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MONEY AND BANKING, 1939/40

VOLUME I. — MONETARY REVIEW

PREFACE

In recent years, the Economic Intelligence Service of the League has published every spring two volumes on *Money and Banking*. The first contained a general review of monetary developments, the second summaries of bank balance-sheets and notes on legislative and other measures adopted in each country. It is proposed to suspend provisionally the publication of this second volume and to issue in its stead during the course of the year two or more general reviews of current events.

At the moment, measures adopted by Governments modifying the monetary mechanism and controlling banking operations are of greater significance than are changes in balance-sheets. The present publication contains a description of such Government action and of the part played by central and commercial banks in Government financing. The first chapter deals with the measures taken to control the foreign-exchange markets, the second with measures to prevent wide fluctuations in the prices of securities and rates of interest and with measures to satisfy or check, as the case might be, the abnormal wartime demand for notes and coin. Following on this last point, the third chapter, which is mainly concerned with the influence of Government financing on credit, also summarises certain measures designed to check monetary expansion. The fourth shows the extent to which such expansion actually took place and the changes in interest rates and bond yields that resulted from the combined influence of market forces and Government intervention in control of them.

The review is primarily concerned with events that have taken place since the outbreak of war ; but, in order to maintain the continuity of the record, an introductory note covers the period between the date reached in the last edition of this review and September. A supplementary note is added summarising recent currency measures in Czecho-Slovakia, Danzig and Poland.

The essential monetary statistics will be found in the Appendix.

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Geneva, April 1940.

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MONETARY REVIEW

INTRODUCTORY NOTE ON THE PRE-WAR SITUATION

War-time measures and developments naturally constitute the principal theme of this year's *Monetary Review*. It will be understood that the first few pages, dealing with conditions in the last pre-war months, are inserted less for their current interest than for the sake of completeness and continuity in the description of monetary affairs since the appearance of the preceding edition of this *Review* in the spring of 1939.

The recurrent political crises which preceded the outbreak of war in Europe at the beginning of September 1939 had led to a situation in which war preparations dominated the financial and commercial markets. Monetary policy in many countries was very largely determined by Government needs for armament finance. The actual outbreak of hostilities did not therefore cause as fundamental a change in the currency and banking situation as might otherwise have been expected. That event nevertheless provides a convenient dividing-line for purposes of exposition. The introductory survey of "pre-war" conditions does not, however, include the measures taken in the last week or ten days of August 1939, which were already of the nature of war measures, and which will be summarised in subsequent chapters.

Monetary Expansion.

The first seven or eight months of 1939 were, in most countries, a period of increasing activity in trade and industry. According to the quarterly indices of the League of Nations, the quantum of world trade in the second quarter of 1939 was 9% higher, and world industrial production (excluding the U.S.S.R.) as much as 14% higher, than in the corresponding quarter of 1938. At the same time, the general level of prices was in most countries comparatively steady or showed only a moderate decline.¹ There was thus an increase in the volume of monetary transactions and this increase was met almost everywhere by an expansion in the supply of money.

¹ At the middle of 1939, the prices of fifteen principal foodstuffs and raw materials in the United Kingdom and the United States were 2-3% lower, on the average, than a year before. (Bank of England Index.)

PERCENTAGE INCREASE OR DECREASE (—) IN THE VOLUME OF MONEY FROM THE END OF JUNE
1938 TO THE END OF JUNE 1939

Countries	Notes in circulation	Commercial bank deposits	Countries	Notes in circulation	Commercial bank deposits
Poland	63	2 ^a	United States	9	7
Hungary.	52	— 1	Colombia	8	24
Germany	36	18	Denmark	8	9
Roumania	29	3	Egypt	8	.
Lithuania	27	1	Belgium.	7	— 8
Bulgaria	25	15	Norway	7	0
Greece.	24	5	Union of South Africa	7	4
Chile	20	4	Finland	5	0
France	20	12	India	5	2
Japan	20	24	Uruguay	5	0
Latvia.	20	13	Ecuador	5	20
Yugoslavia.	19	— 1	Argentine.	4	2
Peru	15	14	Ireland	4	— 3
New Zealand	12	1	Canada	3	3
Switzerland	12	— 5	Portugal	3	— 1
Netherlands	10	.	United Kingdom	3	— 4
Estonia	9	13	Brazil.	0	8
Italy	9 ^b	2 ^c	Australia	— 1	1
Sweden	9	11			

^a June 1938 to February 1939.

^b March 1938 to March 1939.

^c June 1938 to April 1939.

In only two of the thirty-seven countries included in the above table did the note circulation fail to expand during the twelve months ending at the middle of 1939. Commercial bank deposits, on the other hand, show a less uniform movement. The decrease which occurred in certain countries, such as Belgium and the United Kingdom, was largely due to the outflow of liquid balances, which contributed to the increase in deposits in certain other countries, notably France and the United States. In the great majority of countries, bank deposits increased, but this increase was in most cases somewhat less marked than that of the note circulation. 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 same factors made the public less willing to hold long-term debts and equities as compared with liquid monetary assets. In spite of the larger volume of bank-notes and deposits outstanding, the long-term rate of interest as reflected in the yield of Government bonds tended to increase. From Table IV of the Appendix' it may be seen that there were only a few countries where bond yields in the middle of 1939 were lower than in 1938. Among these were, on the one hand, France and the United States, which experienced an inflow of capital and an appreciable expansion of the domestic supply of money, and, on the other, the Argentine, Colombia and Uruguay, whose financial conditions were relieved through a moderate recovery in the balance of trade. The fall in share values, which took place almost everywhere in the spring

and summer of 1939, in spite of increased industrial activity, was partly a direct consequence of the rise in the long-term interest rate, but partly also a reflection of the general uncertainty of future business prospects owing to the threat of war.

Government Borrowing.

The fall in security prices and the circumstances which caused it naturally discouraged the flotation of private capital issues. It was Government borrowing which played the dominant part in the capital markets during the last months before the outbreak of the European war. This borrowing was in many cases the chief factor responsible for the expansion of currency and credit which took place; for, in so far as Government loans were taken up directly or indirectly by the banking system, the result was apt to be an increase in note circulation and bank deposits.

Some of the most typical borrowing operations during the period in question may be briefly recalled for purposes of illustration. Thus, in May 1939, the New Zealand Government issued an internal Defence Loan of £nz4.5 million at a price of 96, bearing interest at 4% and repayable in 6r after 1954. The Government security holdings of the New Zealand trading banks increased by £nz2.6 million and those of the Reserve Bank by £nz0.9 million, between August 1938 and August 1939.

A number of Government loans were issued in Australia; and, in June 1939, the Commonwealth Loan Council approved a loan programme of £A41 million for the financial year 1939/40, of which a large part was earmarked for defence requirements. From August 1938 to August 1939, the trading banks' holdings of Government and municipal securities and Treasury bills rose by £A4.4 million and the Commonwealth Bank's security portfolio by as much as £A9.6 million.

In India, Government finance appears to have been at least partly responsible for the rise in note circulation and deposits which occurred in spite of a contraction in the Central Bank's external exchange reserves. The amount of Treasury bills outstanding was practically doubled in twelve months, rising from 150 million rupees at the end of July 1938 to 299 millions at the end of July 1939.

Monetary conditions in Japan continued to be governed by the requirements of war finance. At the end of July 1939, there were 17,571 million yen of Government bonds outstanding, as compared with 15,335 millions six months earlier and 12,733 millions a year earlier. As before, the new bond issues were taken up almost entirely by the banking system, and were quickly reflected, therefore, in a further increase in the currency supply.

In Chile, Government borrowing from the banks occurred on a substantial scale under a Law of April 1939 providing for the reconstruction of the area devastated by the earthquake of February 1939.

In May 1939, the Estonian Government issued a 5% Defence Loan of 7 million krooni at par, repayable in 1948. A large part of this loan was taken up by the joint-stock banks and co-operative credit societies, whose Government security holdings stood at 16 million krooni in August 1939 as against 10.5 millions a year earlier.

In Poland, a large "air defence" loan was issued in June 1939.

In Germany, public issues of Government loans were discontinued at the beginning of 1939. Instead, a "new financial plan" was put in operation on May 1st, 1939, the

main features of which were noted in last year's edition of this *Review*.¹ The issue of "tax certificates" under this plan to firms engaged on Government contracts had a peculiar effect on the banking situation. The firms in question were given an incentive to hold these certificates rather than pass them on as means of payment: the continuous possession of Class I certificates entitled the holder to certain tax concessions, while certificates of Class II became attractive through the high interest return which they yielded, rising at times above 6% as a result of the fall in their market value. In order to hold tax certificates, firms were therefore prepared to increase their indebtedness to banks or, more often, to reduce their liquid bank balances. At the same time, "delivery bills", the issue of which was stopped in April, were falling due for repayment. In consequence, there was an increase in the commercial banks' loans and advances and a decrease in their bill holdings, as may be observed from the figures given below.² The most striking result, however, was that the rapid increase in bank deposits was suddenly arrested. But this does not mean that credit expansion was discontinued or even interrupted, for the new tax certificates functioned to some extent like bank deposits as means of payment. During the three months May to July 1939, 2,279 million marks of such certificates were issued.

GERMANY : POSITION OF EIGHT BIG BANKS

End of :	I. 1938	IV. 1938	VII. 1938	X. 1938	I. 1939	IV. 1939	VII. 1939
Reichsmarks (000,000's)							
Loans and advances	3,292	3,391	3,458	3,524	3,498	3,589	3,879
Bills (including Treasury bills)	3,118	3,273	3,685	3,824	4,141	4,621	4,298
Deposits.	6,131	6,399	6,722	7,010	7,296	7,827	7,844

New forms of Government borrowing were also introduced in France. In April, the issue of three-year National Defence bonds at 4%, free of income tax, was begun in place of the two-year bonds which had been issued before. In May, the Government floated a 5% forty-year loan at a price of 98, subscriptions to which amounted to 10.6 milliard francs, of which 6 milliards were in cash and the remainder in the form of short-term bonds which it was desired to consolidate. In July, the *Caisse autonome de la Défense Nationale* began to issue two-year "Armament Bonds" carrying 3½% interest payable in advance and free of income tax. To what extent these new securities were taken up by the commercial banks cannot be ascertained, but the success of the Government's borrowing operations is brought out by the fact that, between November 1938 and the outbreak of war in September 1939, the Central Bank's advances to the State, which had risen with disquieting rapidity in previous years, showed no further increase. The monetary expansion which took place in France appears therefore to have been due, not much, if at all, to the effects of Government finance, but chiefly to the remarkable return flow of gold which set in at the end of 1938.

¹ See *Money and Banking, 1938/39*, Vol. I: "Monetary Review", page 57.

² Taken from the *Frankfurter Zeitung*, December 24th, 1939.

In the United States, similarly, gold imports were the main factor contributing to the expansion of credit. Government borrowing, it is true, took place on a considerable scale, and a large part of it was financed by the banking system. From August 1938 to August 1939, the amount of U.S. Government obligations held by the reporting member banks rose from \$9,348 million to \$10,802 million, or by \$1,454 million. But the influx of gold had an even greater influence on the banking position. This influx was reflected in a further growth of the banks' cash assets, which rose from \$6,989 million in August 1938 to \$9,391 million in August 1939, or by as much as \$2,402 million.

In the United Kingdom, there was an apparent absence of Government borrowing, which was somewhat puzzling in view of the mounting volume of expenditure for purposes of defence. A National Defence Loan of £100 million was issued in April 1937; a second loan of £80 million followed in June 1938.¹ But no such issue was made in 1939. Moreover, even the amount of ordinary Treasury bills issued to the market by weekly tender showed a downward trend: the outstanding total of "tender" bills stood at £510 million in August 1939, as compared with £555 million in August 1938. The explanation lies in the outflow of foreign funds and the operations of the Exchange Equalisation Account. The Account had to make heavy sales of gold to support the exchange, and the sterling proceeds of these sales were not, as would normally have happened, entirely used to reduce the amount of Treasury bills outstanding in the market, but were in large part re-lent to the Government and used for defence expenditures. The relending of these sums to the Government took the form of "tap" issues of Treasury bills, which, unlike the "tender" issue, increased from £294 million in August 1938 to £583 million in August 1939. The fact that the tender issue of Treasury bills—and along with it the total volume of bank deposits—declined would seem to indicate that the gold sales were more than sufficient for the needs of rearmament finance.

Central Bank Legislation.

Legislation in matters of central banking was unusually active during the six months preceding the outbreak of war. The measures taken fall into two groups, reflecting very clearly the two chief problems with which monetary systems were faced in the domestic sphere during the period under review—namely, (a) the provision of additional currency to satisfy the public's demand for cash, and (b) the extension of credit facilities to Governments for the financing of defence preparations.

The measures falling under the first head were taken in countries having a fixed fiduciary note issue in addition to a variable issue covered wholly or partly by gold. Thus, in Japan, the maximum limit of the fiduciary issue was raised from 1,700 to 2,200 million yen on March 31st, 1939, after having been increased from 120 to 1,000 millions early in 1932, when a policy of monetary expansion was first initiated, and further to 1,700 million yen in March 1938. In Norway, the amount of notes which the central bank may issue in excess of its gold reserve, still valued at the old parity, was increased from 325 million to 425 million kroner on May 19th, 1939. This limit, previously fixed at 250 millions, had already been raised to 325 million kroner in July 1936. The Bank of

¹ See *Money and Banking, 1938/39*, Vol. I, page 71.

Poland's statutes were amended on March 24th, 1939, so as to raise the fiduciary issue from 100 million to 800 million zloty. The Finance Ministry was authorised to permit a further expansion of this limit to 1,200 million in case of need. At the same time, however, the gold reserve ratio on the remainder of the note issue was increased from 30% to 40%. In the United Kingdom, as was noted in last year's *Review*,¹ a new Currency and Bank-notes Act came into force on February 28th, 1939. This law, it will be recalled, confirmed the principle that it is the Bank of England's gold reserve which is to be adjusted to the note issue, and not *vice versa*. It fixed the fiduciary issue at a "normal" level of £300 million, and provided for transfers of gold from or to the Exchange Equalisation Account in response to variations in the total note issue.

The second group of measures consisted of those which empowered central banks to acquire larger amounts of Government securities or to make direct advances to the Government. Thus the National Bank of Belgium, which had been authorised in July 1937 to purchase Government paper up to an amount of 1,500 million francs, had its statutes changed on August 17th, 1939, so as to extend this limit to 5,000 million francs. The Bolivian Central Bank was nationalised by a Decree of August 3rd, 1939, and the Ministry of Finance was made responsible for arranging credits from the Bank in favour of the State and public enterprises. In Germany, under the new statutes of the Reichsbank contained in a Law dated June 15th, 1939, the Führer alone determines: (a) the amount of Treasury bills which the Reichsbank may hold or on which it may make advances, and (b) the maximum amount of "working credits" which the Reichsbank may grant to the State. The limits imposed by the old statutes on the purchase of Treasury bills (400 million marks) and on the granting of direct advances to the State (100 million marks) were thus abolished.² In Lithuania, a law was passed in July 1939 allowing the Central Bank to buy Government bonds to the extent of its total share capital of 12 million litas; this right had been limited in 1922 to half of the Bank's capital and extended in 1935 to two-thirds. The Bank of Poland's new statutes, adopted on March 24th, 1939, raised the Bank's non-interest-bearing credit to the State from 100 million to 150 million zloty. Moreover, the maximum amount of Treasury bills held by the Bank, previously limited to 10% of a total bill portfolio varying normally between about 600 and 800 million zloty, was now fixed at 400 million zloty, so that the Bank's Treasury bill holdings could be increased by five to six times as compared with the position under the old statutes.

Finally, mention may be made of the steps taken in certain countries to set up new central banks. Thus, in April 1939, the Egyptian Government announced its intention of transforming the National Bank of Egypt into a central bank. In August 1939, the Government of Iraq submitted a Bill to Parliament providing for the establishment of a bank of issue. In the same month, a law was passed in Venezuela creating the "Banco Central de Venezuela" and instructing it to take over the existing note issues of the

¹ See *Money and Banking, 1938/39*, Vol. I, page 35.

² The other principal provisions of the new Reichsbank law stipulate that the Bank "is subject to the unrestricted sovereignty of the Reich" (preamble); that it shall be "responsible directly to the Führer and Chancellor" (Section 1); that the President of the Bank shall have full powers in all matters pertaining to the Bank's policy and management (Sections 3 to 9); and that the Bank's note circulation shall be covered primarily by commercial bills, Treasury bills, securities and loans against securities, while gold and foreign exchange are relegated to the position of "secondary cover", to be kept "at such a level as is deemed necessary in order to settle balances with foreign countries and maintain the value of the currency" (Section 21).

“national banks”, to regulate the exchange, to receive Government deposits, to grant rediscount credits, etc. The Bank’s capital was fixed at 10 million bolivars, of which half was subscribed by the Government and half by the public.

Gold Movements.

There was a further concentration of the world’s gold reserves during the first eight months of 1939. The monetary gold stock of the United States rose from \$14,512 million to \$16,646 million, or by \$2,134 million; nearly two-thirds of this increase took place in March, April and August. Though the existence of “invisible” official gold holdings in many countries has made the calculation of accurate world totals increasingly difficult, it can be roughly estimated from the available data that the United States owned 60% of the world’s monetary gold reserves at the end of August 1939.¹

The increment of \$2,134 million, which, it may be noted, was two to three times larger than current world production of gold,² appears to have been chiefly due to the inflow of funds from abroad, which, according to the statistics collected by the United States Treasury, amounted to \$1,086 million in the eight months January to August 1939. In addition, there was an export surplus of \$458 million during that period. The discrepancy between these two items combined and the increase in the gold stock is partly accounted for by domestic gold production, amounting to nearly \$100 million, partly by a falling-off of tourist expenditures in Europe and partly also by capital transactions not covered by the published statistics. Total gold imports into the United States as recorded in the Customs returns, amounting to \$2,559 million, were much larger than the addition to the monetary gold reserve. Large amounts, however, were earmarked for foreign account: there was a net addition of \$507 million to such earmarked holdings during the first eight months of 1939; and, at the end of August, foreign-owned gold held under earmark at Federal Reserve banks amounted altogether to \$1,135 million.³

France was another country which experienced an influx of gold during the period under review. The gold holdings of the Exchange Stabilisation Fund and the *Rentes* Fund combined rose from an equivalent of \$103 million (or 3,767 million francs at the current market price) at the end of October 1938—the first date for which they were

¹ The holdings of the exchange funds of the United Kingdom, France and the United States are known for the end of March 1939. If these are added to the “visible” reserves, the share of the United States in the world total works out at 57.5%. On the same basis of calculation, France held 11.2%, the United Kingdom 10.4%, Belgium, the Netherlands and Switzerland together 7.7%, and all other countries 13.2% of the world’s gold on the date mentioned (excluding Spain and the U.S.S.R.). The main undisclosed holdings which this calculation leaves out of account are those of the Belgian Treasury and of the Exchange Equalisation Funds of the Netherlands and Switzerland. Accordingly, the real share of these three countries was doubtless somewhat greater than 7.7%.

² Gold production in all countries (excepting the U.S.S.R.) may be estimated at some \$800 million in the first eight months of 1939.

³ Facilities for the earmarking of gold were introduced in a number of other countries outside Europe. In the last months of 1938, the South African Reserve Bank, the Bank of Canada and the Reserve Bank of India instituted arrangements for the safe keeping of foreign-owned gold. In May 1939, the Central Banks of the Argentine and Uruguay were authorised by their respective Governments to accept gold deposits from abroad against certificates granting the depositor the irrevocable right to withdraw and re-export such gold within a period of three years.

officially reported—to \$559 million (20,835 million francs) at the end of March 1939.¹ In April, an amount of \$140 million (5,000 million francs at the Bank's official book-keeping price) was transferred from the Exchange Fund to the Bank of France, whose gold reserve was thus increased to \$2,574 million (92,266 million francs). At the end of May 1939, the last date for which official returns are available, the Exchange Stabilisation Fund and the *Rentes* Fund held \$477 million of gold (17,773 million francs). The central monetary gold reserves of France thus amounted to a total of \$3,051 million in May 1939. Repatriation of capital continued after that date, and a second gold transfer of \$140 million (5,000 million francs) was made from the Exchange Fund to the Bank in August.

The National Bank of Belgium also showed a net increase in its gold reserve during the first eight months of 1939, in spite of a sharp decline which occurred in the early spring.

The other three countries adhering to the Tripartite Declaration of 1936 would seem to have lost gold heavily, though the precise extent of this loss cannot be ascertained, owing to the lack of information regarding their Exchange Funds. At the end of March 1939, the British stock of monetary gold, having been reduced in the preceding six months by 18.58 million ounces, equivalent to \$650 million, stood at 79.95 million ounces of fine gold, or \$2,798 million at \$35 per ounce, of which 30.46 million ounces were in the Bank of England and 49.49 millions in the Exchange Equalisation Account. Though the Bank of England's gold stock was increased in July, there is no doubt that the total British gold reserve declined in the spring and summer of 1939, owing to the outflow of capital funds. The restrictions imposed in December 1938 on foreign lending and on speculative forward dealings in gold and exchange were supplemented in April 1939 by an official statement expressing the Government's desire that capital should not be transferred abroad by purchase of foreign securities for investment. In contrast to the last few months of 1938, when the pound underwent an appreciable decline, the Exchange Account held the dollar value of sterling firmly pegged at a rate of slightly over \$4.68 per £ from the beginning of January to the latter part of August 1939. But to do so it had to relinquish a large part of its gold. In April 1939, when the movement of capital was particularly rapid, the Account found some difficulty in obtaining sufficient amounts of Treasury bills for the immediate re-investment of the sterling proceeds of its gold sales. As a result, there was a temporary accumulation of funds under "Public Deposits" at the Bank of England, which reduced the amount of cash available to the banking system and created an acute stringency in the money market. The discount rate on fine bank bills jumped from $17/32$ % in March to $1\frac{5}{16}$ % in the second half of April. The strain was, however, quickly removed at the beginning of May, when "Public Deposits" at the Bank of England were sharply reduced and "Bankers' Deposits" correspondingly replenished, so that money rates had fallen back to $9/16$ - $5/8$ % by the middle of the month.

The Central Bank gold reserves of the Netherlands and Switzerland were substantially reduced in the first eight months of 1939. The former fell from \$995 million to \$769 million (or, in terms of the national currency, from 1,461 to 1,129 million gulden)

¹ As the officially reported figures of the Exchange Stabilisation Fund are expressed on the basis of the current market price of gold, while those of the Bank of France have been based, since November 1938, on the fixed book-keeping rate of 27.5 milligrammes of gold (nine-tenths fine) per franc, it seems advisable to express both in terms of U.S. dollars for purposes of comparison.

and the latter from \$699 million to \$585 million (or from 2,890 to 2,419 million francs). In both cases, most of the reduction occurred in March and April.

In conclusion, it may be of interest to make a brief comparison between the pre-war gold position in 1939 and the position on the eve of the war of 1914-1918. Such a comparison is attempted in the following table, setting out the gold holdings of ten countries at the end of December 1913 and at the end of March 1939 in terms of "new" United States dollars at the price of \$35 per ounce of fine gold. As is explained below, the figures differ in scope and character and their comparability is therefore subject to important reservations.

GOLD HOLDINGS OF CERTAIN COUNTRIES

\$(000,000's) at \$35 per fine ounce.

End of :	December 1913			March 1939
	Visible central reserves	Other holdings	Total	Visible central reserves
Austria-Hungary	425	74	499	— ^a
Belgium	81	34	115	518
France	1,149	1,729	2,878	2,994
Germany	501	1,184	1,685	29
Italy	488	30	518	193 ^b
Netherlands	103	19	122	909
Russia	1,332	430	1,762	— ^c
Switzerland	56	34	90	640
United Kingdom	288	1,016	1,304	2,798
United States	2,184	1,073	3,257	15,412

^a Austria : \$46 million in February 1938 ; Czecho-Slovakia : \$83 million in February 1939 ; Hungary : \$24 million in March 1939.

^b End of 1938.

^c U.S.S.R. : \$380 million at the end of 1936.

The 1913 figures are taken from the first Interim Report of the Gold Delegation published by the League of Nations in 1930.¹ The figures for "other holdings" are only approximate estimates, covering gold in circulation and in reserves of commercial banks, etc. In the course of the war, gold coins were in most countries withdrawn from circulation and became available for Government purposes.

The 1939 figures include the holding of Exchange Funds in the case of France, the United Kingdom and the United States but not in the case of the Netherlands and Switzerland. They do not include the unreported Government holdings which are known to have existed in Germany, Belgium and other countries ; nor do they include private hoards of gold coin and bullion.

¹ *Interim Report of the Gold Delegation of the Financial Committee* (League of Nations), Geneva 1930, page 114.

Foreign Exchanges of Agricultural States.

In spite of the increase of economic activity in industrial countries during the first eight months of 1939, prices of primary commodities in the world market remained, broadly speaking, at the depressed level to which they had fallen in the business recession of 1937/38.¹

The improvement which took place in the trade balance of primary producing countries in the early months of 1939 compared with the preceding year was therefore relatively slight. The position of their balance of payments remained in most cases somewhat strained. In consequence of the 1937/38 recession in prices, there had been a tendency on the part of agricultural States to resort to a further reinforcement of exchange controls or to further currency depreciation. This tendency, which was noted in last year's *Monetary Review*,² continued to show itself in the earlier part of 1939.

In December 1938, New Zealand introduced an extensive control of imports and exchange transactions. The import-licensing system forming part of this control was rendered more severe in April 1939, in order to check the continued decline in the overseas assets of the Dominion's banking system. In spite of the exchange control, an unofficial market in New Zealand pounds developed in London, where rates in July 1939 were reported to vary between £NZ130 and £NZ135 to £100, as compared with the official rate of £NZ125 to £100.

In Bolivia, the existing control was reinforced by a new Exchange Law adopted on June 7th, 1939, requiring all foreign exchange obtained from exports to be delivered to the Central Bank and imposing new restrictions on the transfer of profits of foreign owned companies. In Egypt, exchange transactions remained unrestricted up to the autumn of 1939, but an embargo on exports of gold was introduced in April 1939. In Roumania, a new foreign-exchange regime came into operation on May 1st, 1939, under which all exchange operations were subjected to the control and authorisation of the National Bank.

In the Argentine, the "free market" was severely restricted under a new set of regulations issued on August 22nd, 1939. All export proceeds which were previously negotiable on the free market at rates slightly above 20 pesos to the £, were now subjected to the official buying rate of 15 pesos to the £, while a new official rate of 20 pesos to the £ was fixed for all import requirements previously covered through the free market. It appears that the wide spread between buying and selling rates was partly intended to assist in the financing of the wheat export subsidy, which was becoming increasingly burdensome with the fall in the world market price of wheat. Only a few days after

¹ As was pointed out above (page 7, footnote 1), the average price-level of crude foodstuffs and materials in the United Kingdom and the United States in July 1939 was slightly lower than a year earlier. The failure of prices to rise was due to various circumstances. When large surplus stocks exist, such as accumulated in the 1937/38 recession, there may be a considerable time-lag before an expansion in demand reflects itself in the movement of prices. The promptness with which international restrictions on the output of such products as rubber and copper were relaxed was another factor acting as a brake on the recovery of prices. Exceptionally large harvests of certain agricultural products, such as wheat, caused prices of these products to fall. A competitive stimulation of exports on the part of the principal exporting countries, by export subsidies and other means, had unfortunate effects on the world market for wheat and cotton. Lastly, a general depressing influence in the earlier part of the year was the interruption in the upward movement of business in the United States, a country whose share in world consumption of primary products is considerable.

² Cf. *Money and Banking, 1938/39*, Vol. I, pages 22 ff.

the publication of the new exchange regulations, there occurred a sharp decline in the £ sterling, the currency on which the official peso rates were based. This, as will be seen later, made a fresh modification of the Argentine exchange regime necessary in September 1939.

Uruguay introduced a new system of exchange control on April 1st, 1939, under which all importers were allotted individual exchange quotas. At the same time, the Central Bank was authorised to grant an exchange premium on the proceeds of certain exports to free-exchange countries.

The Central Bank of Ecuador, in order to protect its diminished reserve of gold and exchange, suspended the sale of foreign currencies in April 1939 and allowed the price of the U.S. dollar to rise from 14.60 sucres in March to 15.40 sucres in June. A new Import Control Law of July 1st, 1939, was intended to check the demand for foreign exchange by requiring importers to deposit with the Central Bank 30% of the value of goods ordered from abroad.

A deliberate devaluation was carried out in Iceland in April 1939, when the rate of exchange on sterling, which had been fixed at 22.15 kroner to the £ since 1925, was increased to 27 kroner to the £.

The currencies of two Latin-American countries which have remained free from exchange restrictions continued to depreciate. In Mexico, the exchange market, already weakened by the fall in oil exports in the spring of 1939, was disturbed by proposed changes in the silver legislation of the United States, and at the end of June 1939 the Bank of Mexico suspended its foreign-exchange operations, as a result of which the dollar rate rose from 4.90 pesos per dollar in June to about 6 pesos in August. In Peru, currency depreciation continued, though at a slower rate than before, the dollar exchange rising from about 4.80 soles to the U.S. dollar in December 1938 to about 5.30 soles in August 1939.

A few cases of relaxation of exchange controls may be noted in conclusion. In Brazil, regulations had been introduced in November 1937 requiring all export proceeds to be delivered to the Bank of Brazil at a uniform rate of about 80 milreis to the £. On April 8th, 1939, however, the authorities reverted to a system similar to that which had existed before November 1937: only 30% of export exchange was required to be sold to the Bank at an official rate of 77 milreis to the £, the remainder being made available for sale in the free market, where the rate on sterling established itself at a level of about 87 milreis to the £. In Colombia, the obligation to sell 10% of export bills to the Bank of the Republic was rescinded on August 1st, 1939. In Yugoslavia, the compulsory surrender of 25% of foreign exchange received for exports to countries with which no clearing agreement had been concluded was discontinued in July 1939. This was done to stimulate exports to such countries, since the current market rate of about 258 dinars to the £ was substantially above the official rate of 207 dinars to the £. The 25% quota was, however, re-established in September.

I. — WAR-TIME CONTROL OF EXCHANGES

ADJUSTMENTS IN EXCHANGE RATES

For nearly eight months prior to August 25th, 1939, there was a high degree of stability in the exchange relationship between sterling and the dollar. The British Exchange Equalisation Fund in effect "pegged" the spot rate at a level of \$4.68 to the pound from January 6th, 1939. Since its inception in 1932, the Fund had continuously operated in the exchange market to smooth out variations in the dollar rate. But at no other time since the suspension of the gold parity in September 1931 had the pound sterling shown a greater stability in terms of dollars and therefore of gold.

This stability came to an abrupt end on Friday, August 25th. The Fund, having lost large amounts of gold through the outflow of capital funds, withdrew its support from the market, and the dollar-sterling rate dropped to \$4.35 on the same day. During the succeeding week, the rate fluctuated widely between \$4.40 and \$4.10. In contrast to the sharp rise in the dollar value of the pound which occurred at the beginning of the world war in 1914, the outbreak of hostilities in 1939 was thus marked by a fall in sterling.¹

The banks and the London exchange market were closed on Monday, September 4th. When they re-opened on September 5th, exchange control had been imposed, and the Bank of England's official exchange rates—a selling rate of \$4.02 and a buying rate of \$4.06 to the pound—became compulsory for all foreign-exchange transactions in the United Kingdom. These new rates represented a reduction of 14% as compared with the "peg" of \$4.68 and a reduction of 4% as compared with the last "free" rates—namely, \$4.18-\$4.22—recorded at the close of business on Saturday, September 2nd.

Concurrently with the fall in the dollar rate, there was a rise in the London price of gold. That price was 148s. 6d. per fine ounce before August 25th. The last price determined on the basis of supply and demand was quoted on September 1st at 160s. With the imposition of exchange control, the free gold market ceased to function, and the Bank of England introduced a fixed official buying price of 168s. per ounce. In normal

¹ In 1914, the pound appreciated from its old dollar parity of approximately \$4.87 to a level of about \$7 during the first week of the war. The United States, then a debtor country, had maturing commitments to meet in London, while British and other holders were anxious to sell their American securities in New York—where, in fact, the Stock Exchange had to be closed for some days under the pressure of foreign sales—and convert the proceeds into sterling. On the other hand, the operation of the gold standard was temporarily impeded by the dislocation of shipping and the consequent difficulty of exporting gold from America to the United Kingdom. From \$7 on August 1st, the dollar-sterling rate gradually receded back to the par level of \$4.87 at the end of 1914. Early in 1916, it was pegged at \$4.76 for the duration of the war.

conditions, a price of over 172s. would more nearly have corresponded to the new official dollar rate. But, owing to the rise in freight, insurance and interest rates, the data on which the American "shipping parity" had previously been computed were altered. Moreover, the private export of gold, except for specially licensed exports of foreign-owned holdings, was not possible under the new system of exchange restrictions; and the close link which had previously existed between the London price of gold and the dollar-sterling exchange was thus practically abolished.

On September 14th, the Bank of England, while leaving its selling rate unchanged, slightly reduced the official buying rate from \$4.06 to \$4.04, so that the mean rate was lowered from \$4.04 to \$4.03. A further narrowing of the margin between buying and selling rates was effected on January 9th, 1940, when the selling rate was raised to \$4.025 and the buying rate reduced to \$4.035, so that the average remained the same.

In contrast to the stability of the official rate, the dollar-sterling rate quoted in New York underwent considerable fluctuations, especially in the middle of September and at the beginning of November. The disparity between official rates applied at home and unofficial rates quoted in foreign markets was a consequence of the exchange restrictions adopted. Before reviewing these restrictions and the course of the resulting unofficial dollar-sterling rate, it may be well to note in detail how the currencies formerly linked with the pound sterling reacted to the decline in the exchange value of sterling at the end of August and the beginning of September 1939.

The first "sterling-group" countries to sever their link with the pound were Sweden and Finland. The idea of such action was not new in these countries: during the winter of 1936/37, proposals to this effect, with the object of checking the development of "boom" conditions, were widely discussed in Sweden and to some extent also in Finland. On August 27th, 1939, a meeting of representatives of the central banks of Denmark, Finland, Norway and Sweden took place at Stockholm. On August 28th, the Swedish Riksbank and the Bank of Finland discontinued the use of sterling as a basis for their foreign-exchange quotations. In the statements in which the two banks announced this change of policy, reference was made to the desirability of preventing large fluctuations in the domestic level of prices. In both countries, the policy adopted was one of *de facto* stability in relation to the dollar. The slight depreciation reflected in the new dollar rates was proportionally the same for both currencies, and their mutual exchange relationship remained unaltered.

A similar shift from sterling to the dollar was made in Norway on August 29th.

Owing to her greater dependence on the British market, Denmark showed some hesitation before adopting this decision on September 8th. The new dollar rate in Denmark was equivalent to a depreciation of 8%, which, though less than the depreciation of the pound, was considerably greater than that of the other Scandinavian currencies. None the less, the Government found it necessary to introduce a subsidy on exports of butter, eggs and bacon to the United Kingdom, so as to offset part of the reduction in the kroner proceeds of these exports.

The movement of these and other currencies, which, before August 25th, constituted the so-called "sterling group", is summarised in the table set out below. The table covers twenty-four countries in all, of which, except Canada, foreign-exchange rates had been quoted on the basis of a more or less fixed sterling rate for some time before August 25th. What happened after that date is shown by comparing the position of the exchanges in December 1939 with their position in July.

CHANGES IN THE VALUE OF CERTAIN CURRENCIES

(Note. — Except where otherwise indicated, the rates of exchange are averages of buying and selling rates and represent quotations in national markets in units of national currency per pound or U.S.A. dollar.)

