised no corresponding influence on share values in the United Kingdom may be attributed largely to the outflow of foreign funds and the political disturbances in Europe.

The fall in prices of industrial shares in 1937/38 was not confined to countries with a “ free ” monetary system, but also occurred in such countries as Germany, Italy and Japan. In Italy, it was accompanied by a noticeable setback in industrial activity, but it seems to have been also connected with a capital levy which was imposed by the State on all joint-stock companies. In Germany, the fall set in during the spring of 1938, and was at first attributed largely to the change which was made in the methods of Government finance at that time. Later, however, it was believed to be due mainly to the increase in taxation affecting joint-stock companies, to measures directed against the “ non-Aryan ” minority, and to apprehensions concerning the political situation. The decline in share values in Japan may appear surprising in view of the rise in commodity prices in that country. It may be noted, however, that, in 1938, the Government issued a general prohibition against raising dividend rates, and shares therefore tended to lose their attraction as a safeguard against a fall in the value of money.

New capital issues in the principal security markets showed an appreciable drop from 1937 to 1938. The fall was especially severe in the case of share issues, and the proportion of bonds to total issues tended to increase, as may be seen from the figures for four countries summarised below.

NEW ISSUES OF PRIVATE BONDS AND SHARES

	Netherlands ^a Gulden (000,000's)			Switzerland ^a Francs (000,000's)			United Kingdom ^b £ (000,000's)			United States ^c \$ (000,000's)		
	Bonds	Shares	Total	Bonds	Shares	Total	Bonds	Shares	Total	Bonds	Shares	Total
1935	5.4	2.2	7.6	113.6	3.5	117.1	46.7	164.0	210.7	334	69	404
1936	5.5	2.3	7.8	51.2	1.2	52.4	35.6	309.6	345.2	839	352	1,192
1937	9.4	48.9	58.3	123.0	15.9	138.9	26.8	228.3	255.1	819	408	1,227
1938	15.8	27.2	43.0	110.5	6.8	117.3	33.8	125.9	159.7	790	64	854

^a Domestic issues.

^b Total, including introductions through “ permission to deal ”. Source: *The Economist*.

^c Domestic corporate issues.

In the United States, domestic corporate issues, which had fallen to \$360 million in the first half of 1938 as against \$811 million in the first half of 1937, recovered slightly in the last six months of 1938, when they amounted to \$494 million, as against \$416 million in the same period in 1937. In spite of the improvement in share prices, the proportion of share issues to the total, which was 34% in the first and 31% in the second half of 1937 and only 9% in the first half of 1938, declined further to 6% in the second half of 1938.

The decrease in private capital issues in the United States from 1937 to 1938 was accompanied by a sharp rise in net issues of Treasury bonds by the Federal Government, which

totalled \$3,529 million in 1938 as compared with \$1,024 million in 1937. Most of the increased amount of bond issues was, however, used for the funding of short-term Treasury notes and bills, so that the total "publicly offered" Government debt rose by \$831 million in 1938, as compared with an increase of \$1,032 million in 1937.

In the United Kingdom, capital issues reached their highest point in 1936. The sharp decline which occurred after that year was offset to some extent by Government issues for the financing of the rearmament programme. The terms of the two issues which were made for this purpose in 1937 and 1938 respectively were as follows :

	National Defence Loan, 1937	National Defence Loan, 1938.
Date of issue	April 28th, 1937	June 16th, 1938
Amount	£100	£80
Price of issue	99½	98
Rate of interest	2½%	3%
Date of redemption	1944-1948	1954-1958

It is known that large amounts of the first National Defence Loan were taken up by public departments and funds under Government control, including the Issue Department of the Bank of England, and were later resold to the market at prices below the original price of issue. The terms of the second loan, representing an actual yield of 3.13%, as against 2.55% in the case of the first, were more closely adjusted to current security yields, and the issue appears to have been rapidly absorbed by the market.

Both in Germany and in Japan, where, as was shown in earlier sections of this chapter, Government borrowing increased very considerably, a revival in capital issues of joint-stock companies seems to have taken place in 1938 :

<i>Germany</i> (Reichsmarks, 000,000's) :				
New issues of private enterprises :	1935	1936	1937	1938
Bonds	3.0	47.0	258.0	107.0
Shares	156.0	395.0	333.0	821.7
Total	159.0	442.0	591.0	928.7
<i>Japan</i> (Yen, 000,000's) :				
Net increase in corporation bonds outstanding	190.4	132.1	— 0.3	466.4

Under the conditions prevailing in both countries, however, there is no doubt that the bulk of the increased private issues made in 1938 served, directly or indirectly, to finance the requirements of the State. In Germany, most of these issues were connected with the four-year plan and other Government schemes ; the heading of "private enterprises" shown in the statistics of capital issues includes, in fact, State enterprises in the form of joint-stock companies. In Japan, the sharp increase in corporation bonds outstanding must have been mainly related to military requirements, since, under the "Capital Control Law" and other measures adopted after the outbreak of the war in China in 1937, the flow of investible funds was strictly canalised in favour of armament production.

C. — STRUCTURAL CHANGES IN THE BANKING SYSTEM

1. GENERAL

The purpose of this study is to examine briefly certain of the major changes in the banking structure of different countries since the war. With this object in view, an attempt is made in Appendix Table VII to bring together such data as are available regarding the deposits and total assets of eleven types of credit institutions in 1913, 1925, 1929 and 1936 in twenty-two countries. To these banking data are added the premium reserves (liabilities to policy holders) and total assets of private insurance companies. Insurance institutions are included on account of their growing importance in the money market and the fact that the low yield on gilt-edged securities has induced many of them in recent years to extend their activities to banking business. In order to illustrate the relative importance of central banks, the sum of their notes and other sight liabilities and their total assets are shown in the first column of the table ; but no attempt is made to analyse these data or to relate them to the other series.

Before the post-war changes in the structure of banking systems are examined in detail, reference may be made to certain factors of a general economic nature in the setting in which these changes occurred — namely, the development of thrift, changes in investment habits, the increase in the self-financing of industry and trade, and the growing importance of the State, particularly as regards the demand for capital.

The development of thrift among classes which before the war were not accustomed or in a position to save, or to save to a like extent, has been of particular importance both on account of its magnitude and because of the form which it has taken. As national income has risen or become more evenly distributed, an increasing proportion of aggregate savings has been derived from the lower-income classes ; indeed, in some countries such savings have become the major source of capital formation. The thrift of the lower-income classes has taken the form mainly of savings deposits and partly of insurance policies. The savings deposits have generally been entrusted to institutions other than commercial banks — namely, savings banks, people's banks, mutual credit associations, building societies and public credit organisations. Such institutions have been to a large extent responsible for the encouragement of thrift among the lower-income classes by publicity, personal contacts, and catering for the special needs of the small depositor. The preference of the small saver for these institutions may be accounted for largely by the higher deposit rates generally paid by them¹ and the State guarantee they enjoy. Where this guarantee has not been direct, the average depositor in most countries has believed that deposits with savings institutions were more likely to be guaranteed by the State if bankruptcy was threatened than were those with the commercial banks.

¹ The ability of savings institutions to pay higher deposit rates is partly due to the nature of their internal organisation and partly to the composition of their assets. These institutions are generally on a non-profit basis, and their overhead expenses are relatively small. When they have to pay interest on their capital, such payments are often either low, as in the case of organisations which have raised their funds through publicly guaranteed debentures, or are ensured by public grants or guarantees. Their non-profit-earning character also contributes to lower tax and similar charges. Moreover, such institutions hold a relatively small proportion of non-profit-earning assets, such as cash, or of assets on which the yield is small, such as short-term securities discountable with the central bank. The actual interest earned by the depositor of such institutions is sometimes higher on account of special exemptions ; thus, in the United Kingdom, the interest on deposits paid by building societies is exempt from income tax.

Investment habits also changed in the post-war period. Persons who before the war would have invested their savings in shares or bonds direct have tended, in view of the vicissitudes of such direct investment, to place their capital on deposit — *i.e.*, either with savings banks or on long-term accounts with commercial banks,¹ or in the purchase of annuities from insurance companies. These developments, while restricting the market in equities, tended during the post-war recovery until 1929, especially in countries which experienced currency inflation, to throw the burden of financing industry and trade primarily on to the banking system. They have also rendered banks more vulnerable in times of depression.

In several countries, on the other hand, there has been a tendency on the part of industrial and commercial enterprises, especially since the depression, to rely increasingly on their own resources and consequently to have less recourse to banks.

Moreover, the integration of industry and the speeding up of transport may have reduced their need for working capital and hence their recourse to commercial banks for such accommodation, while the growth in the size of average business units has facilitated direct borrowing at lower interest on the capital market.

Alongside these changes in thrift, investment habits, and the financing of industry, the demand for funds on the part of the State and public authorities for purposes of capital expenditure has greatly increased in all countries and now absorbs a larger proportion of the savings placed at the disposal of savings banks and other credit institutions, including commercial banks.

In interpreting the changes in the banking structure disclosed by Appendix Table VII, particularly those relating to recent years, it should be noted that cyclical forces affect the different types of credit institutions in varying degrees. Thus, the effects of a depression are likely to be felt sooner and more violently by the commercial banks than by other credit institutions, whose operations on the whole are less closely linked with activities most directly subject to cyclical fluctuations. Commercial banks, which do not as a rule enjoy any special guarantee of their deposit liabilities, are also affected earlier and more seriously by the feeling of insecurity of the average depositor in times of depression. Moreover, certain forms of central bank control are designed to influence only commercial banks or commercial banking operations, with the result that the influence of central credit policy over the other institutions is less immediate or direct.

2. THE RELATIVE IMPORTANCE OF COMMERCIAL BANKS

The various types of credit institutions covered by Appendix Table VII represent the principal organisations conducting banking transactions in most countries.² The data in that table are sufficiently complete and their classification uniform enough to permit of a rough measure of the relative importance of commercial banks in the credit systems and of the changes that have taken place. Such an approximate measure is provided by

¹ Except during the inflation years of the early 'twenties and during temporary currency scares after 1929, the relative share of long-term accounts in the total deposits of the commercial banks has been, on the average, appreciably larger than before the war in most of the countries for which comparable data are available. See *Commercial Banks, 1913-1929*, Table VI, pages 42-46, and Appendix Table VIII below.

² Other credit institutions and forms of financing have to be ignored, because data relating to them are not available. A knowledge of the resources and activities of all forms of private institutions, ranging from pawnshops to highly specialised banks concerned with the financing of a single industry, of the extent to which private enterprise finances itself out of accumulated reserves, and of the liquid resources and investment activities of private and public pensions and other funds, would not only change appreciably the picture of the relative importance of commercial banking in the total credit structure but would also add considerably to an understanding of the behaviour of the money and capital markets.

Table 1, which shows the percentage that the deposits and assets of commercial banks constitute of the aggregate deposits and assets of all credit institutions other than central banks.¹ In arriving at the percentages for assets, gaps in the information available for institutions other than commercial banks have been filled by counting their total assets at an amount equal to their total deposits.² The countries are arranged in the table according to the relative importance of commercial bank deposits at the end of 1936.

In interpreting these percentages, it should be borne in mind first that, with the exception of a few countries for which comprehensive data are available, the figures shown tend to exaggerate the relative importance of commercial banks (the data for which are the most complete), and secondly that the deposit data are generally more complete than those for assets and afford perhaps the better guide.

Table 1.

DEPOSITS AND TOTAL ASSETS OF COMMERCIAL BANKS AS PERCENTAGES OF AGGREGATE DEPOSITS AND ASSETS OF ALL REPORTING CREDIT INSTITUTIONS OTHER THAN CENTRAL BANKS, 1913, 1925, 1929 AND 1936 *

Country	Percentage share of commercial banks in :															
	Aggregate deposits of all institutions considered I				Aggregate assets of all deposit-receiving institutions II				Aggregate assets of all banking institutions considered III				Aggregate assets of all banking and insurance institutions IV			
	End of :	1913	1925	1929	1936	1913	1925	1929	1936	1913	1925	1929	1936	1913	1925	1929	1936
Canada	(92)	92	92	92	(93)	93	94	93	(93)	93	94	93	(76)	69	63	53
Chile . . . . .	.	78	71	82	.	.	84	78	.	.	(51)	45	.	.	.	.
United States	79	85	83	79	84	87	86	81	80	78	75	66	68	67	62	51
Greece . . . . .	.	.	85	68	.	.	85	69	.	.	85	69	.	.	.	.
United Kingdom	70	69	69	66	76	79	77	68	76	79	77	68	56	61	57	50
Union of South Africa	(84)	78	71	64	.	63	53	50	.	63	53	50	.	48	40	37
Australia	63	57	56	56	64	57	57	58	64	56	57	58	.	46	46	44
Finland . . . . .	.	68	60	53	.	65	56	47	.	65	56	47	.	61	53	43
Japan	64	69	58	53	60	70	59	55	60	70	59	55	.	66	56	49
Denmark	43	52	36	50	51	62	56	55	.	37	31	28	.	36	30	26
Sweden	63	57	52	49	73	67	62	56	73	61	56	48	65	55	49	40
Yugoslavia . . . . .	.	.	75	48	.	.	68	43	.	.	68	43	.	.	68	42
New Zealand	57	50	50	48	56	51	48	52	56	51	48	52	45	43	41	40
Netherlands	(45)	60	59	45	(48)	69	68	52	(26)	55	54	41	.	49	47	33
France	(54)	(67)	56	36	(61)	(64)	52	31	(61)	(64)	52	31	(51)	(59)	49	28
Norway	49	33	32	32	57	45	40	41	49	40	33	30	47	37	30	26
Italy	(32)	44	42	31 ^b	(38)	48	47	32 ^b	(38)	48	47	32 ^b	.	47	45	31 ^{b,c}
Switzerland	39	44	49	30	39	45	48	30	30	39	45	30	16	39	42	26
Germany	(30)	(54)	40	24	(29)	(52)	33	21	(29)	(52)	33	21	.	(50)	32	19
Czecho-Slovakia	—	32	28	22	—	37	34	26	—	37	34	26	—	37	33	25
Bulgaria . . . . .	.	61	49	21	.	49	40	20	.	49	40	20	.	44	38	19 ^c
Poland . . . . .	.	(58)	42	21	.	(51)	40	24	.	(51)	40	24	.	.	38	22

* For detailed notes regarding the nature and composition of the figures used in calculating these percentages, reference should be made to Appendix Table VII.

^b Including the *Credito Italiano*, *Banca Commerciale* and *Banco di Roma*, which, though transformed into "public credit institutions" in 1936, remain the leading commercial banks of the country.

^c Data for insurance companies are available for 1935 only.

¹ The accounts of central banks contained in column 1 of Appendix Table VII have not been taken into consideration, because they relate to transactions totally different from those of the other credit institutions included in the table. Such ordinary banking transactions with private clients as used to be performed by central banks in pre-war days and during the early post-war years have been largely discontinued. A study of the relationship between the accounts of central banks and all other credit institutions would, however, throw considerable light on the effectiveness of central credit policy, but such a study is beyond the scope of this review.

² Where data were missing for one or two years, assets were estimated on the basis of the ratio of deposits to total assets in the years for which information was available.

The outstanding features revealed by this table are the significant differences in the relative importance of commercial banks from country to country, and a widespread decline in the relative position of these institutions during the post-war period, more especially since 1929. The share of commercial banks in the aggregate deposits of all reporting institutions has varied from a maximum of 92% for each of the four years considered in Canada to a minimum amounting to 30% in 1913 in Germany, 32% and 28% in 1925 and 1929 respectively in Czecho-Slovakia, and 21% in 1936 in Poland and Bulgaria. The asset figures for deposit-receiving institutions show broadly similar results. In Chile, Denmark, the Netherlands, Norway, Sweden, Switzerland, the Union of South Africa, and the United States, non-deposit-receiving banking institutions, especially mortgage banks, play an important part in the whole credit structure, as will be seen by comparing the figures in the second and third groups of columns.

Although there has been a decline in the relative importance of commercial banks in the great majority of the countries shown, the picture afforded by the table is not uniform. In one country mortgage banks, in another insurance companies, have gained ground. The whole table therefore requires careful examination, but, as the figures relating to deposits (section I of the table) are the most complete, it may be convenient to draw attention first to them. For fifteen countries, comprehensive data are available for each of the four years under review. In Canada, the United Kingdom and the United States, the relative importance of the commercial banks as deposit-receiving institutions has changed comparatively little since 1913; the share of the Canadian chartered banks has been over 92% throughout; that of the British banks, apart from a small decline in 1936, has remained roughly unchanged at about 70%; while the share of the commercial banks in the United States has fluctuated around an average of some 80%. In Norway, Australia and New Zealand, the share of the commercial banks in total recorded deposits declined appreciably in the interval between 1913 and 1925, but was the same or almost the same in 1929 and 1936. In France, Germany, Italy, Japan, and the Netherlands, the relative importance of commercial banks as deposit-receiving institutions increased considerably between 1913 and 1925, but declined heavily thereafter. In Switzerland, the decline did not begin till 1929, and in Denmark the movement has been irregular. In Sweden and the Union of South Africa, on the other hand, there has been a noticeable tendency for the share of commercial bank deposits to decline throughout the period under review.

For the remaining seven countries covered by the table, no comprehensive data are available for 1913 and in two cases for 1925. In all these seven countries, with the single exception of Chile, the importance of commercial banks as measured by aggregate deposits declined.

The shifts revealed by a comparison of commercial bank assets with the assets of deposit-receiving or all banking institutions are substantially similar to, though sometimes more marked than, those disclosed by the relative movement of deposits.¹

The figures shown in section III of Table 1 also reveal a decline since 1925 in the relative

¹ Such minor discrepancies in the general movement as are brought out by a comparison of the first section of Table 1 with sections II, III and IV may be attributed to one or more of the following factors. The first is the generally incomplete nature of the data relating to assets by comparison with those available for deposits, particularly for the years 1913 and 1925. Secondly, in the course of the post-war period, new credit organisations have sprung up or come into prominence, often at the instance of public authorities, which do not usually concentrate on receiving deposits from the public; their relatively large assets have therefore tended to depress the share of the commercial banks in aggregate balance-sheet totals. Finally, certain institutions, such as building societies, which are not of the pure deposit type, and whose assets tend to increase proportionately more than those of the commercial banks, have gained an enhanced importance in the post-war period; this has also tended to depress the relative position of commercial banks when measured in terms of assets.

importance of commercial banks in the United States and the United Kingdom. In section IV, where the insurance institutions are included as part of the money market, this decline is even more marked, and is found to hold true also of Canada.

The change in the relative importance of commercial banks in the course of the post-war period as disclosed by Table 1 may be summarised as follows :

Percentage share of commercial banks in :	Aggregate deposits of all institutions considered				Aggregate assets of all banking institutions considered				Aggregate assets of all banking and insurance institutions				
	End of :	1913	1925	1929	1936	1913	1925	1929	1936	1913	1925	1929	1936
		Number of countries											
Less than 25%	—	—	—	4	—	—	—	3	1	—	—	—	3
25 to 30%	—	—	1	—	2	—	—	2	—	—	—	—	5
30 to 40%	3	2	2	4	2	3	4	4	—	4	6	—	3
40 to 50%	3	2	5	4	1	3	5	5	2	6	8	—	6
	6	4	8	12	5	6	9	14	3	10	14	—	17
50 to 60%	2	6	5	4	2	5	8	4	2	3	3	—	3
60 to 70%	3	6	3	3	3	3	1	3	2	5	3	—	—
70 to 80%	2	2	2	1	2	4	2	—	1	—	—	—	—
80 to 90%	1	1	3	1	1	—	1	—	—	—	—	—	—
Over 80%	1	1	1	1	1	1	1	1	—	—	—	—	—
	9	16	14	10	9	13	13	8	5	8	6	—	3
	15	20	22	22	14	19	22	22	8	18	20	—	20

The share of commercial banks in the banking system proper — *i.e.*, excluding insurance institutions — seems on the whole to have been larger in 1925 than in 1913, but has become greatly reduced in the course of the eleven years between 1925 and 1936, particularly after 1929. At the end of 1936, commercial bank deposits accounted for less than 50% of total recorded deposits in twelve out of a total of twenty-two countries covered by Table 1. The share of the commercial banks was particularly low (20% to 25%) in Bulgaria, Poland, Czecho-Slovakia and Germany.

The relatively low share of commercial bank deposits in many of the countries shown in Table 1 is of recent origin ; a substantial part of the reduction in this share occurred between 1929 and 1936. During the early part of this period, six of these countries — Bulgaria, Czecho-Slovakia, Germany, Italy, Poland and Yugoslavia — had experienced severe deflation, or, as a result of capital flight or banking difficulties, had imposed exchange restrictions. Such improvement as has taken place in these countries in recent years has generally been accompanied by an expansion of credit institutions other than commercial banks. Three other countries — France, the Netherlands and Switzerland — also experienced severe deflation during the period 1929 to 1936 ; the improvement which occurred in the last two countries after the abandonment of the old gold parities in September 1936 is hardly reflected in the end of 1936 accounts of the commercial banks. On the other hand, the relatively low and declining share of the commercial banks in aggregate deposits in New Zealand, Norway and Sweden is not of recent origin and is to be accounted for mainly by the steady growth of savings banks, reflecting both the progressive popularity of the savings pass-book among the lower-income classes and the rise in their average income.

3. THE RELATIVE IMPORTANCE OF SAVINGS BANKS AND THE POST OFFICE SAVINGS SYSTEM.

Attention may now be turned to the three types of savings bank institutions — namely, "ordinary" savings banks, postal savings banks, and other savings banks (cols. 3, 4, and

5 of Appendix Table VII). All three types specialise in receiving savings deposits, usually on pass-books, and may therefore be considered as one group. Their relative importance in the banking systems and the changes that have taken place are shown in Table 2. The countries are arranged according to the relative importance of total savings banks deposits at the end of 1936.

Table 2.
DEPOSITS OF SAVINGS BANKS AND THE POST OFFICE AS PERCENTAGE OF AGGREGATE DEPOSITS OF ALL REPORTING DEPOSIT-RECEIVING INSTITUTIONS *

Country	Savings banks and the Post Office				Savings banks				Post Office savings system				
	End of :	1913	1925	1929	1936	1913	1925	1929	1936	1913	1925	1929	1936
Norway		50.6	67.1	68.4	67.8	50.6	67.1	68.4	67.8	.	.	.	.
France		(46.3)	(32.5)	41.0	60.6	(31.9)	(21.9)	23.8	34.2	(14.4) ^b	(10.6) ^b	17.2 ^b	26.4 ^b
Poland	(21.9)	31.9	53.3	.	(10.7)	17.2	23.9	.	(11.2)	14.7	29.4
Sweden		37.2	43.1	47.6	50.3	35.4	40.4	43.3	43.7	1.8	2.7	4.3	6.6
Denmark		56.5	47.8	64.0	50.1	56.5	47.8	64.0	50.1	.	.	.	.
New Zealand		41.3	48.6	48.3	49.6	4.3	5.4	7.5	8.5	37.0	43.2	40.8	41.1
Italy		(59.4)	39.8	37.8	49.5	(32.9)	22.2	22.4	22.0	(26.5)	17.6	15.4	27.5
Germany		(60.5)	(23.5)	33.1	45.6	(59.9)	(19.1)	31.0	43.3	(0.6) ^b	(4.4) ^b	2.1 ^b	2.3 ^b
Australia		35.9	42.1	43.0	43.2	35.9	42.1	43.0	43.2	.	.	.	.
Yugoslavia	21.3	40.0	.	.	13.1	17.6	.	.	8.2	22.4
Netherlands		(46.1)	26.5	26.2	39.1	(17.9)	13.7	14.6	19.2	(28.2)	12.8	11.6	19.9
Finland	28.4	33.2	38.7	.	26.3	31.4	36.2	.	2.1	1.8	2.5
Czecho-Slovakia	29.1	30.1	31.8	.	25.0	25.0	27.9	.	4.1	5.1	3.9
United Kingdom		27.3	28.0	26.9	27.3	4.8	3.5	3.7	5.0	22.5 ^c	24.5 ^c	23.2 ^c	22.3 ^c
Japan		23.9	16.5	21.5	25.4	(15.7)	7.2	8.4	8.8	(8.2)	9.3	13.1	16.6
United States		21.3	15.2	16.8	21.4	21.0	15.0	16.5	19.1	0.3	0.2	0.3	2.3
Chile	21.8	28.5	18.1	.	21.8	28.5	18.1	.	.	.	.
Union of South Africa		(16.3)	10.4	11.6	16.8	(—)	1.3	2.3	2.0	(16.3) ^c	9.1 ^c	9.3 ^c	14.8 ^c
Bulgaria	2.5	5.0	15.3	.	.	.	.	.	2.5	5.0	15.3
Greece	2.5	14.0	.	.	.	.	.	.	2.5	14.0
Switzerland		11.4	8.3	7.2	9.8	11.4	8.3	7.2	9.8	.	.	.	.
Canada		(8.3)	5.7	5.0	4.6	(3.4)	4.4	4.0	3.9	(4.9)	1.3	1.0	0.7

* For detailed notes regarding the nature and composition of the figures used in calculating these percentages, reference should be made to Appendix Table VII.

^b Including Post Office cheque account.

^c Including National Savings Certificates.

The facts of major importance that the table brings out may be summarised as follows.

During the period of post-war inflation, savings deposits naturally shrank the most rapidly, as preference was given to the most immediately liquid types of deposits. But since round about 1925 they have steadily increased in importance in all the countries in which that form of saving was popular before the war. In a number of countries — Norway, France, Sweden, New Zealand and Australia — they constitute to-day an appreciably larger fraction of total deposits than they did in 1913. In Germany and Italy, however, although they have risen steadily in recent years, they have not regained their pre-war status. The same is true of the Netherlands.

On the other hand, in most of the countries in which savings deposits were of minor importance before the war (say, less than a third of the total), little change has taken place. The figures for the United Kingdom, the United States and the Union of South Africa, which were almost identical in 1913 and 1936, afford a striking illustration. Thus it would seem that, in most cases, recent developments have been along traditional lines. Bulgaria and Greece are exceptions to this general rule. In both, savings deposits have expanded very rapidly since 1929.

4. THE RELATIVE IMPORTANCE OF PRIVATE BANKS, SAVINGS BANKS, PEOPLE'S BANKS AND CO-OPERATIVE ASSOCIATIONS, AND PUBLIC BANKING INSTITUTIONS

In Table 3,¹ the different types of banking institutions, exclusive of central banks and insurance companies, are roughly classified according to their legal character. The first group comprises commercial banks and, where they exist, trust and finance companies, and private mortgage and other banks. In the second group are included ordinary and mutual savings banks whose funds are not invested by public bodies, and building societies. The third group consists of people's banks, and various types of co-operative credit associations. Public or semi-public banking institutions make up the last group, which includes, in addition to institutions shown in columns 11 and 12 of Appendix Table VII, the postal savings banks, public and semi-public savings banks, ordinary savings banks whose funds are invested by public bodies, and such mortgage, agricultural or other banks as are largely or entirely owned and managed by public authorities.

The countries are arranged in the table according to the relative importance of deposits with private banking institutions in each country at the end of 1936.²

It will be observed that the resulting order is to a large extent the reverse of the order in Table 1 — that is to say, in countries where savings deposits constitute an important part of total deposits, special institutions cater for them, and when the bulk of savings deposits are found in commercial banks, they are as a rule relatively unimportant. This fact raises an interesting question of causation. Has the growth of savings deposits in the first group of countries been due to the specialised financial machinery established to foster them, or was the growth of that specialised financial machinery a consequence of the fact that people preferred to accumulate capital in the form of savings deposits ?

The institutions included in the private group are exclusively commercial banks in the case of thirteen out of the twenty-two countries covered by Table 3. In the other nine countries — Greece, Switzerland, Japan, Germany, the Netherlands, Czecho-Slovakia, Bulgaria, the United States and Canada — other private banking institutions are included. These are trust companies in the case of Japan and Canada, joint-stock financial institutions and limited liability companies engaging in banking business in Czecho-Slovakia, and exclusively or mainly mortgage banks in the other countries. The figures shown for Germany also include the "special" banks and the "house" banks of individual industrial concerns. Commercial banks are, however, the most important institutions in the private group in six out of these nine countries — namely, Canada, the United States, Japan, Bulgaria, Czecho-Slovakia and Germany. The same conclusions emerge from this table with regard to the relative importance of private institutions in these countries as were disclosed by Table 1 with respect to commercial banks.

Private banking institutions other than commercial banks are comparatively important in Greece, Switzerland and the Netherlands. These are mortgage and agricultural banks in the first country ; mortgage banks and finance companies in the second country. These institutions receive deposits from the public. In the Netherlands, the institutions included with commercial banks are exclusively mortgage banks ; but they do not receive deposits

¹ In arriving at the percentage distribution of assets, gaps in the available information have been filled by rough estimates in the same way as for Table 1.

² It may be recalled that, with the exception of a few countries for which comprehensive data are available, the figures shown in Table 3 tend to exaggerate the relative importance of private banks, among which the commercial banks preponderate, and that deposit data are generally more complete than those for assets, and afford perhaps the better guide.

Table 3.
PERCENTAGE DISTRIBUTION OF DEPOSITS AND TOTAL ASSETS AS BETWEEN PRIVATE BANKING INSTITUTIONS, SAVINGS BANKS, PEOPLE'S BANKS, AND PUBLIC BANKING INSTITUTIONS †

Country	Private banking institutions I				Ordinary savings banks and building societies II				People's banks and co-operative credit associations III				Public (or semi-public) banking institutions IV			
	1913	1925	1929	1936	1913	1925	1929	1936	1913	1925	1929	1936	1913	1925	1929	1936
					(a) = Deposits				(b) = Total assets							
Canada	(a) (92)	93	93	94	(3)	4	4	4	—	—	—	—	(5)	3	3	3
	(b) (96)	97	95	95	(4)	(3)	3	3	—	—	—	—	—	—	2	2
Greece	(a)	.	98	86	.	.	—	—	—	—	—	—	.	.	2	14
	(b)	.	95	86	.	.	—	—	—	—	—	—	.	.	5	14
Chile	(a)	78	71	82	—	—	—	—	—	—	—	—	.	22	29	18
	(b)	(89)	(51)	45	—	—	—	—	—	—	—	—	.	(11)	(49)	55
United States	(a)	79	85	82	79	21	15	16	19	—	—	—	—	—	2	2
	(b)	80	79	76	66	20	19	22	20	—	—	—	—	2	2	14
Union of South Africa	(a) (84)	86	80	69	(—)	5	11	16	—	—	—	“	(16)	9	9	15
	(b) (77)	73	65	58	(—)	10	19	30	—	—	—	“	(23)	17	16	19
United Kingdom . . .	(a)	70	69	69	66	1	1	2	3	2	2	2	4	27	28	27
	(b)	76	79	77	68	4	5	9	14	2	2	2	3	18	14	12
Japan	(a)	64	72	65	62	16	7	8	9	1	5	7	7	19	16	20
	(b)	60	70	64	62	13	4	6	6	2	3	4	4	25	23	26
Australia	(a)	63	57	56	56	1	1	1	1	—	—	—	—	36	42	43
	(b)	63	56	57	58	2	2	2	2	—	—	—	—	35	42	41
Finland	(a)	.	68	60	53	.	26	31	36	—	4	7	8	.	2	3
	(b)	76	73	66	58	23	20	23	27	—	6	10	13	1	1	2
Denmark	(a)	43	52	36	50	57	48	64	50	—	—	—	—	—	—	—
	(b)	.	37	31	28	.	23	25	23	.	40	44	49	—	—	—
Sweden	(a)	63	57	52	49	35	40	43	44	—	“	“	“	2	3	5
	(b)	73	61	56	48	25	29	30	32	—	“	“	“	1	2	10
New Zealand	(a)	57	50	50	48	6	7	9	11	—	—	—	—	37	43	41
	(b)	56	51	49	52	9	9	13	13	—	—	—	—	35	40	38
Yugoslavia	(a)	.	.	75	48	.	.	—	—	.	.	—	—	.	.	25
	(b)	.	.	68	43	.	.	—	—	.	.	—	—	.	.	32
Netherlands	(a) (45)	60	59	45	(18)	12	13	18	(9)	15	16	17	(28)	13	12	20
	(b) (73)	75	74	62	(8)	7	8	12	(4)	10	10	11	(15)	8	8	15
Switzerland	(a)	54	56	60	42	11	8	7	10	1	2	2	2	34	34	31
	(b)	64	63	68	49	8	6	5	7	“	1	1	2	28	30	26
France	(a) (54)	(67)	56	36	—	—	—	—	—	—	2	2	(46)	(33)	42	62
	(b) (61)	(64)	52	31	—	—	—	—	—	(7)	4	4	(39)	(29)	44	65
Germany	(a) (31)	(56)	48	34	(60)	(19)	31	43	(5)	(3)	11	12	(4)	(22)	10	11
	(b) (50)	(59)	49	40	(32)	(14)	19	25	(4)	(3)	10	9	(14)	(24)	22	26
Norway	(a)	49	33	32	32	51	67	68	68	—	—	—	—	—	—	—
	(b)	49	40	33	30	37	48	49	44	—	1	1	3	14	11	17
Czecho-Slovakia . . .	(a)	.	37	30	26	.	25	28	28	.	28	30	32	.	10	12
	(b)	.	43	40	30	.	20	21	24	.	21	25	28	.	16	14
Bulgaria	(a)	.	61	53	21	—	—	—	—	.	9	10	19	.	30	37
	(b)	.	49	44	23	—	—	—	—	.	16	18	25	.	35	38
Poland	(a)	.	(58)	42	21	.	—	—	—	.	(6)	13	9	.	(36)	45
	(b)	.	(51)	40	24	.	—	—	—	.	(4)	9	7	.	(45)	51
Italy	(a) (32)	44	42	11 ^{“““}	(33)	22	23	22	(9)	16	13	8	(26)	18	22	59
	(b) (38)	48	47	11 ^{“““}	(30)	21	20	21	(8)	14	12	7	(24)	17	21	61

† Excluding central banks and insurance companies. For notes regarding the nature and composition of the data used for these percentages, reference should be made to Appendix Table VII.

“ Amounts less than 1%.

““ Excluding the three former principal commercial banks, the *Credito Italiano*, *Banca Commerciale*, and *Banco di Roma*, which were transformed into public credit institutions in 1936 and which are shown as public banks.

from the public. In Greece and Switzerland, private banking institutions other than commercial banks accounted, at the end of 1936, for 18% and 12% respectively of the deposits, and 18% and 19% respectively of the total assets, of all banking institutions. The share of the Dutch mortgage banks in aggregate banking assets at the same date amounted to 22%.

The movement of the deposits and assets of the private institutions under consideration has been similar to that of the commercial banks ; the relative importance of these institutions during the years under review has risen or declined *pari passu* with that of the commercial banks.

The second group of banking institutions, comprising ordinary and mutual savings banks and building societies whose funds are not invested by public bodies, consists exclusively of savings banks in the case of ten out of the sixteen countries covered by Part II of Table 3 — namely, Czecho-Slovakia, Denmark, Finland, Germany, Italy, Japan, the Netherlands, Norway, Sweden and Switzerland. The position of such banks in these ten countries has already been examined in the preceding section of this study. The figures shown for Australia and the United Kingdom refer exclusively, and those for the Union of South Africa mainly, to building societies, the savings banks of the two countries mentioned first being included among public institutions. In the United Kingdom, the relative importance of building societies has persistently and rapidly increased throughout the post-war period. They do not, however, derive their resources mainly from deposits, but from shares which are in some respects not unlike savings deposits. At the end of 1936, their share in the aggregate assets of all banking institutions amounted to 14%. In the Union of South Africa, the share of building societies in aggregate banking deposits increased steadily from 4% in 1925 to 14% in 1936, while that of ordinary savings banks remained roughly unchanged at about 2%. In the United States, building societies do not accept deposits from the public, their funds being derived mainly from sales of shares to members. The share of these societies in the aggregate assets of all banking institutions rose steadily from 5% in 1914 to 11% in 1929, but fell in the following seven years to 7%. In Australia, and also in Canada and New Zealand, buildings societies play a less important rôle.

People's banks and co-operative credit associations which make up the third group will be seen to have accounted during one or more of the years under review for over 10% of the deposits or aggregate assets of all banking institutions in only eight countries — Denmark, Czecho-Slovakia, Bulgaria, the Netherlands, Italy, Finland, Germany and Poland. The institutions included consist exclusively of credit and mortgage associations in Denmark, mainly people's banks of the Raiffeisen type in the Netherlands, Czecho-Slovakia and Bulgaria, and a variety of agricultural and other co-operative credit associations in the remaining four countries.

Credit and mortgage associations are peculiar to Denmark. They are organisations of borrowers who are owners of real estate, and provide long-term loans against first and second mortgages by issuing bonds to their members. These bonds are sold in the market and have behind them the security afforded by mortgages on the property of all borrowers in the group in whose name they are issued ; all these borrowers are also jointly responsible for the payment of interest and for the ultimate redemption of the bonds in cash at their face value. The bonds resemble in this respect the shares of building societies in the Anglo-Saxon countries. The total amount of loans obtained in this way is large and has grown steadily in post-war years ; at the end of 1936, the value of the bonded indebtedness of the associations was almost equal to that of the combined assets of all commercial and savings banks.

The organisations included in the third group for the other seven countries are deposit-receiving institutions. At the end of 1936, they accounted for nearly a third of aggregate banking deposits in Czecho-Slovakia, for about a fifth in Bulgaria and the Netherlands, and for roughly a tenth in Germany, Poland, Finland and Italy. The relative importance

of these organisations in the banking system has tended to grow steadily throughout the post-war period in the Netherlands, Finland, Czecho-Slovakia, Bulgaria, and, apart from a slight decline in the early post-war years, Germany. In Italy, co-operative credit associations gained considerably in importance between 1913 and 1925, but fell back gradually to their pre-war position in the following eleven years. The share of Polish credit associations in the deposits and total assets of all banking institutions rose between 1925 and 1929, but fell in the subsequent seven years.

The fourth group, public or semi-public credit institutions, is heterogeneous ; it includes a great variety of organisations, ranging from institutions doing primarily commercial banking business — such as the Swiss cantonal banks, the postal savings banks, and other publicly owned or managed savings banks — to very specialised credit institutions created at the instance of central or local Government authorities. All the institutions included in this group are public in the sense that central or local Governments are directly or indirectly responsible for their capital resources, their management or the investment of their funds. A large number of these institutions are entirely owned by central or local Governments and are run as public departments — e.g., the postal savings systems, State savings banks, and all the central credit organisations in Bulgaria, Chile, France, Germany, Greece, Poland and the United States shown in column 12 of Appendix Table VII. Other institutions, such as the cantonal banks in Switzerland, the “ special banks ” in Japan, and some of the more important of the “ public law banks ” in Italy, enjoy a public guarantee of their deposits and debentures. On the other hand, the trustee savings banks in the United Kingdom and the *caisses d'épargne ordinaires* in France, while not strictly public or semi-public institutions, have their funds invested entirely by public bodies — the National Debt Commissioners and the *Caisse de dépôts et consignations* respectively.¹

Public credit institutions have gained in importance during recent years both in countries where they occupied a prominent place in the banking system before the war and in those — mostly the new countries — where they sprang into prominence after the war. In the first group of countries are France, Australia, New Zealand, the United Kingdom, the Netherlands, Italy, Switzerland, Japan and the Union of South Africa, where the deposits of these public institutions ranged from almost half to about a fifth of the aggregate of all recorded deposits. The most important of these institutions in France, Australia, New Zealand, the United Kingdom, the Netherlands and the Union of South Africa are savings banks. In Italy and Switzerland, the most important public institutions are publicly owned and managed commercial banking establishments. The change which has taken place in Italy since 1929 is largely due to the conversion, in virtue of the Law of March 16th, 1936, of the three largest commercial banks — *Credito Italiano*, *Banca Commerciale* and *Banco di Roma* — into public credit institutions. The increase in the share of the Swiss cantonal banks in aggregate deposits since 1929 has been mainly due to the losses incurred by commercial banks during the depression.

In Bulgaria, Poland and Yugoslavia, public credit institutions play a predominant and increasingly important rôle. Particularly important are the National Economic Bank

¹ In this connection, it may be noted that people's banks and mutual credit associations, though in general legally independent, often enjoy the guarantee of public authorities or receive subsidies from them. Thus, in Switzerland not a few of the savings banks which are shown together with Raiffeisen banks as popular institutions enjoy the guarantee of the communes and cantons. In France, on the other hand, of the total working funds of the *Caissees régionales de crédit agricole mutuel* at the end of 1935, over 56% represented borrowings and subsidies from the State and 27% deposits received from the public. Further, in several countries, notably in Germany, Italy and Japan, the ordinary savings banks shown in section II of Table 3 are so strictly controlled and the investment of their funds so rigidly prescribed by public authorities as to render them in fact institutions of a public character.

and the State Land Bank in Poland, the State Mortgage Bank and the Privileged Agricultural Bank in Yugoslavia, and the Agricultural and Co-operative Bank in Bulgaria. Public credit institutions in these three countries accounted at the end of 1936 for 70 %, 60 % and 52 % respectively of aggregate recorded deposits. Such institutions are also important in Chile, as the asset figures in the table show, but only two receive deposits, the remainder being agricultural, mining and industrial mortgage banks.

5. ASSETS OF VARIOUS TYPES OF CREDIT INSTITUTIONS

The information available regarding the composition of the assets of credit institutions other than commercial banks is rather incomplete.¹ Available data relate to a few countries only, do not usually go back to pre-war years, and are not readily amenable to a detailed international classification. The information brought together below is not, therefore, as extensive or as conclusive as that contained in Appendix Table VII, with regard to deposits and balance-sheet totals ; it may, however, be considered adequate for purposes of broad illustration. It should be noted that the number of institutions covered by the statistical material given in Tables 4 to 8 below is generally smaller than that shown in Appendix Table VII, and the classification of institutions is sometimes not as clearly defined.

(a) *Composition of commercial bank assets.*

Table 4 shows, in so far as figures are available, the percentage of the total balance-sheet, excluding sundries, constituted by each main group of assets at the end of 1913, 1925, 1929 and 1936 in seventeen countries for which comparable data going back to 1913 exist. For the purpose of this review, attention should be drawn rather to the trends disclosed by the figures for each country than to the variations in the relative importance of the main groups of assets from country to country.

The most striking general change in the composition of commercial bank assets since 1913 has been the increase in the relative importance of the non-earning assets — namely, cash and other items of a cash nature. The share of cash assets in the total balance-sheet has increased, often very considerably, in the case of twelve out of the seventeen countries covered by the table, while it has decreased in the United Kingdom, the Argentine, Australia, Canada, and Germany. In 1913, however, the ratio of cash assets to total assets was very high in the first three countries mentioned. Despite the decrease since that date, this ratio continues to be high in the United Kingdom and the Argentine, and also remains fairly high in Canada. In Germany, on the other hand, the cash ratio of the commercial banks was very low in 1913 and has been further reduced in the course of the post-war period.

The ratio of cash to total assets increased in each of the post-war years selected for study only in Belgium, Denmark and Italy. In eight other countries — Finland, France, the Netherlands, New Zealand, Sweden, Switzerland, the Union of South Africa, and the United States — cash assets were higher at the end of 1936 than in any previous year under study, owing largely to the easy money conditions which have prevailed in most countries during recent years. In France, very much larger reserves than before 1913 have been held habitually for the greater part of the post-war period.

The most important change affecting the earning assets of commercial banks has been the decline, particularly since 1929, in those activities which used to be considered as their special and distinctive domain — namely, the discounting of bills of exchange and the

¹ No account is given here of the assets of central banks.

Table 4.
MAIN GROUPS OF ASSETS OF COMMERCIAL BANKS AS PERCENTAGE OF TOTAL BALANCE-SHEET
(EXCLUDING SUNDRIES) AT THE END OF 1913, 1925, 1929 AND 1936 *

Country	End of:	Bill portfolio	Loans and advances		Investments		Cash and other items of a cash nature.	All other assets.
			Current account advances	Other	Government securities	Other investments and participations		
Argentina	1913	37.2	33.6		0.6	0.6	23.9	4.1
	1925	41.8	39.4			3.4	15.4	—
	1929	37.5	45.3			4.7	10.5	2.0
	1936	38.0	33.8			7.1	20.2	0.9
Australia ^b	1913	c	73.0			c	22.8	4.2
	1925	c	72.3			4.8	19.3	3.6
	1929	c	74.9			7.0	14.9	3.2
	1936	c	75.0			12.6	9.4	3.0
New Zealand ^b	1913	6.5	68.1		3.6	2.3	17.9	1.6
	1925	2.5	70.1		7.9	2.1	14.4	3.0
	1929	1.6	73.2		8.2	1.1	12.6	3.3
	1936 ^d	0.6	51.9		6.2	0.3	39.3	1.7
Belgium	1913	20.5	37.1			18.9	4.5	19.0 ^e
	1925	16.7	45.6			22.6	7.2	7.9 ^e
	1929	17.2	56.9			15.1	9.7	1.1 ^e
	1936 ^d	16.6	29.5		16.6	4.4	14.0	18.9
Canada	1913	c	72.1		2.2	4.6	15.2	5.9
	1925	c	56.3		17.1	2.3	16.6	7.7
	1929	c	65.3		11.2	1.9	13.1	8.5
	1936	c	35.6		39.6	3.8	12.6	8.4
Denmark	1913 ^f	14.3	38.8	17.7		20.5	2.9	5.8
	1925	15.1	41.9	9.9	3.3	16.1	3.5	10.2
	1929	14.2	40.8	10.4	3.6	16.9	3.6	10.5
	1936	14.0	37.8	13.8	4.6	15.9	5.5	8.4
Finland	1913	34.5	26.9	25.3	0.7	3.7	2.5	6.4
	1925	26.5	36.3	25.8	0.2	3.3	4.0	3.9
	1929	31.5	33.7	24.7	0.3	2.2	2.9	4.7
	1936	14.4	23.8	32.3	3.1	10.4	8.1	7.9
France (deposit banks)	1913	48.3	17.1	15.6		2.0	7.7	9.3
	1925	59.4	16.4	5.3		0.8	15.5	2.6
	1929	53.3	22.3	6.5		0.6	13.2	4.1
	1936	53.2	20.9	4.9		0.7	18.1	2.2
Germany (all banks)	1913	20.9	44.0			12.1	4.5	18.5
	1925	21.9	50.2			5.3	5.0	17.6
	1929	20.6	36.8	17.3	0.1		3.1	16.7
	1936	33.1	19.9	10.1	5.8	7.7	3.5	19.9
Italy ^g	1913	41.3	36.0			9.7	5.2	7.8
	1925	44.7	32.1			8.3	6.7	8.2
	1929	38.4	36.6			10.5	8.4	6.1
	1936	53.1	28.6			7.1	9.6	1.6
Netherlands ^h	1913	21.3	36.0	20.2		13.4	4.0	5.1
	1925	20.9	30.1	20.7		9.9	5.4	13.0
	1929	20.9	29.4	24.2		7.2	4.7	13.6
	1936	23.7	26.4	19.1		5.7	8.1	17.0
Norway ⁱ	1913	. 1	80.7			6.8	2.0	10.5
	1925	20.4	46.3	3.1		15.2	2.6	12.4
	1929	21.4	40.3	4.8	5.0		3.4	13.0
	1936	24.3	37.6	6.5	2.6	9.4	3.2	16.4
Sweden	1913	24.9	17.6	42.7		6.6	2.6	5.6
	1925	22.1	14.2	48.2		6.5	2.3	6.7
	1929	24.0	13.5	45.6		7.3	2.4	7.2
	1936	20.9	9.4	44.5		11.3	8.5	5.4
Switzerland	1913	12.4	33.3	41.7		6.6	1.5	4.5
	1925	9.9	28.6	42.3		6.5	2.0	10.7
	1929	10.2	31.5	37.7		6.2	1.9	12.5
	1936	4.2	18.0	55.2		8.1	8.3	6.2
Un. of South Africa ^j	1913	27.4	43.2	3.9		6.7	15.3	3.5
	1925	25.3	37.4	1.5	10.8	1.5	18.6	4.9
	1929	17.6	45.8	1.6	13.3	1.0	13.0	7.7
	1936	9.0	36.1	1.1	26.2	1.6	19.1	6.9
United Kingdom (England and Wales)	1913	9.8	45.7		5.1	7.8	25.0	6.6 ^k
	1925	11.1	45.6		12.7	2.9	21.6	6.1 ^k
	1929	10.2	46.7		10.6	2.4	21.9	8.2 ^k
	1936	11.4	34.8		23.8	3.2	22.2	4.6 ^k
United States (all commercial banks) ^l	1913	m	58.5		6.1	10.8	13.5	11.1
	1925	m	55.6		8.5	14.4	11.3	10.2
	1929	m	59.1		8.4	14.1	9.3	9.1
	1936	m	28.7		33.1	9.0	26.6	2.6

* to m, see following page.

granting of short-term loans and advances. This decline cannot always be detected from the data given in Table 4, which have to be interpreted in the light of the more detailed information contained in national banking statistics and reports. A special study of the bill of exchange since pre-war days will be found in Chapter D below, where it is shown that discounts of commercial bills have declined in importance in comparison with pre-war years in most countries for which comprehensive data are available, with the notable exception of the three Scandinavian countries.

A decline in the other short-term and self-liquidating transactions of commercial banks — *e.g.*, current account loans and advances — is clearly brought out for certain countries and suggested in the case of others by Table 4. Of the eight countries which distinguish between their current account advances and other loans, in three — namely, Sweden, the Netherlands and Norway — the relative importance of the former transactions has shown a distinct tendency to decline throughout the post-war years. A similar tendency is to be observed, but for a slight rise during 1929, in the case of Switzerland and the Union of South Africa and, since 1925, also in Finland and Denmark. In France, on the other hand, the ratio of current account loans and advances to total assets of the joint-stock banks was higher than in 1913 both in 1929 and 1936. In interpreting these figures, it should be borne in mind that the difference between the shorter and longer term credits of commercial banks since the war is often more nominal than real. In the post-war period there was a marked tendency for banks in a large number of countries to finance industry and trade more or less directly by means of credits or advances which were short-term in form but were renewed almost automatically as they fell due. It is probable, therefore, that the relative decline in real short-term lending has, in fact, been more pronounced than banking statistics would suggest.

There are reasons to believe that similar tendencies have been at work in most of those countries where a distinction as regards the maturity of assets is not made, or has been made only in recent years.

The decline in commercial discounts and current account advances, where it has not been fully compensated by a corresponding increase in long-term loans and the Treasury bill portfolio, has been accompanied, on the one hand, by the accumulation of cash assets referred to above, and, on the other, by a fairly general rise in security holdings. The growth in the latter has been very large in several countries, particularly since 1929. Treasury bills are rarely shown separately from other bills, but, from the available evidence which is discussed in a separate chapter, it seems more than probable that since 1913 the proportion of such bills in the total portfolio has risen in most countries where this form of short-term

Footnotes on Table 4 to preceding page.

^a Source: *Commercial Banks 1913-1929*; Table III brought up to date on the basis of balance-sheets in the second volume of present edition.

^b June 30th of each year.

^c Included with loans.

^d Change in presentation of statistics.

^e Including sundry assets not shown separately from premises.

^f Figures for 1913 refer to principal banks only.

^g Principal banks: 1936 figures are not strictly comparable with those for previous years. Loans and advances include correspondent accounts representing transactions mainly with industrial and commercial clients.

^h Principal banks. Loans include home correspondents.

ⁱ 1913: all banks; since 1925: free banks. For 1913 discounts are among loans.

^j Including branches outside the Union.

^k Excluding premises.

^l National, State (commercial) private, and, since 1925, stock savings banks. End-of-June figures.

^m Included under loans. Treasury bills included among Securities.

Government borrowing has become customary, *e.g.*, in France, Germany, Italy, the Netherlands, the United Kingdom, the Argentine and the United States. In the last-named country, Treasury bills are included among the security holdings of the banks.

The growth in the commercial banks' security holdings would appear mainly to reflect increased accommodation to public authorities, as is suggested by the fact that, except in Finland and Norway, Government security holdings, where shown separately, are found to have increased considerably, while the share of "other investments and participations" has, on the whole, tended to decline. By 1936, Government securities accounted for a particularly high proportion of total commercial bank assets in Canada (39.6%), the United States (33.1%), South Africa (26.2%) and the United Kingdom (23.8%), and their proportion was high also in Belgium (16.6%). Treasury bills, on the other hand, probably account for a substantial part of the total discounts of commercial banks in France, Italy, the Argentine and Germany. At the end of 1936, the total bill portfolio represented 53% of aggregate assets in the first two countries and 38% and 31% respectively in the other two.

(b) *Composition of ordinary savings banks assets.*

The nature of the investment of the funds of savings banks and the changes in such investment are illustrated by Table 5. This shows, in so far as data are available, the percentage which each main group of assets constituted of the total balance-sheet of savings banks at the end of 1913, 1925 (or 1926), 1929 and 1936 in twelve countries. The institutions covered are mostly ordinary savings banks; the figures for the United States refer exclusively to mutual savings banks, while those for Australia relate to State savings banks and the Commonwealth Savings Bank.¹

The savings banks' assets in Australia, Japan and the Netherlands consist preponderantly of securities; in Australia and Japan mainly of Central Government obligations; and in the Netherlands mainly of other public securities.

The savings banks of Czecho-Slovakia, Denmark, Germany, Norway, Sweden and Switzerland invest their funds mainly in the form of loans and advances, which are preponderantly, and in Switzerland almost exclusively, mortgage loans. Loans to public bodies, where shown separately, will be seen to be important in Denmark, Czecho-Slovakia and Germany. Other loans and advances, particularly important in the case of Norway, include loans to semi-public authorities, advances on securities, and ordinary banking transactions such as discounts and current account loans and advances.

In Chile, Italy and the United States, the principal earning assets of the savings banks are more evenly distributed between securities and loans and advances.

It is to be observed that the broad differences in the composition of savings bank assets to which attention was drawn above have tended to become less marked in recent years, as a result of an increase in the importance of security holdings in several of those countries where they formed a comparatively small proportion in the past — *e.g.*, Germany, Norway,

¹ The relative importance of savings banks in the twelve countries covered by Table 5 may be judged from the following figures showing for the end of 1936 the percentage share of these banks in the aggregate deposits of all deposit-receiving institutions as given in Appendix Table VII.

	%		%
Norway	67.8	Italy	23.0
Denmark	50.1	Netherlands	19.2
Sweden	43.7	United States	19.1
Germany	43.3	Chile	18.1
Australia	43.2	Switzerland	9.8
Czecho-Slovakia	27.9	Japan	8.8

Table 5.
MAIN GROUPS OF ASSETS OF SAVINGS BANKS, AS PERCENTAGE OF TOTAL BALANCE-SHEET,
END OF 1913, 1925 (1926), 1929 AND 1936

Country	End of:	Loans and advances				Securities			Cash and due from banks	All other assets
		Total	On mortgage	To public bodies	Other (incl. discounts)	Total	Government	Other		
Australia ^a	1926	4.4	4.4	.	.	72.9	52.2	20.7	21.2	1.5
	1929	5.0	5.0	.	.	72.7	50.0	22.7	19.3	3.0
	1936	4.1	4.1	.	.	76.8	55.6	21.2	17.4	1.7
Chile ^b	1926	19.6	17.3	.	2.3	44.5	7.1	37.4	21.0	14.9
	1929	38.1	19.1	.	19.0	27.5	6.4	21.1	19.0	15.4
	1936	40.9	6.7	.	34.2	33.2	25.4	7.8	13.2	12.7
Czecho-Slovakia ^c	1925	49.5	23.6	12.4	13.5	24.4	.	.	13.8	12.3
	1929	56.3	31.5	14.2	10.6	23.3	.	.	14.7	5.7
	1936	53.7	37.8	9.5	6.4	27.1	22.6	4.5	12.9	6.3
Denmark	1913	70.2	45.7	8.5	16.0	24.6	.	.	3.6	1.6
	1925	74.7	45.1	13.6	16.0	17.9	.	.	5.4	2.0
	1929	72.5	47.7	12.2	12.6	19.1	.	.	5.4	3.0
	1936	72.7	52.1	11.4	9.2	20.6	.	.	3.8	2.9
Germany	1925	73.5	12.9	6.2	54.4	2.2	.	.	20.2	4.1
	1929	68.5	33.4	12.5	22.6	11.6	.	.	11.0	8.9
	1936	57.9	37.5	8.2	12.2	25.4	.	.	12.8	3.9
Italy	1926	56.5	.	.	.	31.8	.	.	2.4	9.3
	1929	48.2	.	.	.	30.6	.	.	3.5	17.7
	1936	35.6	.	.	.	43.0	.	.	8.3	13.1
Japan ^d	1931	27.2	.	.	.	59.0	.	.	13.8	.
	1936	12.3	.	.	.	78.7	52.5	26.2	9.0	.
Netherlands ^e	1926	38.1	33.5	—	4.6	51.1	15.4	35.7	2.5	8.3
	1929	41.4	37.3	—	4.1	47.9	19.9	38.0	1.9	8.8
	1936	40.8	30.8	8.9	1.1	55.9	11.6	44.3	0.9	2.4
Norway	1913	82.8	28.1	.	54.7	9.1	.	.	6.7	1.4
	1925	65.2	18.8	.	46.4	23.9	.	.	9.4	1.5
	1929	60.9	21.8	.	39.1	28.8	.	.	7.8	2.5
	1936	59.9	27.3	.	32.6	30.1	.	.	8.1	1.9
Sweden	1913	81.9	63.6	3.6	14.7	11.4	.	.	3.1	3.6
	1925	72.1	52.8	4.8	14.5	22.0	.	.	2.8	3.1
	1929	73.4	57.0	5.4	11.0	21.9	.	.	1.8	2.9
	1936	74.1	59.2	6.2	8.7	21.7	.	.	1.9	2.3
Switzerland	1913	78.7	68.9	0.9	8.9	16.2	.	.	^f	4.6
	1925	81.0	74.4	2.4	4.2	14.7	.	.	0.6	3.7
	1929	82.5	75.4	1.8	5.3	13.2	.	.	0.6	3.7
	1936	86.1	78.8	2.7	4.6	10.8	.	.	1.6	1.5
United States ^g	1914	49.9	44.6	.	5.3	43.6	0.4	43.2	4.7	1.8
	1925	52.9	.	.	.	42.3	7.6	34.7	3.1	1.7
	1929	58.0	53.1	.	4.9	37.7	1.8	35.9	2.2	2.1
	1936	44.8	44.0	.	0.8	42.5	16.2	26.3	4.8	7.9

^a All savings banks.

^b 1926, *Caja N. de Ahorros*; 1929 and 1936, the same plus *Caja de Credito Popular*.

^c Savings banks in Bohemia, Moravia, Silesia and Slovakia.

^d Principal assets.

^e Ordinary savings banks. Amounts shown as "Cash" represent balances due from banks. Cash included among "other assets".

^f Only cash and *Giro-guthaben*.

^g Mutual savings banks; end-of-June figures.

Sweden, and Italy. Government securities increased sharply between 1929 and 1936 in the United States and Chile, and somewhat in Australia. Such securities probably account also for most of the increase during this period in the total security holdings of the savings banks in Japan and Czecho-Slovakia, where they are reported separately only for 1936. By the end of 1936, securities — chiefly bonds of public authorities — accounted for over 20% of the total assets of savings banks in eleven out of the twelve countries under review. They amounted to nearly four-fifths of aggregate assets in Japan and Australia, over half in the Netherlands, two-fifths in Italy and the United States, nearly a third in Chile, Norway, and Czecho-Slovakia, a fourth in Germany and a fifth in Denmark and Sweden. The relative importance of the security holdings of the Swiss savings banks, on the other hand, has declined gradually from 16% of total assets in 1913 to 11% in 1936.

Very striking differences of practice exist with regard to the amount of cash held by savings banks. In Australia and Chile, cash ratios were as high as 19-20% in 1929 and earlier years, and although they are to-day substantially lower, they still constitute a striking contrast to the figures, for instance, for the Netherlands, Sweden and Switzerland, where reserves of under 2% were held.¹

(c) *Investment of postal and other savings deposits by public bodies.*

The deposits of the postal savings system² are invested in all countries by public bodies, while in some countries the same authorities are also entrusted with additional funds, usually the deposits of ordinary savings banks. As an illustration of the nature of the investment of postal and other deposits by public bodies, reference may be made to the activities of five such bodies.³ Two of these, the Postal Deposit Authorities in the Netherlands and the Treasury Deposit Bureau in Japan, are organisations entrusted almost exclusively with the deposits of the postal savings system. The *Cassa dei Depositi e Prestiti* in Italy is responsible for postal deposits and the accounts of providential and pensions organisations. The other two bodies, the *Caisse des dépôts et consignations* in France and the National Debt Commissioners in the United Kingdom, are entrusted as well with the investment of the deposits of ordinary savings banks and the balances of certain public and semi-public institutions.

¹ Owing to wide differences in classification, a strict comparison of the cash items of the savings banks with those of the commercial banks shown in Table 4 is hardly warranted. For such a comparison, account needs to be taken of the fact that, in the case of the savings banks, cash items usually include, *inter alia*, important amounts of ordinary correspondent accounts which, in the case of the commercial banks, are shown among "other assets".

² The relative importance of deposits received by the post office in various countries may be judged from (a) the following figures showing for the end of 1936 the percentage ratio of these deposits to the aggregate deposits of all deposit-receiving institutions and (b) the percentage share of the post office deposits in the total deposits of all savings banks as given in Appendix Table VII.

	(a) %	(b) %		(a) %	(b) %
New Zealand	41.1	82.8	Union of South Africa *	14.8	88.0
Poland	29.4	55.2	Greece	14.0	100.0
Italy	27.5	58.1	Sweden	6.6	13.1
France	23.5	38.8	Czecho-Slovakia	3.8	12.1
Yugoslavia	22.4	56.0	Finland	2.5	6.4
United Kingdom *	22.3	81.7	Germany	2.3	5.0
Netherlands	19.9	50.7	United States	2.3	10.9
Japan	16.5	65.2	Canada	0.7	34.5
Bulgaria	16.2	100.0			

* Including National Savings Certificates.

³ The funds of the United States postal savings system are invested, apart from amounts held as cash or in the form of balances with banks, entirely in United States Government securities. (See table given regularly in the *Federal Reserve Bulletin* showing the accounts of the postal savings system.)

The composition of the assets of the Netherlands Postal Savings System at the end of 1926, 1929 and 1936 is shown below :

	End of:	1926	1929	1936
		Gulden (000,000's)		
1. Netherlands Government securities		143.0	155.4	300.8
2. Securities of the Netherlands colonies		12.8	15.7	65.3
3. Bonds of other public bodies		135.3	154.6	51.2
4. Other domestic bonds, including mortgage bonds		55.0	59.6	38.7
5. Treasury bills and certificates		—	—	26.0
6. Direct loans and advances to public bodies		—	—	151.3
7. Advances on securities, etc.		14.6	13.7	4.3
8. Current and deposit accounts		6.1	5.9	47.0
9. Real estate		0.6	0.6	0.5
10. Other assets		19.7	29.7	6.0
Total assets		387.1	435.2	691.1

The major part of the assets will be seen to consist of public securities. The distribution of assets in 1929 remained roughly the same as in 1926, with public securities being divided more or less equally between Central Government obligations and the bonds of other public bodies. But between 1929 and 1936 this distribution changed. About half of the considerably greater deposits were invested in Central Government securities, and substantial amounts in colonial obligations and Treasury bills. The bonds of public bodies were largely reduced, but this reduction was more than compensated by a rise in direct loans and advances to such bodies.

A brief statement of the accounts of the *Cassa dei Depositi e Prestiti* showing almost exclusively the investment of the funds of the postal savings system at the end of 1925, 1929 and 1936 is given below :

	End of:	1925	1929	1936
		Lire (000,000,000's)		
<i>Assets.</i>				
1. Interest-bearing current accounts with the Treasury		0.6	2.1	10.3
2. Loans (to public bodies)		4.1	5.1	6.9
3. Government securities (<i>rendita</i>)		5.0	4.6	5.3
4. Advances to Treasury and other bodies		1.7	1.6	2.2
5. Cash with other credit institutions		0.2	0.2	0.3
6. Total of above assets		11.6	13.6	25.0
<i>Liabilities.</i>				
7. Postal deposits		10.9	11.8	22.3
8. Current accounts and post bills		0.6	0.4	1.1
9. Own cash deposits		0.4	0.6	0.6
10. Various other liabilities		0.1	0.6	0.4

It will be seen that a substantial portion of the funds of the *Cassa* are used to finance the current needs of the Treasury, and that the remainder, apart from a fraction held in the form of balances with credit institutions, is invested in *rendita* and in loans. The latter represent advances to provincial and communal authorities and to other public bodies (*consorzi*). The increase, particularly since 1929, in the funds absorbed by the National Treasury, is striking. No details are available with regard to the administration of the accounts of the eight groups of provident and pensions organisations with which the *Cassa* is also entrusted. The aggregate funds of these bodies amounted to 4,297 million lire at the end of 1935.

The resources of the Japanese Treasury Deposit Bureau, on the other hand, are devoted almost exclusively to the purchase of public securities and the debentures of public or

semi-public institutions, as may be seen from the following summary of the Bureau's accounts :

	31. III 1926	31. III 1930	31. III 1937
	Yen (000,000's)		
<i>Assets.</i>			
1. Government securities	306	772	2,134
2. Provincial and municipal securities	196	462	1,053
3. Debentures of " special " banks and two semi-public companies	429	663	706
4. Miscellaneous advances	431	544	647
5. All other assets	422	449	370
Total balance-sheet	1,784	2,890	4,910
<i>Liabilities.</i>			
6. Deposits :			
(a) Postal and Postal Transfer Savings	1,159	2,178	3,503
(b) Special Government accounts	235	165	419
(c) Other	102	165	194
7. All other liabilities	288	382	794

Almost the whole of the increase in the resources of the Bureau since 1930 has been placed in securities of the Central Government and of the provincial and municipal authorities.

More important, however, than any of these three bodies is the French *Caisse des dépôts et consignations*. Indeed, the size of the funds it handles and the variety of transactions it undertakes make the *Caisse* the most important unit of the French money and capital market. For historical and legal reasons, the *Caisse* does not publish a statement covering all its manifold activities ; its balance-sheet relates to funds which the *Caisse* manages for its own account. Separate totals are, however, given in the reports of the *Caisse* for the funds it manages for the account of other institutions.¹ For purposes of analysis, these different accounts at the end of 1930 and 1936 are shown together in the following composite statement.

Table 6.

THE ACCOUNTS OF THE CAISSE DES DÉPÔTS ET CONSIGNATIONS, END OF 1930 AND END OF 1936

End of:	1930	1936	End of:	1930	1936
<i>Assets.</i>			<i>Liabilities.</i>		
Francs (000,000's)			Francs (000,000's)		
Cash	68	98	Funds in litigation	1,511	2,084
Current accounts	1,681	3,572	Various deposits	2,860	2,951
Treasury bills and other short-term securities	1,046	3,107	Mutual aid societies	654	992
<i>Bons de la Défense nationale</i>	6,137	3,994	Insurance : life, accident, etc.	783	1,892
Medium-term loans (<i>prêts</i>)	6,834	29,157	Old-age insurance	8,603	15,202
" Rentes "	28,014	38,545	Social insurance	121	2,021
P.T.T., railway, shipping securities	4,988	10,110	Postal savings banks	15,934	26,882
Agricultural credit securities (including <i>Obligations du Crédit foncier</i>	429	3,570	Ordinary savings banks	25,789	39,127
Other securities of public or semi-public institutions	8,968	6,386	Reserve funds (own a/c)	110	407
Industrial securities	—	613	Profit and loss (own a/c)	150	161
Real estate	75	414	Miscellaneous	1,624	7,857
Total assets	58,139	99,576	Total liabilities	58,139	99,576

¹ A composite statement resembling a general balance-sheet is contained in the more recent reports of the *Caisse*. See, for example, Etat No. 19 *bis* of the appendices to the report for the year 1936 relating to its total assets.

The liabilities of the *Caisse*, apart from reserve, profit-and-loss and miscellaneous funds, are shown in three separate groups. The first, comprising individual deposits, amounts deposited by way of bond, funds under litigation and several other smaller accounts, represents the funds which the *Caisse* holds in the capacity of banker. It pays interest on these funds at rates fixed by the Minister of Finance. The *Caisse* may invest these funds as it wishes. The second group of funds, consisting of the old-age, social and life insurance funds, as well as those of the mutual benefit societies, are those which the *Caisse* manages in the capacity of a trustee. The investment of this second group of funds is subject to legal limitations; the *Caisse* is, however, allowed a certain degree of discretion so long as it invests in public or semi-public securities and in public utility schemes. The third and most important group is composed of the deposits of the ordinary (*Caisses d'épargne privées*) and postal (*Caisse nationale d'épargne*) savings banks. For these deposits the *Caisse* also acts as trustee; but, in investing them, it is subject to detailed legal prescriptions: nine-tenths of the funds must be placed in securities issued or guaranteed by the State, and the remainder may be held in the form of balances with the Bank of France (to a maximum of 100 million francs) and the Treasury. In March 1931, the *Caisse* was empowered to purchase also Government guaranteed issues of the P.T.T. and the railways and French and foreign industrial securities approved by the Finance Minister. The assets of the *Caisse* are shown according to the maturity of the various broad groups into which its detailed accounts have been arranged.

The responsibility for the investment of these vast sums¹ rests with a Commission composed of a representative of the Treasury, the Governor or one of the Vice-Governors of the Bank of France, the President of the Paris Chamber of Commerce, the presiding judge of the Court of Audit, two Cabinet Ministers, two members of the Senate, and two members of the Chamber of Deputies. Incidentally, it may be noted that the Director of the *Mouvement général de fonds* and the Governor of the Bank of France, who are members of this Commission, are also on the Council of the *Caisse autonome d'amortissement*, which is entrusted with the redemption of the public debt, and that the Director of the *Caisse des dépôts* is also the director of the financial operations of the *Caisse autonome d'amortissement*. The Director of the *Caisse des dépôts* is appointed by the President of the Republic on the nomination of the Minister of Finance.

All the assets of the *Caisse* represent short, medium, or long-term credits of a public character. The largest amount consists of securities, *rentes*, railway, colonial and other bonds.² The medium-term loans of the *Caisse*, though relatively unimportant prior to the depression, have increased rapidly since 1930. Indeed, between 1930 and 1936, these loans rose by over 22 milliard francs, an amount representing slightly more than half the increase

¹ At the end of 1936, they exceeded by nearly 30,000 million francs the total liabilities of the banking institutions other than the ordinary and postal savings banks whose accounts are given in Appendix Table VII, and were almost equal to those of the Bank of France (100 as against 105 milliard francs).

² The exact nature of the industrial security holdings of the *Caisse*, for obvious reasons, is not rendered public. The following percentage statement, however, shows the broad percentage distribution of these holdings at the end of 1936:

	%
Banks	30.75
Railways, canals.	29.11
Water, gas, electricity	21.66
<i>Crédit foncier</i> institutions	8.25
Steel mills, foundries, and collieries	2.42
Insurance	1.31
Other securities (sugar, textiles, cement, etc)	6.50
	100.00

The first group of assets was acquired mainly during the early part of the depression.

in the aggregate resources of the *Caisse* during this period. At the end of 1936, they accounted for nearly 30% of total assets. At this date, roughly a third of these loans consisted of direct advances to the "departments", communes, colonies and public institutions, another third of advances obtained by the Treasury for housing (*habitations à bon marché*), and the remainder of various loans ranging from advances to the Treasury for electrification, agricultural and waterwork improvement schemes to loans for the public works initiated in 1934. The Government is the guarantor of all these loans. The short-term assets of the *Caisse* consist of Treasury bills and other short-term securities of public bodies, *bons de la Défense nationale* and current accounts. The latter are kept partly with the Bank of France and partly with the Treasury.

The National Debt Commissioners in the United Kingdom manage funds and exercise functions broadly similar to those of the *Caisse des dépôts et consignations* in France. They are responsible, either directly or in the capacity of trustees, for the investment of the deposits of the Post Office Savings Bank and Trustees Savings Bank, the surplus funds of the principal social funds, the National Health Insurance, Treasury Pensions Account and Unemployment Insurance Fund, the balances of the Indian and Palestine Currency Reserves and those of Public Trustee, and certain smaller funds, such as the reserves of friendly societies. No official data are available regarding the amounts managed by the Commissioners, but it has been estimated¹ that, at the end of 1934, the accumulated total of all the above-mentioned funds amounted to approximately £900 million, of which £537 million represented the deposits of the Post Office and Trustee Savings Banks. It is further estimated² that the resources of the Commissioners have been growing at the rate of some £80 million a year.³

These large and growing sums must be invested in British Government securities.⁴ The National Debt Commission is composed of seven members — the Speaker of the House of Commons, the Chancellor of the Exchequer, the Lord Chief Justice, the Master of the Rolls, the Accountant-General of the Supreme Court, and the Governor and the Deputy Governor of the Bank of England. The executive functions of the Commission are carried out by the Controller-General of the National Debt Office, an official of the Treasury.

(d) *The assets of public banking institutions.*⁵

The percentage distribution of the main categories of the assets of public banking institutions in seven countries at certain selected dates is shown in Table 7. Two sets of

¹ N. F. HALL, in *Transactions of the Manchester Statistical Society*, February 10th, 1937, and *Economica*, May 1937.

² W. F. CRICK in *The Bankers' Magazine*, February 1938. The total resources of the National Debt Commission are here estimated at "well over £800 million".

³ N. F. HALL estimates (see note ¹) that the resources of the Commission as constituted by the two savings bank systems and the three principal social funds declined by £52.9 million in the years 1929-1931 inclusive, and increased by £113.8 million in the years 1932-1934.

⁴ The nominal total of marketable British Government securities outstanding, exclusive of the floating debt, amounts to about £5,600 million.

⁵ It is unfortunately not possible to include in this study a review of the assets of the other five types of credit institutions for which deposit and total balance-sheet figures are given in Appendix Table VII. Such a review is hardly necessary for three of these five types of institutions—namely, agricultural banks, mortgage banks, and building societies. These are specialised organisations and usually confine themselves to those activities which are described by their names. For an account of the activities of agricultural banks in several countries, reference may be made to a recent report published by the League of Nations and entitled *Report on Systems of Agricultural Credit and Insurance*. A description of the more important mortgage banks in a large number of countries will be found in J. L. COHEN's *The Mortgage Bank*, London, 1931. A comprehensive international survey of the activities of building societies is not available; brief accounts relating to such societies in fourteen countries are contained in a document issued in connection with the Sixth World Congress of Building Societies held at Zurich in September 1938.

Comprehensive data regarding the assets of people's banks and trust or finance companies are generally lacking.

figures for Italy are shown for 1936; the second, which excludes the accounts of the three leading commercial banks converted into "public banks", is an estimate.

Table 7.

PERCENTAGE DISTRIBUTION OF THE PRINCIPAL ASSETS OF PUBLIC BANKING INSTITUTIONS
(Total assets = 100)

Country	Total assets (000,000's of national currency)	Loans and advances				Securities			Cash and due from banks	Other assets	
		Total	Mortgage	To public bodies	Other	Total	Government	Other			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
	End of :					Per cent					
Bulgaria ^a	1925	3,663	68.7	3.8	7.5	57.4	0.4	0.4	—	1.8	29.1
	1929	6,503	77.7	5.8	5.8	66.1	0.3	0.3	—	3.2	18.8
	1936	9,589	58.7	3.1	13.0	42.6	13.6	13.6	—	9.6	18.1
Germany ^b	1925	4,099	87.6	15.4	4.2	68.0	1.2	.	.	1.1	10.1
	1929	13,491	86.0	26.2	14.7	45.1	4.3	0.7	3.6	0.7	9.0
	1936	17,875	71.9	30.9	16.4	24.6	8.6	3.9	4.7	0.7	19.0
Italy ^c	1926	871 ^d	74.3	15.1	.	59.2	20.8	.	.	2.6	2.3
	1929	6,841 ^d	67.4	9.8	.	57.6	18.8	.	.	7.1	6.7
	1936	33,390 ^d	68.0	5.3	.	62.7	14.1	.	.	14.2	3.7
	1936	14,433 ^d	(42.7)	(.)	(.)	(.)	(23.2)	(.)	(.)	(20.0)	(14.1)
Japan ^e	1932	4,041 ^d	75.1	.	.	.	14.9	7.0	7.9	10.0	.
	1936	3,758 ^d	68.8	.	.	.	20.9	10.3	10.6	10.3	.
Poland ^f	1926	880	79.7	24.3	30.6	24.8	3.0	.	.	4.4	12.9
	1929	2,522	78.5	36.6	16.4	25.5	3.3	1.3	2.0	2.0	16.2
	1936	3,395	75.9	33.9	22.6	19.4	3.6	2.2	1.4	2.2	18.3
Switzerland ^g	1925	4,713	83.3	49.3	3.2	30.8	8.0	.	.	5.0	3.7
	1929	5,824	82.0	49.4	2.5	30.1	7.3	.	.	7.6	3.1
	1936	8,018	84.0	62.0	5.5	16.5	7.8	.	.	5.3	2.9
United States ^h	1934	8,168 ⁱ	89.8	61.2	—	28.6	10.2 ^j	.	.	.	.
	1936	8,798 ⁱ	91.2	64.8	—	26.4	8.8 ^j	.	.	.	.

^a Combined accounts of the Agricultural Bank and the Central Co-operative Bank (amalgamated at the end of 1934). Columns (2) and (5) include, *inter alia*, debit balances of the current accounts of co-operative societies.

^b Included are, for 1925: *Öffentlich-rechtliche Banken* and *Realkreditanstalten*; for 1929 and 1936: *Öffentlich-rechtliche Kreditanstalten*.

^c *Istituti di diritto pubblico ed Enti morali*. For 1936, the percentages in the first line are based on figures including *Credito Italiano*, *Banca Commerciale Italiana*, and *Banco di Roma*; those in the second line exclude these three institutions and represent estimates. Columns (2) and (5) include correspondents and debtors on current accounts, representing transactions with commercial and industrial clients.

^d Total of principal assets.

^e "Special banks", excluding the Bank of Japan.

^f The National Economic Bank and the State Land Bank.

^g Cantonal banks.

^h Organisations financed wholly or partly from Government funds.

ⁱ Total of loans and preferred stock.

^j Preferred stock.

The institutions covered by Table 7 are heterogeneous, and their activities are not as uniform as is suggested by the classification of their assets. The majority, or the more important, of these institutions may be described, however, as being largely mortgage and agricultural credit establishments. In this category fall the Agricultural and Co-operative Bank in Bulgaria, the *Landesbanken* in Germany, the Mortgage Bank, the Hokkaido Colonial Bank, and the group of industrial and agricultural banks in Japan, the State Land Bank in Poland, the Swiss cantonal banks, and most of the public institutions in the United

States.¹ These institutions conduct ordinary banking business, which has tended to increase since 1929; but, despite this increase, such transactions remain small when compared to the total operations of these institutions or the ordinary business of commercial banks.

Certain public banks, on the other hand, concentrate on commercial banking, and their transactions in this field are of no small importance. This is true particularly of most of the Italian public institutions, the State banks in Germany, the National Economic Bank in Poland, and the Yokohama Specie Bank in Japan.

Of the seven public credit institutions in Italy, five — namely, the *Banco di Napoli*, *Banco di Sicilia*, *Monte dei Paschi* of Siena, *Istituto di San Paolo* of Turin, and the *Banco Nazionale del Lavoro* — may be described as ordinary banking establishments. Though each of them possesses separate departments concerned with agricultural and land credit, mortgage business, and with specialised industries (*Banco Nazionale del Lavoro* and *Banco di Sicilia*), they have concentrated increasingly on commercial banking. In 1936, half of their aggregate deposits was devoted to ordinary banking transactions, the proportion varying from 80% in the case of the *Banco Nazionale del Lavoro*; to 27% in the case of the *Istituto di San Paolo*. The remaining two organisations, the *Istituto Mobiliare Italiano* and *Istituto per la Ricostruzione Industriale*, are specialised institutions set up in 1931 and 1932 respectively, mainly to relieve the commercial banks of their frozen assets.

The State banks in Germany, which before the war were specialised, have since the stabilisation of the mark turned their attention increasingly to ordinary banking business.

One of the principal objects for which the Polish National Economic Bank was established in 1924 was to carry on general banking business and to finance export trade. It discounts bills, does accepting business and grants current account loans and advances like a commercial bank. Except for a setback during the worst years of the depression, ordinary banking transactions have constituted an increasing proportion of the Bank's growing business.

The Yokohama Specie Bank, apart from its functions as the foreign exchange agent of the Bank of Japan, is essentially a commercial bank.

(e) *Assets of insurance companies.*

A rough distribution of the principal assets of insurance companies in eleven countries classified on an approximately uniform basis is presented in Table 8.

The outstanding feature disclosed by the table is the rapid growth in the total assets of insurance companies both before and after 1929. This growth has been marked in almost all the countries considered; between 1925 and 1936, total assets trebled in Bulgaria, France, Japan, and Switzerland, slightly more than doubled in the Netherlands and the United States, and almost doubled in Norway and the United Kingdom. Equally striking has been the development in the three countries, Denmark, Finland and Sweden, for which comprehensive data are shown for 1929 and 1936 only.

The investments of insurance companies in certain countries are governed by detailed legal prescriptions, while in others, especially in the United Kingdom and the United States, they are determined by national traditions and practice.

¹ Reference may be made here to the Agricultural Mortgage Corporation set up in 1928 in the United Kingdom under Government auspices with capital furnished by most of the joint-stock banks, to provide long-term mortgage loans for the purchase of farms and their improvement. It is relatively unimportant, however, its share and debenture capital amounting to less than £11 million. Further, its activities have been restricted by its relatively high charges, due in large part to the high rate of interest — 5% on £8½ million — that it has to pay on its debentures.

Table 8.
ASSETS OF LIFE^a INSURANCE COMPANIES 1925, 1929 AND 1936
 National currency (000,000's)

Country and unit of currency	Total assets	Securities				Mortgage loans	Loans to local authorities	Real estate	Loans to policy holders	
		Total	Government	Shares	Other					
	End of:									
Bulgaria ^a Lev.	1925	655	36	.	.	.	161	—	93	29
	1929	1,343	121	.	.	.	344	—	149	78
	1935	1,983	154	.	.	.	436	—	390	260
Denmark ^a Krone.	1929	709	597	.	.	11 ^b	.	.	.	.
	1936	1,190	956	.	.	34 ^b	.	.	.	.
Finland. Markka.	1930	1,163	82	.	.	.	750	179	.	114
	1936	2,127	642	.	.	.	1,034	208	.	194
France Franc.	1925	4,130	2,467	1,831	115	520 ^c	184	41	50	85
	1929	6,511	3,810	2,775	339	697 ^c	376	103	51	188
	1936	12,850	7,543	5,819	...	...	669	231	...	521
Japan ^a Yen.	1925	961	457	102	139	216	106	24	.	35
	1929	1,467	846	116	325	405	135	28	.	97
	1936	2,669	1,658	219	697	742	164	109	.	258
Netherlands. Gulden.	1925	581	169	.	.	.	219	.	35	97 ^d
	1929	807	240	.	.	.	325	.	33	133 ^d
	1936	1,242	289	.	.	.	422	.	60	320 ^d
Norway Krone.	1926	406	206	.	.	.	135	.	.	31
	1929	506	251	.	.	.	169	.	.	52
	1936	775	321	.	.	.	351	.	.	65
Sweden. Krona.	1929	1,505	703	547	.	.	354	.	.	177
	1936	2,334	1,118	819	.	.	676	.	.	197
Switzerland. Franc.	1925	778	130	.	.	.	338	113	33	51 ^e
	1929	1,318	203	.	.	.	666	152	48	87 ^e
	1936	2,249	287	.	.	.	1,191	264	86	189 ^e
United Kingdom ^a £.	1925	985	682	317	208	157 ^c	86	.	54	84 ^g
	1929	1,242	822	278	359	185 ^c	131	.	58	140 ^g
	1936	1,635	1,174	430	542 ^c	202 ^f	149	.	89	126
United States \$.	1925	11,538	4,412	.	81	4,331 ^b	4,799	20 ^d	266	1,446
	1929	17,482	6,280	.	356	5,924 ^b	7,297	32 ^d	464	2,379
	1935	23,216	10,496	.	531	9,965 ^b	5,340	13 ^d	1,986	3,540

Source: *Assekuranzjahrbuch*, published by the "Compass-Verlag", Vienna, and official publications. For 1936 for the United Kingdom the annual insurance supplement of the *Statist.*

^a All domestic insurance companies for Bulgaria, Denmark, Japan and the United Kingdom.

^b Including loans.

^c Foreign Government securities.

^d Including loans the composition of which is not indicated.

^e Including debentures.

^f Empire and foreign Government and municipal securities.

^g Loans on rates, policies, etc.

^h Bonds.

A preponderant part of total assets continues to be constituted by security holdings in Denmark, France, Japan and the United Kingdom, and by mortgage loans in Finland and Switzerland, while in Bulgaria, the Netherlands, Norway, Sweden and the United States assets remain more or less evenly distributed as between securities, mortgage credits and other transactions.

The marked growth in their resources has, however, greatly enhanced the importance of insurance companies as a source of funds, not only for public authorities, but also for commerce and industry. In the majority of countries insurance companies hold large amounts of public bonds, particularly those of the Central Government; indeed, in some countries their dealings in such securities are of major importance to the bond market. But, though this is barely brought out by the scanty data presented in Table 8, their other transactions have tended in recent years to gain in importance at the expense of investments in public securities. Attention may first be drawn in this connection to the share holdings of insurance companies. These are shown separately for France, Japan, and the United States; the amounts given for the United Kingdom include debentures. Share holdings will be seen to have risen substantially throughout the years under review in all these countries. In Japan they accounted for about a fifth of aggregate insurance company assets in 1936, and in the United Kingdom shares and debentures accounted for a third of such assets at that date. A minor part of these share holdings represents the shares of sister companies and affiliates; they also include the stock of building societies, with which insurance companies are closely connected in several countries. But the major and growing portion of share holdings appears to represent industrial securities. Thus, in a special analysis¹ made of the assets of the four largest insurance companies in the United Kingdom, it was found that the ratio of the debentures, preference and ordinary shares of railway companies and industrial and commercial enterprises to total assets increased from 12.9% at the end of 1920 to 29.3% at the end of 1933.

The lending activities of insurance companies consist mainly of mortgage loans and in part of loans to policy holders. Both types of loans have increased steadily in most of the countries for which particulars are available.²

Further, since 1929, this increase has been more marked than that of other assets in most of the countries considered. In the absence of details regarding their lending activities and of aggregate figures regarding mortgage loans or total loans of all credit institutions, it is not possible to indicate the true importance of insurance companies in each of the national loan markets. This may be done, however, in the case of the United States and Switzerland, for which comprehensive figures are available for the majority of banking institutions. At the end of 1935, the mortgage loans and loans to policy holders of insurance companies amounted to almost 60% of the aggregate loans and advances of all the commercial banks, stock savings banks, private banks and loan and trust companies in the United States. In Switzerland, this proportion was smaller: at the end of 1936, insurance company loans represented 14.1% of the total loans and advances of all banking institutions.³ The relative importance of insurance company loans to policy holders in other countries may be illustrated by expressing them as a percentage of the loans of commercial banks. This is done on the following page for the end of 1936 for seven countries; the commercial bank figures used are those contained in Volume II of this publication.

¹ *Studies in Capital and Investment*, edited by G. D. H. COLE, London, 1935; chapter by F. WILLIAMS entitled "Insurance Companies and Investment Trusts".

² Mortgage loans declined in the United States after 1929, and policy loans in the United Kingdom.

³ It is interesting to note in this connection that insurance companies in Japan grant loans on the collateral of securities in the same way as commercial banks. The total of such loans rose from 50 million yen in 1929 to 106 millions in 1935.

Insurance companies in the United Kingdom are also believed to grant similar loans. It is stated — A. T. K. GRANT, *A Study of the Capital Market in Post-war Britain*, London, 1937, page 190 — that they are prepared to make loans on security to established business companies at 5%, 5½% and 6%, and that they are prepared to lend money on mortgage to business enterprises at 4% or 4½%.

Percentage Ratio of Insurance Company loans to Policy Holders to the Total Loans and Advances of Commercial Banks at the End of 1936.

	%		%
Bulgaria	17.4	France	5.3
Norway	9.5	Japan	4.3
Sweden	6.7	Finland	2.9
United Kingdom	5.8		

6. INTEREST RATES PAID ON DEPOSITS BY VARIOUS BANKING INSTITUTIONS

Reference was made in the introductory part of this chapter to the differences in interest rates paid on deposits by commercial banks and by other credit institutions as contributing in no small degree to the post-war development of the latter institutions and as accounting in part for shifts in deposits from the former to the latter. Table 9,¹ which brings together available information on average deposit rates in seven countries in 1925, 1929 and 1936, affords some illustration of these differences.

It will be seen that, apart from the Italian public banks and the Swiss cantonal banks, the rates paid on deposits by savings banks, the Post Office,^{2 3} mutual credit organisations and building societies are generally, and sometimes considerably, higher than those offered by the commercial banks. Of greater significance, however, are two other features which may be discerned from Table 9 — namely, the relative rigidity of the deposit rates of most institutions other than commercial banks and the fact that the relative discrepancy between the deposit rates offered by the various banking institutions has not tended to become narrower either in the period prior to 1929 or in subsequent years, at a time when the legal powers of central banks have been generally on the increase. These two facts suggest that the effects of central monetary policy on institutions other than commercial banks are generally felt, if at all, after an appreciable lapse of time. The rigidity of deposit rates has tended to increase the inelasticity of the banking system and money rates in most countries where institutions other than commercial banks have gained considerable importance. A similar increase in the rigidity of money rates is also to be observed in countries where these institutions are of less importance, but where they have been considered as potential competitors by the commercial banks. In such circumstances, commercial banks have been unwilling, and sometimes unable, to reduce their deposit rates irrespectively of the rates of other institutions for fear of a shift in deposits. This unwillingness or inability to reduce deposit rates has in turn contributed to the rigidity of the loan rates of commercial banks and to a further limitation of the scope of monetary policy.

7. CENTRAL CO-ORDINATION OF THE ACTIVITIES OF CREDIT INSTITUTIONS

The wide discrepancies in deposit rates and the rigidity of money rates referred to in the preceding section are aspects of the more general problem of a central co-ordination of the activities of all credit institutions aiming at enlarging the scope and effectiveness of central monetary control to embrace all institutions conducting banking transactions

¹ This table is based on official sources and *L'Epargne du Monde*, a publication of the International Thrift Institute, Milan. The definition and classification of deposits varying widely in respect both of countries and of institutions, the figures shown should be used with caution for purposes other than that of illustrating broad differences in rates.

² In the United States, the competition from the Post Office was eliminated by the Banking Act of 1935, which provided for uniform interest rates payable on savings deposits with this institution and member banks of the Federal Reserve System.

³ It is to be noted, that the Post Office savings system offers in most countries certain services, such as the transfer of funds, which other banking institutions cannot offer to the same extent or as cheaply.

Table 9.
INTEREST RATES PAID ON DEPOSITS BY VARIOUS BANKING INSTITUTIONS

Country	Institutions	Type of deposits					
		Savings			Notice		
		1925	1929	1936	1925	1929	1936
Australia	Trading banks	2.62 ^a	2.93	1.56	2.62 ^a	2.93	1.56
	Savings banks :						
	(a) Commonwealth Savings Bank of Australia ^b	3.30 ^a	4.00	2.00	.	.	.
	(b) State Savings Bank of Victoria	4.00 ^a	4.00	2.00	.	.	.
	(c) Savings Bank of South Australia	4.75 ^a	4.75	2.75	.	.	.
Belgium	Two representative commercial banks — sight deposits . . . . .	.	.	.	.	1.50 ^c	0.50
	<i>Caisse générale des reports et dépôts</i> — on 15 days notice . . . . .	.	.	.	.	4.97 ^c	1.20
Italy	Joint-stock banks	4.37 ^a	4.52	2.75	4.37 ^a	4.52	2.75
	Public banks	4.16 ^a	3.91	2.50	4.16 ^a	3.91	2.50
	Savings banks	3.91 ^a	3.99	3.00	3.91 ^a	3.99	3.00
	Co-operative banks	4.30 ^a	4.46	3.10	4.30 ^a	4.46	3.10
New Zealand	Trading banks :						
	(i) 3-6 months notice . . . . .	.	.	.	3.50	3.75	1.25
	(ii) 6-12 " " . . . . .	.	.	.	3.75	3.75	1.75
	(iii) 12-24 " " . . . . .	.	.	.	4.00	4.00	2.25
	(iv) 24 " " . . . . .	.	.	.	4.50	4.50	2.50
	Post Office Savings Bank :						
	(i) deposits up to £500	4.00	4.00	3.00	.	.	.
	(ii) " from £500 to £2,000 (1925, £500 to £5,000)	3.25	3.25	2.50	.	.	.
	Building and investment societies :						
	(i) Deposits at call or under 3 months notice . . . . .	.	.	.	.	3.84 ^d	2.79 ^e
(ii) 3-24 months notice (1929 : 3-12 months) . . . . .	.	.	.	.	4.13 ^d	2.86 ^e	
(iii) 24 months and over . . . . .	.	.	.	.	4.94 ^d	3.32 ^e	
Sweden	Big banks :						
	(i) Savings deposits	3-3.50 ^f	3.50-4 ^g	2.00	.	.	.
	(ii) Cheque accounts . . . . .	.	.	.	1.00 ^f	1.00 ^g	0.50
	(iii) Capital accounts (not less than 4 months notice) . . . . .	.	.	.	3.50 ^f	4.00 ^g	2.00
	(iv) Up to 1 month notice . . . . .	.	.	.	.	.	1.00
	Ordinary savings banks (average rates)	4.52	4.35	2.59	.	.	.
Switzerland	Big commercial banks	4.42	4.21	2.97	.	.	2.57 ^h
	Cantonal banks	4.18	4.04	3.05	.	.	2.67
	Savings banks	4.41	4.27	3.43	.	.	3.44
Germany	Rates of the <i>Berliner Stempelvereinigung</i>	—	5.68	3.00			
	(i) 1 to less than 3 months notice . . . . .	.	.	.	—	—	2.50
	(ii) 3 to less than 6 months notice . . . . .	.	.	.	—	—	3.00
	(iii) 6 months to 364 days . . . . .	.	.	.	—	—	3.50
	Savings banks :						
	(i) Current accounts . . . . .	.	.	3.72	.	.	.
	(ii) Sight deposits . . . . .	.	.	4.75	.	.	.
(iii) 1 month notice . . . . .	.	.	5.51	.	.	.	
(iv) 3 months notice . . . . .	.	.	6.23	.	.	.	
(v) 6 months notice . . . . .	.	.	6.56	.	.	.	
(vi) 12 months notice . . . . .	.	.	6.69	.	.	.	

^a 1926.

^b Maximum rate allowed on ordinary current deposits.

^c January 5th, 1930.

^d March 31st, 1933.

^e March 31st, 1937.

^f January 1926.

^g January 1930.

^h The rates shown relate to *livrets de dépôts*.

or engaged in business affecting the money and capital markets. Such a central co-ordination has been instituted in only a few countries, notably Poland, Germany, Italy and Belgium. The Polish Law of March 1928 is the earliest and most extensive, its provisions covering

all types of credit institutions other than insurance companies. The German and Italian Laws dated December 5th, 1934, and March 12th, 1936, respectively, apply to all deposit-receiving institutions only. These three laws, however, aim primarily at the protection of savings. The powers given to the central monetary authorities are those of supervision and control for a limited purpose and were not framed with a view to rendering the activities of banking institutions generally more amenable to central credit policy. The Belgian Decree of July 23rd, 1937, amending the Statutes of the National Bank, constitutes, on the other hand, a departure from the traditional banking legislation by providing expressly for the co-ordination of general policy by the Central Bank. As a first step in this co-ordination, the National Bank is authorised to invest in the capital of financial institutions of "public utility" up to 25% of the Bank's own funds, and it is provided that the Bank shall be represented on these institutions on a "rational basis".

In the majority of countries, central monetary control is usually confined, through banking legislation or tradition, almost exclusively to the commercial banking system. Though other institutions are often subject to special laws or regulations, such laws have usually been framed with objects other than the co-ordination of credit policy as decided on by central authorities. The influence of the latter, whenever exercised, usually takes the form of persuasion and advice. This influence is, however, often ineffective in reducing the overlapping of the functions of the various credit institutions or the differences in their privileges or competitive capacity.

D. — THE BILL OF EXCHANGE

1. GENERAL

Until recent years, the bill of exchange has been an important instrument for the financing of trade and industry, and has constituted an especially useful short-term asset for the banks. Its simplicity, the short period within which it matures, the guarantees of the acceptor, drawer and endorser attached to it, and its admission to rediscount at the central bank have contributed to make the bill of exchange a mobile and easily negotiable instrument treated by the banks as a second line of defence after cash and money at call and short notice. Though the development of this form of financing has varied from country to country, the discounting of bills of exchange has come to be regarded as a distinctive feature of commercial banking in most countries, while in a few, such as the United Kingdom and the Netherlands, separate markets specialising almost exclusively in bills of exchange have grown up. In recent years, however, a widespread decline in the use of the bill of exchange has taken place.¹ An attempt will be made here to examine briefly the degree of this decline, its causes, and its implications for the banking system and monetary policy.

2. BILLS IN CIRCULATION

Official data on the amount of bills of exchange in circulation are generally lacking, and accurate estimates on the basis of central and commercial bank accounts cannot always be made, because of the practice in many countries of making no distinction between discounts of commercial paper and of Treasury bills. The data presented in the following pages, though relating to a few countries, are believed to be fairly representative of the trend in countries where the use of this instrument has become widespread.

United Kingdom.

In the United Kingdom, a highly developed and specialised bill market has grown up. The amount of bills outstanding cannot be measured directly from bank accounts, because no distinction is made in them between commercial paper and Treasury bills.² Indirect estimates may, however, be made on the basis of the annual figures for stamp duties on bills of exchange and promissory notes published by the Commissioners of Inland Revenue. Gross figures for stamp duties on all bills have been published since 1848, while the stamp duties on inland and foreign-drawn bills have been shown separately since 1902/03. These latter figures have been plotted in Diagram 13.³ The left-hand axis of the diagram shows the stamp duties received in the course of the fiscal year. As the stamp duty on bills, whether

¹ See Minutes of Evidence taken before the (Macmillan) Committee on Finance and Industry, particularly the evidence given by Sir E. HARVEY, Sir R. KINDERSLEY, Mr FOÀ, Mr. GOODENOUGH and Mr. RAE, and more recently the annual reports of central and commercial banks as well as the Australian Royal Banking Commission's report of August 1937.

² Separate figures for the commercial bill and Treasury bill discounts of the London clearing banks from 1919 to 1930 were published, however, in the Macmillan report and are used in Diagram 18 below.

³ For reasons of space, the data relating to the years 1848 to 1902 are not shown here. Receipts from stamp duties on bills of exchange and promissory notes do not show any wide fluctuations during these years, apart from a steep rise from 1870 to 1874, at the time of the Franco-Prussian war.

inland- or foreign-drawn, is at the rate of 1 shilling per £100, *i.e.*, 1s. per cent or $\frac{1}{2}$ per mille,¹ and, as the average currency of the bill is usually ninety days, the average amount of bills outstanding in any given year may be estimated directly from the stamp duties by multiplying the receipts on stamps from bills during that year by $2,000 \times \frac{1}{4}$, or by 500.² A right-hand scale, 500 times larger than that of the left-hand axis, has accordingly been added to Diagram 13; this shows fairly accurately the average amount of bills of exchange and promissory notes outstanding. The only important correction to the figures that is called for is the exclusion of Allied War Debt bills which are included in the original gross figures given for foreign bills for the years 1915/16 to 1929/30. The corrected figures for these years are shown in solid lines, while the original data are represented by the broken curves B^a and C^a. In the second part of the diagram, the estimated value of inland, foreign and total bills outstanding is shown in terms of constant prices — *i.e.*, divided by the Sauerbeck wholesale price index.

If disturbances due to price fluctuations are eliminated, it will be found that the changes in the amount of bills outstanding follow broadly the general movements in commercial activity. Throughout the pre-war period, there was a gradual but substantial rise in the circulation of foreign-drawn bills and a moderate increase in the amount of inland bills outstanding. With the dislocation of the London money market during the war years, there was a very steep fall in foreign bills; inland-drawn bills, on the other hand, showed a relatively small decline during the first four years of the war, but fell heavily in 1918/19. There was a rapid revival in the circulation of both types of bill during the early post-war recovery; foreign bills outstanding, however, suffered a slight setback consequent on the first post-war slump. As exchanges in Europe became more stable, there was a rapid recovery in foreign-drawn bills, which was stimulated by the demand for working capital, particularly in Germany and other Central European countries, and, apart from a drop in 1926, this recovery was maintained until the onset of the depression in 1929. But while the actual value of foreign bills outstanding attained levels during these years substantially above that of the pre-war period, in terms of constant prices the circulation of foreign bills remained well below the peak reached before the outbreak of the war. On the other hand, inland-drawn bills, after a rapid recovery in the four years following the armistice, fluctuated but little around a level some 20% below that reached before the war. Since the onset of the depression, there has been a substantial fall in foreign-drawn bills, the decline being in no way arrested by the economic and trade recovery of recent years. The circulation of

¹ The actual rate of duty is less than 1 shilling for bills under £75, varying from 2d. on bills under £10 to 9d. for bills for an amount between £50 and £75. Bills drawn for amounts under £100 are known, however, to constitute only a fraction of all bills in circulation. It may also be noted that the stamp duty on domiciled bills (those drawn and payable abroad but negotiated in the United Kingdom) is half of the ordinary rate; the amount of such bills outstanding is, however, believed to be negligible.

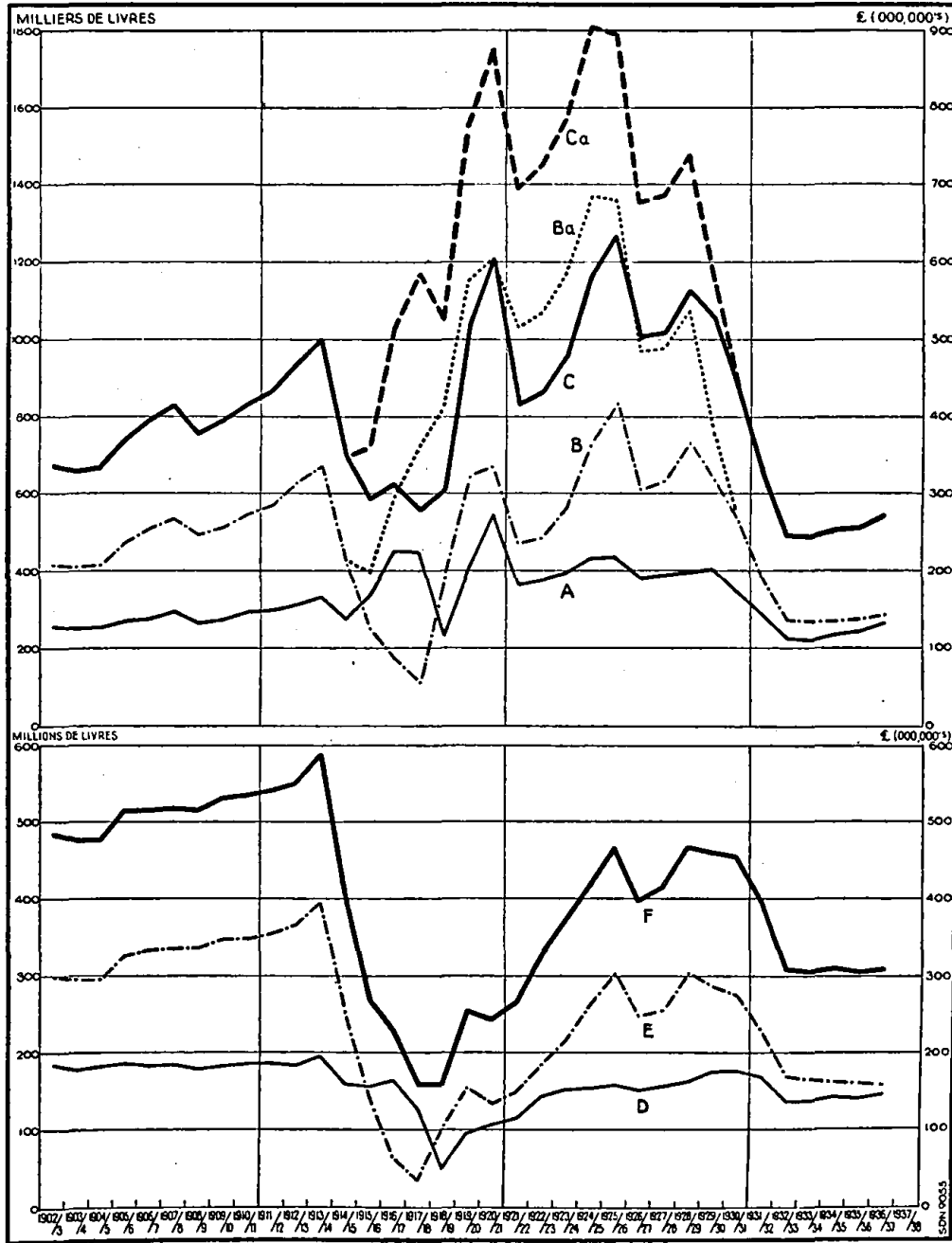
² For a detailed description of this method, see P. B. VIGREUX: *Le crédit par acceptation*, Paris, 1932, pages 23 to 30, and also the *Economist* of March 26th, 1938, page 689, and May 14th, 1938, page 366, where the same method is used for estimating the amount of bills outstanding since 1926.

The various types of bills which pay stamp duty and make up the estimated total bills outstanding fall into the following four groups according to the order of their importance: bank bills and commercial bills, Treasury bills issued by foreign Governments and public bodies, usually referred to as "fancy" or "exotic", bills, domiciled foreign bills, and also promissory notes of British corporate bodies, such as the Port of London Authority and the Metropolitan Water Board. It is estimated (VIGREUX: *op. cit.*, page 28) that, out of a net total of £580 million of bills outstanding in 1928/29, foreign Treasury bills accounted for £25 million, or about 5%, and domiciled bills for £15 million, or about 3%. Promissory notes appear to have been negligible in amount until 1929; it is estimated (R. J. TRUPTEL: *British Banks*, page 251) that, at the end of 1929, 1930 and 1931, they amounted to £20, over £35 and £30 million respectively. Incidentally, the currency of these notes is from three to twelve months. Of the remaining bills, approximately half are believed to be bank bills — acceptances of British banks, "prime bank bills", and acceptances of the London branches of colonial and foreign banks, "foreign agency bills" — and the other half commercial bills. For a description of the various kinds of bill dealt in on the London discount market see the evidence of Mr. R. H. FOÀ in Vol. I of the Minutes of the Evidence of the Macmillan Committee, pages 106 to 111.

Diagram 13.

STAMP DUTIES ON BILLS AND ESTIMATED TOTAL BILLS OUTSTANDING IN THE UNITED KINGDOM

- A. Inland-drawn bills.
- B. Foreign-drawn bills.
- B^a. Foreign-drawn bills *plus* Allied War Debt bills.
- C. Total bills (A + B).
- C^a. Total bills *plus* Allied War Debt bills (A + B^a).
- D. Inland-drawn bills (A) "corrected" for price changes.
- E. Foreign-drawn bills (B) "corrected" for price changes.
- F. Total bills (C) "corrected" for price changes.



inland-drawn bills, after rising during the first two years of the depression, fell in the following three years. The recovery which has since set in has been slight and uncertain, and the amount of both types of bill outstanding remains at about the low level reached at the bottom of the depression.

United States of America.

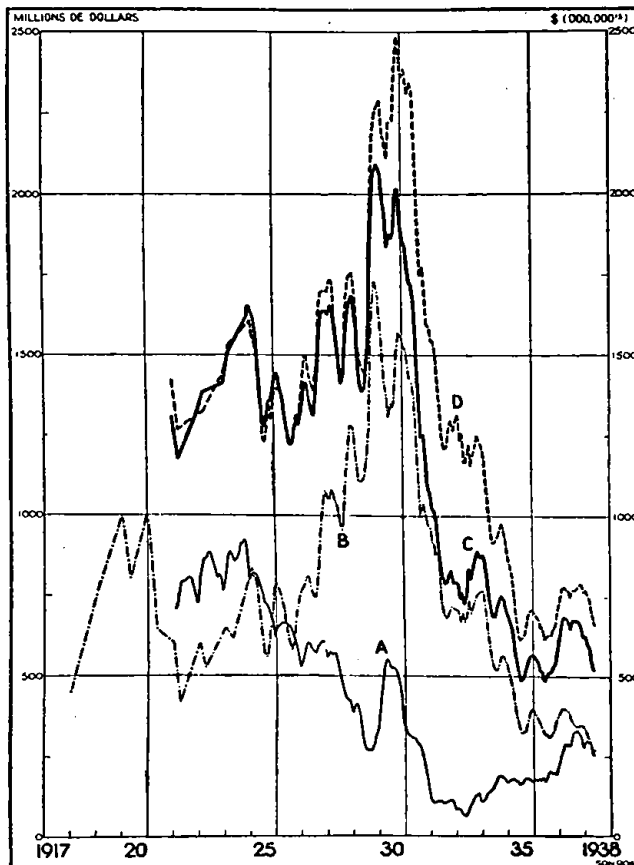
The bill of exchange proper came into common use in the United States only after the war with the establishment of an acceptance market. A "commercial paper" system, however, had been in existence since the eighties of the last century, and served as the basis of the open discount market. Goods were generally sold on open account; but well-known business corporations with a high credit standing usually borrowed by issuing their promissory notes, commonly referred to as commercial paper, in denominations of

\$2,500 and multiples thereof maturing in four to six months. Unlike trade bills and bankers' acceptances, these promissory notes are not drawn to finance a specific sale or transaction, but largely to provide additional temporary working capital for meeting pay rolls, purchasing materials and paying general operating expenses during periods of seasonal business activity. The paper is marketed through the commercial paper houses, which buy the paper direct from the issuers and then sell it to banks — usually country banks — generally without endorsing the paper they sell. Such paper is customarily held by the banks until maturity, since it is not, as a rule, eligible for rediscount at the Reserve Banks. A market in acceptances was inaugurated as a consequence of the organisation of the Federal Reserve System and reached a high degree of development and specialisation in the post-war period. Commercial paper outstanding and bankers' acceptances may be considered as constituting the bulk of commercial bill credit in the United States. End-of-the-month figures relating to commercial paper outstanding, as reported to the Federal Reserve Bank of New York by the leading commercial paper houses, have been available since January 1922, and

Diagram 14.

BILLS OUTSTANDING IN THE UNITED STATES

- A. Commercial paper outstanding.
- B. Dollar acceptances outstanding.
- C. Total commercial paper and dollar acceptances outstanding.
- D. Total amount outstanding (C) "corrected" for price changes.



end-of-the-month data on dollar acceptances outstanding have been published by the American Acceptance Council since January 1925.¹ These figures, together with estimates relating to the amount of acceptances outstanding at certain selected dates from 1917 to 1925, have been plotted in Diagram 14. The value of total commercial paper and dollar acceptances outstanding in terms of current prices — *i.e.*, divided by the wholesale price index — is shown by curve D of the diagram.

It will be seen that commercial paper outstanding, except for a brief rise in 1930 connected probably with issues of a non-commercial nature, has been continually on the decline since 1925; its recovery since the low point reached in May 1933 has been so slight — particularly in terms of constant prices — when compared with the improvement in business conditions, as to suggest that this form of financing has practicably fallen into desuetude. Acceptances, on the other hand, except for a relapse during the early post-war depression, showed a steady increase from the end of 1917 to the end of 1929.² But a fall set in during 1930 and seems scarcely to have been arrested, even in the last three years, despite the substantial recovery in the value of American foreign trade. Though during 1937 the value of total merchandise trade had risen to over 66% of that of 1929, the volume of acceptances did not respond to this rise and remained at the low level reached during 1935 — *i.e.*, at about 25% of the volume outstanding in 1929. This lack of response is similar to that disclosed by the figures in Diagram 13 relating to the United Kingdom.

The stagnation in financing by means of acceptances is still more strikingly brought out by the table below showing the evolution of dollar acceptances by the classes of credits negotiated.

ESTIMATED VOLUME OF ACCEPTANCES NEGOTIATED DURING 1925-1937 BY CLASSES OF CREDITS

Year	Import	Export	Domestic shipment	Domestic storage	Shipment between, and storage in, foreign countries	Dollar exchange	Total	Total "corrected" for price changes
\$ (000,000's).								
1925	1,123	1,025	99	425	47	67	2,786	2,693
1926	1,186	941	78	344	140	74	2,763	2,763
1927	1,204	1,189	84	524	291	101	3,393	3,557
1928	1,283	1,572	72	559	692	115	4,293	4,440
1929	1,355	1,688	71	604	1,249	224	5,191	5,447
1930	1,105	1,668	100	825	1,956	229	5,883	6,809
1931	762	1,286	115	902	1,732	217	5,014	6,868
1932	405	705	66	848	1,048	62	3,134	4,836
1933	341	708	53	865	850	29	2,846	4,319
1934	379	640	38	721	595	14	2,387	3,187
1935	404	394	35	361	369	11	1,574	1,968
1936	442	315	276		327	8	1,368	1,693
1937	573	322	287		281	6	1,469	1,702

¹ Both series are published in the annual reports of the Federal Reserve Board and in the *Federal Reserve Bulletin*. The figures on commercial paper outstanding do not represent the total amount of such paper in circulation, as some of it is handled by dealers not reporting to the Federal Reserve Bank of New York. Thus, on December 31st, 1937, the total commercial paper held by all member banks amounted to \$364 million, while the amount reported by dealers as outstanding at the end of the same month was only \$279 million. The total figures reported to the Federal Reserve Bank of New York are stated to include some finance paper sold in the open market.

² It should not be deduced from the apparently inverse movement of commercial paper and acceptances outstanding that the latter replaced the former as an instrument of short-term financing. Though it is quite probable that the business concerns which usually issued commercial paper had some recourse to acceptances, the decline in commercial paper would appear to be due to more fundamental structural changes in the financing of business, which are referred to below.

All classes of credits¹ have declined, the decline being more substantial than the fall in prices. The shrinkage is most noticeable in the case of credits for shipment between, and storage in, foreign countries, for the export trade and for dollar exchange. It should be noted that the first-mentioned class of credits were those on which the banks have suffered most losses. Their increase during 1930 — alongside that of commercial paper — is significant in this connection. The relative importance of the decline in various classes of credits may be illustrated by the following comparison of the volume of import and export acceptance credits to total imports and exports :

	1929	1930	1931	1936	1937
Percentage of import acceptance credits to total imports	31.2	35.5	36.5	18.2	19.0
Percentage of export acceptance credits to total exports	32.7	44.1	54.1	13.0	9.8

Scandinavian Countries.

As in the Scandinavian countries there are no distinct discount markets, it may safely be assumed that the amount of bills held or negotiated by the commercial banks represents the majority, if not the whole, of trade bills outstanding. The available figures relating to inland bills of exchange discounted² by the central and commercial banks in Sweden, Norway and Denmark have been plotted in the first part of Diagram 15. It should be noted that the Swedish data represent the yearly averages of the monthly volume of discounts, whereas those for Norway and Denmark relate to the portfolio of inland bills at the end of the year. The above series "corrected" for price changes³ are plotted in the second part of the diagram. To this has been added the *number* of bills discounted by the Swedish commercial banks.