Country	Position in July 1939			Position in December 1939			Value of currency as percentage of its gold parity in 1929			
	Date since which £ rate fixed	Rate of exchange		Date since which \$ rate fixed	Rate of exchange		July 1939	December 1939	Percentage change from July to December 1939	
		£	U.S. \$		£	U.S. \$				
Union of S. Africa	I.1933	1.01	4.65 ^d	—	1.01	4.01 ^d	56.4	48.6	— 14	
Argentina {	a.	I.1934	15.00	3.20	22.IX.39	13.50	3.36	43.5	41.4	— 5
	b.	XI.1938	17.00	3.63	22.IX.39	15.00	3.73	38.3	37.3	— 3
	c.	—	20.25	4.32	—	17.27	4.39	32.2	31.7	— 2
Australia	I.1932	1.25	3.72 ^d	—	1.25	3.22	45.2	39.1	— 14	
Bolivia	VI.1938	141.00	30.37	15.XI.39	137.60	36.20	5.3	4.5	— 15	
Canada	—	4.69	1.002	—	4.45	1.10	59.0	53.7	— 9	
Denmark	I.1933	22.40	4.79	8.IX.39	20.34	5.18	46.0	42.5	— 8	
Egypt	IX.1931	0.98	4.80 ^d	—	0.98	4.13 ^d	56.8	48.9	— 14	
Estonia	IX.1933	18.23	3.90	7.IX.39	16.96	4.20	56.5	52.5	— 7	
Finland	III.1933	117.00	48.60	28.VIII.39	214.10	49.35	48.3	47.5	— 2	
France	V.1938 ^e	176.72	37.75	—	177.00	43.80	39.9	34.4	— 14	
Greece	IX.1936	548.00	117.60	—	548.00	140.95	38.7	32.3	— 16	
India	IX.1931	13.33	2.85	—	13.33	3.31	56.8	48.9	— 14	
Iraq	IX.1931	1.00	4.68 ^d	—	1.00	4.03 ^d	56.8	48.9	— 14	
Ireland	IX.1931	1.00	4.68 ^d	—	1.00	4.03 ^d	56.8	48.9	— 14	
Japan	I.1933	17.14	3.67	25.X.39	16.68	4.27	32.3	27.8	— 14	
Latvia	IX.1936	25.22	5.39	12.IX.39	21.33	5.40	56.8	56.7	± 0	
New Zealand	VIII.1934	1.24	3.77 ^d	—	1.24	3.24	45.7	39.4	— 14	
Norway	VI.1933	19.90	4.27	29.VIII.39	17.35	4.40	51.6	50.1	— 3	
Palestine	IX.1931	1.00	4.68 ^d	—	1.00	4.03 ^d	56.8	48.9	— 14	
Portugal	IX.1931	110.00	23.56	15.XI.39	1.08	27.55	56.7	48.5	— 14	
Sweden	VII.1933	19.40	4.15	28.VIII.39	16.90	4.20	53.1	52.5	— 1	
Thailand	VIII.1932	10.91	2.33	—	10.91	2.71	57.3	49.3	14	
United Kingdom	—	—	4.68 ^d	5.IX.39	—	4.03 ^d	56.8	48.9	— 14	
Yugoslavia	VII.1936	258.00	54.90	29.VIII.39	216.15	55.00	61.1	61.0	± 0	

a Official buying rate.

b Official selling rate (since 22.IX.39, only for goods essential for "popular consumption and industrial activity". For other goods and services, another official selling rate of 4.23 pesos per dollar or 17 pesos per pound was fixed on 22.IX.39.)

c Free market rate.

d U.S. dollar per unit of national currency.

e Limit fixed at 179 francs per pound.

The course of events in the Argentine was less simple than appears from the table. Only three days before August 25th, the authorities had introduced a second fixed selling rate of 20 pesos to the pound for certain transactions and certain countries, in addition to the selling rate of 17 pesos and the buying rate of 15 pesos to the pound. On September 12th, this new rate was abolished and a single selling rate of 17 pesos to the pound was established for all imports, irrespective of country of origin. Lastly, on September 22nd, new official rates were fixed in terms of the dollar, with the corresponding sterling rates calculated on the basis of the official London dollar rate of \$4.02 to the pound. The depreciation of the peso in terms of dollars worked out at 2.5%, as shown in the table above.

Only two countries included in the table showed no depreciation at all, or more precisely a depreciation of less than $\frac{1}{2}\%$ —namely, Latvia and Yugoslavia. The price of the dollar in terms of lats and dinars was raised only very slightly, so that the depreciation of the pound expressed itself fully in the sterling rates applied by the two countries.

On the other hand, there were three countries which abandoned sterling only after having accompanied the pound for the whole, or practically the whole, extent of its decline—namely, Bolivia, Japan and Portugal. The change-over to the dollar basis in these cases was probably due in part to a desire to avoid or simplify the technical complications arising from the existence of a disparity between the dollar price of the pound sterling in London and in New York respectively.

Eleven of the twenty-two countries shown in the table, excluding the United Kingdom itself and Canada, kept their sterling quotations unchanged and raised their dollar rates correspondingly. These remaining members of the sterling group were : the Union of South Africa, Australia, Egypt, France, Greece, India, Iraq, Ireland, New Zealand, Palestine and Thailand. Other currencies to follow the pound were those of British colonial territories, not shown in the table. The exchange relationship of the French franc with the pound sterling was kept stable at the rate introduced in May 1938. Through their direct link with the French franc, the currencies of the French colonial empire also followed closely the movement of sterling.

On September 11th, 1939, the Secretary of the United States Treasury stated that the monetary agreement established by the Tripartite Declaration made by France, the United Kingdom and the United States in 1936 remained in operation ; that the new exchange rates applied by France and the United Kingdom, having regard to the emergency conditions, did not constitute " competitive " depreciation ; and that France and the United Kingdom were respecting the spirit of the agreement. It was emphasised that the agreement also remained in force with respect to the other countries adhering to it—namely, Belgium, the Netherlands and Switzerland.

The currencies of these last-mentioned countries were practically stable relatively to the dollar during the latter part of 1939. Switzerland kept her dollar rate close to 4.46 francs to the dollar. The Netherlands gulden also showed only very slight variations around a level of 1.88 gulden to the dollar. Slightly greater fluctuations occurred in the value of the Belgian currency. Apart from the United States dollar, the belga is the only free currency with a fixed legal parity with gold. In August 1939, the dollar exchange in Belgium stood, on the average, at 5.90 belgas to the dollar, a rate which practically coincided with the par rate of 5.8996 belgas to the dollar. In September, owing to some repatriation of capital, the belga strengthened to 5.88, but in October the dollar rate rose to 5.95 and even higher. Under normal conditions, 5.95 constituted the " upper gold point "—the point, that is, at which gold exports to the United States became profitable. Owing to the increase in freight, insurance and interest rates, however, the gold-export point rose to an appreciably higher level after the outbreak of the European war. Thus the Belgian dollar rate increased up to 6.05 belgas in November without giving rise to exports of gold. Subsequently, the belga showed some recovery towards the par level.

Adjustments were made in certain currencies adhering neither to the tripartite agreement nor to the former " sterling area ". An important change occurred in Spain,

where new exchange rates were fixed by a Government decree in September 1939, amounting to a devaluation of approximately 10%.

In Italy, the official dollar rate was raised from 19 to 19.8 lire to the dollar in September 1939; and an exchange premium of 20% was paid from November 13th onwards on emigrants' remittances.

In Roumania, the official quotations of the National Bank left the dollar rate unchanged and reduced the sterling rate early in September to the full extent of the decline in the pound. These official rates, however, were of somewhat limited significance. On the legally recognised free market, where exporters could sell certain portions of their foreign-exchange proceeds, there was no such fall in sterling quotations. A decline in the exchange value of the leu thus took place in the free market. At the end of December, the clearing rate with Germany was raised from 40.50-41.50 lei to the mark to 49 lei for exports to Germany and to 50 lei for imports. On March 2nd, 1940, the official rates were abandoned and it was decreed that all export proceeds must be surrendered to the National Bank at the rates previously quoted on the free market; the free market itself was thus abolished.

Hungary raised her dollar rate at the end of August by 10%. This was a smaller depreciation than that of sterling, so that the price of the pound in terms of pengö was reduced. The depreciation was applied only to exchange rates with "convertible" currencies such as the U.S. dollar, the Swiss franc and the Netherlands gulden, and also the pound sterling and the French franc. Rates of exchange with the German mark and the Italian lira were not altered. Subsequently, in negotiations for a new trade and exchange agreement with Germany, the question of making a corresponding increase in Hungary's rate for the Reichsmark came up for discussion. The agreement concluded in January 17th, 1940, left the Reichsmark rate unchanged. A few days later, the National Bank of Hungary lowered the dollar rate back to "pre-war" level and made corresponding adjustments in the rates for the other "convertible" currencies. But this appreciation of the currency, offsetting the previous depreciation, affected the form rather than the substance of the pengö's exchange value. For, at the same time, the National Bank announced that, in future, it would not meet more than 75% of importers' requirements of "convertible" currencies, the remaining 25% being obtainable only from the "Cash Office for Foreign Credits" at rates exceeding the official quotations by a third. This Office, which was set up in 1935 for the purpose of transferring foreign debt payments at a discount by means of "additional" exports subsidised by that discount, was instructed to find the necessary amounts of exchange through a larger volume of "additional" exports subsidised by additional exchange premia on "convertible" currencies. On the average, taking into account both the official quotations of the National Bank and the special rates of the "Cash Office", the valuation of "convertible" currencies remained approximately the same as it was before the lowering of official rates in January 1940.

WAR-TIME EXCHANGE RESTRICTIONS

At the beginning of the European war, foreign-exchange control was introduced in the United Kingdom and all other British countries, including colonial territories;

in France and her colonial Empire ; and in a certain number of other States, such as Egypt, Finland, Norway and Sweden.¹

Objectives of Control.

The essentially war-time character of this measure requires to be noted at the outset. After the downward adjustment of exchange rates in all these countries in August and September 1939, there can scarcely have been any need, for "protecting" an overvalued currency in order to balance the international income account through the restriction of foreign payments. The primary purpose of the new currency restrictions related to the capital account. Control was adopted with a twofold aim : (a) to mobilise or to facilitate the mobilisation of the country's reserves of foreign assets and international means of payment ; and (b) to prevent an outflow of domestic capital. The latter objective necessitated the control of all current exchange transactions. The former gave rise to a different type of regulations, which in some cases were introduced quite separately from those imposed on current operations in the exchange market.

The mobilisation for Government purposes of private holdings of foreign assets—including under this term gold, foreign means of payment and foreign investments—clearly assumes great importance in connection with the problem of war finance. In the absence of borrowing abroad, the sale of existing foreign assets is the only means whereby a country can draw upon the productive resources of the outside world to secure the goods and services needed for its war effort or its defence preparations without having to provide exports in exchange. From another point of view, the relinquishment of external reserves may represent, for an individual country, an important means by which wealth accumulated in the past is utilised for current war requirements and by which, to some extent at least, the economic burden of warfare or defence preparations is shifted on to future generations in the form of a diminished income from external investments.

The outflow of domestic capital, which exchange control of current transactions is intended to prevent, does not, of course, lessen the total of a country's external reserves ; but if it is brought about by a reduction in the reserves of the monetary authority, it renders the total less centralised and so less easily mobilisable ; and it may, for example, if foreign bank balances are replaced by long-term investments, render it less liquid. The prevention of exports of domestic funds may therefore to some extent be regarded as part of the policy of exchange mobilisation. Outward movements of *foreign* capital, it may be noted, do tend to reduce the national exchange reserves ; but, as will be seen later, the restrictions recently adopted were not, on the whole, designed to prevent movements of this kind.

¹ The chronological order in which exchange control was put into effect in the various countries was as follows : Australia : August 28th, 1939 ; the United Kingdom, India and most British colonies : September 3rd ; Finland, Norway and Sweden (unofficial control) : September 4th, or shortly after ; Thailand : September 7th ; Hong-Kong and Palestine : September 8th ; Ireland and the Union of South Africa : September 9th ; France, together with all French colonies, the protectorates and the mandated territories in Africa : September 10th ; British Malaya : September 13th ; Canada : September 16th ; Egypt : September 28th ; Finland (official control) : October 26th ; Syria : December 2nd ; Sweden (official control) : February 26th, 1940. In all other countries—except Belgium, Mexico, the Netherlands, Peru, Portugal, Switzerland and the United States, where exchanges remained free, even after the outbreak of war—exchange control was already in operation before August 1939.

In some cases, both exchange mobilisation measures and control of current transactions were provided for in the same set of regulations. This is true, for example, of the Canadian "Foreign Exchange Control Order" of September 15th and of the South African "Emergency Finance Regulations" of September 9th. But quite frequently the two problems were dealt with in separate regulations. In France, exchange control in the narrower sense was introduced on September 10th, while the first steps towards a mobilisation of foreign reserves were prescribed by a Law of September 17th. In Australia, where control of the exchange market was instituted as early as August 28th, it was not until October 4th that the first "mobilisation" measure was taken in regard to foreign securities. In the United Kingdom, on the other hand, the primary importance of the mobilisation problem is reflected in a contrary sequence of the regulations: restrictions on dealings in foreign securities and provisions for their compulsory registration were applied on August 25th, while the other measures of exchange control followed ten days later. In Finland and Sweden, too, "mobilisation" measures were initiated (on September 30th and December 31st respectively) before official control of current exchange transactions was begun (on October 26th, 1939, and February 26th, 1940, respectively).

The outstanding rôle played by exchange mobilisation in the controls recently introduced is natural in view of the requirements of war finance, and in view of the fact that the countries concerned, or at any rate some of the most important of them, had foreign assets to mobilise. By contrast, it may be recalled that the widespread application of exchange controls in the three or four years following 1929 was confined to debtor States; and it will be remembered that transfer moratoria and similar measures then played a leading part in these controls. Among the countries adopting exchange restrictions in the second half of 1939 were four of the world's eight creditor States: the United Kingdom, France, Ireland and Sweden. It is perhaps significant in this connection that in debtor countries such as Egypt and Norway,¹ where other exchange restrictions were adopted on September 28th and September 4th respectively, no provision was made for mobilisation of foreign assets.

The other four creditor States—namely, the United States, Belgium, the Netherlands and Switzerland—together with a few debtor States such as Mexico,² Peru and Portugal, were the only countries which, after the recent spread of exchange controls, continued to maintain a free exchange market.

Some of the debtor countries which imposed exchange control at the beginning of the war seem to have done so largely because of their close financial and commercial ties with the United Kingdom, and more especially because they could only maintain unrestricted exchange relationships with the United Kingdom by restricting their exchange transactions with non-sterling or non-British countries. The exchange control of the United Kingdom would have been seriously weakened by the freeing of exchange transactions with these countries if the latter had left their exchanges with third countries unrestricted. In such cases, therefore, the introduction of exchange restrictions may have secured, on balance, a greater degree of freedom in international monetary relations than would otherwise have been possible.

¹ In Norway, however, and also in Denmark, an annual census of foreign assets was a normal procedure for many years before the outbreak of war.

² The only restriction in force in Mexico—a 4% tax on exports of capital—was removed in November 1939.

Mobilisation of Exchange Resources.

A preliminary stage of "exchange mobilisation" in some countries was simply the granting of legal powers to the appropriate Government department to order, in case of need, the surrender of gold, foreign exchange and foreign securities by private individuals and institutions. Such powers were provided for in the exchange regulations adopted in India and Ireland on September 3rd and 9th respectively. In Sweden, too, the Exchange Control Law passed on February 25th, 1940, empowered the authorities to require all foreign assets to be sold to them. But, before this, another preliminary measure had been taken in Sweden—namely, the compulsory declaration, on December 31st, of private holdings of gold, foreign exchange and foreign securities. Such a "census" of foreign assets was in most cases the first step in the mobilisation process. The first country to take it was the United Kingdom, where an order issued on August 25th under the Emergency Powers (Defence) Act, 1939, required foreign securities payable in certain specified currencies to be "listed" with the authorities. In the Union of South Africa, the exchange regulations of September 9th provided for the registration of gold and exchange holdings within thirty days and empowered the Treasurer to acquire "any securities marketable outside the Union". In Canada, the immediate declaration of foreign securities and exchange holdings of over \$1,000 was ordered on September 16th. The French measures, beginning with the Decree of September 17th providing for the declaration of foreign assets, will be mentioned in greater detail presently. In Australia, an ordinance was issued on October 4th requiring the compulsory registration, within a month, of all foreign—that is, "non-sterling"—securities, and authorising the Treasury to acquire any such securities and any property abroad. In Finland, a census of gold holdings, foreign exchange and securities was taken on September 30th under a Decree of September 8th, and their surrender to the authorities was provided for by the Exchange Control Law of October 26th.

Simultaneously with compulsory registration, all dealings in the securities officially "listed" were prohibited in the United Kingdom without Treasury permission. In Australia, similarly, no dealings were allowed in securities affected by the declaration order of October 4th. In Canada and France, on the other hand, foreign securities could continue to be bought and sold within the country. The Canadian order expressly prohibited the export of such securities, while the French regulations only stipulated that, if any were sold abroad, the exchange proceeds should be surrendered to the control authorities. In Finland, special facilities were instituted in October for the export of foreign securities for safe keeping in banks abroad, provided that the deposit receipts concerning these securities were in turn deposited with the Bank of Finland.

The methods of exchange mobilisation adopted in the two belligerent creditor States call for more detailed notice. In the United Kingdom, the Treasury was empowered to acquire, at current market values, all securities "which are likely to be marketable outside the United Kingdom". The registration order of August 25th was, however, confined to securities payable in the currency of the following ten countries: the Argentine, Belgium, Canada, France, the Netherlands, the Netherlands Indies, Norway, Sweden, Switzerland and the United States. The next step was taken under the comprehensive exchange control regulations which came into effect on September 4th. These provided for the immediate delivery to the authorities, at the official rates of the Bank of England, of all gold stocks and of foreign bank-notes and balances in

certain specified currencies held by residents in the United Kingdom. The currencies in question were the same as those named in the registration scheme for foreign securities. The removal of the statutory limit of £550 million to the borrowing powers of the Exchange Equalisation Account was another important measure connected with the mobilisation policy, indicating the intention of the authorities to use the mechanism of the Account for the acquisition of foreign assets from British residents. A Government order of November 23rd gave the Treasury power to acquire by compulsion the gold and foreign-exchange holdings which residents were called upon by the September regulations to offer for sale to the authorities. The first actual transfer of foreign securities to Government ownership, affecting sixty American stocks, was ordered in February 1940.

In France, a Decree of September 17th required all residents to make a declaration of the amounts of gold, foreign exchange and foreign securities held on October 15th, and to lodge this declaration before December 1st, 1939, or, in the case of mobilised persons, February 1st, 1940. Individuals (*personnes physiques*), as distinct from legal entities (*personnes morales*), were exempted from this obligation in respect of such holdings of gold and foreign assets as were physically located in France (including foreign exchange accounts with French banks). The date of the census was later postponed from October 15th to November 15th. A Decree of November 15th postponed this date further to December 31st and fixed January 15th, 1940, as the last day for lodging the declaration. This postponement was made in order to encourage the voluntary repatriation of capital which, as was officially stated, was taking place in large volume. The Minister of Finance, in a speech made at the end of December 1939, estimated the amount of capital repatriated from abroad since November 1938 at 60 milliard francs, of which 26 milliards came in during the ten months preceding and 34 milliards in the four months following the declaration of war.

While dealings in foreign securities, as mentioned above, were permitted within France, private trading in gold was no longer allowed, even though individuals were legally entitled to hold gold in the country without declaring it to the authorities. It remained, however, open to them to sell their gold, without having to declare their identity, to the Bank of France at the market price of 47,608 francs per kilogramme of fine gold,¹ and considerable use appears to have been made of this facility. At the end of December 1939, it was officially estimated that 10 milliard francs of domestic holdings of gold and foreign bank-notes were converted into French francs during the first four months of the war.

Control of Current Transactions.

Two elementary objectives are common to all schemes of exchange control : they are, on the one hand, to ensure that current exchange receipts are surrendered to the authorities, and, on the other, to apportion the available supply of foreign exchange among the firms and individuals desiring to make payments abroad. But the printed

¹ This policy was in sharp contrast to the methods adopted during the war of 1914-1918, when holders of gold coin were required, under pain of severe punishment, to surrender it against equivalent nominal amounts of paper money, with the result that gold disappeared from circulation without substantially increasing the official reserves. It was only when these regulations were repealed in 1926 that large amounts of gold found their way to the Bank of France.

rules and ordinances are far from uniform ; they often vary widely from one country to another ; and this is not always necessarily due to differences in the scope and nature of the methods in force. The regulations also vary a great deal simply in the degree of detail with which they are drawn up. To a greater or lesser extent, control of exchange transactions is necessarily a matter of administrative practice, which may not always be easy to ascertain and which, moreover, generally takes some time to become established. The following remarks on this aspect of exchange control are therefore brief and provisional.

The first provision of exchange regulations is frequently a general prohibition of dealings in foreign currencies outside the controlling agency ;¹ the public, that is to say, are forbidden to buy or sell exchange except from or to that agency. Such a general provision, however, does not seem to be sufficient in practice. In most cases, it is followed by more specific prescriptions regarding the surrender of current exchange receipts on the one hand and the rationing of foreign payments on the other.

For the control of foreign receipts, a system of export licensing was established in some countries, such as Canada (September 16th) and Australia (September 25th). In the United Kingdom, powers were taken on September 21st to institute such a system in case of need ; and from March 25th, 1940, a strict control of exchange proceeds was applied to exports of whisky, furs, tin, rubber, jute and jute manufactures.

For the control of foreign payments, import licences were introduced in a number of instances. The French Decree of September 9th and the Finnish Regulations of September 18th, for example, made it necessary to apply for an exchange licence or certificate giving permission to buy the exchange required before any goods could be imported. In Australia, an import licensing system was put into operation on December 1st, 1939.

As regards expenditure for travelling abroad, persons leaving the United Kingdom were allowed to take with them £10 without special permit, or £25 if their destination was Ireland. In France, the individual allowance for foreign travelling was fixed at 5,000 francs per month, equivalent to about £28 ; in Canada, it was fixed at 100 Canadian dollars per month, or about £22 ; and in Australia, at £250.

In every case, the sale of foreign exchange for the purpose of transferring domestic capital abroad was prohibited or, at any rate, made subject to official approval. This, of course, was the main object of the introduction of exchange control. A summary of the rules concerning the transfer of foreign-owned capital will be given later.

Some countries, such as Norway, India, Palestine and Hong-Kong, appear to have taken no special measures to secure the surrender of export exchange. Control, in these cases, was confined to one side of the exchange market, restricting the purposes for which banks were authorised to sell foreign means of payment. Such one-sided restriction represents, of course, only a very mild form of exchange control, and can sometimes be evaded without great difficulty. In Norway, where the unofficial restrictions introduced

¹ The controlling agency is generally the central bank. In Egypt, however, it is the Ministry of Finance ; in Ireland, it is the Currency Commission acting on behalf of the Ministry of Finance ; in France, it is an Exchange Office operated by the Bank of France ; in Norway, a Foreign Exchange Committee of the banks ; and in Canada, a Foreign Exchange Control Board consisting of the Governor of the Bank of Canada, the Deputy Minister of Finance and three other representatives of official departments. In most countries, a number of " authorised dealers " have been appointed to act on behalf of the control agency. In Australia, for example, these are the " trading banks " ; in Canada, the chartered banks ; in the United Kingdom, the London clearing banks, etc.

on September 4th affected only the sale of foreign exchange by the banks, placing no effective compulsion on exporters to deliver their exchange receipts, a "black" market seems to have sprung up at once, on which persons who were unable to obtain all the exchange they desired from the banks could satisfy their requirements at higher rates. At first, these unofficial rates seem to have varied around 5 kroner to the dollar, as against an official rate of 4.40 kroner; but they soon declined to approximately the official level, as it became evident that the banks were ready to meet all normal needs.¹

Scope of Exchange Restrictions.

In the United Kingdom, as was noted earlier, the compulsory surrender of foreign exchange was confined to ten specified currencies. Transactions with "Empire" countries, excluding Canada, Newfoundland and Hong-Kong, were exempted from restrictions. This exemption was later extended also to Egypt, the Anglo-Egyptian Sudan and Iraq. The freedom of remittances from the United Kingdom to these countries implied however, the condition that the latter themselves maintained effective restrictions on remittances to "non-Empire" countries. When this was not the case, temporary restrictions of an unofficial or purely administrative character seem to have become necessary in the United Kingdom. Thus a stricter control was placed on the conversion of sterling into Indian rupees at the beginning of 1940.

Countries attached to sterling granted, officially or unofficially, similar exemptions from their exchange controls. In some cases, as in Egypt and Ireland, these exemptions were confined to sterling—that is, the currency of the United Kingdom only. In others, as in India and Palestine, they applied to all "Empire" currencies, except Canada, Newfoundland and Hong-Kong. When exchange control was imposed in Hong-Kong on September 8th, dealings in sterling and currencies linked with sterling were left free, even though the corresponding exemption of Hong-Kong from the control of remittances was not accorded in the United Kingdom.

In view of Canada's close financial and trading relations with the United Kingdom and the United States, certain facilities were allowed by the Canadian Control Board in September concerning transactions with these two countries. These facilities related especially to the accounts of the numerous affiliations and subsidiary arrangements between Canadian and British or United States companies, and were generally designed to free the export trade as far as possible from the restrictive effects of the exchange control. Thus, firms in Canada could be permitted, under certain conditions, to continue to operate domestic or foreign bank accounts in sterling or United States dollars, in which the proceeds of export rates could be temporarily accumulated and from which normal business payments could be made. A company operating both a sterling and a United States dollar account could not, however, make any transfers from one to the other except by special permission.

The exchange regulations adopted in France on September 9th were also applied in the French colonies, protectorates and mandated territories in Africa; and on December 2nd, they were further extended to Syria. But transactions between France and her colonial and mandated territories were free from any restrictions, as were also the mutual exchange relationships between the territories under French administration.

¹ See *Statsokonomisk Tidsskrift* (Oslo, December 1939), page 324.

Franco-British exchange relationships, regulated by a special agreement concluded on December 4th, 1939, will be referred to at the end of this chapter.

Transfers of Domestic Currency to Foreign Accounts.

Exchange control cannot be complete so long as it is confined to dealings in foreign currencies. If the control makes it difficult to obtain the necessary foreign exchange for the purchase of goods abroad, these goods can be made payable in the domestic currency of the importing country. The importer, in that event, transfers the required sum in domestic currency from his own account with a domestic bank to the ownership of the foreign exporter. The latter, in turn, can sell the bank balance so acquired to a trader, for example, who has payments to make in the first-mentioned country for goods purchased there. An unofficial market in the country's currency may thus develop in foreign centres, and the rate of exchange quoted there will tend, for obvious reasons, to show a discount on the official value of the currency. This mechanism, moreover, opens the way for an illicit export of capital. Anyone who wishes to export domestic funds can sell them to a foreigner desiring to use them, say, for purchases of goods, and acquires from the latter a foreign bank balance in return. The capital transfer thus tends to be effected, in the last analysis, by means of the additional exports made possible by the depreciation of the exporting country's currency in the unofficial foreign market.

In the United Kingdom the control introduced on September 4th at first left the transfer of sterling balances from domestic to foreign ownership practically unrestricted. An unofficial market in sterling sprang up in foreign centres, particularly in New York. The supply of sterling on that market was derived, not only from current transfers of new balances to foreign ownership, but also from the sale of old sterling balances held in London on foreign account. It is, of course, impossible to determine exactly to what extent the fluctuations in sterling quotations in New York were due to withdrawals of these old balances, and to what extent they were due to the sale of new balances of sterling currently acquired by foreigners. There is, however, reason to believe that the former were the factor mainly responsible for the sharp depreciation of sterling in the unofficial foreign market in September and November. The course of events in that market is accordingly dealt with more fully below in the paragraphs on the position of foreign balances under the war-time exchange controls.

The relative freedom with which, in the United Kingdom, sterling could be transferred to foreign accounts was restricted for the first time in November. Previously, such transfers needed the formal approval of an authorised bank, but no such supervision and documentary evidence was required as in the case of applications for foreign exchange. Towards the end of November, the authorised banks were requested by the authorities to subject to closer scrutiny any transfer of sterling to accounts of non-residents. Complete control was finally established under an order which came into effect on January 8th, 1940, prohibiting the transfer of sterling from the account of a resident to the account of a non-resident except by official permission; and it was provided that such permission should only be given on the same strict conditions as regards documentary proof and control as in the case of payments in foreign exchange.

In Canada, transfers of domestic currency to accounts of non-residents were rendered subject to permit from the outset under the Foreign Exchange Control Order of

September 15th. The order prescribed, moreover, that no exporter might accept payment in Canadian dollars except by permit.

The first restrictions adopted in India under the Defence of India Ordinance of September 3rd, 1939, did not deal with the question of rupee transfers. At the beginning of October, however, a "Notice to Banks" was issued in virtue of which transfers or payments of rupees from a domestic Indian source to a "non-Empire" account must be reported to the Reserve Bank.

The French control legislation stipulated that, if exports were payable in francs, payment could only be made out of old foreign holdings of francs. Supplementary regulations adopted in December prohibited the creation of new foreign holdings through the transfer of francs to accounts of foreigners, except with the permission of the control authorities.

In Sweden, similarly, the transfer of domestic currency to the account of non-residents was expressly forbidden by the Exchange Control Law of February 25th, 1940.

Treatment of Foreign Balances.

In none of the recent schemes of exchange control were foreign balances "blocked". The transfer, that is to say, of domestic currency from foreign ownership to accounts of nationals or residents was left free. The treatment of foreigners' balances differed only as to whether or not these balances could be used for the purchase of foreign exchange from the authorities at official rates; whether or not, in other words, they could be withdrawn through the official channels from the country in question.

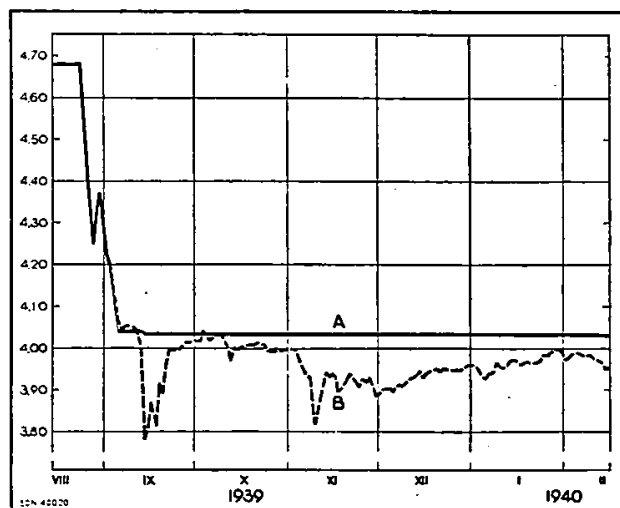
France is the outstanding example of the first of the two alternative policies adopted. The French regulations for the control of current exchange transactions expressly provided that foreign exchange would be granted by the authorities to foreigners wishing to withdraw any funds which they held in France on September 10th, at the moment of the introduction of exchange control.

In Finland, too, foreigners' balances could be freely withdrawn. In Sweden, prior to the Law of February 25th, 1940, under the unofficial control of the exchange market introduced in September 1939, non-residents were readily permitted to convert their bank balances into foreign exchange; but limitations were imposed on stock exchange sales of foreign-owned securities, including Swedish Government bonds in foreign ownership, so that the withdrawal of foreigners' assets from Sweden was not, in effect, entirely free. Under the official exchange regime imposed on February 25th, 1940, the sale of foreign currencies with a view to the transfer of foreigners' kronor balances was discontinued altogether.

Refusal to grant exchange for the transfer of foreign balances was, indeed, the policy adopted by the great majority of countries. But since, in contrast to certain exchange-control systems introduced in earlier years, foreigners' balances were not "blocked"—since, in other words, transfers from foreign to domestic accounts were permitted—the foreigner or non-resident was left free to sell the balance he held in the particular country to another foreigner or non-resident who could use it, say, to pay for imports from that country. If, however, such balances were to be so used in payment for goods, they had to be offered on more favourable terms than those obtainable through the official channel. The balances, then, could be withdrawn, but only at a loss as compared with official exchange rates.

After the imposition of exchange control in the United Kingdom, there was at first some doubt as to whether the authorities would permit the withdrawal of foreign balances. When it was seen that the policy was not to grant exchange applications for this purpose—except in the case of French balances—and when moreover, a slight reduction in the Bank of England's dollar rate on September 14th gave rise to some uncertainty regarding the stability of the official rates, appreciable amounts of foreign-held sterling balances began to be offered for sale in New York. As is shown by the adjoining diagram, the unofficial dollar-sterling rate quoted in New York suffered a heavy decline. The Secretary to the United States Treasury announced that measures might be taken, if necessary, to check speculation against sterling in New York. In fact, the rate quickly recovered and remained very close to the official level during the last week of September and the greater part of October. Another sharp fall occurred at the beginning of November. This was

Diagram 1.
THE DOLLAR-STERLING RATE IN LONDON (A)
AND NEW YORK (B) (daily averages of buying
and selling rates).



probably due to some extent to the marked rise in the prices of Government securities and the consequent virtual abandonment of official minimum quotations on the London Stock Exchange, which facilitated the sale of British securities by foreign holders desiring to withdraw their funds from the United Kingdom. During December 1939 and January 1940, as may be seen from the diagram, the market value of sterling in New York recovered gradually to the neighbourhood of its official value in London, partly as a result of the restrictions placed on the transfer of sterling to foreign accounts and partly owing to the fact that, after the large exodus of capital in 1938 and 1939, the remaining stock of mobile foreign balances in London was becoming depleted.

In the middle of March 1940, there was another drop in the New York sterling rate to 3.80 and even less. This seems to have been due to the introduction of a stricter control of export proceeds in the United Kingdom, which reduced the actual or prospective demand for sterling in the unofficial market.

No statistical information is available regarding the volume of transactions in the unofficial sterling market in foreign centres. But observers are agreed that it can have constituted only a small fraction of total transactions, the great bulk of which consequently passed through the official channels controlled by the British exchange authorities.

The contrast between France and the United Kingdom in the treatment of foreign balances is less sharp than might appear at first sight. As has been seen, the withdrawal of foreign funds from the United Kingdom remained quite possible both in law and in practice. But the withdrawal could not be effected at official quotations, and therefore, so long as the unofficial exchange value of sterling was lower, it involved a certain loss compared with the official rates of exchange.

That, under the French system, the withdrawal of foreign balances tends to result in a loss of exchange reserves is evident. It might be thought that, under the British system, the withdrawal results in as great a loss: exports which would otherwise bring in foreign exchange to pay for current imports are now settled by means of the sterling balances sold by foreign holders. But the discount in the unofficial market may have two effects. On the one hand, it might conceivably discourage the withdrawal of capital in view of the "transfer loss" involved in comparison with official rates; though it might also, in certain circumstances, have the opposite effect through its possible repercussions on confidence. On the other hand, the depreciation of the exchange in the unofficial market might tend to stimulate additional exports abroad, so that the real transfer of the foreign balances might take place through a change in the foreign trade balance. This, at any rate, could be expected under normal conditions. What influence prices and exchange rates still have on the flow of goods under the war-time control of production and shipping is a question which falls outside the scope of the present review.

THE FRANCO-BRITISH MONETARY AGREEMENT

On December 4th, 1939, a far-reaching agreement was concluded between the United Kingdom and France concerning the financial and monetary relationships between the two allied Powers. Provision was made for the maintenance of the existing exchange rate of approximately 176.50 francs to the pound, and for the pooling of the foreign exchange resources of the two countries. The agreement did not liberate capital movements, commercial payments and other exchange transactions between the United Kingdom and France from the general exchange restrictions applied by both countries¹; but it established a system of mutual settlements through a mechanism of clearing, thus obviating the need for any gold shipments from one country to the other. The co-ordination of Franco-British exchange policy was supplemented by a significant clause regarding the co-ordination of price policy also.

The following is the text of an official *communiqué* summarising the agreement :

" 1. The two Governments have agreed that it is in the interest of both countries to avoid alterations in the existing official rate of exchange between the pound and the franc.

" 2. The francs required by the United Kingdom (including those for the British Expeditionary Force) will be provided against payment in sterling, and the sterling required by France (including that required for the purchase of raw materials in the British Empire) will be provided against francs. Both countries will, for the duration of the war, be in a position to cover the whole of their requirements in the currency of the other country by payment in their own currency without any question of their having to find gold.

" 3. The sterling held by the French monetary authorities will be available for expenditure throughout the sterling area, and the francs held by the United Kingdom monetary authorities will be available for expenditure throughout the French Empire.

" 4. The question of sharing equitably the expenses necessitated by the conduct of the war, which the two Governments have to defray in gold and dollars, will be kept under review.

" 5. The United Kingdom and French Treasuries will have frequent meetings to review the position of the Allied Governments as regards their resources in gold and foreign exchange.

¹ At the end of February 1940, however, arrangements were made in both countries whereby commercial transactions between them were liberated to a large extent.

" 6. Neither Government will raise a foreign loan or credit except in agreement with (or jointly with) the other Government.

" 7. Neither Government will impose fresh restrictions on imports from the other country during the war for protective purposes or for exchange reasons.

" 8. The two Governments will maintain contact as regards their policy in regard to prices.

" 9. Finally, the two Governments will share certain items of expenditure in the common cause, such as financial assistance to other countries and the cost of the armed forces of their Polish ally. The contribution of the two Governments will be fixed on a basis which will take due account of the national wealth of each. In general, the French contribution will be 40%, and the United Kingdom contribution 60%, of the total.

" 10. These arrangements will remain in force till six months after the signature of the treaty of peace."

II. — OTHER MONETARY MEASURES ADOPTED SINCE THE OUTBREAK OF WAR

THE LIQUIDITY PROBLEM

There are two ways in which war tends to affect the internal working of national monetary systems. In the first place, Government expenditure comes to absorb an increased share of the national income, not only in the belligerent States, but also in a great number of other countries where exceptional defence preparations have become necessary. Taxes are increased, but State borrowing is also resorted to on a vastly increased scale ; and this borrowing is apt to have far-reaching effects on the monetary circulation. The continuous pressure of war finance on the structure of currency and credit becomes more clearly apparent as time goes on. This problem will be dealt with in a subsequent study which it is hoped to publish in this series. Some of the repercussions which the war has already had in this respect will be briefly noted in Chapter III of the present *Review*.

The other characteristic phenomenon arising from war is a general search for monetary liquidity. This shows itself in a fall in security prices and a rise in interest rates, due to the public's desire to convert a larger proportion of its total assets into liquid money. Within the sphere of monetary assets, moreover, a shift takes place from bank balances to currency notes and coin. It is with this phenomenon that the following pages are concerned.

It may be stated at the outset that the "liquidity crisis" of 1939 was far less acute than that which occurred in similar circumstances twenty-five years earlier. In 1914, banks and Stock Exchanges were closed for long periods ; extensive use was made of moratoria and similar devices. Special measures of this kind were also adopted in 1939, as will be seen presently ; but they were in general less comprehensive and less prolonged. No doubt banking systems and currency arrangements had in the meantime become more adaptable and elastic. But an important if not the principal difference seems to have been due to the manner in which the emergency developed. In 1914, it developed with dramatic suddenness ; markets were caught unawares, and the rush for liquidity assumed in some cases the form of panic. In 1939, the outbreak of hostilities came after a long period of tension, during which both the public and the authorities had had time to make the necessary preparations. It is a small but significant detail, for example, that the special currency notes which were put into circulation in Germany at the beginning of September 1939 were dated January 1937.

Since circumstances differed in this essential respect, a comparison between 1914 and 1939, while it does not lack a certain interest, is not as significant as might be expected. In the following survey of measures taken to deal with the liquidity problem

in 1939, no more than occasional reference will therefore be made to the analogous regulations introduced in 1914.

Memories of 1914, however, undoubtedly played an important part in 1939, in that the fear of a general closing of banks and of moratoria provided an incentive to the search for liquidity. But, for the greater part, the movement was probably due to various other factors. Chief among them was, of course, the inevitable uncertainty caused by the outbreak of hostilities and a desire to be prepared against all eventualities, which, together with the prospect of heavy taxes and large loan issues, reduced the attractiveness of income-yielding capital assets as compared with the holding of money. The demand for "cash" as compared with bank deposits was, moreover, increased by a number of special circumstances. In many countries, there was a wave of retail buying for hoarding purposes, and larger amounts of currency were required to deal with the increased turnover, which, in most cases, was further swollen by a rise in prices. Such panic purchases were only a short-lived phenomenon in most countries. But a mere desire on the part of the public to be prepared for exceptional purchases may have been sufficient to cause more money to be held in the form of notes and coin.

A very important reason for larger cash requirements was, of course, the general or partial mobilisation of armed forces. The evacuation of women and children or even the mere prospect of such evacuation had a similar effect. The actual or anticipated separation of families tended to increase both the number of separate cash holdings and the aggregate of cash required. In some countries, another large part of the expansion of note issues was due to the steps taken by commercial banks to strengthen the reserves of till money in their provincial branch establishments, partly in order to provide for the public's increased demand for currency, and partly also to guard against the possibility of war-time dislocation of transport.

It may be well to note that, unlike the problem of war finance, the problem of war-time liquidity is, to a large extent, a non-recurrent one, relating especially to the *transition* from peace to war conditions, and presenting itself therefore with particular force at the *beginning* of the war. Once the demand for liquid resources is satisfied at the higher level, equilibrium tends to be established once more, unless new factors arise to alter the public's need or preference for cash. //

The various measures which monetary authorities in a large number of countries were obliged to adopt in the latter part of 1939 to cope with the quest for liquidity may be broadly divided into two groups: namely, (a) those which were designed to hold in check the demand for liquid resources and (b) those which aimed at increasing the supply of currency and credit in response to the increased demand. The former group includes the measures whose object was to prevent or make more difficult the conversion either of Stock Exchange securities into ready money or of bank deposits into notes and coin. The latter group covers, not only the provision of special credit facilities and the issue of special kinds of currency, but also steps taken to facilitate currency expansion in general. A survey of these measures will lead naturally to a consideration of the measures connected with war-time Government borrowing and the monetary effects of such borrowing, since, in order to meet the financial needs of the emergency in its first stages, Governments were in many cases obliged to have recourse to increased borrowing from the banking system. Additional amounts of currency tended thus to become available as a result of the same circumstances which caused the increased demand for them.

(a) MEASURES TO CHECK DEMAND FOR LIQUID RESERVES

(i) *Stock Exchange Regulations.*

The fall in security values resulting from the desire for greater liquidity and the corresponding rise in interest rates as reflected in the percentage yield of bonds may normally be expected to have an equilibrating function: the higher cost of hoarding in terms of the interest return foregone should tend both to discourage fresh demand for idle balances and to increase the supply through the relinquishment of old cash holdings. But the *process* of rapidly rising interest rates and falling security prices may, in times of violent disturbance, have the opposite effect. Once a serious fall on the Stock Exchange has set in, this may lead to further sales of securities and a further demand for cash on the part of investors wishing to avoid the capital losses involved. It is largely to arrest a cumulative downward movement of this kind that special intervention in the capital market may become necessary in an emergency.

The simplest measure is to close the Stock Exchange. Thus the London Stock Exchange was closed from September 1st to September 6th, 1939. But the purpose of the closure was not so much to cut short an excessive wave of liquidation—this was done through the institution of minimum prices—as to allow the authorities to carry out certain changes in organisation, including precautionary arrangements for evacuation. In 1914, it may be mentioned, the London Stock Exchange remained closed for five months after the declaration of war.

No closing of the Stock Exchange occurred in France. In Denmark, however, a closure was ordered from September 1st to 11th, and, in Yugoslavia, from September 2nd to 7th, 1939. In Finland, the Stock Exchange was closed on September 1st, 2nd and 4th, and again from October 11th onwards, was reopened on November 22nd and was closed again shortly afterwards. In Australia, Stock Exchanges were closed on September 2nd and 4th.

The fixing of official minimum prices for securities furnished in some cases an alternative means of control. In the United Kingdom, a scheme of minimum prices was put in operation on August 24th, 1939—*i.e.*, on the day when the bank rate was raised from 2 to 4%. The scheme applied to British Government, municipal and Dominion bonds. The minimum prices fixed were the bid quotations recorded on August 23rd. Members of the Stock Exchange were forbidden to deal in these securities at any lower price. As a result, selling orders accumulated, while purchases fell off. The volume of actual transactions shrank accordingly to an abnormally low level. The prohibition to deal except at prices fixed above the levels which would have resulted from the free play of supply and demand was thus naturally in some degree equivalent to a closing of the market.

These minimum prices were maintained after the reopening of the London Stock Exchange on September 7th. Gradually, however, the accumulation of selling orders was worked off, and the market regained its mobility. After the lowering of the bank rate to 3% on September 28th, transactions at prices above the official minima became more and more frequent. The price of 3½% War Loan—the leading British Government security, of which nearly £2,000 million is outstanding—exceeded the minimum on October 12th. By October 23rd, all British Government bonds had risen above the official minima. The whole scheme thus gradually became inoperative.

In Denmark, a somewhat similar scheme was introduced on September 12th, on the day of the reopening of the Stock Exchange. No bonds could be bought or sold at prices more than 2% below the lowest quotation recorded on August 31st. This rule was relaxed on September 25th, so as to allow bonds and bank shares to fall from day to day, but not by more than one point per day. That the regulations effectively restricted the volume of operations is shown by the fact that the average daily turnover in bonds during September, taking into account the period of closure, was practically 50% lower than the daily average of either the preceding or the following month.¹

In Sweden, a system of minimum prices for both bonds and shares was introduced on September 1st. No sale quotation was allowed below the bid quotation of August 31st, and no bid quotation was to be recorded which was 10% or more in the case of shares, and 5% or more in the case of bonds, below the price of August 31st. The margin for bonds was later extended to 10% and in certain cases to 12%. In order to make dealings possible, the minimum quotations had to be lowered from time to time, and the system was abandoned entirely on January 1st, 1940. The scheme seems to have been successful in preventing too sudden a liquidation of security holdings and too steep a fall in prices. But over a longer period, the fall could not be prevented: the price of a representative 3% Government loan fell from 101½ to 74 between the end of June and the beginning of January 1940, and its yield rose accordingly from 2.57% to 4.10%.

Another method was also tried in Sweden to check the decline of prices on the Stock Exchange. With Government approval, a "guarantee fund" of 25 million kronor was set up in October by sixteen leading banks and a number of financial and industrial enterprises for the declared purpose of supporting Stock Exchange values "in case of need"—in case, that is, of "an excessive and unreasonable fall in quotations". Similar action was taken in the Argentine by the Central Bank. At the beginning of September, the Bank announced its willingness to buy certain specified Government and municipal securities at stipulated prices. This measure may bear a superficial resemblance to the minimum-price systems described above, but the difference between them is in reality fundamental, since the latter provide for no buyers at the permissible minimum quotations. The available returns of the Argentine Central Bank show no trace of any exceptional security purchases. It would seem that the announcement was sufficient to calm the market and to keep down the demand for liquid funds.

A quite different problem of Stock Exchange control which seemed to present itself in certain countries after the outbreak of war was the prevention of speculative purchases of industrial equities in anticipation of rising prices. Such purchases, in so far as they occurred, might seem to represent a movement in the contrary direction to the "search for liquidity", but they appear, on the whole, to have been part of a shift from bonds to shares rather than a shift from cash into securities. In fact, as will be seen later from Diagram 4, the rise in share prices which occurred in certain countries in the autumn of 1939 was, in most cases, only of short duration.

In Denmark, with a view of discouraging share speculation, the restrictions on borrowing for the purpose of holding or purchasing shares were considerably tightened on September 12th. Previously, while a certain percentage of the value of shares had always to be covered by the borrower's own funds, there was no absolute limit to the

¹ According to the available statistics, the monthly Stock Exchange turnover in bonds amounted to 24.0 million kronor in August, 8.9 millions in September and 24.6 millions in October.

amount he could borrow if the shares went up in price. Under the new regulations, such an upper limit was set at 80% of the nominal value of the share, while the percentage of the market value which could be covered by borrowing was fixed at 65%. Another Danish measure designed to check speculation was an increase in stamp duty under a law of September 21st.

In Greece, forward dealings in securities were prohibited in November, and, in the same month, the regulations governing such dealings in Italy were rendered more stringent. In the United Kingdom, according to the amended rules adopted at the beginning of September, all dealings on the London Stock Exchange had to be on a cash basis. Of the countries mentioned, only Italy seems to have experienced a substantial rise in share prices after September 1939. Neither in Greece nor in the United Kingdom did share prices show any general rising tendency in the latter part of 1939; and, in Denmark, after a brief advance in September, the movement was almost continuously downward, as will be shown in Diagram 4.

(ii) *Restrictions on Withdrawal of Bank Deposits.*

Only in a very few cases was it necessary to place restrictions on the convertibility of deposits into cash. This fact is significant as an illustration of the liquid position in which, on the whole, commercial banks found themselves at the outbreak of war.

In Denmark, a law was passed on August 31st, 1939, authorising the Government, until the end of March 1940, to limit withdrawals of bank deposits. Under this law, an order was issued, which came into force on September 1st, restricting the amount of deposits which could be withdrawn in cash from commercial banks, savings banks and other credit institutions to a maximum of 300 kroner per week for any individual depositor. It was officially pointed out that this was in effect a repetition of a similar measure adopted on August 2nd, 1914. In fact, deposits remained remarkably steady. During the three months between the end of August and the end of November 1939, only savings bank deposits were slightly reduced (from 2,281 million to 2,245 million kroner); and total deposits with commercial banks increased slightly (from 2,359 million to 2,434 million kroner).

In Finland, restrictions on savings accounts were introduced in October, but were alleviated in November in order to promote subscriptions to an internal Defence Loan.

In Palestine, a bank holiday was declared for the three days from August 27th to 29th, after which restrictions were imposed on the local banks as regards the proportions and maximum amounts of deposits which any individual depositor was allowed to withdraw. These restrictions were removed on September 24th.

In Yugoslavia, the banking system had not yet completely recovered from the effects of the post-1929 depression; and savings deposits were still subject to a moratorium dating from 1934. A general closure of banks and other financial institutions was ordered from September 2nd to September 7th, 1939. On the date of reopening, September 8th, a decree came into force under which withdrawals from deposit and current accounts could be effected without notice up to amounts of 5,000 dinars, while, for larger sums, one to three months' notice had to be given, according to the amount involved. The decree provided for certain exceptions, especially for business firms having payments to make from their current accounts. Aggregate commercial-bank deposits in Yugoslavia showed an appreciable drop from 4,663 million to 4,504 million

dinars during August, and further to 4,381 millions during September, but they recovered thereafter to 4,502 million dinars at the end of November 1939.

For the sake of completeness, it may be mentioned that September 4th was made a bank holiday in the United Kingdom. The only purpose of this measure, however, was to permit the banks to adapt their organisation to the emergency, and more especially to make the necessary arrangements for the introduction of foreign-exchange control.

Nowhere did the public's demand for cash lead to involuntary banking closures on any extensive scale through failures or suspensions. The only important case of bank failure occurred in Belgium in November 1939, when one of the leading commercial banks, the *Crédit Anversois*, had to close its doors and go into liquidation. Though the difficulties of this bank may have been brought to a head by the general movement of deposit withdrawals, reflected in a decline in total commercial-bank deposits in Belgium from 15,286 million francs at the end of June to 14,423 millions at the end of September, the deeper causes of the failure seem to have been largely connected with losses sustained in the post-1929 depression.

(b) MEASURES TO INCREASE SUPPLY OF CURRENCY

(i) *Credit Facilities.*

In contrast to 1914, no country resorted to any general credit moratorium in 1939. Such partial moratoria as were introduced were limited to persons directly affected by the outbreak of hostilities, and, in the first instance, to mobilised persons. Measures of this kind were not applied only in belligerent States. In Switzerland, for example, permission was granted to delay the repayment of debts when the inability to pay was due directly or indirectly to mobilisation. In Finland, a moratorium for mobilised persons, declared in October 1939, was made to apply also to taxes up to an amount of 8,000 markkaa.

At the beginning of the war, there was, in many countries, a tendency among traders, industrialists and shopkeepers to insist on the settlement of outstanding accounts and to demand cash payment where formerly credit terms were customary. This, of course, was part of the general search for liquidity. Once the transition to cash terms was made, the system could continue smoothly. But during the transition, this tendency undoubtedly placed a strain on the credit structure, and, in some countries, the authorities therefore took steps to discourage it. Thus, in France, a *communiqué* was issued by the Ministry of Commerce on September 26th stating that cash payments must not take the place of the current forms of commercial credit in use, especially in view of the extensive credit facilities which the authorities were making available and which made a general moratorium such as had been imposed in 1914 unnecessary. These credit facilities were described in a statement by the Ministry of Finance on September 29th. It was provided that "bills of exchange discounted by the Bank of France which had remained unpaid as a result of the mobilisation could be retained by the Bank", if repayment could not be made without difficulty. "In case they had been repaid to the Bank of France by banks or dealers who had discounted them, they could once more be presented for discount during the entire duration of hostilities." It was further stated that the Bank of France had invited banks and drawers of bills of which the drawee was experiencing temporary difficulties directly attributable to

the emergency (owing to evacuation, requisition, etc.) to renew or prolong the bills in question in whole or in part. The Bank of France, it was announced, was prepared to take up such paper for rediscount.

Similarly, in the United Kingdom, arrangements were made which rendered unnecessary any general moratorium such as was adopted in August 1914. A law was passed under the title of "Courts (Emergency Powers) Act, 1939" giving full protection to any institution or person who was unable to meet his liabilities solely by reason of the emergency. To supplement the general provisions of this Act, arrangements were made immediately after the declaration of war whereby the Bank of England agreed to advance, in case of need, to acceptors whose bills were normally discounted in the London discount market, "the funds necessary to pay at maturity all approved bills accepted before September 3rd, 1939". These special advances to acceptance houses were to be available at 2% above the ruling bank rate, with a minimum of 6%. It would seem that, in practice, no appreciable use was made of these facilities.

In Germany, credit relief measures were introduced in a number of different forms. In the first place, two decrees of September 18th and October 7th provided the legal basis for individual credit moratoria. Under the former decree, commercial bills of exchange had to be prolonged, if the debtor so desired, by thirty days. The latter measure extended this optional postponement to all debts contracted before the outbreak of hostilities. In addition, various types of emergency credits were made available to industrial and commercial enterprises which were suffering from impaired liquidity owing to war conditions and were unable to obtain additional credit accommodation by ordinary methods. Businesses whose difficulties were due to such causes as the general mobilisation or the introduction of rationing¹ could obtain special bank credits through the intermediary of the "Oeffa", a State-owned "company for the financing of public works", which had gone into liquidation in 1937 but was now re-established for this particular purpose. This institution undertook to endorse the bills in question and to guarantee 95% of their value, which made them eligible for rediscount at the Reichsbank. Another type of credit instrument was provided for firms having to finance a rapid and extensive change-over in output and organisation to war requirements. Such firms were supplied with two to three months' promissory notes of the army (*Wehrmachtverpflichtungsscheine*), which, though not eligible for rediscount, could be used as collateral for bank advances. Thirdly, firms having long-term capital investments to make as a result of war requirements could obtain bank loans by applying to the State-controlled Industrial Bank (*Deutsche Industrie-Bank*), which, like the "Oeffa", guaranteed the bills in question and made them rediscountable and thus acceptable to the ordinary banks. The cost of "Oeffa" credits worked out at 6.9% and that of credits arranged through the Industrie-Bank at 5.9%—that is, in both cases somewhat higher than the cost of normal credit facilities. Further, a public company named Luftfahrtkontor was specially entrusted with the provision of credits to the aircraft industry; one of the big Berlin banks, the Reichskredit, A.G., undertook to make advances against claims outstanding in enemy countries; and a new Export Credit Bank was set up to finance export firms.

¹ This factor seems to have been especially important, for example, in the retail trade in textile goods, where sales were severely restricted by a system of "buying permits" for some months before ration cards were introduced for these goods.

(ii) *Provision of Additional Currency: Special Forms.*

Bank-notes of larger denominations than those in common use were in some cases put in circulation to satisfy the demand for cash on the part of banks and members of the public. Thus, in Finland, new notes of 1,000 and 5,000 markkaa were issued in October; and the Swedish Riksbank began to issue notes of 10,000 kronor at the beginning of September.

But it was a shortage of small change rather than of any other form of currency which, as in 1914, made itself felt in many countries at the outbreak of war in 1939. There were several reasons for this. The temporary rise in the volume of retail purchases, or at least the desire to be ready for such purchases, was probably one of them. Mobilisation for military service and evacuation of civilians also played a part in some cases, since the number of independent small cash holdings was thereby increased. In a number of countries, furthermore, the public showed a tendency, as in 1914, to hoard coins—and more especially silver coins—for their value as metal.¹

The amount of coin held by the central bank accordingly showed a sharp decline in many countries. In Germany, for example, it fell from 168 million marks on August 23rd to 63 million marks on September 7th; in the Netherlands, it dropped from 16.8 million gulden on August 28th to 5.6 millions on September 11th. In both these countries, new coins were minted to meet the public demand.² In Finland, the amount of small coins is known to have been increased in October. The Hungarian Government, in September 1939, issued silver coins to the full amount of 120 million pengö fixed as a maximum by a decree of November 1938; additional amounts of base-metal coins were also put in circulation. In Roumania, the minting of new coins of a nominal value of over 2,500 million lei was authorised in September. In Belgium, the maximum issue of token coins and Treasury notes of small denominations, fixed at 1,500 million francs in 1935, was raised to 1,750 millions in January 1940.

Another means of meeting the need for small change was the issue of paper notes of low denominations. Thus in Switzerland the National Bank began to re-issue the

¹ This tendency would probably have been less marked if the public had been fully aware of the great change in the market position of silver which has taken place since 1914. Largely owing to the increase in world production of such metals as copper and lead, of which silver is a by-product, the value of silver has suffered a considerable decline. The last part of this decline occurred at the beginning of July 1939. At that time, the monetary powers of the President of the United States were renewed for another two years. These included, in addition to the power to devalue the dollar to 50% of its old value and to maintain the Exchange Stabilisation Fund, the powers conferred on him by the Silver Purchase Act of 1934. Simultaneously, however, the United States Treasury reduced its buying price of imported silver from 43 cents to 35 cents per fine ounce. The New York market price of silver has remained at that level since July 1939. Compared with the average price of a little over 60 cents per ounce which prevailed in 1913, this represents a reduction of over 40%. In terms of commodities, whose dollar prices have risen on the average by some 10% in the meantime, the reduction in the value of silver is even greater; and it is still greater in terms of gold, whose dollar price is 70% higher than in 1914. At the end of October 1939, the British and Indian Governments prohibited the import of silver except under licence. In view of India's importance as a consumer of silver, this measure tended further to weaken the silver market. Apart from the fall in the price of silver, there has been a tendency towards a reduction in the silver content of coins. The latest example of this is the decision made by the Indian mint in February 1940 to reduce the fineness of certain classes of silver coins from $\frac{11}{12}$ to $\frac{1}{2}$ (that is, to the same fineness as British silver coins).

² In the case of Germany, according to the quarterly reports of the mint, the total of coin in circulation rose from 1,938 to 2,067 million marks between the end of June and the end of September 1939.

five-franc notes which had been withdrawn shortly after the end of the war of 1914-1918. In Germany, small Rentenbank notes, which, according to the Rentenbank Law of 1924, were being gradually withdrawn, were again issued under a Decree of September 4th. The five-mark notes which appeared in circulation bore the date of January 30th, 1937. Notes of one and two marks were also issued. The total amount of Rentenbank notes held outside the Reichsbank rose steadily from 371 million marks on August 23rd to 640 millions at the end of September and 967 millions at the end of December 1939.

In the United Kingdom, additional currency was provided in the form of postal orders, which, as in 1914, were declared legal tender under the Currency (Defence) Act of September 1st, 1939. Being available in denominations up to 21s., they were primarily intended to meet the possibility of a lack of small change arising from large-scale evacuation and possible dislocation of transport. As they are lighter to transport than coin, and were already distributed and available at post offices throughout the country, they were well suited to their purpose. The amount of postal orders actually used as cash does not, however, seem to have attained large proportions. Thus it is known that of the £149.7 million of till money held by the London clearing banks and their provincial branches at the end of September, postal orders accounted for only £0.7 million or less than 0.5%. On the assumption that they constituted a similar percentage of the cash held by the public, their total issue has been estimated at little more than £3 million¹. Supplies of coin proved to be adequate, and, by Government decision, postal orders ceased to be legal tender from December 21st, 1939.

In some countries, certain kinds of coin were withdrawn from circulation and replaced by paper currency. In Germany, two-mark silver pieces ceased to be legal tender on January 1st, 1940. In France, ten- and twenty-franc silver coins were withdrawn and replaced by notes of the Bank of France in September, while the five-franc nickel pieces were replaced at first by notes and later by bronze-aluminium coins of the same denomination.

(iii) *Provision of Additional Currency: General Measures.*

The war-time expansion of currency was largely brought about by Government borrowing from the banks. But changes in the regulations governing the issue of currency were necessary in a number of cases in order to make such expansion and such borrowing possible. Despite the far-reaching changes which had occurred since 1931, the issue of domestic currency, in the great majority of countries, was still linked up at the outbreak of the war, in law if not in fact, with the country's central stock of international means of payment—that is, in the main, with its stock of gold; and this link constituted a limitation—though, in some cases, only a remote one—on the expansion of currency. The object of a whole series of measures taken in European countries during the first few months of the war was to loosen this limitation or even to remove it altogether. The actual or prospective increase in note circulation, however, was only one reason for such action. Another was the actual or prospective decrease in European gold reserves due to increased purchases from overseas or, where the exchange remained unrestricted, to transfers of capital funds.

¹ Cf. *The Economist*, November 25th, 1939, page 295.

Apart from Germany, where the practice followed since 1933 was confirmed by law in June 1939¹, the most drastic dissociation of the note issue from the gold reserve was carried out in the United Kingdom. At the beginning of September, all but a nominal amount of the Bank of England's gold reserve was transferred to the Exchange Equalisation Account, and the Bank's fiduciary issue, covered by Government securities, was raised by an amount equal to the value of the gold thus transferred. The whole note-issue—apart from the nominal £0.1 million still backed by gold—thus became "fiduciary". But the events preceding this measure also deserve notice. It will be remembered that, under the Currency and Bank Notes Act, passed in February 1939, the Bank of England's gold reserve was to be valued week by week at the current market price of gold. The abandonment of the dollar "peg" by the exchange authorities on August 25th and the subsequent depreciation of sterling led to a rise in that price and to an increase in the value of the Bank's gold. This permitted the Bank to effect a corresponding increase of its note issue at the very moment when the emergency demand for cash was particularly heavy. The following figures from the Bank's weekly return clearly reflect these events :

BANK OF ENGLAND : GOLD RESERVE AND NOTE ISSUE
£ (000,000's)

1939	Gold in issue department	Valuation price (shillings and pence per fine ounce)	Fiduciary issue	Total issue	Of which:	
					In circulation	In Banking Department ^a ("Reserve")
Aug. 23rd.	246.4	148/6	300.0	546.4	508.1	38.3
Aug. 30th.	263.0	158/6	300.0	563.0	529.5	33.5
Sept. 6th.	0.1	168/-	580.0	580.1	549.9	30.2
Sept. 13th.	0.1	168/-	580.0	580.1	553.5	26.6
Sept. 20th.	0.1	168/-	580.0	580.1	546.5	33.6

^a The so-called "Reserve" also includes small amounts of coin. These are excluded from the figures shown above.

The transfer of gold to the Exchange Account was made shortly before the September 6th return was drawn up. At that moment, the value of the Bank's gold had risen to £280.1 million, of which £280 million was transferred. The simultaneous increase of the fiduciary issue to £580 million proved sufficient to meet the drain of notes into circulation, which, as the figures show, reached a maximum on September 13th.²

In France, a change in the currency regime was made in the same direction; and although it did not affect the Central Bank's balance-sheet, it was in some respects

¹ See footnote ² on page 12 above.

² The general trend of these measures was in harmony with the recommendations of the Macmillan Committee. In its report published in 1931 (*Report of the Committee on Finance and Industry*), it pointed out that ". . . the effect of enforcing the principle of the fiduciary issue is to forbid the Bank of England to use by far the greater part of its gold for the only purpose for which it is held or could be used" (page 139), "the sole use of a gold reserve today" being "to enable a country to meet deficits in its international balance of payments . . ." (page 122). It suggested that ". . . any precautionary limits which it may be thought advisable to set to the Bank's power of note issue should be settled independently of the amount of gold which it is required to hold" (page 142). More specifically, the Committee recommended "an absolute maximum subject to modification from time to time by law or by Treasury Minute" as being "the best form of limitation on the discretion of the Bank of England in regard to the volume of its note issue" (page 142).

even more drastic. A Decree of September 2nd abolished, for the time being, the obligation imposed by law on the Bank of France to maintain a gold reserve equal to at least 35% of its note circulation and current accounts. The legal restriction placed by the reserve ratio on the issue of notes was thus removed. In contrast to the United Kingdom, where the Central Bank's note issue continued to be subject to a statutory maximum, no legal limit remained in operation in France.

Reserve requirements were relaxed in two other countries. In September, the minimum reserve ratio of the National Bank of Roumania was lowered from 35% to 25% (the percentage recommended by the Monetary and Economic Conference of 1933), as the actual ratio was approaching the former figure, owing to the rise in the note circulation. Only gold was to be used as cover under the new regulations; but, as little or no foreign exchange had been so used previously, the additional margin of expansion was substantial. In Lithuania, an amendment to the Central Banking Law adopted in November created a quota of 36 million litas of notes which could be covered entirely by domestic securities. The rest of the note issue continued to be subject to a reserve ratio of one-third.¹ It was officially explained that this measure was necessary as a result of the annexation of Vilna.

In a number of countries, the margin for currency expansion was extended by the revaluation of the central monetary gold reserve. This revaluation was, in certain cases, carried out for the sole purpose of permitting reserve requirements to be calculated in a different manner, without affecting the balance-sheet of the Central Bank and without giving rise to a revaluation profit. This was notably the case in Yugoslavia, where the National Bank was authorised in October to calculate its reserve ratio on the basis of the "real" value of its gold reserve (*i.e.*, 3,179 million dinars, as compared with a book value of 1,987 millions), the legal minimum ratio remaining unchanged at 25%. In Sweden, where the gold reserve used as cover was still booked at the pre-1931 legal parity and where gold held abroad was excluded from the cover reserve, the Riksbank was empowered at the end of January 1940 to count the whole of its gold as cover for notes, and to count it at the full market value. There again the revaluation applied merely to the calculation regarding the right of note issue, and so did not result in any accounting profit in the bank's balance-sheet.

In Sweden, this was only a precautionary measure, as the Riksbank's unused right of note issue was still considerable even under the previous rule. The position was different in Norway. In October 1939, the Bank of Norway issued a public notice against the hoarding of notes; and rendered compensation for lost notes subject to more stringent conditions. Yet the note circulation remained high and began to exceed the Bank's right of issue, so that the statutory tax on excess issues came into operation in favour of the State. In February 1940, the Banks' cover regulations were accordingly altered so as to create a free margin for a further increase in the note issue. But, instead of writing up the gold stock, as was done in Sweden, it was simply decided that the existing book value of the gold reserve could be used as cover for twice the amount of notes instead of an equal amount as hitherto. For the purpose in question, this measure was, of course, exactly equivalent to a revaluation of the gold stock.

It has been shown above how the revaluation of gold helped to relieve the strain on the Bank of England's note issue in the two weeks following August 23rd. Mention

¹ At the end of November, the total note circulation amounted to 163 million litas.

may also be made of the revaluation of the gold stock of the Netherlands Bank in January 1940, but it does not appear that a widening of the Bank's note-issuing power was the main purpose of this measure. The revaluation yielded a book profit of 221 million gulden, of which more than half was credited to a fund for meeting the cost of mobilisation. The price at which the gold reserve was revalued (*i.e.*, 2,009 gulden per fine kilogramme, as against the old parity of 1,647.50) corresponded to a decline of 18% in the gold value of the gulden, as compared with an actual decline of 22% since the suspension of the gold parity in 1936.

The New Zealand Government was authorised by a law passed in October 1939 to suspend or vary the reserve requirements of the Central Bank and to revalue the Bank's gold stock at the market price ; but, up to the time of writing, no action appears to have been taken under this law.

III. — GOVERNMENT BORROWING AND THE MONEY MARKET

The purpose of the following pages is to examine briefly the various ways in which the banking system in different countries has taken part in the financing of Government expenditure during the first five or six months of the European war. Attention will be directed especially to the position of central banks in war-time financial policy.

This survey may well begin with the United Kingdom, a country where the Central Bank's direct share in war finance was relatively small. It was the commercial banking system, represented by the London clearing banks, which met a large part of the Government's loan requirements. The Central Bank's action was confined to the provision of an adequate basis of cash reserves through purchases of Government securities. These purchases were not dictated by Government requirements, but were mainly designed to prevent the public's increased demand for currency from reducing the commercial banks' cash reserves.

Government borrowing from the commercial banks took place through the issue of Treasury bills. Changes in the Treasury bill issue exercised, indeed, a dominating influence on the domestic credit situation in the United Kingdom during 1939 and the early months of 1940. In the spring of 1939, as a result of the sale of gold by the Exchange Equalisation Fund and the concurrent redemption of Treasury bills with the sterling proceeds of these sales, the outstanding total of Treasury bills issued through the weekly tender had fallen to the lowest level for ten years. In consequence, the banks, though well provided with cash, experienced an acute shortage in their secondary reserves of liquid assets, and thus felt constrained to reduce their "investments" in long-term Government securities.¹

In less than twelve months, however, the situation was completely altered by the mounting requirements of defence expenditure. The "tender issue" of Treasury bills was more than doubled: from a low point of £346 million at the beginning of March 1939, it rapidly increased to £811 million at the end of January 1940. The slight decrease, which, as may be observed from Diagram 2, occurred in February, was due to the usual seasonal excess of revenue collections. Because of this seasonal movement, the peak of £811 million reached at the end of January 1940 is best compared with the corresponding figure for the end of January 1939—namely, £411 million. The available figures suggest that probably more than half of the increase of £400 million was taken up by the clearing banks.

From the adjoining diagram it is indeed quite clear that there has been a close correspondence between the movement of total deposits (line **B**) and Treasury bills outstanding (line **G**), and that this correspondence has been brought about through variations in the money market assets held by the banks—namely, "bills discounted",

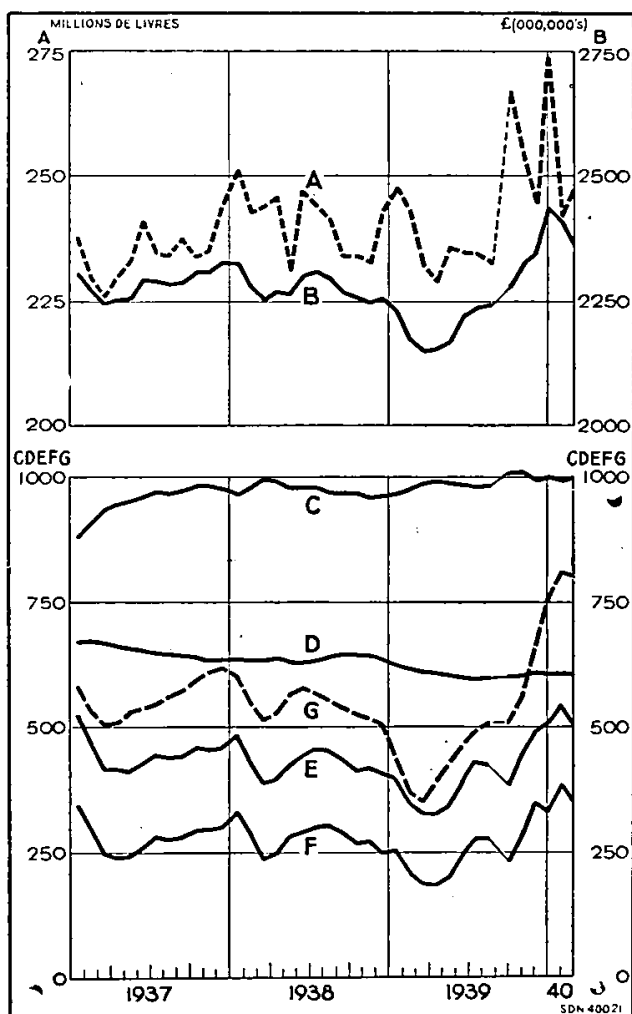
¹ Part, however, of the apparent reduction in "investments" seems to have been due to the writing-down of the banks' bond portfolio, owing to the fall in their market value.

Diagram 2.