The series plotted for each of the three countries disclose a parallel movement for the greater part of the period covered by the diagram. If price disturbances are ignored, it will be seen that inland-bill discounts in all three countries rose gradually in pre-war years, declined appreciably during the war, to rise again during the early post-war recovery to and beyond the levels reached before the war. After a marked setback in the discounts of all three countries consequent on the post-war slump, the movements of the series have not been parallel. The discounts of the Norwegian banks remained low throughout the period preceding the depression. An improvement set in during 1929 and 1930, and, except at the bottom of the depression, discounts remained at about the 1930 level in subsequent years. The movement of the discounts of the Danish banks during the same period was broadly similar to that of the Norwegian, except that the former rose more steeply from 1929 to 1931, and fell more sharply in the worst years of the depression than did the latter. On the other hand, Swedish bank discounts, after remaining somewhat inactive from 1923 to 1928, rose very sharply in the following five years. The decline which set in during 1934 has continued without interruption.

¹ Estimates given in the *Federal Reserve Bulletin* of September 1937, page 843, for the years 1925 to 1932. Estimates for the following years computed by the same method on the basis of the data reproduced in the annual reports of the Federal Reserve Board and in the *Federal Reserve Bulletin*.

² Foreign bills are relatively insignificant in amount. These have been excluded, because such variations as they disclose reflect principally changes in exchange policy.

³ Continuous price series are not available for Norway and Denmark for the whole period covered by the diagram.

Diagram 15.

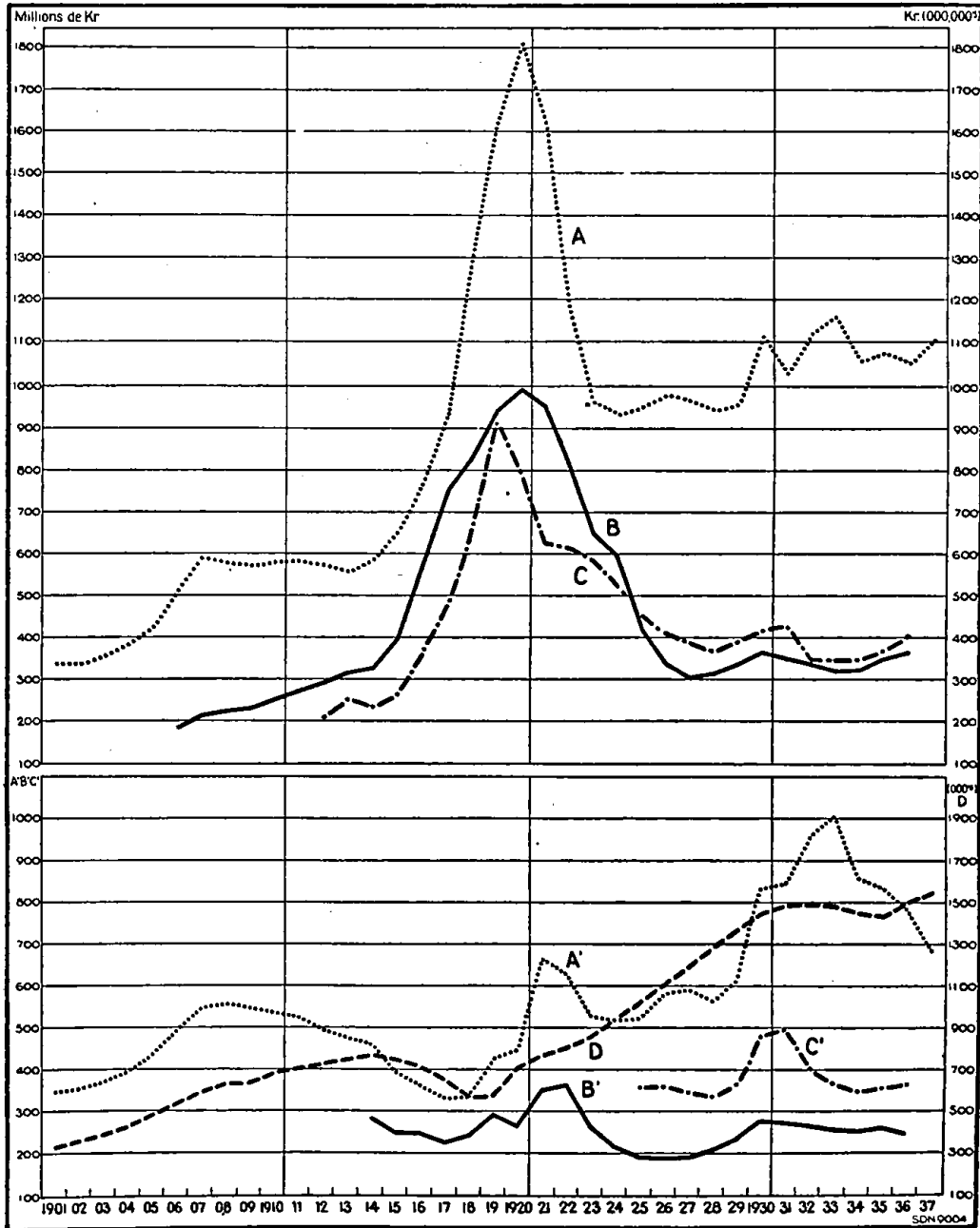
INLAND BILLS OF EXCHANGE OUTSTANDING IN SWEDEN, NORWAY AND DENMARK

Commercial Bank Discounts.

Actual Values.

Values "corrected" for price changes.

- | | | | |
|---|--------------------|-------------------------|--------------------|
| A. Sweden (annual averages of monthly figure) | } Kr. (000,000's). | A'. Sweden | } Kr. (000,000's). |
| B. Norway (end-of-year figures). ^a | | B'. Norway ^a | |
| C. Denmark (end-of-year figures) | | C'. Denmark | |
- D. Number of bills discounted by Swedish commercial banks (000's).



^a Since 1925, the discounts of the Norwegian banks are those of the " free banks " only.

Despite significant fluctuations due to changes in economic conditions and in the needs of the clients of the banks for short-term accommodation during periods of stress or recovery, the bill of exchange has held its ground in the Scandinavian countries as an instrument of finance and as a banking asset throughout the post-war period. On the whole, the volume of bank discounts, both in terms of actual and of constant prices, has been and continues to be higher than that reached in pre-war days. Further, the relative importance of the bill of exchange for the banking system has remained unchanged; as may be seen from the following table, the percentage ratio of inland bills discounted to total bank assets has continued substantially the same in all three countries.

Percentage Ratio of Inland Bills discounted to Total Assets of the Commercial Banks.

	End of 1913	1925	1929	1930	1937
Sweden	18.6	15.7	21.6	18.0	19.7
Norway * . . . . .	.	18.6	19.8	20.9	23.6
Denmark	12.1	13.7	13.3	13.7	13.1

* Free banks only.

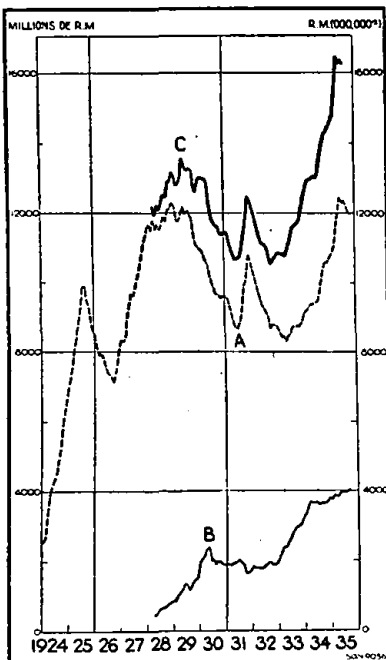
Germany.

The circulation of commercial bills in Germany at the end of each month since the stabilisation of the mark, as estimated by the Institut für Konjunkturforschung,¹ is shown in Diagram 16, together with the monthly circulation of Treasury bills since March 1928.

Diagram 16.

**CIRCULATION OF BILLS
IN GERMANY**

- A. Taxed bills of exchange (*versteuerte Wechsel*).
- B. Treasury bills, including *Steuer-gutscheine*.
- C. A + B.



The estimates relate to taxed bills (*versteuerte Wechsel*) and are based on tax receipts by a method similar to that used for estimating bills outstanding in the United Kingdom in Diagram 13. They are available only up to the end of September 1935. They include, as from the second quarter of 1933, special public bills (*Sonderwechsel*) issued for the financing of the public works and rearmament programmes.

A computation of more recent figures on the basis of the published tax returns has not been attempted here, because the reductions in the rate of duty have not been uniform since the introduction of the *Sonderwechsel* and because no definite assumptions could be made with respect to the currency of the *Sonderwechsel*.² Only the figures given up to the second quarter of 1933, when special financing was initiated, are of interest for the purpose of this study.³ After this date, it is not possible to estimate even broadly the proportion of genuine commercial bills to total bills taxed.⁴

¹ See *Konjunktur Statistisches Jahrbuch*. The last edition of this publication appeared in 1936.

² On the nature and the amount of such bills in circulation, see previous editions of this publication, particularly *Money and Banking, 1935/36*, Vol. II, pages 94 to 98, and *Money and Banking, 1937/38*, Vol. II, pages 90 and 91.

³ It should be noted that the figures estimated by the Institut für Konjunkturforschung and shown in Diagram 16 do not tally with the monthly estimates of the Statistisches Reichsamt for the circulation of bills (*Wechsel-umlauf*) given as from January 1931 in the *Statistisches Jahrbuch*. The latter are substantially lower.

⁴ It has been privately estimated (*Neue Zürcher Zeitung* of October 29th, 1937) that, in the autumn of 1937, only 20% of the total bill holdings of the Reichsbank consisted of genuine commercial bills.

The very rapid expansion in the value of bills from the beginning of 1924 to the end of 1927 reflects chiefly the recovery from the chaos brought about by the early post-war inflation. From the onset of the depression in 1929 until the second quarter of 1933, the movement of taxed bills of exchange in Germany was broadly similar to that disclosed by the British and American figures. In the absence of data relating to pre-war years, no precise conclusions can be drawn about long-term trends in the use of the bill of exchange. Judging, however, from the figures available for certain years showing separately the discounts of commercial bills and Treasury bills of all banks,¹ it appears probable that, during the post-war period, the use of the bill of exchange as an instrument of finance never recovered to pre-war levels. There was a sharp, though temporary, rise in the circulation of bills during the financial crisis of 1931 similar to that occurring under similar circumstances in the United States and Sweden.

Other Countries.

In default of figures showing the volume of inland bills or of published returns on receipts from stamp duties on bills of exchange, the trend in the circulation of commercial bills in other countries may be illustrated by reference to the ratio of total discounts to the aggregate of earning assets (discounts, loans and advances, investments and participations) of commercial banks. Such ratios are shown for ten countries in the table below for the end of 1913 and from 1920 to 1937.

Percentage Ratio of Discounts to the Total of Discounts, Loans and Advances, Investments and Participations of Commercial Banks in Certain Countries, 1913-1937.^a

End of :	Finland	New Zealand	Czecho-Slovakia	Belgium	Union of South Africa	Switzerland	Argentina	Netherlands	Italy ^b	France ^c
1913 ...	36.5	8.1	—	26.8	24.7	18.8	69.6	23.4	47.5	58.2
1920 ...	23.2	3.0	8.6	15.3	28.6	24.1	45.4	20.3	49.3	68.7
1921 ...	21.3	4.8	12.5	19.7	28.7	23.2	48.8	23.7	43.7	74.0
1922 ...	28.3	3.3	10.2	17.9	28.1	20.6	46.5	26.3	.	76.3
1923 ...	26.2	3.2	10.9	15.2	26.5	19.8	45.2	25.4	54.5	71.4
1924 ...	27.6	3.0	10.0	15.0	27.6	19.6	43.8	22.4	52.0	67.1
1925 ...	28.4	3.0	10.8	19.6	33.0	19.7	46.0	24.0	52.6	72.5
1926 ...	30.5	3.1	11.8	20.3	25.0	21.3	46.6	25.5	51.9	72.7
1927 ...	31.1	2.6	10.5	22.9	24.4	18.5	43.2	24.0	50.9	71.8
1928 ...	29.4	2.3	9.9	21.9	24.0	17.6	43.1	20.7	48.7	67.9
1929 ...	34.1	2.0	10.1	19.2	22.7	11.9	42.9	25.6	45.0	64.5
1930 ...	28.9	1.5	10.2	19.2	17.7	12.0	40.8	26.6	45.9	60.0
1931 ...	26.2	1.2	9.1	22.2	14.1	8.6	42.8	24.0	57.7	60.2
1932 ...	21.5	1.0	9.6	21.5	13.7	7.3	41.5	27.8	56.0	70.8
1933 ...	17.7	2.7	10.2	22.7	14.4	6.3	38.8	24.6	61.6	67.3
1934 ...	16.7	1.0	10.1	.	12.3	6.2	37.9	27.3	60.6	65.7
1935 ...	18.4	1.0	11.5	26.3	14.7	4.8	46.9	29.0	.	63.5
1936 ...	17.2	0.9	12.0	24.8	12.2	5.0	48.2	31.7	.	66.8
1937 ...	18.2	0.8	11.7	25.7	12.9	5.3	53.2	39.0	.	67.8

^a See *Commercial Banks, 1913-1929*, Table VII, and Appendix, Table XII, of this volume. For notes and reservations to these figures, reference should be made to the preceding editions of this volume.

^b Principal banks. Loans include correspondent accounts, which, in fact, represent mainly credits granted to industrial and commercial clients.

^c Deposit banks.

¹ The percentage ratio of commercial bill discounts to the total earning assets of all commercial banks in Germany at the end of 1913 and 1928-1932 was as follows: 1913 = 27.2%; 1928 = 24.9%; 1929 = 20.6%; 1930 = 19%; 1931 = 17.4%; 1932 = 19.7%.

These figures must be treated with caution. The composition and classification of discounts varies, often widely, from country to country, and sometimes even for a given country over a period of years. The amounts shown comprise foreign bills, and, apart from Finland, New Zealand, Czecho-Slovakia and Belgium, they also include Treasury bills, which it is not possible to exclude throughout. Foreign bills constitute a substantial part of the discounts of South African banks, while important amounts of Treasury bills are known to be included in the total discounts of banks in France, Italy, the Netherlands, Switzerland and the Argentine. The proportion of Treasury bills varies from country to country, but the banks of these five countries have been arranged in the table in the inverse order of the probable importance of Treasury bills in their total bill portfolio; Treasury bills and *Bons de la Défense nationale* constitute perhaps the major portion of the total discounts of the French deposit banks for the greater part of the period covered by the table.

The movement of the various national series is not uniform. It is to be noted, however, that, in 1929, as compared with 1913, the ratio of discounts to total earning assets of the commercial banks had fallen considerably in Switzerland, Belgium, the Argentine and New Zealand and in a less marked degree in Finland and the Union of South Africa. Except in the case of Belgium and the Argentine, the fall was greatly accentuated in the course of the depression, while subsequently, under the influence of the economic recovery of recent years, the ratio rose but slightly, if at all. In the case of Czecho-Slovakia, the movement is rather inconclusive. In France and Italy, and also, though to a smaller extent, in the Netherlands, the ratio of the bill portfolio to total earning assets of the banks was higher than in 1913 during the first post-war decade as a whole, and has, since 1930, remained high or tended to increase further. But the commercial banks of these three countries are known to have held, since the early post-war years, a much larger proportion of their earning assets in the form of Treasury bills than was the case in 1913, when the Governments concerned made less use of such credit instruments. The movement, since the early 'twenties, of the series shown for the three countries in question would appear to reflect principally variations in the requirements of the national Treasuries. For lack of specification of the two types of bill in the statistics available it is not possible to ascertain whether — by analogy with developments in most of the other countries here considered — commercial bills have declined in relative importance. In the case of these other countries, the decline has been more than compensated by the increase in the banks' holdings of Treasury bills.

3. FACTORS CONTRIBUTING TO CHANGES IN THE VOLUME OF BILLS OF EXCHANGE

The factors making for variations in the amount of bills outstanding fall into three groups: alterations in the volume and value of trade financed by bills, the development of acceptance markets, and, finally, changes of a permanent character in the methods of financing trade and industry. The influence of these factors may now be briefly illustrated. With the main exception of the Scandinavian countries, the trend in the movement in bills of exchange in the various countries has, on the whole, been downward, and the conditions prevailing in the different bill markets have been broadly similar.¹ For these reasons, it may be convenient to select illustrations mainly from the United Kingdom.

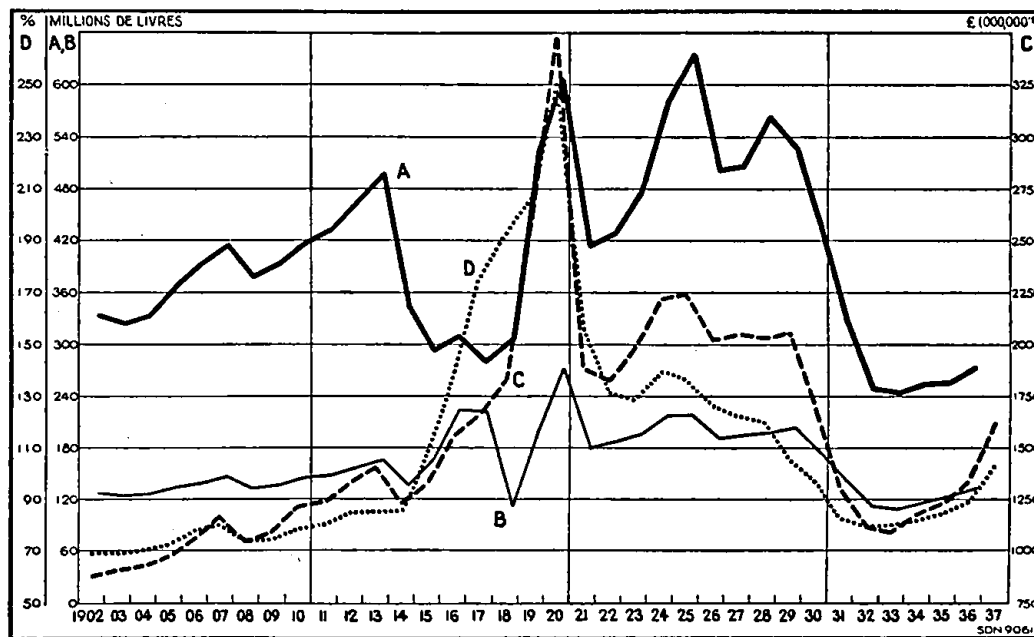
¹ For reasons of space, it is not possible to reproduce the various series on bills of exchange in one graph, in order to show the closeness of their movements, nor is it possible to go into a detailed examination of such connected problems as the similarity of conditions prevailing in the leading acceptance markets of the world. For a discussion on the latter, reference should be made to VIGREUX: *Le crédit par acceptation*.

The extent to which the volume of trade and the level of commodity prices have determined the broad movements in the amount of bills outstanding in the United Kingdom is brought out by Diagram 17.¹

Diagram 17.

BILLS OUTSTANDING, VOLUME OF FOREIGN TRADE AND LEVEL OF PRICES IN THE UNITED KINGDOM, 1902-1937

- A. Total bills of exchange outstanding (*less* Allied War Debt bills)
 - B. Inland-drawn bills of exchange outstanding
 - C. Total volume of foreign trade of the United Kingdom
 - D. Sauerbeck's Wholesale-price Index, 1866-1877 = 100.
- } £ (000,000's).



Prices and the value of trade have moved in the same direction throughout the period under review, except from 1926 to 1929, when prices continued to fall, but the value of foreign trade remained at about the level reached in 1926. The total amount of bills outstanding has tended to follow the course of prices and trade, with three noteworthy interruptions. The first occurred during the war; the total circulation of bills fell by over 40% between the year ending March 31st, 1914, and the year ending March 31st, 1916, and remained at about the level reached at the latter date until after the armistice. This fall is due entirely to foreign-drawn bills. There was a second interruption during 1928, when foreign-drawn bills outstanding increased, but the value of British foreign trade remained practically stationary. This increase would seem to be accounted for by the rise in the value of world trade during this period; the estimated value of world trade, exclusive of British foreign trade, rose from £11,364 million in 1927 to £11,805 million in 1928, while British foreign trade declined from £2,050 to £2,040 million. Finally, there is the divergence

¹ Given the preponderance of foreign-drawn bills in total bills outstanding in the United Kingdom, it would have been more appropriate to use figures on world trade. Estimates of the latter are, however, available only for 1913 and 1924 onwards (see *Review of World Trade, 1937*, page 77). A comparison of the latter with the figures on the foreign trade of the United Kingdom shows, however, that the movement of the two series is broadly similar throughout the period 1924 to 1937, except for the years 1926 to 1929, when the estimated value of world trade rose, but British foreign trade remained stationary. Further, the increase in the estimated value of world trade between 1913 and 1924 was of the same order of magnitude, about 36%, as that shown by British foreign trade figures.

between the movement of bills outstanding, both inland- and foreign-drawn, and the course of prices and trade from 1932 on. This divergence would have been more striking but for the standstill agreements and other measures which prevented a liquidation of bills in Germany and in Central and Eastern Europe. It is, however, very marked; by 1937, commodity prices and the value of British foreign trade had risen by 28.5% and 48% respectively from the low level reached in 1933, while the amount of bills of exchange outstanding had increased by 12% only, and stood at 55% and 49% of the amount outstanding in 1913/14 and 1928/29 respectively.

The absence of recovery in bills of exchange in recent years may be accounted for partly by the exchange instability and exchange restrictions in countries which financed a large part of their foreign trade through London, and partly by a general decline in the use of the bill of exchange as an instrument of finance. This last factor will be dealt with separately below. With respect to the first, it may be recalled that a large part of total bills outstanding before the war, particularly foreign-drawn bills, consisted of finance bills or "kites".¹ The banks and accepting houses agreed to cease creating such bills when the Treasury was compelled, both during and after the war, to sell its bills in the market in increasing amounts. In the first post-war decade, when there developed a widespread use of bankers' acceptances for the purpose of extending credits, particularly to Germany and other Central and Eastern European countries,² these acceptances account for a substantial part of the expansion in foreign bills. The extent to which bankers' acceptances were drawn for transactions of a preponderantly non-commercial nature, and consequently represented a revival in another form of the pre-war "kites", is difficult to say. But, in view of the simultaneous and substantial development of acceptance business in New York, Amsterdam and Switzerland,³ as well as in London, the expansion of foreign-drawn bills in the United Kingdom and of bankers' acceptances in other centres could not have been due entirely to the financing of a larger proportion of world trade through acceptances; it must have represented, at least in part, the drawing of an increasing volume of finance bills for transactions of a non-commercial or non-self-liquidating nature.⁴ It

¹ These are estimated to have constituted about 60% of prime acceptances outstanding in 1913 (an "authoritative" estimate quoted by Sir R. KINDERSLEY in his evidence before the Macmillan Committee, Minutes, Vol. I, page 76).

² See *Commercial Banks, 1925-1933*, Introduction and chapters on Austria, Germany, Hungary and the United States of America, for an account of the acceptance credits which became subject to standstill agreements.

³ The annual volume of American dollar acceptances, drawn mostly to finance American foreign trade and shipment and storage of goods in foreign countries, more than doubled between 1925 and 1930, reaching at the latter date an equivalent of some \$5,900 million (see table above). The amount of acceptances outstanding on the Amsterdam market, according to the estimate of the Nederlandsche Handels Maatschappij (*Monthly Bulletin* of August 1928), increased from 201 million gulden at the end of 1925 to 396 millions at the end of 1927. The amount of bankers' acceptances declared eligible for rediscount by the Netherlands Bank since the end of 1927 (see annual reports) is shown below in millions of gulden:

End of December 1927	325	End of March 1932	105
» » » 1928	301	» » » 1933	75
» » » 1929	326	» » » 1934	62
» » March 1930	380	» » » 1935	67
» » December 1930	282	» » » 1936	13
» » » 1931	141		

The volume of acceptances labelled in Swiss francs is estimated to have reached a total of some 600 million francs by the end of 1929 (see VIGREUX: *op. cit.*, page 75).

⁴ The relative importance of bills issued for such transactions is difficult to determine, but it is estimated (*Federal Reserve Bulletin*, September 1937, report of the Committee on Acceptance Practice) on the basis of the reports of a hundred American banks that, of \$288 million of dollar acceptances outstanding on October 31st, 1931, under the German standstill agreements, 39% were accompanied by proof of eligibility such as shipping documents or other evidence, while the remaining 61% were not accompanied by documentary evidence. Of the latter amount, only half could presumably be classified as paper eligible for rediscount at the Federal Reserve banks, and the other half was definitely not self-liquidating and offered no evidence as to the nature of the underlying transactions. Further, it is stated that informal enquiries among twenty-five of the most important accepting banks indicate that, of the total bills outstanding at the end of 1935, only about three-quarters could be classified as eligible under the regulations of the Federal Reserve System.

may also be presumed that the issue of such bills accounted for the temporary, though marked, expansion of bills in circulation during periods of financial crisis in several countries, notably Germany, the United States and Sweden.

The excessive post-war expansion in bills of exchange through the issue of finance bills and the exchange restrictions in countries which formerly financed a large part of their foreign trade by drawing bills on the leading money markets account in no small part for the rapidity of the decline in bills during the worst years of the depression and for the absence of any very marked recovery in recent years in the volume of commercial bills handled in these markets. These two factors do not explain, however, the persistently low level of bills in the United Kingdom and many other countries. Countries with free exchanges have experienced in recent years a recovery in foreign trade, relative stability in exchange rates, a substantial improvement in internal business conditions, and a low level of bill rates. These factors, coupled with the apparently satisfactory experience of banks with bills not subject to standstill agreements,¹ would lead one to expect a widespread and a fairly marked revival in bills of exchange. In fact, such a revival has taken place in the Scandinavian countries, but has not occurred in any of those countries for which adequate data relating to bills of exchange were given in the second part of this chapter.

The general decline in the use of the bill of exchange as an instrument of finance which was observed in several countries where bills outstanding or commercial bank discounts remained persistently below their pre-war levels, notably in the United Kingdom, New Zealand, Finland, Belgium, Switzerland and the Argentine, may be accounted for by four principal changes in the methods of financing trade and industry during post-war years. The most important of these has been increased self-financing by industry. Equally significant, perhaps, has been the tendency towards the elimination of the wholesale merchant as intermediary, through the process of the integration of trade and industry; the wholesale merchant may be said to be the chief user of the bill of exchange as an instrument of credit. Thirdly, there has been an increased use of telegraphic transfers for making payments between centres which formerly settled by means of bills, a change induced partly by the first two factors and partly by the fourth. This last is the development of the overdraft, in the place of the bill of exchange, particularly in the Anglo-Saxon countries other than the United States, for purposes of short-term accommodation. The development of the overdraft has been due partly to a general demand on the part of various trades that the buyer should make arrangements with a bank instead of giving a bill, and partly to a desire of the debtor to save the interest on the whole currency of the bill by paying only for a debit balance which may fluctuate from day to day. On the other hand, of the factors more recently at work, the most important have been the imposition of exchange control in a large number of countries and the losses incurred after 1929.

¹ The relative insignificance of the losses incurred on bills not subject to standstill agreements may be seen from the following table showing the aggregate of bills in difficulty per \$100 of the estimated total of bills negotiated by American institutions during 1925-1932 by classes of credits:

Class of credit	Total in difficulty	Losses written off	In suspense	Losses plus suspense
	\$	\$	\$	\$
Import	0.106	0.014	0.007	0.021
Export	0.027	0.007	0.007	0.014
Domestic shipment	0.029	0.007	—	0.007
Domestic storage	0.037	0.003	0.005	0.008
Shipment between, and storage in, foreign countries	0.165	0.047	0.043	0.09
Dollar exchange	0.062	—	0.005	0.005
All classes	0.426	0.078	0.067	0.145

The losses on standstill bills have accrued mainly from the discount at which the currency released for their liquidation has been disposed of, this discount ranging from 15% to 51%.

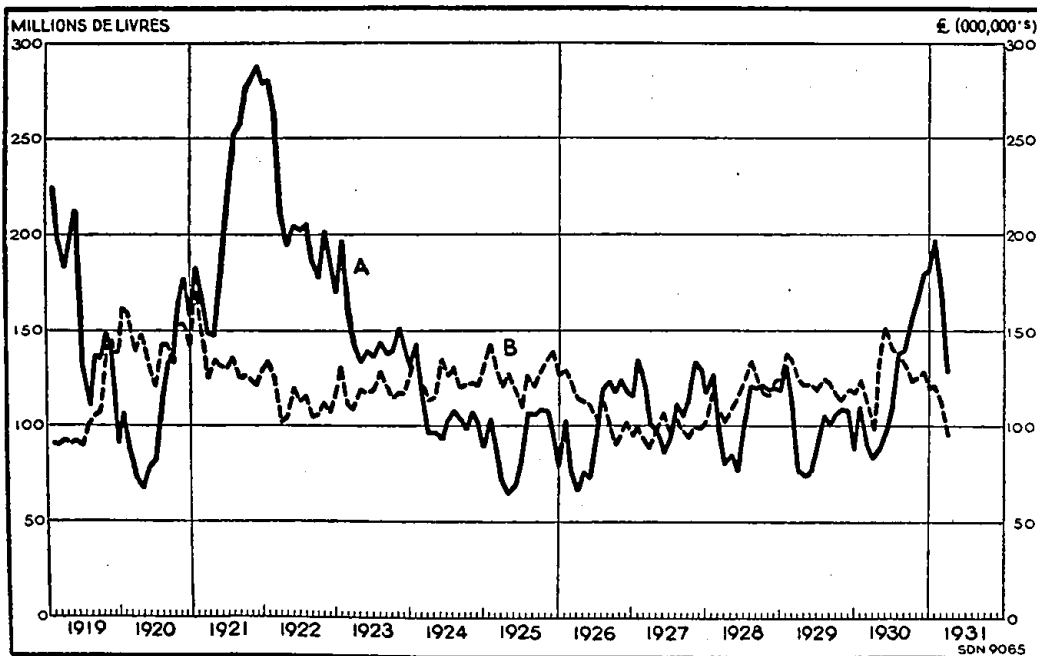
4. TREASURY BILLS AND COMMERCIAL BILLS

Since 1914, public authorities in several countries have resorted increasingly to the issue of Treasury bills for purposes of financing current and other requirements. The abundant supply of these bills has tended to compensate the banks and discount markets for the temporary or permanent dearth in commercial bills. The extent to which Treasury bills have acted as substitutes for commercial bills is strikingly illustrated by Diagrams 18 and 19.

Diagram 18.

MONTHLY DISCOUNTS OF TREASURY AND COMMERCIAL BILLS
OF THE LONDON CLEARING BANKS, 1919-1931*

A. Treasury bills } £ (000,000's).
B. Commercial bills }



* Source : Report of the (Macmillan) Committee on Finance and Industry, pages 284 to 289. It is not possible to bring these figures up to date, as only some of the London clearing banks show their holdings of Treasury bills separately. Nor is it possible to do so by assuming that the proportion of Treasury bills to total bills is the same for the two groups of banks, as an examination of the accounts of the banks which publish separate figures shows this proportion to vary widely from bank to bank. The available figures for three leading banks since 1930 are given below in £ (000,000's) :

End of	Lloyds Bank		National Provincial Bank		Midland Bank	
	Treasury bills	Commercial bills	Treasury bills	Commercial bills	Treasury bills	Commercial bills
1930	42.7	11.0	36.2	14.8	.	.
1931	31.9	10.7	27.4	9.3	.	.
1932	71.1	5.7	50.6	8.3	.	.
1933	53.5	3.2	40.2	7.9	.	.
1934	39.7	7.5	31.3	8.3	46.0	18.5
1935	56.6	6.7	33.8	6.3	39.7	29.6
1936	41.1	4.0	38.1	6.1	52.6	21.8
1937	39.3	3.8	27.4	7.7	52.5	30.6

It should be noted that the movement of the commercial discounts of all the London clearing banks for the years 1919 to 1930 is the same as that disclosed by the series on estimated total inland and foreign bills outstanding of Diagram 13—i.e., commercial discounts vary closely with the relative scarcity or abundance of total commercial bills outstanding.

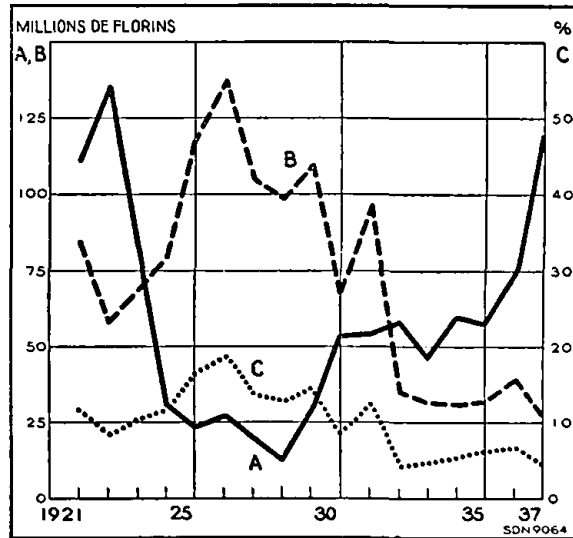
The principal effects of the decline in the bill of exchange have been a change in the composition of commercial bank assets and an alteration in the nature of central bank control. The most striking change in the composition of commercial bank assets in certain countries has been the substitution of Treasury bills for commercial bills.¹ The Treasury bill, while providing a very suitable substitute, has not entirely made good the consequences to the banks of the decline of the commercial bill. The negligible earnings of the banks on Treasury bills, coupled with the small returns on one of the banks' principal assets — Government securities — has probably contributed to the high level and rigidity of rates on advances and consequently to the slowness of recovery of such transactions. In countries where the Treasury bill has not been introduced, the effects of the decline in the bill of exchange, apart from a general increase in the proportion of longer term or not readily realisable assets, such as overdrafts, are difficult to trace in detail. It may, however, be supposed that the persistently high level of commercial bank cash ratios in many countries in recent years is to be attributed, *inter alia*, to the reduction in bills of exchange which served as the banks' secondary liquidity reserves.

In addition, the decline in the bill of exchange accounts in large part for the relative ineffectiveness of central bank discount policy in the post-war period and more especially in recent years, and for the extension in the powers of almost all central banks to undertake open-market operations as a substitute for, or complement to, discount policy. An abundant supply of Treasury bills has not compensated the central banks for the relative dearth of commercial bills, for Treasury bills do not serve the same end as commercial bills for purposes of discount policy.²

Diagram 19.

DISCOUNTS OF TREASURY AND COMMERCIAL BILLS OF TWO NETHERLANDS BANKS, END OF YEAR 1921-1937 *

- A. Treasury bills
 - B. Commercial bills
 - C. Ratio of commercial bill discounts to total assets in %.
- } Gulden (000,000's).



* The Amsterdamsche Bank and De Twentsche Bank, which, at the end of 1937, accounted for 38.8% of the aggregate deposits of the five leading banks. The other leading Netherlands banks do not regularly separate their holdings of Treasury bills from other bills.

¹ This change also characterises the activities of bill brokers in such discount markets as London and Amsterdam.
² "But of all the bills in the market, Treasury bills are the least responsive in some respects to movements in the bank rate. Treasury bills have got to be issued whatever the bank rate — they have got to be issued by the Treasury, they have got to be taken up. It does not matter whether the bank rate is 5% or 10%." Sir Ernest HARVEY: Minutes of Evidence of the Macmillan Committee, Vol. II, page 181.

Table I. — CURRENCY COMPOSITION AND MOVEMENTS.

Country, unit of currency (000,000's) and percentage base	End of	Currency Composition						Wholesale prices 1929=100	Cost of living 1929=100	Commercial and Savings Banks Deposits				
		Central Banks and Treasuries				Commercial Banks	Net amount of currency available Total (d) + (e) less cash reserves of commercial banks			Commercial Banks				Savings Banks
		Note circulation (Bank and State notes)	Central bank sight liabilities	Token coins (less those held by central banks)	Total (a) to (c)	Sight deposits				Sight	Savings	Other	Total (j) to (k)	Savings deposits
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)		
Albania	1929	12	7	.	19	.	.	100	.	.	.	.	.	.
	1931	12	12	.	24	.	.	89	.	.	.	.	.	.
	1932	13	14	.	27	.	.	68	.	.	.	.	.	.
	1933	12	10	.	22	.	.	54	.	.	.	.	.	.
	1934	11	8	.	19	.	.	51	.	.	.	.	.	.
	1935	12	8	.	20	.	.	63	.	.	.	.	.	.
	1936	11	16	.	27	.	.	63	.	.	.	.	.	.
	1937	11	14	.	25	.	.	67	.	.	.	.	.	.
	1938	11	11	.	22	.	.	63	.	.	.	.	.	.
	1935	100	114	.	105	.	.	.	.	.	.	.	.	.
1929 = 100	1936	92	229	.	142	.	.	.	.	.	.	.	.	.
	1937	92	200	.	132	.	.	.	.	.	.	.	.	.
	1938	92	157	.	116	.	.	.	.	.	.	.	.	.
Argentina ¹	1929	1,247	—	.	1,247	1,178	2,037	100	100	1,178	1,771	954	3,903	155
	1931	1,245	—	.	1,245	971	1,703	97	..	971	1,647	899	3,517	153
	1932	1,339	—	.	1,339	1,083	1,777	89	.	1,083	1,570	872	3,525	149
	1933	1,214	—	.	1,214	1,171	1,865	97	83	1,171	1,533	763	3,467	152
	1934	1,171	—	.	1,171	1,111	1,871	102	80	1,111	1,589	727	3,427	163
	1935	982	707	196	1,885	1,065	2,123	102	91	1,065	1,580	712	3,357	178
	1936	1,094	551	208	1,853	1,289	2,371	106	91	1,289	1,655	726	3,670	194
	1937	1,150	485	209	1,844	1,402	2,557	116	93	1,402	1,810	669	3,881	213
	1938	1,118	431	210	1,759	1,312	2,440	107	...	1,312	1,804	675	3,791	...
	1935	79	.	.	151	90	104	...	...	90	89	75	86	115
	1936	88	.	.	149	109	116	...	...	109	93	76	94	125
	1937	92	.	.	148	119	126	...	...	119	102	70	99	137
	1938	90	.	.	141	111	120	...	...	111	102	71	97	...
	Australia ²	1929	42.4	15.5	*3.3	61.2	99.4	137.4	100	100	99.4	—	192.7	292.1	220.0
1931		48.4	8.9	3.8	61.1	89.0	107.0	79	82	89.0	—	194.0	283.0	194.5
1932		45.2	6.1	4.0	55.3	87.7	101.3	76	79	87.7	—	189.7	277.4	197.1
1933		45.2	7.2	*4.0	*56.4	94.7	108.2	80	79	94.7	—	186.9	281.6	203.3
1934		45.2	10.5	*4.0	*59.7	103.4	115.6	81	80	103.4	—	192.1	295.5	212.9
1935		46.3	10.5	*4.0	*60.8	110.6	137.3	81	82	110.6	—	182.5	293.1	220.5
1936		47.2	16.4	*4.0	*67.6	111.7	147.4	89	84	111.7	—	183.8	295.5	224.2
1937		49.8	17.4	*4.0	*71.2	122.6	154.8	88	86	122.6	—	195.8	318.4	233.5
1938		49.0	*17.4	*4.0	*70.4	141.4	*169.8	94	88	141.4	—	244.7	386.1	243.6
1935		109	68	121	99	111	100	...	...	111	—	95	100	100
1936		111	106	121	110	112	107	...	...	112	—	95	101	102
1937		117	112	121	116	123	113	...	...	123	—	102	109	106
1938		119	112	121	117	142	125	...	...	142	—	127	132	111
Austria		1929	1,094	64	93	1,251	2,183	3,335	100	100	2,183	.	531	2,714
	1931	1,183	128	98	1,409	.	.	86	97	1,498
	1932	914	218	97	1,229	1,433	2,614	83	96	1,433	.	258	1,691	1,559
	1933	952	142	96	1,190	1,222	2,352	83	96	1,222	.	227	1,449	1,547
	1934	964	154	109	1,227	1,128	2,275	84	94	1,128	.	244	1,372	1,630
	1935	976	216	126	1,318	1,103	2,299	83	95	1,103	.	271	1,374	1,709
	1936	944	204	124	1,272	1,027	2,179	86	95	1,027	.	280	1,307	1,713
	1937	944	252	125	1,321	...	...	85	94	...	.	...	...	1,786
	1935	89	338	135	105	51	69	...	...	51	.	51	51	120
	1936	86	319	133	102	47	65	...	...	47	.	53	48	120
1937	86	394	134	106	...	...	...	...	...	.	...	...	125	

* Approximate or provisional figure.

¹ Commercial banks include the Banco de la Nación. Cost-of-living figures represent yearly averages.² Figures for central bank sight liabilities, for commercial banks and for cost of living represent averages for the last quarter.

Table I. — CURRENCY COMPOSITION AND MOVEMENTS (continued).

Country, unit of currency (100,000's) and percentage base	End of	Currency Composition						Wholesale prices	Cost of living	Commercial and Savings Banks Deposits					
		Central Banks and Treasuries				Commercial Banks	Net amount of currency available Total (d) + (e) less cash reserve of commercial banks			Commercial Banks				Savings Banks	
		Note circulation (Bank and State notes)	Central bank sight liabilities	Token coins (less those held by central banks)	Total (a) to (c)	Sight deposits				Sight	Savings	Other	Total (l) to (k)	Savings deposits	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)			
Belgium	1929	14,175	1,244	592	16,011	.	*33,642	100	100	.	.	.	29,363	5,438	
	1931	18,930	1,318	866	21,114	.	*42,274	67	88	.	.	.	26,593	9,115	
	1932	18,354	1,086	480	19,920	.	*35,411	61	86	.	.	.	23,214	9,813	
	1933	17,204	3,006	700	20,910	.	*35,040	57	83	.	.	.	23,289	9,964	
	Franc	1934	17,828	1,169	926	19,923	.	.	55	79	10,452
		1935	21,218	4,905	820	26,943	16,067	38,555	68	85	16,067	—	3,036	19,103	10,584
		1936	23,321	4,442	*850	*28,613	17,312	*42,169	75	88	17,312	—	3,300	20,612	11,456
		1937	22,146	3,904	*850	*26,900	16,343	*40,268	77	95	16,343	—	3,288	19,631	12,489
		1938	22,586	2,770	*850	*26,206	14,592	*38,691	71	95	14,592	—	1,721	16,313	12,319
		1935	150	394	139	168	.	115	65	195
1929 = 100	1936	165	357	144	179	.	125	.	.	.	.	.	70	211
	1937	156	314	144	168	.	120	.	.	.	.	.	67	230
	1938	159	223	144	164	.	115	.	.	.	.	.	56	227
Bolivia	1929	43.0	17.9	5.6	66.5	18.0	79.0	.	.	18.0	4.5	11.9	34.4	.	
	1931	27.0	11.2	5.6	43.8	11.6	52.7	.	.	11.6	3.8	10.7	26.1	.	
	1932	37.6	42.3	4.8	84.7	13.3	92.8	.	.	13.3	3.2	7.2	23.7	.	
	1933	53.8	54.0	5.7	113.5	23.8	113.4	.	.	23.8	2.8	13.6	40.2	.	
	Boliviano	1934	83.6	139.0	5.8	228.4	51.9	232.1	.	.	51.9	2.9	3.5	58.3	.
		1935	145.9	231.8	5.3	383.0	95.6	384.2	.	.	95.6	3.4	3.3	102.3	.
		1936	210.3	232.7	6.5	449.5	117.0	467.4	.	.	117.0	3.1	1.7	121.8	.
		1937	252.5	277.5	7.7	537.7	*115.5	.
		1938	...	777
		1935	339	1,273	95	576	531	486	.	.	531	76	28	297	.
1929 = 100	1936	489	1,300	116	676	650	592	.	.	650	69	14	354	.	
	1937	587	1,550	138	809	...	...	.	.	...	...	...	335	.
	1938	...	...	...	...	...	...	.	.	...	...	...	...	.
Brazil ¹	1929	3,394	—	.	3,394	3,487	5,331	100	100	3,487	431	2,007	5,925	.	
	1931	2,942	—	.	2,942	3,490	5,204	.	.	3,490	451	2,021	5,962	.	
	1932	3,239	—	.	3,239	4,732	6,126	.	.	4,732	510	1,601	6,843	.	
	1933	3,037	—	.	3,037	4,447	6,011	.	.	4,447	524	1,513	6,484	.	
	Milreis	1934	3,157	—	.	3,157	5,056	6,803	.	.	5,056	566	1,797	7,419	.
		1935	3,612	—	.	3,612	4,873	7,142	75	100	4,873	615	2,279	7,767	.
		1936	4,050	—	.	4,050	5,245	*7,945	74	117	5,245	712	2,375	8,332	.
		1937	4,550	—	.	4,550	6,135	*9,285	...	128	6,135	769	1,908	8,812	.
		1938	4,810	—	.	4,810
		1935	106	—	.	106	140	134	.	.	140	143	114	131	.
1929 = 100	1936	119	—	.	119	150	149	.	.	150	165	118	141	.	
	1937	134	—	.	134	176	174	.	.	176	178	95	149	.	
	1938	142	—	.	142	...	...	.	.	...	...	...	...	.
Bulgaria ²	1929	3,609	2,175	143	5,927	7,989	13,183	100	100	7,989	283	146	8,418	684	
	1931	2,919	1,397	710	5,026	5,950	9,983	69	78	5,950	471	197	6,618	1,268	
	1932	2,635	1,597	886	5,118	5,279	9,491	53	72	5,279	517	196	5,992	1,486	
	1933	2,984	1,516	941	5,441	4,329	9,079	52	67	4,329	699	184	5,212	1,706	
	Lev	1934	2,449	1,734	1,287	5,470	4,153	8,936	55	62	4,153	1,009	181	5,343	2,024
		1935	2,497	1,917	1,234	5,648	4,301	9,457	57	58	4,301	1,023	212	5,536	2,252
		1936	2,571	2,265	1,241	6,077	4,362	9,732	61	57	4,362	1,219	187	5,768	2,520
		1937	2,569	3,739	1,253	7,561	4,427	11,238	65	60	4,427	1,302	207	5,936	2,858
		1938	2,800	3,627	*1,365	*7,792	67	62	3,300
		1935	69	88	863	95	54	72	.	.	54	361	145	66	329
1929 = 100	1936	71	104	868	103	55	74	.	.	55	431	128	69	368	
	1937	71	172	876	128	55	85	.	.	55	460	142	71	418	
	1938	78	167	955	131	...	...	.	.	...	...	...	...	482

* Approximate or provisional figure.
¹ Commercial banks include the Banco do Brasil.
² Commercial banks comprise popular banks and ordinary joint-stock banks. The latter do not specify their deposits, all of which are included in columns (e) and (f).

Table I. — CURRENCY COMPOSITION AND MOVEMENTS (continued).

Country, unit of currency (000,000's) and percentage base	End of	Currency Composition						Wholesale prices 1929=100	Cost of living 1929=100	Commercial and Savings Banks Deposits					
		Central Banks and Treasuries				Commercial Banks	Net amount of currency available Total (d) + (e) less cash reserve of commercial banks			Commercial Banks				Savings Banks	
		Note circulation (Bank and State notes)	Central bank sight liabilities	Token coins less those held by central banks	Total (a) to (c)	Sight deposits				Sight	Savings	Other	Total (i) to (k)	Savings deposits	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(k)	(l)	(m)				
Canada ¹	1929	187	—	32	219	821	2,474	100	100	821	—	1,876	2,697	93	
	1931	160	—	33	193	698	2,251	74	85	698	—	1,670	2,368	92	
	1932	144	—	33	177	538	2,093	67	79	538	—	1,706	2,244	89	
	1933	151	—	33	184	563	2,104	72	78	563	—	1,679	2,242	89	
	\$	1934	160	—	34	194	628	2,229	74	79	628	—	1,733	2,361	88
		1935	170	—	34	204	694	2,384	76	81	694	—	1,865	2,559	89
	1936	191	—	34	225	755	2,528	83	82	755	—	1,966	2,721	93	
	1937	207	—	*34	241	752	*2,576	87	84	752	—	1,991	2,743	97	
	1938	207	—	*34	*241	840	*2,741	77	...	840	—	2,080	2,920	...	
	1935	91	—	106	93	85	96	...	...	85	—	99	95	96
1929 = 100	1936	102	—	106	103	92	102	...	92	—	105	101	100		
1937	111	—	106	110	92	104	...	...	92	—	106	102	104	
1938	111	—	106	110	102	111	...	...	102	—	111	108	...	
Chile	1929	352	127	35	514	512	860	100	100	512	41	723	1,276	237	
	1931	319	90	35	444	419	677	78	100	419	12	465	896	164	
	1932	488	319	18	825	706	1,177	176	123	706	—	426	1,132	199	
	1933	515	350	21	886	893	1,431	167	130	893	—	397	1,290	278	
	Peso	1934	516	346	23	885	1,124	1,710	178	136	1,124	—	426	1,550	338
		1935	567	297	26	890	1,191	1,821	182	135	1,191	—	511	1,702	412
	1936	653	288	29	970	1,226	1,882	211	150	1,226	—	618	1,844	465	
	1937	709	262	31	1,002	1,381	2,102	225	165	1,381	—	604	1,985	546	
	1938	795	258	*31	1,084	...	...	216	168	...	—	...	...	...
	1935	161	234	74	173	233	212	...	...	233	—	71	133	174
1929 = 100	1936	186	227	83	189	239	219	...	239	—	85	145	196		
1937	201	206	89	195	270	244	...	...	270	—	84	156	230	
1938	226	203	89	211	...	...	...	...	...	—	...	...	...
Colombia	1929	46.9	6.2	11.4	64.5	39.6	95.8	.	.	39.6	6.5	14.5	60.6	.	
	1931	28.1	10.2	12.2	50.5	26.5	68.1	.	.	26.5	8.0	13.5	48.0	.	
	1932	30.3	18.4	13.1	61.8	34.4	81.4	.	.	34.4	6.8	14.2	55.4	.	
	1933	39.8	21.0	13.2	74.0	39.4	98.6	.	.	39.4	5.9	13.5	58.8	.	
	Peso	1934	48.1	24.3	13.4	85.8	48.5	116.9	.	.	48.5	4.7	9.4	62.6	.
		1935	51.0	28.8	15.8	95.6	49.0	126.9	.	.	49.0	5.0	12.0	66.0	.
	1936	65.1	33.1	11.5	109.7	57.9	149.4	.	.	57.9	5.7	9.5	73.1	.	
	1937	60.7	38.2	15.1	114.0	64.1	155.4	.	.	64.1	6.1	10.2	80.4	.	
	1938	66.3	40.6	17.5	124.4	...	...	.	.	...	...	...	...	.
	1935	109	465	139	148	124	132	...	...	124	77	83	109	.
1929 = 100	1936	139	534	101	170	146	156	...	146	88	66	121	.		
1937	129	616	132	177	162	162	...	...	162	94	70	133	.	
1938	141	655	154	193	...	...	...	...	...	...	...	...	.
Czecho- Slovakia ²	1929	8,230	675	332	9,237	12,566	19,995	100	100	12,566	.	13,093	25,659	36,737	
	1931	7,679	361	437	8,477	11,221	*18,503	77	91	11,221	.	13,765	24,986	42,898	
	1932	6,754	602	519	7,875	10,832	*16,901	72	93	10,832	.	13,233	24,065	42,545	
	1933	6,334	871	544	7,749	10,884	*17,003	71	89	10,884	.	12,416	23,300	40,412	
	Koruna ...	1934	6,017	766	602	7,385	11,471	*17,150	76	89	11,471	.	12,678	24,149	40,202
		1935	6,137	411	604	7,152	10,857	*15,853	78	93	10,857	.	13,041	23,898	41,058
	1936	6,973	410	568	7,951	10,946	*16,990	81	93	10,946	.	13,118	24,064	*41,544	
	1937	7,498	292	545	8,335	11,115	*17,450	80	95	11,115	.	13,575	24,690	*43,316	
	1938	*6,950	1,051	...	...	...	...	85	102	...	.	...	...	...
	1935	75	61	182	77	86	79	...	...	86	.	100	93	112
1929 = 100	1936	85	61	171	86	87	85	...	87	.	100	94	113		
1937	91	43	164	90	88	87	...	...	88	.	104	96	118	
1938	84	156	...	...	...	...	...	...	...	.	...	...	...

* Approximate or provisional figure.

¹ The figures given for net amount of currency available include savings and time deposits.² In 1938, the figure for notes in circulation excludes token notes.

Table I. — CURRENCY COMPOSITION AND MOVEMENTS (continued).

Country, unit of currency (000,000's) and percentage base	End of	Currency Composition						Wholesale prices	Cost of living	Commercial and Savings Banks Deposits					
		Central Banks and Treasuries				Commercial Banks	Net amount of currency available Total (d) + (e) less cash reserve of commercial banks			Commercial Banks				Savings Banks	
		Note circulation (Bank and State notes)	Central bank sight liabilities	Token coins less those held by central banks)	Total (a) to (c)					Sight deposits	Sight	Savings ¹	Other		Total (l) to (k)	Savings deposits
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)			
Danzig	1929	38	4	*8	50	.	.	100	100	.	.	.	154	.	
	1931	44	10	7	61	.	.	73	84	.	.	.	98	.	
	1932	37	9	7	53	.	.	66	77	.	.	.	97	.	
	1933	40	11	7	58	.	.	66	77	.	.	.	83	.	
	Gulden	1934	39	4	8	51	.	.	65	76	.	.	.	89	.
		1935	29	3	8	40	.	.	102	93
		1936	32	8	8	48	.	.	107	96
		1937	36	12	9	57	.	.	102	98
	1938	41	14	*9	*64	.	.	...	97	.	.	.	...	.
	1935	76	75	100	80	.	.	.	.	.	.	.	...	.
1929 = 100	1936	84	200	100	96	.	.	.	.	.	.	.	...	.
	1937	95	300	113	114	.	.	.	.	.	.	.	...	.
	1938	108	350	113	128	.	.	.	.	.	.	.	...	.
Denmark ¹	1929	367	68	28	463	551	937	100	100	551	543	898	1,992	2,037	
	1931	346	63	30	439	545	907	79	88	545	536	879	1,960	2,158	
	1932	332	130	30	492	533	884	79	89	533	476	880	1,889	2,116	
	1933	375	77	32	484	569	950	86	94	569	521	901	1,991	2,133	
	Krone	1934	386	144	34	564	575	1,006	93	97	575	582	925	2,082	2,162
		1935	384	113	36	533	580	996	95	100	580	594	946	2,120	2,148
		1936	399	83	38	520	624	1,051	103	101	624	591	983	2,198	2,164
		1937	417	122	39	578	656	1,081	111	106	656	590	990	2,236	2,164
	1938	441	142	*40	*623	*680	*1,153	102	106	*680	*614	*1,012	*2,306	2,212	
	1935	105	166	129	115	105	106	.	.	105	109	105	106	105	
1929 = 100	1936	109	122	136	112	113	112	.	.	113	107	109	110	106	
	1937	114	179	139	125	119	115	.	.	119	109	110	112	106	
	1938	120	209	143	135	123	123	.	.	123	113	113	116	109	
Ecuador	1929	30	16	5	51	24	66	.	.	24	—	10	34	2	
	1931	19	9	6	34	13	43	.	.	13	—	6	19	2	
	1932	24	11	5	40	25	52	.	.	25	—	5	30	3	
	1933	36	20	6	62	43	83	.	.	43	—	7	50	3	
	Sucre	1934	47	29	8	84	50	114	.	.	50	—	15	65	3
		1935	49	40	8	97	43	123	.	.	43	—	20	63	4
		1936	57	34	10	101	57	129	.	.	57	—	16	73	4
		1937	68	40	12	120	57	153	.	.	57	—	23	80	4
	1938	69	33	*12	114	...	...	.	.	...	—	...	...	...
	1935	163	250	160	190	179	186	.	.	179	—	200	185	200	
1929 = 100	1936	190	213	200	198	238	195	.	.	238	—	160	215	200	
	1937	227	250	240	235	238	232	.	.	238	—	230	235	200	
	1938	230	206	240	224	...	...	.	.	...	—	...	...	...
Egypt	1929	26.6	32.8	*5.0	64.4	.	.	100	100	.	.	.	.	4.1
	1931	19.5	19.7	*5.1	44.3	.	.	79	90	.	.	.	.	4.3
	1932	18.7	23.1	*5.1	46.9	.	.	66	86	.	.	.	.	5.2
	1933	20.3	22.5	5.2	48.0	.	.	63	81	.	.	.	.	7.1
	£E	1934	19.8	21.4	5.2	46.4	.	.	85	86	8.4
		1935	23.3	28.3	5.4	57.0	.	.	81	87	9.2
		1936	23.1	26.2	*5.4	*54.7	.	.	72	85	11.2
		1937	20.7	25.7	*5.5	*51.9	.	.	76	85	12.4
	1938	20.4	...	...	...	.	.	79	87	.	.	.	.	13.1
	1935	88	86	108	89	.	.	.	.	.	.	.	.	224
1929 = 100	1936	87	80	108	85	.	.	.	.	.	.	.	.	273
	1937	78	78	110	81	.	.	.	.	.	.	.	.	302
	1938	77	...	...	...	.	.	.	.	.	.	.	.	320

* Approximate or provisional figure.

¹ Cost-of-living figures refer to January 1st of the following year.

Table I. — CURRENCY COMPOSITION AND MOVEMENTS (continued).