LONDON CLEARING BANKS AND THE MOVEMENT OF TREASURY BILLS

- A. Cash
- B. Total deposits
- C. Advances
- D. Investments
- E. Bills discounted, plus money at call
- F. Bills discounted
- G. Treasury bills outstanding ("tender issue").

} Clearing banks.



Note to Diagram 2. — Up to August 1939, the figures plotted in this diagram are monthly averages. From September 1939, owing to a change made in the monthly return of the clearing banks, they refer to dates near the end of the month. The figures for the latter period are therefore not entirely comparable with the former.

It will be noticed that, in this diagram, the vertical scale for deposits (line B) is one-tenth of that for cash (line A). The proportion of cash to deposits is thereby brought out more clearly. Wherever, for example, line A touches line B, the cash-ratio has dropped to the conventional minimum of 10%.

most of which are Treasury bills, and "call and short loans", most of which are loans to discount houses against the security of Treasury bills. The spread between the banks' money market assets (line E) and the tender issue of Treasury bills (line G) has shown a widening tendency since the spring of 1939, as may be seen from the diagram. This has probably been due to two factors. First, since the general introduction of cash dealings on the London Stock Exchange in September 1939, the banks' "call and short loans" are believed to contain a lesser amount of Stock Exchange loans than before. Secondly, it would seem that, owing largely to British purchases of raw materials, the amount of Treasury bills held by the monetary authorities of countries in the "sterling area" increased substantially in the latter part of 1939 and at the beginning of 1940. There was, at any rate, as Table II of the Appendix shows, a considerable increase in the total foreign exchange reserves of such countries as Australia, Egypt, India and New Zealand.

The financing of war-time loan expenditure through Treasury bills caused total bank deposits to rise to a record level at the end of 1939. It was partly, no doubt, to check a too rapid expansion in the floating debt that a large War Loan was issued for public subscription in March 1940. The amount of this loan was fixed at £300 million; it was issued at par, with an interest rate of 3% and a currency of fifteen to nineteen years. At the time of writing, it is too early to judge the effect which the loan may have in reducing the Treasury bill issue or in increasing the "investments" of the clearing banks. It is clear that a reduction in Treasury bills held by the banks, if accompanied by an equivalent rise in their

“investments”, may not affect the total of their deposit liabilities. With the replenishment of their bill portfolios, clearing banks’ “investments” stopped falling in the summer of 1939, as is shown by Diagram 2. From £597 million in July 1939, they recovered to £610 million in January 1940, but they still remained far below the peak level of £671 million attained in February 1937.

In France, commercial banks appear to have taken a considerable share in the financing of Government needs, though no statistics are available to show this in detail. As may be seen from the figures given in Table III of the Appendix, relating to the four leading *sociétés de crédit*, the discount portfolio of these banks, which includes short-term Government paper, rose from 18.5 milliard francs in August 1939 to 29.3 milliard francs in December. Treasury bills, issued as before for periods of 75 to 105 days, are known to be held chiefly by commercial banks. Deliveries to the State, moreover, have been paid for in part by short-term bills called *bons de réquisition*, against which credit accommodation has been freely obtainable from the banks. Other short- and medium-term Government securities which have been taken up partly by banks, but probably to an even larger extent by private subscribers, are the six- and twelve-month “Armament Bonds” carrying interest at 2½% and 3% respectively; the two-year 3½% bonds issued by the *Caisse autonome de la Défense nationale*; and the three-year 4% bonds of the *Caisse d’amortissement*. According to an official statement, the issue of “Armament Bonds” alone brought in, on the average, 8 milliard francs per month in December 1939 and January 1940.

Nevertheless, borrowing from the Central Bank, practised extensively during the years 1935 to 1938, again became necessary for the financing of Government expenditure. Prior to the declaration of war, no such borrowing had taken place since November 1938. On September 1st, 1939, the Bank of France was authorised to grant new advances to the State up to 25 milliard francs. The first advance of one milliard francs under this arrangement was made in the third week of September. The amount gradually rose to 20 milliard francs at the end of February 1940. Thus, for the first six months of the war, the monthly average of Government borrowing from the Bank of France amounted, on the average, to 3.3 milliard francs per month. It cannot be said that this average was exceptionally high if compared with certain pre-war periods of Government borrowing (as, for example, the period of four months from the middle of December 1937 to the middle of April 1938, when State borrowing from the Bank of France also averaged 3.3 milliard francs per month).

On March 1st, 1940, 20.5 milliard francs of pre-war advances to the Government shown in the Bank’s balance-sheet were extinguished by a revaluation of the gold stock, which yielded a book-keeping profit of 17.5 milliards, and by a transfer of 3 milliard francs from the Exchange Stabilisation Fund. At the same time, a new credit authorisation of 20 milliard francs was arranged between the Bank and the Government.

Nine countries where Government borrowing from the Central Bank has occurred since the outbreak of war are shown, by way of example, in the table below. The monthly movement of the items in question, in these and other countries, may be observed from Table II in the Appendix. The relative importance of central banks’ loans to Governments varies widely in the different countries. It may be well to compare these loans with the changes in note circulation shown in Table I of the Appendix. Such a comparison would show that in Sweden, for example, the increase in the Central Bank’s claims on the Government was insignificant relatively to other changes in the Bank’s

accounts, and particularly to the expansion of the note issue. In France, on the other hand, the increase in the Central Bank's direct advances to the State was equivalent to 53% of the increase in the note circulation between the end of July 1939 and the end of January 1940. If the increase in short-term Government securities acquired by the Bank of France by "open-market" purchases¹ is added to the increase in direct advances, the contribution of Government accounts to the increase in the note issue during this period works out at 66%.

CENTRAL BANKS' LOANS TO GOVERNMENTS

Units of national currency (000,000's).

Country	Item	End of : July 1939	September 1939	November 1939	January 1940
Australia . . .	Government securities.	99.6	106.2	105.9	97.3
Canada	Short-term Government securities.	113.3	145.9	198.5	178.9
Denmark	Advances to Ministry of Finance .	46.4	85.0	112.2	77.3
France	Provisional advances to State . .	20,577	22,777	30,473	35,673
Hungary.	Advances to Treasury ^a	202.5	246.7	217.5	218.3
New Zealand . .	Advances to State	18.9	20.8	22.3	24.8
Sweden	Government securities.	162.1	190.1	213.1	257.9 ^c
Switzerland . .	Treasury bills (<i>rescriptions</i>). . . .	21.5	45.4	45.0	112.8
Yugoslavia. . .	Advances to Treasury ^b	—	170	798	2,155

^a Excluding Government debt resulting from the conversion into pengö of Czecho-Slovak notes.

^b Including "Defence bonds discounted".

^c January 23rd, 1940. After that date, Government securities were no longer shown separately.

In Yugoslavia, Government borrowing from the National Bank amounted to as much as 88% of the increase in the note circulation during the six months covered by the above table. Yet the Bank provided only part, though probably the greater part, of the funds needed by the State. In December 1939, the Government floated a long-term loan of 700 million dinars, representing the first *tranche* of an internal State loan of 4,000 million dinars, bearing interest at 6% and repayable in fifty years. What proportion of this loan was taken up by commercial banks is not known, but it was probably appreciable. Banks were granted special permission to carry the new bonds in this balance-sheet at 95—that is, at their price of issue—regardless of subsequent fluctuations in their market value. A certain amount of short-term Treasury bills also appears to have been taken up outside the National Bank. The maximum limit for the issue of Treasury bills, which had been raised from 1.5 to 2 milliard dinars in August, was further raised to 3 milliard dinars in December 1939.

In Sweden, the rise in the Riksbank's holdings of Government securities was, for the most part, connected with the sale of equivalent amounts of foreign exchange to the Government for the purchase of foreign raw materials.² Issues of three-month Treasury

¹ It will be remembered that a Decree of June 17th, 1938, authorised the Bank to undertake open market operations of this kind; and the item in question rose from 2,846 million francs at the end of July 1939 to 6,461 millions at the end of January 1940.

² Government loans, which, as happened in Sweden, merely replace another asset in the Central Bank's balance-sheet, are, of course, "neutral" from the point of view of the domestic supply of money. The increase of £280 million which took place at the beginning of September 1939 in the Bank of England's Government securities was offset by the transfer of an equivalent amount of gold to the Exchange Equalisation Fund, and therefore did not in itself affect the total of Central Bank credit outstanding. The same is true of the 30 milliard francs of Treasury bills which the Bank of France acquired on March 1st, 1940, in return for an equivalent amount of gold transferred to Government ownership.

bills amounting to 50-60 million kronor were made in September 1939 at a discount rate of 1.4%, in December 1939 at 2.4%, and in January 1940 at 2.6%, and were absorbed chiefly by commercial banks. Long-term Government issues included a lottery loan of 150 million kronor in January and a 3½% Defence Loan of 100 millions in February 1940.

From the above table, it will be seen that in some cases the Government accounts of the central banks did not show a continuous rise, but declined after November, or even before. This does not mean that Government requirements became less. At the beginning of the war, the general search for liquidity made borrowing on the capital market temporarily impracticable and forced Governments in many cases to have recourse to the Central Bank, thus indirectly satisfying at least part of the public's demand for liquid funds. Subsequently, the desire for liquidity seems to have subsided, and this may have enabled central banks in certain cases to transfer part of their claims on Governments to the private market, including commercial banks and other financial institutions.

In Hungary, one of the countries where the Government's dependence on the central bank seems thus to have diminished, a long-term loan of 141 million pengö was issued in January 1940, representing the third and last *tranche* of an internal State loan of over 400 million pengö intended for the financing of a five-year plan of public works and rearmament. The terms of issue were the same as for the previous two *tranches*—namely, an issue price of 96, with an interest rate of 5% and a currency of thirty years. In the absence of monthly commercial bank returns, the effect of this issue on the banking system cannot easily be traced, but it is known that the banks had to take up a large part of the loan. The three *tranches* were officially allotted as follows :

	<i>Tranche</i> Date of issue :	I July 1938	II March 1939 Pengö (000,000's)	III January 1940
Banks		35	50	50
Industry.		35	50	50
Post Office Savings Bank and social insurance funds		55	50	41
Total		<u>125</u>	<u>150</u>	<u>141</u>

In Australia, the Commonwealth Bank and the trading banks jointly agreed, in November 1939, to lend £A10 million direct to the Government for periods of three to five years at 3½% interest. In the succeeding two months, the liquidity of the trading banks and of the private capital market was greatly improved by a sharp expansion in London funds,¹ and the Commonwealth Bank was able to dispose of a large part of its holdings of Government paper. A War Loan of £A18 million was floated in March 1940, of which part was issued for five years at 3⅞% and part for ten to sixteen years at 3⅞%.

It has been seen above how Government borrowing helped to meet the public's demand for cash and contributed to the increase in note issues. Two of the countries shown in the table—Canada and New Zealand—differed from the others in that Government borrowing from the Central Bank was even greater than the increase in the note circulation between July 1939 and January 1940. In New Zealand, the increase in the Reserve Bank's advances to the State was £NZ5.9 million, while the note

¹ The foreign exchange reserve of the Commonwealth Bank rose from £A27 million in October to £A49 million in February 1940, as against £A34 million in February 1939. (Compare Table II, Appendix.)

circulation increased from £NZ15.7 million to £NZ18.3 million, or by £NZ2.6 million. The difference went to increase the cash reserves of the trading banks, which were thus in turn enabled to increase their holdings of Government securities from £NZ10 million in July to £NZ15.2 million in December 1939. The consequent expansion in their deposits was approximately equal to the increase in cash and Government securities combined.

The Bank of Canada's portfolio of short-term Government securities rose, as shown in the table, by \$63 million, while its note issue increased by \$43 million from July 1939 to January 1940. As a result, the reserve balances of the chartered banks with the Bank of Canada increased from \$204 million to \$220 million. The increase in the bank's cash liquidity helped them to increase their holdings of Government securities from \$1,207 million at the end of July to \$1,353 million at the end of December, or by \$146 million, which, together with the increase in cash, provided most of the counterpart to the simultaneous expansion in deposits. The first Canadian war loan, amounting to \$200 million, was floated in January with an interest rate of 3 $\frac{1}{4}$ %. It was issued at par, and was made repayable in eight to twelve years.

The increase in the chartered banks' holdings of Government securities was chiefly the result of an issue of \$200 million of 2% two-year Treasury bills in October 1939. The proceeds of this issue became available for British purchases in Canada, as they were used by the Canadian Government for the repatriation of Canadian 3 $\frac{1}{2}$ % sterling bonds held in the United Kingdom and requisitioned by the British authorities under the exchange mobilisation scheme. A similar policy of internal Government issues for replacing outstanding sterling bonds was initiated in India in February 1940 with a similar object in view.

The National Bank of Belgium does not show its short-term Government paper in the weekly return. But, according to its annual report, the Bank's domestic bill portfolio of 4,829 million francs contained, on December 25th, 1939, 3,059 million francs of Treasury bills and other short-term Government securities acquired during the last three months of the year.¹ The total amount of Treasury bills (*certificats de trésorerie*) outstanding at the end of 1939 was 3,830 million francs. The National Bank's bill portfolio continued to expand in the early months of 1940, reaching a figure of 5,376 millions at the end of February 1940.

A special factor which tended to shift a large part of the burden of Government needs on to the Central Bank seems to have been the desire of the Belgian commercial banks to increase their liquidity in view of the possible repercussions—which, in fact, however, proved relatively slight—of the failure of the *Crédit Anversoï*s and the reconstruction of the *Caisse générale de Reports et de Dépôts* in November and December 1939. This made the banks reduce instead of increasing their holdings of Government securities, which, during the last quarter of 1939, declined from 3,590 to 3,012 million francs, thus accounting for nearly half of the simultaneous decline in deposits from 14,423 to 13,155 million francs, in spite of an increase in cash reserves from 1,281 million to 1,634 million francs.

Like the National Bank of Belgium, the Netherlands Bank does not publish its Treasury bill holdings separately; but it is known to have taken up such bills on several

¹ During the month of September, there was a return flow of capital from abroad which somewhat relieved the tension which had developed in the money market at the end of August.

occasions direct from the Treasury. This is reflected in the expansion of the Bank's total bill portfolio from 9.9 million gulden at the beginning of August 1939 to 77.3 millions at the end of December. Moreover, the Netherlands Bank's non-interest-bearing advances to the Treasury reached their statutory maximum of 15 million gulden in November. Both Treasury bills and advances were repaid early in January 1940 out of the proceeds of a long-term loan; but shortly afterwards, the latter again rose to their maximum, and the bill portfolio again showed a considerable increase.

A 4% forty-year loan of 300 million gulden was issued at par in December, of which 60 millions were allotted to State funds. Of the 240 millions offered for public subscription, only 100 millions were taken up. A second loan of 300 million gulden issued on the same terms in February 1940 was over-subscribed by 39 millions, but the issue was preceded by an official statement that a compulsory 3% loan would be made if the 4% loan should not be fully subscribed. A similar method of State borrowing had been employed in the Netherlands twenty years earlier.

In Germany, the movement of Central Bank credit has come to be dominated more than ever by the requirements of Government finance, the claims of which were legally recognised in the Bank's new statutes adopted in June 1939.¹ The Reichsbank's bill portfolio is known to consist chiefly of Treasury bills, its securities of Government bonds and tax certificates, and its "other assets" of "working credits" granted to the Treasury. These various types of Government paper have thus provided the full counterpart to the expansion of the German note circulation.

REICHSBANK : PRINCIPAL ASSETS AND LIABILITIES

End of	Reichsmarks (000,000's).				
	Bills	Securities	"Other assets"	Notes in circulation	Sight deposits
January 1939.	7,160	890	1,655	7,816	1,119
July 1939	8,461	1,214	1,511	8,989	1,294
September 1939.	10,105	1,717	1,604	10,995	1,602
November 1939	10,148	1,362	1,741	10,974	1,574
January 1940.	11,143	774	1,950	11,798	2,018

The issue of "tax certificates", the main features of which have been described earlier,² was stopped at the end of October 1939, as it was found that their market value could not be maintained without extensive purchases by the Reichsbank. Thereafter, the issue of Treasury bills of three different types, repayable in three, six and fourteen months, at discount rates of 2½%, 3⅛% and 3⅝%, became by far the most important form of Government borrowing. These bills were continuously "on tap", and they seem to have been taken up very largely by commercial and other banks. As is shown by the above table, the Reichsbank's sight deposit liabilities in January 1940 were nearly twice as high as a year before, which suggests that the authorities were deliberately keeping the banks in a sufficiently liquid condition to enable them to absorb the large and growing flow of Treasury bills. The effect of these operations on commercial bank credits and deposits cannot be shown in detail, as the relevant monthly returns have not been available since July 1939. But, according to the annual balance-sheets, nine leading commercial banks held 5,698 million marks of Treasury bills at the end

¹ See page 12.

² See page 10.

of 1939, compared with 3,287 million in June 1939 and 1,978 million at the end of 1938. Deposits with these banks amounted to 12,723 million marks at the end of 1939, compared with 11,192 million in June 1939 and 9,964 million at the end of 1938.

Treasury bills, together with "working credits" granted by the Reichsbank, are the main constituent of the internal floating debt, the movement of which is summarised in the statement below. The official returns include tax certificates neither in the floating debt nor in the total internal debt of the State; in the table given below, they are shown separately and are included in the figures for the total debt. In view of the fact that no Government loan has been issued for public subscription since January 1939, the continued though relatively moderate increase in the long-term internal debt, as shown in the following figures, may appear surprising. It seems to be due chiefly to the direct sale of State bonds to savings and insurance institutions, and partly also to the issue of such bonds to holders of former Austrian State loans and to holders of Czecho-Slovak Government securities in the territories annexed in October 1938.

GERMANY : CHANGES IN INTERNAL GOVERNMENT DEBT

Reichsmarks (000,000's).

1939	Monthly increase in :	Floating debt	Tax certificates	Medium- and long-term debt	Total disclosed internal debt ^a
July		— 41	781	31	771
August		1,150	845	150	2,145
September		857	906	564	2,327
October		1,108	803	496	2,407
November		1,549	—	416	1,965
December		1,540	— 160	360	1,740
<i>Total outstanding at the end of 1939</i>		14,250	4,672	25,690	44,612 ^a
<i>Total outstanding at the end of 1938</i>		5,127	—	20,968	26,095 ^a

^a It should be noted that these totals refer to the disclosed State debt. According to an official statement made on September 1st, 1939, total armament expenditure during the preceding six years amounted to 90 milliard marks. Comparison of this figure with the tax revenue and the published increase in State debt points to the existence of a large undisclosed debt, presumably in the form of "special bills" and other unfunded obligations. There are no reliable means of estimating recent changes in this undisclosed debt.

Lastly, Japan may also be quoted as an example of Central Bank participation in the financing of war-time expenditure. Partly no doubt as a result of the rise in prices— itself a result of inflationary war finance ¹—the rate of Government borrowing increased further during 1939, amounting to 5,280 million yen, as compared with 4,350 millions in 1937 and 1,513 millions in 1936. The total internal Government debt stood at 20,215 million yen at the end of 1939, as against 14,935 millions a year before. As in previous years, the increase was absorbed by the banking system and thus resulted in a further expansion of currency and credit. The Bank of Japan's portfolio of Government securities rose during the year from 1,841 to 2,593 million yen, and its note issue expanded from 2,755 to 3,818 millions, or by 38%. Commercial banks' holdings of Government

¹ Price movements are shown in columns (g) and (h) of Table I of the Appendix.

securities rose from 3,634 to over 4,400 million yen, and their deposits increased from 15,073 to 19,794 million yen, or by 32%. The new Government bonds which were not taken up by the Bank of Japan and the commercial banks were subscribed, as in the preceding years, mainly by "special banks", "trust companies", savings banks and other financial institutions.

* * *

The part played by the bank of issue in Government finance need not be confined to the granting of advances and the purchase of public securities. Movements in Government deposit accounts kept with the Central Bank, which usually acts as the Government's banker, must also be noted in this connection. As and when the State Treasury draws on its accumulated balances with the Central Bank and uses them for current expenditure, Central Bank credit tends to become available to the private market in the form of sight deposits or notes in circulation. A reduction in the Government's deposits with the bank of issue may thus have exactly the same effect on the monetary supply as the granting of advances by the bank to the State. Expansion of Central Bank credit through the former channel, it is true, is limited by the amount of Government deposits previously existing, whereas Government borrowing has no such limit; and the quantitative influence of the latter, as compared with the former, is therefore generally much greater in the long run. But temporarily, at any rate, variations in Government deposits may have significant effects. Thus, at the beginning of the European war, the first strain on the Treasury position was met in many cases by a reduction in Government balances with the Central Bank. Not all banks show such balances as a separate item in their accounts. Column (c) of Table I given in the Appendix reproduces the relevant figures wherever they are shown separately. It will be seen that, at the end of 1939, Government deposits were substantially lower than at the end of 1938 in a number of countries, including the following: Belgium, Bulgaria, Estonia, France, Hungary, the Netherlands, Norway, Portugal, Roumania, Sweden. In Belgium, for example, the Treasury's current account with the National Bank stood at 150 million francs at the end of 1939, as compared with 570 millions the year before; in the Netherlands, the Government's balance, which had amounted to 137 million gulden at the end of 1938, was entirely exhausted by the end of 1939; and in Sweden, there was a reduction in Government deposits from 418 to 267 million kronor during 1939.

* * *

The foregoing review of Government financing with the aid of the banking system deals, it must be remembered, with a period in which war-time finance was still at a comparatively early stage. The deeper effects of such financing on the structure of prices and incomes must be reserved for a later publication. But it may be noted at once that the early stage of the war was in most cases marked by two characteristics of direct relevance to the problem of financing. In the first place, there was at the beginning of the war a great demand for liquid monetary resources; this made it possible and even desirable to finance a part of Government expenditure through the banking system, in order to prevent a breakdown in the credit structure and an unnecessary rise in money rates; and especially to the extent that members of the public were willing to reduce their consumption in order to accumulate financial reserves for war-time

contingencies, such borrowing may have implied a genuine transfer of productive resources from private uses to the State. In the second place, unemployed reserves of labour and industrial equipment were available in many countries in the early stages of the war ; and this made it possible and even desirable to finance a substantial proportion of Government requirements by borrowing rather than taxation. These two characteristics are of a temporary nature ; and the problem of Government borrowing is clearly altered in essential respects when the public's desire for liquidity is satisfied, and when a state of full employment has been reached in the structure of production.¹

Efforts have therefore been made to direct the stream of Government borrowing away from the Central Bank or away from the banking system altogether. The methods adopted for this purpose may be grouped under three heads : (i) control of private capital issues ; (ii) various forms of compulsion in the placing of State loans ; and (iii) issues of new types of securities designed to make a strong appeal to the general public and more especially to the small investor.

(i) In the United Kingdom, rigorous control over the capital market was established on September 3rd, 1939, under the Defence (Finance) Regulations. All issues of securities, by official as well as private bodies, were made subject to the prior consent of the Treasury. A Capital Issues Committee was set up to advise the Treasury in these matters. This was, in effect, the former " Foreign Transactions Advisory Committee ", which had exercised a strict but informal control over foreign lending for some years previously.

In the Union of South Africa, Government control of capital issues was introduced under the Emergency Finance Regulations of September 9th. In Australia, the National Security (Capital Issues) Regulations, published on October 13th, 1939, required the consent of the Commonwealth Treasurer for the formation of new companies, the increase of the capital of existing companies, the flotation of securities, the mortgaging of assets, and similar operations. An Investment Control Board was established to advise the Treasurer in this connection.

¹ In this connection, reference may be made to an interesting statement on the principles of Australian war finance made by the Commonwealth Treasurer in the Australian Parliament at the end of November 1939. This statement was reported in the Press in the following terms :

" The policy of the Government was to finance the war effort by a balanced programme of taxation, by borrowing from the public, and by borrowing from the banking system. The balance between these three methods would change from time to time according to economic circumstances. For the time being, the Government had decided that the balance would be weighted towards borrowing with the assistance of the banking system rather than towards taxation, so as to bring all available resources into full use. In view of the increases in taxation imposed in September, the uncertainty resulting from the outbreak of war, and the recent decline in employment, the Government was of the opinion that to increase taxation at the present time would merely delay the recovery of the country's economy and consequently interfere with the full prosecution of the war programme. There would be no increase in taxation for defence beyond the increase of £8,000,000 announced in September and a further increase from Customs of £150,000.

" As the economic recovery, which had already begun, developed, the Government would transfer the emphasis of its financial policy from borrowing from the banking system, first, to borrowing from the public and, secondly, to taxation.

" The Government's attitude towards plans for next year's budget would be substantially different. The Government would bring down early in 1940 a comprehensive scheme of war taxation. If this were done and other controls of exchange, prices and capital investment were maintained, it was possible that Australia would avoid the evils of excessive expansion of credit."

(ii) In the Netherlands, as was seen before, compulsion was applied indirectly through the prospect of a 3% forced loan in the event of an insufficient response to the voluntary 4% loan. The way in which Government loans in Hungary were allocated to banks and industrial companies was also noted earlier. In Estonia, a 5% National Defence Loan of 5 million krooni was issued in February 1940, of which a large part had to be taken up by certain classes of public and private enterprises.

In Roumania, enterprises receiving Government orders were required to invest at least 25% of their total security portfolio in the 4½% National Defence Bonds which began to be issued in December 1939 for periods of three or five years. Subscriptions to these bonds, the total of which was not limited, rose above 10 milliard lei in February 1940.

Schemes of general compulsory saving have been widely discussed in certain countries, notably the United Kingdom; but, up to the time of writing, no such schemes have yet been adopted in practice.

(iii) In the United Kingdom, the sale of two types of Government securities specially intended for small investors was initiated in November 1939. The first was a new issue of National Savings Certificates at a price of 15s., repayable at 20s. 6d. in ten years or at correspondingly smaller sums before, thus yielding interest at 3.17% per annum. Individual holdings were limited to 500 certificates per person. The other security was a 3% Defence Bond, issued at par in units of £5 and repayable in seven years at a premium of 1% if not cashed before. By the middle of March 1940, over £100 million had been invested by the public in savings certificates and defence bonds.

In Australia, seven-year War Savings Certificates in denominations of £1, £5 and £10 began to be sold by banks and post offices in February 1940. A similar scheme was inaugurated in Canada in the following month. In Sweden, the sale of savings bonds in denominations of 20, 40 and 80 kronor, redeemable in seven years at 25, 50 and 100 kronor, was started in January 1940. The interest yield of these bonds was approximately 4% if held until maturity, but earlier redemption at the holder's option was provided for at a sacrifice of part of the interest.

Mention may also be made, in this connection, of the Belgian "Independence Loan", which, though a short-term security, was in other respects similar to the popular savings schemes just described. This loan, issued in various denominations from 1,000 francs upwards, consisted of four-, eight- and twelve-month bonds bearing interest at 2.4%, 2.7% and 3% respectively. Subscriptions to this loan, to which no limit was fixed in advance, were opened in January 1940.

IV. — MONETARY CONDITIONS AND INTEREST RATES

As was seen in the preceding chapter, part of the war-time demand for cash was in many cases met indirectly through Government expenditures financed by central bank credit—that is, by a reduction in Government deposits or by Government borrowing at central banks. But this source of additional currency was not always sufficient. Two other methods were used in varying degrees in most of the countries affected by the increase in currency requirements.

One important source of additional bank-notes was the increase in central banks' non-Government loans and discounts, including rediscounts to commercial banks. Another was the reduction in commercial banks' cash reserves. To the extent that commercial banks obtained the bank-notes required by their depositors by drawing on their own reserve balances with the central bank, the rise in the central bank's note issue thus came about through a decline in its deposit liabilities to the commercial banks.

The contribution made by these two methods to the supply of currency may easily be traced from the summary tables given in the Appendix and need therefore not be dwelt upon here. Attention may be directed simply to the result of these various movements—that is, to the increase in note circulation. But it should be borne in mind that the accompanying movements in interest rates are apt to vary according to the way in which the expansion in the note circulation is "financed". A reduction of the Government's cash reserve with the central bank need not cause market rates of interest to rise and may, on the contrary, cause them to decline. The same applies to Government borrowing from the central bank. But when it is the commercial banks whose reserve balances with the bank of issue are reduced, or whose indebtedness to it is increased, interest rates tend to move up, as bankers in such circumstances are inclined to reduce their security portfolios and to restrict the granting of commercial credits. The war-time expansion of central bank credit for Government purposes tended, in general, to check such reactions of the demand for currency on the commercial banking system.

The monthly movement of notes in circulation during the second half of 1939 may be observed from Table I of the Appendix. In order to illustrate more briefly the general direction and extent of the movement, the figures for July 1939 and January 1940 are reproduced in the table given on the following page, which includes most European and some of the principal non-European countries in the order of the net increase in note circulation between the two dates. The second part of the table gives the corresponding figures for commercial bank deposits.

In most countries, the note circulation is normally subject to a more or less pronounced seasonal variation. Though this seasonal movement was overshadowed by the war-time demand for currency, it did not disappear altogether. As the seasonal factors vary from country to country, and as the figures are affected by a number of accidental influences, such as the exact dates—by no means uniform—to which they relate, comparison of the increase in different countries should not be pressed too far.

The rates of increase in the twenty-eight countries included in the table ranged from 4 to 38%, and half the countries showed an increase of 20% or more. In a large number of countries, including Greece, Hungary, Lithuania, the Netherlands, Switzerland and the United Kingdom, there was a still greater increase from July to September or October 1939, followed by a moderate decline when the first impact of the emergency had passed. Of the European belligerent States, the United Kingdom showed the smallest increase in note circulation, amounting to only 5% between July 1939 and January 1940. There was scarcely any internal hoarding of bank-notes in the United Kingdom, and the rise in the currency circulation caused by other war-time influences may have been offset to some extent by foreign dishoarding of sterling notes and also by the transfer of troops to France.

NOTE CIRCULATION AND BANK DEPOSITS

Units of national currency (000,000's).

Country	Note circulation			Commercial bank deposits		
	July 1939	January 1940	Percentage increase or decrease (-)	July 1939	January 1940	Percentage increase or decrease (-)
Denmark	425	586	38	2,338	2,378	2
Germany	9,368	12,429	33	11,192 ^a	12,723 ^d	14
Yugoslavia	7,354	9,798	33	4,663	4,614 ^d	— 1
India	1,784	2,378	33	2,370	2,432	3
Sweden	1,025	1,351	32	4,612	4,480	— 3
Bulgaria	3,038	3,988	31	3,749	...	...
Latvia	81	105	30	210	222 ^c	6
Japan	2,446	3,153	29	16,715	19,794	18
Canada	170	213	25	2,391	2,598	9
Egypt	19.8	24.7	25	.	.	.
Belgium	22,826	28,288	24	15,286 ^a	13,154 ^d	— 16
France	123,239	151,738	23	36,650	42,443 ^d	16
Roumania	38,980	47,749	22	14,690	15,478 ^d	5
Portugal	2,079	2,494 ^d	20	1,222	1,410 ^c	15
Estonia	53	62	18	140	122	— 13
Norway	480	564	18	955	992	4
New Zealand	15.7	18.3	17	66.1	70.9	7
Greece	7,912	8,914	13	18,576	18,349 ^c	— 1
Ireland	16.0	18.0 ^d	13	114.4 ^a	119.3 ^d	4
Switzerland	1,741	1,967	13	2,979 ^a	3,015 ^d	1
Australia	44.6	49.1	10	317.3	326.4 ^c	3
Hungary	879	954	9	1,610	1,549 ^b	— 4
Lithuania	153	166	8	128	117	— 9
Netherlands	1,037	1,109	7	908	842	— 8
United Kingdom	508.0 ^e	532.3 ^e	5	2,240	2,409	8
United States	7,049	7,376	5	22,705	24,456	8
Union of South Africa	19.3	20.1	4	96.3	103.1	7
Argentine	1,119	1,165	4	3,834	3,913 ^d	2

^a June. ^b October. ^c November. ^d December. ^e Monthly average.

The changes in the volume of bank deposits were somewhat more diverse. Of the twenty-six countries for which these changes are recorded in the above table, eight showed a decline. This decline was not necessarily due to conversion of deposits into currency. In Belgium, Estonia, Hungary, Lithuania, the Netherlands and Sweden, the decrease in deposits with commercial banks was accompanied by a fall in the central gold and foreign exchange reserves (see Table II, Appendix). In Belgium, the Netherlands and Sweden, part at least of the reduction in deposits appears to have been due to exports of capital funds. In the other countries, and also to some extent in Sweden, there was a deterioration in the trade balance. In either case, bank deposits were, in effect, used for the purchase of the foreign exchange needed to meet a deficit in the balance of payments.

Such a deficit in one group of countries was necessarily associated with a corresponding surplus in another, whether on account of an influx of funds or an improvement in the trade balance. This latter group undoubtedly included the United States of America and, thanks to the repatriation of capital, France. After Japan, where credit expansion was wholly due to Government finance, France had the highest rate of increase in commercial bank deposits, as shown in the table above. Considering the sharp increase in currency requirements and the resulting conversion of deposits into cash due to war-time conditions, the number of countries showing appreciable increases in the volume of deposits is remarkable. In some countries, such as the Union of South Africa, the United Kingdom and the United States, the increase in deposits was proportionately greater than the rise in the currency circulation. On the whole, then, the picture afforded by the table is decidedly one of monetary expansion.

* * *

The effects of the war-time increase in the demand and supply of money on the course of interest rates may be observed from Table IV of the Appendix. Briefly, it may be said that the general movement of market rates consisted in a sharp rise in the autumn of 1939 resulting from the search for liquid resources, followed in most cases by a partial drop due to the increase in the monetary supply combined to some extent with an abatement in the demand for liquidity. But different countries and different types of rates did not by any means conform to the same pattern.

Thus there was a considerable diversity in the movements of the discount rates of central banks. After the outbreak of the European war, these were reduced in almost as many instances as they were increased. Reductions were effected in New Zealand in September 1939 (from 4% to 3%), in Ireland in October (likewise from 4% to 3%) and in Belgium in January 1940 (from 2½% to 2%). In the United States, six of the twelve Federal Reserve Banks lowered their rate on rediscounts in September 1939 from 1½% to 1%—that is, to the same level as that applied by the Federal Reserve Bank of New York since August 1937.

Official bank rates were raised, on the other hand, in the Netherlands at the end of August (from 2% to 3%), in Denmark in September and October (from 3½% to 5½%, in two stages), in Norway in September (from 3½% to 4½%), in Sweden in December (from 2½% to 3%), and in Latvia in February 1940 (from 4½% to 5%). In the United Kingdom, bank rate was raised from 2% to 4% on August 24th, but was lowered back to 2% in two stages in the two following months. It may be noted that,

in France, where changes in bank rate had been very frequent during the years 1935-1938, the rate was kept unchanged at 2%.

Denmark, Norway and Sweden present certain similarities, not only in the upward movement of official discount rates, but also in the underlying factors contributing to it, which are briefly illustrated in the following table.

BANKING CONDITIONS IN DENMARK, NORWAY AND SWEDEN

Units of national currency (000,000's)

End of :	Denmark			Norway			Sweden		
	Jan. 1939	July 1939	Jan. 1940	Jan. 1939	July 1939	Jan. 1940	Jan. 1939	July 1939	Jan. 1940
<i>Central Bank :</i>									
Gold	118	117	117	210	236	186	729	767	569
Foreign exchange . . .	93	87	— 47 ^a	192	151	102	694	563	406
Discounts and advances	51	49	82	111	156	318	52	70	324 ^b
Notes in circulation . .	410	424	586	445	480	564	979	1,025	1,351
<i>Commercial Banks :</i>									
Cash	163	186	139	59	50	31	721	688	301
Discounts and advances	1,266	1,314	1,387	984	1,040	1,106	4,308	4,519	4,910 ^c
Securities	445	484	438	361	327	318	187	235	225 ^c
Deposits.	2,223	2,338	2,378	990	955	992	4,368	4,612	4,480
<i>Yield of Government bonds (%)</i>	4.29	4.54	5.36	4.35	4.45	5.21	2.42	2.85	4.00

^a Net liabilities.

^b January 23rd. Not shown separately in later returns.

^c Treasury bills included under securities, previously under discounts.

The monetary stringency which developed in these countries in the latter part of 1939 was caused, not only by the public's demand for additional currency, which, as the figures for note circulation show, was very substantial, but also by factors connected with the balance of payments. All three countries suffered a heavy decline in their central gold and exchange reserves. This was due partly to a deterioration in the balance of ordinary trade, partly to Government purchases of foreign materials,¹ partly—in the case of Sweden and Norway—to an outflow of capital, and partly also to a change in the terms of payment in foreign trade affecting these countries in common with many others. Ordinary commercial credits were discontinued, and imports frequently had to be paid for in advance of shipment. This placed a strain on the balance of payments which, though temporary in character, was often quite appreciable.

Both the internal drain of currency and the loss of external monetary assets were met, as is apparent from the table, by a decline in commercial banks' cash reserves, which was particularly severe in Sweden, and by an expansion in the central banks' discounts and advances. In Sweden, rediscounts of commercial banks, which had practically disappeared after 1932, were again resorted to in the autumn of 1939 and amounted to 114 million kronor in January 1940.

¹ In the case of Sweden, the reduction in exchange reserves is understood to have been due to a large extent to the help given to Finland.

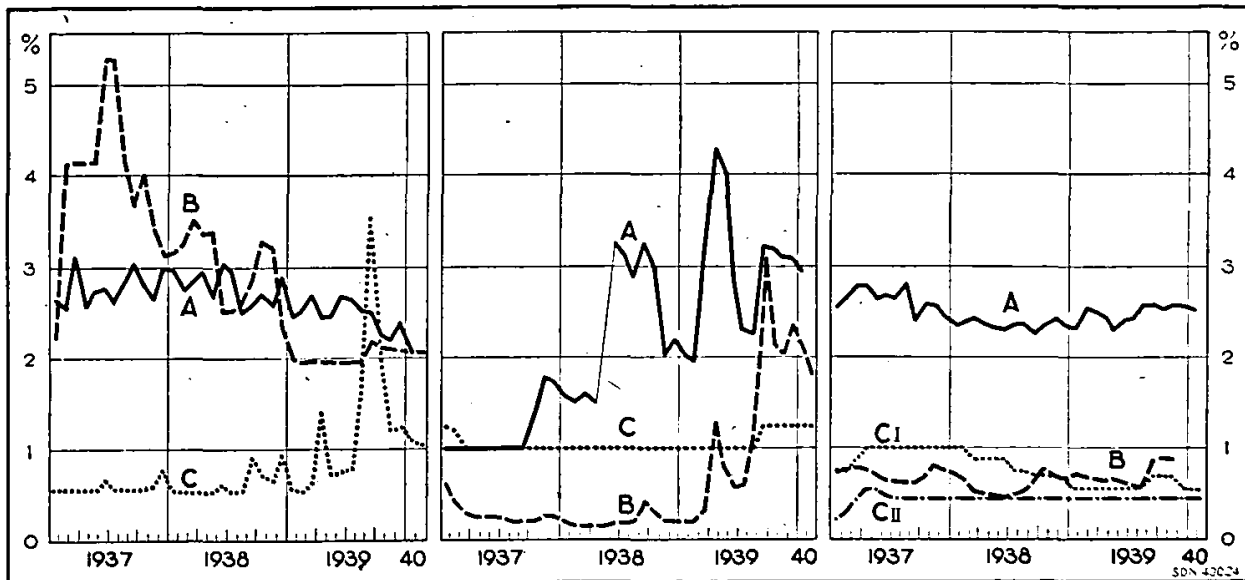
The commercial banks' liquidity was thus severely reduced and, in order to meet the demand for new credits and to renew outstanding advances, the banks were obliged to sell part of their bond holdings. As similar sales were being made by industrial firms and private investors in search of liquidity, security prices dropped and bond yields rose, as is shown in the last line of the table above.

In the United Kingdom, the rise in bank rate from 2 to 4%—the first change since June 1932—interrupted the long period of “cheap money”. The 2% bank rate was restored on October 26th, but market rates of discount did not quite return to their pre-war level. This was due to the fact that the London clearing banks, chiefly in order to cover increased operating costs arising from war-time conditions, decided to maintain a minimum rate of 1% on their short-term loans to the discount market, as compared with the rate of ½% applied before August 24th. Bill rates, instead of fluctuating around ⅝% as previously, were thus kept above 1%, as shown in Diagram 3, so as to provide the usual small margin between the cost of short loans and the market rate of discount on Treasury bills and first-class commercial paper. Nevertheless, discount rates at the new level were still exceedingly low, taking account of the accelerated pace of Government borrowing by means of Treasury bills, which was illustrated in Diagram 2 in the preceding chapter. To enable the banks to take up the growing volume of Treasury bills at little more than 1%, the Central Bank supplied them with the necessary complement of cash. The expansion of the credit base was carried out partly by a novel method, consisting of direct purchases by the Bank of England of short-dated Treasury bills from the clearing banks, the latter, in turn, replenishing their portfolios by the purchase of longer dated bills from the discount market. This practice constituted a noteworthy departure from the traditional policy of the clearing banks to refrain from rediscounting or otherwise disposing of their bills before maturity.

Diagram 3.

MONEY RATES IN CERTAIN COUNTRIES

- | | | |
|--------------------------------------|------------------------------------|--|
| A. Germany : day-to-day money. | A. Belgium : commercial paper. | A. Japan : day-to-day money. |
| B. France : commercial paper. | B. Netherlands : private discount. | B. Canada : Treasury bills. |
| C. United Kingdom : fine bank bills. | C. Switzerland : private discount. | C. U.S.A. : I : commercial paper.
II : acceptance rate. |



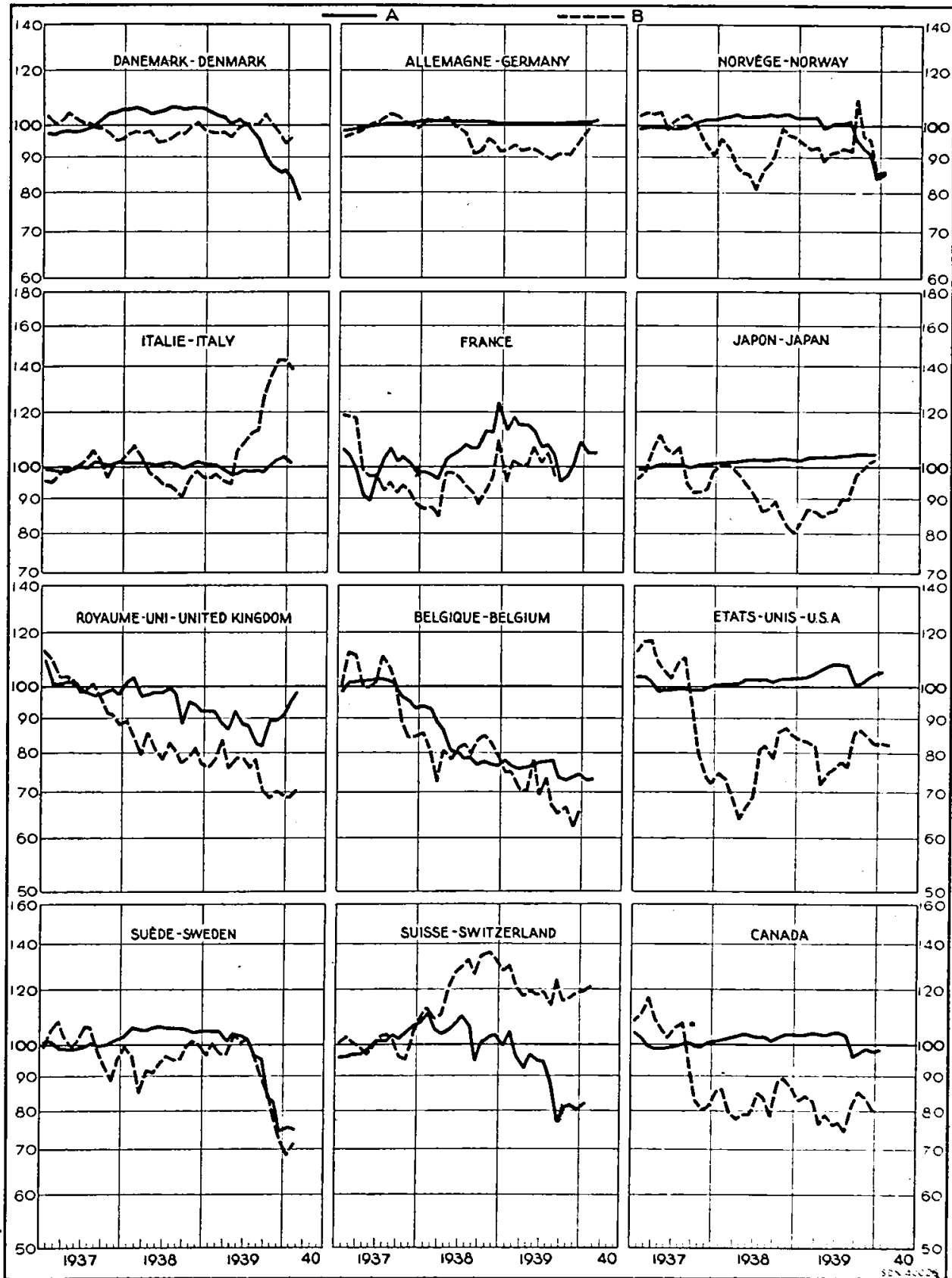
In contrast to short-term rates, the yield of gilt-edged securities in the United Kingdom, after the passing of the "liquidity crisis" at the outbreak of the war, declined appreciably below the immediate pre-war level. At the beginning of 1940, in fact, British bond prices recovered to a level which had not been attained since the summer of 1938 (see Diagram 4, below). There was thus a sharp contraction in the spread between short-term money rates and the long-term rate of interest as reflected in the yield of gilt-edged securities. The recovery in bond values was the more remarkable, inasmuch as it does not seem to have been supported to any great extent by purchases on the part of the banking system. As was pointed out in the last chapter, clearing banks' "investments", according to the monthly returns, rose from a low point of £597 million in July 1939 to no more than £610 million in January 1940. The decline in the long-term interest rate was strikingly demonstrated, in February 1940, by the conversion of a 4½% Government loan into a 2% five-year bond and, in March, by the terms of the first War Loan—a nineteen-year security issued at par, with an interest rate of 3%.

Of the nine countries included in Diagram 3 above, the United Kingdom presents the clearest example of the rise in money rates at the beginning of the war, followed by a reduction later. But a similar, though less striking, movement was also observed in Belgium, Canada, France, the Netherlands and the United States. In Japan, the call-money rate showed an upward tendency, probably owing to the steep rise in share values which, as may be seen from Diagram 4 below, took place in the second half of 1939.

The German money market is represented in Diagram 3 by a sensitive rate on short-term loans, which is seen to have moved in a downward direction since the middle of 1939. The growing cheapness of money in Germany was not only a consequence of the increased supply of central-bank credit, reflected in the rise in the Reichsbank's sight liabilities, but was also due to the fact that the uses left for monetary balances were becoming more and more restricted through industrial control and rationing. Idle funds tended to accumulate in several ways. In the first place, owing to the depletion of stocks of consumers' goods and imported materials, the working capital of private producers and traders was released in its monetary form, as the goods needed for the replenishment of stocks were not available. Secondly, amortisation allowances intended for the replacement and renewal of industrial plant had to remain idle, as new machinery and equipment was not obtainable for private purposes. Thirdly, even consumers experienced an involuntary increase in "liquidity", since the expenditure of money incomes was rendered increasingly difficult by the extensive system of rationing, the exhaustion of supplies of unrationed commodities and the general curtailment of leisure.

Government bond yields in Germany rose only very slightly at the beginning of the war. The figure shown in Table IV of the Appendix is 4.60% for September and October 1939, as against 4.58% for the preceding two months. Subsequently, there was a gradual reduction to 4.56% in January 1940. This comparative stability, which is brought out clearly in Diagram 4 on the following page, was, of course, the result of strict control. As in previous years, the Reichsbank, together with other public and semi-public credit institutions, kept a close watch on market quotations and, in effect, pegged them at the desired level by means of extensive purchases and sales. The increased demand for liquidity observed elsewhere at the beginning of the war was also present in Germany. It was reflected, however, not so much in a rise in bond yields as in an increase in the security holdings of public institutions. Those of the Reichsbank alone rose from 1,214 million marks in July 1939 to 1,806 millions in October. Thereafter,

Diagram 4.
PRICES OF GOVERNMENT BONDS AND INDUSTRIAL SHARES
Logarithmic scale.
A. Government bonds. B. Industrial shares.



expansion of short-term credit for Government purposes, combined with the absence of any long-term loan issue by the State, rendered the capital market liquid enough to allow the Reichsbank to reduce its security portfolio to 774 million marks at the end of January 1940.

In the German share market, an appreciable rise took place in the latter part of 1939, a may be seen from Diagram 4. The only other countries included in the diagram which experienced a rise in share prices after September, combined with relative stability in bonds, were Italy and Japan. In these two countries, the rise was even greater than in Germany, and was accompanied by a marked increase in commodity prices. In Japan, the level of wholesale prices rose by 19% between July 1939 and January 1940. In Italy, a general rise in wages was decreed early in 1940 with the declared purpose of adjusting them to the increased cost of living.

At the beginning of the war in Europe, a rise in industrial share values also occurred in Canada, the United States, Switzerland, Denmark and Norway. It was accompanied by a fall in bond quotations, which seemed to indicate that resources were being shifted from investment in bonds to investment in equities. The outbreak of war gave rise to anticipations of rising prices and profits in certain countries; and, under such conditions, a preference for industrial equities as against fixed-interest securities was natural. But the movement was very short-lived, and a reaction in share prices occurred in these countries within a month or two of the outbreak of war. The remarkable contrary movement of bonds and shares continued in the United States, Canada and Switzerland, where, as the diagram shows, the recession in the share market was accompanied by a recovery in bonds. In Denmark and Norway, on the other hand, bond prices declined further. A steep parallel fall in bonds and shares took place in Sweden throughout the second half of 1939, but, as in Norway, it was checked at the turn of the year. In Denmark, the drop in share values was similarly arrested, while bond prices, after a slight recovery in December, continued to decline in the first two months of 1940.

The table of money rates and bond yields given in the Appendix shows that the Netherlands, Norway and Sweden were the only countries in which an uninterrupted rise in bond yields took place in the latter part of 1939. In Japan, there was no rise at all. In all other countries, bond yields showed the "typical" movement—that is, a rise in September, followed by a decline later. In the great majority of cases, this decline was not sufficient to bring the figures back to the pre-war position. Only in the Argentine, Australia, Germany, Italy and the United Kingdom did bond yields return to a lower level at the end of 1939 than that which had prevailed in the summer of that year.

* * *

In the United States, a number of special measures were taken to check the fall in prices of Government bonds in September 1939. Thus it was announced on September 1st that the Federal Reserve Banks were prepared to make advances on the security of Government obligations up to their nominal value. This offer was extended to non-member-banks, including principally savings banks, on the same terms as those applicable to member banks of the Federal Reserve System. During the following three weeks, six Federal Reserve Banks outside New York lowered their rate on rediscounts and advances against Government paper from $1\frac{1}{2}\%$ to 1% —that is, to the level effective in New York since August 1937—in order to induce banks to refrain from selling their

Government securities. Nevertheless, there was an appreciable volume of sales by banks outside New York. The New York banks, under an informal agreement, took no part in the selling movement, and even increased their holdings in September, so that the temporary reduction in Government securities held by all commercial banks was only slight. During the year 1939 as a whole, the continued expansion in the public debt was accompanied by a further increase of nearly \$600 million in the Government security holdings of the weekly reporting member banks; and two-thirds of this increase, as will be shown in the next table below, occurred in the last six months of the year.

The Treasury, having regard to the state of the market, abstained from its usual quarterly loan issue in September. As in many other countries in similar circumstances, the Government was led to draw on its deposits at the central bank. The Treasury's balance with the Federal Reserve System declined from \$962 million at the end of June to \$326 million at the end of October 1939, and additional reserve credit thus became available to the commercial banks.

The drop in bond quotations, however, was so severe that the Federal Reserve Banks considered it necessary to make direct purchases in the market. Their holdings of Government securities, after declining—mainly on account of Treasury bills—from \$2,654 million on June 21st, 1939, to \$2,423 million on August 23rd, were increased, almost entirely in the form of bonds, to \$2,826 million on September 20th. After that date, Government securities held by the Federal Reserve Banks gradually declined to \$2,484 million at the end of the year, but this decline was accounted for exclusively by short-term bills and notes, the total of bond holdings remaining practically unchanged. As was seen earlier, bond prices in the United States showed a quick recovery after the September crisis. In December 1939, when Government borrowing in the open market was resumed, the Treasury was able to float \$500 million of 2% bonds at par, repayable in eleven years—the first 2% loan ever issued with so long a period of currency.

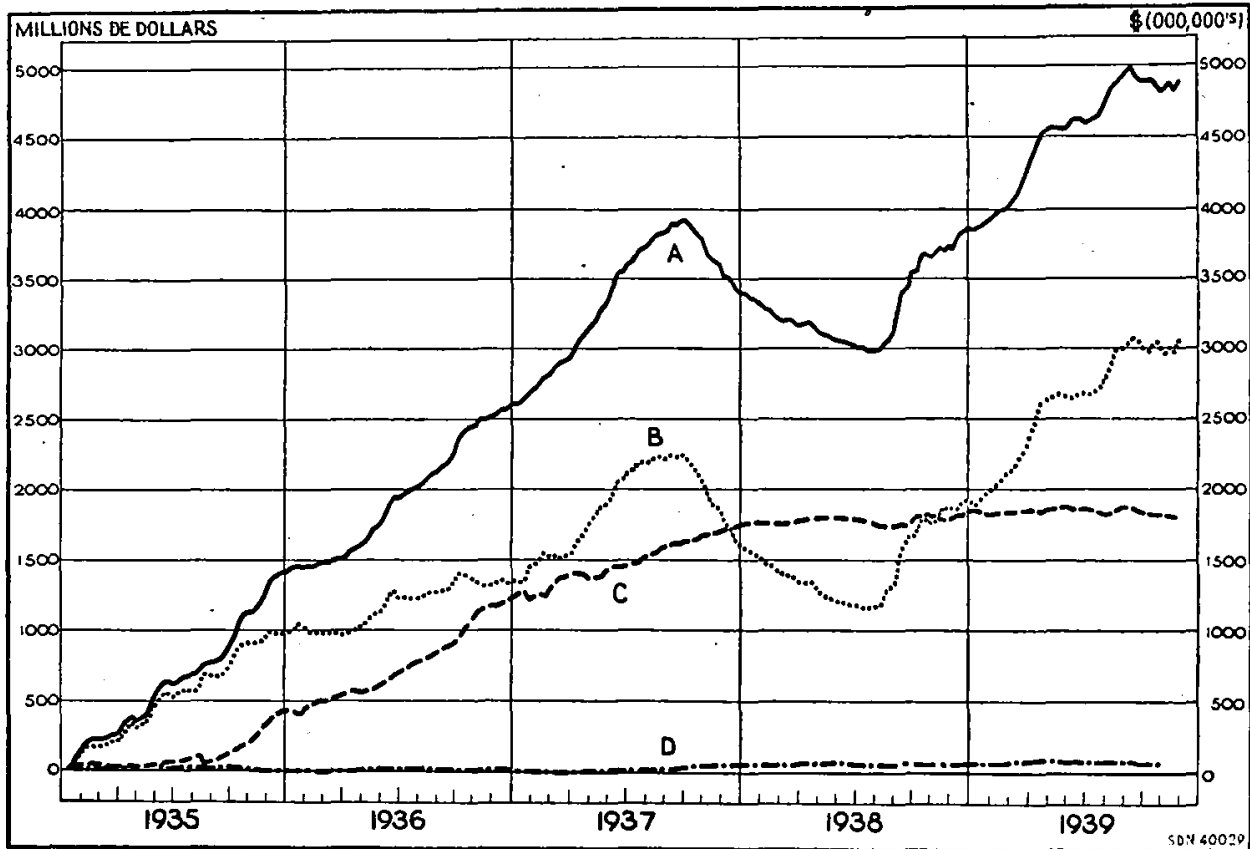
The variations in the security portfolio of the Federal Reserve Banks, though undoubtedly exercising an important direct influence on Government bond prices, were completely overshadowed, in their effect on the credit base, by the inflow of gold, which dominated the banking position in the United States even more than in previous years. The monetary gold stock, which had risen from \$14,512 million to \$16,638, or by \$2,126 million, during the first eight months of the year, rose by a further \$1,006 million to \$17,644 million at the end of 1939. Up to September 1939, most of this increase was due to the inflow of capital. The United States Treasury's statistics of capital movements are reproduced in Diagram 5, showing the main forms in which they have taken place.¹ The total capital inflow in the twelve months between the end of August 1938 and the end of August 1939 amounted to \$1,800 million, of which \$1,700 million was in banking funds, while the movement in security transactions, in contrast to the earlier years, was, on balance, nearly stationary.

In the latter part of 1939, as may be seen from Diagram 5, the movement of capital subsided, largely as a result of the new exchange controls introduced in Europe and elsewhere. Exports, however, increased, and the influx of gold continued. Official shipments came to constitute the bulk of the gold flow to the United States after the

¹ See also the special table in the *Monthly Bulletin of Statistics* (League of Nations), of April 1940, giving the monthly movement of capital to and from the United States since July 1938 by countries as well as by categories.

Diagram 5.

CUMULATIVE NET CAPITAL MOVEMENT INTO THE UNITED STATES SINCE JANUARY 2ND, 1935
 A. Total. B. Banking funds. C. Security transactions. D. Brokerage balances.



end of August 1939. The fact that foreign deposits with the Federal Reserve System showed no permanent increase, rising from \$281 million in July 1939 to \$448 million at the end of September, but falling off subsequently to \$397 million in December 1939, seems to indicate that the proceeds of foreign sales of gold were quickly spent and thus did not "sterilise" the inflow of gold as they might have done if they had remained idle in foreign deposit accounts with the Federal Reserve System. Nor was any deliberate sterilisation of gold imports attempted by the United States authorities. Only a minor portion of the gold received was required by the rise in the currency circulation.¹ In consequence, by far the greater part of the increment in the central monetary gold stock resulted in a further expansion in the abnormally large cash reserves of the commercial banks.

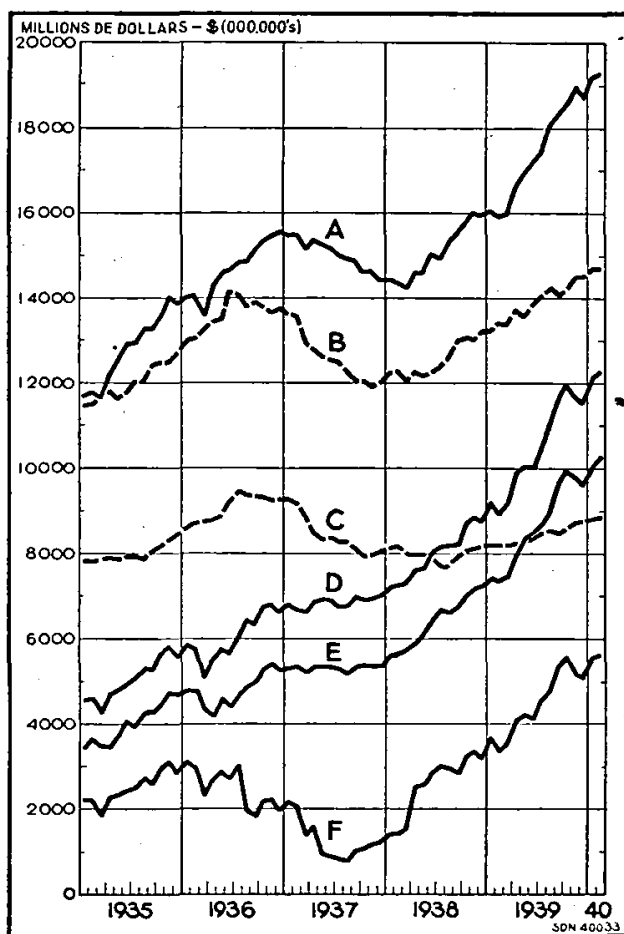
It was this rise in cash which provided the principal counterpart to the growth of the volume of deposits and which, in fact, overshadowed all changes in the other items among the banks' assets. In the middle of 1936, as may be seen from Diagram 6, the Government security holdings of the weekly reporting member banks were approximately twice as large as their total reserve balances. In the three succeeding years,

¹ The total of notes and coin in circulation rose from \$6,856 million at the end of 1938 to \$7,598 million at the end of 1939, or by \$742 million. Part of this was due to foreign hoarding: net shipments of United States currency to Europe amounted during the year to \$100 million.

Diagram 6.

MEMBER BANKS' CASH, DEPOSITS AND INVESTMENTS

- A. Demand deposits of weekly reporting banks.
- B. Total investments of weekly reporting banks.
- C. U.S. Government obligations held by weekly reporting banks.
- D. Total reserves of all member banks.
- E. Total reserves of weekly reporting banks.
- F. Excess reserves of all member banks.



cash reserves were more than doubled, and, in the second half of 1939, were substantially higher than the banks' investments in Government obligations, which, in earlier years, had played an important part in the process of monetary expansion through deficit financing. As the expansion in other banking assets was relatively small, the greater part of the increase in total reserves resulted in an increase in reserves over and above legal requirements. Excess reserves of all member banks amounted to \$5,690 million at the end of February 1940 compared with \$3,300 million a year earlier.

As already observed, the changes which took place in the banking system's earning assets were small relatively to the increase in cash. In view of the marked rise in share prices, an increase might have been expected in the banks' security loans to brokers. Such an increase, however, did not materialise. During the month of September, which witnessed the sudden burst of activity on the Stock Exchange, loans granted for purchasing and carrying securities actually declined. This shows that the rise in the share market was financed, not by the creation of additional credit, but by idle funds and also, in view of the simultaneous drop in bond values, by

a transfer of resources from fixed-interest securities to equities. Since no credit expansion through Stock Exchange speculation occurred, the authorities did not consider it necessary to tighten up the margin restrictions on borrowing against securities, which had been considerably relaxed in the autumn of 1937.

On the other hand, the rise in commodity prices which accompanied the wave of forward buying following upon the outbreak of hostilities in Europe was financed to an appreciable extent by the banks. Their commercial advances, mostly to traders and producers wishing to replenish their commodity stocks, went up by nearly \$600 million, or 15%, in the last six months of 1939, as is shown by the statement on the following page.

The effect of the increase in commercial banks' cash, loans and investments was to raise bank deposits in the United States to a new record level at the end of 1939. The expansion of deposits was not, however, accompanied by a proportionate increase in

MAIN ACCOUNTS OF WEEKLY REPORTING MEMBER BANKS
\$ (000,000's)

Monthly average	December 1938	June 1939	December 1939	Increase (+) or decrease (-) :	
				December 1938 to December 1939	June 1939 to December 1939
Reserves with Federal Reserve Banks . . .	7,219	8,460	9,630	+ 2,411	+ 1,170
Commercial, industrial and agricultural loans	3,863	3,830	4,400	+ 537	+ 570
Loans for purchasing or carrying securities .	1,416	1,212	1,265	- 151	+ 53
Direct obligations of the U.S. Government .	8,191	8,383	8,774	+ 583	+ 391
Demand deposits, adjusted.	16,087	17,182	18,862	+ 2,775	+ 1,680
Time deposits	5,140	5,240	5,267	+ 127	+ 27

the flow of monetary transactions as reflected in the volume of bank debits and clearings. In other words, there was a further decline in the average rate of turnover of deposits. It has been estimated that, on the average, deposits with commercial banks were turned over thirteen and a-half times in 1939, compared with sixteen times a year in the period 1933-1937. In 1929, the turnover rate was thirty and, in 1922-1926, about twenty-two times a year.¹

It was no doubt owing to the highly liquid condition of the American economy, of which the low rate of activity of the monetary supply was a characteristic indication, that the expansion of industrial output brought no revival in the demand for capital. Manufacturing and mining activity in the last quarter of 1939 rose 5% above the previous peak level of 1929.² Production of investment goods, in particular, was 8% higher than in 1929 and also considerably higher than at any time during the short-lived "boom" of 1936/37; and yet capital issues, as shown by the figures below, fell off to the lowest quarterly total since 1935.

DOMESTIC CORPORATE ISSUES FOR NEW CAPITAL

\$ (000,000's)

	1935	1936	1937	1938	1939
First quarter.	20	138	390	111	83
Second quarter.	81	317	439	252	130
Third quarter	129	316	246	342	92
Fourth quarter.	173	422	150	167	67
Year	403	1,193	1,225	872	371

The expansion of activity was evidently financed principally by industry itself, through the use of its own working balances and depreciation reserves, and also to some extent, as already noted, through increased bank borrowing.

¹ See *Federal Reserve Bulletin*, January 1940, page 7.

² Excluding seasonal variations, industrial production rose from 82% of its 1929 level in June 1939 to 108% in December, or by practically a third. After this rapid advance, a reaction took place in the early months of 1940.

**SUPPLEMENTARY NOTE ON CURRENCY MEASURES IN CZECHO-SLOVAKIA,
DANZIG AND POLAND**

I.

For a description of the monetary measures taken in connection with the changes in the territory of the Czecho-Slovak Republic in October and November 1938, reference should be made to the chapters on Germany, Hungary and Poland in *Money and Banking, 1938/39*, Vol. II ("Commercial and Central Banks").

On March 6th, 1939, the Czecho-Slovak and German monetary authorities concluded an agreement relating to the bank-notes withdrawn from circulation in the districts ceded in October 1938. It was agreed that the German authorities should return these notes, totalling 1,254 million crowns, to the National Bank of Czecho-Slovakia in exchange for an amount of gold equal to 35% of the notes thus surrendered.¹ The percentage was fixed on the basis of the Bank's reserve ratio on October 1st, 1938. In consequence, the statement of the National Bank of Czecho-Slovakia for March 15th disclosed a drop in the gold reserve from 2,362 to 1,896 million crowns.

On March 15th, 1939, the Bank's field of activity was limited to the territory of the "Protectorate" and its name changed to "National Bank of Bohemia and Moravia". A German Government Commissioner was appointed to supervise the Bank's operations.

Reichsmark currency was declared legal tender in the "Protectorate" on March 15th at the rate of 1 crown = RM 0.10. This rate was different, not only from the exchange value of the crown in the districts ceded in October 1938, which was fixed at RM 0.12, but also from the nominal gold parity of 1 crown = RM 0.086. The crown's official exchange value in relation to currencies other than the Reichsmark was, however, left unchanged.

A new system of foreign exchange control was introduced on July 10th, 1939. The issue of exchange permits for the payment of imports was transferred from the National Bank to the Ministry of Commerce, and the control was generally assimilated to the exchange legislation in force in Germany.

Despite their legal tender status, Reichsmark notes did not in practice become a general means of payment,² owing to an arrangement whereby German currency spent in the "Protectorate" was collected at the National Bank for liquidation through the clearing accounts with Germany. In the National Bank's balance-sheet for the end of

¹ Czecho-Slovak State notes and token coins withdrawn in the districts ceded in October 1938, amounting to 1,653 million crowns, were used by the German authorities for purchases in Czecho-Slovakia.

² Nevertheless, a considerable increase in the Reichsmark circulation in the "Protectorate" probably occurred in the second half of 1939, which would explain why the decrease in savings banks deposits was not accompanied by an increase in the circulation of crown notes (see the figures given under "Czecho-Slovakia" in Table I, Appendix).

1939, however, holdings of uncleared Reichsmark notes and coin appeared as one of the principal items on the assets side, amounting to 636 million crowns. But by far the largest of the assets shown in the Bank's end-of-year statement was an item described as "floating claims in respect of German liabilities", amounting to 2,195 million crowns, equivalent to over a third of the Bank's note circulation of 6,345 million crowns at the end of 1939. This item, as its name implies, arose from German expenditures in the "Protectorate" financed by the National Bank. In the Bank's weekly returns, the sums in question were not shown separately, but were included under "other assets", the increase in which can be seen from Table II in the Appendix. The Bank's gold reserve, as may be observed from that table, showed a decrease in the latter part of 1939, but the decrease was relatively moderate. It is known that the greater part of this reserve is located neither in the "Protectorate" nor in Germany.¹

On March 16th, 1939, the Bratislava branch of the National Bank of Czecho-Slovakia took over the whole business of the Bank in the territory of Slovakia. On April 4th, 1939, it was changed into a "National Bank of Slovakia" in the form of a joint-stock company with a share capital of 100 million crowns,² of which 51 million crowns were taken up by the Slovak Government and 40 millions by a German banking group. Two Reichsbank directors were appointed as advisers to the Bank.

II.

On September 1st, 1939, the Reichsmark was made legal tender in Danzig. The rate of conversion was fixed at 1 gulden = RM 0.70, as against the former official rate of RM 0.47. On September 5th, the liquidation of the Bank of Danzig was taken in hand by the German Reichsbank. The German laws and regulations on exchange control were extended to Danzig on September 22nd. On September 30th, 1939, gulden notes ceased to be legal tender.

III.

Of the Polish territories occupied by the German army, the district of "Eastern Upper Silesia" (*Ostoberschlesien*) was at once incorporated in the German currency system. The Reichsmark was made legal tender in that district on September 7th and the zloty ceased to be legal tender on October 9th.

In all other Polish territories under German control, the Reichsmark was declared legal tender on September 11th and, in the course of the military occupation, was progressively introduced into circulation alongside the zloty. The official rate of exchange was fixed at 1 zloty = RM 0.50, as compared with the pre-war parity of RM 0.47 and the conversion rate of RM 0.70 fixed for the Danzig gulden, which before the war had been equal in value to the zloty.

¹ About a third of the gold remaining in the National Bank's ownership in March 1939, held abroad, was shortly afterwards transferred to deposit with the German Reichsbank in exchange for deposit certificates included in the National Bank's figures for the gold reserve.

² The new Slovak currency unit was given the same official value as the former Czecho-Slovak crown.

Yet a third legal-tender currency appeared in these territories—namely, the notes issued in terms of Reichsmarks by the fifteen Reich Credit Offices (*Reichskreditkassen*) set up by order of the Commander-in-Chief on September 23rd. These Offices issued their notes (called *Reichskreditkassenscheine*) (1) by making commercial loans and discounts, (2) by acquiring Reichsmark currency and balances with the Reichsbank, and (3) by granting advances to the Reich up to a statutory maximum of 1 milliard marks to cover expenditures due to the occupation. ^{activity of the} ~~The~~ Bank of Poland was liquidated.

After the military occupation was completed, the territories in question were divided into two parts. One was directly annexed to the Reich. The other was made into a separate administrative unit under a German Governor-General. Subsequent currency arrangements were different in the two areas.

In the annexed provinces, by a Decree of November 22nd, the zloty was deprived of its status as legal tender on November 27th. The Reich Credit Offices were transformed into Reichsbank branches and their notes were withdrawn from circulation. Reichsmark currency became the only legal means of payment. The German exchange regulations were extended to these provinces on November 20th. The territory administered by the Governor-General became a "foreign" country under the terms of the exchange legislation. In particular, zloty notes still held in the annexed provinces became liable to the same compulsory declaration and surrender as other foreign currencies under the German exchange control.

In the area administered by the Governor-General, a Foreign Exchange Order, issued on November 15th, came into force on November 20th, under which a complete control of exchanges, separate from—but in all respects similar to—the German system, was instituted in that area. Reichsmark notes ceased to be legal tender on November 20th, and the Governor-General's exchange decree called for their compulsory surrender as "foreign" currency. A Clearing Office was set up at Cracow to centralise all payments from or to the Reich (including the annexed Polish provinces).

By a Decree of December 15th, providing for the establishment of a "Bank of Issue in Poland", the zloty notes of that bank were declared the sole and unlimited legal tender in the area under the Governor-General's administration. Pending the issue of these notes, all old notes in denominations of 100 and 500 zloty had to be deposited with Reich Credit Offices and other authorised institutions, in order—it was stated—to prevent zloty notes smuggled into the territory from being exchanged into the new notes. The 1000-zloty notes of the former Bank of Poland were not recognised as a legal means of payment, and were not exchanged. The notes of the Reich Credit Offices, though denominated in Reichsmarks, remained in circulation until the spring of 1940, when they were withdrawn and, like the old zloty notes, replaced by notes of the new bank of issue. The Reich Credit Offices were themselves taken over by that bank and reorganised as branch offices.