Country, unit of currency (000,000's) and percentage base	End of	Currency Composition						Wholesale prices	Cost of living	Commercial and Savings Banks Deposits				
		Central Banks and Treasuries				Commercial Banks	Net amount of currency available Total (d) + (e) less cash reserve of commercial banks			Commercial Banks				Savings Banks
		Note circulation (Bank and State notes)	Central bank sight liabilities	Token coins (less those held by central banks)	Total (a) to (c)	Sight deposits				1929=100	Sight	Savings	Other	Total (i) to (k)	Savings deposits
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)		
Estonia	1929	34	16	3	53	42	91	100	100	42	.	24	66	3
	1931	35	15	3	53	38	87	73	81	38	.	22	60	5
	1932	31	13	3	48	35	80	69	76	35	.	16	51	5
Eesti Kroon ...	1933	32	15	4	51	36	83	76	77	36	.	15	51	6
	1934	37	20	4	61	49	105	71	73	49	.	16	65	8
	1935	40	30	2	72	54	119	76	80	54	.	20	74	10
	1936	44	32	4	80	69	142	81	86	69	.	24	93	10
	1937	49	38	4	91	84	165	86	92	84	.	33	117	10
	1938	52	37	*4	93	94	*174	86	93	94	.	38	132	11
	1935	118	188	67	136	129	131			129	.	83	112	333
1929 = 100	1936	129	200	133	151	164	156			164	.	100	141	333
	1937	144	238	133	172	200	181			200	.	138	177	333
	1938	153	231	133	175	224	191			224	.	158	200	367
Finland	1929	1,361	227	52	1,640	1,486	2,888	100	100	1,486	767	5,228	7,481	4,859
	1931	1,293	133	57	1,483	1,635	2,886	94	86	1,635	793	4,951	7,379	5,230
	1932	1,085	183	89	1,357	1,607	2,751	92	83	1,607	787	4,761	7,155	5,247
Markka ...	1933	1,184	397	102	1,683	1,766	2,915	91	81	1,766	838	4,894	7,498	5,495
	1934	1,277	359	116	1,752	1,525	2,878	92	82	1,525	6,110		7,635	5,986
	1935	1,381	598	124	2,103	1,621	3,091	93	83	1,621	6,345		7,966	6,566
	1936	1,630	993	137	2,760	1,822	3,731	97	83	1,822	6,776		8,598	7,496
	1937	2,052	1,170	167	3,389	2,244	4,316	104	89	2,244	7,786		10,030	9,032
	1938	2,086	1,378	*170	*3,634	2,312	*4,712	100	89	2,312	8,443		10,755	10,261
	1935	101	263	238	128	109	107			109	106		106	135
1929 = 100	1936	120	437	263	168	123	129			123	113		115	154
	1937	151	515	321	207	151	149			151	130		134	186
	1938	153	607	327	222	156	163			156	141		144	211
France ¹	1929	67,769	20,094	1,196	89,059	42,325	127,891	100	100	42,325	—	5,200	47,525	31,972
	1931	83,547	29,513	1,256	114,316	44,028	146,042	71	96	44,028	—	3,982	48,010	50,860
	1932	82,721	24,328	1,363	108,412	43,334	141,478	66	93	43,334	—	3,523	46,857	57,283
Franc	1933	80,638	16,953	2,925	100,516	38,087	131,671	65	95	38,087	—	3,159	41,246	58,859
	1934	81,855	20,344	3,981	106,180	36,199	135,555	55	91	36,199	—	2,743	38,942	60,034
	1935	80,669	12,131	4,283	97,083	32,450	125,193	56	86	32,450	—	2,290	34,740	62,031
	1936	87,420	14,792	*4,464	*106,676	34,508	*137,332	83	97	34,508	—	2,103	36,611	59,029
	1937	91,263	19,082	*4,600	*114,945	37,743	*148,298	101	118	37,743	—	2,277	40,020	60,247
	1938	108,532	32,199	*5,000	*145,731	...	...	109	130	...	—	...	...	62,265
	1935	119	60	358	109	77	98			77	—	44	73	194
1929 = 100	1936	129	74	373	120	82	107			82	—	40	77	185
	1937	135	95	385	129	89	116			89	—	44	84	188
	1938	160	160	418	164	...	...			...	—	...	...	195
Germany ²	1929	5,479	485	988	6,952	4,490	11,218	100	100	4,490	—	7,623	12,113	8,827
	1931	5,213	555	1,179	6,947	3,870	10,600	76	85	3,870	—	3,776	7,646	9,745
	1932	4,106	459	1,480	6,045	3,494	9,366	67	77	3,494	—	3,948	7,442	9,783
Reichsmark	1933	4,082	511	1,485	6,078	3,155	9,074	70	78	3,155	—	3,860	7,015	10,684
	1934	4,257	995	1,484	6,736	3,372	9,968	74	79	3,372	—	3,882	7,254	12,273
	1935	4,725	841	1,557	7,123	3,297	10,247	75	80	3,297	704	2,896	6,897	13,424
	1936	5,049	753	1,569	7,371	3,674	10,866	75	81	3,674	785	3,007	7,466	14,222
	1937	5,587	766	1,571	7,924	3,911	11,640	77	81	3,911	961	3,248	8,120	15,537
	1938	8,111	1,141	1,733	10,985	4,715	15,440	78	81	4,715	1,184	3,481	9,380	17,421
	1935	86	173	158	102	73	91			73	—	38	57	152
1929 = 100	1936	92	155	159	106	82	97			82	—	39	62	161
	1937	102	158	159	114	87	104			87	—	43	67	176
	1938	148	235	175	158	105	138			105	—	46	77	197

* Approximate or provisional figure.

¹ Commercial banks comprise principal deposit and investment banks. (h) : averages of last quarter.² Figures refer throughout to the end of November of each year. Deposits include correspondents' accounts.

Table I. — CURRENCY COMPOSITION AND MOVEMENTS (continued).

Country, unit of currency (000,000's) and percentage base	End of	Currency Composition						Wholesale prices	Cost of living	Commercial and Savings Banks Deposits					
		Central Banks and Treasuries				Commercial Banks	Net amount of currency available Total (d) + (e) less cash reserve of commercial banks			Commercial Banks				Savings Banks	
		Note circulation (bank and State notes)	Central bank sight liabilities	Token coins (less those held by central banks)	Total (a) to (c)					Sight deposits	Sight	Savings	Other		Total (i) to (k)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)			
Greece ¹	1929	5,193	1,530	*250	6,973	11,405	17,269	100	100	11,405	.	1,830	13,235	1,715	
	1931	4,003	702	309	5,014	9,284	13,171	79	86	9,284	.	3,120	12,404	3,101	
	1932	4,714	3,451	338	8,503	8,812	16,444	109	98	8,812	.	3,257	12,069	3,343	
	1933	5,449	5,424	336	11,209	9,904	19,141	108	101	9,904	.	3,124	13,028	4,346	
	Drachma ..	1934	5,686	4,166	348	10,200	10,949	18,663	110	102	10,949	.	2,938	13,887	4,933
		1935	5,988	4,784	362	11,134	10,748	20,562	114	104	10,748	.	2,857	13,605	5,115
		1936	6,203	5,715	373	*12,293	11,127	21,636	117	108	11,127	.	2,716	13,843	5,628
		1937	6,776	6,387	*390	*13,553	126	115	6,096
		1938	7,239	9,598	*400	*17,237	120	113
		1935	115	313	145	160	94	119	.	.	94	.	156	103	298
1929 = 100	1936	119	374	149	176	98	125	.	.	98	.	148	105	328	
	1937	130	417	156	194	...	...	.	.	...	.	...	...	355
	1938	139	627	160	247	...	...	.	.	...	.	...	...	...
Hungary	1929	501	98	39	638	919	*1,256	100	100	919	992	909	2,820	105	
	1931	423	126	66	615	797	*1,178	82	85	797	812	804	2,413	105	
	1932	353	78	62	493	770	*1,055	67	81	770	719	711	2,200	107	
	1933	369	103	70	542	775	*1,150	59	75	775	731	668	2,174	115	
	Pengö	1934	381	106	70	557	674	*1,060	69	75	674	761	665	2,100	127
		1935	417	147	71	635	701	*1,149	80	80	701	800	681	2,182	140
		1936	436	213	77	726	684	*1,226	76	83	684	840	659	2,183	146
		1937	466	246	79	791	717	*1,309	79	88	717	926	709	2,352	166
		1938	863	196	102	1,161	726	*1,687	78	87	726	817
		1935	83	150	182	100	76	91	.	.	76	81	75	77	133
1929 = 100	1936	87	217	197	114	74	98	.	.	74	85	72	77	139	
	1937	93	251	203	124	78	104	.	.	78	93	78	83	158	
	1938	172	200	262	182	79	134	.	.	79	82	...	...	...
India ²	1929	1,794	—	.	.	.	.	100	.	.	.	.	2,046	991
	1931	1,793	—	.	.	.	.	70	.	.	.	.	1,974	1,147
	1932	1,748	—	.	.	.	.	62	.	.	.	.	2,176	1,350
	1933	1,781	—	.	.	.	.	63	.	.	.	.	2,213	1,456
	Rupee	1934	1,839	—	66	100	.	.	.	2,276	1,654
		1935	1,718	346	.	2,064	1,232	2,913	66	102	1,232	.	983	2,215	*1,753
		1936	1,920	233	.	2,153	1,278	3,193	67	102	1,278	.	1,018	2,296	...
		1937	1,854	312	.	2,166	1,256	3,144	72	107	1,256	.	1,059	2,315	...
		1938	1,880	243	.	2,123	1,239	3,172	67	104	1,239	.	1,039	2,278	...
		1935	96	109	177
1929 = 100	1936	106	.	.	.	.	.	.	.	.	.	.	112	...
	1937	103	.	.	.	.	.	.	.	.	.	.	113	...
	1938	105	.	.	.	.	.	.	.	.	.	.	111	...
Ireland ³	1929	14.2	—	0.7	14.9	.	*75.7	.	100	.	.	.	126.9	13.0	
	1931	13.4	—	0.8	14.2	.	*71.7	.	94	.	.	.	128.9	16.1	
	1932	13.4	—	0.8	14.2	.	*76.7	.	88	.	.	.	142.4	17.3	
	1933	13.7	—	0.9	14.6	.	*74.8	.	89	.	.	.	131.9	18.6	
	£	1934	13.9	—	0.9	14.8	.	*74.0	.	89	.	.	.	130.4	19.5
		1935	14.3	—	1.0	15.3	.	*76.8	.	92	.	.	.	130.3	22.5
		1936	15.1	—	1.1	16.2	.	*79.8	.	94	.	.	.	131.8	24.0
		1937	15.7	—	1.1	16.8	.	*76.4	.	101	.	.	.	127.7	*25.6
		1938	16.9	—	1.2	18.1	100
		1935	101	—	143	103	.	101	103	173
1929 = 100	1936	106	—	157	109	.	105	.	.	.	.	.	104	185
	1937	111	—	157	113	.	101	.	.	.	.	.	101	197
	1938	119	—	171	121	.	...	.	.	.	.	.	...	...

* Approximate or provisional figure.

¹ Sight deposits include savings accounts.² Up to 1934: Issue Department of Treasury (a) and deposits with domestic joint-stock banks, deposits in India with Exchange Banks and private deposits with the Imperial Bank (l). Since 1935: Reserve Bank of India (a) and (b) and deposits with scheduled banks (c) (i) (k). Data for coin in circulation not available. Savings comprise P. O. savings, P. O. cash certificates and deposits with co-operative banks and refer to March 31st of the following year; (h) Base VII.1933 — VI.1934 = 100.³ (h): November.

Table I. — CURRENCY COMPOSITION AND MOVEMENTS (continued).

Country, unit of currency (000,000's) and percentage base	End of	Currency Composition						Wholesale prices 1929 = 100	Cost of living 1929 = 100	Commercial and Savings Banks Deposits					
		Central Banks and Treasuries				Commercial Banks	Net amount of currency available Total (d) + (e) less cash reserve of commercial banks			Commercial Banks				Savings Banks	
		Note circulation (Bank and State notes)	Central bank sight liabilities	Token coins (less those held by central banks)	Total (a) to (c)	Sight deposits				Sight	Savings	Other	Total (i) to (k)	Savings deposits	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)			
Italy ¹	1929	16,854	1,985	1,992	20,831	22,416	42,069	100	100	22,416	5,092	3,296	30,804	25,537	
	1931	14,295	2,070	2,138	18,503	19,719	37,130	.	84	19,719	4,377	2,717	26,813	29,755	
	1932	13,672	1,622	2,140	17,434	17,953	34,252	.	82	17,953	4,178	2,752	24,883	32,627	
	1933	13,243	1,569	2,142	16,954	17,535	33,269	.	80	17,535	3,899	3,236	24,670	36,004	
	Lira	1934	13,145	1,106	2,144	16,395	16,905	32,139	65	74	16,905	4,007	3,455	24,367	37,282
		1935	16,297	1,090	2,363	19,750	14,925	33,394	78	81	14,925	3,951	3,588	22,464	36,121
		1936	16,525	1,432	83	85	39,242
		1937	17,468	1,464	101	97	43,023
	1938	...	...	...	...	...	...	101	99	...	...	...	...	...
	1935	97	55	119	95	67	79	.	.	67	78	109	73	141	
1936	98	72	...	...	...	...	.	.	...	...	...	...	154	
1937	104	74	...	...	...	...	.	.	...	...	...	...	168	
1938	...	...	...	...	...	...	.	.	...	...	...	...	...
Japan ²	1929	1,771	533	425	2,729	3,220	5,253	100	100	3,220	—	5,993	9,213	3,479	
	1931	1,469	374	416	2,259	2,616	4,343	69	74	2,616	—	5,558	8,174	4,252	
	1932	1,562	384	414	2,360	2,699	4,522	84	81	2,699	—	5,433	8,132	4,381	
	1933	1,679	369	435	2,483	2,901	4,785	80	82	2,901	—	5,826	8,727	4,623	
	Yen	1934	1,804	335	445	2,584	3,052	4,900	82	83	3,052	—	6,302	9,354	4,831
		1935	1,910	392	458	2,760	3,089	5,214	87	86	3,089	—	6,785	9,874	5,157
		1936	2,057	345	464	*2,866	3,430	*5,613	98	90	3,430	—	7,502	10,932	5,195
		1937	2,483	424	*465	3,372	4,214	*6,724	110	101	4,214	—	8,138	12,352	5,803
	1938	*3,155	*438	...	...	...	...	116	117	...	—	...	...	...
	1935	108	74	108	101	96	99	.	.	96	—	113	107	148	
1936	116	65	109	105	107	107	.	.	107	—	125	119	149		
1937	140	80	109	124	131	128	.	.	131	—	136	134	167		
1938	178	82	...	...	...	...	.	.	...	—	...	...	...
Latvia ³	1929	83	72	23	178	58	229	100	.	58	—	4	62	10	
	1931	76	86	27	189	25	209	67	80	25	—	2	27	15	
	1932	68	87	29	184	26	205	70	75	26	—	2	28	19	
	1933	75	103	30	208	27	230	69	72	27	—	2	29	27	
	Lat	1934	82	112	30	224	33	249	69	69	33	—	2	35	40
		1935	81	110	31	222	39	249	73	69	39	—	1	40	56
		1936	85	136	30	251	71	307	87	72	71	—	10	81	68
		1937	108	147	33	288	123	392	96	81	123	—	9	132	86
	1938	124	152	34	310	...	...	93	86	...	—	...	...	91
	1935	98	153	135	125	67	109	.	.	67	—	25	65	560	
1936	102	189	130	141	122	134	.	.	122	—	250	131	680		
1937	130	204	143	162	212	171	.	.	212	—	225	213	860		
1938	149	211	148	174	...	...	.	.	...	—	...	...	910	
Lithuania	1929	95	99	12	206	*43	*242	.	100	*43	—	*58	101	45	
	1931	109	78	14	201	42	236	.	74	42	—	63	105	78	
	1932	96	57	14	167	47	209	.	60	47	—	55	102	85	
	1933	88	61	14	163	44	201	.	55	44	—	46	90	77	
	Litas	1934	88	69	14	171	44	210	.	49	44	—	36	80	70
		1935	104	45	16	165	42	201	.	45	42	—	29	71	60
		1936	110	78	17	205	55	253	.	49	55	—	35	90	71
		1937	117	92	21	230	62	282	.	52	62	—	45	107	86
	1938	142	62	28	232	...	...	.	53	...	—	...	...	...
	1935	109	45	133	80	98	83	.	.	98	—	50	70	133	
1936	116	79	142	100	128	105	.	.	128	—	60	89	158		
1937	123	93	175	112	144	117	.	.	144	—	78	106	191		
1938	149	63	233	113	...	...	.	.	...	—	...	...	...

* Approximate or provisional figure.

¹ Commercial banks comprise all ordinary joint-stock banks. Sight deposits include correspondents' accounts.² Commercial banks: "Ordinary banks".³ (g): 1930 = 100.

Table I. — CURRENCY COMPOSITION AND MOVEMENTS (continued).

Country, unit of currency (000,000's) and percentage base	End of	Currency Composition					Wholesale prices 1929 = 100	Cost of living 1929 = 100	Commercial and Savings Banks Deposits						
		Central Banks and Treasuries				Commercial Banks			Net amount of currency available Total (d) + (e) less cash reserve of commercial banks	Commercial Banks				Savings Banks	
		Note circulation (Bank and State notes)	Central bank sight liabilities	Token coins (less those held by central banks)	Total (a) to (c)					Sight deposits	Sight	Savings	Other		Total (i) to (k)	Savings deposits
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)			
Mexico	1929	14.1	48.3	205.6	268.0	175.6	419.3	100	.	175.6	—	42.9	218.5	.	
	1931	6.6	43.0	205.2	254.8	102.0	330.5	.	.	102.0	—	43.4	145.4	.	
	1932	47.3	66.3	193.4	307.0	135.2	382.3	90	.	135.2	—	26.9	162.1	.	
	1933	77.7	67.9	210.0	355.6	182.4	460.8	93	.	182.4	—	51.2	233.6	.	
	Peso	1934	100.0	93.5	*210.0	*403.5	193.1	*514.3	95	.	193.1	—	41.6	234.7	.
		1935	221.4	132.2	142.0	495.6	233.8	649.3	94	.	233.8	20.8	42.4	297.0	.
		1936	270.2	112.0	184.2	566.4	241.3	715.4	106	.	241.3	26.5	44.3	312.1	.
		1937	286.9	86.9	218.3	592.1	222.6	726.4	118	.	222.6	33.1	65.6	321.3	.
		1938
		1935	1,570	274	69	185	133	155	.	.	133	.	99	136	.
1929 = 100	1936	1,916	232	90	211	137	171	.	.	137	.	103	143	.	
	1937	2,035	180	106	221	127	173	.	.	127	.	153	147	.	
	1938	...	...	...	...	...	...	.	.	...	.	...	...	.
Netherlands ¹	1929	862	34	120	1,016	634	1,557	100	100	634	—	721	1,355	1,188	
	1931	1,025	180	122	1,327	584	1,790	.	86	584	—	657	1,241	1,345	
	1932	963	304	120	1,387	606	1,781	.	84	606	—	506	1,112	1,379	
	1933	913	231	120	1,264	551	1,600	.	85	551	—	445	996	1,414	
	Gulden.....	1934	913	147	129	1,189	538	1,558	.	83	538	—	406	944	1,451
		1935	810	51	132	993	465	1,376	63	81	465	—	311	776	1,448
		1936	794	310	142	1,246	592	1,727	71	79	592	—	372	964	*1,465
		1937	869	756	*142	*1,767	772	*2,301	76	83	772	—	344	1,126	...
		1938	993	838	*142	*1,973	71	82	...	—
		1935	94	150	110	98	73	88	.	.	73	—	43	57	122
1929 = 100	1936	92	912	118	123	93	111	.	.	93	—	52	71	123	
	1937	101	2,224	118	174	122	159	.	.	122	—	48	83	...	
	1938	115	2,465	118	194	...	...	.	.	...	—	...	...	...
Netherlands Indies	1929	329	40	.	.	.	.	100	100	.	.	.	.	51
	1931	233	28	.	.	.	.	63	.	.	.	.	.	56
	1932	207	32	.	.	.	.	52	.	.	.	.	.	56
	1933	188	28	.	.	.	.	46	.	.	.	.	.	58
	Gulden.....	1934	177	37	46	62
		1935	157	26	45	60
		1936	162	34	.	.	.	.	55	50	.	.	.	59
		1937	185	84	.	.	.	.	59	53	.	.	.	68
		1938	188	83	.	.	.	.	55	53	.	.	.	...
		1935	48	65	118
1929 = 100	1936	49	85	.	.	.	.	.	.	.	.	.	.	116
	1937	56	210	.	.	.	.	.	.	.	.	.	.	133
	1938	57	208	.	.	.	.	.	.	.	.	.	.	...
New Zealand ²	1929	7.2	—	*1.0	*8.2	24.2	*32.4	100	100	24.2	—	30.6	54.8	*58.7	
	1931	7.3	—	*1.0	*8.3	17.2	*25.2	90	88	17.2	—	34.8	52.0	*53.4	
	1932	7.1	—	*1.0	*8.1	16.2	*24.3	86	80	16.2	—	35.1	51.3	*52.5	
	1933	7.6	—	*1.0	*8.6	20.5	*29.1	89	80	20.5	—	39.3	59.8	*55.7	
	£	1934	6.8	6.7	*1.0	*14.5	22.4	*36.9	90	81	22.4	—	37.7	60.1	58.7
		1935	7.6	4.1	*1.5	*13.2	25.1	*38.3	95	84	25.1	—	38.6	63.7	62.2
		1936	10.4	3.8	*1.5	*15.7	29.2	*44.9	97	88	29.2	—	34.1	63.3	66.8
		1937	11.7	4.0	*1.5	*17.2	31.5	*48.7	105	95	31.5	—	33.4	64.9	73.6
		1938	13.1	2.9	*1.5	*17.5	32.2	*49.7	104	96	32.2	—	30.9	63.1	73.7
		1935	106	.	150	161	104	118	.	.	104	—	126	116	106
1929 = 100	1936	144	.	150	191	121	139	.	.	121	—	111	116	114	
	1937	163	.	150	210	130	150	.	.	130	—	109	118	125	
	1938	182	.	150	213	133	153	.	.	133	—	101	115	126	

* Approximate or provisional figure.

¹ Commercial banks : principal banks only.

² Up to 1933 : net circulation of note-issuing banks (a). Since 1934 : Reserve Bank (including net circulation of old notes).

Up to 1933, cost-of-living figures refer to last quarter.

* March 31st of the following year.

Table I. — CURRENCY COMPOSITION AND MOVEMENTS (continued).

Country, unit of currency (000,000's) and percentage base	End of	Currency Composition						Wholesale prices 1929 = 100	Cost of living 1929 = 100	Commercial and Savings Banks Deposits					
		Central Banks and Treasuries				Commercial Banks	Net amount of currency available Total (d) + (e) less cash reserve of commercial banks			Commercial Banks				Savings Banks	
		Note circulation (Bank and State notes)	Central bank sight liabilities	Token coins (less those held by central banks)	Total (a) to (c)	Sight deposits				Sight	Savings	Other	Total (i) to (k)	Savings deposits	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)			
Norway	1929	318	90	18	426	124	493	100	100	124	894	40	1,058	2,287	
	1931	334	68	19	421	113	489	82	90	113	835	46	994	2,150	
	1932	315	77	19	411	99	456	83	89	99	752	32	883	2,114	
	1933	327	64	19	410	83	446	82	88	83	719	35	837	2,051	
	Krone	1934	333	80	20	433	99	478	84	90	99	700	41	840	1,980
		1935	348	81	22	451	119	521	88	92	119	745	40	904	1,990
		1936	429	106	23	558	128	637	94	95	128	712	44	884	1,863
		1937	449	104	25	578	137	657	107	103	137	802	53	992	1,890
		1938	477	132	27	636	*146	*720	101	102	*146	*829	...	...	...
		1935	109	90	122	106	96	106	...	...	96	83	100	85	87
	1929 = 100	1936	135	118	128	131	103	129	...	...	103	80	110	84	81
		1937	141	116	139	136	110	133	...	...	110	90	133	94	83
		1938	150	147	150	149	118	146	...	...	118	93	...	...	...
Peru	1929	65	12	22	99	88	162	100	100	88	23	53	164	.	
	1931	55	8	19	82	51	118	91	87	51	18	34	103	.	
	1932	50	6	18	74	54	114	93	85	54	20	29	103	.	
	Sol	1933	67	20	22	109	70	146	101	84	70	26	31	127	.
		1934	74	28	24	126	98	188	100	85	98	33	33	164	.
		1935	84	18	23	125	108	205	102	88	108	40	42	190	.
		1936	96	32	23	151	128	232	103	92	128	49	49	226	.
		1937	96	39	28	163	140	252	109	99	140	61	56	257	.
		1938	...	...	...	...	...	...	112	95	...	...	...	...	.
		1935	129	150	105	126	123	127	...	...	123	174	79	116	.
	1929 = 100	1936	148	267	105	153	145	143	...	...	145	213	92	138	.
		1937	148	325	127	165	159	156	...	...	159	265	106	157	.
		1938	...	...	...	...	...	...	...	...	...	...	...	...	.
Poland ¹	1929	1,404	468	196	2,068	520	2,485	100	100	520	130	388	1,038	914	
	1931	1,220	213	240	1,673	356	1,957	73	82	356	85	223	664	1,241	
	1932	1,003	220	322	1,545	297	1,786	62	72	297	76	191	564	1,342	
	Zloty	1933	1,004	262	342	1,608	302	1,854	60	69	302	67	132	501	1,368
		1934	981	241	384	1,606	285	1,831	56	63	285	81	136	502	1,505
		1935	1,007	210	404	1,621	286	1,838	55	60	286	94	125	505	1,605
		1936	1,034	292	428	1,754	330	2,016	59	62	330	87	112	529	1,577
		1937	1,059	360	438	1,857	373	2,144	60	62	373	108	137	618	1,805
		1938	1,406	251	460	2,117	415	2,446	57	61	415	155	133	703	...
		1935	72	45	206	78	55	74	...	...	55	72	32	49	176
	1929 = 100	1936	74	62	218	85	63	81	...	...	63	67	29	51	173
		1937	75	77	223	90	72	86	...	...	72	83	35	60	197
		1938	100	54	235	102	80	98	...	...	80	119	34	68	...
Portugal	1929	2,046	331	*10	*2,387	481	*2,706	100	100	481	—	567	1,048	1,822	
	1931	2,062	279	42	2,383	464	2,637	...	82	464	—	347	811	2,134	
	1932	2,001	544	70	2,615	481	2,928	86	85	481	—	337	818	2,521	
	Escudo ...	1933	1,989	534	121	2,644	521	2,995	88	83	521	—	317	838	2,605
		1934	2,137	758	145	3,040	606	3,449	88	84	606	—	359	965	2,839
		1935	2,205	781	152	3,138	626	3,580	81	84	626	—	330	956	2,817
		1936	2,257	926	160	3,343	787	3,886	94	86	787	—	346	1,133	*2,963
		1937	2,224	1,058	176	3,458	1,011	4,185	103	108	1,011	—	641	1,652	*2,683
		1938	2,240	1,067	*176	*3,483	...	...	...	83	...	—	...	...	...
		1935	108	236	1,520	131	130	132	...	...	130	—	58	91	155
	1929 = 100	1936	110	280	1,600	140	164	144	...	...	164	—	61	108	163
		1937	109	320	1,760	145	210	155	...	...	210	—	113	158	147
		1938	109	322	1,760	146	...	...	...	...	...	—	...	...	...

* Approximate or provisional figure.

¹ Commercial banks: joint-stock banks only.

Table I. — CURRENCY COMPOSITION AND MOVEMENTS (continued).

Country, unit of currency (000,000's) and percentage base	End of	Currency Composition						Wholesale prices	Cost of living	Commercial and Savings Banks Deposits				
		Central Banks and Treasuries				Commercial Banks	Net amount of currency available Total (d) + (e) less cash reserve of commercial banks			Commercial Banks				Savings Banks
		Note circulation (Bank and State notes)	Central bank sight liabilities	Token coins (less those held by central banks)	Total (a) to (c)	Sight deposits				Sight	Savings	Other	Total (l) to (k)	Savings deposits
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)		
Roumania	1929	21,144	9,371	420	30,935	19,561	43,867	100	100	19,561	.	31,753	51,314	1,730
	1931	23,750	3,865	2,653	30,268	12,840	40,048	.	58	12,840	.	17,366	30,206	2,298
	1932	21,594	6,366	3,681	31,641	11,714	40,833	.	58	11,714	.	14,469	26,183	2,376
	1933	21,219	7,257	3,653	32,129	10,111	39,315	.	57	10,111	.	12,886	22,997	2,897
	1934	22,307	7,232	3,599	33,138	7,897	36,811	66	54	7,897	.	10,387	18,284	...
	1935	23,127	7,665	3,567	34,359	9,566	39,556	73	59	9,566	.	11,449	21,015	...
	1936	25,663	10,299	4,475	40,437	...	...	79	58	...	.	...	...	...
	1937	29,391	11,143	4,748	45,282	...	...	79	73	...	.	...	...	...
	1938	34,902	13,728	4,965	53,595	...	...	81	76	...	.	...	...	...
	1935	109	82	849	111	49	90	.	.	49	.	36	41	...
1929 = 100	1936	121	110	1,065	131	...	...	...	...	...	...	...	...
	1937	139	119	1,130	146	...	...	...	...	...	...	...	...
	1938	165	146	1,182	173	...	...	...	...	...	...	...	...
Salvador	1929	15	—	.	15	7	20	.	.	7	.	2	9	.
	1931	10	—	.	10	5	13	.	.	5	.	2	7	.
	1932	12	—	.	12	6	16	.	.	6	.	2	8	.
	1933	14	—	.	14	5	17	.	.	5	.	2	7	.
	1934	15	4	.	19	5	22	.	.	5	.	1	6	.
	1935	13	6	.	19	4	21	.	.	4	.	1	5	.
	1936	16	4	.	20	4	22	.	.	4	.	1	5	.
	1937	15	6	.	21	4	24	.	.	4	.	1	5	.
	1938	15	6	.	21	3	22	.	.	3	.	1	4	.
	1935	87	.	.	127	57	105	.	.	57	.	50	56	.
1929 = 100	1936	107	.	.	133	57	110	.	.	57	.	50	56	.
	1937	100	.	.	140	57	120	.	.	57	.	50	56	.
	1938	100	.	.	140	43	110	.	.	43	.	50	44	.
Spain ¹	1929	4,458	2,586	.	7,044	3,605	9,684	100	100	3,605	.	2,479	6,084	1,955
	1931	4,993	2,770	.	7,763	3,015	9,729	104	113	3,015	.	2,361	5,376	2,292
	1932	4,834	2,658	.	7,492	3,197	9,632	99	99	3,197	.	2,615	5,812	2,456
	1933	4,825	2,669	.	7,494	3,265	9,607	98	99	3,265	.	2,812	6,077	2,638
	1934	4,711	2,559	.	7,270	3,462	9,650	100	101	3,462	.	3,094	6,556	3,116
	1935	4,837	2,849	.	7,686	3,667	9,972	103	98	3,667	.	3,461	7,128	.
	1936	5,573	1,170	.	6,743	.	.	.	.	.	.	.	.	.
	1937	9,212	6,171	.	15,383	.	.	.	.	.	.	.	.	.
	1938	...	...	.	...	.	.	.	.	.	.	.	.	.
	1935	109	110	.	109	102	103	.	.	102	.	140	117	.
1929 = 100	1936	125	45	.	96	.	.	.	.	.	.	.	.
	1937	207	239	.	218	.	.	.	.	.	.	.	.
	1938	...	...	.	...	.	.	.	.	.	.	.	.
Sweden ²	1929	569	274	*60	903	659	1,478	100	100	659	688	2,134	3,481	3,168
	1931	583	173	*60	816	610	1,338	79	92	610	686	2,257	3,553	3,433
	1932	598	203	*60	861	625	1,353	77	91	625	648	2,283	3,556	3,593
	1933	648	471	*60	1,179	674	1,520	79	90	674	643	2,311	3,628	3,647
	1934	708	407	*60	1,175	697	1,585	82	91	697	656	2,200	3,553	3,785
	1935	786	384	*60	1,230	766	1,715	84	93	766	674	2,192	3,632	3,848
	1936	893	594	*60	1,547	892	2,046	90	93	892	682	2,259	3,833	3,916
	1937	980	780	*60	1,820	985	2,262	97	97	985	722	2,292	3,999	4,083
	1938	1,061	853	*60	1,974	1,152	2,588	91	98	1,152	771	2,337	4,260	...
	1935	138	140	100	136	116	116	.	.	116	98	103	104	121
1929 = 100	1936	157	217	100	171	135	138	.	.	135	99	106	110	124
	1937	172	285	100	202	149	153	.	.	149	105	107	115	129
	1938	186	311	100	219	175	175	.	.	175	112	110	122	...

* Approximate or provisional figure.

¹ Figures for 1936 refer to 1/VIII/1936, those for 1937 to 30/IV/1938.² (h) January 1st of the following year.

Table I. — CURRENCY COMPOSITION AND MOVEMENTS (continued).

Country, unit of currency (000,000's) and percentage base	End of	Currency Composition						Wholesale prices 1929 = 100	Cost of living 1929 = 100	Commercial and Savings Banks Deposits					
		Central Banks and Treasuries				Commercial Banks	Net amount of currency available Total (d) + (e) less cash reserve of commercial banks			Commercial Banks				Savings Banks	
		Note circulation (Bank and State notes)	Central bank sight liabilities	Token coins (less those held by central banks)	Total (a) to (c)	Sight deposits				Sight	Savings	Other	Total (i) to (k)	Savings deposits	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
Switzerland	1929	999	201	235	1,435	3,756	4,824	100	100	3,756	3,294	6,628	13,678	1,328	
	1931	1,609	924	301	2,834	2,449	4,005	73	90	2,449	4,575	7,205	14,229	1,530	
	1932	1,613	974	317	2,904	2,418	4,086	65	83	2,418	4,680	6,811	13,909	1,608	
	1933	1,510	641	337	2,488	2,191	3,661	65	81	2,191	4,591	6,407	13,189	1,657	
	Franc	1934	1,440	580	*350	*2,370	1,954	*3,421	63	80	1,954	4,553	6,136	12,643	1,687
		1935	1,366	367	*360	*2,093	1,592	*3,136	65	81	1,592	4,410	5,547	11,549	1,706
		1936	1,482	1,278	*360	*3,120	2,226	*4,029	76	82	2,226	4,350	5,473	12,049	1,695
		1937	1,531	1,616	*370	*3,517	2,531	*4,431	78	86	2,531	4,601	5,242	12,374	1,757
	1938	1,751	1,663	*370	*3,784	...	...	75	85	...	...	...	...	...
	1929 = 100	1935	137	183	153	146	42	65	...	42	134	84	84	128	
1936		148	636	153	217	59	84	...	59	132	83	88	128		
1937		153	804	157	245	67	92	...	67	140	79	90	132		
1938		175	827	157	264	...	...	...	...	...	...	...	...
Turkey ¹	1929	.	.	.	.	.	.	100	100	.	.	.	.	.
	1931	.	.	.	.	.	.	61	87	.	.	.	.	.
	1932	148.6	13.3	8.6	170.5	*(88.1)	(223.4)	53	83	*(88.1)	—	*(22.0)	(110.1)	20.9	
	1933	146.8	18.9	8.6	174.3	116.1	235.3	48	76	116.1	—	24.3	140.4	20.7	
	£T	1934	158.1	17.9	8.6	184.6	120.3	256.2	56	71	120.3	—	20.4	140.7	20.7
		1935	162.7	14.6	15.7	193.0	115.9	254.0	64	72	115.9	—	35.9	151.8	20.4
		1936	180.8	11.9	20.3	213.0	106.5	278.4	64	70	106.5	49.0	29.3	184.8	21.2
		1937	168.6	17.6	24.2	210.4	115.7	293.0	62	71	115.7	60.5	37.1	213.3	22.5
	1938	194.0	25.0	*26.2	*245.2	...	...	...	...	...	...	...	...	...
	1932 = 100	1935	109	110	113	132	114	114	...	132	—	163	138	98	
1936		122	89	236	125	121	125	...	121	—	133	168	101		
1937		113	132	281	123	131	131	...	131	—	169	194	108		
1938		131	188	305	144	...	...	...	...	—	...	...	...
Union of South Africa ²	1929	9.2	7.2	*3.2	19.6	30.9	42.6	100	100	30.9	3.5	26.2	60.6	11.2	
	1931	8.8	6.1	*2.9	17.8	24.8	35.1	83	92	24.8	3.7	28.1	56.6	11.1	
	1932	8.3	5.1	*3.3	16.7	23.5	33.6	75	88	23.5	3.5	27.4	54.4	12.0	
	1933	11.9	31.1	*3.8	46.8	52.8	70.3	91	90	52.8	4.3	24.1	81.2	15.7	
	£	1934	13.0	28.6	*4.2	45.8	55.6	76.3	82	88	55.6	4.4	25.2	85.2	20.0
		1935	14.1	35.3	*4.3	53.7	61.9	84.3	86	88	61.9	4.9	21.6	88.4	22.1
		1936	16.4	28.0	*4.3	48.7	72.1	95.1	87	89	72.1	5.5	16.9	94.5	24.5
		1937	18.1	23.5	*4.4	46.0	65.9	91.5	92	94	65.9	5.8	21.8	93.5	26.2
	1938	19.1	29.1	*4.4	52.6	...	...	...	94	...	...	...	...	27.4
	1929 = 100	1935	153	490	134	274	200	198	...	200	140	82	146	197	
1936		178	389	134	248	233	223	...	233	157	65	156	219		
1937		197	326	138	235	213	215	...	213	166	83	154	234		
1938		208	404	138	268	...	...	...	...	...	...	...	245	
United Kingdom ³	1929	372.3	160.2	68.5	601.0	1,195.0	1,490.7	100	100	1,195.0	—	1,016.4	2,211.4	⁴ 887.5	
	1931	367.1	174.5	66.2	607.8	1,068.6	1,403.0	78	90	1,068.6	—	1,045.0	2,113.6	933.4	
	1932	374.1	145.0	66.2	585.3	1,214.8	1,516.2	74	87	1,214.8	—	1,179.9	2,394.7	933.6	
	1933	393.1	159.9	66.1	619.0	1,249.7	1,586.1	77	87	1,249.7	—	1,108.3	2,358.0	981.6	
	£	1934	408.1	156.7	68.0	632.8	1,282.1	1,621.2	77	87	1,282.1	—	1,117.0	2,399.1	1,032.3
		1935	427.5	121.3	69.0	617.8	1,398.2	1,697.6	80	90	1,398.2	—	1,133.9	2,532.1	1,092.7
		1936	470.8	202.2	72.0	745.0	1,509.9	1,925.0	88	92	1,509.9	—	1,186.4	2,696.3	1,156.4
		1937	508.5	168.6	76.0	753.1	1,516.0	1,941.7	94	97	1,516.0	—	1,211.8	2,727.8	1,209.8
	1938	508.9	153.7	78.0	740.6	...	...	86	95	...	—	...	...	*1,265.2
	1929 = 100	1935	115	76	101	103	117	114	...	117	—	112	114	123	
1936		126	126	105	124	126	129	...	126	—	117	122	130		
1937		137	105	111	125	127	140	...	127	—	119	123	136		
1938		137	96	114	123	...	...	...	...	—	...	...	134	

* Approximate or provisional figure.

¹ Commercial banks comprise national and foreign joint-stock banks (national banks only in 1932). Savings with the "Caisse d'épargne d'Istanbul".² Commercial bank accounts in the Union only. Figures for wholesale prices refer to January of the following year.³ Deposits of all joint-stock banks divided into sight and other accounts according to those of London clearing banks. (h) January 1st of the following year.⁴ November 20th for Trustee Savings banks.

Table I. — CURRENCY COMPOSITION AND MOVEMENTS (concluded).

Country, unit of currency (000,000's) and percentage base	End of	Currency Composition						Wholesale prices	Cost of living	Commercial and Savings Banks Deposits					
		Central Banks and Treasuries				Commercial Banks	Net amount of currency available Total (d) + (e) less cash reserve of commercial banks			Commercial Banks				Savings Banks	
		Note circulation (Bank and State notes)	Central bank sight liabilities	Token coins (less those held by central banks)	Total (a) to (c)	Sight deposits				Sight	Savings	Other	Total (i) to (k)	Savings deposits	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)			
U. S. A. ¹	1929	2,729	2,414	1,752	6,895	18,862	22,825	100	100	18,862	—	13,376	32,238	164	
	1931	3,552	2,125	1,686	7,363	14,955	19,820	72	83	14,955	—	11,728	26,683	605	
	1932	3,835	2,561	1,372	7,768	13,393	18,227	66	75	13,393	—	11,025	24,418	901	
	1933	4,457	2,865	1,038	8,360	13,442	18,653	74	77	13,442	—	10,092	23,534	1,209	
	\$	1934	4,362	4,405	1,174	9,941	16,774	22,025	81	80	16,774	—	11,544	28,318	1,207
	1935	4,467	6,386	1,414	12,267	20,175	26,204	85	84	20,175	—	11,102	31,277	1,201	
	1936	4,874	7,109	1,669	13,652	23,299	29,682	88	86	23,299	—	11,712	35,011	1,260	
	1937	4,793	7,577	1,758	14,128	21,880	28,413	86	89	21,880	—	12,163	34,043	1,270	
	1938	4,892	10,087	1,964	16,943	...	...	81	86	...	—	...	...	1,252
	1935	164	265	81	178	107	115	...	...	107	—	83	97	732
1929 = 100	1936	179	294	95	198	124	130	...	...	124	—	88	109	768
	1937	176	314	100	205	116	124	...	...	116	—	91	106	774
	1938	179	418	112	246	...	...	...	...	...	—	...	...	763
	1935	164	265	81	178	107	115	...	...	107	—	83	97	732
Uruguay	1929	71	42	2	115	38	136	.	.	38	—	41	79	52	
	1931	81	32	*2	*115	43	*129	.	.	43	—	47	90	46	
	1932	85	32	*2	*119	54	*132	.	.	54	—	45	99	44	
	1933	78	32	*2	*112	44	*129	.	.	44	—	46	90	64	
	Peso	1934	80	32	*2	*114	42	*133	.	.	42	—	49	91	64
	1935	82	29	*2	*113	39	*129	.	.	39	—	58	97	67	
	1936	89	33	*2	*124	36	*132	.	.	36	—	73	109	76	
	1937	91	31	*2	*124	44	*134	.	.	44	—	84	128	86	
	1938	...	...	...	...	...	...	.	.	...	—	...	...	...
	1935	115	69	100	98	103	95	...	...	103	—	141	123	129
1929 = 100	1936	125	79	100	108	95	97	...	...	95	—	178	138	146
	1937	128	74	100	108	116	99	...	...	116	—	205	162	165
	1938	...	...	...	...	...	...	...	...	...	—	...	...	...
	1935	115	69	100	98	103	95	...	...	103	—	141	123	129
Venezuela	1929	85	—	*45	*130	126	253	100	.	126	5	—	131	.	
	1931	90	—	*45	*135	83	213	89	.	83	6	—	89	.	
	1932	89	—	*50	*139	84	220	82	.	84	6	—	90	.	
	1933	87	—	*50	*138	92	225	75	.	92	7	—	99	.	
	Bolivar ...	1934	93	—	*50	*143	105	243	73	.	105	6	—	111	.
	1935	102	—	*60	*162	132	288	67	.	132	7	—	139	.	
	1936	122	—	*60	*182	108	285	77	.	108	8	—	116	.	
	1937	122	—	*60	*182	116	292	80	.	116	8	—	124	.	
	1938	...	—	...	...	...	...	76	.	...	...	—	...	...
	1935	120	—	133	125	105	114	...	...	105	140	—	106	.
1929 = 100	1936	144	—	133	140	86	113	...	...	86	160	—	89	.
	1937	144	—	133	140	92	115	...	...	92	160	—	95	.
	1938	...	—	...	...	...	...	...	...	...	—	...	...	.
	1935	120	—	133	125	105	114	...	...	105	140	—	106	.
Yugoslavia	1929	5,818	1,250	146	7,214	*2,336	*8,816	100	100	*2,336	*7,008	3,842	13,186	562	
	1931	5,172	417	161	5,750	1,936	7,058	67	86	1,936	6,867	2,930	11,733	950	
	1932	4,773	698	479	5,950	1,426	6,846	64	79	1,426	5,343	2,787	9,556	1,168	
	1933	4,327	1,031	960	6,318	1,460	7,182	62	79	1,460	4,900	2,322	8,682	1,435	
	Dinar	1934	4,384	866	994	6,244	866	6,513	62	74	866	4,522	2,672	8,061	1,750
	1935	4,890	1,386	870	7,146	1,101	7,460	71	78	1,101	4,354	2,258	7,713	2,020	
	1936	5,409	1,629	865	7,903	1,139	8,375	71	75	1,139	4,146	2,460	7,745	2,182	
	1937	5,834	2,459	840	9,133	...	...	79	83	...	...	...	...	2,633
	1938	6,921	2,093	820	9,834	...	...	77	...	...	...	...	...	...
	1935	84	111	596	99	47	85	...	...	47	62	59	58	359
1929 = 100	1936	93	130	592	110	49	95	...	...	49	59	64	59	388
	1937	100	197	575	127	...	...	...	...	...	...	...	...	469
	1938	119	167	562	136	...	...	...	...	...	...	...	...	...
	1935	84	111	596	99	47	85	...	...	47	62	59	58	359

* Approximate or provisional figure.

¹ Commercial banks comprise all member banks. Savings with the United States Postal Savings System.

Table II. — CHANGES IN PRINCIPAL ASSETS OF CENTRAL BANKS.

Country and central bank	Unit of currency (000,000's) and percentage base	End of	State Debt relating to fiduciary note-issue	Tempor. advances to Govt. Institut. (incl. discounts of Treasury bills)	Total direct claims on Govern. (a) + (b)	Holdings of Govt. securities	Holdings of other securities, etc.	Non-Govt. loans, advances and discounts	Total domestic credits (c) + (d) + (e) + (f)	Gold reserves	Foreign assets	Total gold and foreign assets (h) + (i)		
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)		
Albania National Bank	Frank . . .	1929	—	—	—	—	—	5	5	2	19	21		
		1931	—	—	—	—	—	7	7	5	21	26		
		1932	—	—	—	—	—	6	6	5	25	30		
		1933	—	—	—	—	—	3	3	7	20	27		
		1934	—	—	—	—	—	3	3	7	17	24		
		1935	—	—	—	—	—	4	4	8	15	23		
		1936	—	—	—	—	—	4	4	8	23	31		
		1937	—	—	—	—	—	5	5	8	21	29		
		1938	—	—	—	—	—	6	6	8	17	25		
		1935	—	—	—	—	—	80	80	400	79	110		
		1929 = 100.	1936	—	—	—	—	—	80	80	400	121	148	
		1937	—	—	—	—	—	—	100	100	400	111	138	
		1938	—	—	—	—	—	—	120	120	400	89	119	
Argentina ¹ Central Bank	Peso	1935	119	—	119	235	—	—	354	1,224	129	1,353		
		1936	119	—	119	418	—	—	537	1,224	303	1,527		
		1937	119	17	136	422	—	—	558	1,224	198	1,422		
		1938	119	50	169	426	—	—	595	1,224	72	1,296		
		1936	100	—	100	178	—	—	152	100	253	113		
		1937	100	—	114	180	—	—	158	100	153	105		
		1938	100	—	142	181	—	—	168	100	56	96		
Australia Commonwealth Bank	£A	1929	—	—	—	25.7	7.7	18.6	52.0	18.2	7.9	26.2		
		1931	—	—	—	61.9	10.5	19.2	91.6	10.5	13.3	23.8		
		1932	—	—	—	57.6	10.9	22.2	90.7	8.5	18.0	26.5		
		1933	—	—	—	58.7	9.5	18.3	86.5	0.5	34.7	35.2		
		1934	—	—	—	59.9	9.5	22.8	92.2	0.5	39.2	39.7		
		1935	—	—	—	66.0	9.5	17.1	92.6	0.5	30.4	30.9		
		1936	—	—	—	69.8	8.1	22.1	100.0	² 0.3	38.2	38.5		
		1937	—	—	—	80.3	13.0	14.1	107.4	² 0.3	52.4	52.7		
		1938	—	—	—	82.2	18.1	17.6	117.9	² 0.3	40.5	40.8		
		1935	—	—	—	257	123	92	178	3	385	118		
		1929 = 100.	1936	—	—	—	272	105	119	192	2	484	147	
		1937	—	—	—	—	312	169	76	207	2	663	201	
		1938	—	—	—	—	320	235	95	227	2	513	156	
Austria ³ National Bank	Schilling . .	1929	109	—	109	—	4	307	420	169	660	829		
		1931	96	—	96	—	5	934	1,035	189	140	329		
		1932	663	—	663	—	1	405	1,069	149	54	203		
		1933	624	—	624	—	1	288	913	189	38	227		
		1934	624	—	624	—	1	239	864	⁴ 242	69	⁴ 311		
		1935	624	—	624	—	1	226	851	242	154	396		
		1936	620	—	620	—	—	209	829	243	138	381		
		1937	612	—	612	—	—	189	801	243	217	460		
		1935	572	—	572	—	25	74	203	143	23	48		
		1929 = 100.	1936	569	—	569	—	—	68	197	144	21	46	
		1937	561	—	561	—	—	—	62	191	144	33	55	
		Belgium National Bank	Franc	1929	—	1,688	1,688	295	76	4,243	6,302	5,876	2,888	8,764
				1931	—	1,440	1,440	344	100	5,161	7,045	12,749	—	12,749
1932	—			1,820	1,820	349	—	3,944	6,113	12,980	—	12,980		
1933	—			1,756	1,756	350	—	4,190	6,296	13,668	—	13,668		
1934	—			1,718	1,718	354	—	4,001	6,073	12,524	—	12,524		
1935	—			812	812	356	—	6,897	8,065	17,286 ³	—	17,286 ⁴		
1936	—			786	786	1,099	—	1,089	2,974	18,640	5,456	24,096		
1937	—			761	761	1,151	—	1,080	2,992	17,623	4,772	22,395		
1938	—			735	735	1,153	—	1,275	3,163	17,140	4,619	21,759		
1935	—			48	48	121	—	163	128	294	—	197		
1929 = 100.	1936			—	47	47	373	—	26	47	317	189	275	
1937	—			45	45	390	—	25	47	300	165	256		
1938	—			44	44	391	—	30	50	292	160	248		

* Provisional figures.

¹ Argentine: Foreign assets include gold earmarked abroad and, since 1937, some gold at home.² At market value.³ For an account relating to the assets of the National Bank following the annexation of Austria, see Vol. II, chapter on Germany.⁴ New parity.

Table II. — CHANGES IN PRINCIPAL ASSETS OF CENTRAL BANKS (continued).

Country and central bank	Unit of currency (000,000's) and percentage base	End of	State Debt relating to fiduciary note-issue	Tempor. advances to Govt. Institut. (incl. discounts of Treasury bills)	Total direct claims on Governm. (a) + (b)	Holdings of Govt. securities	Holdings of other securities, etc.	Non-Govt. loans, advances and discounts	Total domestic credits (e) + (d) + (e) + (f)	Gold reserves	Foreign assets	Total gold and foreign assets (h) + (i)	
			(a)	(b)	(a)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
Bolivia	Central Bank	1929	—	4.4	4.4	3.8	0.6	17.2	26.0	9.2	46.4	55.6	
		1931	—	2.2	2.2	6.5	4.6	18.3	31.6	¹ 16.2	10.5	¹ 26.7	
		1932	—	12.7	12.7	57.1	4.8	17.9	92.5	27.0	2.5	29.5	
		1933	—	3.9	3.9	115.4	5.2	15.0	139.5	7.9	6.7	14.6	
		1934	—	34.9	34.9	207.3	3.8	10.1	256.1	9.5	4.2	13.7	
		1935	—	4.9	4.9	388.7	3.1	5.3	402.0	19.7	9.1	28.8	
		1936	—	3.7	3.7	413.4	4.7	7.1	428.9	² 64.2	41.4	³ 105.6	
		1937	—	2.5	2.5	406.0	4.6	14.7	427.8	51.5	96.1	147.6	
		1938	—
		1935	—	111	111	10,229	517	31	1,546	214	20	52	
		1936	—	84	84	10,879	783	41	1,650	698	89	190	
		1937	—	57	57	10,684	767	85	1,645	560	207	265	
		1938	—
Bulgaria	National Bank	1929	3,470	—	3,470	—	42	1,628	5,140	1,388	1,158	2,546	
		1931	2,995	279	3,274	—	95	711	4,080	1,512	257	1,769	
		1932	2,903	423	3,326	—	100	527	3,953	1,519	123	1,642	
		1933	2,813	818	3,631	—	93	552	4,276	1,545	141	1,686	
		1934	2,728	655	3,383	—	122	440	3,945	1,547	121	1,668	
		1935	2,671	910	3,581	—	118	671	4,370	1,591	447	2,038	
		1936	2,551	936	3,487	—	201	558	4,246	1,652	724	2,376	
		1937	3,495	385	3,880	—	262	1,049	5,191	1,994	585	2,579	
		1938	3,441	400	3,841	—	...	...	...	2,006	1,238	3,244
		1935	77	—	103	—	281	41	85	115	39	80	
		1936	74	—	100	—	479	34	83	119	63	93	
		1937	101	—	112	—	624	64	101	144	51	101	
		1938	99	—	111	—	...	...	...	145	107	127
Canada	Bank of Canada	1935	115	34	149	84	—	—	233	³ 181	4	185	
		1936	115	61	176	99	—	—	275	³ 179	9	188	
		1937	115	82	197	92	12	—	301	³ 180	15	195	
		1938	115	145	260	41	—	—	301	³ 214	29	243	
		1936	100	179	179	118	—	—	136	99	225	102	
		1937	100	240	240	110	—	—	158	99	375	105	
		1938	100	426	426	49	—	—	158	118	725	131	
Chile	Central Bank	1929	—	—	—	25	—	93	118	63	385	448	
		1931	192	46	238	—	—	84	322	100	95	195	
		1932	722	11	733	—	—	36	769	84	70	154	
		1933	672	10	682	—	—	110	792	95	72	167	
		1934	704	10	714	—	—	49	763	140	2	142	
		1935	697	9	706	—	—	80	786	141	1	142	
		1936	690	8	698	—	—	168	866	141	2	143	
		1937	783	8	791	—	—	119	910	141	3	144	
		1938	751	7	758	—	—	255	1,013	143	2	145	
		1935	—	—	—	—	—	—	86	666	224	—	32
		1936	—	—	—	—	—	—	181	734	224	1	32
		1937	—	—	—	—	—	—	128	771	224	1	32
		1938	—	—	—	—	—	—	274	858	227	1	32
Colombia	Bank of the Republic	1929	—	1.5	1.5	0.4	—	18.1	20.0	22.4	15.4	37.8	
		1931	—	7.4	7.4	2.2	—	20.2	29.8	9.1	4.7	13.8	
		1932	—	19.4	19.4	4.3	4.0	9.2	36.9	12.3	4.9	17.2	
		1933	—	26.0	26.0	9.4	12.0	7.1	54.5	14.3	2.5	16.8	
		1934	—	28.0	28.0	13.2	12.0	10.3	63.5	⁴ 14.3	1.9	⁴ 16.2	
		1935	—	27.6	27.6	17.7	12.0	6.9	64.2	⁵ 27.6	4.6	⁵ 32.2	
		1936	—	28.2	28.2	17.2	12.0	13.1	70.5	⁵ 33.2	8.8	⁵ 42.0	
		1937	—	28.8	28.8	17.9	12.0	23.3	82.0	⁵ 29.9	6.5	⁵ 36.4	
		1938	—	21.9	21.9	17.1	12.0	21.2	72.2	⁶ 42.2	5.0	⁶ 47.2	
		1935	—	1,851	1,851	4,425	—	38	321	123	30	85	
		1936	—	1,880	1,880	4,300	—	72	353	148	57	111	
		1937	—	1,920	1,920	4,475	—	129	410	133	49	96	
		1938	—	1,460	1,460	4,275	—	117	361	188	32	125	

¹ Since 1931, in paper bolivianos.² Gold revalued.³ At market value.⁴ Including "premium on gold".⁵ In paper pesos.⁶ New parity.

Table II. — CHANGES IN PRINCIPAL ASSETS OF CENTRAL BANKS (continued).

Country and central bank	Unit of currency (000,000's) and percentage base	End of	State Debt relating to fiduciary note-issue	Tempor. advances to Govt. Institut. (incl. discounts of Treasury bills)	Total direct claims on Governm. (a) + (b)	Holdings of Govt. securities	Holdings of other securities, etc.	Non-Govt. loans, advances and discounts	Total domestic credits (e) + (d) + (e) + (f)	Gold reserves	Foreign assets	Total gold and foreign assets (h) + (i)	
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
Czecho-Slovakia National Bank	Koruna . . .	1929	3,761	362	4,123	—	—	1,011	5,134	1,261	2,270	3,531	
		1931	3,121	294	3,415	—	—	2,316	5,731	1,650	1,060	2,710	
		1932	2,687	—	2,687	—	—	1,675	4,362	1,709	1,029	2,738	
		1933	2,593	—	2,593	—	—	1,751	4,344	1,708	926	2,634	
		1934	2,095	—	2,095	—	—	1,379	3,474	¹ 2,680	229	¹ 2,909	
		1935	2,046	—	2,046	—	—	1,345	3,391	2,691	81	2,772	
		1936	2,022	—	2,022	—	—	2,339	4,361	¹ 2,592	439	¹ 3,031	
		1937	2,010	—	2,010	—	—	2,635	4,645	2,627	479	3,106	
		1938	—	—	—	—	—	3,550	3,550	2,695	1,248	3,943	
		1935	54	—	50	—	—	133	66	213	4	79	
		1936	54	—	49	—	—	231	85	206	19	86	
		1937	53	—	53	—	—	261	90	208	21	88	
		1938	—	—	—	—	—	321	69	214	55	112	
Danzig Bank of Danzig	Gulden. . . .	1929	—	—	—	—	3	10	13	—	41	41	
		1931	—	—	—	—	5	11	16	22	25	47	
		1932	—	2	2	—	5	12	19	21	14	35	
		1933	—	1	1	—	3	15	19	30	10	40	
		1934	—	—	—	—	3	22	25	24	3	27	
		1935	—	1	1	—	2	17	20	¹ 21	9	¹ 30	
		1936	—	—	—	—	2	18	20	30	1	31	
		1937	—	2	2	—	5	15	22	28	4	32	
		1938	—	—	—	—	—	—	—	28	2	30	
		1935	—	—	—	—	—	67	170	154	—	22	73
		1936	—	—	—	—	—	67	180	154	—	2	76
		1937	—	—	—	—	—	167	150	169	—	10	78
		1938	—	—	—	—	—	—	—	—	—	5	73
Denmark National Bank	Krone	1929	—	—	—	—	38	182	220	172	90	262	
		1931	—	13	13	—	49	246	308	144	15	159	
		1932	—	60	60	—	145	189	394	133	—5	128	
		1933	—	113	113	—	120	201	434	133	—27	106	
		1934	—	192	192	—	141	217	550	133	—68	65	
		1935	—	240	240	—	94	212	546	118	—73	45	
		1936	—	222	222	—	50	222	494	118	—41	77	
		1937	—	195	195	—	75	180	450	118	62	180	
		1938	—	118	118	—	148	196	462	118	84	202	
		1935	—	—	—	—	—	247	116	248	69	—91	17
		1936	—	—	—	—	—	132	122	225	69	—46	29
		1937	—	—	—	—	—	197	99	205	69	69	69
		1938	—	—	—	—	—	389	108	210	69	93	77
Ecuador Central Bank	Sucre	1929	—	10	10	—	—	5	15	6	29	35	
		1931	—	8	8	—	—	6	14	6	10	16	
		1932	—	20	20	—	—	9	29	14	3	17	
		1933	—	33	33	—	—	17	50	14	4	18	
		1934	—	36	36	—	—	15	51	16	10	26	
		1935	—	18	18	—	2	25	45	¹ 37	3	¹ 40	
		1936	—	16	16	—	8	23	47	¹ 33	19	¹ 52	
		1937	—	26	26	—	7	28	61	40	11	51	
		1938	—	30	30	—	7	29	66	37	4	41	
		1935	—	180	180	—	—	500	300	617	10	114	
		1936	—	160	160	—	—	460	313	550	66	149	
		1937	—	260	260	—	—	560	407	667	38	143	
		1938	—	300	300	—	—	580	440	617	14	117	

¹ New parity.