The "Bank of Issue in Poland" began operations on April 8th, 1940. Its head office was established at Cracow. Its President and Vice-President were appointed by the Governor-General. Its statutes provided for the post of a "Bank Commissioner" (*Bankdirigent*), whose approval was required for all important regulations, appointments and decisions, for the granting of loans, the fixing of interest rates, and the like. The post was filled by a director of the Reichsbank.

The Bank was authorised to discount bills of exchange, to grant loans against collateral, to accept deposits and to transact other banking business. The Bank's note

(1) The Bank's management & the main assets
have been transferred to France.

issue, according to the statutes, was to be covered (a) by loans and discounts and (b) by holdings of Reichsmark currency and balances with the Reichsbank. A further general cover, the detailed regulations for which were to be issued later, was provided for in the form of a first-rank mortgage in favour of the Bank on all real estate in the territory, up to an amount of 3 milliard zloty. The statutes made no mention of any funds constituting the Bank's own capital, but they contained a clause according to which the annual net profit must be retained to form a reserve against possible losses. No legal limit was placed on the issue of notes; nor did the statutes give any indication of the exchange value of the Bank's notes in relation to gold, the Reichsmark or any other currency.

The "Bank of Issue in Poland" was not provided with a gold reserve. The gold stock of the Bank of Poland had been exported by the Polish authorities in September.

APPENDIX

MONETARY STATISTICS

Table I. — CURRENCY COMPOSITION AND MOVEMENTS

Country and currency unit (000,000's)	End of :	Central Banks and Treasuries					Net amount of currency available : (e) + (f), less cash reserves of commercial banks, col. (a), Table III	Wholesale prices	Cost of living	Commercial banks				Savings banks
		Note circulation (Bank and State notes)	Central Bank sight deposit liabilities	Of which Government deposits	Token coins (less those held by Central Banks)	Total (a), (b) and (d)				1929 = 100	Sight deposits	Savings deposits	Other deposits	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
Argentine a Peso	1929 XII...	1,247	—	—		1,247	1,955	100	100	1,178	1,771	954	3,903	97
	1936 XII...	1,094	552	121	208	1,854	2,371	106	91	1,289	1,655	726	3,670	114
	1937 XII...	1,150	485	125	209	1,844	2,556	116	93	1,402	1,810	669	3,881	127
	1938 XII...	1,118	431	110	210	1,759	2,440	107	92	1,312	1,804	675	3,791	134
	1939 VI...	1,128	574	143	210	1,912	2,555	107	94	1,387	1,813	677	3,877	137
	VII...	1,119	590	209	207	1,916	2,587	107	94	1,355	1,810	669	3,834	138
	VIII...	1,135	602	169	208	1,945	2,578	107	93	1,383	1,809	674	3,866	139
	IX....	1,163	599	92	209	1,971	2,547	118	93	1,428	1,808	672	3,908	140
	X.....	1,151	579	85	209	1,939	2,571	123	94	1,448	1,808	665	3,921	141
	XI....	1,155	634	104	209	1,998	2,618	126	94	1,478	1,808	662	3,948	141
	XII...	1,191	610	175	210	2,011	* 2,707	126	98	* 1,482	* 1,798	* 633	* 3,913	...
	1939 VI = 100	VIII..	101	105	118	99	102	101	100	99	100	100	100	101	101
XII...	106	106	122	100	105	* 106	118	104	* 107	* 99	* 93	* 101	...	
1938 XII...	99	75	77	100	92	95	100	98	95	99	100	98	98	
Australia b £A.	1929 XII...	42.2	33.8	.	*(3.3)	76.0	.	100	100	99.4	—	192.7	292.1	220.0
	1936 XII...	47.0	71.4	.	*(4.0)	118.4	199.7	89	84	113.4	—	181.9	295.3	224.2
	1937 XII...	49.6	90.5	.	*(4.0)	140.1	224.6	88	86	121.6	—	192.9	314.5	233.5
	1938 XII...	48.8	87.5	.	*(4.0)	136.3	221.3	94	88	121.1	—	198.0	319.1	243.6
	1939 VI....	44.5	84.2	.	.	128.7	217.2	89	89	117.1	—	200.9	318.0	245.5
	VII...	44.6	87.8	.	.	132.4	218.4	89	.	116.8	—	200.5	317.3	244.9
	VIII..	45.5	87.3	.	.	132.8	217.3	89	.	115.5	—	199.1	314.6	244.9
	IX....	48.0	91.3	.	.	139.3	223.3	91	89	116.6	—	198.0	314.6	244.3
	X.....	48.1	89.1	.	.	137.2	226.5	95	.	123.2	—	198.0	321.2	245.0
	XI....	48.6	95.7	.	.	144.3	234.4	93	.	127.7	—	198.7	326.4	245.6
	XII...	54.8	* 95.3	.	.	* 150.1	...	93	...	...	—	...	...	244.8
	1939 VI = 100	VIII..	102	104	.	.	103	100	100	99	—	99	99	99
XII...	109	* 113	.	.	* 117	...	104	...	...	—	...	...	100	
1938 XII...	110	104	.	.	106	102	106	99	103	—	99	100	99	
Belgium c Franc	1929 XII...	13,425	1,244	291	(592)	14,669	.	100	100	.	.	.	* 29,363	5,438
	1936 XII...	22,702	4,442	599	*(850)	27,144	40,700	75	88	17,312	—	3,300	20,612	11,456
	1937 XII...	21,542	3,904	481	*(850)	25,445	24,840	77	95	16,343	—	3,288	19,631	12,489
	1938 XII...	21,989	2,770	570	*(850)	37,244	36,647	71	95	14,592	—	1,721	16,313	12,324
	1939 VI....	22,212	993	187	.	23,205	36,025	70	91	13,798	—	1,487	15,286	12,334
	VII...	22,826	1,296	39	.	24,122	.	70	91	.	.	.	.	12,366
	VIII..	26,496	1,252	18	.	27,748	.	70	91	.	.	.	.	12,165
	IX....	27,006	1,048	18	.	28,054	39,756	83	91	12,983	—	1,440	14,423	11,790
	X.....	26,850	910	3	.	27,760	.	86	94	.	.	.	.	11,711
	XI....	27,700	741	7	.	28,441	.	90	96	.	.	.	.	11,634
	XII...	27,994	1,100	150	.	29,094	39,394	93	97	11,934	—	1,220	13,154	11,615
	1939 VI = 100	VIII..	119	126	10	.	120	100	100	86	—	82	86	99
XII...	126	111	80	.	125	109	133	107	86	—	82	86	94	
1938 XII...	99	279	305	.	107	103	101	104	106	—	116	107	100	
Bolivia Boliviano	1929 XII...	42.5	17.9	—	5.6	66.0	* 74.1	.	.	* 18.0	.	* 16.4	* 34.4	.
	1936 XII...	210.3	232.7	—	6.5	449.5	469.7	.	.	119.3	.	3.5	122.8	.
	1937 XII...	252.5	277.5	151.6	7.7	537.7	591.8	.	.	113.9	.	2.4	116.3	.
	1938 XII...	288.1	218.1	118.5	* 9.5	* 515.7	* 612.5	.	.	128.6	.	2.4	131.0	.
	1939 VI....	301.5	245.6	159.0	* 9.8	* 556.9	* 669.7	.	.	140.6	.	3.1	143.7	.
	VII...	311.0	251.9	157.4	* 9.8	* 572.7	* 691.1	.	.	150.2	.	0.5	150.7	.
	VIII..	316.7	259.8	155.3	* 9.8	* 586.3	* 697.6	.	.	147.0	.	0.4	147.4	.
	IX....	325.3	293.1	183.4	* 9.8	* 628.2	* 737.2	.	.	157.2	.	2.7	159.9	.
	1939 VI = 100	VIII..	...	...	...	...	...	...	...	...	...	...	...	...
	XII...	...	...	...	...	...	...	...	...	...	...	...	...	...
	1938 XII...	96	89	74	* 97	* 93	91	.	.	91	.	77	91	.

* Approximate or provisional figure.
 a Commercial banks include the Banco de la Nación. Column (m) shows deposits with the Post Office Savings Bank only. Deposits with other savings banks amounted to 58, 80, 86 and 95 million pesos at the end of 1929, 1936, 1937 and 1938 respectively.
 b Figures for commercial banks represent averages of weekly figures. Column (h) shows quarterly figures; 1929-1938—last quarter of the year.
 c Columns (a), (e) and (f) : excluding treasury notes amounting to 750, 619, 605 and 597 million francs at the end of 1929, 1936, 1937 and 1938 respectively.

Table I. — CURRENCY COMPOSITION AND MOVEMENTS (continued)
In units of national currency (000,000's).

Country and currency unit	End of :	Central Banks and Treasuries					Net amount of currency available : (e) + (f), less cash reserves of commercial banks, col. (a), Table III	Whole- sale prices	Cost of living	Commercial banks				Savings banks	
		Note cir- culation (Bank and State notes)	Central Bank sight deposit liabili- ties	Of which Govern- ment deposits	Token coins (less those held by Central Banks)	Total (a), (b) and (d)				1929 = 100	Sight deposits	Savings deposits	Other deposits		Total (i) to (k)	Savings deposits
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
Brazil ^a Milreis	1929 XII...	3,394	—	—	.	3,394	5,331	100	100	3,487	431	2,007	5,925	.	
	1936 XII...	4,050	—	—	.	4,050	8,534	74	117	5,245	712	2,375	8,332	.	
	1937 XII...	4,550	—	—	.	4,550	9,621	.	126	6,135	769	1,908	8,812	.	
	1938 XII...	4,825	—	—	.	4,825	12,150	.	130	8,571	874	2,220	11,665	.	
	1939 VI...	4,789	—	—	.	4,789	11,059	.	.	7,448	1,058	3,251	11,757	.	
	VII...	...	—	—	.	...	...	.	.	.	.	.	.	.
	VIII...	...	—	—	.	...	...	.	.	.	.	.	.	.
	IX...	5,127	—	—	.	...	...	.	.	...	...	...	...	.
	1939 VI = 100	VIII...	...	—	—
	XII...	...	—	—	.	...	...	.	.	...	...	...	...	.
1938 XII...	101	—	—	.	101	110	.	.	115	83	68	99	.		
Bulgaria Lev	1929 XII...	3,609	2,175	142	143	5,927	*13,202	100	100	* 7,989	* 283	* 146	* 8,418	684	
	1936 XII...	2,571	2,265	935	1,241	6,077	6,973	59	57	1,593	1,349	417	3,359	2,520	
	1937 XII...	2,569	3,739	1,274	1,253	7,561	8,396	65	60	1,477	1,412	447	3,336	2,858	
	1938 XII...	2,800	3,627	1,305	1,282	7,709	8,515	67	62	1,801	1,576	422	3,799	3,330	
	1939 VI...	2,891	3,164	1,008	1,208	7,263	8,389	66	62	1,766	1,644	339	3,749	3,432	
	VII...	3,038	3,043	923	1,286	7,367	.	65	63	.	.	.	.	3,459
	VIII...	3,960	2,941	959	1,428	8,329	.	65	62	.	.	.	.	3,489
	IX...	4,426	3,133	1,143	1,484	9,043	...	66	62	...	...	...	...	3,445
	X...	4,662	3,258	1,204	1,548	9,468	.	67	63	.	.	.	.	3,448
	XI...	4,374	3,263	971	1,509	9,146	.	69	63	.	.	.	.	3,468
	XII...	4,245	3,363	1,079	...	...	...	70	63	.	...	...	...	...
	1939 VI = 100	VIII...	137	93	95	118	115	.	98	100	102
	XII...	147	106	107	...	...	...	106	102	...	...	...	...	...
1938 XII...	97	115	129	106	106	102	101	100	102	96	124	101	97		
Canada \$	1929 XII...	187	—	—	(32)	187	724	100	100	821	1,876	2,697	93		
	1936 XII...	191	218	24	(34)	409	894	83	82	755	1,966	2,721	92		
	1937 XII...	207	222	21	(35)	429	896	87	84	752	1,991	2,743	97		
	1938 XII...	207	235	28	(37)	442	983	77	83	840	2,079	2,919	101		
	1939 VI...	213	237	29	.	450	1,021	77	83	861	2,184	3,045	104		
	VII...	202	239	28	.	441	959	76	83	823	2,171	2,994	104		
	VIII...	210	241	29	.	451	972	76	83	822	2,203	3,025	104		
	IX...	254	265	38	.	519	1,091	82	85	891	2,182	3,073	103		
	X...	249	285	36	.	534	1,318	83	85	1,128	2,201	3,329	103		
	XI...	245	300	57	.	545	1,285	84	86	1,074	2,221	3,295	...		
	XII...	247	282	47	.	529	1,231	85	85	1,033	2,216	3,249	...		
	1939 VI = 100	VIII...	99	102	100	.	100	95	99	100	95	101	99	100	
	XII...	116	119	162	.	118	121	110	102	120	101	107	...		
1938 XII...	97	95	69	.	96	95	100	100	98	95	96	97			
Chile Peso	1929 XII...	352	127	23	(35)	479	.	100	100	512	(41)	723	1,235	237	
	1936 XII...	653	288	24	(29)	941	1,779	211	150	1,157	—	618	1,775	465	
	1937 XII...	709	262	6	(31)	971	1,988	225	165	1,307	—	604	1,911	546	
	1938 XII...	795	258	18	*(31)	1,053	1,992	216	168	1,238	—	685	1,923	597	
	1939 VI...	866	228	14	.	1,094	2,174	217	172	1,325	.	670	1,995	634	
	VII...	844	208	16	.	1,052	2,226	218	171	1,442	.	675	2,117	645	
	VIII...	845	243	37	.	1,088	2,213	215	170	1,420	.	644	2,064	651	
	IX...	884	246	3	.	1,130	2,257	220	172	1,443	.	649	2,092	654	
	X...	866	257	21	.	1,123	2,236	232	177	1,421	.	682	2,103	659	
	XI...	855	258	11	.	1,113	...	234	180	1,457	.	637	2,094	669	
	XII...	...	...	...	.	...	...	...	...	...	.	...	...	...
	1939 VI = 100	VIII...	98	107	264	.	99	102	99	99	107	.	96	103	103
	XII...	...	...	...	.	...	...	...	...	...	.	...	...	...
1938 XII...	92	113	129	.	96	92	99	98	93	.	102	96	94		

* Approximate or provisional figure.

^a Commercial banks include the Banco do Brazil.

Table I. — CURRENCY COMPOSITION AND MOVEMENTS (continued)

In units of national currency (000,000's).

Country and currency unit	End of :	Central Banks and Treasuries					Net amount of currency available : (e) + (f), less cash reserves of commercial banks, col. (a), Table III	Wholesale prices 1929 = 100	Cost of living	Commercial banks				Savings banks Savings deposits
		Note circulation (Bank and State notes)	Central Bank sight deposit liabilities	Of which Government deposits	Token coins (less those held by Central Banks)	Total (a), (b) and (d)				Sight deposits	Savings deposits	Other deposits	Total (i) to (k)	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
Colombia ^a Peso	1929 XII...	46.9	6.2	1.5	11.4	64.5	98.4	.	.	45.4	9.5	36.2	91.1	0.8
	1936 XII...	65.1	33.1	9.8	11.5	109.7	155.1	.	.	65.9	11.0	11.2	88.1	2.5
	1937 XII...	60.9	38.2	10.5	15.1	114.2	156.5	.	100	67.1	12.0	11.3	90.4	2.9
	1938 XII...	66.2	40.5	14.5	18.4	125.1	175.5	.	114	75.4	13.6	10.0	99.0	3.2
	1939 VI...	65.3	38.2	11.2	18.6	122.1	175.3	.	117	79.6	15.0	10.2	112.8	3.6
	VII...	63.3	38.5	12.9	18.6	120.4	177.7	.	114	86.0	15.0	19.4	120.4	3.6
	VIII...	61.6	45.8	14.6	18.5	125.9	182.7	.	116	87.8	15.2	18.3	121.3	3.5
	IX...	62.0	46.1	14.2	18.5	126.6	185.5	.	116	89.4	15.2	17.8	122.4	3.5
	X...	61.7	47.6	15.9	18.2	127.5	186.0	.	115	89.3	15.4	19.5	124.2	...
	XI...	62.0	48.3	18.2	18.0	128.3	...	.	116	...	15.5	...	124.5	...
	XII...	68.3	46.2	15.3	...	...	...	.	115	...	...	...	...	...
	1939 VI = 100	VIII...	94	120	130	99	103	99	110	101	101	108	97
XII...	105	121	137	...	...	...	.	98	...	...	...	...	...	...
1938 XII...	101	106	129	99	102	103	.	97	95	91	55	88	89	
Czecho-Slovakia ^b Koruna	1929 XII...	8,230	705	.	(332)	8,935	18,447	100	100	12,566	.	13,093	25,659	18,208
	1936 XII...	6,478	410	.	(568)	6,888	14,794	81	93	10,946	.	13,118	24,064	21,258
	1937 XII...	6,902	292	.	(545)	7,194	14,866	80	95	11,115	.	13,575	24,690	22,051
	1938 XII...	6,950	656	.	*(543)	7,606	12,182	85	102	7,373	.	12,116	19,489	15,516
	1939 VI...	6,418	839	.	.	7,257	10,894	89	108	6,441	.	12,151	18,592	13,822
	VII...	6,391	811	.	.	7,202	.	89	107	.	.	.	.	13,639
	VIII...	6,056	702	.	.	6,758	.	.	.	.	.	.	.	13,344
	IX...	6,438	851	.	.	7,289	...	.	.	...	...	...	...	13,201
	X...	6,339	1,051	.	.	7,390	.	.	.	.	.	.	.	12,979
	XI...	6,418	785	.	.	7,203	.	.	.	.	.	.	.	12,920
	XII...	6,345	1,053	.	.	7,398	...	.	.	...	...	...	...	...
	1939 VI = 100	VIII...	94	84	.	.	93
XII...	99	125	.	.	102	...	.	.	...	...	...	...	...
1938 XII...	107	78	.	.	105	112	95	94	114	.	100	105	112	
Denmark ^c Krone	1929 XII...	367	68	10	(28)	435	877	100	100	543	1,418	262	2,223	2,120
	1936 XII...	399	69	—	(38)	468	924	103	101	618	1,551	215	2,384	2,211
	1937 XII...	417	122	—	(39)	539	982	111	106	651	1,556	199	2,406	2,190
	1938 XII...	441	142	—	*(40)	583	1,034	102	106	680	1,625	227	2,532	2,212
	1939 VI...	446	149	—	.	595	1,049	102	106	698	1,695	234	2,627	2,250
	VII...	424	123	—	.	547	958	103	.	597	1,741	238	2,576	2,273
	VIII...	452	108	—	.	560	998	103	.	613	1,744	246	2,603	2,281
	IX...	480	91	—	.	571	1,107	118	110	684	1,722	198	2,604	2,264
	X...	488	63	—	.	551	1,117	122	.	701	1,698	208	2,607	2,250
	XI...	519	68	—	.	587	1,171	128	.	732	1,702	184	2,618	2,245
	XII...	600	134	—	.	734	1,366	132	118	843	1,612	208	2,663	2,179
	1939 VI = 100	VIII...	101	72	—	.	94	95	101	.	88	103	105	99	101
XII...	134	90	—	.	123	130	99	111	121	95	89	101	97	
1938 XII...	99	95	—	.	98	98	100	100	97	96	97	96	98	
Ecuador Sucre	1929 XII...	30	16	10	5	51	66	.	.	24	—	10	34	2
	1936 XII...	57	45	6	10	112	140	.	.	57	—	16	73	4
	1937 XII...	68	56	11	12	136	169	.	.	57	—	23	80	4
	1938 XII...	69	34	7	10	113	156	.	.	66	—	22	88	...
	1939 VI...	64	40	9	10	114	155	.	.	70	—	27	97	...
	VII...	65	47	9	10	122	...	.	.	...	—	...	...	...
	VIII...	65	49	11	...	...	...	.	.	...	—	...	...	...
	IX...	66	42	10	...	...	...	.	.	...	—	...	...	...
	1939 VI = 100	VIII...	102	122	122	...	...	.	.	...	—	...	...	...
	XII...	...	...	...	...	...	...	.	.	...	—	...	...	...
	1938 XII...	108	85	77	...	...	...	.	.	94	—	81	91	...

* Approximate or provisional figure.

^a Column (h) : February 1937 = 100. Commercial banks figures relate to "all commercial and mortgage banks".^b Columns (a), (e) and (f) : excluding token notes amounting to 494, 595 and 1,287 million crowns at the end of 1936, 1937 and VIII, 1938 respectively. Commercial banks : since XII, 1938, "joint-stock banks in Bohemia and Moravia-Silesia". Column (m) : including current accounts, 1938 : new territory ; subsequently : "Bohemia and Moravia".^c Cost-of-living figures refer to the 1st or beginning of the following month.

Table I. — CURRENCY COMPOSITION AND MOVEMENTS (continued)

In units of national currency (000,000's).

Country and currency unit	End of :	Central Banks and Treasuries					Net amount of currency available : (e) + (i), less cash reserves of commercial banks, col. (a), Table III	Wholesale prices 1929 = 100	Cost of living	Commercial banks				Savings banks Savings deposits	
		Note circulation (Bank and State notes)	Central Bank sight deposit liabilities	Of which Government deposits	Token coins (less those held by Central Banks)	Total (a), (b) and (d)				Sight deposits	Savings deposits	Other deposits	Total (i) to (k)		
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
Egypt £ E.	1929 XII...	26.6	35.1	17.8	* 5.0	* 66.7	* 66.7	100	100	.	.	.	.	4.1
	1936 XII...	23.1	29.1	4.7	5.4	57.6	57.6	72	85	.	.	.	.	11.2
	1937 XII...	20.7	28.3	6.2	5.4	54.4	54.4	76	85	.	.	.	.	12.4
	1938 XII...	20.4	22.6	2.2	5.0	48.0	48.0	79	87	.	.	.	.	13.1
	1939 VI...	20.7	18.7	—	4.8	44.2	44.2	72	85	.	.	.	.	12.2
	VII...	19.8	18.6	—	4.6	43.0	43.0	72	85	.	.	.	.	12.1
	VIII...	22.2	22.2	—	4.5	48.9	48.9	72	85	.	.	.	.	11.4
	IX...	26.3	21.1	—	4.9	52.3	52.3	76	87	.	.	.	.	9.4
	X...	26.4	23.6	—	5.0	55.0	55.0	78	87	.	.	.	.	9.6
	XI...	26.8	19.2	0.1	5.0	51.0	51.0	78	90	.	.	.	.	10.0
	XII...	...	...	...	5.1	...	...	74	91	.	.	.	.	...
	1939 VI = 100	VIII...	107	119	—	94	111	111	100	100	93
	XII...	...	...	...	106	...	...	103	107	.	.	.	.	...
1938 XII...	99	121	—	104	109	109	110	102	.	.	.	.	107	
Estonia Kroon	1929 XII...	34	16	8	3	53	91	100	100	42	—	24	66	3	
	1936 XII...	44	32	20	4	80	143	81	86	70	—	24	94	10	
	1937 XII...	49	38	22	4	91	166	86	92	84	—	33	117	10	
	1938 XII...	52	37	19	* 4	* 93	* 180	86	93	97	—	37	134	12	
	1939 VI...	51	31	10	4	86	182	85	94	105	.	38	143	12	
	VII...	53	27	8	4	84	177	86	96	101	.	39	140	11	
	VIII...	57	28	9	5	90	177	86	94	96	.	37	133	...	
	IX...	70	27	10	5	102	...	87	96	80	.	35	116	...	
	X...	70	26	8	5	109	...	89	97	81	.	34	115	...	
	XI...	65	31	11	...	...	...	92	97	84	.	34	118	...
	XII...	64	36	15	...	...	...	97	99	...	.	...	...	...
	1939 VI = 100	VIII...	112	90	90	125	105	97	101	100	91	.	97	93	...
	XII...	125	116	...	...	...	...	114	105	...	.	...	...	...
1938 XII...	102	119	190	100	* 108	* 99	101	99	92	.	97	94	100		
Finland Markka	1929 XII...	1,361	198	150	(52)	1,559	2,807	100	100	1,486	767	5,228	7,481	4,859	
	1936 XII...	1,630	948	376	(137)	2,578	3,549	101	83	1,822	6,776	8,598	7,496	7,496	
	1937 XII...	2,052	1,109	136	(167)	3,161	4,088	113	89	2,244	7,786	10,030	9,032	9,032	
	1938 XII...	2,086	1,093	244	*(170)	3,179	4,257	105	89	2,312	8,443	10,755	10,253	10,253	
	1939 VI...	2,200	1,179	90	.	3,379	4,547	107	87	2,405	8,762	11,167	10,650	10,650	
	VII...	2,117	1,350	168	.	3,467	4,790	107	88	2,422	8,762	11,184	10,700	10,700	
	VIII...	2,262	1,149	242	.	3,411	4,809	108	89	2,366	8,671	11,037	10,683	10,683	
	IX...	2,547	693	132	.	3,240	4,834	...	92	2,238	8,386	10,624	...	...
	X...	3,378	553	—	.	3,931	3,459	...	95	2,174	8,340	10,514	...	...
	XI...	...	...	...	.	...	...	...	98	...	...	...	...	...
	XII...	...	...	...	.	...	...	...	...	...	...	...	...	...
	1939 VI = 100	VIII...	103	97	269	.	101	106	101	102	98	99	99	100	100
	XII...	...	...	...	.	...	...	...	...	...	...	...	...	...
1938 XII...	95	93	271	.	94	94	98	102	96	96	96	96	96		
France ^a Franc	1929 XII...	67,769	20,094	7,662	(1,196)	87,863	118,027	100	100	32,991	.	1,074	34,065	31,972	
	1936 XII...	87,420	14,792	137	(5,016)	102,212	124,664	83	91	27,955	.	529	28,484	59,029	
	1937 XII...	91,263	19,081	32	.	110,344	133,193	101	111	29,748	.	600	30,348	60,247	
	1938 XII...	108,532	32,199	3,669	.	140,731	169,872	109	126	33,042	.	536	33,578	62,265	
	1939 VI...	122,610	22,097	3,095	.	144,708	176,549	109	.	35,546	.	684	36,230	66,687	
	VII...	123,239	21,527	3,316	.	144,766	177,050	108	.	35,991	.	659	36,650	66,972	
	VIII...	142,359	21,341	1,252	.	163,700	189,759	107	.	32,668	.	626	33,294	65,816	
	IX...	144,562	20,363	342	.	164,925	193,696	.	.	34,049	.	593	34,642	63,617	
	X...	144,379	16,794	107	.	161,173	192,079	.	.	35,675	.	610	36,285	63,860	
	XI...	149,370	14,345	104	.	163,715	197,125	.	.	37,836	.	587	38,423	64,538	
	XII...	151,322	16,665	82	.	167,987	204,972	.	.	41,872	.	571	42,443	65,597	
	1939 VI = 100	VIII...	116	97	40	.	113	107	98	.	92	.	91	92	99
	XII...	123	75	3	.	116	116	.	.	118	.	83	117	98	
1938 XII...	90	146	118	.	99	91	100	.	93	.	78	93	93		

* Approximate or provisional figure.

^a Commercial banks : four leading banks (Sociétés de crédit).

Table I. — CURRENCY COMPOSITION AND MOVEMENTS (continued)

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Country and currency unit (ooo,ooo's)	End of :	Central Banks and Treasuries				Total (a), (b) and (d)	Net amount of currency available : (e) + (f), less cash reserves of commercial banks, col. (a), Table III	Wholesale prices 1929 = 100	Cost of living	Commercial banks				Savings banks Savings deposits
		Note circulation (Bank and State notes)	Central Bank sight deposit liabilities	Of which Government deposits	Token coins (less those held by Central Banks)					Sight deposits	Savings deposits	Other deposits	Total (i) to (k)	
Germany^a	1929 XI....	5,479	485	.	(988)	5,964	10,196	100	100	4,490	—	7,623	12,113	8,827
Reichsmark	1936 XI....	5,049	753	.	(1,569)	5,802	9,297	77	81	3,674	785	3,007	7,466	14,222
	1937 XI....	5,587	766	.	(1,571)	6,353	10,069	77	81	3,911	961	3,248	8,120	15,537
	1938 XI....	8,111	1,141	.	(1,733)	9,252	13,707	78	81	4,715	1,184	3,481	9,380	17,421
	1939 VI....	9,115	1,281	.	(1,819)	10,396	14,962	78	82	4,780	1,486	.	10,200	18,860
	VII....	9,368	1,294	.	(1,841)	10,662	15,515	78	83	5,047	1,495	.	10,129	.
	VIII....	b11,278	b1,195	.	b(1,808)	12,473	.	78	83	.	.	.	.	.
	IX....	11,645	1,602	.	.	13,247	.	78	82	.	.	.	.	.
	X....	11,621	1,520	.	.	13,141	.	78	82	.	.	.	.	.
	XI....	11,860	1,574	.	.	13,434	.	78	82	.	.	.	.	.
	XII....	12,765	2,018	.	(1,742)	14,783	.	78	82	.	.	.	.	.
1939 VI = 100	VIII....	124	93	.	(99)	120	.	100	101	.	.	.	.	.
	XII....	140	157	.	(96)	159	.	100	100	.	.	.	.	.
	1938 XI....	89	89	.	(95)	89	92	100	99	99	80	.	92	92
Greece^c	1929 XII....	5,193	1,530	690	*(250)	6,723	*17,019	100	.	*11,405	.	*1,830	*13,235	1,715
Drachma	1936 XII....	6,203	5,715	242	(373)	11,918	23,122	117	124	12,999	.	4,145	17,144	5,628
	1937 XII....	6,776	6,387	433	(388)	13,163	26,466	126	132	14,759	.	4,398	19,157	5,979
	1938 XII....	7,239	9,598	467	.	16,837	31,735	120	130	16,350	.	4,726	21,076	6,478
	1939 VI....	8,002	10,543	389	.	18,545	32,955	119	129	16,226	.	4,349	20,575	6,267
	VII....	7,912	10,264	316	.	18,176	33,063	118	128	16,343	.	4,303	20,646	6,293
	VIII....	9,981	9,993	307	.	19,974	34,360	119	128	15,284	.	4,710	19,994	5,933
	IX....	10,639	d10,374	d374	.	21,013	35,080	123	129	14,902	.	4,874	19,776	...
	X....	9,883	10,823	548	.	20,706	34,903	124	132	15,433	.	4,994	20,377	...
	XI....	9,324	11,345	459	.	20,669	...	128	132	...	.	...	...	...
	XII....	9,453	11,545	467	.	20,998	...	133	133	...	.	...	...	...
1939 VI = 100	VIII....	125	95	79	.	108	104	100	99	94	.	108	97	95
	XII....	118	109	120	.	113	...	112	103	...	.	...	...	...
	1938 XII....	90	91	120	.	91	96	101	101	101	.	109	102	103
Hungary^e	1929 XII....	501	98	70	.	* 599	* 1,217	100	100	919	992	.	1,911	55
Pengö	1936 XII....	436	213	170	77	726	* 1,226	83	83	684	840	.	1,524	108
	1937 XII....	466	246	203	79	791	* 1,309	88	88	717	926	.	1,643	127
	1938 XII....	863	196	141	103	1,162	* 1,663	85	87	726	817	.	1,543	122
	1939 VI....	885	178	138	110	1,173	.	85	87	714	851	.	1,565	136
	VII....	879	143	112	112	1,134	.	85	86	747	863	.	1,610	140
	VIII....	1,038	181	143	118	1,337	.	86	87	741	808	.	1,549	136
	IX....	1,087	148	112	132	1,367	.	87	87	764	764	.	1,528	123
	X....	1,032	178	140	137	1,347	.	88	87	741	808	.	1,549	129
	XI....	965	197	154	135	1,297	.	88	87	...	...	.	...	...
	XII....	975	186	100	137	1,298	.	89	87	...	...	.	...	...
1939 VI = 100	VIII....	117	102	104	107	114	.	101	100	104	95	.	99	100
	XII....	110	104	72	124	111	.	105	100	...	...	.	...	...
	1938 XII....	98	110	102	94	99	.	100	100	102	96	.	99	90
India^f	1929 XII....	1,794	—	—	.	1,794	.	100	.	.	.	.	.	371
Rupee	1936 XII....	1,920	233	71	.	2,153	3,154	67	102	1,278	.	1,018	2,296	724
	1937 XII....	1,854	312	98	.	2,166	3,144	72	107	1,256	.	1,059	2,315	765
	1938 XII....	1,880	242	93	.	2,122	3,168	67	104	1,238	.	1,039	2,277	804
	1939 VI....	1,846	329	132	.	2,175	3,166	72	104	1,250	.	1,038	2,288	819
	VII....	1,784	387	96	.	2,171	3,183	71	105	1,339	.	1,031	2,370	826
	VIII....	1,789	428	131	.	2,217	3,338	71	105	1,355	.	1,026	2,381	830
	IX....	2,029	306	112	.	2,335	3,437	81	106	1,325	.	979	2,304	779
	X....	2,103	337	112	.	2,440	3,514	84	108	1,338	.	961	2,299	768
	XI....	2,201	338	108	.	2,539	3,644	93	109	1,375	.	980	2,355	765
	XII....	2,359	313	114	.	2,672	3,810	97	113	1,392	.	1,009	2,401	762
1939 VI = 100	VIII....	97	130	99	.	102	105	99	101	108	.	99	104	101
	XII....	128	95	86	.	123	120	135	109	111	.	97	105	93
	1938 XII....	102	74	70	.	98	100	93	100	99	.	100	99	98

* Approximate or provisional figure. a Commercial banks figures relate to credit banks ("Kreditbanken"). b August 23rd. c Column (h) : 1931 = 100. d September 23rd. e Column (k) : "other deposits" amounted to: 909, 659, 709 and 860 million pengö at the end of 1929, 1936, 1937 and 1938 respectively. Column (m) : Post Office Savings Bank deposits only. f Column (c) : Excluding deposits of the Government of Burma. Column (h) : July 1933 June 1934 = 100. Commercial banks = scheduled banks; since April 1937, excluding Burma. Column (m) : Post Office Savings Bank deposits; 1929 = March 31st of 1930.

Table I. — CURRENCY COMPOSITION AND MOVEMENTS (continued)
In units of national currency (000,000's).

Country and currency unit	End of :	Central Banks and Treasuries					Net amount of currency available: (e) + (f), less cash reserves of commercial banks, col. (a), Table III	Wholesale prices 1929 = 100	Cost of living	Commercial banks				Savings banks Savings deposits
		Note circulation (Bank and State notes)	Central Bank sight deposit liabilities	Of which Government deposits	Token coins (less those held by Central Banks)	Total (a), (b) and (d)				Sight deposits	Savings deposits	Other deposits	Total (i) to (k)	
Ireland ^a £	1929 XII...	14.2	—	—	(0.7)	14.2	14.2	100	—	—	—	—	13.0	
	1936 XII...	15.1	—	—	(1.1)	15.1	15.1	94	—	—	—	—	24.0	
	1937 XII...	15.7	—	—	(1.1)	15.7	15.7	101	—	—	—	—	*25.6	
	1938 XII...	16.9	—	—	(1.2)	16.9	16.9	100	—	—	—	—	—	
	1939 VI...	16.2	—	—	—	16.2	16.2	—	—	—	—	—	—	
	VII...	16.0	—	—	—	16.0	16.0	—	—	—	—	—	—	
	VIII...	16.1	—	—	—	16.1	16.1	98	—	—	—	—	—	
	IX....	17.0	—	—	—	17.0	17.0	—	—	—	—	—	—	
	X.....	17.2	—	—	—	17.2	17.2	—	—	—	—	—	—	
	XI....	17.6	—	—	—	17.6	17.6	109	—	—	—	—	—	
	XII...	18.0	—	—	(1.3)	18.0	18.0	—	—	—	—	—	—	
	1939 VI = 100	VIII..	99	—	—	99	99	—	—	—	—	—	—	
XII...	111	—	—	—	111	111	—	—	—	—	—	—		
1938 XII...	104	—	—	—	104	104	—	—	—	—	—	—		
Italy ^b Lira	1929 XII...	16,854	1,985	300	(1,992)	18,839	37,584	100	100	19,919	9,703	29,632	25,537	
	1936 XII...	16,525	1,440	8	—	17,965	30,938	83	85	14,224	9,192	23,416	39,242	
	1937 XII...	17,468	2,103	639	—	19,571	32,507	101	97	14,243	9,815	24,058	43,023	
	1938 XII...	18,955	2,571	850	—	21,526	34,330	101	99	14,329	10,725	25,054	46,194	
Japan Yen	1929 XII...	1,771	533	392	(425)	2,304	4,821	100	100	3,220	—	5,993	9,213	3,479
	1936 XII...	2,057	345	216	(464)	2,402	5,143	98	90	3,430	—	7,502	10,932	5,195
	1937 XII...	2,483	424	292	—	2,907	7,121	110	101	4,214	—	8,138	12,352	5,803
	1938 XII...	2,755	183	52	—	2,938	7,239	116	117	5,339	—	9,734	15,073	6,946
	1939 VI...	2,342	406	168	—	2,748	7,672	123	122	6,177	—	10,737	16,914	7,870
	VII...	2,446	201	90	—	2,647	7,719	123	122	5,882	—	10,834	16,716	8,117
	VIII..	2,461	285	202	—	2,746	7,858	124	123	5,905	—	11,055	16,960	8,297
	IX....	2,634	195	85	—	2,829	8,126	131	128	6,038	—	11,310	17,349	8,493
	X.....	2,687	226	127	—	2,913	8,463	133	129	6,412	—	11,511	17,923	8,671
	XI....	2,736	497	387	—	3,233	8,969	136	130	6,720	—	11,709	18,429	8,793
	XII...	3,818	231	55	—	4,049	—	143	132	—	—	—	19,794	—
	1939 VI = 100	VIII..	105	70	120	—	100	—	101	101	—	—	100	105
XII...	163	57	33	—	147	—	116	108	—	—	—	117	—	
1938 XII...	118	45	31	—	107	94	94	96	87	—	91	89	88	
Latvia ^c Lat	1929 XII...	83	155	94	23	261	312	100	—	58	—	4	62	10
	1936 XII...	85	181	61	30	296	352	87	72	71	—	10	81	68
	1937 XII...	108	183	55	33	324	429	96	81	124	—	9	133	86
	1938 XII...	124	191	58	34	349	466	95	86	131	—	9	140	91
	1939 VI...	127	185	75	34	346	470	95	95	141	—	9	150	86
	VII...	124	181	66	34	339	459	96	96	135	—	12	147	88
	VIII..	134	181	65	35	350	462	98	92	128	—	11	139	86
	IX....	163	167	63	—	—	—	101	91	—	—	—	—	65
	X.....	162	171	65	—	—	—	101	98	130	—	10	140	61
	XI....	152	175	60	—	—	—	103	94	161	—	10	171	60
	XII...	152	184	61	—	—	—	—	89	—	—	—	—	—
	1939 VI = 100	VIII..	105	98	87	103	101	98	103	97	91	—	122	93	100
XII...	120	99	81	—	—	—	—	94	—	—	—	—	—	
1938 XII...	98	103	77	100	101	97	100	90	93	—	100	93	96	

* Approximate or provisional figure.

^a Column (h) : 1929-1938 : November.

^b No figures for June 1939 or later months. Column (i) : " correspondents ". Columns (j), (k) : " deposits ".

^c Column (h) : 1930 = 100.

Table I. — CURRENCY COMPOSITION AND MOVEMENTS (continued)

In units of national currency (000,000's).

Country and currency unit	End of :	Central Banks and Treasuries					Net amount of currency available : (e) + (i), less cash reserves of commercial banks, col. (a), Table III	Whole- sale prices	Cost of living	Commercial banks				Savings banks
		Note cir- culation (Bank and State notes)	Central Bank sight deposit liabili- ties	Of which Govern- ment deposits	Token coins (less those held by Central Banks)	Total (a), (b) and (d)				1929 = 100	Sight deposits	Savings deposits	Other deposits	Total (i) to (k)	Savings deposits
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
Lithuania Litas	1929 XII...	95	100	.	12	207	.	.	100	* 43	—	* 58	* 101	(m) 45
	1936 XII...	110	41	.	17	168	243	.	49	80	—	90	170	71
	1937 XII...	117	59	.	22	198	277	.	52	87	—	117	204	86
	1938 XII...	142	42	.	28	212	290	.	53	92	—	148	240	.
	1939 VI...	156	34	.	31	221	307	.	52	94	—	129	223	.
	VII...	153	35	.	32	220	.	.	52	.	—	.	.	.
	VIII...	173	33	.	33	239	.	.	52	.	—	.	.	.
	IX....	170	40	.	37	247	348	.	53	105	—	109	214	.
	X.....	160	45	.	38	243	.	.	55	.	—	.	.	.
	XI....	163	52	.	...	...	.	.	58	.	—	.	.	.
	XII...	166	51	.	...	...	.	.	...	100	—	119	219	.
	1939 VI = 100	VIII...	111	97	.	106	108	.	100	.	—	.	.	.
XII...	106	150	.	...	...	.	.	...	106	—	92	98	.	
1938 XII...	91	123	.	90	96	94	.	102	98	—	115	108	.	
Mexico Peso	1929 XII...	14	51	12	206	271	393	100	.	176	—	43	219	.
	1936 XII...	230	112	112	177	519	664	106	.	241	27	44	312	.
	1937 XII...	250	111	87	206	567	699	118	.	223	33	65	321	.
	1938 XII...	258	*104	.	260	* 622	* 719	125	.	210	31	52	293	.
	1939 VI...	281	-104	.	256	642	788	127	.	248	35	55	338	.
	VII...	288	110	.	259	657	811	128	.	251	35	59	345	.
	VIII...	289	108	.	263	660	816	129	.	255	36	58	349	.
	IX....	297	116	.	264	677	827	131	.	258	36	59	353	.
	X.....	299	121	.	264	684	844	132	.	277	36	62	376	.
	XI....	306	113	.	263	682	844	...	.	277	35	63	375	.
	XII...	336	102	.	267	705	876	...	.	284	35	60	379	.
	1939 VI = 100	VIII...	103	106	.	103	103	104	102	.	103	103	105	103
XII...	120	98	.	104	110	111	...	.	115	100	109	112	.	
1938 XII...	92	100	.	101	97	91	98	.	85	89	94	87	.	
Netherlands Gulden	1929 XII...	862	33	14	(120)	895	1,266	100	100	451	—	597	1,048	351
	1936 XII...	794	310	94	*(142)	1,104	1,419	71	80	388	—	141	529	546
	1937 XII...	868	755	100	(149)	1,623	1,972	76	83	515	—	168	683	603
	1938 XII...	992	838	137	.	1,830	2,238	71	82	631	—	45	676	679
	1939 VI...	998	447	27	.	1,445	1,852	70	81	553	—	40	593	683
	VII...	1,037	373	46	.	1,410	1,799	70	81	535	—	39	574	683
	VIII...	1,132	344	—	.	1,476	1,840	71	81	513	—	38	551	674
	IX....	1,142	336	—	.	1,478	...	76	83	...	—	...	...	662
	X.....	1,126	316	—	.	1,442	...	81	85	...	—	...	...	658
	XI....	1,144	250	—	.	1,394	...	84	86	...	—	...	...	654
	XII...	1,152	229	—	.	1,381	...	85	87	...	—	...	...	653
	1939 VI = 100	VIII...	113	77	—	.	102	99	101	100	93	—	95	93	99
XII...	115	51	—	.	96	...	121	107	...	—	...	...	96	
1938 XII...	99	187	507	.	127	121	101	101	119	—	115	119	99	
Netherlands ^a Indies Gulden	1929 XII...	329	40	.	.	369	369	100	100	.	.	.	.	22
	1936 XII...	162	34	.	.	196	196	55	50	.	.	.	.	37
	1937 XII...	185	84	.	.	269	269	59	53	.	.	.	.	43
	1938 XII...	188	83	.	.	271	271	55	53	.	.	.	.	53
	1939 VI...	195	72	.	.	267	267	56	56	.	.	.	.	56
	VII...	199	69	.	.	268	268	56	52	.	.	.	.	57
	VIII...	193	77	.	.	270	270	56	.	.	.	.	.	57
	IX....	199	76	.	.	275	275	59	53	.	.	.	.	54
	X.....	197	85	.	.	282	282	62	53	.	.	.	.	...
	XI....	195	93	.	.	288	288	66	53	.	.	.	.	...
	XII...	194	96	.	.	290	290	70	54	.	.	.	.	...
	1939 VI = 100	VIII...	99	107	.	.	101	101	100	.	.	.	.	102
XII...	99	133	.	.	109	109	125	.	.	.	.	.	...
1938 XII...	96	115	.	.	101	101	98	.	.	.	.	.	95	

* Approximate or provisional figure.

^a Column (h) : January 1929 = 100. Column (m) : Post Office Savings Bank deposits only. Deposits with other savings banks amounted to 1,188, 1,472, 1,632 million gulden at the end of 1929, 1936 and 1937 respectively.

Table I. — CURRENCY COMPOSITION AND MOVEMENTS (continued)

In units of national currency (000,000's).

Country and currency unit	End of :	Central Banks and Treasuries					Net amount of currency available : (e) + (f), less cash reserves of commercial banks, col. (a), Table III	Wholesale prices 1929 = 100	Cost of living 1929 = 100	Commercial banks				Savings banks Savings deposits	
		Note circulation (Bank and State notes)	Central Bank sight deposit liabilities	Of which Government deposits	Token coins (less those held by Central Banks)	Total (a), (b) and (d)				Sight deposits	Savings deposits	Other deposits	Total (i) to (k)		
New Zealand £N.Z.	1929 XII...	7.2	—	—	*(1.0)	7.2	24.5	100	100	24.2	—	30.6	54.8	58.7	
	1936 XII...	10.4	14.8	3.5	*(1.5)	25.2	39.6	97	88	29.2	—	34.1	63.3	66.8	
	1937 XII...	11.7	12.9	3.5	*(1.5)	24.6	42.9	105	95	31.5	—	33.4	64.9	73.7	
	1938 XII...	13.1	10.1	2.8	*(1.5)	23.2	44.0	106	96	32.2	—	30.9	63.1	73.7	
	1939 VI = 100	VI...	11.5	12.1	2.3	.	23.6	44.7	107	98	35.4	—	30.6	66.0	71.9
		VII...	12.1	13.8	2.9	.	25.9	46.0	108	98	35.1	—	31.0	66.1	71.6
		VIII...	12.1	14.4	1.5	.	26.5	45.1	110	99	35.6	—	31.3	66.9	71.4
		IX...	13.4	14.7	1.8	.	28.1	47.2	109	99	35.6	—	31.5	67.1	70.0
		X...	13.0	16.3	2.9	.	29.3	47.3	110	99	36.3	—	32.0	68.3	70.0
		XI...	13.1	15.6	2.0	.	28.7	48.4	112	102	38.2	—	32.6	70.8	69.8
		XII...	15.6	16.4	2.9	.	32.0	53.6	113	101	39.4	—	33.2	72.6	69.4
	1939 VI = 100	VIII...	105	119	65	.	112	101	103	101	101	—	102	101	99
		XII...	136	135	126	.	136	120	106	103	111	—	108	110	96
1938 XII...	114	83	122	.	98	98	99	98	90	—	101	96	102		
Norway ^a Krone	1929 XII...	318	90	27	18	426	494	100	100	124	894	40	1,058	*2,221	
	1936 XII...	429	106	49	23	558	637	94	95	128	712	44	884	1,516	
	1937 XII...	449	103	41	25	577	656	107	103	137	802	53	992	1,522	
	1938 XII...	477	131	38	27	635	719	101	102	146	829	36	1,011	1,588	
	1939 VI = 100	VI...	475	158	37	26	659	766	99	104	163	814	55	1,032	1,600
		VII...	480	154	15	* 26	* 660	* 761	100	104	151	804	32	987	1,614
		VIII...	505	130	21	* 26	* 661	* 772	101	104	154	796	32	982	1,601
		IX...	538	102	21	28	668	802	103	105	165	767	36	968	1,559
		X...	534	106	19	* 28	* 668	* 808	113	106	169	776	41	986	1,542
		XI...	528	121	31	* 28	* 677	* 821	119	108	181	779	38	998	1,531
		XII...	575	94	7	28	697	802	121	110	157	792	42	991	1,541
	1939 VI = 100	VIII...	106	82	57	*100	*100	*101	102	100	94	98	53	95	100
		XII...	121	59	19	108	106	105	122	106	96	97	76	96	96
1938 XII...	100	83	103	104	96	94	102	98	90	102	91	99	99		
Peru Sol	1929 XII...	65	12	.	21	98	.	100	100	88	23	53	164	.	
	1936 XII...	96	32	.	23	151	206	103	92	128	49	49	226	.	
	1937 XII...	96	38	.	26	160	217	109	99	140	61	56	257	.	
	1938 XII...	108	43	.	28	179	242	111	95	157	72	62	291	.	
	1939 VI = 100	VI...	113	45	.	27	185	261	115	96	172	77	65	314	.
		VII...	118	38	.	27	183	260	115	97	172	78	67	317	.
		VIII...	122	38	.	27	187	268	116	97	173	79	70	322	.
		IX...	135	26	.	27	188	274	118	97	168	79	68	315	.
		X...	132	29	.	27	188	...	118	97	...	...	...	...	.
		XI...	...	...	.	...	...	...	125	98	...	...	...	...	.
		XII...	...	...	.	...	...	...	128	98	...	...	...	...	.
	1939 VI = 100	VIII...	108	84	.	100	101	103	101	101	101	103	108	102	.
		XII...	...	...	.	...	...	...	111	102	...	...	...	...	.
1938 XII...	95	96	.	104	97	93	96	99	91	93	95	93	.		
Poland Złoty	1929 XII...	1,404	468	284	196	2,068	2,482	100	100	520	130	388	1,038	914	
	1936 XII...	1,034	292	1	428	1,754	2,009	59	62	330	87	112	529	1,577	
	1937 XII...	1,059	360	35	438	1,857	2,134	60	62	373	108	137	618	1,806	
	1938 XII...	1,406	251	1	460	2,117	2,415	57	61	415	155	133	703	1,878	
	1939 VI = 100	VI...	1,848	159	18	480	2,487	.	59	61	.	.	.	.	.
		VII...	1,883	152	10	500	2,535	.	58	62	.	.	.	.	.
		VIII ^b ...	1,928	136	1	.	.	.	.	.	.	.	.	.	.
		IX...	.	.	.	.	.	.	.	.	.	.	.	.	.
	1939 VI = 100	VIII...	104	.	.	.	.	.	.	.	.	.	.	.	.
		XII...	.	.	.	.	.	.	.	.	.	.	.	.	.
1938 XII...	76	158	5	.	85	.	97	100	.	.	.	.	.

* Approximate or provisional figure.

^a Column (j) : including time deposits. Column (m) : deposits of 173 banks representing 82% of total deposits. All savings deposits amounted to 1,863 and 1,890 million kroner at the end of 1936 and 1937 respectively.^b August 20th.

Table I. — CURRENCY COMPOSITION AND MOVEMENTS (continued)

In units of national currency (000,000's).

Country and currency unit	End of :	Central Banks and Treasuries					Net amount of currency available : (e) + (f), less cash reserves of commercial banks, col. (a), Table III	Whole-sale prices 1929 = 100	Cost of living	Commercial banks				Savings banks Savings deposits	
		Note circulation (Bank and State notes)	Central Bank sight deposit liabilities	Of which Government deposits	Token coins (less those held by Central Banks)	Total (a), (b) and (d)				Sight deposits	Savings deposits	Other deposits	Total (i) to (k)		
Portugal Escudo	1929 XII...	2,046	332	68	* 10	* 2,388	* 2,724	100	100	389	.	187	576	1,271	
	1936 XII...	2,257	926	416	153	3,336	3,962	94	86	690	.	197	887	2,920	
	1937 XII...	2,224	1,058	317	163	3,445	4,290	103	90	956	.	390	1,346	2,657	
	1938 XII...	2,279	1,071	385	162	3,512	4,271	97	83	886	.	375	1,261	2,658	
	1939 VI...	2,096	1,168	428	159	3,423	4,200	96	81	884	.	370	1,254	2,766	
	VII...	2,079	1,148	397	160	3,387	4,153	95	81	857	.	365	1,222	2,777	
	VIII...	2,230	1,040	388	161	3,431	4,199	95	81	869	.	362	1,231	2,790	
	IX...	2,374	952	306	162	3,488	4,286	100	81	913	.	361	1,274	2,799	
	X...	2,350	925	333	*164	* 3,439	* 4,281	106	82	956	.	359	1,315	2,776	
	XI...	2,423	965	262	*166	* 3,554	* 4,473	109	82	1,040	.	370	1,410	2,816	
	XII...	2,494	878	195	*168	* 3,540	83
	1939 VI = 100	VIII...	106	89	91	101	100	100	99	100	98	.	98	98	101
XII...	119	75	46	106	103	...	...	102	...	.	...	...	...	...
1938 XII...	109	92	90	102	103	102	101	102	100	.	101	101	96		
Roumania Leu	1929 XII...	21,144	9,371	7,450	417	30,932	*43,864	100	100	*19,561	.	*31,753	*51,314	*1,730	
	1936 XII...	25,663	10,299	5,121	4,475	40,437	43,515	72	100	5,954	1,283	1,462	8,699	2,716	
	1937 XII...	29,391	11,143	1,605	4,748	45,282	42,720	78	111	1,589	3,218	657	5,464	3,893	
	1938 XII...	34,902	13,728	3,240	4,565	53,195	49,635	81	118	408	3,204	486	4,098	3,932	
	1939 VI...	38,683	10,523	2,200	4,812	54,018	51,767	84	124	462	2,567	476	3,505	3,670	
	VII...	38,980	10,517	1,401	4,812	54,309	52,759	83	127	721	2,435	397	3,553	3,773	
	VIII...	42,351	11,004	1,701	4,814	58,169	56,823	84	131	612	2,240	390	3,242	3,514	
	IX...	47,977	8,933	1,472	5,735	62,645	60,825	89	137	542	2,083	259	2,884	3,020	
	X...	48,382	10,162	1,099	6,225	64,769	62,582	92	142	731	2,106	269	3,106	3,050	
	XI...	47,891	10,407	1,272	6,755	65,053	62,906	98	147	762	2,186	264	3,212	3,119	
	XII...	48,800	10,366	1,513	7,146	66,312	*62,749	104	149	710	2,310	269	3,289	3,250	
	1939 VI = 100	VIII...	109	105	77	100	108	110	100	106	132	87	82	92	96
XII...	126	98	69	148	123	121	124	120	154	90	57	94	89		
1938 XII...	90	130	147	95	98	96	96	95	88	125	102	117	107		
Salvador Colon	1929 XII...	15	—	—	.	15	.	.	.	.	.	.	.	.
	1936 XII...	16	5	2	.	21	23	.	.	4	.	1	5	.	
	1937 XII...	15	6	4	.	21	24	.	.	4	.	1	5	.	
	1938 XII...	15	6	3	.	21	22	.	.	3	.	1	4	.	
	1939 VI...	15	8	5	.	23	24	.	.	4	.	1	5	.	
	VII...	15	8	4	.	23	24	.	.	4	.	1	5	.	
	VIII...	14	7	4	.	21	23	.	.	4	.	1	4	.	
	IX...	14	7	4	.	21	22	.	.	3	.	1	4	.	
	X...	14	7	4	.	21	22	.	.	3	.	1	4	.	
	XI...	14	6	4	.	20	21	.	.	3	.	1	4	.	
	XII...	...	...	...	.	...	...	.	.	...	.	...	...	...
	1939 VI = 100	VIII...	93	87	80	.	91	96	.	.	100	.	100	80	.
XII...	...	...	...	.	...	...	.	.	...	.	...	...	...
1938 XII...	100	75	60	.	91	92	.	.	75	.	100	80	.		
Sweden ^a Krona	1929 XII...	569	273	262	*(60)	842	1,417	.	100	659	688	2,134	3,481	284	
	1936 XII...	893	592	278	*(60)	1,485	1,984	106	92	892	682	2,259	3,833	514	
	1937 XII...	980	812	311	*(60)	1,792	2,234	115	97	985	722	2,292	3,999	558	
	1938 XII...	1,061	933	418	*(60)	1,994	2,608	110	98	1,152	771	2,337	4,260	617	
	1939 VI...	1,059	926	490	.	1,985	2,713	109	99	1,193	822	2,467	4,482	646	
	VII...	1,025	963	350	.	1,988	2,580	110	.	1,230	832	2,550	4,612	655	
	VIII...	1,126	884	338	.	2,010	2,743	111	.	1,314	831	2,572	4,717	662	
	IX...	1,259	703	320	.	1,962	2,962	118	101	1,414	807	2,545	4,766	642	
	X...	1,248	573	291	.	1,821	2,860	124	.	1,376	797	2,511	4,684	634	
	XI...	1,232	632	519	.	1,864	2,917	128	.	1,235	776	2,507	4,518	628	
	XII...	1,422	448	267	.	1,870	2,821	132	105	1,203	746	2,452	4,401	615	
	1939 VI = 100	VIII...	106	95	69	.	101	101	102	.	110	101	104	105	106
XII...	134	48	54	.	94	104	121	106	101	91	99	98	95		
1938 XII...	100	101	85	.	100	96	101	99	97	94	95	95	96		

* Approximate or provisional figure.

^a Column (g) : 1935 = 100; Column (h) : 1st or beginning of following month. Column (m) : deposits with the Post Office Savings Bank only. Deposits with other savings banks amounted to 2,884, 3,402, 3,525 and 3,680 million kronor at the end of 1929, 1936, 1937 and 1938 respectively.

Table I. — CURRENCY COMPOSITION AND MOVEMENTS (continued)

Country and currency unit (000,000's)	End of :	Central Banks and Treasuries					Net amount of currency available : (e) + (f), less cash reserves of commercial banks, col. (a), Table III	Whole-sale prices 1929 = 100	Cost of living 1929 = 100	Commercial banks				Savings banks Savings deposits	
		Note circulation (Bank and State notes)	Central Bank sight deposit liabilities	Of which Government deposits	Token coins (less those held by Central Banks)	Total (a), (b) and (d)				Sight deposits	Savings deposits	Other deposits	Total (i) to (k)		
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
Switzerland Franc	1929 XII...	999	201	.	*(235)	1,200	3,288	100	100	2,353	408	2,414	5,175	1,817	
	1936 XII...	1,482	1,278	.	.	2,760	3,309	76	82	1,447	504	1,200	3,151	2,718	
	1937 XII...	1,531	1,616	.	.	3,147	3,864	78	86	1,694	509	1,074	3,277	2,883	
	1938 XII...	1,751	1,663	.	.	3,414	3,976	75	85	1,617	538	957	3,112	2,968	
	1939 VI...	1,729	1,147	.	.	2,876	3,715	75	85	1,541	525	913	2,979	2,933	
	VII...	1,741	1,106	.	.	2,847	.	75	85	.	.	.	.	2,929
	VIII...	2,024	828	.	.	2,852	.	76	85	.	.	.	.	2,895
	IX....	2,082	802	.	.	2,884	3,838	83	86	1,499	506	874	2,879	2,866	
	X.....	2,036	835	.	.	2,871	.	85	87	.	.	.	.	2,849
	XI....	2,012	828	.	.	2,840	.	87	88	.	.	.	.	2,841
	XII...	2,050	789	.	.	2,839	3,976	89	88	1,675	507	833	3,015	2,845	
	1939 VI = 100	VIII..	117	72	.	.	99	103	101	100	99
	XII...	119	69	.	.	99	107	119	103	109	97	91	101	97	
1938 XII...	86	145	.	.	119	107	100	100	105	102	105	104	101		
Turkey £T.	1929 XII...	.	.	.	.	.	.	100	100	.	.	.	.	.
	1936 XII...	180.8	11.9	4.9	20.3	213.0	278.4	64	70	106.5	49.0	29.3	184.8	21.2	
	1937 XII...	168.6	17.6	4.6	24.2	210.4	293.0	62	71	115.7	60.5	37.1	213.3	22.5	
	1938 XII...	194.0	25.0	.	25.5	244.5	325.0	63	71	123.0	65.0	47.9	235.9	23.3	
	1939 VI...	211.8	29.7	.	25.3	266.8	.	63	70	.	.	.	.	21.7
	VII...	209.5	35.4	.	25.5	270.4	.	61	70	.	.	.	.	21.5
	VIII...	220.5	26.7	.	25.4	272.6	.	61	70	.	.	.	.	20.5
	IX....	278.3	25.6	.	25.8	329.7	.	61	...	.	.	.	.	17.9
	X.....	279.8	31.8	.	...	...	.	59	...	.	.	.	.	...
	XI....	275.7	34.5	.	...	...	.	...	...	.	.	.	.	...
	XII...	...	...	.	...	...	.	...	...	.	.	.	.	...
	1939 VI = 100	VIII..	104	90	.	100	102	.	97	...	.	.	.	94
	XII...	...	...	.	...	...	.	...	...	.	.	.	.	...
1938 XII...	92	84	.	100	92	.	100	101	.	.	.	.	107	
Union of South Africa ^a £S.A.	1929 XII...	9.2	8.4	2.7	*(3.2)	17.6	39.7	100	100	37.6	.	23.4	61.0	6.7	
	1936 XII...	16.4	28.1	1.7	*(4.3)	44.5	90.9	85	89	79.7	.	15.3	95.0	17.7	
	1937 XII...	18.2	23.5	1.5	*(4.4)	41.7	87.2	87	94	74.3	.	19.6	93.9	19.4	
	1938 XII...	19.3	29.2	1.6	*(4.4)	48.5	94.9	.	93	83.0	.	16.5	99.5	20.7	
	1939 VI...	19.3	28.7	2.0	.	48.0	105.4	.	94	82.0	.	15.8	97.8	21.5	
	VII...	19.3	28.3	1.8	.	47.6	103.2	86	93	79.9	.	16.4	96.3	21.7	
	VIII...	19.4	31.7	2.5	.	51.1	103.4	.	93	78.1	.	16.6	94.7	21.8	
	IX....	20.8	29.9	2.7	.	50.7	104.8	.	93	80.0	.	16.3	96.3	21.6	
	X.....	20.5	33.6	4.2	.	54.1	...	90	93	82.0	.	16.4	98.4	21.8	
	XI....	20.3	...	...	.	...	...	91	94	83.4	.	17.1	100.5	21.9
	XII...	20.7	...	...	.	...	...	93	94	84.3	.	16.7	101.0	21.8
	1939 VI = 100	VIII..	100	110	125	.	106	98	.	99	95	.	105	97	101
	XII...	...	...	...	.	...	...	.	100	...	.	...	...	...
1938 XII...	100	102	80	.	101	...	.	99	101	.	104	102	96	
United Kingdom ^b £	1929 XII...	369.4	107.7	8.9	84.0	561.1	1,313.8	100	100	^c 957.7	—	^c 815.1	^c 1,772.8	892.2	
	1936 XII...	463.9	154.8	14.5	73.0	691.7	1,735.6	88	92	1,287.9	—	1,011.9	2,299.8	1,156.4	
	1937 XII...	499.0	154.9	11.5	77.0	730.9	1,771.0	94	97	1,284.1	—	1,026.3	2,310.4	1,209.9	
	1938 XII...	497.7	152.6	15.7	79.0	729.3	1,742.1	86	95	1,255.8	—	997.5	2,253.3	1,265.2	
	1939 VI...	496.7	156.6	20.3	80.0	733.3	1,729.9	86	95	^d 1,231.6	—	^d 987.4	^d 2,218.9	*1,299.7	
	VII...	508.0	155.3	25.8	80.0	743.3	1,749.0	86	95	1,240.7	—	999.2	2,239.9	*1,302.4	
	VIII...	518.5	153.5	27.2	80.0	752.0	1,757.6	86	95	1,238.6	—	1,006.6	2,245.2	*1,303.4	
	IX....	547.9	166.7	17.1	81.0	795.6	1,800.6	92	101	1,272.0	—	1,006.1	2,278.1	*1,307.0	
	X.....	532.8	166.3	12.7	82.0	781.1	1,825.2	97	103	1,299.1	—	1,028.2	2,327.3	*1,315.8	
	XI....	527.9	167.7	22.8	83.0	778.6	1,836.5	103	105	1,302.9	—	1,041.7	2,344.6	*1,328.3	
	XII...	546.5	181.6	39.3	84.0	812.1	1,936.4	106	106	1,398.3	—	1,042.6	2,440.9	*1,341.4	
	1939 VI = 100	VIII..	104	98	134	100	102	102	100	100	101	—	102	101	* 100
	XII...	110	116	194	105	111	112	120	112	113	—	106	110	* 103	
1938 XII...	100	97	77	99	103	102	100	100	101	—	101	102	97		

* Approximate or provisional figure. ^a Column (m) : deposits with the Post Office Savings Bank only. Deposits with other savings banks amounted to £ (millions) : 4.5, 6.8, 6.8 and 6.7 at the end of 1929, 1936, 1937 and 1938 respectively. ^b Columns (a) to (e) : monthly averages. Column (d) : estimated circulation of coin. ^c 1929 : ten Clearing Banks ; since January 1936 : eleven. ^d Until August 1939 : weekly averages ; subsequent figures refer to dates near the end of the month.

Table I. — CURRENCY COMPOSITION AND MOVEMENTS (concluded)
In units of national currency (000,000's).

Country and currency unit	End of :	Central Banks and Treasuries					Net amount of currency available : (e) + (f), less cash reserves of commercial banks, col. (a), Table III	Wholesale prices 1929 = 100	Cost of living 1929 = 100	Commercial banks				Savings banks Savings deposits	
		Note circulation (Bank and State notes)	Central Bank sight deposit liabilities	Of which Government deposits	Token coins (less those held by Central Banks)	Total (a), (b) and (d)				Sight deposits	Savings deposits	Other deposits	Total (i) to (k)		
U.S.A. ^a \$	1929 XII...	3,706	2,414	29	872	6,992	19,192	100	100	14,188	—	6,787	20,975	164	
	1936 XII...	4,969	7,109	244	1,574	13,662	23,627	88	86	15,571	—	5,067	20,638	1,260	
	1937 XII...	4,875	7,535	140	1,675	14,085	22,734	86	89	14,431	—	5,205	19,636	1,270	
	1938 XII...	4,967	10,023	941	1,889	16,879	25,319	81	86	15,986	—	5,160	21,146	1,252	
	1939 VI...	5,035	11,701	944	2,012	18,748	27,034	79	85	17,220	—	5,237	22,457	1,262	
	VII...	5,042	11,952	752	2,007	19,001	27,265	79	85	17,462	—	5,243	22,705	1,268	
	VIII...	5,141	12,247	708	2,030	19,418	27,802	79	84	18,096	—	5,247	23,343	1,271	
	IX....	5,234	12,953	545	2,059	20,246	28,299	83	86	18,333	—	5,232	23,565	1,267	
	X.....	5,279	12,988	286	2,063	20,330	28,305	83	86	18,556	—	5,249	23,805	1,270	
	XI....	5,367	12,865	419	2,116	20,348	29,024	83	86	18,972	—	5,232	24,204	*1,274	
	XII...	5,453	12,940	634	2,144	20,537	28,870	83	85	18,566	—	5,276	23,842	*1,279	
	1939 VI = 100	VIII..	102	105	75	101	104	103	100	99	105	—	100	104	101
	XII...	108	111	67	107	109	107	105	100	108	—	101	102	...	
1938 XII...	99	86	100	94	90	94	103	101	88	—	99	91	99		
Uruguay ^b Peso	1929 XII...	71	42	.	(2)	71	91	.	100	38	—	41	79	52	
	1936 XII...	89	33	.	* (2)	89	97	.	96	36	—	73	109	76	
	1937 XII...	91	31	.	.	91	101	.	99	44	—	84	128	86	
	1938 XII...	94	27	.	.	94	111	.	99	41	—	92	133	89	
	1939 VI....	91	29	.	.	91	106	.	103	43	—	95	138	88	
	VII...	90	28	.	.	90	104	.	102	42	—	96	138	88	
	VIII..	90	28	.	.	90	104	.	102	42	—	97	139	89	
	IX....	87	29	.	.	87	...	.	104	42	—	95	137	...
	X.....	86	...	.	.	86	...	.	104	44	—	93	137	...
	XI....	...	...	.	.	...	...	.	105	...	—	...	...	...
	XII...	...	...	.	.	...	...	.	107	...	—	...	...	...
	1939 VI = 100	VIII..	99	97	.	.	99	98	.	99	102	—	102	101	101
	XII...	...	...	.	.	...	...	.	104	...	—	...	...	...
1938 XII...	103	93	.	.	103	105	.	96	95	—	97	96	101		
Venezuela ^c Bolivar	1929 XII...	85	—	—	* (45)	85	.	100	.	126	5	—	131	.	
	1936 XII...	122	—	—	* (60)	122	.	77	.	108	8	—	116	.	
	1937 XII...	122	—	—	* (60)	122	.	80	.	116	8	—	124	.	
	1938 XII...	...	—	—	...	...	.	76	.	...	...	—	...	.
Yugoslavia ^d Dinar	1929 XII...	5,818	1,717	306	146	7,681	8,888	100	100	1,599	3,456	2,368	7,423	107	
	1936 XII...	5,409	1,629	59	865	7,903	8,492	71	63	973	2,089	1,520	4,582	982	
	1937 XII...	5,834	2,459	39	840	9,133	9,807	79	67	1,186	2,019	1,359	4,664	1,249	
	1938 XII...	6,921	2,093	33	778	9,792	10,161	77	71	1,003	2,013	1,659	4,675	1,285	
	1939 VI....	7,177	1,724	42	706	9,607	10,065	77	69	1,039	1,966	1,652	4,657	1,265	
	VII...	7,354	1,712	22	697	9,763	10,272	77	69	1,058	1,970	1,635	4,663	1,290	
	VIII..	7,986	1,350	20	773	10,109	10,695	76	69	960	1,913	1,631	4,504	1,267	
	IX....	9,108	1,095	44	815	11,018	11,558	76	69	876	1,834	1,671	4,381	1,136	
	X.....	9,244	1,546	29	832	11,622	12,063	80	71	882	1,803	1,751	4,436	1,065	
	XI....	9,163	1,930	110	902	11,995	12,439	86	78	938	1,775	1,810	4,523	1,021	
	XII...	9,698	1,718	53	983	12,399	*12,849	90	78	*1,015	*1,750	*1,849	*4,614	1,024	
	1939 VI = 100	VIII..	111	78	48	109	105	106	99	100	92	97	99	97	100
	XII...	135	100	126	139	129	*128	117	113	*98	*89	*112	*99	81	
1938 XII...	96	121	79	110	102	101	100	103	97	102	100	100	102		

* Approximate or provisional figure.

^a Commercial banks : weekly reporting member banks in leading cities.

^b Commercial banks : monthly averages of daily positions.

^c No figures for June 1939 or later months.

^d Column (m) : Post Office Savings Bank deposits only. Deposits with other savings banks amounted to 455, 1,200, 1,384 and 1,442 million dinars at the end of 1929, 1936, 1937 and 1938 respectively.