Table II. — CHANGES IN PRINCIPAL ASSETS OF CENTRAL BANKS (continued).

Country and central bank	Unit of currency (000,000's) and percentage base	End of	State Debts relating to fiduciary note-issues	Tempor. advances to Govt. Institut. (incl. discounts of Treasury bills)	Total direct claims on Governm. (a) + (b)	Holdings of Govt. securities	Holdings of other securities, etc.	Non-Govt. loans, advances and discounts	Total domestic credits (e) + (d) + (e) + (f)	Gold reserves	Foreign assets	Total gold and foreign assets (h) + (i)	
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
Egypt National Bank of Egypt	£ E.	1929	—	—	—	22	1	13	36	4	28	32	
		1931	—	1	1	15	1	9	26	4	19	23	
		1932	—	—	—	21	1	6	28	7	15	22	
		1933	—	—	—	19	1	6	26	7	18	25	
		1934	—	—	—	19	1	6	26	7	17	24	
		1935	—	—	—	22	3	7	32	7	21	28	
		1936	—	—	—	21	2	7	30	7	21	28	
		1937	—	—	—	21	3	7	31	7	17	24	
		1938	—	—	—	—	—	—	—	—	7	—	—
		1935	—	—	—	—	100	300	54	89	175	75	88
		1936	—	—	—	—	95	200	54	83	175	75	88
		1937	—	—	—	—	95	300	54	86	175	61	75
1938	—	—	—	—	—	—	—	—	175	—	—		
Estonia Bank of Estonia	Eesti Kroon	1929	—	—	—	0.8	0.1	27.3	28.2	6.4	24.0	30.4	
		1931	—	3.1	3.1	—	3.1	23.9	30.1	6.6	15.8	22.4	
		1932	—	4.8	4.8	—	3.1	20.3	28.2	15.2	5.1	20.3	
		1933	—	4.0	4.0	—	3.0	20.4	27.4	20.1	3.8	23.9	
		1934	—	3.3	3.3	—	2.9	13.3	19.5	27.7	8.0	35.7	
		1935	—	—	—	—	3.3	19.6	22.9	34.1	5.7	39.8	
		1936	—	—	—	—	3.6	22.3	25.9	34.2	10.7	44.9	
		1937	—	—	—	—	3.3	23.4	26.7	34.2	21.6	55.8	
		1938	—	—	—	—	—	5.8	23.8	29.6	34.3	20.3	54.6
		1935	—	—	—	—	—	3,300	35	81	533	25	131
		1936	—	—	—	—	—	3,600	82	92	534	45	148
		1937	—	—	—	—	—	3,300	86	95	534	90	184
1938	—	—	—	—	—	5,800	87	105	536	85	180		
Finland Bank of Finland	Markka . .	1929	—	—	—	287	36	1,382	1,705	302	683	985	
		1931	—	—	—	293	66	1,309	1,668	304	491	795	
		1932	—	—	—	236	65	1,218	1,519	304	545	849	
		1933	—	—	—	246	70	716	1,032	323	1,324	1,647	
		1934	—	—	—	273	85	672	1,030	323	1,436	1,759	
		1935	—	—	—	223	191	782	1,196	472	1,325	1,797	
		1936	—	—	—	93	348	950	1,391	815	1,485	2,300	
		1937	—	—	—	145	351	1,080	1,576	635	2,032	2,667	
		1938	—	—	—	162	306	1,177	1,645	1,128	2,293	3,421	
		1935	—	—	—	78	531	57	70	156	194	182	
		1936	—	—	—	32	967	69	82	270	217	234	
		1937	—	—	—	51	975	78	92	210	298	271	
1938	—	—	—	56	850	85	96	374	336	347			
France Bank of France	Franc . . .	1929	3,200	5,612	8,812	113	—	10,979	19,904	41,622	26,053	67,675	
		1931	3,200	7,157	10,357	113	—	11,053	21,523	68,481	21,500	89,981	
		1932	3,200	6,802	10,002	113	—	7,291	17,406	83,129	4,483	87,612	
		1933	3,200	6,187	9,387	113	—	8,506	18,006	76,959	1,162	78,121	
		1934	3,200	5,898	9,098	113	—	8,374	17,585	82,123	962	83,085	
		1935	3,200	5,800	9,000	113	—	14,617	23,730	66,298	1,329	67,627	
		1936	3,200	23,079	26,279	113	—	12,961	39,353	60,359 ¹	1,462	61,821 ²	
		1937	3,200	33,221	36,421	113	—	13,274	49,808	58,933 ²	919	59,852 ²	
		1938	10,000	27,951	37,951	113	—	13,439	51,503	87,265 ²	820	88,085 ²	
		1935	100	103	102	100	—	133	119	159	5	100	
		1936	100	411	298	100	—	118	198	145	6	91	
		1937	100	592	413	100	—	121	250	142	4	88	
1938	313	498	431	100	—	122	259	210	3	130			

¹ Gold revalued.
² New parity.

Table II. — CHANGES IN PRINCIPAL ASSETS OF CENTRAL BANKS (continued).

Country and central bank	Unit of currency (000,000's) and percentage base	End of	State Debt relating to fiduciary note-issue	Tempor. advances to Govt. Institut. (incl. discounts of Treasury bills)	Total direct claims on Governm. (a) + (b)	Holdings of Govt. securities	Holdings of other securities, etc.	Non-Govt. loans, advances and discounts	Total domestic credits (e) + (f) + (g) + (h)	Gold reserves	Foreign assets	Total gold and foreign assets (h) + (i)		
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)		
Czecho-Slovakia	National Bank	1929	3,761	362	4,123	—	—	1,011	5,134	1,261	2,270	3,531		
		1931	3,121	294	3,415	—	—	2,316	5,731	1,650	1,060	2,710		
		1932	2,687	—	2,687	—	—	1,675	4,362	1,709	1,029	2,738		
		1933	2,593	—	2,593	—	—	1,751	4,344	1,708	926	2,634		
		1934	2,095	—	2,095	—	—	1,379	3,474	2,680	229	2,909		
		1935	2,046	—	2,046	—	—	1,345	3,391	2,691	81	2,772		
		1936	2,022	—	2,022	—	—	2,339	4,361	2,592	439	3,031		
		1937	2,010	—	2,010	—	—	2,635	4,645	2,627	479	3,106		
		1938	—	—	—	—	—	3,550	3,550	2,695	1,248	3,943		
		1935	54	—	50	—	—	133	66	213	4	79		
		1929 = 100.	1936	54	—	49	—	—	231	85	206	19	86	
		1937	53	—	53	—	—	—	261	90	208	21	88	
		1938	—	—	—	—	—	—	321	69	214	55	112	
		Danzig	Bank of Danzig	1929	—	—	—	—	3	10	13	—	41	41
				1931	—	—	—	—	5	11	16	22	25	47
1932	—			2	2	—	5	12	19	21	14	35		
1933	—			1	1	—	3	15	19	30	10	40		
1934	—			—	—	—	3	22	25	24	3	27		
1935	—			1	1	—	2	17	20	21	9	30		
1936	—			—	—	—	2	18	20	30	1	31		
1937	—			2	2	—	5	15	22	28	4	32		
1938	—			—	—	—	—	—	—	28	2	30		
1935	—			—	—	—	—	67	170	154	—	22	73	
1929 = 100.	1936			—	—	—	—	67	180	154	—	2	76	
1937	—			—	—	—	—	167	150	169	—	10	78	
1938	—			—	—	—	—	—	—	—	—	5	73	
Denmark	National Bank			1929	—	—	—	—	38	182	220	172	90	262
				1931	—	13	13	—	49	246	308	144	15	159
		1932	—	60	60	—	145	189	394	133	—	128		
		1933	—	113	113	—	120	201	434	133	—27	106		
		1934	—	192	192	—	141	217	550	133	—68	65		
		1935	—	240	240	—	94	212	546	118	—73	45		
		1936	—	222	222	—	50	222	494	118	—41	77		
		1937	—	195	195	—	75	180	450	118	62	180		
		1938	—	118	118	—	148	196	462	118	84	202		
		1935	—	—	—	—	—	247	116	248	69	—91	17	
		1929 = 100.	1936	—	—	—	—	132	122	225	69	—46	29	
		1937	—	—	—	—	—	197	99	205	69	69	69	
		1938	—	—	—	—	—	389	108	210	69	93	77	
		Ecuador	Central Bank	1929	—	10	10	—	—	5	15	6	29	35
				1931	—	8	8	—	—	6	14	6	10	16
1932	—			20	20	—	—	9	29	14	3	17		
1933	—			33	33	—	—	17	50	14	4	18		
1934	—			36	36	—	—	15	51	16	10	26		
1935	—			18	18	—	2	25	45	137	3	140		
1936	—			16	16	—	8	23	47	133	19	152		
1937	—			26	26	—	7	28	61	40	11	51		
1938	—			30	30	—	7	29	66	37	4	41		
1935	—			180	180	—	—	500	300	617	10	114		
1929 = 100.	1936			—	160	160	—	—	460	313	550	66	149	
1937	—			260	260	—	—	560	407	667	38	143		
1938	—			300	300	—	—	580	440	617	14	117		

¹ New parity.

Table II. — CHANGES IN PRINCIPAL ASSETS OF CENTRAL BANKS (continued).

Country and central bank	Unit of currency (000,000's) and percentage base	End of	State Debt relating to fiduciary note-issues	Tempor. advances to Govt. Institut. (incl. discounts of Treasury bills)	Total direct claims on Governm. (a) + (b)	Holdings of Govt. securities	Holdings of other securities, etc.	Non-Govt. loans, advances and discounts	Total domestic credits (e) + (d) + (a) + (f)	Gold reserves	Foreign assets	Total gold and foreign assets (h) + (i)	
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
Egypt National Bank of Egypt	£ E.	1929	—	—	—	22	1	13	36	4	28	32	
		1931	—	1	1	15	1	9	26	4	19	23	
		1932	—	—	—	21	1	6	28	7	15	22	
		1933	—	—	—	19	1	6	26	7	18	25	
		1934	—	—	—	19	1	6	26	7	17	24	
		1935	—	—	—	22	3	7	32	7	21	28	
		1936	—	—	—	21	2	7	30	7	21	28	
		1937	—	—	—	21	3	7	31	7	17	24	
		1938	—	—	—	—	—	—	—	—	7	—	—
		1935	—	—	—	—	100	300	54	89	175	75	88
		1936	—	—	—	—	95	200	54	83	175	75	88
		1937	—	—	—	—	95	300	54	86	175	61	75
		1938	—	—	—	—	—	—	—	—	175	—	—
Estonia Bank of Estonia	Eesti Kroon	1929	—	—	—	0.8	0.1	27.3	28.2	6.4	24.0	30.4	
		1931	—	3.1	3.1	—	3.1	23.9	30.1	6.6	15.8	22.4	
		1932	—	4.8	4.8	—	3.1	20.3	28.2	15.2	5.1	20.3	
		1933	—	4.0	4.0	—	3.0	20.4	27.4	20.1	3.8	23.9	
		1934	—	3.3	3.3	—	2.9	13.3	19.5	27.7	8.0	35.7	
		1935	—	—	—	—	3.3	19.6	22.9	34.1	5.7	39.8	
		1936	—	—	—	—	3.6	22.3	25.9	34.2	10.7	44.9	
		1937	—	—	—	—	3.3	23.4	26.7	34.2	21.6	55.8	
		1938	—	—	—	—	—	5.8	23.8	29.6	34.3	20.3	54.6
		1935	—	—	—	—	—	3,300	35	81	533	25	131
		1936	—	—	—	—	—	3,600	82	92	534	45	148
		1937	—	—	—	—	—	3,300	86	95	534	90	184
		1938	—	—	—	—	—	5,800	87	105	536	85	180
Finland Bank of Finland	Markka . .	1929	—	—	—	287	36	1,382	1,705	302	683	985	
		1931	—	—	—	293	66	1,309	1,668	304	491	795	
		1932	—	—	—	236	65	1,218	1,519	304	545	849	
		1933	—	—	—	246	70	716	1,032	323	1,324	1,647	
		1934	—	—	—	273	85	672	1,030	323	1,436	1,759	
		1935	—	—	—	223	191	782	1,196	472	1,325	1,797	
		1936	—	—	—	93	348	950	1,391	815	1,485	2,300	
		1937	—	—	—	145	351	1,080	1,576	635	2,032	2,667	
		1938	—	—	—	162	306	1,177	1,645	1,128	2,293	3,421	
		1935	—	—	—	78	531	57	70	156	194	182	
		1936	—	—	—	32	967	69	82	270	217	234	
		1937	—	—	—	51	975	78	92	210	298	271	
		1938	—	—	—	56	850	85	96	374	336	347	
France Bank of France	Franc . . .	1929	3,200	5,612	8,812	113	—	10,979	19,904	41,622	26,053	67,675	
		1931	3,200	7,157	10,357	113	—	11,053	21,523	68,481	21,500	89,981	
		1932	3,200	6,802	10,002	113	—	7,291	17,406	83,129	4,483	87,612	
		1933	3,200	6,187	9,387	113	—	8,506	18,006	76,959	1,162	78,121	
		1934	3,200	5,898	9,098	113	—	8,374	17,585	82,123	962	83,085	
		1935	3,200	5,800	9,000	113	—	14,617	23,730	66,298	1,329	67,627	
		1936	3,200	23,079	26,279	113	—	12,961	39,353	60,359 ^a	1,462	61,821 ^a	
		1937	3,200	33,221	36,421	113	—	13,274	49,808	58,933 ^a	919	59,852 ^a	
		1938	10,000	27,951	37,951	113	—	13,439	51,503	87,265 ^a	820	88,085 ^a	
		1935	100	103	102	100	—	133	119	159	5	100	
		1936	100	411	298	100	—	118	198	145	6	91	
		1937	100	592	413	100	—	121	250	142	4	88	
		1938	313	498	431	100	—	122	259	210	3	130	

¹ Gold revalued.^a New parity.

Table II. — CHANGES IN PRINCIPAL ASSETS OF CENTRAL BANKS (continued).

Country and central bank	Unit of currency (1000,000's) and percentage base	End of	State Debts relating to fiduciary note-issue	Tempor. advances to Govt. Institut. (incl. discounts of Treasury bills)	Total direct claims of Govern. (a) + (b)	Holdings of Govt. securities	Holdings of other securities, etc.	Non-Govt. loans, advances and discounts	Total domestic credits (e) + (d) + (f) + (g)	Gold reserves	Foreign assets	Total gold and foreign assets (h) + (i)	
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
Germany Reichsbank	Reichsmark	1929	70	350	420	—	93	2,463	2,976	2,283	812	3,095	
		1931	70	289	359	—	162	4,275	4,796	984	—120	864	
		1932	70	166	236	—	323	2,892	3,451	806	—120	686	
		1933	70	193	263	—	592	3,171	4,026	386	222	608	
		1934	70	167	237	—	773	4,132	5,142	79	89	168	
		1935	70	231	301	—	675	4,441	5,417	82	177	259	
		1936	70	179	249	—	534	5,431	6,214	66	111	177	
		1937	70	279	349	—	404	5,908	6,661	71	188	259	
		1938 ¹	855	71
		1935	100	66	72	—	726	180	182	4	22	8	
		1936	100	51	59	—	574	221	209	3	14	6	
		1937	100	80	83	—	434	240	224	3	23	8	
		1938 ¹	919	3
Greece Bank of Greece	Drachma . . .	1929	2,714	882	3,596	—	56	325	3,977	640	2,477	3,117	
		1931	2,672	454	3,126	—	287	533	3,946	869	1,051	1,920	
		1932	2,714	1,928	4,642	654	360	1,054	6,710	.	.	1,599	
		1933	2,714	2,603	5,317	641	371	716	7,045	.	.	3,954	
		1934	2,714	1,361	4,075	639	282	1,211	6,207	.	.	4,013	
		1935	2,714	3,174	5,888	567	299	1,661	8,415	.	.	3,261	
		1936	3,605	3,427	7,032	557	488	1,487	9,564	.	.	3,173	
		1937	3,856	3,490	7,346	514	445	2,376	10,681	.	.	3,489	
		1938	4,180	6,032	10,212	112	453	2,809	13,586	.	.	3,564	
		1935	100	360	164	—	534	511	212	.	.	105	
		1936	133	389	196	—	871	458	240	.	.	102	
		1937	142	396	204	—	795	731	269	.	.	112	
		1938	154	684	284	—	809	864	342	.	.	114	
Hungary National Bank	Pengö . . .	1929	88	—	88	—	—	329	417	163	80	243	
		1931	58	—	58	—	—	441	499	102	24	126	
		1932	52	24	76	—	—	449	525	97	20	117	
		1933	50	31	81	—	—	605	686	79	33	112	
		1934	50	34	84	—	—	597	681	79	35	114	
		1935	77	33	110	—	—	554	664	79	71	150	
		1936	98	24	112	—	—	525	647	84	42	126	
		1937	115	19	134	—	—	448	582	84	59	143	
		1938	268	...	...	—	—	...	793	124	97	221
		1935	88	—	124	—	—	168	159	48	89	62	
		1936	111	—	127	—	—	160	155	52	53	52	
		1937	131	—	152	—	—	136	140	52	74	59	
		1938	305	—	...	—	—	...	190	76	121	91	
India Reserve Bank	Rupee . . .	1935	—	20	20	256	52	—	328	444	842	1,286	
		1936	—	10	10	234	63	—	307	444	840	1,284	
		1937	—	20	20	274	62	—	356	444	839	1,283	
		1938	—	94	94	323	56	1	474	444	608	1,052	
		1936	—	50	50	91	121	—	94	100	100	100	
		1937	—	100	100	107	119	—	109	100	100	100	
		1938	—	470	470	126	108	—	145	100	72	82	
Italy Bank of Italy	Lira	1929	1,813	456	2,269	1,053	—	7,192	10,964	5,190	5,151	10,341	
		1931	1,773	370	2,143	1,375	—	7,411	10,929	5,626	2,171	7,797	
		1932	1,773	—	1,773	1,366	—	8,644	11,783	5,839	1,305	7,144	
		1933	1,773	—	1,773	1,371	—	5,987	9,131	7,092	305	7,397	
		1934	1,773	—	1,773	1,385	—	7,759	10,917	5,811	72	5,883	
		1935	1,773	—	1,773	1,399	—	9,989	13,161	3,027	368	3,395	
		1936	1,773	3,000	4,773	1,533	—	7,631	13,937	3,959	63	4,022	
		1937	1,773	1,000	2,773	775	—	11,858	15,406	3,996	32	4,028	
		1938	...	...	...	...	—	...	...	...	...	...
		1935	98	—	78	133	—	139	120	58	7	33	
		1936	98	658	210	146	—	106	127	76	1	39	
		1937	98	219	122	74	—	165	141	77	1	39	
		1938	...	...	...	...	—	...	...	...	...	...

¹ For an account relating to the absorption of the Austrian National Bank by the Reichsbank after the annexation of Austria, see Vol. II, chapter on Germany.

² New parity.

Table II. — CHANGES IN PRINCIPAL ASSETS OF CENTRAL BANKS (continued).

Country and central bank	Unit of currency (000,000's) and percentage base	End of	State Debtrelating to fiduciary note-issue	Tempor. advances to Govt. Institut. (incl. discounts of Treasury bills)	Total direct claims on Governm. (a) + (b)	Holdings of Govt. securities	Holdings of other securities, etc.	Non-Govt. loans, advances and discounts	Total domestic credits (e) + (d) + (e) + (f)	Gold reserves	Foreign assets	Total gold and foreign assets (h) + (i)
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Japan	Yen	1929	22	—	22	202	—	747	971	1,072	261	1,333
		1931	22	3	25	252	—	1,027	1,304	470	110	580
		1932	22	25	47	565	—	830	1,442	425	130	555
		1933	22	3	25	682	—	919	1,626	425	53	478
		1934	22	46	68	647	—	941	1,656	466	54	520
		1935	22	96	118	729	—	914	1,761	504	112	616
		1936	22	164	186	829	—	810	1,825	548	51	599
		1937	—	3	3	1,387	—	712	2,102	1 801	52	853
		1938*	—	3	3	1,842	—	704	2,549	501	...	...
		1935	100	—	536	361	—	122	181	47	43	46
		1936	100	—	845	410	—	108	188	51	20	45
		1937	—	—	14	687	—	95	216	75	20	64
		1938	—	—	14	912	—	94	263	47	...	...
		Latvia	Lat	1929	—	—	—	8	—	141	149	24	56	80
1931	—			—	—	9	—	131	140	32	14	46
1932	—			—	—	9	—	125	134	36	11	47
1933	—			—	—	9	—	132	141	45	3	48
1934	—			—	—	8	—	137	145	46	4	50
1935	—			—	—	10	—	114	124	46	8	54
1936	—			—	—	11	—	121	132	1 77	28	105
1937	—			—	—	12	—	139	151	76	44	120
1938*	—			—	—	...	—	162	...	83	43	126
1935	—			—	—	125	—	81	83	192	143	67
1936	—			—	—	138	—	86	89	321	50	131
1937	—			—	—	150	—	99	101	317	79	150
1938	—			—	—	...	—	115	...	346	77	158
Lithuania	Litas			1929	84	35	79	114
		1931	.	.	.	.	.	.	109	50	33	83
		1932	.	.	.	.	.	.	92	49	16	65
		1933	.	.	.	.	.	.	84	52	15	67
		1934	.	.	.	.	.	.	101	52	8	60
		1935	.	.	.	.	.	.	102	36	18	54
		1936	.	.	.	.	.	.	106	73	10	83
		1937	.	.	.	.	.	.	120	79	6	85
		1938	.	.	.	.	.	.	127	65	5	70
		1935	.	.	.	.	.	.	121	103	23	47
		1936	.	.	.	.	.	.	126	209	13	73
		1937	.	.	.	.	.	.	143	226	8	75
		1938	.	.	.	.	.	.	151	186	6	61
		Netherlands	Gulden. . . .	1929	—	—	—	25	—	182	207	447	220	667
1931	—			—	—	27	—	188	215	887	86	973
1932	—			19	19	20	—	118	157	1,033	71	1,104
1933	—			18	18	22	—	177	217	922	1	923
1934	—			17	17	37	—	174	228	842	1	843
1935	—			15	15	40	—	173	228	643	2	645
1936	—			12	12	40	—	343	395	720	2	722
1937	—			10	10	40	—	218	268	1,366	5	1,371
1938	—			9	9	43	—	317	369	1,461	4	1,465
1935	—			—	—	160	—	95	110	144	1	97
1936	—			—	—	160	—	188	191	161	1	108
1937	—			—	—	160	—	120	129	306	2	206
1938	—			—	—	172	—	174	178	327	2	220

* Provisional figures.

1 New parity.

2 Foreign bills only.

Table II. — CHANGES IN PRINCIPAL ASSETS OF CENTRAL BANKS (continued).

Country and central bank	Unit of currency (000,000's) and percentage base	End of	State Debt relating to fiduciary note-issue	Tempor. advances to Govt. Institut. (incl. discounts of Treasury bills)	Total direct claims on Governm. (a) + (b)	Holdings of Govt. securities	Holdings of other securities, etc.	Non-Govt. loans, advances and discounts	Total domestic credits (c) + (d) + (e) + (f)	Gold reserves	Foreign assets	Total gold and foreign assets (h) + (i)	
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
Netherlands Indies Bank of Java	Gulden. . .	1929	—	—	—	—	—	112	112	140	23	163	
		1931	—	5	5	—	—	58	63	113	5	118	
		1932	—	—	—	—	—	—	45	45	104	19	123
		1933	—	—	—	—	—	—	62	62	108	1	109
		1934	—	1	1	—	—	—	62	63	113	1	114
		1935	—	—	—	—	—	—	80	80	80	2	82
		1936	—	1	1	—	—	—	62	63	89	2	91
		1937	—	5	5	—	—	—	62	67	117	4	121
		1938	—	3	3	—	—	—	63	66	117	11	128
		1935	—	—	—	—	—	—	71	71	57	9	50
		1936	—	—	—	—	—	—	55	56	64	9	56
		1937	—	—	—	—	—	—	55	60	84	17	74
		1938	—	—	—	—	—	—	56	59	84	48	79
New Zealand Reserve Bank	£N.Z. . . .	1934	—	—	—	—	2	—	2	3	22	25	
		1935	—	—	—	—	2	—	2	3	21	24	
		1936	—	8	8	—	3	—	—	11	3	16	19
		1937	—	7	7	—	3	—	—	10	3	17	20
		1938	—	16	16	—	4	1	—	21	3	5	8
		1935	—	—	—	—	100	—	—	100	100	95	96
		1936	—	—	—	—	150	—	—	550	100	73	76
		1937	—	—	—	—	150	—	—	500	100	77	80
1938	—	—	—	—	200	—	—	1,050	100	23	32		
Norway Bank of Norway	Krone . . .	1929	—	—	—	7	13	237	257	147	66	213	
		1931	—	—	—	12	18	254	284	155	23	178	
		1932	—	—	—	12	14	252	278	144	31	175	
		1933	—	—	—	13	16	272	201	¹ 143	5	¹ 148	
		1934	—	—	—	17	16	261	294	¹ 135	41	¹ 176	
		1935	—	—	—	20	9	222	251	¹ 185	46	¹ 231	
		1936	—	—	—	33	11	222	266	¹ 215	106	¹ 321	
		1937	—	—	—	—	67	123	190	¹ 180	233	¹ 413	
		1938	—	—	—	—	111	117	228	¹ 206	217	¹ 423	
		1935	—	—	—	286	69	94	94	126	70	108	
		1936	—	—	—	471	85	94	104	146	161	151	
		1937	—	—	—	—	335	52	74	122	353	194	
		1938	—	—	—	—	555	49	89	140	329	199	
Peru Central Bank	Sol	1929	—	—	—	—	—	32	32	77	9	86	
		1931	—	—	—	—	—	13	13	43	17	60	
		1932	—	9	9	—	—	—	12	21	40	—	40
		1933	—	27	27	—	—	—	22	49	42	3	45
		1934	—	34	34	—	—	—	28	62	40	4	44
		1935	—	33	33	—	—	—	25	58	40	8	48
		1936	—	46	46	—	—	—	38	84	44	5	49
		1937	—	46	46	—	—	—	39	85	47	20	67
		1938	—	—	—	—	—	—	—	—	—	—	—
		1935	—	—	—	—	—	—	78	181	52	89	56
		1936	—	—	—	—	—	—	119	263	57	56	57
		1937	—	—	—	—	—	—	122	266	61	222	78
		1938	—	—	—	—	—	—	—	—	—	—	—
Poland Bank of Poland	Zloty . . .	1929	—	30	30	55	23	781	889	701	526	1,227	
		1931	—	32	32	57	37	796	922	600	214	814	
		1932	—	104	104	57	35	700	896	502	137	639	
		1933	—	138	138	57	49	767	1,011	476	88	564	
		1934	—	138	138	57	46	709	950	503	28	531	
		1935	—	158	158	57	84	799	1,098	444	27	471	
		1936	—	157	157	45	180	789	1,171	393	30	423	
		1937	—	103	103	45	174	685	1,007	435	36	471	
		1938	—	127	127	45	175	943	1,290	445	18	463	
		1935	—	527	527	104	365	102	124	63	5	38	
		1936	—	523	523	82	782	101	132	56	6	34	
		1937	—	343	343	82	757	88	113	62	7	38	
		1938	—	423	423	82	761	121	145	63	3	38	

¹ Gold abroad valued at purchase price.

Table II. — CHANGES IN PRINCIPAL ASSETS OF CENTRAL BANKS (continued).

Country and central bank	Unit of currency (000,000's) and percentage base	End of	State Debt relating to fiduciary note-issues	Tempor. advances to Govt. Institut. (incl. discounts of Treasury bills)	Total direct claims on Govern. (a) + (b)	Holdings of Govt. securities	Holdings of other securities, etc.	Non-Govt. loans, advances and discounts	Total domestic credits (c) + (d) + (e) + (f)	Gold reserves	Foreign assets	Total gold and foreign assets (A) + (I)
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(A)	(I)	(II)
Portugal	Escudo . . .	1929	1,751	10	1,761	1	1	445	2,208	209	472	681
		1931	1,058	11	1,069	169	13	346	1,597	286	503	789
		1932	1,055	—	1,055	228	14	343	1,640	539	472	1,011
		1933	1,052	—	1,052	267	13	332	1,664	770	116	886
		1934	1,049	—	1,049	304	15	318	1,686	903	250	1,153
		1935	1,047	—	1,047	305	14	352	1,718	910	302	1,212
		1936	1,044	—	1,044	394	14	350	1,802	912	430	1,342
		1937	1,042	—	1,042	383	11	349	1,785	917	456	1,373
		1938*	1,039	—	1,039	390	12	468	1,909	918	391	1,309
		1935	60	—	60	30,500	1,400	79	78	435	64	178
		1936	60	—	59	39,400	1,400	79	82	436	91	197
		1937	60	—	59	38,300	1,100	78	81	439	97	202
		1938	59	—	59	39,000	1,200	105	86	439	83	192
Roumania	Leu	1929	3,797	1,672	5,469	548	150	9,717	15,884	9,185	6,792	15,977
		1931	3,767	—	3,767	495	231	13,758	18,251	9,675	323	9,998
		1932	3,726	2,000	5,726	314	231	13,549	19,820	9,527	559	10,086
		1933	3,681	2,000	5,681	420	155	12,493	18,749	9,896	270	10,166
		1934	3,655	6,013	9,668	502	159	9,675	20,004	10,285	1,225	11,510
		1935	3,639	7,136	10,775	499	159	8,144	19,577	10,802	1,953	12,755
		1936	3,624	5,818	9,442	540	147	8,904	19,033	15,568 ¹	3,586	19,154 ¹
		1937	3,607	6,924	10,531	650	387	7,991	19,559	16,458	2,338	18,796
		1938	3,589	6,692	10,281	1,426	749	14,865	27,321	18,190	1,706	19,896
		1935	96	426	197	91	106	84	123	118	29	80
		1936	95	348	173	99	98	92	120	169	53	120
		1937	95	414	193	119	258	82	123	179	34	118
		1938	95	400	188	260	499	153	172	198	25	125
Spain	Peseta . . .	1929	—	285	285	344	15	3,594	4,238	2,566	101	2,667
		1931	—	528	528	344	18	4,739	5,629	2,447	279	2,726
		1932	—	470	470	344	18	4,398	5,230	2,259	285	2,544
		1933	—	357	357	344	18	4,381	5,117	2,261	279	2,540
		1934	—	469	469	344	18	4,089	4,920	2,267	282	2,549
		1935	—	794	794	344	18	3,633	4,789	2,255	281	2,536
		1936 ²	—	347	347	344	18	2,836	3,545	2,202	280	2,482
		1937 ³	—	10,082	10,082	344	18	2,975	13,419	1,606	188	1,794
		1938	—	—	—	—	—	—	—	—	—	—
		1935	—	279	279	100	120	101	213	88	278	95
		1936 ²	—	122	122	100	120	79	84	86	277	93
		1937 ³	—	3,538	3,538	100	120	83	317	63	186	67
		1938	—	—	—	—	—	—	—	—	—	—
Sweden	Krona . . .	1929	—	—	—	23	—	379	402	245	265	510
		1931	—	—	—	4	—	558	562	206	49	255
		1932	—	—	—	238	—	205	443	206	214	420
		1933	—	—	—	227	—	56	283	370	447	817
		1934	—	—	—	149	—	44	193	351	554	905
		1935	—	—	—	29	4	42	75	408	629	1,037
		1936	—	—	—	29	5	37	71	529	717	1,246
		1937	—	—	—	6	4	38	48	539	984	1,523
		1938	—	—	—	102	4	50	156	707	750	1,457
		1935	—	—	—	126	—	11	19	167	237	203
		1936	—	—	—	126	—	10	18	216	271	244
		1937	—	—	—	26	—	10	12	220	371	299
		1938	—	—	—	443	—	13	39	289	283	286

* Provisional figures.

¹ New parity.² 1.VIII.1936.³ 30.IV.1938.

Table II. — CHANGES IN PRINCIPAL ASSETS OF CENTRAL BANKS (continued).

Country and central bank	Unit of currency (000,000's) and percentage base	End of	State Debt relating to fiduciary note-issue	Tempor. advances to Govt. Institut. (incl. discounts of Treasury bills)	Total direct claims on Govern. (a) + (b)	Holdings of Govt. securities	Holdings of other securities, etc.	Non-Govt. loans, advances and discounts	Total domestic credits (c) + (d) + (e) + (f)	Gold reserves	Foreign assets	Total gold and foreign assets (h) + (i)
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Switzerland National Bank	Franc . . .	1929	—	39	39	5	—	226	270	595	353	948
		1931	—	—	—	29	9	125	163	2,347	103	2,450
		1932	—	5	5	37	14	84	140	2,471	87	2,558
		1933	—	73	73	11	17	151	252	1,998	17	2,015
		1934	—	6	6	45	7	164	222	1,910	7	1,917
		1935	—	176	176	40	5	231	452	1,389	7	1,396
		1936	—	29	29	12	4	81	126	2,709	58	2,767
		1937	—	10	10	28	3	55	96	2,679	513	3,192
		1938	—	104	104	90	1	86	281	2,890	280	3,170
		1935	—	451	451	800	—	102	167	233	2	147
		1936	—	74	74	240	—	36	47	455	16	292
		1937	—	26	26	560	—	24	36	450	145	337
		1938	—	267	267	1,800	—	38	104	486	79	334
Turkey Central Bank	£T	1932	154.8	0.4	155.2	28.2	—	2.3	185.7	20.6	—0.7	19.9
		1933	152.0	4.2	156.2	30.0	—	5.5	191.7	24.9	—4.5	20.4
		1934	148.9	3.7	152.6	33.5	—	11.8	197.9	27.5	0.1	27.6
		1935	147.8	—	147.8	38.8	—	31.7	218.3	29.5	—9.7	19.8
		1936	146.7	2.3	149.0	41.1	—	40.1	230.2	33.9	9.9	43.8
		1937	144.7	—	144.7	44.4	—	60.4	249.5	36.7	—2.2	34.5
		1938*	142.7	—	142.7	48.2	—	105.5	296.4	36.9	—14.5	22.4
		1935	95	—	95	138	—	1,378	118	143	—	99
		1936	95	575	96	146	—	1,743	124	165	—	220
		1937	93	—	93	157	—	2,626	134	178	—	173
1938	92	—	92	171	—	4,587	160	179	—	113		
Union of South Africa Reserve Bank	£S.A. . . .	1929	—	—	—	1.8	0.6	1.7	4.1	7.5	6.6	14.1
		1931	—	1.5	1.5	0.8	1.2	3.6	7.1	8.1	—	8.1
		1932	—	3.5	3.5	0.2	1.9	1.5	7.1	7.2	—	7.2
		1933	—	2.4	2.4	—	1.7	0.3	4.4	17.1	18.9	36.0
		1934	—	—	—	—	1.7	0.1	1.8	22.3	10.5	32.8
		1935	—	—	—	—	1.7	0.3	2.0	25.7	11.5	37.2
		1936	—	0.8	0.8	—	1.7	—	2.5	24.6	10.8	35.4
		1937	—	3.4	3.4	—	1.7	0.4	5.5	22.9	6.9	29.8
		1938	—	1.7	1.7	—	1.8	—	3.5	26.7	8.1	34.8
		1935	—	—	—	—	283	18	49	343	174	264
		1936	—	—	—	—	283	—	61	328	164	251
		1937	—	—	—	—	283	24	134	305	105	211
		1938	—	—	—	—	300	—	85	356	123	247
United Kingdom Bank of England	£	1929	244.8	—	244.8	81.7	28.7	42.2	397.4	146.1	—	146.1
		1931	253.7	—	253.7	95.4	54.8	27.3	431.2	121.3	—	121.3
		1932	266.2	—	266.2	102.4	22.8	18.5	409.9	120.6	—	120.6
		1933	254.2	—	254.2	88.0	15.6	16.8	374.6	191.7	—	191.7
		1934	256.6	—	256.6	87.5	11.7	7.6	363.4	192.8	—	192.8
		1935	257.3	—	257.3	81.9	14.2	8.5	361.9	200.7	—	200.7
		1936	199.8	—	199.8	134.5	21.3	17.5	373.1	314.2	—	314.2
		1937	219.7	—	219.7	114.6	21.1	9.2	364.6	327.2	—	327.2
		1938	229.8	—	229.8	69.2	21.5	28.5	349.0	327.2	—	327.2
		1935	105	—	105	100	49	20	91	137	—	137
		1936	82	—	82	165	74	41	94	215	—	215
		1937	90	—	90	140	74	22	92	224	—	224
		1938	94	—	94	85	75	68	88	224	—	224

* Provisional figures.

1 Including, since 1932, "effets de la Caisse de prêts".

2 New parity.

3 Including small amount of silver coin in Banking Department.

Table II. — CHANGES IN PRINCIPAL ASSETS OF CENTRAL BANKS (concluded).

Country and central bank	Unit of currency (000,000's) and percentage base	End of	State Debt relating to fiduciary note-issue	Tempor. advances to Govt. Institut. (incl. discounts of Treasury bills)	Total direct claims on Governm. (a) + (b)	Holdings of Govt. securities	Holdings of other securities, etc.	Non-Govt. loans, advances and discounts	Total domestic credits (c) + (d) + (e) + (f)	Gold reserves	Foreign assets	Total gold and foreign assets (h) + (i)	
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
U.S.A. Federal Reserve Banks	\$	1929	—	—	—	511	12	1,025	1,548	2,857	—	2,857	
		1931	—	—	—	817	5	977	1,799	2,989	—	2,989	
		1932	—	—	—	1,855	5	268	2,128	3,223	—	3,223	
		1933	—	—	—	2,437	1	231	2,669	3,569	—	3,569	
		1934	—	—	—	2,430	—	27	2,457	5,143	—	5,143	
		1935	—	—	—	2,431	—	42	2,473	7,571	—	7,571	
		1936	—	—	—	2,430	—	31	2,461	8,865	—	8,865	
		1937	—	—	—	2,564	—	31	2,595	9,129	—	9,129	
		1938	—	—	—	2,564	—	21	2,585	11,798	—	11,798	
		1929 = 100.	1935	—	—	—	476	—	4	160	265	—	265
		1936	—	—	—	—	476	—	3	159	310	—	310
		1937	—	—	—	—	502	—	3	168	320	—	320
		1938	—	—	—	—	502	—	2	167	413	—	413
Uruguay Bank of the Republic	Peso	1929	—	8	8	1	1	100	110	66	2	68	
		1931	—	12	12	7	1	91	111	51	—	51	
		1932	—	21	21	6	2	86	115	47	3	50	
		1933	—	24	24	6	1	74	105	49	4	53	
		1934	—	26	26	6	1	79	112	47	—	47	
		1935	—	13	13	6	5	68	92	1 88	—	1 88	
		1936	—	9	9	10	7	67	93	88	—	88	
		1937	—	16	16	19	9	79	123	87	—	87	
		1938	—	—	—	—	—	—	—	—	—	—	—
		1929 = 100.	1935	—	163	163	600	500	68	84	133	—	129
		1936	—	113	113	1,000	700	67	85	133	—	129	
		1937	—	200	200	1,900	900	79	112	132	—	128	
		1938	—	—	—	—	—	—	—	—	—	—	—
Yugoslavia National Bank	Dinar	1929	4,153	—	4,153	—	65	1,518	5,736	21,046	2 742	2 1,788	
		1931	1,799	—	1,799	—	108	2,253	4,160	1,758	425	2,183	
		1932	1,809	600	2,409	—	82	2,457	4,948	1,761	209	1,970	
		1933	1,716	600	2,316	—	78	2,102	4,496	1,795	166	1,961	
		1934	1,687	600	2,287	—	135	1,764	4,186	1,785	225	2,010	
		1935	1,671	600	2,271	—	180	1,781	4,232	1,432	364	1,796	
		1936	1,648	600	2,248	102	181	1,717	4,248	1,626	552	2,178	
		1937	1,638	600	2,238	183	214	1,705	4,340	1,709	440	2,149	
		1938	1,628	600	2,228	236	280	1,771	4,515	1,910	644	2,554	
		1929 = 100.	1935	40	—	55	—	277	117	74	137	49	100
		1936	40	—	54	—	278	113	74	155	74	122	
		1937	39	—	54	—	329	112	76	163	59	120	
		1938	39	—	54	—	431	117	79	183	87	143	

¹ New parity.

² Gold at new parity; foreign assets at current rate, excluding "blocked" amounts.

Table III. — CENTRAL GOLD AND FOREIGN ASSETS RESERVE RATIOS.

Figures relate to aggregate net reserves, note circulation and other sight liabilities of Central Banks and State Issue Departments at the end of each year.

(a) Gold reserves } at book value { as per cent of total note circulation and Central
(b) Gold reserves and eligible foreign assets } Bank sight liabilities.
(c) Gold reserves and all foreign assets }

Country	1929	1931	1932	1933	1934	1935	1936	1937	1938	
Albania	(a)	9.4	21.0	19.8	32.6	37.5	38.7	28.4	30.3	34.7*
	(b)	100.6	85.3	88.6	95.0	97.1	97.7	89.4	90.1	86.6*
	(c)	100.6	108.4	110.5	122.4	128.3	117.7	115.4	116.5	114.7*
Argentina ¹	(a)	(81.9)	(47.8)	(43.8)	(46.4)	(47.9)	72.5	74.4	74.9	79.0
	(b)						80.2	92.8	87.0	83.6
	(c)						80.2	92.8	87.0	83.6
Australia ²	(a)	43.2	21.8	18.9	1.1	1.1	1.1	0.7	0.6	0.7
	(b)			25.5	45.5	45.9	34.7	34.0	32.3	32.8
	(c)	61.9	49.3	58.9	78.2	88.1	67.0	81.8	106.2	83.6
Austria	(a)	14.6	14.5	13.2	17.2	21.6	20.3	21.1	20.3	—
	(b)	35.1	22.3	16.6	17.2	21.6	20.3	21.1	20.3	—
	(c)	71.6	25.1	18.0	20.7	27.8	33.3	33.1	38.4	—
Belgium	(a)	38.1	63.0	66.8	67.6	65.9	66.2	67.1	67.6	67.6
	(b)	56.8	63.0	66.8	67.6	65.9	66.2	66.8	86.0	85.8
	(c)	56.8	63.0	66.8	67.6	65.9	66.2	66.8	86.0	85.8
Bolivia	(a)	22.4	46.5	33.8	7.3	4.3	5.2	14.5	9.7	...
	(b)	66.7	61.5	33.8	7.3	4.3	5.2	14.5	9.7	...
	(c)	98.5	74.0	36.9	13.5	6.2	7.6	23.8	27.9	...
Brazil ³	(a)	37.0	0	0	0	3.1	7.0	9.6	11.0	...
	(b)									...
	(c)	43.8	7.0	21.7	30.9	25.0	30.6	23.3	16.2	...
Bulgaria	(a)	24.0	35.0	35.9	34.3	37.0	36.0	34.2	31.6	31.2
	(b)	39.8	38.3	36.1	35.6	35.8	33.7	34.2	31.6	31.2
	(c)	44.0	41.0	38.8	37.5	39.9	46.2	49.1	40.9	50.5
Canada ⁴	(1)	(80.7)	(89.9)	(95.3)	(84.1)	(80.7)	67.0	58.7	52.7	55.0*
	(2)	(39.8)	(45.5)	(43.2)	(43.5)	(36.5)	69.5	63.5	59.9	68.7*
Chile	(a)	13.2	24.4	10.4	11.0	16.3	16.3	14.9	14.5	13.6
	(b)	93.4	47.6	19.0	19.3	16.5	16.5	15.2	14.8	13.8
	(c)	93.4	47.6	19.0	19.3	16.5	16.5	15.2	14.8	13.8
Colombia	(a)	41.4	23.5	25.1	23.5	19.7	34.5	33.8	30.1	39.5
	(b)	69.9	35.5	35.1	27.6	22.3	40.3	41.0	35.4	43.0
	(c)	69.9	35.5	35.1	27.6	22.3	40.3	42.7	36.7	44.2
Czecho-Slovakia ⁵	(a)	14.2	20.5	23.2	23.7	39.5	41.1	35.1	33.7	33.7*
	(b)	39.7	33.7	37.2	36.6	39.5	41.1	35.1	33.7	33.7*
	(c)	39.7	33.7	37.2	36.6	42.9	42.3	41.1	39.9	49.3*
Danzig	(a)	—	40.2	46.9	58.5	55.2	63.8	73.6	59.2	51.8*
	(b)	39.7	87.3	77.6	77.9	61.9	70.1	73.8	65.7	53.7*
	(c)	98.5	87.3	77.7	78.0	62.0	92.1	77.2	66.5	54.3*
Denmark	(a)	39.6	35.3	28.8	29.5	25.1	23.7	24.5	21.8	20.2
	(b)	41.5	35.5	29.2	30.3	26.8	25.9	24.5	21.8	20.2
	(c)	60.3	39.0	27.7	23.4	12.2	9.0	15.9	33.4	34.6
Ecuador	(a)	12.1	20.1	40.3	25.6	20.9	41.1	35.8	37.4	35.6
	(b)	76.0	55.4	49.2	32.7	34.6	44.6	57.0	47.3	39.9
	(c)	76.0	55.4	49.2	32.7	34.6	44.6	57.0	47.3	39.9

* Provisional figure.

¹ 1929 to 1934: Ratio of total gold with Caja de Conversión and Banco de la Nación to total note issue. Since 1935, new Central Bank and new parity.

² Commonwealth Bank only; (a) and (b): Issue Department; (c) both Departments.

³ Ratios of total gold (a) and net foreign assets (b) to total notes only. Since 1934, gold at current rate.

⁴ Up to 1934: (1) = ratio of total gold to net circulation of Chartered Bank and Dominion notes. (2) = ratio of total gold to gross issue of Chartered Bank and Dominion notes. Since 1935: (1) = ratio of total gold to net circulation of Chartered Bank and Bank of Canada notes; (2) = ratio of total gold and the Bank of Canada's foreign assets to net circulation of Chartered Bank and Bank of Canada notes. Gold at par.

⁵ In 1938, excluding token notes in circulation.

Table III. — CENTRAL GOLD AND FOREIGN ASSETS RESERVE RATIOS (continued).

Country	1929	1931	1932	1933	1934	1935	1936	1937	1938	
Egypt	(a)	6.4	10.8	15.9	15.6	15.9	12.7	13.3	14.1	...
	(b)	45.9	51.1	45.7	48.1	48.7	46.4	48.1	45.7	...
	(c)	53.8	58.3	52.5	58.2	58.1	54.6	56.3	51.4	...
Estonia	(a)	12.8	13.2	34.3	43.0	48.7	48.8	45.0	39.4	38.5
	(b)	54.1	43.1	44.3	47.9	56.5	51.0	56.5	59.0	57.8
	(c)	60.5	45.0	45.7	51.0	62.9	56.9	59.0	64.3	61.2
Finland	(a)	19.0	21.3	24.0	20.4	19.7	23.8	31.1	19.7	32.6
	(b)	62.0	55.7	67.0	104.2	107.5	90.8	87.7	82.8	98.8
	(c)	62.0	55.7	67.0	104.2	107.5	90.8	87.7	82.8	98.8
France	(a)	47.4	60.6	77.7	78.9	80.4	71.4	59.1	53.4	62.0
	(b)	—	—	—	—	—	—	—	—	—
	(c)	77.0	79.6	81.8	80.0	81.3	72.9	60.5	54.2	62.6
Germany	(a)	36.7	17.2	18.6	9.4	2.8	2.6	1.0	1.0	0.7 ¹
	(b)	43.5	20.1	21.1	9.6	2.9	2.7	1.1	1.1	0.8 ¹
	(c)	49.9	15.3	16.1	14.0	4.4	5.7	2.8	3.7	... ¹
Greece ²	(a)	9.5	18.5	(7.4)	(16.7)	(18.4)	(14.5)	(10.1)	(8.4)	(7.3)
	(b)	46.3	40.7	19.6	36.4	40.7	30.3	26.6	26.5	21.2
	(c)	46.4	40.8	19.6	36.4	40.7	30.3	26.6	26.5	21.2
Hungary	(a)	27.2	18.6	22.4	16.7	16.2	14.0	13.0	11.8	11.7
	(b)	33.7	21.6	25.5	19.3	20.4	19.9	19.5	20.0	20.8
	(c)	40.5	22.9	27.0	23.8	23.3	26.7	19.5	20.0	20.8
India ³	(a)	19.6	24.7	25.4	24.9	24.2	21.5	20.6	20.5	20.9*
	(b)	60.1	42.7	56.2	56.5	67.9	53.6	53.8	57.6	49.0*
	(c)	—	—	—	—	—	62.0	60.7	59.3	49.6*
Ireland	(a)	—	—	—	—	—	—	—	—	—
	(b)	50.2	55.2	55.3	56.4	56.8	58.1	60.3	61.8	64.6
	(c)	50.2	55.2	55.3	56.4	56.8	58.1	60.3	61.8	64.6
Italy	(a)	27.5	34.4	38.2	47.9	40.8	17.4	22.0	21.1	...
	(b)	54.9	47.6	46.7	49.9	41.3	19.5	22.4	21.3	...
	(c)	54.9	47.6	46.7	49.9	41.3	19.5	22.4	21.3	...
Japan	(a)	47.2	25.5	21.8	20.8	21.8	21.9	22.8	27.6	14.0*
	(b)	—	—	—	—	—	—	—	—	—
	(c)	58.5	31.5	28.5	23.4	24.3	26.7	25.0	29.3	...
Latvia	(a)	15.4	19.5	23.1	25.2	23.9	24.3	34.9	30.1	29.9
	(b)	47.3	26.8	29.8	27.0	25.8	28.1	47.4	47.4	45.3
	(c)	51.6	28.5	30.6	27.1	26.0	28.1	47.4	47.4	45.4
Lithuania	(a)	18.0	26.8	32.0	35.0	33.3	24.2	38.8	37.9	31.8
	(b)	58.4	44.6	42.4	45.4	38.6	36.0	43.9	40.6	34.2
	(c)	58.4	44.6	42.4	45.4	38.6	36.0	43.9	40.6	34.2
Mexico ⁴	(1)	23.2	10.8	7.3	12.2	14.0	14.7	14.3	6.9	...
	(2)	54.7	19.5	21.5	13.4	18.9	16.7	14.3	6.9	...
	(3)	—	—	—	71.0	81.6	83.3	84.1	51.7	...
Netherlands ⁵	(a)	49.9	73.6	81.5	80.6	79.4	74.8	65.2	84.1	79.8
	(b)	—	—	—	—	—	—	—	—	—
	(c)	74.5	80.8	87.1	80.7	79.5	75.0	65.4	84.4	80.0
Netherlands Indies	(a)	37.8	43.1	43.4	50.2	53.1	43.9	45.0	43.4	43.1
	(b)	—	—	—	—	—	—	—	—	—
	(c)	44.2	45.1	51.5	50.6	53.4	44.7	46.0	44.8	47.2
New Zealand ⁶	(a)	(80.0)	(79.3)	(61.0)	(56.2)	11.8	11.5	9.8	10.0	10.5
	(b)	—	—	—	—	98.2	98.9	67.9	70.3	28.0
	(c)	—	—	—	—	98.2	98.9	67.9	70.3	28.0

* Provisional figure.

¹ Excluding gold and foreign assets of the former National Bank of Austria; see Vol. II, chapter on Germany.² Since 1932: (a) Gold at stabilisation parity; (b) and (c) Gold and foreign assets at current rates.³ 1929 to 1934: ratios of Treasury gold (a) and foreign assets (b) to total note issue. Since 1935: Reserve Bank of India: ratios of gold (a) and cover assets (b) and other foreign assets (c) to net circulation of notes and sight liabilities.⁴ Ratios of (1) gold with Bank of Mexico (in gold pesos); (2) gold (in gold pesos) plus foreign assets (paper pesos) of Bank of Mexico; (3) total monetary reserve, including silver (in paper pesos), to all notes in circulation plus sight liabilities of the Bank of Mexico.⁵ Foreign assets exclude balances abroad published only for the end of March each year.⁶ 1929 to 1933: old banks of issue; ratio of gold to notes only. Since 1934: Reserve Bank.

Table III. — CENTRAL GOLD AND FOREIGN ASSETS RESERVE RATIOS (concluded).

Country	1929	1931	1932	1933	1934	1935	1936	1937	1938	
Norway	(a)	36.0	38.5	36.8	36.6	32.7	43.2	40.2	32.6	33.8
	(b)	52.2	44.1	44.8	38.0	42.6	53.9	60.4	74.7	69.4
	(c)	52.2	44.1	44.8	38.0	42.6	53.9	60.4	74.7	69.4
Peru	(a)	100.0	69.2	71.4	48.0	38.9	39.2	34.3	34.7	...
	(b)	112.6	96.6	72.1	51.1	43.2	46.8	38.0	49.9	...
	(c)	112.6	96.6	72.1	51.1	43.2	46.8	38.0	49.9	...
Poland	(a)	37.4	41.9	41.1	37.6	41.2	36.5	29.6	30.6	26.9
	(b)	59.8	48.0	45.0	37.6	43.5	38.7	31.9	33.2	28.0
	(c)	65.5	56.8	52.2	44.5	43.5	38.7	31.9	33.2	28.0
Portugal	(a)	8.8	12.2	21.2	30.5	31.2	30.5	28.6	28.0	27.8*
	(b)	11.8	33.1	37.8	33.8	37.8	37.0	37.3	36.7	...
	(c)	26.1	33.7	39.7	35.1	39.8	40.6	42.2	42.0	40.0*
Roumania	(a)	30.1	35.0	34.1	34.8	34.8	35.1	43.3	40.6	37.4
	(b)	52.2	36.0	35.8	35.7	35.1	35.4	43.3	40.6	37.4
	(c)	52.4	36.2	36.1	35.7	39.0	41.4	53.3	46.4	40.9
Salvador ¹	(a)	(70.3)	(70.5)	(58.2)	(52.0)	61.2	65.6	64.6	63.1	...
	(b)					64.9	72.0	71.8	75.8	...
	(c)					64.9	72.0	71.8	75.8	...
Spain	(a)	36.4	29.0	30.1	30.2	31.2	29.3	32.7	10.4	...
	(b)	37.9	32.5	34.0	33.9	35.1	39.0	36.8	11.7	...
	(c)	37.9	32.5	34.0	33.9	35.1	39.0	36.8	11.7	...
Sweden	(a)	29.0	27.2	25.7	33.1	31.5	38.1	35.6	30.6	37.0
	(b)	60.5	33.7	52.4	73.0	81.1	96.9	83.8	86.5	76.2
	(c)	60.5	33.7	52.4	73.0	81.1	96.9	83.8	86.5	76.2
Switzerland	(a)	49.6	92.6	95.5	92.9	94.5	80.1	98.1	85.1	84.6
	(b)							a)	b)	
	(c)	79.0	96.7	98.9	93.7	94.9	80.5	100.1	100.7	92.8
Turkey ²	(a)	.	.	12.7	15.0	15.6	16.6	17.6	19.7	16.8*
	(b)	.	.	12.3	12.3	15.7	11.2	22.7	18.6	10.2*
	(c)	.	.	12.3	12.3	15.7	11.2	22.7	18.6	10.2*
Union of South Africa	(a)	45.7	54.5	53.2	39.9	53.6	52.0	55.4	55.2	55.4
	(b)									
	(c)	85.8	54.8	53.2	83.9	78.9	76.0	79.7	71.7	72.2
United Kingdom	(a)	27.4	22.4	23.2	34.7	34.1	36.6	46.7	48.3	49.4
	(b)									
	(c)									
U.S.A. ³	(a)	64.8	61.8	57.8	53.2	92.6	92.4	93.2	102.5	96.4
	(b)									
	(c)									
Uruguay ⁴	(a)	58.0	45.0	40.1	44.1	41.8	79.7	72.3	70.9	...
	(b)									
	(c)	59.4	45.0	42.9	47.7	41.8	79.7	72.3	70.9	...
Venezuela ⁵	(a)	128.3	105.3	107.3	108.3	129.8	173.9	146.8	138.4	...
	(b)									
	(c)									
Yugoslavia	(a)	14.8	31.5	32.2	33.5	34.0	22.8	23.1	20.6	21.2
	(b)	25.3	37.5	36.0	35.6	36.3	23.3	23.1	20.6	21.2
	(c)	34.9	39.1	36.0	36.6	38.3	28.6	31.0	25.9	28.3

* Provisional figure. a) 1. VIII 1936. b) 30. IV. 1938.

¹ 1929 to 1933: old banks of issue; ratio of gold to notes only. Since 1934: Central Reserve Bank.

² Central Bank of the Republic of Turkey established in October 1931.

³ Ratio of total gold reserves to total of all notes and gold certificates in circulation and sight liabilities of Federal Reserve Banks.

⁴ Revaluation of gold reserve in 1935.

⁵ Six banks of issue: ratio of gold to net circulation of notes.

Table IV. — CENTRAL MONETARY GOLD RESERVES OF THE WORLD.

\$(000,000's) of old gold content (\$1 = 1.50463 grammes of fine gold).

End of :	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
Albania	—	—	1	1	1	1	1	1	1	1
Algeria	8	8	8	8	8	8	8	8	8	8
Argentina ¹	405	411	252	248	238	238	262	296	277	256
Australia ²	89	75	51	41	2	2	2	2	2	2
Austria	24	30	27	21	27	27	27	27	27	—
Belgium	163	191	354	361	380	348	346	373	353	343
Bolivia	5	2	6	6	3	2	2	2	2	*2
Brazil	150	11	—	—	—	4	10	14	19	19
Bulgaria	10	11	11	11	11	11	11	12	14	14
Canada	151	194	144	137	127	129	114	112	109	114
Chile	8	8	12	10	12	17	17	17	17	17
China	—	1	—	3	5	4	6	5	9	*11
Colombia	22	17	9	12	14	11	9	11	10	14
Congo, Belgian	1	1	2	2	2	2	2	2	3	*3
Czecho-Slovakia	37	46	49	51	51	66	66	54	54	56
Danzig	—	—	4	4	6	5	2	3	3	3
Denmark	46	46	39	36	36	36	32	32	32	32
Ecuador	1	1	1	3	3	3	2	2	2	2
Egypt	19	20	21	33	33	32	32	32	32	32
Estonia	2	2	2	4	5	7	9	9	9	9
Finland	8	8	8	8	8	8	12	19	16	15
France	1,631	2,099	2,683	3,257	3,015	3,218	2,598	1,769	1,516	1,435
Germany	560	544	251	209	109	36	37	16 ³	17 ³	17 ³
Greece	8	7	11	8	24	23	20	16	14	16
Hungary	29	29	18	17	14	14	14	15	15	22
India	128	128	162	162	162	162	162	162	162	162
Iran	—	1	3	4	11	12	14	14	15	*15
Italy	273	279	296	307	373	306	159	123	124	*124
Japan ⁴	542	412	234	212	212	232	251	273	154	97
Latvia	5	5	6	7	9	9	9	9	9	10
Lithuania	4	4	5	5	5	5	4	7	8	6
Mexico ⁵	7	4	3	4	9	13	26	27	13	*15
Morocco	3	3	4	4	4	4	4	5	3	3
Netherlands	180	171	357	415	371	338	259	289	549	587
Netherlands Indies	56	56	45	42	44	46	32	29	39	39
New Zealand ⁶	28	29	28	21	21	15	14	14	14	14
Norway	39	39	42	39	36	34	42	46	43	48
Peru	21	18	12	11	11	11	12	12	13	12
Philippines	3	3	3	1	1	1	1	1	*1	*1
Poland	79	63	67	56	53	56	50	44	49	50
Portugal	9	9	13	24	34	40	40	40	41	41
Roumania	55	55	58	57	59	62	65	67	71	79
Salvador, El	5	3	3	3	3	4	4	4	4	4
Siam	—	—	23	28	—	—	—	—	—	—
Spain	495	471	434	436	436	438	435	425 ^a	310 ^b	—
Straits Settlements	2	2	2	2	—	—	—	—	—	—
Sweden	66	65	55	55	99	94	109	142	144	190
Switzerland ⁷	115	138	453	477	386	368	268	387	383	413
Turkey	—	—	4	10	12	13	14	16	17	17
Union of South Africa	37	33	39	36	83	108	125	120	112	130
United Kingdom ⁸	711	722	590	587	933	938	977	1,529	1,592	1,592
United States of America	3,900	4,225	4,051	4,045	4,012	4,865	5,980	6,649	7,536	8,571
Uruguay ⁹	68	61	53	48	50	48	45	45	44	41
Venezuela	21	18	18	18	18	23	34	35	31	*31
Yugoslavia	18	19	31	31	32	31	25	29	30	34
Other countries (Latin America only)	*5	*6	*6	*5	*6	*5	*6	*6	*6	*6
U.S.S.R. ¹⁰	147	249	328	—	416	439	—	225	—	—
Total	10,399	11,053	11,392	—	12,035	12,972	—	13,623	—	—
Total, excluding U.S.S.R.	10,252	10,804	11,064	11,643	11,619	12,533	12,807	13,398	14,078	14,775 ¹¹

* Provisional figures. ¹ Argentina: gold reserves of the Conversion Office only; since June 1935: of the Central Bank only. ² Australia: gold with the Issue Department of the Commonwealth Bank only. ³ Excluding gold held by the former "Privatnotenbanken" and transferred to the "Golddiskontbank" in 1936, as well as the gold held by the former Austrian National Bank. ⁴ Japan: domestic gold holdings of the Bank of Japan and, in 1929, of the Government. ⁵ Mexico: Bank of Mexico only. ⁶ New Zealand: the amounts of subsidiary coin included in the published gold reserve of the note-issuing banks up to 1933 have been estimated on the basis of specially furnished official information and are here deducted. ⁷ Switzerland: excluding gold held by Exchange Equalisation Fund amounting, between XII 36 and VI 37, to 73 million dollars. ⁸ United Kingdom: Excluding gold on Exchange Equalisation Account: III. 37: 551; IX. 37: 825; III. 38: 880; IX. 38: 448 million dollars. ⁹ Uruguay: since 1935, including gold earmarked for the liquidation of blocked credits. ¹⁰ U.S.S.R.: in the period considered, important amounts of gold have been exported or pledged abroad. ¹¹ Excluding reserves of Bank of Spain.

^a August 1st, 1936. ^b April 30th, 1938.

Table V. — VALUE OF WORLD GOLD PRODUCTION.

‡ (000,000's) of old gold content.

Countries	1929	1931	1932	1933	1934	1935	1936	1937	1938**
Australia	8.8	12.3	14.8	17.2	18.3	19.0	24.3	28.5	32.6
Belgian Congo	3.6	4.4	5.3	5.8	6.8	7.6	8.0	8.2	8.7
Brazil	2.3	2.6	2.4	2.4	2.3	2.5	2.6	3.0	...
Canada	39.8	55.7	62.9	61.0	61.4	67.9	77.5	84.7	96.4
Chile	0.7	0.4	0.8	3.0	4.9	5.5	5.3	5.6	5.6
Colombia *	2.8	4.0	5.1	6.2	7.1	6.8	8.1	9.1	10.8
France	1.2	1.4	1.9	1.9	2.1	1.9	1.8	1.4	...
Gold Coast	4.3	5.4	5.8	6.3	6.7	7.4	8.9	11.6	13.8
India	7.5	6.8	6.8	6.9	6.7	6.8	6.9	6.8	6.6
Japan	6.9	8.3	8.3	9.1	10.1	12.2	14.8	15.0	15.9
Korea	3.7	6.0	6.4	7.6	8.3*	9.8*	11.6*	...	...
Mexico	13.5	12.9	12.1	13.2	13.7	14.1	15.6	17.5	19.3
Netherlands Indies	2.3	2.1	1.6	1.6	1.5	1.4	1.5	1.2	...
New Guinea	0.9	0.6	1.3	2.5	4.5	5.2	4.6	4.5	4.5
New Zealand *	2.3	2.6	3.4	3.3	3.2	3.3	3.3	3.4	...
Peru	2.5	1.7	1.8	2.0	2.0	2.3	3.2	3.8	...
Philippines	3.3	3.8	5.0	6.7	7.0	9.3	12.9	13.8	16.6
Roumania (a)	1.5	1.8	2.2	2.4	2.3	2.3	3.3	5.2	...
Southern Rhodesia	11.6	11.0	11.9	13.3	14.3	15.0	16.5	16.6	16.8
Sweden	0.7	1.3	2.7	6.0	5.1	3.7	3.3	4.0	...
Tanganyika	0.2	0.3	0.5	0.7	0.9	1.1	1.4	1.6	...
Union of South Africa	215.2	224.8	238.9	227.7	216.6	222.7	234.3	242.6	251.4
U.S.A. (b)	42.6	46.0	48.2	47.6	57.4	66.9	78.2	85.2	87.7
Venezuela	1.0	1.5	1.9	2.0	2.3	2.1	2.3	2.4	...
Yugoslavia	0.7	0.8	1.0	1.5	1.5	1.6	1.8	1.8	...
Other countries	5.3	6.9	9.3	11.2	15.0	15.7	17.3	...	...
Total, excluding U.S.S.R.	384.9	425.1	461.7	468.8	481.3	514.1	569.3	611.4	...
U.S.S.R. (c)	18-22.0	21-35.0	25-39.0	51-56.5	73-86.0	93-120.0	...	...	...

Source: *Statistical Year-Book of the League of Nations*. Rate of conversion is \$1=1.50463 grammes of fine gold.

* Estimates.

** Provisional figures.

(a) Industrial production.

(b) United States, including Alaska.

(c) Estimates, the publication of official absolute figures was interrupted in 1927.

Table VI. — MONEY RATES AND BOND YIELDS.

Period	ARGENTINE		AUSTRALIA	AUSTRIA		BELGIUM			BRASIL	CANADA	CHINA			CHINA	
	Banks' discount and loan rates ^a	5% State Loan	Yield of Govt. bonds ^c	Central bank discount rate	Govt. bonds	Central bank discount rate	Comm. paper 1-3 months	Rente belge 3%	Yield of Govt. bonds (5% "Unformisadas")	Prov. of Ontario bonds	Central bank discount rate	Banks' loan rate	Yield of Govt. bonds (7% "Deuda Interna")	"Native rate of interest" (Shanghai) ^g	Yield of bonds (Shanghai)
Yearly average															
1929	6.00 - 9.00	6.34 ^b	5.12	7.33	6.8	4.35	4.30	4.52	6.52 ^e	4.90	6.00	9.17	.	5.04	14.82
1930	6.75 - 8.50	6.26 ^b	5.55	5.75	6.6	2.96	2.78	3.94	6.79	4.71	6.41	9.42	7.79	2.52	17.64
1931	6.75 - 9.00	6.52	6.06 ^d	7.04	7.0	2.50	2.32	3.98	6.50	4.63	7.36	9.53	11.82	4.68	19.26
1932	6.00 - 9.00	7.15	4.42	6.83	8.4	3.47	3.12	4.51	6.35	5.21	5.23	9.06	11.42	3.60	24.46
1933	5.00 - 8.00	7.00	3.75	5.22	7.7	3.50	2.42	4.54	5.88	4.68	4.50	7.69	7.85	1.80	16.82
1934	5.00 - 7.50	5.39	3.35	4.74	7.3	2.93	2.16	4.08	5.92	4.11	4.50	7.14	7.53	3.24	12.39
1935	5.50 - 7.50	5.24	3.58	3.83	6.4	2.19	2.06	3.90	6.25	3.88	4.31	7.17	7.48	5.04	12.98
1936	4.00 - 6.50	5.09	3.88	3.50	5.9	2.00	1.32	3.72	6.49	3.59	4.50	7.32	8.26	2.88	11.55
1937	4.00 - 6.50	4.99	3.84	3.50	5.3	2.00	1.16	3.33	6.30	3.52	4.50	7.85	8.58	4.42	.
1938	...	4.99	3.75	.	.	2.61	2.36	4.06	...	3.22	4.50	...	...	...	.
Quarterly average															
1929 I	6.00 - 8.00	.	5.05	6.50	.	4.00	3.97	4.52	.	4.73	6.00	8.94	.	2.41	.
II	6.50 - 8.00	.	5.09	7.26	.	4.00	3.97	4.53	.	4.97	6.00	.	.	5.04	.
III	6.50 - 8.50	.	5.09	7.54	.	4.66	4.64	4.53	.	4.95	6.00	9.40	.	5.40	.
IV	7.00 - 9.00	.	5.25	8.16	.	4.74	4.63	4.51	.	4.93	6.00	.	.	7.56	.
1932 I	7.75 - 9.00	6.82	4.68	7.87	8.0	3.36	3.19	4.36	.	5.53	5.85	9.41	12.80	8.03	.
II	7.75 - 9.00	7.15	4.89	7.00	8.5	3.50	3.21	4.50	.	5.41	5.50	.	11.51	3.12	.
III	6.50 - 8.50	7.28	4.16	6.60	8.6	3.50	3.10	4.64	.	5.04	5.08	8.71	12.08	2.40	.
IV	6.00 - 8.50	7.29	3.96	6.00	8.4	3.50	2.91	4.52	.	4.84	4.50	.	9.77	1.20	.
1933 I	6.00 - 8.00	7.22	3.84	5.92	7.5	3.50	2.76	4.45	6.16	4.76	4.50	7.81	8.48	0.83	.
II	5.25 - 8.00	6.97	3.80	5.00	6.9	3.50	2.41	4.60	5.85	4.73	4.50	.	7.72	1.91	.
III	5.00 - 7.00	6.94	3.72	5.00	7.7	3.50	2.30	4.58	5.75	4.59	4.50	7.57	7.66	2.16	.
IV	5.00 - 7.00	6.45	3.64	5.00	8.8	3.50	2.19	4.52	5.71 ^f	4.64	4.50	.	7.60	2.88	.
1934 I	5.00 - 7.00	5.51	3.53	5.00	7.8	3.50	2.09	4.27	6.03	4.53	4.50	7.07	7.57	0.94	.
II	5.00 - 7.00	5.39	3.39	4.99	7.1	3.14	2.06	4.00	5.95 ^f	4.12	4.50	.	7.53	2.16	.
III	5.50 - 7.00	5.32	3.31	4.50	7.3	2.82	2.22	3.86	5.88	3.95	4.50	7.21	7.54	3.10	.
IV	6.00 - 7.50	5.34	3.16	4.50	6.8	2.50	2.28	4.18	5.85	3.83	4.50	.	7.47	7.06	.
1935 I	6.00 - 7.50	5.25	3.35	4.29	6.2	2.50	2.38	4.06	6.12	3.74	4.12	7.13	7.31	4.56	.
II	6.00 - 7.50	5.26	3.50	4.00	6.4	2.25	2.13	3.86	6.11	3.83	4.16	.	7.37	5.04	.
III	6.00 - 7.50	5.20	3.68	3.56	6.5	2.00	1.88	3.86	6.35	3.96	4.50	7.21	7.51	6.36	.
IV	5.50 - 7.00	5.24	3.80	3.50	6.6	2.00	1.88	3.91	6.48	3.97	4.50	.	7.72	4.68	.
1936 I	5.00 - 6.50	5.13	3.77	3.50	6.2	2.00	1.45	3.76	6.64	3.89	4.50	7.23	7.82	2.76	12.06
II	4.50 - 6.50	5.08	3.89	3.50	6.1	2.00	1.38	3.77	6.52	3.65	4.50	.	8.12	3.00	11.30
III	4.00 - 6.50	5.10	3.92	3.50	5.9	2.00	1.38	3.76	6.47	3.40	4.50	7.41	8.31	2.88	11.42
IV	4.00 - 6.50	5.06	3.94	3.50	5.4	2.00	1.10	3.67	6.31	3.41	4.50	.	8.87	2.88	11.45
1937 I	4.00 - 6.50	5.01	3.99	3.50	5.2	2.00	1.00	3.40	6.41	3.56	4.50	7.73	8.80	2.96	10.56
II	4.00 - 6.50	4.98	3.85	3.50	5.3	2.00	1.00	3.27	6.20	3.60	4.50	.	8.75	4.23	9.32
III	4.00 - 6.50	4.98	3.77	3.50	5.3	2.00	1.00	3.25	6.32	3.47	4.50	7.96	8.47	5.47	.
IV	4.00 - 6.50	4.99	3.76	3.50	5.4	2.00	1.63	3.40	6.20	3.46	4.50	.	8.30	5.00	.
1938 I	4.50 - 7.00	5.00	3.63	3.50	5.4	2.00	1.57	3.57	...	3.31	4.50	7.93	8.49	3.60	.
II	4.50 - 7.00	4.97	3.75	.	.	2.79	2.38	3.91	...	3.16	4.50	.	8.39	3.60	.
III	4.50 - 7.00	4.99	3.75	.	.	3.00	3.09	4.19	...	3.23	4.50	8.46	8.24	3.60	.
IV	...	4.99	3.88	.	.	2.64	2.41	4.32	...	3.16	4.50	.	...	4.26	.
1939 Jan.	...	4.96	...	.	.	2.50	2.04	4.35	...	3.26	4.50	...	...	...	.

^a Range of rates, as published by Tornquist & Co. (*Business Conditions in Argentina*).

^b December.

^c Up to July 1931, 5% bonds redeemable 1948; since October 1931, 4% bonds redeemable 1950.

^d 9 months.

^e Average for 1928/29.

^f 2 months.

^g Rate of the Native Bankers' Association on inter-bank call loans.

Table VI. — MONEY RATES AND BOND YIELDS (continued).

Period	CZECHO-SLOVAKIA		DENMARK		FINLAND		FRANCE					GERMANY			
	Central bank discount rate	Govt. bonds	Central bank discount rate	Irredeemable 8½% Govt. bonds	Central bank discount rate	3 State loans	Central bank discount rate	Discount rate on Treasury bills ^a	Comm. paper 45-90 days	Rente perpét. 3%	36 misc. bonds ^b	Central bank discount rate	Private discount 66-90 day bills	6% mortgage bonds ^c	6% industrial bonds
Yearly average															
1929	5.01	5.76	5.12	.	7.00	7.7	3.50	.	3.46	3.98	4.89	7.10	6.87	7.40	7.81
1930	4.46	5.68	4.19	4.71	6.49	7.9	2.71	2.32	2.32	3.44	3.82	4.93	4.43	7.15	7.57
1931	4.77	5.73	4.22	4.66	6.52	8.1	2.11	1.41	1.57	3.48	3.70	6.86	6.14	7.08 ^d	7.75
1932	5.15	6.50	4.50	4.84	6.77	8.4	2.50	1.00	1.28	3.84	4.73	5.21	4.95	8.33 ^e	9.87
1933	3.57	6.02	3.17	4.01	5.58	7.0	2.50	1.76	1.83	4.38	5.74	4.00	3.88	7.15	7.64
1934	3.50	5.82	2.50	3.94	4.46	5.7	2.66	2.11	2.12	4.14	5.61	4.00	3.77	6.57	6.76
1935	3.50	5.21	2.86	4.20	4.00	5.4	3.48	3.23	3.30	3.88	5.31	4.00	3.15	5.08	5.96
1936	3.00	4.45	3.56	4.38	4.00	5.2	3.67	3.68	3.73	4.32	5.86	4.00	2.96	4.67	5.87
1937	3.00	4.48	4.00	4.48	4.00	4.7	3.81	3.64	3.96	4.27	6.12	4.00	2.91	4.54	5.13
1938	3.00	4.48	4.00	4.26	4.00	4.7	2.76	2.67	3.00	4.04	6.10	4.00	2.88	4.50	4.91
Quarterly average															
1929 I ...	5.00	5.74	5.00	.	7.00	.	3.50	.	3.38	4.19	5.15	6.55	5.97	7.23	7.63
II ..	5.00	5.77	5.00	.	7.00	.	3.50	.	3.45	4.06	5.04	7.50	7.21	7.35	7.88
III .	5.00	5.76	5.02	.	7.00	.	3.50	.	3.50	3.96	4.84	7.50	7.25	7.45	7.74
IV ..	5.00	5.76	5.46	5.16	7.00	.	3.50	.	3.50	3.73	4.52	7.17	7.05	7.58	8.00
1932 I ...	6.00	6.35	5.77	5.06	7.47	.	2.50	1.68	1.80	3.83	4.35	6.76	6.57	.	.
II ..	5.11	6.73	4.67	5.04	5.34	.	2.50	0.98	1.20	4.04	4.93	5.18	4.92	8.56	11.27
III .	4.97	6.52	4.00	4.73	6.50	.	2.50	0.53	1.04	3.67	4.82	4.90	4.44	8.67	10.33
IV ..	4.50	6.39	3.55	4.91	6.50	.	2.50	0.81	1.08	3.83	4.80	4.00	3.88	7.91	8.62
1933 I ...	3.77	6.33	3.50	4.05	6.17	.	2.50	1.91	1.84	4.06	5.30	4.00	3.88	7.14	7.55
II ..	3.50	5.64	3.33	4.05	5.84	.	2.50	1.62	1.91	4.45	5.88	4.00	3.88	7.14	7.50
III .	3.50	6.08	3.00	3.96	5.36	.	2.50	1.36	1.53	4.49	5.82	4.00	3.88	7.51	8.10
IV ..	3.50	6.20	2.83	3.94	4.94	6.2	2.50	2.17	2.03	4.52	5.97	4.00	3.88	6.81	7.46
1934 I ...	3.50	5.90	2.50	3.97	4.50	5.7	2.80	2.91	2.65	4.52	6.24	4.00	3.88	6.50	6.93
II ..	3.50	5.75	2.50	4.01	4.50	5.7	2.83	2.66	2.58	3.93	5.44	4.00	3.84	6.60	6.90
III .	3.50	5.96	2.50	3.94	4.50	5.7	2.50	1.63	1.73	4.14	5.58	4.00	3.75	6.72	6.78
IV ..	3.50	5.75	2.50	3.84	4.34	5.5	2.50	1.26	1.51	3.97	5.19	4.00	3.63	6.44	6.44
1935 I ...	3.50	5.34	2.50	4.00	4.00	5.5	2.50	1.96	2.06	3.75	4.86	4.00	3.42	6.24	6.11
II ..	3.50	5.31	2.50	4.27	4.00	5.5	3.67	3.31	4.50	3.85	5.40	4.00	3.16	4.70	5.93
III .	3.50	5.12	2.93	4.30	4.00	5.4	3.33	3.32	3.33	3.85	5.48	4.00	3.01	4.69	5.88
IV ..	3.50	5.08	3.50	4.31	4.00	5.3	4.37	4.35	4.32	4.08	5.50	4.00	3.02	4.70	5.91
1936 I ...	3.00	4.43	3.50	4.35	4.00	5.3	3.83	4.06	3.86	4.39	5.69	4.00	3.00	4.69	5.85
II ..	3.00	4.43	3.50	4.34	4.00	5.2	5.46	5.44	5.50	4.43	6.09	4.00	2.93	4.68	5.83
III .	3.00	4.43	3.50	4.32	4.00	5.2	3.24	3.18	3.34	4.51	6.18	4.00	2.92	4.66	5.89
IV ..	3.00	4.50	3.73	4.50	4.00	5.1	2.14	2.05	2.23	3.96	5.47	4.00	2.99	4.65	5.89
1937 I ...	3.00	4.48	4.00	4.59	4.00	4.8	4.00	3.31	3.48	4.14	6.03	4.00	3.00	4.61	5.88
II ..	3.00	4.48	4.00	4.57	4.00	4.7	4.67	4.09	4.51	4.59	6.32	4.00	2.89	4.54	4.89 ^f
III .	3.00	4.48	4.00	4.45	4.00	4.7	4.50	4.07	4.35	4.11	6.12	4.00	2.88	4.52	4.89
IV ..	3.00	4.48	4.00	4.29	4.00	4.7	3.07	3.11	3.51	4.22	6.03	4.00	2.88	4.51	4.87
1938 I ...	3.00	4.48	4.00	4.31	4.00	4.7	3.00	2.96	3.33	4.38	6.41	4.00	2.88	4.50	4.85
II ..	3.00	4.48	4.00	4.31	4.00	4.7	2.73	2.47	3.09	4.10	6.28	4.00	2.88	4.50	4.88
III .	3.00	4.48	4.00	4.26	4.00	4.7	2.52	2.42	2.65	4.00	6.32	4.00	2.88	4.50	4.95
IV ..	3.00	.	4.00	4.15	4.00	4.7	2.79	2.91	2.95	3.68	5.41	4.00	2.88	4.51	4.95
1939 Jan. .	3.00	.	4.00	4.32	4.00	...	2.00	.	1.99	3.77	5.04	4.00	2.88	4.54	4.94

^a Bons du Trésor ou de la défense.

^b 3 Government, 2 mortgage, 12 railway and 19 industrial bonds.

^c Converted to 4½% in March 1935.

^d 6 months.

^e 9 months.

^f On April 1st, 1937, the 6% bonds were converted into 5%.

^g 11 months.

^h 2 months.

Table VI. — MONEY RATES AND BOND YIELDS (continued).

Period	HUNGARY			INDIA			ITALY			JAPAN				
	Central bank discount rate	Comm. paper up to 3 months ^a	Forced loan 1924 5%	Central bank discount rate	Discount rate on 3 months' Treasury bills	Yield of 4% Govt. Rupee Loan (1960-1970)	Central bank discount rate	Comm. bills 4 months ^a	Rendita 3½%	Central bank discount rate	Call money rate ^e	Comm. paper 60 days	Average of 8 Govn. bonds	20 Industrial debentures
Yearly average														
1929	7.60	5.37-10.25	8.76	6.33	4.96 ^b	.	6.79	5.75-7.00	5.14	5.48	.	4.85	5.08	6.43
1930	5.92	5.50-10.00	8.18	5.89	5.26	.	5.93	5.00-7.00	5.21	5.39	3.60	4.85	5.37	6.54
1931	6.89	5.50-10.50	8.61 ^b	7.09	6.41	.	5.88	4.75-7.25	4.90	5.40	3.47	4.85	5.40	6.49
1932	5.74	4.38-10.00	22.51 ^c	5.03	4.14	.	5.56	4.50-7.25	4.77	5.30	4.49	5.24	5.59	6.84
1933	4.50	4.38-7.50	17.53	3.56	1.46	.	3.85	3.00-4.75	4.35	4.02	2.62	4.49	4.81	5.96
1934	4.50	4.38-7.50	12.22	3.50	1.72	.	3.10	3.00-4.50	4.09	3.65	2.56	4.38	4.52	5.41
1935	4.33	4.00-7.50	9.75	3.45	1.48	3.54	4.16	3.50-5.50	4.79	3.65	2.61	4.38	4.50	5.00
1936	4.00	4.00-6.50	7.55	3.00	0.72	3.16	4.69	4.50-5.50	4.74	3.38	2.85	4.19	4.08	4.46
1937	4.00	4.00-6.50	6.42	3.00	0.90	3.26	4.50	4.50-5.50	4.82	3.29	2.80	4.02	3.94	4.40
1938	4.00	4.00-6.50	6.73	3.00	1.33	3.20	4.50	5.00-5.50	4.80	3.29	...	4.02	3.86	4.36
Quarterly average														
1929 I ...	7.00	7.37-8.62	8.01	7.52	.	.	6.15	5.75-6.75	4.97	5.48	.	5.04	5.03	.
II ..	7.74	8.50-9.75	8.72	6.16	4.79 ^d	.	7.00	6.75	5.10	5.48	.	4.89	5.13	.
III ..	8.00	8.75-10.25	9.39	5.00	3.72 ^d	.	7.00	6.75-7.00	5.19	5.48	.	4.80	5.09	.
IV ..	7.67	8.50-10.25	8.91	6.58	5.46	.	7.00	6.75-7.00	5.29	5.48	.	4.79	5.05	.
1932 I ...	7.20	6.50-10.00	.	6.74	6.13	.	6.89	5.25-7.25	4.80	6.51	6.28	5.41	5.96	6.84
II ..	6.17	5.50-9.00	24.33	5.30	4.31	.	5.34	5.00-6.25	4.93	5.64	4.93	5.41	5.74	6.96
III ..	5.00	4.88-8.00	20.62	4.07	2.82	.	5.00	5.00-5.50	4.76	4.75	3.94	5.28	5.30	6.89
IV ..	4.59	4.38-8.00	22.59	4.00	2.46	.	5.00	4.50-5.50	4.60	4.38	3.18	4.85	5.00	6.50
1933 I ...	4.50	4.38-7.50	21.83	3.75	1.89	.	4.09	3.75-4.75	4.49	4.38	2.99	4.68	5.02	6.22
II ..	4.50	4.38-7.50	18.17	3.50	1.18	.	4.00	3.50-4.75	4.56	4.38	2.63	4.51	4.85	5.98
III ..	4.50	4.38-7.50	14.53	3.50	0.96	.	3.85	3.50-4.75	4.42	3.67	2.45	4.38	4.63	5.75
IV ..	4.50	4.38-7.50	15.59	3.50	1.84	.	3.30	3.00-4.00	3.95	3.65	2.56	4.38	4.64	5.63
1934 I ...	4.50	4.38-7.50	13.25	3.50	2.21	.	3.00	3.00-3.50	3.93	3.65	2.54	4.38	4.51	5.53
II ..	4.50	4.50-7.50	11.72	3.50	1.85	.	3.00	3.00-3.50	4.25	3.65	2.49	4.38	4.44	5.42
III ..	4.50	4.50-7.50	11.94	3.50	1.30	.	3.00	3.00-3.50	4.07	3.65	2.70	4.38	4.57	5.31
IV ..	4.50	4.50-7.50	11.99	3.50	1.45	3.56	3.39	3.00-4.50	4.09	3.65	2.64	4.38	4.60	5.28
1935 I ...	4.50	4.50-7.50	9.52	3.50	1.89	3.41	3.96	3.50-4.50	4.36	3.65	2.66	4.38	4.56	5.16
II ..	4.50	4.50-7.50	9.49	3.50	1.74	3.65	3.50	3.50-4.00	4.61	3.65	2.51	4.38	4.48	5.15
III ..	4.32	4.50-7.50	9.64	3.50	1.35	3.62	4.17	3.50-5.50	5.00	3.65	2.59	4.38	4.45	4.85
IV ..	4.00	4.00-7.00	10.36	3.32	0.98	3.48	5.00	3.50-5.00	5.03	3.65	2.84	4.38	4.41	4.73
1936 I ...	4.00	4.00-6.50	8.24	3.00	0.82	3.31	5.00	5.00-5.50	4.90	3.65	2.78	4.38	4.40	4.62
II ..	4.00	4.00-6.50	7.93	3.00	0.71	3.16	4.70	4.50-5.50	4.53	3.31	2.95	4.02	3.92	4.36
III ..	4.00	4.00-6.50	7.17	3.00	0.54	3.10	4.50	4.50-5.00	4.61	3.29	2.82	4.02	3.90	4.35
IV ..	4.00	4.00-6.50	6.86	3.00	0.83	3.08	4.50	4.50-5.00	4.70	3.29	3.02	4.02	3.95	4.37
1937 I ...	4.00	4.00-6.50	6.58	3.00	1.03	3.24	4.50	4.50-5.00	4.76	3.29	2.85	4.02	3.92	4.37
II ..	4.00	4.00-6.50	6.45	3.00	1.00	3.34	4.50	4.50-5.50	4.73	3.29	2.91	4.02	3.93	4.39
III ..	4.00	4.00-6.50	6.16	3.00	0.68	3.27	4.50	5.00-5.50	4.80	3.29	2.77	4.02	3.97	4.45
IV ..	4.00	4.00-6.50	6.51	3.00	0.88	3.18	4.50	5.00-5.50	4.82	3.29	2.68	4.02	3.94	4.42
1938 I ...	4.00	4.00-6.50	6.62	3.00	1.41	3.14	4.50	5.00-5.50	4.79	3.29	2.54	4.02	3.89	4.38
II ..	4.00	4.25-6.50	7.06	3.00	1.42	3.14	4.50	5.00-5.50	4.79	3.29	^d 2.50	4.02	3.87	4.37
III ..	4.00	4.25-6.50	6.64	3.00	0.83	3.23	4.50	5.00-5.50	4.82	3.29	2.49	4.02	3.84	4.36
IV ..	4.00	4.50-6.50	^d 6.59	3.00	1.66	3.26	4.50	5.00-5.50	4.81	3.29	^d 2.50	4.02	3.83	4.35
1939 Jan. .	4.00	4.50-6.50	...	3.00	2.61	3.27	4.50	5.00-5.50	4.82	3.29	...	...	3.82	4.34

^a Range of rates.^b 7 months.^c 8 months.^d 2 months.^e Average rate on loans callable at a day's notice in Tokio.

Table VI. — MONEY RATES AND BOND YIELDS (continued).

Period	NETHERLANDS				NORWAY		POLAND				SWEDEN			
	Central bank discount rate	Private discount	Irredeemable Govt. bonds	8 public and industrial bonds ^a	Central bank discount rate	5 Govt. bonds	Central bank discount rate	Assoc. of private banks 4-5 months' bills ^b	5% Conversion Loan 1924	Mortgage bonds	Central bank discount rate	Savings banks' mortgage loan rate	7 Govt. bonds	Industrial bonds
Yearly average														
1929	5.13	4.82	3.94	4.58	5.57	5.21	8.64	12.22	10.89	12.80	4.74	5.11	4.56	5.06
1930	3.22	2.06	3.81	4.38	4.53	5.05	7.21	11.46	11.87	11.44	3.72	4.93	4.18	4.95
1931	2.47	1.42	3.86	4.39	4.65	5.01	7.50	10.95	14.30	12.60	4.09	4.75	4.22	5.03
1932	2.65	0.85	3.89	4.82	4.68	5.02	7.21	10.67	17.00	15.20	4.39	4.90	4.32	5.33
1933	2.95	1.08	3.68	4.34	3.70	4.95	5.82	9.38	14.82	14.28	3.17	4.21	4.02	4.75
1934	2.50	0.87	3.35	4.03	3.50	4.67	5.00	9.02	10.91	11.36	2.50	3.62	3.47	3.86
1935	3.99	3.15	3.43	4.24	3.50	4.44	5.00	8.80	10.65	10.75	2.50	3.03	3.19	3.67
1936	2.83	1.73	3.32	4.19	3.53	4.52	5.00	8.63	10.02	10.10	2.50	3.03	3.12	3.41
1937	2.00	0.28	3.13	3.33	4.00	4.46	4.98	8.70	9.01	8.98	2.50	2.95	3.04	3.19
1938	2.00	0.21	2.99	3.20	3.51	4.33	4.50	8.49	7.74	...	2.50	2.86	2.34	2.91
Quarterly average														
1929 I ...	4.57	4.38	3.86	4.48	5.50	5.13	8.00	11.44	8.94	12.39	4.50	.	4.61	.
II ..	5.50	5.35	3.91	4.62	5.50	5.20	8.80	12.44	9.50	12.94	4.50	.	4.58	.
III .	5.50	5.19	3.96	4.59	5.53	5.27	9.00	12.49	12.72	12.94	4.56	.	4.53	.
IV ..	4.92	4.30	4.02	4.61	5.65	5.25	8.76	12.49	12.42	12.92	5.40	.	4.51	.
1932 I ...	3.00	1.73	4.13	5.09	5.61	5.13	7.50	10.90	16.39	14.07	5.61	5.40	4.54	5.55
II ..	2.59	0.75	4.06	5.19	4.77	5.03	7.50	10.90	17.59	.	4.60	4.95	4.46	5.70
III .	2.50	0.41	3.79	4.67	4.33	4.97	7.50	10.90	17.51	15.33	3.83	4.66	4.24	5.15
IV ..	2.50	0.38	3.59	4.33	4.00	4.94	6.33	9.97	16.49	15.32	3.50	4.58	4.03	4.91
1933 I ...	2.50	0.48	3.63	4.21	4.00	4.91	6.00	9.40	15.57	14.50	3.50	4.51	4.11	4.93
II ..	3.03	1.63	3.82	4.45	3.80	4.92	6.00	9.40	15.75	15.39	3.17	4.15	4.22	4.90
III .	3.41	1.84	3.71	4.42	3.50	4.95	6.00	9.40	14.37	14.22	3.00	4.10	3.99	4.77
IV ..	2.50	0.49	3.57	4.26	3.50	5.02	5.28	9.30	13.60	13.02	2.83	4.07	3.77	4.41
1934 I ...	2.50	0.83	3.51	4.20	3.50	4.75	5.00	9.20	11.77	11.73	2.50	3.81	3.69	4.15
II ..	2.50	1.39	3.35	4.14	3.50	4.73	5.00	9.13	10.59	11.74	2.50	3.72	3.63	3.90
III .	2.50	0.69	3.28	3.90	3.50	4.63	5.00	8.90	10.62	10.91	2.50	3.53	3.51	3.81
IV ..	2.50	0.58	3.24	3.87	3.50	4.56	5.00	8.83	10.66	11.60	2.50	3.40	3.06	3.59
1935 I ...	2.50	0.56	3.14	3.83	3.50	4.45	5.00	8.90	10.19	10.42	2.50	3.06	3.04	3.58
II ..	4.41	3.92	3.45	4.21	3.50	4.40	5.00	8.80	10.58	10.29	2.50	3.03	3.15	3.61
III .	4.83	4.44	3.67	4.54	3.50	4.43	5.00	8.80	10.47	10.63	2.50	3.02	3.23	3.62
IV ..	4.21	3.66	3.45	4.37	3.50	4.48	5.00	8.70	11.34	11:06	2.50	3.00	3.33	3.88
1936 I ...	2.76	1.62	3.38	4.27	3.50	4.46	5.00	8.57	8.87	10.07	2.50	3.00	3.23	3.63
II ..	3.10	2.45	3.42	4.44	3.50	4.49	5.00	8.73	9.98	10.19	2.50	3.04	3.14	3.45
III .	3.03	1.59	3.42	4.23	3.50	4.59	5.00	8.63	11.04	10.30	2.50	3.04	3.09	3.29
IV ..	2.44	1.26	3.07	3.83	3.63	4.53	5.00	8.60	10.20	9.82	2.50	3.03	3.04	3.25
1937 I ...	2.00	0.45	3.14	3.39	4.00	4.49	5.00	8.70	9.83	9.62	2.50	2.99	3.03	.
II ..	2.00	0.25	3.20	3.37	4.00	4.49	5.00	8.70	9.08	9.23	2.50	2.94	3.08	3.26
III .	2.00	0.21	3.09	3.28	4.00	4.46	5.00	8.70	8.75	8.70	2.50	2.96	3.04	3.23
IV ..	2.00	0.23	3.10	3.26	4.00	4.39	4.93	8.70	8.39	8.38	2.50	2.92	3.00	3.13
1938 I ...	2.00	0.17	2.99	3.20	3.52	4.34	4.50	8.50	7.74	7.70	2.50	2.87	2.46	2.95
II ..	2.00	0.17	2.98	3.17	3.50	4.34	4.50	8.47	7.61	7.46	2.50	2.87	2.31	2.96
III .	2.00	0.27	2.98	3.24	3.50	4.33	4.50	8.50	7.78	7.46	2.50	2.86	2.23	2.87
IV ..	2.00	0.23	3.02	3.21	3.50	4.33	4.50	8.50	7.84	...	2.50	2.83	2.36	2.87
1939 Jan. .	2.00	0.19	3.08	3.25	3.50	4.35	4.50	8.50	...	...	2.50	2.83	2.42	...

^a 2 Government, 2 municipal, 2 industrial, 1 waterworks, 1 mortgage.

^b Average of most frequent rates.

^c For 1937, 3¼% loans, conv. 1947. For previous years, 5% loans, conv. 1937-1942.

Table VI. — MONEY RATES AND BOND YIELDS (concluded).

Period	SWITZERLAND			UNITED KINGDOM					UNITED STATES OF AMERICA						
	Central bank discount rate	3 months' bills	12 State and Railways Bonds	Central bank discount rate	Treasury bills	Three months' bank bills	Consols 2½%	Industrial debentures	Central bank discount rate ^b	Treasury bills	Bankers' accept. 90 days	Commercial paper	Treasury bonds	Corporate bonds ^e	Banks' loan rate ^f
Yearly average															
1929	3.50	3.31	4.66	5.50	5.264	5.26	4.60	5.73 ^a	5.16	3.25 ^a	5.03	5.84	3.60	4.73	6.14
1930	2.89	2.01	4.12	3.42	2.484	2.57	4.48	5.39 ^a	3.04	2.49 ^d	2.46	3.58	3.29	4.55	5.72
1931	2.03	1.44	3.87	3.93	3.593	3.61	4.39	5.73 ^a	2.12	1.49 ^d	1.58	2.67	3.34	4.58	5.39
1932	2.00	1.52	3.80	3.01	1.486	1.87	3.76	4.87 ^a	2.81	0.90	1.28	2.84	3.68	5.01	5.62
1933	2.00	1.50	4.02	2.00	0.591	0.69	3.38	4.61	2.56	0.52	0.60	1.72	3.31	4.49	5.56
1934	2.00	1.50	4.16	2.00	0.727	0.82	3.08	4.12	1.54	0.30 ^d	0.25	1.02	3.12	4.00	5.17
1935	2.33	2.20	4.64	2.00	0.546	0.58	2.91	3.88	1.50	0.15	0.13	0.76	2.79	3.60	4.69
1936	2.30	2.06	4.43	2.00	0.583	0.60	2.95	3.92	1.50	0.15	0.15	0.75	2.65	3.24	4.35
1937	1.50	1.03	3.41	2.00	0.563	0.58	3.31	4.08	1.33	0.45	0.43	0.95	2.68	3.26	4.17
1938	1.50	1.00	3.24	2.00	0.611	0.63	3.41	3.95	1.00	0.05	0.44	0.82	2.56	3.19	4.11
Quarterly average															
1929 I ...	3.50	3.33	4.67	5.10	4.861	4.90	4.49	.	5.00	—	5.11	5.60	3.63	4.66	5.98
II ..	3.50	3.35	4.65	5.50	5.256	5.25	4.57	.	5.00	—	5.48	5.99	3.66	4.72	6.11
III ..	3.50	3.30	4.68	5.56	5.504	5.48	4.68	.	5.58	—	5.14	6.11	3.68	4.79	6.22
IV ..	3.50	3.28	4.66	5.85	5.405	5.41	4.66	.	5.07	3.25 ^e	4.38	5.64	3.44	4.73	6.26
1932 I ...	2.00	1.57	3.87	5.21	3.738	4.27	4.28	.	3.30	2.56	2.70	3.85	4.09	5.14	5.62
II ..	2.00	1.50	3.75	2.83	1.345	1.56	3.94	.	2.96	0.54	1.09	3.31	3.73	5.31	5.63
III ..	2.00	1.50	3.76	2.00	0.608	0.77	3.42	.	2.50	0.36	0.75	2.37	3.48	4.96	5.65
IV ..	2.00	1.50	3.80	2.00	0.871	0.93	3.38	.	2.50	0.15	0.49	1.82	3.41	4.62	5.57
1933 I ...	2.00	1.50	3.67	2.00	0.681	0.78	3.34	4.78	2.82	0.91	1.04	1.92	3.32	4.53	5.61
II ..	2.00	1.50	4.18	2.00	0.415	0.53	3.40	4.65	2.83	0.49	0.59	2.17	3.31	4.62	5.65
III ..	2.00	1.50	4.21	2.00	0.355	0.44	3.41	4.56	2.50	0.24	0.38	1.50	3.20	4.34	5.54
IV ..	2.00	1.50	4.07	2.00	0.908	1.00	3.37	4.49	2.10	0.43	0.42	1.29	3.40	4.46	5.45
1934 I ...	2.00	1.50	4.15	2.00	0.867	0.97	3.20	4.17	1.67	0.46	0.46	1.30	3.34	4.23	5.40
II ..	2.00	1.50	4.25	2.00	0.866	0.93	3.18	4.13	1.50	0.07 ^f	0.19	1.00	3.04	4.00	5.27
III ..	2.00	1.50	4.16	2.00	0.693	0.80	3.10	4.12	1.50	—	0.19	0.88	3.05	3.93	5.05
IV ..	2.00	1.50	4.11	2.00	0.491	0.59	2.85	4.03	1.50	—	0.14	0.88	3.06	3.86	4.97
1935 I ...	2.00	1.50	4.12	2.00	0.349	0.45	2.83	3.87	1.50	0.17	0.13	0.79	2.81	3.71	4.88
II ..	2.17	2.23	4.72	2.00	0.563	0.63	2.89	3.89	1.50	0.15	0.13	0.75	2.73	3.64	4.78
III ..	2.50	2.46	4.78	2.00	0.576	0.60	3.01	3.86	1.50	0.13	0.13	0.75	2.77	3.58	4.57
IV ..	2.50	2.44	5.06	2.00	0.552	0.64	2.94	3.89	1.50	0.14	0.13	0.75	2.84	3.48	4.54
1936 I ...	2.50	2.37	4.64	2.00	0.527	0.56	2.93	3.92	1.50	0.10	0.13	0.75	2.76	3.33	4.47
II ..	2.50	2.25	4.74	2.00	0.615	0.63	2.95	3.92	1.50	0.17	0.13	0.75	2.67	3.27	4.41
III ..	2.38	2.16	4.63	2.00	0.540	0.57	2.95	3.93	1.50	0.16	0.18	0.75	2.62	3.21	4.30
IV ..	1.97	1.47	3.63	2.00	0.646	0.65	2.96	3.92	1.50	0.15	0.19	0.75	2.55	3.14	4.20
1937 I ...	1.50	1.14	3.54	2.00	0.532	0.56	3.20	4.05	1.50	0.44	0.33	0.79	2.51	3.21	4.15
II ..	1.50	1.00	3.47	2.00	0.575	0.60	3.29	4.09	1.50	0.64	0.52	1.00	2.77	3.35	4.19
III ..	1.50	1.00	3.34	2.00	0.517	0.56	3.38	4.09	1.17	0.51	0.44	1.00	2.74	3.27	4.18
IV ..	1.50	1.00	3.28	2.00	0.607	0.63	3.36	4.10	1.00	0.20	0.44	1.00	2.71	3.26	4.16
1938 I ...	1.50	1.00	3.17	2.00	0.504	0.53	3.27	3.92	1.00	0.08	0.44	0.96	2.64	3.20	4.13
II ..	1.50	1.00	3.25	2.00	0.539	0.55	3.38	3.95	1.00	0.04	0.44	0.88	2.55	3.26	4.13
III ..	1.50	1.00	3.31	2.00	0.628	0.66	3.48	3.97	1.00	0.07	0.44	0.75	2.54	3.20	4.10
IV ..	1.50	1.00	3.33	2.00	0.764	0.76	3.53	3.98	1.00	0.02	0.44	0.67	2.49	3.11	4.05
1939 Jan. .	1.50	1.00	3.42	2.00	0.531	0.56	3.60	4.06	1.00	0.01	0.44	0.63	2.47	3.01	4.10

^a December.
^b Federal Reserve Bank, New York.
^c 1 month.
^d 5 months.
^e 10 months.
^f 2 months.
^g Thirty high-grade bonds (Aaa), calculated by Moody's Investors' Service.
^h In 27 southern and western cities.

Table VII. — DEPOSITS AND TOTAL ASSETS OF VARIOUS TYPES OF CREDIT INSTITUTIONS,
END OF 1913 (OR 1914), 1925, 1929 AND 1936.[†]

	Central Bank a. Sum of note circulation and other sight liabilities. b. Total assets.	Com- mercial banks ⁱⁱ	Savings banks			People's banks or credit asso- ciations	Trust or finance com- panies	Building and loan asso- ciations	Mort- gage banks	Agri- cultural banks	Public banks		Insurance companies ⁱⁱⁱ a. Premium reserves. b. Total assets.
			Ordinary	Post Office	Other						Local Govern- ment, Cantonal, etc.	Central Govern- ment	
	1	2	3	4	5	6	7	8	9	10	11	12	13
													a. Total deposits ⁱ b. Total assets ^v
													National currency (000,000's).
Australia			b		d								
a	1914 ^a	146	78	.	5	.	—	2	.	.	.	.	66
	1925 ^a	81	249	141	42	.	—	3	.	.	.	.	92
	1929 ^a	76	296	176	50	.	—	3	.	.	.	.	110 ^o
	1936 ^a	118	294	92	134	.	—	3 ^o	.	.	.	.
£A.	1914 ^a	161	.	.	.	.	.	6	.	.	.	.
b	1925 ^a	91	270	155 ^o	48 ^o	.	.	7	.	.	.	.	101
	1929 ^a	86	331	185	53	.	2	13	.	.	.	.	135
	1936 ^a	142	350	100	142	.	3	13 ^o	.	.	.	.	190
Bulgaria					c			d	e	f		g	
a	1925	6,002	4,198 ^a	.	173 ^b	—	402	.	.	188	—	1,907	452
	1929	5,936	6,959	.	716	—	1,572	.	288	359	—	4,310	950
	1936	4,885	3,359	.	2,520	—	2,488	.	192	228	—	7,176	1,363 ^h
Lev	1925	7,277	5,349 ^a	.	.	—	1,070	.	.	650	—	3,663	653
b	1929	8,386	8,442	.	.	—	3,087	.	858	1,462	—	6,503	1,344
	1936	7,372	5,004	.	.	—	4,322	.	285	626	—	9,589	1,901 ^h
Canada			a		o		f	g					
a	1914	—	1,043	39	56	.	1 ^o	.	.	.	.	.	297
	1925	—	2,315	67	33	44 ^d	6	17 ^d	32 ^d	.	.	.	910
	1929	—	2,697	68	28	50	8	31	38	.	.	.	1,475
	1936	345	2,721	73	22	42	8	49	33	.	.	.	2,127
\$	1914	—	1,556	58 ^b	.	.	2 ^o	.	.	.	.	.	370
b	1925	—	2,896	73	.	.	8	.	.	.	.	.	1,102
	1929	—	3,521	78	.	.	11	.	.	.	.	.	1,815
	1936	357	3,242	81	.	.	11	.	.	.	.	.	2,590

N.B. — A footnote reference placed in the centre of a column applies to all the figures of that column for the particular country affected.

[†] Sources: Unless otherwise stated, the data used are those supplied directly by official institutions, or those contained in official publications — in particular, statistical year-books, official reports relating to banking, central bank reports and the reports of individual or groups of credit institutions.

The sign “.”, usually denoting that information is probably non-existent, has also been used in all cases where, from the material at hand, there was uncertainty either regarding the existence of one or more types of credit institutions to which this table refers or with respect to the availability in published form of data relating to such institutions. The sign “—” indicates either that the respective type of credit institution did not exist at the date selected for study or that the figure is nil or negligible.

ⁱⁱ Commercial banks: Unless otherwise stated, the figures shown are those contained in the companion Vol. II — Commercial and Central Banks — and in the previous issues of this publication.

ⁱⁱⁱ In addition to official sources, reference was made to the *Assekuranzjahrbuch*, published by the “Compass Verlag”, Vienna. For Poland and for the Union of South Africa, the figures shown refer to all insurance companies; for Bulgaria and Japan, to domestic insurance companies only. The figures given for Australia, Canada, Czecho-Slovakia, New Zealand, Switzerland and Yugoslavia relate to domestic and foreign life insurance companies; those given for Denmark, Finland, France, Germany, the Netherlands, Norway, Sweden, the United Kingdom and the United States refer to domestic life insurance companies only.

^{iv} Total deposits: Aggregate deposits, including for Italy correspondent creditors, or accounts of commercial and industrial clients. Inter-bank deposits excluded wherever possible.

^v Total assets: Wherever possible, *comptes d'ordre* excluded.

Australia: ^a Except for the Commonwealth Bank, for which the figures relate to the end of the year, averages for quarter ending in, or position at, June 30th for trading banks, State savings banks, and Commonwealth Savings Bank. For building and investment societies, figures given are a combination of data shown in certain cases for the calendar year and in certain others for the fiscal year. For insurance companies, data relate to calendar year. ^b All savings banks, excluding the Commonwealth Savings Bank; figures for deposits include accrued interest. ^c 1926. ^d Commonwealth Savings Bank; deposits in Australia only. ^e 1935.

Bulgaria: ^a 1926. ^b Excluding accrued interest. ^c Popular banks, professional and similar banks and mutual credit associations. ^d Savings and building co-operative associations. ^e Two mortgage banks. ^f Agricultural co-operative credit associations. ^g Combined accounts of the Agricultural Bank and the Central Co-operative Bank, amalgamated at the end of 1934. ^h 1935.

Canada: ^a The *Caisse d'économie de Notre Dame de Québec* and the Montreal City and District Savings Bank. ^b 1918. ^c Covers for 1926 and 1929 the Ontario Savings Office, Alberta Savings Certificates (demand deposits only) and the Manitoba Savings Office; for 1936, only the first two institutions, the last one having been transferred to chartered banks in 1932. ^d 1926. ^e 1915. ^f Only companies incorporated in Ontario. ^g All loan companies.

Table VII. — DEPOSITS AND TOTAL ASSETS OF VARIOUS TYPES OF CREDIT INSTITUTIONS, END OF 1913 (OR 1914), 1925, 1929 AND 1936 (continued).¹

	Central Bank a. Sum of note circulation and other sight liabilities. b. Total assets.	Commercial banks ⁱⁱ	Savings banks			People's banks or credit associations	Trust or finance companies	Building and loan associations	Mortgage banks	Agricultural banks	Public banks		Insurance companies ⁱⁱⁱ a. Premium reserves. b. Total assets.
			Ordinary	Post Office	Other						Local Government, Cantonal, etc.	Central Government	
	1	2	3	4	5	6	7	8	9	10	11	12	13
National currency (000,000's).													
Chile			a			a. Total deposits ^{iv} b. Total assets ^v							
a {	1925	—	1,327	370 ^b	.	.	.	.	.	.	.	.	.
	1929	479	1,276	509	.	.	.	.	.	.	.	.	.
	1936	941	1,844	407	.	.	.	.	.	.	.	.	.
b {	1925	—	3,094	383 ^b	.	.	.	.	.	.	.	.	.
	1929	601	2,719	531	.	.	.	.	.	.	206 ^e	.	.
	1936	1,074	3,102	874	.	.	.	2,416	.	.	521 ^d	.	.
Czecho-Slovakia													
a {	1925	9,154	16,036	12,489	2,057 ^a	11,369	2,358	177	50	2,405	3,109	—	593 ^k
	1929	8,935	18,630	16,586	3,406 ^a	16,572	3,028	158	65	3,641	4,250	—	1,251
	1936	6,888	16,804	21,667	3,012 ^b	20,575 ^a	3,116	180	70 ^g	4,425	5,561	2,236	3,779
b {	1925	14,851	26,029	14,214	4,468 ^a	12,268	4,131	203	81	2,518	6,180	—	952 ^k
	1929	9,646	31,345	19,522	3,555 ^a	19,492	4,828	232	98	3,863	8,998	—	1,826
	1936	8,477	25,135	23,396	3,164 ^b	22,243 ^a	3,562	211	105 ^g	4,723	12,318	2,354	5,153
Denmark													
a {	1913	180 ^a	668	868	.	.	.	.	.	.	.	.	106
	1925	515	2,121	1,943	.	.	.	.	.	.	.	.	309
	1929	435	1,192	2,120	.	.	.	.	.	.	.	.	391
	1936	468	2,198	2,211	.	.	.	.	.	.	.	.	699
b {	1913	224 ^a	961	937	.	.	.	.	.	.	.	.	132
	1925	626	3,294	2,060	.	.	.	3,491 ^d	.	.	.	.	353
	1929	506	2,914	2,318	.	.	.	4,180 ^d	.	.	.	.	463
	1936	686	3,070	2,499	.	.	.	5,242 ^d	.	.	.	.	819
Finland													
a {	1913	143	674	302 ^a	9 ^b	—	—	—	1	—	—	—	—
	1925	2,172	5,465	2,107 ^a	162 ^b	—	195 ^c	—	5	67	—	—	604
	1929	1,598	7,481	3,933 ^a	225 ^b	—	442 ^c	—	5	421	—	—	259
	1936	2,713	8,598	5,874 ^a	402 ^b	—	505 ^c	—	4	854	—	—	2,104
b {	1913	261	898	333	9	—	—	—	222	11	—	—	—
	1925	2,818	7,479	2,255	165	—	—	—	999	644	—	—	720
	1929	2,762	10,894	4,281	231	—	—	—	2,059	2,024	—	—	1,257
	1936	4,138	10,823	6,453	429	—	—	—	2,363	2,862	—	—	2,514

¹ See page 146.

Chile : ^a 1926 and 1929: *Caja Nacional de Ahorros*; 1936: the same plus *Caja de Credito Popular*. ^b 1926. ^c Includes *Caja de Credito Agrario*, *Caja de Colonizacion Agricola*, *Caja de Credito Minero*, *Instituto de Credito Industrial*. ^d The institutions under ^c, plus *Caja de Fomento Carbonero*, *Instituto de Fomento Minero e Industrial de Tarapaca*, *Instituto de Fomento Minero e Industrial de Antofagasta*.

Czecho-Slovakia : ^a Cheque account office. ^b Post Office Savings Bank. ^c Credit associations and *Rajiffeisen* banks. ^d Joint-stock financial institutions in Slovakia and Ruthenia. ^e Limited liability companies engaged in banking business in Bohemia, Moravia and Silesia. ^f Organisations ("Funds") established in Moravia and Silesia with resources from the former land tax. ^g 1935. ^h Agricultural district banks in Bohemia. ⁱ Banks without own capital. ^j Institute for Rediscount and Advances on Securities. ^k Domestic life companies only. * Provisional.

Denmark : ^a July 31st, 1914. ^b All figures relate to March 31st of the following year. ^c Credit and Hypothec associations. ^d Bonds in circulation only.

Finland : ^a Including inter-bank deposits. These amounted to 924 million markkaa in 1936. In 1913, 1925 and 1929, deposit, savings and current accounts and home correspondents; in 1936, deposit and current accounts. ^b Savings accounts and current accounts. ^c Savings funds of consumers' co-operative societies. ^d Central Bank for Co-operative Agricultural Credit Societies and co-operative societies. ^e Included in general assets of consumers' co-operative societies.

Table VII. — DEPOSITS AND TOTAL ASSETS OF VARIOUS TYPES OF CREDIT INSTITUTIONS, END OF 1913 (OR 1914), 1925, 1929 AND 1936 (continued).ⁱ

	Central Bank a. Sum of note circulation and other slight liabilities. b. Total assets.	Com- mercial banks ⁱⁱ	Savings banks			People's banks or credit asso- ciations	Trust or finance com- panies	Building and loan asso- ciations	Mort- gage banks	Agri- cultural banks	Public banks		Insurance companies ⁱⁱⁱ a. Premium reserves. b. Total assets.
			Ordinary	Post Office	Other						Local Government, Cantonal, etc.	Central Govern- ment	
	1	2	3	4	5	6	7	8	9	10	11	12	13
France						a. Total deposits ^{iv} b. Total assets ^v	National currency (000,000's).						
						b	c			f		g	
1913	6,696	6,760	4,011	1,818	—	—	—	—	—	—	—	—	2,726
1925	53,225	29,973	9,854	3,936	832	382	—	—	—	—	—	—	3,790
1929	87,863	47,525	20,314	11,659	2,992	1,136 ^d	—	—	—	795	—	912	5,925
1936	102,212	36,754	34,921	23,975	2,943	1,157	—	—	—	1,161	—	1,067	10,851 ^h
Franc													
1913	6,988	9,506	4,019	—	—	—	—	—	—	—	—	—	3,231
1925	56,586	33,842	9,960	—	—	4,111 ^e	—	—	—	—	—	—	4,130
1929	90,235	55,623	20,528	11,923 ^a	—	—	—	—	—	—	—	12,435	6,511
1936	104,957	42,577	35,979	26,895	—	—	—	—	—	—	—	24,896	12,850
Germany^a						c	d	e			f		
1913	3,388	9,720	19,689	198	—	1,613	—	409	—	—	1,230	—	—
1925	3,657	7,103	2,504	590	—	448	—	250	—	—	2,249	—	398 ^g
1929	5,799	13,831	10,625	689	—	3,860	1,751	615	—	—	2,860	—	1,287
1936	5,995	8,560	14,607	771	—	4,154	2,349	521	—	—	2,794	—	4,222
R.M.													
1913	3,703	17,654	19,838	—	—	2,182	—	13,458	—	—	8,554	—	—
1925	4,354	10,360	2,875	—	—	653	—	1,481	—	—	4,099	—	728 ^g
1929	6,376	20,853	12,149	—	—	6,130 ^b	2,884	7,438	—	—	13,492	—	2,423
1936	6,758	15,188	18,334	—	—	6,354 ^b	5,850	7,887	—	—	17,875	—	5,507
Greece												a	b
1929	6,723	13,235	—	385	—	—	—	1,987	3	—	—	—	16
1936	11,918	13,843	—	2,871	—	—	—	2,211	1,512	—	—	53	252
Drachma													
1929	9,130	20,195	—	426	—	—	—	2,296	22	—	—	782	776
1936	13,961	22,612	—	3,104	—	—	—	2,566	3,190	—	—	1,416	2,312
Italy^{a b}						e				g		h	i
1913	2,775	2,500	2,595	2,091	—	706 ^d	—	—	—	—	—	—	—
1926	21,083	26,400	13,420	10,633	—	9,373	—	—	75	—	466	—	1,387
1929	17,377	32,314	17,182	11,774	—	9,813	—	—	112	—	5,352	—	2,396
1936	17,956	25,292	17,863	22,309	—	6,305	—	—	78	—	9,365	—	4,019
Lira													
1913	3,314	3,500	—	2,116	—	—	—	—	—	—	—	—	—
1926	26,350	33,900	14,256	10,733	—	10,171	—	—	165	—	871	—	—
1929	22,275	41,335	17,750	11,797	—	10,788	—	—	215	—	6,841	—	—
1936	20,424	29,865	18,969	23,240	—	6,780	—	—	361	—	14,125	—	—

ⁱ See page 146.

France: ^a Securities owned. ^b Post Office cheque account. ^c *Banques populaires*. ^d 1930, ^e "Portfolio of securities". ^f *Caisses régionales de crédit agricole mutuel*. ^g 1929: *Crédit foncier* and *Banque nationale du commerce extérieur*; 1936: the same, plus *Crédit national*. ^h 1935.

Germany: ^a Source: "Statistisches Jahrbuch für das Deutsche Reich", except for Reichsbank and commercial banks. ^b Post Office cheque account; balances to the account of depositors. ^c Institutions included, for 1913 and 1925: *Gewerbliche Kreditgenossenschaften*; for 1929 and 1936: *Genossenschaftsbanken*, *Gewerbliche Zentralkassen*, *Spar- und Darlehenskassen*, *Ländliche Zentralkassen* and *Verbrauchergenossenschaften*. ^d *Spezial- und Hausbanken*, including for 1929 twelve *Bodenbanken* and seven *Baubanken*. ^e Institutions included for 1913 and 1925: *Hypotheken-Aktien-Banken*; for 1929 and 1936: *Gemischte* and *Sonstige Hypothekenbanken* and *Schiffspfandbriefbanken*. ^f 1913 and 1925: *Öffentlich-rechtliche Banken* and *Realkreditanstalten*; 1929 and 1936: *Öffentlich-rechtliche Kreditanstalten*. ^g Life and sickness insurance institutions. ^h Provisional.

Greece: ^a *Caisse des dépôts et consignations*. ^b Special insurance institutions receiving deposits and granting mostly mortgage loans.

Italy: ^a Sources: For commercial banks, the League of Nations memorandum, *Commercial Banks*, Vols. 1913-1929 and 1937/38; for the *Banca d'Italia*. ^b The amounts shown as deposits in columns 2-12 include correspondent creditors, or the accounts of commercial and industrial clients. ^c Including *Monti di Pegni* of the first and second category. ^d Liability of the *Cassa dei Depositi e Prestiti* towards the Post Office Savings Bank. ^e Co-operative societies with limited and unlimited liability. ^f 1912. ^g Agricultural credit institutions. ^h Public law institutions (*Istituti di diritto pubblico ed enti morali*) — namely: for 1926: *Banca Nazionale del Lavoro*, *Monti dei Paschi di Siena* and the *Istituto nazionale di credito per le piccole industrie e l'artigianato*; for 1929: the same, plus *Banco di Napoli* and *Banco di Sicilia*; for 1936: the preceding, plus the *Istituto di San Paolo* of Turin and the *Istituto nazionale di previdenza e credito delle comunicazioni*, in Rome. The accounts of the three principal commercial banks (the *Banca Commerciale*, *Credito Italiano*, and *Banca di Roma*), which are officially shown under this heading in 1936, are included in this table among commercial banks. ⁱ *Istituto nazionale delle Assicurazioni*.

Table VII. — DEPOSITS AND TOTAL ASSETS OF VARIOUS TYPES OF CREDIT INSTITUTIONS, END OF 1913 (OR 1914), 1925, 1929 AND 1936 (continued).¹

	Central Bank a. Sum of note circulation and other sight liabilities. b. Total assets.	Com- mercial banks ⁱⁱ	Savings banks			People's banks or credit asso- ciations	Trust or finance com- panies	Building and loan asso- ciations	Mort- gage banks	Agricultural banks	Public banks		Insurance companies ⁱⁱⁱ a. Premium reserves. b. Total assets.
			Ordinary	Post Office	Other						Local Government, Cantonal, etc.	Central Government	
	1	2	3	4	5	6	7	8	9	10	11	12	13
National currency (000,000's).													
Japan					a. Total deposits ^{iv} b. Total assets ^v								
				b	d	f		g			h		
a	1914	503	1,491	364	189	25	—	4			240		
	1925	2,289	8,727	900	1,173	655	225	60			822	629	
	1929	2,175	9,292	1,344	2,113	1,108	1,169	92			931	1,032	
	1936	2,211	11,008	1,832	3,434	1,378 ^e	1,854	149			1,096	2,442	
Yen				a	c			a			a	i	
b	1914	586	1,714	361		46	—	205			335		
	1925	2,457	12,727	719	1,784 ^j	549	333	766			1,843	961	
	1929	2,396	12,878		2,890	897	1,572	936			2,126	1,467	
	1936	2,485	13,903	1,763	4,910	1,033 ^e	2,552	1,020			1,624	2,669	
Netherlands^a		b			e	f		g					
a	1914	324	297	118	185	57							
	1925	887	1,494	306 ^d	321 ^d	36	343					492	
	1929	860	1,774	381	351	58	456					676	
	1936	1,158	1,240	495	546	34	431					1,031	
Gulden			c										
b	1914	352	398			65		727					
	1925	930	2,534	336 ^d	387 ^d	398		930				581	
	1929	909	3,008	424	435	522		1,138				807	
	1936	1,202	1,931	558	691	511		1,032				1,153 ^h	
New Zealand		a	a					a				b	
a	1913	—	26	2	17			1				14 ^c	
	1925	—	55	6	48 ^a			2				20	
	1929	—	60	9	49 ^a			2				24	
	1936	31	68	12	58 ^a			3				44	
£NZ.					d								
b	1913	—	31		19 ^c			3				14 ^c	
	1925	—	61		48 ^a			5				21	
	1929	—	63		50 ^a			8				25	
	1936	32	86		58 ^a			10				47	
Norway						a		b			c	c	
a	1913	120	592	607								87	
	1925	466	1,246	2,541								335	
	1929	407	1,058	2,287								471	
	1936	534	884	1,863								726	
Krone													
b	1913	167	910	684		5 ^d		254				97	
	1925	539	2,281	2,768		47 ^d		646				369	
	1929	477	1,710	2,540		74 ^d		901				506	
	1936	594	1,571	2,181		184 ^d		1,216				775	

¹⁻⁵ See page 146.

Japan : ^a Total of loans and discounts. ^b Figures relate to the Postal Savings and the Postal Transfer System except for 1914, for which year they cover the former only. ^c Accounts of the Postal Savings and Postal Transfer System with the Treasury Deposit Bureau. ^d Credit associations; amounts shown under ^b are the total of loans granted. ^e 1935. ^f Figures under (a) represent money in trust; those under (b) = total assets of the trust account. ^g The Hypothec Bank of Japan. ^h Yokohama Specie Bank, Industrial Bank of Japan, agricultural and industrial banks and Hokkaido Colonial Bank. ⁱ Advances and security holdings of domestic companies. ^j 1926.

Netherlands : ^a Sources: *The Statistical Year-Book* of the Netherlands, except for savings banks and insurance companies. ^b End of March of the following year. ^c Principal assets. ^d 1926. ^e *Sparkasondernemingen* or savings insurance shops. Amounts shown are savings account and premium reserves. ^f *Raiffeisen* banks. ^g Loans and advances of mortgage banks established in the Netherlands or in the Netherlands Indies as reported by the *Vereeniging voor den Effectenhandel*, Amsterdam. ^h 1935.

New Zealand : ^a March 31st of following year. ^b Ordinary and industrial life insurance; New Zealand business only. ^c 1914. ^d Total securities. ^e 1914.

Norway : ^a Credit associations. ^b The figures are a combination of calendar and financial year figures and relate, for 1913, to the Mortgage Bank of Norway and the Norwegian Bank of rural property and workers' housing; for 1925, to the same, plus the Norwegian Bank for small holdings and housing and the Norwegian Bank for fishery; for 1929 and 1936, to the same as for 1925, plus the Norwegian Communal Bank. ^c Included under mortgage banks, column 9. ^d Bonds in circulation.

Table VII. — DEPOSITS AND TOTAL ASSETS OF VARIOUS TYPES OF CREDIT INSTITUTIONS, END OF 1913 (OR 1914), 1925, 1929 AND 1936 (continued).¹

	Central Bank a. Sum of note circulation and other sight liabilities. b. Total assets.	Com- mercial banks ⁱⁱ	Savings banks			People's banks or credit asso- ciations	Trust or finance com- panies	Building and loan asso- ciations	Mort- gage banks	Agri- cultural banks	Public banks		Insurance companies ⁱⁱⁱ a. Premium reserves. b. Total assets.	
			Ordinary	Post Office	Other						Local Government, Cantonal, etc.	Central Govern- ment		
	1	2	3	4	5	6	7	8	9	10	11	12	13	
													a. Total deposits ⁱ b. Total assets ^r	
													National currency (000,000's).	
Poland			a		b	c					d	e		
a {	1925	482	333	62	65	.	36	.	.	.	.	83	.
	1929	1,808	1,090	442	384	4	339	.	.	.	30	315	143	
Zloty	1936	1,326	631	720	896	8	263	.	.	.	45	485	289	
b {	1925	684	1,024	.	174 ^f	.	.	.	.	.	.	644	.
	1929	2,256	2,978	673	505	.	704	.	.	.	137	2,522	323	
	1936	1,814	1,985	1,181	1,069	.	616	.	.	.	155	3,395	449	
Sweden										b				
a {	1913	352	1,692	953	48 ^a	—	—	.	.	—	.	.	391	
	1925	812	3,494	2,489	165 ^a	—	—	.	.	4	.	.	890	
	1929	846	3,481	2,884	284 ^a	—	—	.	.	7	.	.	1,177	
Krone	1936	1,382	3,833	3,402	514 ^a	—	—	.	.	30	.	.	1,982 [*]	
b {	1913	430	3,003 ^c	1,036	52	—	—	.	.	481	—	.	502	
	1925	903	5,711 ^c	2,670	171	—	—	.	.	740	11 ^d	.	1,126	
	1929	949	5,637 ^c	3,135	293	—	—	.	.	975	18 ^d	.	1,505	
	1936	1,578	5,628	3,770	514 [*]	—	—	.	.	1,660	76 ^d	.	2,334	
Switzerland			a			b	c				d	e		
a {	1913	373	2,518	733	.	.	29	61	.	911	.	2,181	—	11,688
	1925	1,000	4,784	908	.	.	154	66	.	1,208	.	3,766	—	1,808
	1929	1,200	7,390	1,095	.	.	227	198	.	1,477	.	4,809	—	1,907
Franc	1936	2,760	4,131	1,347	.	.	348	33	.	1,655	.	6,264	—	3,390
b {	1913	405	4,053	801	.	.	.	970	.	1,598	.	2,873	—	14,603
	1925	1,050	7,075	974	.	.	161	901	.	1,850	.	4,713	—	2,278
	1929	1,264	11,020	1,178	.	.	239	2,282	.	2,233	.	5,824	—	3,291
	1936	3,481	6,012	1,474	.	.	377	1,294	.	2,467 ^f	.	8,220 ^g	149	4,010
Union of S. Africa		a	a	a	ac	d					e			
a {	1914	—	36 ^b	.	7	.	—	.	.	—	.	—	.	.
	1925	14	60	1	6	1	—	6	3	—	.	—	.	.
	1929	17	61	2	7	1	—	8	7	—	.	—	.	.
£SA	1936	44	95	3	18	4	1	7	21	—	.	—	.	.
b {	1914	—	40	.	.	—	—	.	.	—	.	5	.	.
	1925	16	67	2	.	.	—	11	9	—	.	11	.	33
	1929	20	70	3	.	.	—	15	22	—	.	13	.	45
	1936	51	98	3	.	.	1	15	40	—	.	17	.	68

¹ See page 146.

Poland: ^a Communal savings banks. ^b Rural loan and savings banks. ^c Co-operative credit societies. ^d Communal banks. ^e Combined accounts of the National Economic Bank and the State Land Bank. ^f 1926.

Sweden: ^a Excluding accrued interest. ^b Agricultural credit societies established in 1915. ^c Including rediscounted bills. ^d Excluding loans granted to local societies by central ones. ^{*} Provisional.

Switzerland: ^a Combined accounts of big commercial banks and of local banks. ^b Union of Raiffeisen banks. ^c Finance companies, most of which receive deposits from the public. ^d Cantonal banks. ^e *Caisse de prêts de la Confédération suisse*, created in July 1932. ^f Including total assets of the *Banque des lettres de gage d'établissements suisses de crédit hypothécaire*, created in 1931, amounting to 268 millions at the end of 1936. ^g Including total assets of the *Centrale de lettres de gage des banques cantonales suisses*, amounting to 202 millions in 1936.

Union of South Africa: ^a As on March 31st of the following year. ^b Includes deposits of savings banks. ^c Savings certificates. ^d There are four people's banks of very small importance. ^e Land and Agricultural Bank. ^f Total assets within the Union.

Table VII. — DEPOSITS AND TOTAL ASSETS OF VARIOUS TYPES OF CREDIT INSTITUTIONS, END OF 1913 (OR 1914), 1925, 1929 AND 1935 (concluded).¹

	Central Bank a. Sum of note circulation and other sight liabilities b. Total assets.	Com-mercial banks ¹¹	Savings banks			People's banks or credit associations	Trust or finance companies	Building and loan associations	Mort-gage banks	Agri-cultural banks	Public banks		Insurance companies ¹² a. Premium reserves b. Total assets
			Ordinary	Post Office	Other						Local Government, Cantonal, etc.	Central Government	
	1	2	3	4	5	6	7	8	9	10	11	12	13
a. Total deposits ¹³													
b. Total assets ¹⁴													
National currency (000,000's).													
United Kingdom			a		c	d	e	f					g
1913	101	1,009	69	187	138 ^o	26	16						436
1925	314	2,163	110	285	484	63	32						723
1929	469	2,284	124	285	479	81	47						916
1936	623	2,778	212	432	514	162	141						1,243
£													
1913	119	1,122	71	193	.	28	65						530
1925	332	2,536	115	316	.	65	169						985
1929	513	2,730	130	307	.	84	313						1,242
1936	687	3,156	222	453	.	167	656		13				1,635
United States	a	b			c			d			e		
1914	3,297	14,710	.	59	3,915	.	—	.	—	.	—	.	4,399 ^f
1925	7,074	40,465	.	134	7,147	.	—	.	—	.	—	.	9,927
1929	6,992	45,540	.	164	9,003	.	—	.	—	.	—	.	14,948
1936	13,652	41,374	.	1,232	10,060	.	—	.	—	.	—	.	20,404 ^g
\$													
1914	330	22,718	.	60	4,253	.	1,358	.	—	.	—	.	4,935 ^f
1925	5,109	54,144	.	141	7,913	.	5,509	.	592	.	1,197	.	11,538
1929	5,458	62,166	.	174	10,006	.	8,695	.	640	.	1,412	.	17,482
1936	12,525	55,790	.	1,265	11,409	.	5,620	.	226	.	10,314	.	24,874
Yugoslavia			a										
1929	7,229	9,344	1,642	1,021 ^b	.	.	.	492	5 ^c	.	.	.	506
1936	6,978	5,285	1,923	2,449 ^b	.	.	.	1,241	35	.	.	.	883
Dinar													
1929	15,207	18,419	1,927	1,934	.	.	.	3,861	1,002 ^c	.	.	.	.
1936	10,935	13,275	2,513	3,885	.	.	.	8,729	2,168	.	.	.	890

¹ See page 146.

United Kingdom: ^a Trustee savings banks; the figures relate to November 20th and include particulars for the whole of Ireland. ^b National Savings Certificates; as on March 31st of following year. ^c March 31st, 1918. ^d Combined accounts of the Yorkshire Penny Bank, the Birmingham Municipal Bank and the Co-operative Wholesale Society. ^e Amounts shown under (a) relate to "depositors and other creditors"; deposits only were, in 1929, £39 million; in 1936, £128 million. ^f Combined figure of the assets of the Agricultural Mortgage Corporation and the Scottish Agricultural Securities. ^g The figures under (a) represent the life and annuity funds of all companies established within the United Kingdom transacting life insurance; those under (b) show the total assets of all companies established within the United Kingdom.

United States: ^a Amounts under (a) represent total of "money in circulation" and "deposits" of Federal Reserve banks. ^b All banks other than mutual savings banks, including, as from 1934, private banks. ^c Mutual savings banks ("Ordinary savings banks" included among "Commercial banks"). ^d Joint-stock land banks, established 1917; now in process of liquidation. ^e Government corporations and credit agencies of the United States, partly or wholly financed from Government funds. ^f 1915. ^g 1935.

Yugoslavia: ^a Municipal and other savings banks. ^b Including also cheque accounts. ^c 1930.

Table VIII. — PERCENTAGE COMPOSITION OF COMMERCIAL BANK DEPOSITS.

(For absolute figures, see Table I.)

(a) Current accounts and sight deposits } as percentage of total deposits.
 (b) Other deposits

Country	1929	1931	1932	1933	1934	1935	1936	1937	1938
Argentina	(a) 30.2	27.6	30.7	33.8	32.4	31.7	35.1	36.1	.
	(b) 69.8	72.4	69.3	66.2	67.6	68.3	64.9	63.9	.
Australia ¹	(a) 33.3	31.1	32.1	33.8	36.2	37.2	37.9	37.4	.
	(b) 66.7	68.9	67.9	66.2	63.8	62.8	62.1	62.6	.
Austria	(a) .	.	82.1	81.3	78.4	76.1	76.1	.	.
	(b) .	.	17.9	18.7	21.6	23.9	23.9	.	.
Belgium	(a) 72.5	75.3	75.4	77.6	.	84.1	84.0	83.3	89.5
	(b) 27.5	24.7	24.6	22.4	.	15.9	16.0	16.7	10.5
Bolivia (Two banks)	(a) 52.3	44.8	56.1	59.2	89.0	93.5	96.1	.	.
	(b) 47.7	55.2	43.9	40.8	11.0	6.5	3.9	.	.
Brazil	(a) 58.8	58.5	69.2	68.5	68.1	62.7	63.0	69.6	.
	(b) 41.2	41.5	30.8	31.5	31.9	37.3	37.0	30.4	.
Canada	(a) 30.4	29.5	24.0	25.1	26.6	27.1	27.7	27.4	28.8
	(b) 69.6	70.5	76.0	74.9	73.4	72.9	72.3	72.6	71.2
Chile	(a) 40.1	46.8	62.4	69.2	73.0	70.0	66.5	69.6	.
	(b) 59.9	53.2	37.6	30.8	27.0	30.0	33.5	30.4	.
Colombia	(a) 65.3	55.2	62.1	67.0	77.5	74.2	79.2	79.8	.
	(b) 34.7	44.8	37.9	33.0	22.5	25.8	20.8	20.2	.
Czecho-Slovakia	(a) 52.1	47.7	47.4	48.3	46.9	46.0	46.6	44.8	.
	(b) 47.9	52.3	52.6	51.7	53.1	54.0	53.4	55.2	.
Denmark	(a) 27.7	27.8	28.2	28.6	27.6	27.4	28.4	29.3	*29.5
	(b) 72.3	72.2	71.8	71.4	72.4	72.6	71.6	70.7	*70.5
Ecuador	(a) 71.3	65.3	81.9	85.1	76.9	69.0	78.4	71.1	.
	(b) 28.7	34.7	18.1	14.9	23.1	31.0	21.6	28.9	.
Estonia	(a) 63.3	74.4	67.4	70.8	74.9	72.9	74.5	71.7	.
	(b) 36.7	25.6	32.6	29.2	25.1	27.1	25.5	28.3	.
Finland	(a) 19.9	22.2	22.5	23.6	20.0	20.3	21.2	22.4	21.5
	(b) 80.1	77.8	77.5	76.4	80.0	79.7	78.8	77.6	78.5
France (Deposit banks)	(a) 92.7	93.8	94.2	94.9	95.0	95.2	95.9	96.3	.
	(b) 7.3	6.2	5.8	5.1	5.0	4.8	4.1	3.7	.
France (Investment banks)	(a) 57.4	64.7	70.5	59.2	62.4	66.7	73.5	71.9	.
	(b) 42.6	35.3	29.5	40.8	37.6	33.3	26.5	28.1	.
France (Deposit & Investment banks)	(a) 89.1	91.7	92.5	92.3	93.0	94.1	94.3	94.3	.
	(b) 10.9	8.3	7.5	7.7	7.0	5.9	5.7	5.7	.
Germany (All banks) ²	(a) 37.1	50.6	46.9	45.0	46.5	47.8	49.2	48.2	50.3 ⁵
	(b) 62.9	49.4	53.1	55.0	53.5	52.2	50.8	51.8	49.7 ⁵
Germany (Big Berlin banks) ³	(a) 41.8	50.8	48.2	47.3	49.8	52.6	54.6	52.2	.
	(b) 58.2	49.2	51.8	52.7	50.2	47.4	45.4	47.8	.
Greece	(a) 62.8	74.8	73.0	76.0	78.8	79.0	80.4	.	.
	(b) 37.2	25.2	27.0	24.0	21.2	21.0	19.6	.	.
Hungary	(a) 32.6	33.9	35.0	35.6	32.1	32.1	31.3	30.5	.
	(b) 67.4	66.1	65.0	64.4	67.9	67.9	68.7	69.5	.
Italy ⁴	(a) 72.8	73.5	72.1	71.1	69.4	66.4	.	.	.
	(b) 27.2	26.5	27.9	28.9	30.6	33.6	.	.	.

* Provisional figure.

¹ End of June following year. Deposits within the Dominion only.² November returns. Including balances due to German banks.³ Including balances due to German banks.⁴ Including correspondents.⁵ Old Reich only.

Table VIII. — PERCENTAGE COMPOSITION OF COMMERCIAL BANK DEPOSITS (concluded).

(a) Current accounts and sight deposits } as percentage of total deposits.
 (b) Other deposits

Country		1929	1931	1932	1933	1934	1935	1936	1937	1938
Italy ¹	(a)	22.8	22.6	21.7	21.9	20.4	22.3	.	.	.
	(b)	77.2	77.4	78.3	78.1	79.6	77.7	.	.	.
Japan (" Ordinary banks ")	(a)	35.0	32.0	33.2	33.2	32.6	31.3	31.4	34.1	.
	(b)	65.0	68.0	66.8	66.8	67.4	68.7	68.6	65.9	.
Latvia	(a)	94.0	91.6	94.2	94.4	95.2	96.0	87.6	92.9	.
	(b)	6.0	8.4	5.8	5.6	4.8	4.0	12.4	7.1	.
Mexico	(a)	80.4	70.2	83.4	78.1	82.3	78.7	77.3	69.3	.
	(b)	19.6	29.8	16.6	21.9	17.7	21.3	22.7	30.7	.
Netherlands	(a)	46.8	47.1	54.5	55.3	57.0	59.9	61.4	68.5	.
	(b)	53.2	52.9	45.5	44.7	43.0	40.1	38.6	31.5	.
New Zealand ²	(a)	39.5	31.1	32.9	35.3	39.5	46.0	52.7	53.8	.
	(b)	60.5	68.9	67.1	64.7	60.5	54.0	47.3	46.2	.
Norway	(a)	11.7	11.4	11.2	9.9	11.8	13.2	14.5	13.8	*15.0
	(b)	88.3	88.6	88.8	90.1	88.2	86.8	85.5	86.2	*85.0
Paraguay	(a)	.	65.5	71.2	79.1	82.4	86.7	83.5	.	.
	(b)	.	34.5	28.8	20.9	17.6	13.3	16.5	.	.
Peru	(a)	51.2	48.8	52.4	55.3	59.7	56.7	56.5	54.4	.
	(b)	48.8	51.2	47.6	44.7	40.3	43.3	43.5	45.6	.
Poland	(a)	49.2	51.4	49.8	54.7	52.9	54.0	58.5	60.4	59.1
	(b)	50.8	48.6	50.2	45.3	47.1	46.0	41.5	39.6	40.9
Portugal	(a)	46.0	57.2	58.8	62.2	62.8	65.5	69.5	61.2	.
	(b)	54.0	42.8	41.2	37.8	37.2	34.5	30.5	38.8	.
Spain	(a)	59.3	56.1	55.0	53.7	52.8	51.4	.	.	.
	(b)	40.7	43.9	45.0	46.3	47.2	48.6	.	.	.
Sweden	(a)	18.9	17.2	17.6	18.6	19.6	21.1	23.3	24.6	27.1
	(b)	81.1	82.8	82.4	81.4	80.4	78.9	76.7	75.4	72.9
Switzerland	(a)	27.5	17.2	17.4	16.6	15.5	13.8	18.5	20.5	.
	(b)	72.5	82.8	82.6	83.4	84.5	86.2	81.5	79.5	.
Turkey	(a)	.	.	.	(82.7)	(85.5)	(76.4)	57.6	54.2	.
	(b)	.	.	.	(17.3)	(14.5)	(23.6)	42.4	45.8	.
Union of South Africa ³	(a)	50.3	43.6	42.8	64.3	64.9	69.6	76.0	70.1	.
	(b)	49.7	56.4	57.2	35.7	35.1	30.4	24.0	29.9	.
Union of South Africa ⁴	(a)	49.5	46.4	47.2	61.7	62.2	64.9	70.6	64.1	.
	(b)	50.5	53.6	52.8	38.3	37.8	35.1	29.4	35.9	.
United Kingdom (London Clearing banks)	(a)	54.0	50.6	50.7	53.0	53.4	55.2	56.0	55.6	55.7
	(b)	46.0	49.4	49.3	47.0	46.6	44.8	44.0	44.4	44.3
U.S.A. (All banks) ⁵	(a)	55.2	53.2	53.3	57.9	60.1	62.7	65.3	64.8	.
	(b)	44.8	46.8	46.7	42.1	39.9	37.3	34.7	35.2	.
U.S.A. (Member banks)	(a)	59.0	57.6	57.8	61.2	65.0	67.2	69.1	66.6	.
	(b)	41.0	42.4	42.2	38.8	35.0	32.8	30.9	33.4	.
Uruguay	(a)	47.6	48.2	54.6	49.0	46.5	40.0	33.3	34.2	.
	(b)	52.4	51.8	45.4	51.0	53.5	60.0	66.7	65.8	.
Yugoslavia	(a)	21.5	16.5	14.9	16.8	10.7	14.3	14.7	.	.
	(b)	78.5	83.5	85.1	83.2	89.3	85.7	85.3	.	.

* Provisional figure.

¹ Deposits only.² End of June following year. Deposits within the Dominion only.³ Deposits within the Union only.⁴ Including deposits with branches outside the Union.⁵ End of June each year.

Table IX. — CASH RATIOS OF COMMERCIAL BANKS.

(a) Cash as percentage of demand deposits. (c) Cash as percentage of total deposits.
 (b) Cash and other items of a cash nature as percentage of demand deposits. (d) Cash and other items of a cash nature as percentage of total deposits.

Country		1929	1931	1932	1933	1934	1935	1936	1937	1938
Argentina	(a)	39.9	52.9	59.4	44.2	36.5	77.7	59.9	49.2	.
	(b)	39.9	52.9	59.4	44.2	36.5	77.7	59.9	49.2	.
	(c)	12.0	14.6	18.2	14.9	11.8	24.7	21.0	17.8	.
	(d)	12.0	14.6	18.2	14.9	11.8	24.7	21.0	17.8	.
Australia ¹	(a)	41.9	57.2	46.4	52.6	36.2	28.2	32.1	27.8	.
	(b)	44.0	58.7	48.0	54.1	37.8	30.0	33.9	29.6	.
	(c)	13.9	17.8	14.9	17.8	13.1	10.5	12.2	10.4	.
	(d)	14.6	18.3	15.4	18.3	13.7	11.1	12.9	11.1	.
New Zealand ¹	(a)	29.7	37.5	27.5	22.3	16.4	34.1	39.1	32.8	.
	(b)	32.8	39.9	28.0	24.5	26.6	108.0	85.3	63.9	.
	(c)	11.7	11.7	9.0	7.9	6.5	15.7	20.6	17.6	.
	(d)	12.9	12.4	7.5	8.6	10.5	49.6	44.9	34.4	.
Australasia ²	(a)	.	.	.	.	.	.	.	.	.
	(b)	.	.	.	.	.	.	.	.	.
	(c)	20.9	22.8	21.0	19.9	21.7	17.9	19.5	20.7	.
	(d)	30.4	32.0	27.3	27.8	28.3	25.5	27.2	28.6	.
Austria	(a)	.	.	4.0	6.8	11.0	15.3	12.7	.	.
	(b)	.	.	4.0	6.8	11.0	15.3	12.7	.	.
	(c)	.	.	3.3	5.5	8.6	11.6	9.7	.	.
	(d)	.	.	3.3	5.5	8.6	11.6	9.7	.	.
Belgium ³	(a)	.	.	.	.	.	.	.	.	14.4
	(b)	17.2	18.2	27.2	32.8	.	27.7	21.7	18.2	29.0
	(c)	.	.	.	.	.	.	.	.	12.9
	(d)	12.5	13.7	20.5	25.5	.	23.3	18.2	15.2	25.9
Bolivia (two banks)	(a)	55.0	53.8	51.9	128.2	92.8	98.7	84.7	.	.
	(b)	55.0	53.8	51.9	128.2	92.8	98.7	84.8	.	.
	(c)	28.8	24.1	29.1	75.9	82.6	92.3	81.4	*51.9	.
	(d)	28.8	24.1	29.1	75.9	82.6	92.3	81.4	*51.9	.
Brazil	(a)	44.5	35.2	39.0	33.1	27.9	27.6	.	.	.
	(b)	50.3	39.9	41.4	36.2	30.7	30.4	.	.	.
	(c)	26.2	20.6	27.0	22.1	19.0	17.3	.	.	.
	(d)	29.6	23.4	28.6	24.8	20.9	19.1	.	.	.
Bulgaria	(a)	.	.	.	.	.	.	.	.	.
	(b)	.	.	.	.	.	.	.	.	.
	(c)	.	15.9	18.4	16.0	16.2	19.2	16.6	.	.
	(d)	10.3	21.8	22.6	20.1	20.3	27.2	16.6	.	.
Canada	(a)	34.6	33.7	45.4	40.1	41.1	37.8	35.8	37.9	35.6
	(b)	55.6	50.1	62.5	57.4	59.4	56.2	53.5	56.0	50.1
	(c)	10.5	9.9	10.9	10.1	10.9	10.3	9.9	10.4	10.2
	(d)	16.9	14.7	15.0	14.4	15.8	15.2	14.8	15.3	14.4
Chile	(a)	32.4	44.4	50.1	39.0	26.6	21.8	25.6	20.3	.
	(b)	44.9	51.6	55.0	44.8	34.1	27.8	27.7	27.7	.
	(c)	13.0	20.8	31.3	27.0	19.3	15.3	17.0	14.2	.
	(d)	18.0	24.1	34.3	31.0	24.7	19.4	18.4	19.3	.
Colombia	(a)	26.2	40.0	43.0	37.6	35.9	36.1	31.4	35.4	.
	(b)	26.2	40.0	43.0	37.6	35.9	36.1	31.4	35.4	.
	(c)	17.0	18.8	26.7	25.2	27.8	26.8	24.9	28.2	.
	(d)	17.0	18.8	26.7	25.2	27.8	26.8	24.9	28.2	.
Czecho-Slovakia	(a)	20.7	.	.	.	.	.	.	.	.
	(b)	31.5	23.3	34.8	32.2	35.6	43.0	38.8	45.6	.
	(c)	10.8	.	.	.	.	.	.	.	.
	(d)	16.4	11.1	16.5	15.5	16.7	19.8	18.1	20.4	.
Denmark	(a)	14.0	14.1	26.4	18.0	23.0	20.2	15.0	20.6	.
	(b)	18.5	18.9	32.3	35.1	34.8	32.8	26.1	31.8	*33.7
	(c)	3.9	6.7	7.4	5.2	6.4	5.5	4.2	6.1	.
	(d)	5.1	5.3	9.1	10.0	9.6	9.0	7.4	9.3	*9.9

* Provisional figure.

¹ End of June following year. Accounts of domestic offices only.² End of June following year. Including accounts of branches outside the Dominions.³ Figures since 1935 are not strictly comparable with previous years.

Table IX. — CASH RATIOS OF COMMERCIAL BANKS (continued).

(a) Cash as percentage of demand deposits. (c) Cash as percentage of total deposits.
 (b) Cash and other items of a cash nature as percentage of demand deposits. (d) Cash and other items of a cash nature as percentage of total deposits.

Country		1929	1931	1932	1933	1934	1935	1936	1937	1938
Ecuador	(a)	36.2	31.0	54.2	52.0	39.8	38.4	49.8	42.2	.
	(b)	38.3	34.1	55.8	57.6	44.6	45.4	53.8	47.3	.
	(c)	25.8	20.2	44.4	44.2	30.6	26.5	39.1	30.0	.
	(d)	27.3	22.3	45.7	49.0	34.3	31.3	42.2	33.6	.
Estonia	(a)	9.2	10.8	8.9	12.1	10.5	13.1	10.6	11.3	.
	(b)	14.7	19.0	18.1	21.4	26.5	27.4	21.4	23.2	.
	(c)	5.8	6.8	6.0	8.6	7.9	9.5	7.9	8.1	.
	(d)	9.3	12.0	12.2	15.2	19.9	20.0	16.0	16.7	.
Finland	(a)	16.0	14.2	13.3	30.2	26.2	39.1	46.7	58.7	53.4
	(b)	20.6	16.8	15.3	32.9	26.2	39.1	46.7	58.7	53.4
	(c)	3.2	3.1	3.0	7.1	5.2	7.9	9.9	13.1	11.5
	(d)	4.1	3.7	3.4	7.7	5.2	7.9	9.9	13.1	11.5
France (Deposit banks)	(a)	.	28.1	23.6	17.6	18.5	13.2	10.8	11.3	.
	(b)	16.3	31.9	27.4	21.6	22.5	21.4	21.3	24.9	.
	(c)	.	26.4	22.3	16.7	17.6	12.5	10.4	10.9	.
	(d)	15.1	29.9	26.8	20.5	21.4	20.4	20.5	24.0	.
France (Investment banks)	(a)	14.7	24.4	24.6	31.2	26.0	17.8	16.5	17.1	.
	(b)	38.0	43.2	39.5	46.5	38.0	37.7	40.4	53.7	.
	(c)	8.4	15.8	17.3	18.6	16.2	11.9	12.1	12.3	.
	(d)	21.8	28.0	27.8	27.7	23.7	25.2	29.7	38.6	.
France (Deposit and Investment banks)	(a)	.	27.9	23.7	18.2	18.9	13.4	11.2	11.6	.
	(b)	17.7	32.5	28.1	22.7	23.2	22.2	22.4	26.7	.
	(c)	.	25.6	21.9	16.8	17.5	12.6	10.5	11.0	.
	(d)	15.8	29.8	25.9	21.0	21.5	20.9	21.2	25.2	.
Germany (All banks) ¹	(a)	.	.	.	.	.	.	.	.	.
	(b)	5.7	6.1	5.4	5.8	4.7	5.2	4.9	5.0	.
	(c)	.	.	.	.	.	.	.	.	.
	(d)	2.1	3.1	2.5	2.6	2.2	2.5	2.4	2.4	.
Germany (All banks) ²	(a)	.	.	.	.	.	.	.	.	.
	(b)	.	.	.	.	.	.	.	.	.
	(c)	.	.	.	.	.	.	.	.	.
	(d)	2.4	3.5	3.0	3.3	2.6	2.9	2.7	2.7	3.1 ³
Germany (All banks) ⁴	(a)	.	.	.	.	.	.	.	.	.
	(b)	.	.	.	.	.	.	.	.	.
	(c)	.	.	.	.	.	.	.	.	.
	(d)	4.6	5.8	5.4	6.2	5.8	6.4	6.1	.	.
Germany (Big Berlin banks) ⁵	(a)	.	.	.	.	.	.	.	.	.
	(b)	10.0	11.1	8.5	9.1	8.5	8.9	8.2	7.8	.
	(c)	.	.	.	.	.	.	.	.	.
	(d)	4.2	5.6	4.1	4.3	4.2	4.7	4.5	4.1	.
Germany (Big Berlin banks) ⁴	(a)	.	.	.	.	.	.	.	.	.
	(b)	.	.	.	.	.	.	.	.	.
	(c)	.	.	.	.	.	.	.	.	.
	(d)	4.6	6.6	5.1	5.5	5.1	5.5	5.1	4.6	.
Greece	(a)	13.3	12.1	9.9	20.0	22.7	12.3	16.0	.	.
	(b)	13.3	12.1	9.9	20.0	22.7	12.3	16.0	.	.
	(c)	81.7	9.1	7.2	15.1	17.9	9.7	12.9	.	.
	(d)	8.2	9.1	7.2	15.1	17.9	9.7	12.9	.	.
Hungary	(a)	.	.	.	.	.	.	.	.	.
	(b)	.	.	.	.	.	.	.	.	.
	(c)	.	.	.	.	.	.	.	.	.
	(d)	10.7	9.7	9.6	8.0	8.1	8.6	8.4	8.5	.

¹ November returns. Deposits include balances due to German banks.

² November returns. Deposits only.

³ Old Reich only.

⁴ December figures. Deposits only.

⁵ December figures. Deposits include balances due to German banks.

Table IX. — CASH RATIOS OF COMMERCIAL BANKS (continued).

(a) Cash as percentage of demand deposits. (c) Cash as percentage of total deposits.
 (b) Cash and other items of a cash nature as percentage of demand deposits. (d) Cash and other items of a cash nature as percentage of total deposits.

Country		1929	1931	1932	1933	1934	1935	1936	1937	1938
Italy (All banks) ¹	(a)	.	.	.	.	.	.	.	.	.
	(b)	.	.	.	.	.	.	.	.	.
	(c)	4.0	4.4	5.0	5.1	5.2	5.4	8.7	5.4	.
	(d)	10.1	10.1	10.2	9.5	23.1	22.9	37.1	22.4	.
Italy (All banks) ²	(a)	.	.	.	.	.	.	.	.	.
	(b)	.	.	.	.	.	.	.	.	.
	(c)	12.1	13.7	15.5	14.7	13.5	13.5	13.6	13.3	.
	(d)	30.7	31.8	31.4	27.4	60.4	58.0	58.2	54.9	.
Japan (Clearing-house Member banks)	(a)	.	.	.	.	.	.	.	.	.
	(b)	27.6	22.2	22.4	22.3	24.3	21.7	20.1	20.6	.
	(c)	.	.	.	.	.	.	.	.	.
	(d)	11.3	8.6	8.7	8.9	9.6	8.1	7.6	8.6	.
Latvia	(a)	12.4	19.5	19.1	18.7	25.7	31.4	21.2	15.4	.
	(b)	14.7	21.1	20.2	19.8	27.2	35.3	25.2	17.6	.
	(c)	11.7	17.9	17.9	17.6	24.4	30.2	18.6	14.3	.
	(d)	13.8	19.3	19.0	18.7	25.9	33.9	22.1	16.3	.
Lithuania	(a)	.	.	.	.	.	.	.	.	.
	(b)	.	.	.	.	.	.	.	.	.
	(c)	.	.	.	.	.	.	.	.	.
	(d)	7.5	7.6	6.9	8.2	7.7	8.9	7.4	9.4	.
Mexico	(a)	31.0	29.4	45.9	43.4	47.4	35.9	39.7	41.0	.
	(b)	35.8	32.8	50.3	47.3	51.7	41.7	45.4	46.3	.
	(c)	24.9	20.6	38.3	33.9	39.0	28.3	30.7	28.4	.
	(d)	28.7	23.0	41.9	36.9	42.5	32.9	35.1	32.1	.
Netherlands	(a)	.	.	.	.	.	.	.	.	.
	(b)	14.7	20.7	34.9	39.0	31.3	17.6	18.7	30.8	.
	(c)	.	.	.	.	.	.	.	.	.
	(d)	6.9	9.7	19.0	21.6	17.8	10.5	11.5	21.1	.
Norway	(a)	45.5	40.2	54.0	57.1	54.5	40.8	38.3	42.0	*42.7
	(b)	46.0	40.6	54.4	57.5	55.1	41.2	38.6	42.5	*43.1
	(c)	5.3	4.6	6.1	5.6	6.4	5.4	5.5	5.8	* 6.4
	(d)	5.4	4.6	6.1	5.7	6.5	5.4	5.6	5.9	* 6.4
Peru	(a)	30.7	34.5	33.1	48.9	38.5	26.9	37.9	37.5	.
	(b)	30.7	35.2	33.8	74.7	65.5	53.3	57.6	59.9	.
	(c)	15.7	16.8	17.3	27.0	23.0	15.3	21.4	20.4	.
	(d)	15.7	17.2	17.7	41.3	39.1	30.2	32.6	32.6	.
Poland	(a)	19.8	20.3	20.5	19.8	20.6	22.5	20.3	43.8	.
	(b)	25.0	24.0	24.2	22.4	22.5	24.3	21.1	44.7	20.8
	(c)	9.7	10.4	10.2	10.8	10.9	12.1	11.9	15.5	.
	(d)	12.3	12.3	12.1	12.2	11.9	13.1	12.4	15.9	12.3
Portugal	(a)	.	.	.	.	.	.	.	.	.
	(b)	33.7	45.3	34.9	32.6	32.5	29.4	31.0	28.1	.
	(c)	.	.	.	.	.	.	.	.	.
	(d)	15.5	25.9	20.5	20.3	20.4	19.2	21.5	17.2	.
Roumania	(a)	.	.	.	.	.	.	.	.	.
	(b)	.	.	.	.	.	.	.	.	.
	(c)	.	.	.	.	.	.	.	.	.
	(d)	12.9	10.1	9.6	12.7	23.1	20.8	.	.	.
Spain ³	(a)	26.4	34.7	32.9	34.8	31.0	37.7	.	.	.
	(b)	47.6	56.4	54.4	54.6	50.0	53.4	.	.	.
	(c)	16.0	20.1	18.5	19.0	16.9	19.4	.	.	.
	(d)	28.8	32.7	30.6	29.8	27.2	27.5	.	.	.

* Provisional figure.

¹ Current accounts include inland correspondents.² Deposits excluding correspondents.³ Figures for 1935 are provisional.

Table IX. — CASH RATIOS OF COMMERCIAL BANKS (concluded).

Country	1929	1931	1932	1933	1934	1935	1936	1937	1938	
Sweden	(a)	12.8	14.4	21.3	49.4	41.2	36.7	44.1	55.1	46.7
	(b)	19.4	22.1	28.8	57.9	50.1	45.8	52.1	62.2	52.2
	(c)	2.4	2.5	3.7	9.2	8.1	7.7	10.3	13.6	12.6
	(d)	3.7	3.8	5.1	10.8	9.8	9.1	12.1	15.3	14.1
Switzerland	(a)	.	.	.	.	.	.	.	.	.
	(b)	9.8	52.2	51.1	46.5	46.2	34.5	59.2	63.9	.
	(c)	.	.	.	.	.	.	.	.	.
	(d)	2.7	8.9	8.9	7.7	7.1	4.8	10.9	13.1	.
Turkey	(a)	.	.	.	.	.	38.6	28.6	.	.
	(b)	.	.	.	47.5	40.5	47.4	39.7	29.7	.
	(c)	.	.	.	.	.	22.2	15.5	.	.
	(d)	50.3	34.3	36.1	39.2	34.6	36.2	22.9	16.1	.
Union of South Africa ¹ . . .	(a)	23.3	22.9	18.4	41.2	34.8	38.7	28.1	26.9	.
	(b)	31.5	30.5	30.6	46.3	40.5	43.9	31.9	31.1	.
	(c)	11.5	10.6	8.7	25.4	21.6	25.1	19.8	17.2	.
	(d)	15.6	14.1	14.4	28.6	25.2	28.5	22.6	20.0	.
United Kingdom and Ireland:										
England and Wales (London Clearing banks)	(a)	.	.	.	.	.	.	.	.	.
	(b)	23.8	24.2	22.6	22.5	21.3	21.3	20.2	20.2	20.3
	(c)	.	.	.	.	.	.	.	.	.
	(d)	12.9	12.2	11.5	12.0	11.4	11.8	11.3	11.2	11.3
England and Wales (All banks)	(a)	.	.	.	.	.	.	.	.	.
	(b)	.	.	.	.	.	.	.	.	.
	(c)	.	.	.	.	.	.	.	.	.
	(d)	25.2	22.9	21.7	22.0	23.2	23.0	24.3	22.2	.
Scotland	(a)	.	.	.	.	.	.	.	.	.
	(b)	.	.	.	.	.	.	.	.	.
	(c)	.	.	.	.	.	.	.	.	.
	(d)	24.8	24.8	24.6	23.6	24.6	24.6	24.9	25.2	.
Ireland	(a)	.	.	.	.	.	.	.	.	.
	(b)	.	.	.	.	.	.	.	.	.
	(c)	.	.	.	.	.	.	.	.	.
	(d)	12.6	13.1	15.0	13.3	14.9	15.3	14.4	13.9	.
U.S.A. (All banks) ²	(a)	16.1	19.4	20.1	20.6	26.4	50.0	.	.	.
	(b)	22.9	28.3	25.9	27.5	29.6	53.0	54.9	54.7	.
	(c)	8.9	10.3	10.7	11.9	15.9	31.3	.	.	.
	(d)	12.7	15.1	13.8	15.9	17.8	33.2	35.8	35.5	.
U.S.A. (Member banks)	(a)	15.4	16.3	21.2	21.9	25.5	29.7	30.1	33.5	.
	(b)	35.9	29.9	29.2	29.7	35.8	40.5	40.6	43.5	.
	(c)	9.1	9.4	12.0	13.4	16.6	19.9	20.8	22.3	.
	(d)	21.2	17.2	16.6	18.2	23.3	27.2	28.0	29.0	.
Uruguay ³	(a)	47.1	67.9	76.1	62.0	53.6	58.6	76.6	77.5	.
	(b)	.	.	.	.	.	.	.	.	.
	(c)	22.4	32.7	41.6	30.4	24.9	23.4	25.5	26.5	.
	(d)	.	.	.	.	.	.	.	.	.
Venezuela ⁴	(a)	.	.	.	.	.	.	.	.	.
	(b)	.	.	.	.	.	.	.	.	.
	(c)	.	.	.	74.3	71.3	89.5	99.3	110.9	95.1
	(d)	.	.	.	89.2	88.2	104.0	128.3	136.0	114.6
Yugoslavia	(a)	.	32.4	37.2	40.8	68.9	71.5	58.6	.	.
	(b)	.	36.0	38.6	42.1	72.1	73.4	62.0	.	.
	(c)	.	5.4	5.5	6.9	7.4	10.2	8.6	.	.
	(d)	5.6	5.9	5.8	7.1	7.7	10.5	9.1	.	.

¹ Including accounts with branches outside the Union.² End of June each year. Since 1935, figures are not comparable with those for previous years, sums due from banks being included with cash.³ Excluding the Banco de la República.⁴ Ten banks. End of June each year.

Table X. — MOVEMENT OF BANK CLEARINGS (1929 = 100).

A. Clearings. B. Transfers. C. Bank Debits.

Period	Argen- tine 7	Austra- lia Sydney Mel- bourne	Austria 1	Belgium Brux- elles et Pro- vince	Brazil Banco do Bra- sil	Bul- garia Nati- onal Bank	Canada 2	Chile 3	Co- lombia 8 towns	Czecho- Slovakia Prague Brno Bratis- lava	Estonia Eesti Bank	Finland Bank of Finland	France Paris 3	Ger- many Reichs- bank	Greece Athens 4	Hung- ary Buda- pest 5	Italy 11 towns 6
	A	A	B	A	A	A	C	A	A	A	A	A	A	B	A	A	A
Quarterly averages																	
1930 1st quarter	90	98	98	93	.	.	78	96	64	91	105	96	106	95	88	80	89
2nd "	88	86	95	98	.	.	85	97	61	82	115	99	117	92	118	59	91
3rd "	83	76	99	92	.	.	76	81	57	72	114	98	111	96	111	62	92
4th "	83	90	104	93	.	.	82	77	51	77	89	99	100	92	129	90	101
1932 1st "	65	61	75	67	74	30	52	45	42	79	40	76	67	74	37	250	64
2nd "	62	71	73	57	85	30	55	51	43	74	44	69	68	70	47	263	86
3rd "	59	78	75	59	53	38	55	64	47	99	41	74	58	70	56	289	64
4th "	56	95	71	60	81	34	59	72	45	109	43	78	67	68	59	303	68
1933 1st "	56	81	69	56	91	22	49	70	52	52	38	76	71	67	56	276	65
2nd "	58	84	66	52	92	23	64	80	51	57	41	73	73	65	56	218	60
3rd "	55	80	69	52	104	22	74	85	64	57	49	77	74	66	59	196	62
4th "	65	96	71	48	97	24	70	79	73	54	54	86	78	70	67	230	69
1934 1st "	64	91	63	54	107	17	62	86	86	56	44	85	74	71	55	214	84
2nd "	67	94	56	51	112	26	71	98	87	47	52	91	60	73	64	181	67
3rd "	69	86	48	53	129	28	68	101	100	46	55	92	57	74	73	187	58
4th "	67	95	52	63	126	40	82	110	88	54	60	100	62	79	77	245	77
1935 1st "	68	93	48	58	116	33	60	111	110	55	48	97	66	81	75	209	69
2nd "	75	96	50	80	127	33	70	120	104	48	60	97	70	81	76	207	66
3rd "	78	91	50	54	147	38	64	113	115	52	65	103	60	88	86	240	76
4th "	82	109	57	57	146	54	76	125	115	66	75	112	68	91	88	240	78
1936 1st "	77	97	51	64	147	54	72	128	132	65	79	107	61	93	75	215	69
2nd "	77	98	51	66	142	52	76	141	120	72	76	108	61	92	72	203	68
3rd "	84	95	53	64	167	66	74	134	122	107	91	121	46	93	77	189	69
4th "	93	114	59	75	170	83	86	144	125	93	93	136	57	101	87	210	74
1937 I . . .	97	111	55	73	171	62	83	142	142	124	98	153	57	106	94	164	92
II . . .	89	119	51	70	160	76	70	131	122	104	92	136	56	95	113	155	73
III . . .	108	111	60	83	187	84	82	159	127	108	103	146	71	115	138	156	91
IV . . .	114	120	57	82	184	77	87	198	139	124	118	168	74	120	136	159	87
V . . .	98	109	53	68	179	68	71	170	129	108	117	166	61	111	124	147	75
VI . . .	95	107	55	84	193	60	74	161	139	116	108	158	70	111	115	143	92
VII . . .	105	114	60	77	205	60	70	190	151	131	113	170	66	112	125	142	109
VIII . . .	99	99	57	69	195	46	67	163	137	121	104	149	54	115	126	114	85
IX . . .	97	110	58	85	184	84	70	159	129	119	100	162	72	115	102	114	81
X . . .	92	119	59	88	199	120	75	176	143	121	117	181	79	120	126	132	94
XI . . .	96	112	59	66	182	81	75	166	158	106	126	169	68	113	131	129	81
XII . . .	102	123	65	81	201	102	79	170	144	112	121	186	72	132	125	135	82
1938 I . . .	93	101	56	82	188	123	63	167	157	112	97	178	76	129	119	151	90
II . . .	84	121	53	66	164	102	56	153	139	94	93	160	64	109	115	126	91
III . . .	98	115	.	83	193	85	61	184	146	122	111	164	80	134	131	136	101
IV . . .	89	115	.	75	...	83	62	179	140	114	123	157	82	138	135	182	106
V . . .	96	115	.	107	...	77	63	170	152	115	117	167	107	123	147	184	80
VI . . .	87	115	.	81	...	94	70	158	154	119	120	165	81	130	114	159	99
VII . . .	85	118	.	72	...	71	63	179	180	126	119	157	68	134	122	147	100
VIII . . .	88	97	.	79	...	88	61	171	159	139	112	148	78	143	146	119	93
IX . . .	88	105	.	84	...	121	68	150	181	109	143	158	57	165	124	128	91
X . . .	88	...	.	90	...	120	77	164	161	78	117	185	58	166	139	184	104
XI . . .	89	...	.	65	...	113	76	168	173	93	...	164	75	161	130	143	88
XII . . .	101	...	.	76	...	97	75	178	154	97	...	186	90	160	144	164	111

¹ Austrian Nationalbank, Postsparkasse und Wiener Giro- und Kassenverein. — ² All clearing-houses. — ³ Clearing-house of the Bankers' Association of Paris. — ⁴ Amounts cleared plus balances cleared through transfers at the Bank of Greece. — ⁵ Clearing Association of Budapest. — ⁶ Daily averages. — ⁷ Banco Central de la Republica Argentina.

Table X. — MOVEMENT OF BANK CLEARINGS (1929 = 100) (concluded).

A. Clearings. B. Transfers. C. Bank Debits.

Period	Japan ¹	Luxemburg	Netherlands National Bank	New Zealand ²	Norway Oslo	Peru Lima	Poland 6 towns	Portugal Lisbon Porto	Roumania Bucarest	Sweden Riksbank	Switzerland National Bank	Turkey Istanbul	Union of South Africa 7 towns	United Kingdom Country and Provincial	U. S. A. ³	Yugoslavia National Bank
	A	A	B	C	A	C	A	A	A	A	B	A	A	A	C	B
Quarterly averages																
1930 1st quarter	83	.	89	105	.	91	107	110	106	103	105	.	104	98	87	92
2nd "	84	.	86	92	.	82	122	82	139	108	103	.	89	94	88	93
3rd "	78	.	87	81	107	81	124	101	151	107	95	.	95	87	79	108
4th "	80	.	84	82	113	67	129	97	182	111	104	.	93	89	80	113
1932 1st "	77	95	44	67	73	63	86	81	13	92	60	56	84	87	51	69
2nd "	79	94	40	63	79	66	92	76	12	89	56	52	71	83	48	66
3rd "	79	79	37	54	75	70	87	74	13	76	47	59	78	80	43	63
4th "	98	88	36	62	85	70	89	98	15	92	53	66	80	84	44	75
1933 1st "	92	77	40	67	88	67	82	136	12	81	53	54	133	86	39	57
2nd "	98	98	40	62	81	81	103	166	11	79	65	48	107	88	42	52
3rd "	114	85	44	59	83	91	109	150	10	80	56	49	129	84	46	46
4th "	119	76	38	67	88	90	117	176	11	82	60	60	117	82	46	52
1934 1st "	104	72	38	84	77	82	107	183	11	78	57	48	143	94	47	44
2nd "	103	93	42	78	78	104	115	159	15	82	53	43	150	90	52	41
3rd "	98	78	41	66	76	114	113	157	15	80	45	42	151	87	49	45
4th "	100	91	41	73	89	117	120	197	18	98	50	55	136	95	53	47
1935 1st "	93	100	39	82	86	107	121	164	16	89	50	47	146	97	53	37
2nd "	97	101	46	76	91	123	121	185	21	97	67	49	124	95	57	39
3rd "	98	93	46	73	92	150	135	179	22	91	47	44	132	94	57	43
4th "	114	73	43	80	111	141	137	182	22	101	42	50	141	101	63	49
1936 1st "	99	69	39	96	100	139	133	183	18	88	46	50	157	104	62	42
2nd "	108	77	39	95	103	149	127	193	20	102	43	43	165	102	64	40
3rd "	114	82	41	84	105	173	139	191	20	93	42	44	183	101	64	45
4th "	117	89	57	96	117	163	142	261	28	122	84	64	192	113	75	56
1937 I . . .	118	72	60	98	110	150	133	214	21	113	51	72	230	120	74	51
II . . .	120	69	45	130	99	135	125	203	23	127	50	53	239	115	64	46
III . . .	153	90	51	136	114	153	167	237	30	116	48	66	212	116	78	57
IV . . .	141	136	57	130	135	179	137	241	26	131	57	72	215	115	73	55
V . . .	143	69	45	110	113	174	126	234	34	134	58	72	159	116	70	59
VI . . .	134	92	47	102	115	182	157	221	33	132	59	74	183	111	72	53
VII . . .	139	102	60	100	131	216	144	221	48	129	59	76	173	115	73	62
VIII . . .	121	84	41	95	123	192	137	197	58	110	42	76	178	107	67	65
IX . . .	124	97	47	94	127	164	171	191	52	126	56	58	168	104	67	62
X . . .	121	96	63	108	153	184	145	212	51	132	85	77	146	116	72	67
XI . . .	123	128	61	104	133	176	183	225	60	141	61	79	151	112	66	69
XII . . .	170	96	52	118	141	193	192	222	57	150	62	90	163	113	75	67
1938 I . . .	111	79	48	99	130	180	151	198	41	125	60	83	168	119	64	59
II . . .	123	62	40	124	113	164	155	203	50	109	45	75	175	110	53	60
III . . .	145	103	44	127	134	178	180	217	58	121	52	92	165	106	63	66
IV . . .	141	91	40	111	128	193	161	212	63	120	49	73	171	109	60	68
V . . .	140	138	43	105	113	191	177	213	73	131	58	78	166	105	58	61
VI . . .	138	101	41	98	116	200	173	185	72	120	44	76	192	101	62	57
VII . . .	138	90	46	99	157	227	179	185	67	124	48	74	210	108	60	67
VIII . . .	131	70	42	96	117	209	180	192	69	104	52	63	208	96	58	73
IX . . .	123	77	48	88	140	214	207	211	68	153	74	62	180	93	59	93
X . . .	123	119	41	105	148	217	212	221	60	149	54	53	180	107	65	70
XI . . .	141	105	48	101	143	199	193	216	66	153	51	56	182	99	61	74
XII . . .	171	180	43	127	135	...	180	224	60	149	53	81	...	106	76	70

¹ All clearing-houses. — ² Outside New York City. — ³ Average for the four or five weeks ending on the last Monday of each month.

Table XI. — PERCENTAGE MOVEMENT OF COMMERCIAL BANK CREDITS AND INVESTMENTS
(1929 = 100).

Country		1929 - 100							1938
		1931	1932	1933	1934	1935	1936	1937	
Argentina	(a)	102	92	86	83	74	87	102	.
	(b)	99	95	100	101	56	64	61	.
	(c)	100	94	93	93	64	74	79	.
	(d)	128	124	115	110	129	129	134	.
	(e)	102	96	95	94	67	77	82	.
	(f)	.	.	.	.	.	.	.	.
Australia ¹	(a)	.	.	.	.	.	.	.	.
	(b)	.	.	.	.	.	.	.	.
	(c)	87	89	90	97	100	100	109	.
	(d)	226	274	270	269	230	232	227	.
	(e)	97	102	102	108	109	109	117	.
	(f)	.	.	.	.	.	.	.	.
New Zealand ¹	(a)	58	50	158	42	42	42	42	.
	(b)	94	87	74	82	84	89	103	.
	(c)	94	86	77	81	84	88	101	.
	(d)	163	257	486	104	95	134	120	.
	(e)	57	57	57	29	43	43	43	.
	(f)	100	102	114	83	84	92	102	.
Australasia ²	(a)	.	.	.	.	.	.	.	.
	(b)	.	.	.	.	.	.	.	.
	(c)	90	89	90	91	96	98	103	.
	(d)	147	179	203	185	171	164	154	.
	(e)	96	99	102	102	104	105	108	.
	(f)	.	.	.	.	.	.	.	.
Austria	(a)	.	45	44	49	48	51	.	.
	(b)	.	52	44	39	36	33	.	.
	(c)	.	51	44	40	38	35	.	.
	(d)	.	53	51	46	49	46	.	.
	(e)	.	51	45	41	39	37	.	.
	(f)	.	.	.	.	.	.	.	.
Belgium ³	(a)	101	83	85	.	69	69	69	58
	(b)	74	59	55	.	39	37	37	31
	(c)	80	64	62	.	46	44	44	37
	(d)	126	123	121	.	55	78	66	65
	(e)	88	74	72	.	19	20	19	20
	(f)	.	.	.	.	50	53	51	45
Bolivia	(a)	87	55	52	44	37	70	117	.
	(b)	82	84	77	95	98	124	207	.
	(c)	83	76	70	81	79	109	183	.
	(d)	100	100	100	100	525	450	.	.
	(e)	115	100	102	95	82	88	96	.
	(f)	90	81	76	84	83	108	166	.
Brazil	(a)	83	102	106	105	117	.	.	.
	(b)	101	105	110	124	127	131	139	.
	(c)	92	104	108	115	122	.	.	.
	(d)	157	161	166	157	196	.	.	.
	(e)	95	106	110	117	125	.	.	.
	(f)	.	.	.	.	.	.	.	.
Bulgaria	(a)	54	45	35	29	31	35	.	.
	(b)	67	53	51	46	39	42	.	.
	(c)	57	46	41	39	36	39	.	.
	(d)	100	37	24	170	130	.	.	.
	(e)	100	111	102	79	68	124	.	.
	(f)	61	50	44	42	39	44	.	.

* Provisional figures.

¹ End of June following year. Accounts of domestic offices only.

² End of June following year. Including accounts of branches outside the Dominions.

³ Figures since 1935 are not strictly comparable with those for previous years.

Table XI. — PERCENTAGE MOVEMENT OF COMMERCIAL BANK CREDITS AND INVESTMENTS
(1929 = 100) (continued).

Country		1929 - 100							
		1931	1932	1933	1934	1935	1936	1937	1938
Canada	(a)	.	.	.	.	.	.	.	.
	(b)	.	.	.	.	.	.	.	.
	(c)	73	64	60	57	54	50	51	53
	(d)	162	186	207	237	282	325	328	341
	(e)	113	93	97	79	96	181	210	207
	(f)	86	82	82	84	88	92	94	98
Chile	(a)	31	28	62	75	95	114	132	.
	(b)	92	93	92	114	125	126	132	.
	(c)	73	73	83	102	116	123	132	.
	(d)	188	388	175	81	138	175	131	.
	(e)	78	87	88	173	138	117	114	.
	(f)	75	77	84	106	117	123	131	.
Colombia	(a)	58	36	34	48	59	76	93	.
	(b)	86	68	69	36	34	41	34	.
	(c)	71	51	45	43	48	60	66	.
	(d)	114	153	209	239	187	209	186	.
	(e)	76	63	64	64	64	77	80	.
	(f)	76	63	64	64	64	77	80	.
Czecho-Slovakia	(a)	79	70	72	72	83	89	90	.
	(b)	83	71	66	67	66	67	68	.
	(c)	83	71	67	68	68	69	71	.
	(d)	112	91	94	96	100	105	117	.
	(e)	87	74	70	72	72	74	77	.
	(f)	87	74	70	72	72	74	77	.
Denmark	(a)	107	89	87	89	95	103	112	111
	(b)	98	88	89	92	96	105	106	106
	(c)	100	88	89	92	96	105	107	107
	(d)	77	86	113	155	131	133	112	103
	(e)	104	102	107	113	109	99	93	103
	(f)	100	91	94	96	100	105	105	106
Ecuador	(a)	73	84	194	267	276	285	456	.
	(b)	73	73	67	72	67	76	39	.
	(c)	73	76	98	120	118	127	141	.
	(d)	100	100	100	100	100	700	100	.
	(e)	79	77	74	76	84	84	123	.
	(f)	74	76	95	115	115	123	139	.
Estonia	(a)	78	67	70	80	84	103	133	.
	(b)	93	76	74	71	77	84	96	.
	(c)	86	72	72	75	80	93	113	.
	(d)	113	147	173	227	440	733	840	.
	(e)	86	73	74	77	85	102	123	.
	(f)	86	73	74	77	85	102	123	.
Finland	(a)	71	55	43	41	46	45	54	56
	(b)	103	102	99	97	95	94	106	115
	(c)	92	86	79	77	78	77	88	95
	(d)	122	128	247	309	384	1,025	1,131	598
	(e)	129	160	174	339	372	466	511	108
	(f)	93	88	82	84	86	89	101	108
France (Deposit banks)	(a)	81	98	89	82	72	79	83	.
	(b)	97	73	78	77	75	71	71	.
	(c)	86	89	85	80	73	76	79	.
	(d)	132	101	104	104	100	101	104	.
	(e)	86	89	85	80	74	76	79	.
	(f)	86	89	85	80	74	76	79	.

* Provisional figures.

Table XI. — PERCENTAGE MOVEMENT OF COMMERCIAL BANK CREDITS AND INVESTMENTS
(1929 = 100) (continued).

Country		1929 = 100							
		1931	1932	1933	1934	1935	1936	1937	1938
France (Investment banks)	(a)	82	96	64	59	51	71	87	.
	(b)	46	33	37	34	32	30	32	.
	(c)	59	56	47	43	39	46	52	.
	(d)	118	115	105	88	81	88	86	.
	(e)	69	66	57	50	47	53	58	.
	(f)	81	98	87	80	71	78	83	.
France (Deposit and investment banks)	(a)	88	66	71	70	68	64	64	.
	(b)	84	86	81	76	70	73	76	.
	(c)	121	112	105	92	90	91	90	.
	(d)	84	87	82	77	70	73	77	.
	(e)	50	55	59	70	74	91	114	127 ²
	(f)	78	66	57	54	48	47	47	49 ²
Germany ¹ (All banks)	(a)	71	63	57	58	55	58	63	68 ²
	(b)	1,179	1,731	1,503	1,248	1,817	2,100	1,690	3,286 ²
	(c)	93	81	81	100	99	106	108	114 ²
	(d)	75	68	62	68	61	65	69	77 ²
	(e)	61	65	66	78	113	119	.	.
	(f)	66	56	50	46	39	42	.	.
Germany ² (All banks)	(a)	65	59	54	55	59	63	.	.
	(b)	129	129	107	117	172	183	.	.
	(c)	69	63	58	59	67	71	.	.
	(d)	49	57	58	66	72	83	100	.
	(e)	67	58	49	43	39	37	35	.
	(f)	62	58	52	50	49	50	54	.
Germany (Big Berlin banks)	(a)	2,225	2,969	2,413	1,881	2,506	2,769	2,731	.
	(b)	88	97	90	120	120	135	135	.
	(c)	67	64	57	56	56	58	62	.
	(d)	58	41	71	71	65	70	.	.
	(e)	142	140	128	141	161	160	.	.
	(f)	113	107	107	117	129	129	.	.
Greece	(a)	123	111	103	106	105	108	.	.
	(b)	115	108	106	115	124	125	.	.
	(c)	103	93	92	94	94	96	95	.
	(d)	91	78	73	70	70	68	73	.
	(e)	97	85	82	82	81	81	84	.
	(f)	96	213	210	211	217	215	232	.
Hungary	(a)	97	89	86	86	86	85	88	.
	(b)	102	109	97	77	75	69	71	.
	(c)	74	67	71	61	56	60	69	.
	(d)	88	89	84	69	66	65	70	.
	(e)	69	66	74	71	71	68	72	.
	(f)	85	85	82	69	67	65	70	.
Italy (All banks) ⁴	(a)	102	109	97	77	75	69	71	.
	(b)	62	54	60	54	44	45	61	.
	(c)	90	93	86	70	66	62	68	.
	(d)	69	66	74	71	71	68	72	.
	(e)	85	85	82	69	67	65	70	.
	(f)	102	109	97	77	75	69	71	.
Italy (All banks) ⁵	(a)	62	54	60	54	44	45	61	.
	(b)	90	93	86	70	66	62	68	.
	(c)	69	66	74	71	71	68	72	.
	(d)	86	87	83	70	67	63	69	.
	(e)								
	(f)								

¹ November returns.² Old Reich only.³ December figures.⁴ Loans include correspondents.⁵ Loans exclude correspondents.

Table XI. — PERCENTAGE MOVEMENT OF COMMERCIAL BANK CREDITS AND INVESTMENTS
(1929 = 100) (continued).

Country		1929 - 100							
		1931	1932	1933	1934	1935	1936	1937	1938
Japan (Clearing-house Member banks)	(a)	87	94	98	105	119	141	207	.
	(b)	102	101	102	90	105	115	139	.
	(c)	100	100	102	92	108	119	150	.
	(d)	93	96	107	123	139	153	151	.
	(e)	97	99	104	104	119	132	151	.
	(f)	97	99	104	104	119	132	151	.
Latvia	(a)	41	29	29	29	23	35	35	.
	(b)	51	42	37	36	40	72	128	.
	(c)	47	37	34	33	33	57	91	.
	(d)	125	131	83	125	561	461	1,300	.
	(e)	49	39	35	35	46	67	120	.
	(f)	49	39	35	35	46	67	120	.
Lithuania	(a)	123	96	93	82	73	86	120	.
	(b)	112	96	95	98	93	103	118	.
	(c)	115	96	95	93	88	99	118	.
	(d)	97	94	93	95	96	118	122	.
	(e)	113	96	94	94	89	102	119	.
	(f)	113	96	94	94	89	102	119	.
Mexico	(a)	45	51	74	96	72	101	106	.
	(b)	104	88	120	112	148	168	180	.
	(c)	79	73	101	105	117	140	150	.
	(d)	60	68	91	98	54	66	88	.
	(e)	77	72	99	105	109	131	142	.
	(f)	77	72	99	105	109	131	142	.
Netherlands	(a)	82	81	65	66	63	78	105	.
	(b)	82	65	63	58	52	58	55	.
	(c)	82	69	63	60	55	64	69	.
	(d)	146	128	109	77	65	54	67	.
	(e)	88	74	67	62	56	63	69	.
	(f)	88	74	67	62	56	63	69	.
Norway	(a)	100	96	92	88	101	105	115	116
	(b)	100	94	92	88	93	90	92	91
	(c)	100	95	92	88	96	95	99	99
	(d)	86	76	76	62	62	47	52	95
	(e)	88	83	77	74	76	72	80	95
	(f)	97	92	89	84	91	89	94	98
Peru ¹	(a)	48	66	44	59	74	102	115	.
	(b)	80	82	59	72	83	96	101	.
	(c)	66	75	53	66	79	99	107	.
	(d)	4	9	9	10	13	15	19	.
	(e)	44	40	39	39	56	62	62	.
	(f)	63	70	52	64	77	95	103	.
Poland	(a)	56	44	39	39	35	37	41	45
	(b)	80	69	58	59	60	55	42	42
	(c)	69	57	50	46	48	47	41	44
	(d)	87	83	81	109	139	130	68	76
	(e)	70	59	51	52	53	51	43	45
	(f)	70	59	51	52	53	51	43	45
Portugal	(a)	55	59	66	78	85	97	145	.
	(b)	83	76	62	62	57	71	113	.
	(c)	67	66	64	71	73	86	131	.
	(d)	79	77	134	148	146	149	189	.
	(e)	79	77	134	148	146	149	189	.
	(f)	68	67	70	78	79	91	136	.

* Provisional figures.

¹ Figures for 1929 have been converted into soles.

Table XI. — PERCENTAGE MOVEMENT OF COMMERCIAL BANK CREDITS AND INVESTMENTS
(1929 = 100) (continued).

Country		1929 - 100							
		1931	1932	1933	1934	1935	1936	1937	1938
Roumania	(a)	81	69	68	29	23	.	.	.
	(b)	72	63	59	62	64	.	.	.
	(c)	77	66	63	46	44	.	.	.
	(d)	99	75	60	65	56	.	.	.
	(e)	78	67	63	48	45	.	.	.
	(f)	78	67	63	48	45	.	.	.
Spain ¹	(a)	83	88	85	87	99	.	.	.
	(b)	79	79	83	82	79	.	.	.
	(c)	83	82	84	85	87	.	.	.
	(d)	110	115	121	137	154	.	.	.
	(e)	94	94	95	101	100	.	.	.
	(f)	91	93	96	102	109	.	.	.
Sweden	(a)	107	104	90	86	88	87	94	94
	(b)	106	95	87	86	86	92	92	99
	(c)	106	97	88	86	87	90	92	98
	(d)	104	108	117	162	164	155	128	131
	(e)	106	98	90	92	93	96	95	100
	(f)	106	98	90	92	93	96	95	100
Switzerland	(a)	72	60	50	48	35	35	38	.
	(b)	101	101	99	98	93	89	88	.
	(c)	97	96	93	92	86	83	81	.
	(d)	121	121	109	103	104	110	123	.
	(e)	99	97	94	92	87	85	84	.
	(f)	99	97	94	92	87	85	84	.
Turkey ²	(a)	103	112	133	102	164	201	289	.
	(b)	125	120	149	166	148	167	204	.
	(c)	121	119	146	154	151	174	220	.
	(d)	160	165	271	342	467	14	—	.
	(e)	124	122	155	167	175	205	243	.
	(f)	124	122	155	167	175	205	243	.
Union of South Africa ³	(a)	58	57	55	64	63	66	76	.
	(b)	100	86	81	102	106	117	129	.
	(c)	89	79	75	92	95	104	115	.
	(d)	154	209	206	200	126	337	291	.
	(e)	83	133	67	267	217	300	333	.
	(f)	93	87	83	101	98	121	129	.
Union of South Africa ⁴	(a)	55	62	68	64	76	72	80	.
	(b)	86	81	78	96	99	111	118	.
	(c)	78	76	75	87	93	100	108	.
	(d)	129	223	254	247	220	279	270	.
	(e)	67	108	100	167	150	233	283	.
	(f)	86	101	105	115	115	132	137	.
United Kingdom and Ireland :	(a)	104	174	131	114	136	129	126	.
	(b)	91	78	74	77	79	86	96	.
	(c)	93	64	85	83	89	94	101	.
	(d)	119	197	234	244	245	260	251	.
	(e)	102	118	130	134	159	156	108	.
	(f)	97	111	109	109	115	121	124	.
Scotland	(a)	133	140	102	53	58	46	44	.
	(b)	79	70	65	72	71	72	79	.
	(c)	86	80	70	69	70	68	74	.
	(d)	119	163	187	191	212	224	222	.
	(e)	139	165	199	206	207	234	244	.
	(f)	99	109	112	112	120	123	127	.

¹ Figures for 1935 are provisional.

² Figures since 1936 are not strictly comparable with previous years.

³ Accounts of offices within the Union only.

⁴ Including accounts of branches outside the Union.

Table XI. — PERCENTAGE MOVEMENT OF COMMERCIAL BANK CREDITS AND INVESTMENTS
(1929 = 100) (concluded).

(a) Discounts. (c) Total discounts, loans and advances. (e) Other investments and participations.
(b) Loans and advances. (d) Government securities. (f) Total.

Country		1929 - 100							
		1931	1932	1933	1934	1935	1936	1937	1938
Ireland	(a)	533	592	506	84	76	78	76	.
	(b)	75	69	69	88	86	88	91	.
	(c)	98	96	91	88	86	87	90	.
	(d)	100	115	111	110	112	113	106	.
	(e)	99	105	100	98	98	99	98	.
	(f)								
U.S.A. ¹ (All banks)	(a)	.	.	.	.	.	.	.	.
	(b)	.	.	.	.	.	.	.	.
	(c)	82	62	46	44	42	44	50	.
	(d)	144	150	178	244	265	356	341	.
	(e)	97	75	56	52	73	58	56	.
	(f)	91	73	62	66	71	79	81	.
U.S.A. (Member banks)	(a)	.	.	.	.	.	.	.	.
	(b)	.	.	.	.	.	.	.	.
	(c)	74	58	49	46	47	51	53	.
	(d)	138	169	188	282	318	351	320	.
	(e)	101	97	87	88	94	103	92	.
	(f)	85	76	70	78	83	92	88	.
Uruguay ²	(a)	.	.	.	.	.	.	.	.
	(b)	.	.	.	.	.	.	.	.
	(c)	107	100	104	111	114	132	147	.
	(d)	.	.	.	.	.	.	.	.
	(e)	.	.	.	.	.	.	.	.
	(f)	.	.	.	.	.	.	.	.
Venezuela ³	(a)	118	92	117	99	78	80	90	.
	(b)	101	101	99	81	66	50	53	.
	(c)	103	100	102	83	67	54	57	.
	(d)	91	135	174	171	176	190	184	.
	(e)	102	102	107	90	76	64	67	.
	(f)								
Yugoslavia	(a)	101	83	78	75	67	59	.	.
	(b)	102	89	79	70	68	73	.	.
	(c)	102	87	79	72	67	68	.	.
	(d)	143	129	114	109	126	129	.	.
	(e)	104	90	81	74	72	72	.	.
	(f)								

¹ End of June each year.
² Excluding the Banco de la República.
³ Four banks.

Table XII. — PERCENTAGE COMPOSITION OF COMMERCIAL BANK CREDITS.

Country		1929	1931	1932	1933	1934	1935	1936	1937	1938
	(a) Discounts									
	(b) Loans and advances									
	(c) Government securities									
	(d) Other investments and participations									
		as percentage of total of these items.								
Argentina	(a)	42.9	42.8	41.5	38.8	37.9	46.9	48.2	53.2	.
	(b)	51.7	50.4	51.5	54.7	55.8	42.8	42.8	38.1	.
	(c)	5.4	6.8	7.0	6.5	6.3	10.3	9.0	8.7	.
	(d)									.
Australia ¹	(a)	93.2	84.0	81.6	82.0	83.0	85.6	85.4	86.7	.
	(b)	6.8	16.0	18.4	18.0	17.0	14.4	14.6	13.3	.
	(c)									.
	(d)									.
New Zealand ¹	(a)	2.0	1.2	1.0	2.7	1.0	1.0	0.9	0.8	.
	(b)	87.6	83.0	75.0	57.2	87.0	88.0	85.0	87.9	.
	(c)	9.3	15.1	23.4	39.5	11.6	10.4	13.5	10.8	.
	(d)	1.1	0.7	0.6	0.6	0.4	0.6	0.6	0.5	.
Australasia ²	(a)	88.8	82.9	79.8	77.8	79.6	81.7	82.6	84.1	.
	(b)	11.2	17.1	20.2	22.2	20.4	18.3	17.4	15.9	.
	(c)									.
	(d)									.
Austria	(a)	.	.	9.1	10.2	12.5	12.6	14.3	.	.
	(b)	.	.	78.3	75.9	73.7	72.2	70.6	.	.
	(c)	.	.	12.6	13.9	13.8	15.2	15.1	.	.
	(d)	.	.						.	.
Belgium ³	(a)	19.2	22.2	21.5	22.7	.	26.3	24.8	25.7	24.7
	(b)	63.8	53.4	50.4	48.6	.	48.8	43.9	46.2	43.3
	(c)	17.0	24.4	28.1	28.7	.	18.5	24.8	21.9	24.5
	(d)						6.4	6.5	6.2	7.5
Bolivia (two banks)	(a)	22.1	21.4	15.2	14.9	11.6	9.8	14.4	15.6	.
	(b)	58.2	53.4	60.5	58.8	65.9	67.0	67.1	72.9	.
	(c)	0.7	0.7	0.8	0.9	0.8	4.4	2.9		.
	(d)	19.0	24.5	23.5	25.4	21.7	18.8	15.6	11.5	.
Brazil	(a)	44.4	38.8	42.9	42.7	39.9	41.6	.	.	.
	(b)	51.9	55.1	51.5	51.7	55.2	52.7	.	.	.
	(c)							.	.	.
	(d)	3.7	6.1	5.6	5.6	4.9	5.7	.	.	.
Bulgaria	(a)	43.7	32.7	32.2	27.7	30.3	34.9	35.1	38.8*	.
	(b)	56.3	61.3	60.5	64.9	61.4	57.5	54.4	48.3*	.
	(c)	.	1.0	0.5	0.3	2.6	2.2			.
	(d)	.	5.0	6.8	7.1	5.7	5.4	10.5	12.9*	.
Canada	(a)	83.3	70.1	64.7	61.0	57.2	51.5	45.0	45.0	45.0
	(b)	14.3	26.7	32.5	36.1	40.5	45.9	50.2	49.6	49.8
	(c)	2.4	3.2	2.8	2.9	2.3	2.6	4.8	5.4	5.2
	(d)									
Chile	(a)	28.4	11.8	10.3	21.0	21.9	22.9	26.3	28.6	.
	(b)	64.2	79.2	77.8	70.2	69.1	68.5	66.2	64.8	.
	(c)	0.9	2.3	4.6	1.9	0.5	1.0	1.3	0.9	.
	(d)	6.5	6.7	7.3	6.9	8.5	7.6	6.2	5.7	.
Colombia	(a)	48.4	37.3	28.0	25.3	36.1	44.8	47.7	56.1	.
	(b)	40.0	45.3	43.5	36.8	22.6	21.2	21.0	16.9	.
	(c)	11.6	17.4	28.5	37.9	41.3	34.0	31.3	27.0	.
	(d)									.
Czecho-Slovakia	(a)	10.1	9.1	9.6	10.2	10.1	11.5	12.0	11.7	.
	(b)	76.0	73.0	73.2	71.3	71.2	69.1	68.3	67.2	.
	(c)	13.9	17.9	17.2	18.5	18.7	19.4	19.7	21.1	.
	(d)									.
Denmark	(a)	16.5	17.7	16.1	15.4	14.9	15.7	16.3	17.6	17.7
	(b)	59.6	58.6	57.8	57.0	56.1	57.4	59.9	60.4	67.3
	(c)	4.2	3.2	4.0	5.1	6.6	5.5	5.3	4.5	
	(d)	19.7	20.5	22.1	22.5	22.4	21.4	18.5	17.5	15.0

* Provisional figures.

¹ End of June following year. Accounts of domestic offices only.² End of June following year. Including accounts of branches outside the Dominions.³ Figures since 1935 are not strictly comparable with those for previous years.

Table XII. — PERCENTAGE COMPOSITION OF COMMERCIAL BANK CREDITS (continued).

Country		1929	1931	1932	1933	1934	1935	1936	1937	1938
	(a) Discounts									
	(b) Loans and advances									
	(c) Government securities									
	(d) Other investments and participations									
		as percentage of total of these items.								
Ecuador	(a)	21.9	21.7	24.3	44.7	50.8	52.9	50.7	72.1	.
	(b)	68.1	67.6	65.5	47.5	42.6	39.8	41.7	19.2	.
	(c)	0.2	0.2	0.2	0.2	0.2	0.2	0.9	0.1	.
	(d)	9.8	10.5	10.0	7.6	6.4	7.1	6.7	8.6	.
Estonia	(a)	45.0	40.6	41.1	42.6	46.6	44.3	45.4	48.5	.
	(b)	53.5	57.5	56.0	54.0	49.1	48.2	44.2	41.6	.
	(c)	1.5	1.9	2.9	3.4	4.3	7.5	10.4	9.9	.
	(d)									
Finland	(a)	34.1	26.2	21.5	17.7	16.7	18.4	17.2	18.2	17.7
	(b)	63.2	70.1	73.7	76.3	72.5	69.8	66.7	66.2	67.3
	(c)	0.3	0.4	0.5	1.0	1.2	1.5	3.7	3.6	15.0
	(d)	2.4	3.3	4.3	5.0	9.6	10.3	12.4	12.0	
France	(a)	64.5	60.2	70.8	67.3	65.7	63.5	66.8	67.8	.
(Deposit banks)	(b)	34.8	38.8	28.4	31.9	33.4	35.6	32.3	31.3	.
	(c)	0.7	1.0	0.8	0.8	0.9	0.9	0.9	0.9	.
	(d)									
France	(a)	30.9	36.8	44.9	35.1	35.9	33.7	41.9	46.6	.
(Investment banks)	(b)	52.6	34.9	26.4	34.2	35.2	35.9	30.4	28.8	.
	(c)	16.3	28.3	28.7	30.7	28.9	30.4	27.7	24.6	.
	(d)									
France	(a)	60.5	57.9	68.5	64.6	63.4	61.1	64.6	65.9	.
(Deposit and Investment banks)	(b)	36.9	38.4	28.2	32.1	33.5	35.6	32.2	31.1	.
	(c)	2.6	3.7	3.3	3.3	3.1	3.3	3.2	3.0	.
	(d)									
Germany ¹	(a)	23.3	15.5	19.1	22.1	26.0	28.5	32.6	38.3	38.3 ²
(All banks)	(b)	70.9	74.3	69.1	65.6	61.1	56.4	51.7	48.1	44.9 ²
	(c)	0.2	3.2	5.1	4.9	4.0	6.0	6.5	4.9	8.5 ²
	(d)	5.6	7.0	6.7	7.4	8.9	9.1	9.2	8.7	8.3 ²
Germany ³	(a)	25.6	22.7	26.4	29.3	33.9	43.2	42.6	.	.
(All banks)	(b)	67.5	64.5	59.6	57.9	52.5	39.2	39.8	.	.
	(c)	6.9	3.4	5.0	4.6	4.1	7.6	7.4	.	.
	(d)		9.4	9.0	8.2	9.5	10.0	10.2	.	.
Germany	(a)	28.0	21.2	24.8	28.3	33.2	36.5	40.0	45.2	.
(Big Berlin banks)	(b)	67.5	68.2	61.7	58.5	52.4	47.4	42.7	38.7	.
	(c)	0.1	4.9	6.8	6.3	5.0	6.6	7.1	6.5	.
	(d)	4.4	5.7	6.7	6.9	9.4	9.5	10.2	9.6	.
Greece	(a)	27.8	14.0	10.6	18.6	17.1	14.6	15.5	.	.
	(b)	54.0	66.5	70.5	63.8	66.1	70.0	68.8	.	.
	(c)	18.2	19.5	18.9	17.6	16.8	15.4	15.7	.	.
	(d)									
Hungary	(a)	46.7	49.8	48.9	49.8	51.3	51.3	52.3	50.3	.
	(b)	50.2	47.1	43.6	42.6	41.0	40.8	39.8	41.5	.
	(c)	3.1	3.1	7.5	7.6	7.7	7.9	7.9	8.2	.
	(d)									
Italy	(a)	43.0	51.5	55.0	50.4	47.7	48.4	45.6	43.7	.
(All banks) ⁴	(b)	41.0	35.4	32.5	35.2	35.8	34.6	37.6	40.0	.
	(c)	16.0	13.1	12.5	14.4	16.5	17.0	16.8	16.3	.
	(d)									
Italy	(a)	55.9	66.4	69.8	64.8	61.2	62.6	61.1	57.8	.
(All banks) ⁵	(b)	23.2	16.8	14.4	16.6	17.7	15.4	16.5	20.5	.
	(c)	20.9	16.8	15.8	18.6	21.1	22.0	22.4	21.7	.
	(d)									
Japan	(a)	10.2	9.2	9.7	9.7	9.9	10.3	11.0	14.1	.
(Clearing-house Member banks)	(b)	53.0	55.5	54.3	52.3	48.2	46.9	46.1	49.0	.
	(c)	36.8	35.3	36.0	38.0	41.9	42.8	42.9	36.9	.
	(d)									

¹ November returns.² Old Reich only.³ December figures.⁴ Loans include correspondents.⁵ Loans exclude correspondents.

Table XII. — PERCENTAGE COMPOSITION OF COMMERCIAL BANK CREDITS (continued).

Country		1929	1931	1932	1933	1934	1935	1936	1937	1938
	(a) Discounts									
	(b) Loans and advances									
	(c) Government securities									
	(d) Other investments and participations									
		as percentage of total of these items.								
Latvia	(a)	39.0	32.3	29.3	31.9	31.7	19.6	21.1	11.5	.
	(b)	58.6	61.5	62.5	62.3	59.5	50.7	63.0	62.1	.
	(c)	2.4	6.2	8.2	5.8	8.8	29.7	16.9	26.4	.
	(d)									.
Lithuania	(a)	23.8	25.9	23.9	23.5	20.9	19.4	20.2	24.0	.
	(b)	61.7	61.6	61.9	62.2	64.4	64.9	62.9	61.2	.
	(c)	14.5	12.5	14.2	14.3	14.7	15.7	16.9	14.8	.
	(d)									.
Mexico	(a)	36.3	21.2	25.5	27.0	33.2	24.0	27.9	27.2	.
	(b)	51.3	69.2	62.9	61.7	55.2	69.8	65.8	65.1	.
	(c)	12.4	9.6	11.6	11.3	11.6	6.2	6.3	7.7	.
	(d)									.
Netherlands	(a)	25.6	24.0	27.8	24.6	27.3	29.0	31.7	39.0	.
	(b)	65.6	61.5	57.1	61.1	61.8	60.8	60.7	52.5	.
	(c)	8.8	14.5	15.1	14.3	10.9	10.2	7.6	8.5	.
	(d)									.
Norway	(a)	25.6	26.2	26.8	26.3	27.2	28.5	30.2	31.6	30.2*
	(b)	54.0	55.5	55.1	55.8	56.3	55.4	54.9	52.8	50.0*
	(c)	6.0	5.3	5.0	5.1	4.3	4.1	3.2	3.3	.
	(d)	14.4	13.0	13.1	12.8	12.2	12.0	11.7	12.3	19.8*
Peru	(a)	37.0	28.0	34.6	31.6	34.4	35.5	39.7	41.3	.
	(b)	46.3	59.2	53.7	52.8	52.6	49.5	46.8	45.5	.
	(c)	16.7	1.1	2.2	2.9	2.8	2.9	2.6	3.1	.
	(d)		11.7	9.5	12.7	10.2	12.1	10.9	10.1	.
Poland	(a)	43.7	35.3	32.5	33.5	30.5	28.7	31.3	41.7	43.6
	(b)	51.1	58.2	60.1	58.2	58.5	57.5	55.4	50.0	47.7
	(c)	5.2	6.5	7.4	8.3	11.0	13.8	13.3	8.3	8.7
	(d)									.
Portugal	(a)	52.6	42.5	46.2	49.2	52.8	56.5	56.0	56.0	.
	(b)	39.2	48.0	44.4	35.0	31.5	28.3	30.5	32.6	.
	(c)	8.2	9.5	9.4	15.8	15.7	15.2	13.5	11.4	.
	(d)									.
Roumania	(a)	43.8	45.3	45.2	46.7	26.7	22.4	.	.	.
	(b)	47.5	43.7	45.0	45.0	61.3	66.7	.	.	.
	(c)	8.7	11.0	9.8	8.3	12.0	10.9	.	.	.
	(d)							.	.	.
Spain	(a)	22.9	21.0	21.5	20.2	19.9	20.4*	.	.	.
	(b)	31.4	27.2	26.4	27.2	25.3	21.5*	.	.	.
	(c)	26.8	32.2	33.0	33.8	36.0	40.3*	.	.	.
	(d)	18.9	19.6	19.1	18.8	18.8	17.8*	.	.	.
Sweden	(a)	26.5	26.8	28.1	26.4	24.8	25.2	24.3	26.1	24.9
	(b)	65.4	65.3	63.0	63.2	61.0	60.6	62.6	63.1	64.6
	(c)	8.1	7.9	8.9	10.4	14.2	14.2	13.1	10.8	10.5
	(d)									.
Switzerland	(a)	11.9	8.6	7.3	6.3	6.2	4.8	5.0	5.3	.
	(b)	80.9	82.6	83.7	85.3	85.8	86.5	85.6	84.1	.
	(c)	7.2	8.8	9.0	8.4	8.0	8.6	9.4	10.6	.
	(d)									.
Turkey ¹	(a)	18.4	15.4	16.9	15.7	11.2	17.3	18.0	21.9	.
	(b)	74.3	75.1	73.2	71.4	73.8	63.1	60.7	62.3	.
	(c)	7.4	9.5	9.9	12.9	15.0	19.6	0.5	—	.
	(d)							20.8	15.8	.
Union of South Africa ²	(a)	23.8	14.7	15.6	15.8	15.1	15.4	12.9	14.1	.
	(b)	68.8	73.8	67.6	67.5	69.4	74.1	66.6	68.7	.
	(c)	6.3	10.5	15.1	15.8	12.6	8.1	17.8	14.4	.
	(d)	1.1	1.0	1.7	0.9	2.9	2.4	2.7	2.8	.

* Provisional figures.

¹ Figures since 1936 are not strictly comparable with previous years.² Accounts of offices within the Union only.

Table XII. — PERCENTAGE COMPOSITION OF COMMERCIAL BANK CREDITS (*concluded*).

Country		1929	1931	1932	1933	1934	1935	1936	1937	1938
	(a) Discounts									
	(b) Loans and advances									
	(c) Government securities									
	(d) Other investments and participations									
		as percentage of total of these items.								
Union of South Africa ¹	(a)	22.2	14.1	13.7	14.4	12.3	14.7	12.2	12.9	.
	(b)	59.8	59.8	47.9	44.1	49.8	51.7	50.2	51.5	.
	(c)	16.8	25.1	37.1	40.3	36.1	32.0	35.4	33.0	.
	(d)	1.2	1.0	1.3	1.2	1.8	1.6	2.2	2.6	.
United Kingdom and Ireland :										
England and Wales . . .	(a)	14.6	15.7	22.8	17.5	15.2	17.2	15.6	14.9	.
	(b)	66.8	62.3	46.7	45.8	46.8	45.8	47.5	51.5	.
	(c)	15.1	18.4	26.9	32.6	33.7	32.3	32.5	30.6	.
	(d)	3.4	3.6	3.6	4.1	4.3	4.7	4.4	3.0	.
Scotland	(a)	9.1	12.3	11.7	8.3	4.3	4.4	3.4	3.2	.
	(b)	55.7	44.5	35.7	32.4	35.5	33.2	32.5	34.8	.
	(c)	32.2	39.0	48.1	54.0	54.8	57.2	58.5	56.3	.
	(d)	3.0	4.2	4.5	5.3	5.4	5.2	5.6	5.7	.
Ireland	(a)	2.7	14.5	15.2	13.5	2.3	2.1	2.1	2.1	.
	(b)	50.4	38.2	33.4	34.8	45.3	44.4	44.5	46.9	.
	(c)									.
	(d)	46.9	47.3	51.4	51.7	52.4	53.5	53.4	51.0	.
U.S.A. (All banks) ²	(a)									.
	(b)	72.4	65.2	61.0	54.3	48.4	43.3	40.6	44.5	.
	(c)	10.3	16.3	21.2	29.9	38.1	38.8	46.7	43.5	.
	(d)	17.3	18.5	17.8	15.8	13.5	17.9	12.7	12.0	.
U.S.A. (Member banks)	(a)									.
	(b)	72.8	63.0	55.4	50.9	42.7	40.6	40.5	43.9	.
	(c)	10.7	17.4	23.8	28.8	38.7	40.9	41.0	39.0	.
	(d)	16.5	19.6	20.8	20.3	18.6	18.5	18.5	17.1	.
Venezuela ³	(a)	11.6	13.3	10.4	12.6	12.8	12.0	14.5	15.6	.
	(b)	80.7	79.8	79.4	74.9	72.5	70.0	62.7	63.3	.
	(c)									.
	(d)	7.7	6.9	10.2	12.5	14.7	18.0	22.8	21.1	.
Yugoslavia	(a)	36.2	35.2	33.3	35.0	36.3	34.0	29.7	.	.
	(b)	56.8	55.2	56.6	55.1	53.3	53.6	57.7	.	.
	(c)								.	.
	(d)	7.0	9.6	10.1	9.9	10.4	12.4	12.6	.	.

¹ Including accounts of branches outside the Union.² End of June each year.³ Four banks.

Table XIII. — PERCENTAGE RATIO OF BANKS' OWN RESOURCES
TO THEIR PUBLIC LIABILITIES, EXCLUDING ACCEPTANCES AND SUNDRY ACCOUNTS.*

End of:	1929	1931	1932	1933	1934	1935	1936	1937
Argentina ¹	17.8	19.2	18.3	18.6	18.6	14.6	12.0	11.7
Australasia ²	20.2	22.7	22.3	21.2	20.3	20.1	20.2	19.5
Austria ³	15.1	.	15.8	15.3	15.9	16.3	11.2	.
Belgium ⁴	25.6	24.8	28.6	29.5	.	14.3	13.2	14.5
Bolivia ⁵	108.5	139.6	156.8	94.3	68.4	37.9	31.7	34.4
Brazil ⁶	20.4	22.4	18.4	19.7	18.2	20.1	.	.
Bulgaria	16.6	28.5	32.1	37.0	32.5	29.1	28.9	26.1
Canada	9.8	11.7	12.3	11.2	10.8	10.2	9.7	9.6
Chile	42.6	60.1	47.5	40.5	35.3	34.6	32.4	32.4
Colombia	38.7	57.8	45.5	47.9	42.9	40.9	30.8	28.3
Czecho-Slovakia	12.2	11.1	10.7	11.3	11.0	10.0	9.8	9.2
Denmark	17.5	17.4	19.1	19.0	19.2	18.8	18.2	18.7
Ecuador	56.2	56.3	43.7	31.0	27.3	31.4	30.5	29.2
Estonia	10.7	10.7	12.9	12.9	11.5	10.5	9.3	9.2
Finland ⁷	19.4	20.7	19.1	18.4	14.9	14.4	13.3	13.4
France ⁸								
A	8.3	7.3	7.8	8.9	9.3	10.4	10.0	9.4
B	19.2	28.3	28.5	29.3	31.8	35.2	28.5	23.2
C	9.5	8.9	9.4	10.4	10.8	12.2	11.5	10.6
Germany ⁹								
A	9.3	16.0	9.8	9.8	9.2	9.7	9.5	9.1
B	10.9	11.9	15.8	17.5	18.2	20.3	21.1	.
C	7.5	6.2	7.3	7.7	8.0	8.7	9.1	8.8
Greece ¹⁰	20.4	21.7	20.6	14.6	13.9	14.8	14.6	.
Hungary	16.8	18.2	18.9	20.4	20.8	21.1	20.4	19.7
Italy ¹¹	14.5	16.2	18.7	16.4	14.1	14.1	12.8	12.1
Japan ¹²	19.2	19.6	19.3	17.9	16.9	16.1	14.5	.
Latvia	22.8	48.7	57.6	58.1	53.2	73.4	42.5	41.2
Lithuania	26.5	27.3	29.1	32.5	33.8	35.9	30.9	26.1
Mexico ¹³	48.8	70.1	55.6	44.2	30.8	23.3	24.2	36.7
Netherlands	28.0	29.7	33.2	36.0	29.3	36.8	29.7	26.3
Norway ¹⁴	18.7	16.2	18.1	19.0	18.9	17.7	17.9	16.9
Peru	38.6	31.2	27.1	28.0	22.7	20.7	17.2	16.6
Poland	14.2	21.5	23.7	24.5	25.6	25.1	25.0	21.5
Portugal	21.0	34.5	38.8	32.3	23.1	23.1	21.5	19.6
Roumania	23.3	33.4	35.6	37.1	43.8	43.5	.	.
Spain ¹⁵	16.7	19.2	18.9	18.1	17.2	16.2	.	.
Sweden	18.6	18.1	17.8	15.6	15.8	15.6	15.0	14.6
Switzerland ¹⁶	15.2	15.7	16.1	15.3	15.9	16.4	14.7	14.1
Turkey	39.1	46.7	48.4	43.5	44.2	41.7	32.3	30.0
Union of South Africa	12.2	10.8	11.6	9.9	9.7	9.1	8.5	8.6
United Kingdom and Ireland:								
England and Wales	7.4	7.4	6.6	6.7	6.7	6.3	5.9	6.1
Scotland	10.1	11.5	10.3	10.2	10.0	9.5	9.3	9.2
Ireland	9.8	9.4	8.5	9.2	9.4	9.4	9.4	9.8
U.S.A. ¹⁷								
A ¹⁸	15.4	16.6	18.8	17.2	16.1	14.6	12.6	12.5
B	15.0	16.7	16.5	16.4	13.5	12.0	11.0	11.7
Uruguay ¹⁶	37.3	34.7	31.1	33.7	33.2	32.4	30.4	26.8
Venezuela ¹⁹	22.5	30.5	31.6	29.6	25.0	19.4	19.6	20.8
Yugoslavia	21.3	29.5	34.8	36.6	35.7	37.5	37.3	.

* For years prior to 1929, see *Commercial Banks, 1913-1929*, Table IV, page 26.

¹ At the end of June each year.

² *Argentina*: Including the Banco de la Nación.

³ *Australasia*: Including offices in London and branches outside Australia and New Zealand.

⁴ *Austria*: Principal commercial banks (four in 1929, five from 1930 to 1933 and four since 1934).

⁵ *Belgium*: Figures since 1935 not comparable with previous years.

⁶ *Bolivia*: Two banks.

⁷ *Brazil*: Including the Banco do Brasil, with the exclusion of its note-issue department.

⁸ *Finland*: Presentation of statistics changed as from 1934.

⁹ *France*: Principal commercial banks: A—Deposit banks. B—investment banks. C—Total.

¹⁰ *Germany*: A—All monthly reporting commercial banks at end of November each year. B—All commercial banks at end of December each year. C—Big Berlin banks at end of each year. Since 1934, change in classification of accounts.

¹¹ *Greece*: All commercial banks.

¹² *Italy*: All commercial banks.

¹³ *Japan*: "Ordinary banks".

¹⁴ *Mexico*: Reclassification of banks and accounts in 1932 and in 1935.

¹⁵ *Norway*: Free banks only.

¹⁶ *Spain*: "La banca inscrita" only.

¹⁷ *Switzerland*: Change in presentation of statistics in 1935.

¹⁸ *U.S.A.*: A—All banks, including stock savings banks. B—Member Banks.

¹⁹ *Uruguay*: Excluding the Banco de la República Oriental del Uruguay.

²⁰ *Venezuela*: Up to 1934: four banks; since 1935: ten banks.

Table XIV. — RELATION BETWEEN GROSS PROFITS, EXPENSES AND NET PROFITS
OF COMMERCIAL BANKS OF CERTAIN COUNTRIES.

(a) Expenses
(b) Depreciation accounts
(c) Net profit or loss (L) } as percentage of gross profits.

Country		1929	1931	1932	1933	1934	1935	1936	1937
Austria ¹	(a)	72.4	.	81.1	66.2	69.2	59.0	57.7	.
	(b)	0.5	.	673.4	64.7	90.4	9.6	17.5	.
	(c)	17.6	.	L 682.6	L 59.0	L 89.0	3.5	7.4	.
Czecho-Slovakia	(a)	71.3	86.1	89.6	87.6	85.7	84.8	85.3	81.7
	(b)	2.6	108.5	2.4	4.4	13.3	9.8	3.1	9.0
	(c)	24.7	L 95.0	7.8	6.8	L 0.8	2.7	7.9	7.7
Denmark	(a)	43.9	43.1	38.8	36.7	41.5	49.4	46.6	47.8
	(b)	18.2	65.9	21.6	18.2	8.9	20.9	9.4	6.7
	(c)	36.9	L 10.1	38.1	43.7	48.1	27.9	42.3	42.5
Estonia	(a)	55.8	56.3	64.0	56.0	50.0	45.2	40.0	41.3
	(b)	27.9	34.4	40.0	36.0	32.1	38.7	42.5	41.3
	(c)	16.3	9.4	L 4.0	8.0	17.9	16.1	17.5	17.4
Finland	(a)	48.5	49.1	52.2	53.5	54.1	55.6	56.9	56.0
	(b)	14.0	70.8	27.4	47.7	15.7	12.0	9.7	10.5
	(c)	37.3	L 20.3	20.4	L 1.2	29.5	31.9	33.1	33.0
France (Invest. Banks)	(a)	47.6	.	69.6	72.9	87.9	83.7	79.7	71.8
	(b)	4.3	.	5.5	109.9	6.7	6.5	5.5	5.4
	(c)	47.1	.	21.5	L 86.1	1.1	5.2	10.6	18.9
Germany	(a)	85.4	85.9	84.7	82.0	81.0	90.8	89.8	90.0
	(b)	0.4	193.2	40.9	23.0	16.3	0.7	0.3	0.3
	(c)	13.5	L 179.1	L 25.6	L 5.0	2.0	7.4	8.9	9.1
Greece	(a)	77.7	77.1	77.3	79.3	69.1	65.7	.	.
	(b)	9.0	12.9	14.3	10.7	14.3	17.0	.	.
	(c)	13.3	10.0	8.4	10.0	16.6	17.3	.	.
Hungary	(a)	.	62.7	63.3	64.8	63.7	64.7	.	.
	(b)	.	.	.	.	.	.	.	.
	(c)	.	28.6	21.1	18.4	19.3	20.2	.	.
Italy	(a)	.	74.4	78.9	78.4	88.2	.	.	.
	(b)	.	1.4	1.4	170.6	0.8	.	.	.
	(c)	.	23.6	19.2	L 149.7	10.2	.	.	.
Japan	(a)	.	.	.	.	.	.	.	.
	(b)	.	.	.	.	.	.	.	.
	(c)	11.9	4.1	11.0	11.9	13.4	13.0	12.7	.
Latvia	(a)	60.2	76.2	91.9	53.3	74.3	76.7	70.5	71.9
	(b)	17.2	77.8	48.6	73.3	60.0	13.3	18.2	6.3
	(c)	22.6	L 54.0	L 40.5	L 28.9	L 34.3	10.0	12.5	21.9
Lithuania	(a)	37.6	35.0	41.5	37.4	46.8	46.6	42.7	.
	(b)	.	.	.	.	.	.	.	.
	(c)	8.0	5.0	3.8	9.1	3.9	2.7	1.3	.
Netherlands	(a)	46.1	54.8	51.6	56.7	59.5	57.0	52.7	63.6
	(b)	21.3	45.7	32.6	28.3	22.8	13.7	11.0	10.0
	(c)	29.9	L 3.1	13.3	11.2	14.0	26.2	33.1	33.2
Norway (Free Banks)	(a)	49.8	53.3	52.6	52.7	52.5	53.6	55.7	56.7
	(b)	20.6	142.4	28.9	33.1	26.4	28.3	20.3	13.2
	(c)	29.6	L 95.7	18.5	14.2	21.1	18.1	24.0	30.1
Peru	(a)	.	.	54.0	45.2	50.0	47.1	48.5	51.8
	(b)	.	.	22.2	24.7	14.3	12.9	6.1	11.8
	(c)	.	.	23.8	30.1	35.7	40.0	45.5	36.4
Poland	(a)	96.6	102.4	105.1	130.0	109.5	112.5	.	.
	(b)	.	.	.	.	.	.	.	.
	(c)	3.4	L 2.4	L 5.1	L 30.0	L 9.5	L 12.5	.	.
Sweden	(a)	46.4	44.5	43.5	52.0	48.3	49.4	44.4	38.8
	(b)	12.3	36.4	146.0	34.7	41.2	19.8	8.8	9.3
	(c)	40.5	18.8	L 89.6	12.9	7.7	27.1	42.0	47.6

¹ Five banks ; since 1934, four banks.

Table XIV. — RELATION BETWEEN GROSS PROFITS, EXPENSES AND NET PROFITS
OF COMMERCIAL BANKS OF CERTAIN COUNTRIES (*concluded*).

(a) Expenses
(b) Depreciation accounts
(c) Net profit or loss (*L*) } as percentage of gross profits.

Country		1929	1931	1932	1933	1934	1935	1936	1937
Switzerland	(a)	48.1	49.6	51.3	51.5	52.4	53.5	51.4	54.0
	(b)	6.5	25.4	36.5	59.3	26.1	29.4	23.0	11.7
	(c)	45.4	24.7	11.9	<i>L</i> 11.0	21.4	16.9	25.5	34.2
United Kingdom and Ireland :									
England and Wales . .	(a)	.	.	.	.	.	.	.	.
	(b)	10.8	0.3	2.5	2.0	6.6	6.5	10.1	9.8
	(c)	83.0	96.3	93.7	93.8	89.8	87.2	84.8	83.8
Scotland	(a)	.	.	.	.	.	.	.	.
	(b)	9.3	8.0	8.0	5.9	10.9	9.7	11.0	8.2
	(c)	82.4	86.5	87.2	88.2	81.1	79.9	80.8	83.5
U.S.A. (All Member banks) . .	(a)	54.6	59.2	62.0	59.6	60.4	62.5	63.3	63.3
	(b)	18.8	50.0	72.0	91.9	87.6	54.0	40.7	29.7
	(c)	35.3	1.0	<i>L</i> 23.6	<i>L</i> 38.1	<i>L</i> 22.5	21.3	42.9	29.5
Yugoslavia	(a)	.	85.4	89.7	81.8	78.3	79.2	75.9	.
	(b)	.	2.1	4.2	28.7	15.7	10.2	18.3	.
	(c)	.	11.6	5.4	<i>L</i> 13.5	6.0	10.6	5.8	.

Table XV. — YIELD OF BANKING CAPITAL IN CERTAIN COUNTRIES.

(a) Gross profits
(b) Net profit or loss (L) } as percentage of capital and reserves plus amounts brought forward.

Country	1929	1931	1932	1933	1934	1935	1936	1937
Australia and New Zealand ¹ .	(a) . (b) 6.7	. 3.3	. 2.9	. 2.9	. 2.9	. 3.1	. 3.4	. 3.5
Austria ²	(a) 32.0 (b) 5.6	. .	64.3 L 438.7	30.0 L 17.7	26.3 L 23.4	26.7 0.9	41.4 3.1	. .
Czecho-Slovakia	(a) 27.2 (b) 6.7	24.8 L 23.6	24.5 1.9	22.7 1.5	22.0 L 0.2	23.6 0.6	23.0 1.8	25.4 2.0
Denmark	(a) 17.4 (b) 6.4	19.2 L 1.9	20.3 7.7	22.6 9.9	20.3 9.8	17.7 4.9	18.7 7.9	20.0 8.5
Estonia	(a) 49.8 (b) 8.1	44.1 4.1	32.6 L 1.3	31.8 2.5	37.9 6.8	41.6 6.7	50.8 9.1	58.2 10.1
Finland	(a) 28.9 (b) 10.8	23.2 L 2.6	23.4 4.8	21.4 L 0.3	24.3 7.2	23.5 7.5	22.9 7.6	20.8 6.9
France	(a) . (b) 8.8	. L 7.0	. 6.3	. 6.3	. 6.2	. 6.4	. 5.3	. 6.2
France (Investment banks)	(a) 23.1 (b) 10.9	. .	14.1 3.0	12.4 L 10.7	12.0 0.1	11.7 0.6	12.8 1.4	15.4 2.9
France (Dep. and Inv. banks)	(a) . (b) 9.3	. L 5.3	. 5.5	. 2.4	. 5.0	. 5.3	. 4.6	. 5.6
Germany	(a) 51.8 (b) 7.0	72.3 L 129.5	58.6 L 15.0	58.7 L 2.9	58.5 1.2	51.6 3.8	51.6 4.6	53.9 4.9
Greece	(a) 56.6 (b) 7.5	55.2 5.5	53.3 4.5	50.6 5.0	33.9 5.6	35.8 6.2	..	..
Hungary ³	(a) . (b) .	21.2 6.1	18.2 3.9	16.8 3.1	16.4 3.2	16.0 3.2	..	..
Italy (Three banks)	(a) 25.1 (b) 8.7	19.4 4.6	17.8 3.4	24.5 L 36.7	21.4 2.2	..	..	..
Japan	(a) 50.5 (b) 6.0	46.1 1.9	46.6 5.1	45.9 5.5	47.0 6.3	46.4 6.0	49.2 6.2	. .
Latvia ³	(a) 27.6 (b) 6.2	18.6 L 10.1	11.8 L 4.8	11.9 L 4.6	12.7 L 4.3	8.1 0.8	13.0 1.6	10.7 2.3
Lithuania ⁴	(a) 33.4 (b) 2.6	34.5 1.8	28.5 1.0	25.6 2.4	21.1 0.7	20.3 0.5	20.8 0.3	. .
Netherlands	(a) 20.3 (b) 6.1	16.0 L 0.5	16.1 2.1	14.7 1.6	17.7 2.5	16.7 4.4	18.8 6.2	19.5 6.5
Norway (Free banks)	(a) 16.2 (b) 4.8	20.1 L 19.3	18.2 3.4	18.0 2.6	18.3 3.9	19.0 3.4	19.6 4.7	21.2 6.4
Peru ³	(a) . (b) .	. .	16.2 3.9	18.6 5.6	17.5 6.2	20.2 8.1	22.8 10.4	23.6 8.6
Poland ³	(a) 36.3 (b) 1.3	26.6 L 0.6	20.9 L 1.1	14.2 L 4.3	15.4 L 1.5	15.4 L 1.9	..	..
Sweden	(a) 18.6 (b) 7.5	19.4 3.6	19.1 L 17.1	18.4 2.4	19.0 1.5	19.1 5.2	22.3 9.4	27.3 13.0
Switzerland	(a) 15.0 (b) 6.8	14.6 3.6	13.1 1.6	13.2 L 1.4	12.4 2.7	12.2 2.1	13.7 3.5	13.7 4.7
United Kingdom and Ireland :								
England and Wales	(a) . (b) 8.2	. 7.9	. 6.9	. 7.0	. 6.9	. 6.7	. 7.0	. 7.1
Scotland	(a) . (b) 7.7	. 7.2	. 7.2	. 7.2	. 6.8	. 6.7	. 6.7	. 6.7
Ireland ⁵	(a) . (b) 9.2	. 9.1	. 8.0	. 7.4	. 7.3	. 7.2	. 7.2	. 7.0
U.S.A. ³ (All Member banks)	(a) 26.5 (b) 9.4	23.0 0.2	21.7 L 5.1	20.3 L 7.7	21.4 L 4.8	21.3 4.5	23.0 9.9	24.2 7.1
Yugoslavia	(a) . (b) .	37.4 4.3	30.0 1.6	26.6 L 3.6	26.9 1.6	23.3 2.5	24.8 1.5	. .

¹ Figures refer to June of the following year.

² 1929 to 1933: five banks; since 1934: four banks.

³ Amounts brought forward are not taken into consideration.

⁴ Gross profits (a) and net profits (b) as percentage of paid-up capital, reserves and earnings.

⁵ Net profits include small amounts written off and reserved for pensions funds.