Table II. — CHANGES IN PRINCIPAL ASSETS OF CENTRAL BANKS

Country and Currency Unit (000,000's)	End of :	State debt relating to note- issue	Tempor. advances to Govt. (incl. dis- counts of Treas- ury bills)	Total direct claims on Govern- ment (a) + (b)	Hold- ings of Govt. secu- rities	Hold- ings of other secu- rities	Non- Govern- ment loans, ad- vances & dis- counts	Total domestic credits (c) + (d) + (e) + (f)	Gold reserves	Foreign assets	Total gold and foreign assets (h) + (i)	All other assets	Total assets	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
Union of South Africa £SA	1929 XII	—	—	—	1.8	0.6	1.7	4.1	7.5	6.6	14.1	1.2	19.4	
	1936 XII	—	0.8	0.8	—	1.7	—	2.5	24.6	10.8	35.4	12.1	50.0	
	1937 XII	—	3.4	3.4	—	1.7	0.4	5.5	22.9	6.9	29.8	11.1	46.4	
	1938 XII	—	1.7	1.7	—	1.8	—	3.5	25.0	8.1	33.1	15.5	52.1	
	1939 VI	—	0.8	0.8	—	2.7	—	3.5	26.6	7.7	34.3	13.9	51.7	
	VII	—	1.7	1.7	—	2.7	—	4.4	26.6	5.5	32.1	13.5	50.0	
	VIII	—	2.7	2.7	—	2.7	—	5.4	26.9	6.4	33.3	13.2	51.9	
	IX	—	—	—	—	2.7	—	2.7	28.4	7.1	35.5	15.6	53.8	
	X	—	—	—	0.5	3.5	—	4.0	29.5	7.1	36.6	15.8	56.4	
	XI	—	—	—	—	3.5	—	3.5	30.8	7.1	37.9	17.7	59.1	
	XII	—	—	—	—	2.6	0.1	2.7	30.2	8.0	38.2	18.1	59.0	
	Argentina Peso	1936 XII	119	—	119	418	—	—	537	1,224	^a 303	1,527	10	2,074
1937 XII		119	17	136	422	—	—	558	1,224	198	1,422	5	1,985	
1938 XII		119	50	169	426	—	—	595	1,224	71	1,295	27	1,917	
1939 VI		119	—	119	442	—	—	561	1,224	84	1,308	40	1,909	
VII		119	—	119	440	—	—	559	1,224	99	1,323	67	1,949	
VIII		119	—	119	442	—	—	561	1,224	105	1,329	73	1,963	
IX		119	—	119	442	—	—	561	1,224	135	1,359	55	1,975	
X		119	—	119	442	—	—	561	1,224	126	1,350	29	1,940	
XI		119	—	119	441	—	—	560	1,224	158	1,382	31	1,973	
XII		119	—	119	441	—	—	560	1,224	171	1,395	28	1,983	
Australia £A		1929 XII	—	—	—	25.7	7.7	18.6	52.0	18.2	7.9	26.2	10.7	88.9
		1936 XII	—	—	—	69.8	8.1	22.1	100.0	0.3	38.2	38.5	6.6	145.1
	1937 XII	—	—	—	80.3	13.0	14.1	107.4	0.3	52.4	52.7	7.7	167.8	
	1938 XII	—	—	—	82.2	18.1	17.6	117.9	0.3	40.5	40.8	6.4	165.1	
	1939 VI	—	—	—	93.3	16.6	^b 16.6	109.9	0.3	^b 34.8	35.1	8.9	153.9	
	VII	—	—	—	99.6	18.1	117.7	0.3	32.1	32.4	7.6	157.7		
	VIII	—	—	—	101.1	17.6	118.7	0.3	31.6	31.9	7.1	157.7		
	IX	—	—	—	106.2	18.1	124.3	0.3	31.3	31.6	8.6	164.5		
	X	—	—	—	105.0	19.3	124.3	0.3	26.7	27.0	11.5	162.8		
	XI	—	—	—	106.0	18.7	124.7	0.3	34.0	34.3	11.0	170.0		
	XII	—	—	—	100.9	19.2	120.1	0.3	44.6	44.9	10.6	175.6		
	Belgium Franc	1929 XII	—	1,688	1,688	295	76	4,243	6,302	5,876	2,888	8,764	51	15,117
1936 XII		—	786	786	1,099	—	1,089	2,974	18,640	5,456	24,096	434	27,504	
1937 XII		—	761	761	1,151	—	1,080	2,992	17,623	4,772	22,395	421	25,808	
1938 XII		—	735	735	1,153	—	1,275	3,163	17,140	4,619	21,759	434	25,356	
1939 VI		—	722	722	1,210	—	1,806	3,738	15,993	3,710	19,703	373	23,814	
VII		—	709	709	1,237	—	1,205	3,151	16,905	4,285	21,190	399	24,740	
VIII		—	709	709	1,303	—	3,234	5,246	18,112	4,660	22,772	348	28,366	
IX		—	709	709	1,682	—	3,056	5,447	18,141	4,708	22,849	376	28,672	
X		—	709	709	1,644	—	3,391	5,744	18,016	4,226	22,242	392	28,378	
XI		—	709	709	1,568	—	5,070	7,347	17,947	3,401	21,348	364	29,059	
XII		—	709	709	1,471	—	6,024	8,204	17,968	3,174	21,142	366	29,712	
Bolivia Boliviano		1929 XII	—	4.4	4.4	3.8	0.6	17.2	26.0	9.2	46.4	55.6	8.8	90.4
	1936 XII	—	3.7	3.7	413.4	4.7	7.1	428.9	^c 64.2	41.4	^c 105.6	5.5	540.0	
	1937 XII	—	2.5	2.5	406.0	4.6	14.7	427.8	51.5	96.1	147.6	6.9	582.3	
	1938 XII	—	2.7	2.7	403.4	4.5	21.1	431.6	58.9	37.4	96.3	36.7	564.6	
	1939 VI	—	3.8	3.8	418.0	4.4	31.4	457.6	61.2	68.9	130.1	21.4	609.1	
	VII	—	.	.	^d 423.4	5.1	32.2	460.7	61.8	68.6	130.4	29.5	620.6	
	VIII	—	.	.	^d 432.6	5.1	36.2	473.9	62.4	62.2	124.6	38.9	637.4	
	IX	—	.	.	^d 443.4	7.4	36.2	487.0	91.7	48.2	139.9	65.2	692.1	
	X	—	.	.	.	7.4	.	502.7	92.1	50.7	142.8	.	.	
	XI	—	.	.	.	8.2	.	536.2	92.8	48.8	141.6	.	.	
	XII	—	.	.	.	8.5	.	533.5	93.3	63.9	157.2	.	.	

^a Foreign assets include gold earmarked abroad and, since 1937, some gold at home.

^b In the monthly figures, small amounts of (f) are included under (i).

^c Gold revalued.

^d Including (b).

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

Country and Currency Unit (ooo,ooo's)	End of :	State debt relating to note- issue	Tempor. advan- ces to Govt. (incl. dis- counts of Treas- ury bills)	Total direct claims on Gov- ernment (a) + (b)	Hold- ings of Govt. secu- rities	Hold- ings of other secu- rities	Non- Gov- ern- ment loans, ad- vances & dis- counts	Total domestic credits (c) + (d) + (e) + (f)	Gold reserves	Foreign assets	Total gold and foreign assets (h) + (i)	All other assets	Total assets	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
Bulgaria Lev	1929 XII	3,470	—	3,470	—	42	1,628	5,140	1,388	1,158	2,546	548	8,386	
	1936 XII	2,551	936	3,487	—	201	558	4,246	1,652	724	2,376	701	7,372	
	1937 XII	3,495	385	3,880	—	262	1,049	5,191	1,994	585	2,579	878	8,760	
	1938 XII	3,441	400	3,841	—	275	622	4,738	2,006	1,238	3,244	817	8,839	
	1939 VI	3,417	400	3,817	—	279	619	4,715	2,006	721	2,727	988	8,645	
	VII	3,417	400	3,817	—	279	585	4,681	2,006	767	2,773	956	8,447	
	VIII	3,417	400	3,817	—	277	1,457	5,551	2,006	805	2,811	748	9,196	
	IX	3,417	400	3,817	—	599	2,056	6,472	2,006	669	2,675	740	9,923	
	X	3,417	400	3,817	—	732	2,147	6,696	2,006	977	2,983	694	10,404	
	XI	3,417	400	3,817	—	764	1,818	6,399	2,006	1,423	3,429	742	10,602	
	XII	3,393	400	3,793	—	733	1,517	6,043	2,006	1,753	3,759	695	10,530	
	Canada \$	1936 XII	—	61	61	99	—	—	160	179	9	188	9	357
1937 XII		—	82	82	92	12	—	186	180	15	195	9	390	
1938 XII		—	145	145	41	—	—	186	186	28	214	5	405	
1939 VI		—	111	111	51	—	—	162	206	33	239	7	408	
VII		—	113	113	51	—	—	164	205	44	249	7	420	
VIII		—	111	111	52	—	—	163	210	53	263	7	433	
IX		—	155	155	64	—	1	220	226	44	270	6	496	
X		—	194	194	55	—	1	250	226	46	272	7	529	
XI		—	199	199	46	—	—	245	226	60	286	7	538	
XII		—	182	182	50	—	—	232	226	64	290	5	527	
Chile Peso		1929 XII	—	—	—	25	—	93	118	63	385	448	35	601
		1936 XII	690	8	698	—	—	168	866	141	2	143	65	1,074
	1937 XII	783	8	791	—	—	119	910	141	3	144	65	1,119	
	1938 XII	751	7	758	—	—	255	1,013	143	2	145	62	1,220	
	1939 VI	754	7	754	—	—	304	1,058	141	5	146	72	1,276	
	VII	754	7	754	—	—	260	1,014	142	3	145	100	1,259	
	VIII	754	7	754	—	—	299	1,053	143	2	145	112	1,310	
	IX	754	7	754	—	—	321	1,075	141	4	145	136	1,356	
	X	754	7	754	—	—	320	1,074	144	2	146	112	1,332	
	XI	754	7	754	—	—	332	1,086	141	4	145	96	1,327	
	XII	...	...	...	...	...	...	...	...	...	...	...	...
	Colombia Peso	1929 XII	—	1.5	1.5	0.4	—	18.1	20.0	22.4	15.4	37.8	3.3	61.1
1936 XII		—	28.2	28.2	17.2	12.0	13.1	70.5	^b 33.2	8.8	^b 42.0	13.7	126.2	
1937 XII		—	28.8	28.8	17.9	12.0	23.3	82.0	^b 29.9	6.5	^b 36.4	14.1	132.5	
1938 XII		—	22.0	22.0	17.1	12.0	21.1	72.2	^c 42.2	5.0	^c 47.2	14.8	134.2	
1939 VI		—	21.6	21.6	15.4	12.0	19.8	68.8	35.9	6.0	41.9	18.0	128.7	
VII		—	21.6	21.6	15.3	12.0	18.4	67.3	36.1	3.9	40.0	18.3	125.6	
VIII		—	21.7	21.7	15.7	12.0	19.2	68.6	35.5	7.5	43.0	19.8	131.4	
IX		—	21.6	21.6	15.7	12.0	20.9	70.2	37.4	5.5	42.9	19.1	132.2	
X		—	21.6	21.6	15.7	12.0	21.8	71.1	37.2	4.9	42.1	20.1	133.3	
XI		—	21.6	21.6	15.7	12.0	20.7	70.0	37.4	6.2	43.6	21.0	134.6	
XII		—	21.5	21.5	15.7	12.0	25.5	74.7	36.8	5.6	42.4	20.2	137.3	
Czecho- Slovakia^d Koruna		1929 XII	3,761	362	4,123	—	—	1,011	5,134	1,261	2,270	3,531	902	9,567
	1936 XII	2,022	—	2,022	—	—	2,339	4,361	^e 2,592	439	^e 3,031	1,007	8,399	
	1937 XII	2,010	—	2,010	—	—	2,635	4,645	2,627	479	3,106	905	8,656	
	1938 XII	—	—	—	—	—	3,550	3,550	2,695	1,248	3,943	1,660	9,153	
	1939 VI	—	—	—	—	—	3,049	3,049	1,763	771	2,534	3,716	9,299	
	VII	—	—	—	—	—	2,589	2,589	1,721	821	2,542	4,187	9,318	
	VIII	—	—	—	—	—	2,660	2,660	1,698	796	2,494	4,354	9,508	
	IX	—	—	—	—	—	2,914	2,914	1,659	793	2,452	4,585	9,951	
	X	—	—	—	—	—	2,644	2,644	1,635	766	2,401	4,978	10,023	
	XI	—	—	—	—	—	1,995	1,995	1,602	802	2,404	5,703	10,102	
	XII	—	—	—	—	—	1,896	1,896	1,602	799	2,401	5,749	10,046	

a At market value.

b In paper pesos.

c New parity.

d Since III/1939, Nat. Bank of "Bohemia and Moravia".

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

Country and Currency Unit (000,000's)	End of :	State debt relating to note- issue	Tempor. advan- ces to Govt. (incl. dis- counts of Treas- ury bills)	Total direct claims on Govt- ernment (a) + (b)	Hold- ings of Govt. secu- rities	Hold- ings of other secu- rities	Non- Govern- ment loans, adv- ances & dis- counts	Total domestic credits (c) + (d) + (e) + (f)	Gold reserves	Foreign assets	Total gold and foreign assets (h) + (i)	All other assets	Total assets	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
Denmark Krone	1929 XII	—	—	—	—	38	182	220	172	90	262	23	506	
	1936 XII	—	222	222	—	50	222	494	118	— 41	77	59	686	
	1937 XII	—	195	195	—	75	179	449	118	62	180	60	700	
	1938 XII	—	119	119	—	152	196	467	118	84	202	107	799	
	1939 VI	—	115	115	—	180	190	485	117	81	198	110	809	
	VII	—	74	74	—	186	173	433	117	87	204	110	759	
	VIII	—	81	81	—	189	191	461	117	69	186	108	775	
	IX	—	85	85	—	218	223	526	117	12	129	86	768	
	X	—	72	72	—	214	254	540	117	— 22	95	81	746	
	XI	—	112	112	—	213	242	567	117	— 42	75	106	798	
	XII	—	147	147	—	208	375	730	117	— 49	68	98	952	
	Ecuador Sucre	1929 XII	—	10	10	—	—	5	15	6	29	35	5	55
1936 XII		—	16	16	8	—	23	47	a 33	19	a 52	8	112	
1937 XII		—	26	26	7	—	28	61	40	11	51	19	140	
1938 XII		—	30	30	7	—	29	66	37	4	41	11	118	
1939 VI		—	28	28	7	—	22	57	39	10	49	12	118	
VII		—	30	30	7	—	27	64	38	8	46	14	124	
VIII		—	29	29	8	—	31	68	39	7	46	11	125	
IX		—	30	30	8	—	28	66	39	5	44	19	129	
X		—	30	30	8	—	31	69	41	6	47	17	133	
XI		—	30	30	8	—	29	67	41	1	42	23	132	
XII	
Egypt £E		1929 XII	—	—	—	22	1	13	36	4	28	32	3	71
	1936 XII	—	—	—	21	2	7	30	7	21	28	4	62	
	1937 XII	—	—	—	21	3	7	31	7	17	24	4	59	
	1938 XII	—	—	—	13	3	8	24	7	18	25	4	53	
	1939 VI	—	2	2	11	3	6	22	7	16	23	4	49	
	VII	—	1	1	12	3	5	18	7	15	22	8	48	
	VIII	—	2	2	11	3	6	— 20	7	17	24	10	54	
	IX	—	2	2	12	3	9	24	7	20	27	6	57	
	X	—	2	2	9	3	10	22	7	20	27	11	60	
	XI	—	—	—	9	3	11	23	7	21	28	6	57	
	XII
	Estonia Kroon	1929 XII	—	—	—	0.8	0.1	27.3	28.2	6.4	20.8	27.2	10.1	65.5
1936 XII		—	—	—	—	3.6	22.3	25.9	34.2	8.8	43.0	19.8	88.7	
1937 XII		—	—	—	—	3.3	23.4	26.7	34.2	17.0	51.2	28.9	106.8	
1938 XII		—	—	—	—	5.1	24.5	29.6	34.3	17.3	51.6	36.6	117.8	
1939 VI		—	—	—	—	—	—	27.1	40.9	8.9	49.8	44.5	121.4	
VII		—	—	—	—	—	—	27.5	40.9	9.0	49.9	41.5	118.9	
VIII		—	—	—	—	—	—	31.5	40.9	9.5	50.4	40.2	122.1	
IX		—	—	—	—	—	—	45.0	40.9	7.4	48.3	38.1	131.4	
X		—	—	—	—	—	—	50.6	40.9	2.5	43.4	41.2	135.2	
XI		—	—	—	—	—	—	50.2	40.9	2.8	43.7	40.8	134.7	
XII		—	—	—	—	6.4	48.1	54.5	40.9	4.2	45.1	34.9	134.5	
Finland Markka		1929 XII	—	—	—	287	36	1,382	1,705	302	683	985	63	2,762
	1936 XII	—	—	—	93	348	950	1,391	815	1,485	2,300	357	4,138	
	1937 XII	—	—	—	145	351	1,080	1,576	635	2,032	2,667	456	4,783	
	1938 XII	—	—	—	162	306	1,177	1,645	b1,128	2,293	b3,421	180	5,325	
	1939 VI	—	—	—	306	331	1,244	1,881	1,128	2,240	3,368	142	5,485	
	VII	—	—	—	307	333	1,151	1,791	1,128	2,235	3,363	248	5,458	
	VIII	—	—	—	308	332	1,155	1,795	1,183	2,145	3,328	304	5,461	
	IX	—	—	—	298	331	1,269	1,898	1,181	1,862	3,043	274	5,268	
	X	—	—	—	319	328	2,059	2,706	1,180	1,716	2,896	342	5,994	
	XI
	XII

a New parity.

b Gold revalued.

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

Country and Currency Unit (ooo,ooo's)	End of :	State debt relating to note-issue	Tempor. advances to Govt. (incl. dis-counts of Treasury bills)	Total direct claims on Government (a) + (b)	Hold-ings of Govt. securities	Hold-ings of other securities	Non-Government loans, advances & dis-counts	Total domestic credits (c) + (d) + (e) + (f)	Gold reserves	Foreign assets	Total gold and foreign assets (h) + (i)	All other assets	Total assets	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
France Franc	1929 XII	3,200	5,612	8,812	113	—	10,979	19,904	41,622	26,053	67,675	2,656	90,235	
	1936 XII	3,200	23,079	26,279	113	—	12,961	39,353	^a 60,359	1,462	^a 61,821	3,801	104,975	
	1937 XII	3,200	33,221	36,421	113	—	13,274	49,808	^a 58,933	919	^a 59,852	4,019	113,679	
	1938 XII	10,000	27,951	37,951	113	—	13,439	51,503	^a 87,265	820	^a 88,085	4,000	143,588	
	1939 VI	10,000	28,326	38,326	113	—	11,456	49,895	92,266	722	92,988	4,640	147,523	
	VII	10,000	28,323	38,323	113	—	11,779	50,215	92,266	722	92,988	4,344	147,547	
	VIII	10,000	27,751	37,751	113	—	25,156	63,020	97,266	218	97,484	5,904	166,408	
	IX	10,000	30,201	40,201	113	—	23,689	64,003	97,266	212	97,478	6,369	167,850	
	X	10,000	32,946	42,946	113	—	16,782	59,841	97,266	85	97,351	6,987	164,179	
	XI	10,000	37,565	47,565	113	—	14,341	62,019	97,266	120	97,386	7,656	167,061	
	XII	10,000	42,473	52,473	113	—	14,623	67,209	97,267	112	97,379	6,325	170,913	
	Germany Reichsmark	1929 XII	—	241	241	—	92	2,858	3,191	2,283	404	2,687	563	^c 6,441
1936 XII		—	62	62	—	524	5,522	6,108	66	6	72	643	6,823	
1937 XII		—	119	119	—	392	6,073	6,584	71	6	77	750	7,411	
1938 XII		—	121	121	—	855	8,168	9,144	71	6	77	1,505	10,726	
1939 VI		—	.	.	—	1,203	^b 8,207	9,410	77	—	77	1,514	11,001	
VII		—	.	.	—	1,214	8,497	9,711	77	—	77	1,511	11,299	
VIII		—	.	.	—	—	10,331	—	77	—	77	1,876	12,284	
IX		—	.	.	—	1,716	10,128	11,844	77	—	77	1,604	13,525	
X		—	.	.	—	1,806	9,393	11,199	77	—	77	1,874	13,150	
XI		—	.	.	—	1,362	10,184	11,546	77	—	77	1,741	13,364	
XII		—	.	.	—	1,197	11,422	12,619	78	—	78	2,033	14,730	
Greece Drachma		1929 XII	2,714	882	3,596	—	56	325	3,977	640	2,477	3,117	378	9,130
	1936 XII	3,605	3,427	7,032	557	488	1,487	9,564	.	.	3,173	1,012	13,961	
	1937 XII	3,856	3,490	7,346	514	445	2,376	10,681	.	.	3,489	1,303	15,642	
	1938 XII	4,180	5,962	10,142	112	453	2,880	13,587	.	.	3,564	1,239	18,651	
	1939 VI	4,132	7,215	11,347	125	437	3,356	15,265	.	.	3,565	1,422	20,579	
	VII	4,083	7,353	11,436	128	433	3,254	15,251	.	.	3,289	1,510	20,355	
	VIII	4,083	7,908	11,991	128	433	4,480	17,032	.	.	3,097	2,273	22,170	
	IX	4,084	8,378	12,462	123	433	5,275	18,283	.	.	3,126	1,567	23,341	
	X	4,084	8,466	12,550	123	433	4,551	17,657	.	.	3,343	1,798	23,182	
	XI	4,084	8,807	12,891	123	419	4,001	17,434	.	.	3,414	1,823	23,199	
	XII	4,084	9,186	13,270	123	419	3,894	17,706	.	.	3,685	1,477	23,406	
	Guatemala Quetzales	1936 XII	—	—	—	—	0.7	6.1	6.8	3.4	1.5	4.9	2.1	13.8
1937 XII		—	—	—	—	0.9	7.7	8.6	3.7	2.4	6.1	2.0	16.7	
1938 XII		—	—	—	—	1.0	7.1	8.1	5.0	2.1	7.1	2.1	17.3	
1939 VI		—	—	—	—	1.0	6.7	7.7	6.2	2.3	8.5	2.2	18.4	
VII		—	—	—	—	0.9	6.8	7.7	6.2	2.4	8.6	2.2	18.5	
VIII		—	—	—	—	1.0	7.0	8.0	6.2	2.4	8.6	2.2	18.8	
IX		—	—	—	—	1.0	7.1	8.1	6.2	2.4	8.6	2.1	18.8	
X		—	—	—	—	1.0	7.1	8.1	6.2	2.2	8.4	2.3	18.8	
XI		—	—	—	—	1.1	7.1	8.2	6.2	2.1	8.3	2.2	18.7	
XII	
Hungary Pengő		1929 XII	—	88	88	—	—	^d 329	417	163	80	243	29	689
		1936 XII	—	98	98	—	—	549	647	84	42	126	160	933
	1937 XII	—	115	115	—	—	467	582	84	59	143	243	968	
	1938 XII	—	268	268	—	—	526	784	124	97	221	343	1,348	
	1939 VI	—	327	327	—	—	450	777	124	94	218	366	1,361	
	VII	—	298	298	—	—	447	745	124	93	217	361	1,323	
	VIII	—	343	343	—	—	619	962	124	101	225	353	1,540	
	IX	—	342	342	—	—	659	1,001	124	98	222	331	1,554	
	X	—	343	343	—	—	659	1,002	124	83	207	334	1,543	
	XI	—	313	313	—	—	632	945	124	76	200	346	1,491	
	XII	—	312	312	—	—	628	940	124	77	201	345	1,486	

a Gold revalued.

b Including Treasury bills.

c Total of items shown in preceding columns.

d Treasury bills, amounting to 24, 19 and 37 millions respectively at the end of 1936, 1937 and 1938, are included under (f).

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

Country and Currency Unit (000,000's)	End of :	State debt relating to note-issue	Tempor. advances to Govt. (incl. discounts of Treasury bills)	Total direct claims on Government (a) + (b)	Holdings of Govt. securities	Holdings of other securities	Non-Government loans, advances & discounts	Total domestic credits (c) + (d) + (e) + (f)	Gold reserves	Foreign assets	Total gold and foreign assets (h) + (i)	All other assets	Total assets	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
India Rupee	1936 XII	—	10	10	234	63	—	307	444	840	1,284	788	2,379	
	1937 XII	—	20	20	274	62	—	356	444	839	1,283	927	2,566	
	1938 XII	—	93	93	323	53	1	470	444	606	1,050	896	2,416	
	1939 VI	—	9	9	374	73	1	457	444	680	1,124	967	2,548	
	VII	—	19	19	374	75	—	468	444	631	1,075	1,102	2,645	
	VIII	—	10	10	374	68	—	452	444	669	1,113	1,147	2,712	
	IX	—	7	7	374	63	—	444	444	781	1,225	971	2,640	
	X	—	26	26	373	66	—	462	444	887	1,331	954	2,747	
	XI	—	69	69	373	68	—	510	444	976	1,420	868	2,798	
	XII	—	104	104	383	63	—	550	444	1,130	1,574	861	2,987	
	Italy ^a Lira	1929 XII	1,813	456	2,269	1,053	—	7,192	10,964	5,190	5,151	10,341	970	22,275
		1936 XII	1,773	3,000	4,773	1,533	—	7,631	13,937	b 3,959	63	b 4,022	2,465	20,424
1937 XII		1,773	1,000	2,773	775	—	11,858	15,406	3,996	32	4,028	2,018	21,452	
1938 XII		...	...	...	...	...	...	...	3,674	152	3,826	...	...
1939 XII		...	...	...	...	...	...	...	2,738	393	3,131	...	...
Japan Yen	1929 XII	22	—	22	202	—	747	971	1,072	261	1,333	92	2,396	
	1936 XII	22	164	186	829	—	810	1,825	548	51	599	61	2,485	
	1937 XII	—	3	3	1,387	—	712	2,102	b 801	52	853	58	3,013	
	1938 XII	—	3	3	1,842	—	c 704	.	501	.	.	429	3,479	
	1939 VI	—	3	3	1,776	—	c 703	.	501	.	.	490	3,473	
	VII	—	3	3	1,686	—	707	.	501	.	.	467	3,364	
	VIII	—	3	3	1,850	—	695	.	501	.	.	490	3,547	
	IX	—	3	3	1,805	—	816	.	501	.	.	472	3,597	
	X	—	3	3	2,044	—	727	.	501	.	.	466	3,741	
	XI	—	3	3	2,215	—	820	.	501	.	.	487	4,026	
	XII	—	3	3	2,593	—	1,351	.	501	.	.	441	4,889	
	Latvia Lat	1929 XII	—	—	—	8	—	141	149	24	56	80	23	252
1936 XII		—	—	—	11	—	121	132	b 77	28	105	34	271	
1937 XII		—	—	—	12	—	139	151	76	44	120	48	319	
1938 XII		—	—	—	21	—	163	184	88	38	126	38	348	
1939 VI		—	—	—	22	—	148	170	93	40	133	43	346	
VII		—	—	—	24	—	143	167	98	36	134	46	347	
VIII		—	—	—	24	—	163	187	98	37	135	37	359	
IX		—	—	—	25	—	181	206	98	31	129	32	367	
X		—	—	—	25	—	197	222	98	21	119	35	376	
XI		—	—	—	24	—	197	221	98	13	111	45	377	
XII		—	—	—	...	...	...	...	71	37	108	...	...
Lithuania Litas		1929 XII	84	35	79	114	18	216
	1936 XII	.	.	.	.	.	.	106	73	10	83	20	209
	1937 XII	.	.	.	.	.	.	120	79	6	85	25	230
	1938 XII	.	.	.	.	.	.	127	65	5	70	28	225
	1939 VI	.	.	.	.	.	.	128	62	9	71	30	229
	VII	.	.	.	.	.	.	127	62	8	70	28	225
	VIII	.	.	.	.	.	.	140	60	6	66	36	242
	IX	.	.	.	.	.	.	157	58	9	67	29	253
	X	.	.	.	.	.	.	158	58	4	62	28	248
	XI	.	.	.	.	.	.	164	57	2	59	39	262
	XII	.	.	.	.	.	.	181	53	7	60	43	284
	Netherlands Gulden	1929 XII	—	—	—	25	—	182	207	447	d 220	667	34	908
1936 XII		—	12	12	40	—	343	395	720	2	722	28	1,145	
1937 XII		—	10	10	40	—	218	268	1,366	5	1,371	30	1,669	
1938 XII		—	9	9	43	—	317	369	1,461	4	1,465	43	1,877	
1939 VI		—	8	8	44	—	224	276	1,175	2	1,177	38	1,491	
VII		—	8	8	44	—	234	286	1,129	2	1,131	41	1,458	
VIII		—	23	23	44	—	293	360	1,129	2	1,131	33	1,524	
IX		—	23	23	44	—	324	391	1,104	2	1,106	30	1,527	
X		—	23	23	44	—	268	335	1,108	2	1,110	45	1,490	
XI		—	23	23	44	—	299	366	1,029	2	1,031	45	1,442	
XII		—	23	23	44	—	306	373	1,014	2	1,016	42	1,431	

^a No returns for June 1939 or later dates.^b New parity.^c Including foreign assets.^d Foreign bills only.

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

Country and Currency Unit (000,000's)	End of :	State debt relating to note- issue	Tempor. advan- ces to Govt. (incl. dis- counts of Treas- ury bills)	Total direct claims on Govt- ment (a) + (b)	Hold- ings of Govt. secu- rities	Hold- ings of other secu- rities	Non- Govern- ment loans, ad- vances & dis- counts	Total domestic credits (c) + (d) + (e) + (f)	Gold reserves	Foreign assets	Total gold and foreign assets (h) + (i)	All other assets	Total assets
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Netherlands	1929 XII	—	—	—	—	—	112	112	140	23	163	...	...
Indies	1936 XII	—	1	1	—	—	62	63	89	2	91	...	...
Gulden	1937 XII	—	5	5	—	—	62	67	117	4	121	107	295
	1938 XII	—	3	3	—	—	63	66	117	11	128	103	297
	1939 VI	—	2	2	—	—	59	61	117	15	132	98	291
	VII	—	—	—	—	—	60	60	117	11	128	105	293
	VIII	—	—	—	—	—	66	66	129	8	137	92	295
	IX	—	—	—	—	—	70	70	129	9	138	92	300
	X	—	3	3	—	—	66	69	129	13	142	96	307
	XI	—	1	1	—	—	71	72	129	19	148	94	314
	XII	—	3	3	—	—	74	77	132	19	151	89	317
New Zealand	1936 XII	—	8	8	—	3	—	11	3	16	19	—	30
£NZ	1937 XII	—	7	7	—	3	—	10	3	17	20	—	30
	1938 XII	—	16	16	—	4	1	21	3	5	8	—	29
	1939 VI	—	17	17	—	4	—	21	3	6	9	—	30
	VII	—	19	19	—	4	—	23	3	6	9	—	32
	VIII	—	19	19	—	4	—	23	3	6	9	—	32
	IX	—	21	21	—	4	—	25	3	5	8	—	33
	X	—	23	23	—	4	—	27	3	6	9	—	36
	XI	—	22	22	—	3	—	25	3	7	10	—	35
	XII	—	23	23	—	3	—	26	3	9	12	—	38
Norway	1929 XII	—	—	—	7	13	237	257	147	66	213	7	477
Krone	1936 XII	—	—	—	33	11	222	266	215	106	321	7	594
	1937 XII	—	—	—	—	67	123	190	180	233	413	9	612
	1938 XII	—	—	—	—	111	117	228	206	217	423	57	708
	1939 VI	—	—	—	—	123	149	272	236	157	393	60	725
	VII	—	—	—	—	123	158	281	236	151	387	52	720
	VIII	—	—	—	—	126	183	309	236	128	364	46	719
	IX	—	—	—	—	126	257	383	236	78	314	30	727
	X	—	—	—	—	126	269	395	227	79	306	36	737
	XI	—	—	—	—	127	276	403	227	92	319	38	760
	XII	—	—	—	—	103	308	411	207	99	306	66	783
Peru	1929 XII	—	—	—	—	—	32	32	77	9	86	—	—
Sol	1936 XII	—	46	46	—	—	38	84	44	5	49	7	140
	1937 XII	—	45	45	—	—	40	85	47	21	68	2	155
	1938 XII	—	85	85	—	—	24	109	46	6	52	2	163
	1939 VI	—	94	94	—	—	26	120	45	5	50	2	172
	VII	—	97	97	—	—	27	124	43	8	51	3	178
	VIII	—	99	99	—	—	22	121	46	4	50	3	174
	IX	—	100	100	—	—	23	123	47	3	50	3	176
	X	—	102	102	—	—	25	127	44	3	47	3	177
	XI	—	104	104	—	—	25	129	44	1	45	3	177
	XII	...	...	...	...	...	—	...	...	...	...	...	...
Poland	1929 XII	—	30	30	55	23	781	889	701	526	1,227	140	2,256
Zloty	1936 XII	—	157	157	45	180	789	1,171	393	30	423	220	1,814
	1937 XII	—	103	103	45	174	685	1,007	435	36	471	280	1,758
	1938 XII	—	127	127	45	177	943	1,292	445	19	464	243	1,999
	1939 VI	—	526	526	226	194	670	1,616	444	15	459	257	2,332
	VII	—	529	529	226	198	729	1,682	444	11	455	230	2,367

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

Country and Currency Unit (000,000's)	End of :	State debt relating to note- issue	Tempor. advan- ces to Govt. (incl. dis- counts of Treas- ury bills)	Total direct claims on Govt- ernment (a) + (b)	Hold- ings of Govt. secu- rities	Hold- ings of other secu- rities	Non- Govern- ment loans, ad- vances & dis- counts	Total domestic credits (c) + (d) + (e) + (f)	Gold reserves	Foreign assets	Total gold and foreign assets (h) + (i)	All other assets	Total assets	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
Portugal Escudo	1929 XII	1,751	10	1,761	1	1	445	2,208	209	472	681	170	3,059	
	1936 XII	1,044	—	1,044	394	14	350	1,802	912	430	1,342	1,110	4,295	
	1937 XII	1,042	—	1,042	383	11	349	1,785	917	456	1,373	1,313	4,525	
	1938 XII	1,038	—	1,038	373	9	494	1,914	919	411	1,331	1,237	4,621	
	1939 VI	1,036	—	1,036	.	.	419	.	920	.	.	.	4,451	
	VII	1,036	—	1,036	.	.	399	.	920	.	.	.	4,434	
	VIII	1,036	—	1,036	.	.	413	.	920	.	.	.	4,527	
	IX	1,036	—	1,036	.	.	415	.	920	.	.	.	4,636	
	X	1,036	—	1,036	.	.	428	.	920	.	.	.	4,663	
	XI	1,036	—	1,036	.	.	428	.	920	.	.	.	4,714	
	XII	1,036	—	1,036	.	.	425	.	920	.	.	.	4,756	
	Roumania Leu	1929 XII	3,797	1,672	5,469	548	150	9,717	15,884	9,185	6,792	15,977	3,042	34,903
1936 XII		3,624	5,818	9,442	540	147	8,904	19,033	^a 15,568	3,586	^a 19,154	9,496	47,684	
1937 XII		3,607	6,924	10,531	650	387	7,991	19,559	16,458	2,338	18,796	11,440	49,795	
1938 XII		3,589	6,693	10,282	1,427	749	14,864	27,322	18,190	1,706	19,896	12,067	59,285	
1939 VI		3,583	6,585	10,168	1,367	901	15,149	27,585	18,756	1,517	20,273	13,300	61,158	
VII		3,583	6,591	10,174	1,346	922	15,495	27,937	18,805	1,519	20,324	13,531	61,792	
VIII		3,583	6,599	10,182	1,360	922	19,372	31,836	20,267	1,289	21,556	13,113	66,505	
IX		3,583	6,613	10,196	1,476	922	23,251	35,845	20,393	1,856	22,249	14,209	72,303	
X		3,583	6,617	10,200	1,417	922	24,587	37,126	20,581	1,512	22,093	14,309	73,528	
XI		3,583	6,622	10,205	1,358	922	23,498	35,983	20,671	2,064	22,735	14,606	73,324	
XII		3,572	6,487	10,059	1,250	999	25,042	37,350	20,768	2,272	23,040	13,908	74,298	
Salvador Colon		1936 XII	—	—	—	6.6	—	1.7	8.3	13.1	1.5	14.6	0.8	23.7
	1937 XII	—	—	—	5.9	—	2.0	7.9	13.2	2.7	15.9	1.2	25.0	
	1938 XII	—	—	—	5.5	—	1.3	6.8	13.2	^b 3.2	16.4	0.8	24.0	
	1939 VI	—	—	—	5.1	—	0.7	5.8	13.2	6.5	19.7	1.0	26.5	
	VII	—	—	—	5.1	—	0.7	5.8	13.2	6.1	19.3	1.0	26.1	
	VIII	—	—	—	5.1	—	0.8	5.9	13.2	5.2	18.4	1.1	25.4	
	IX	—	—	—	5.1	—	1.3	6.4	13.2	3.9	17.1	1.1	24.6	
	X	—	—	—	5.1	—	1.6	6.7	13.2	3.4	16.6	1.1	24.4	
	XI	—	—	—	5.1	—	2.1	7.2	13.2	3.0	16.2	0.9	24.3	
	XII	—	—	—	5.0	—	2.7	7.7	13.2	3.0	16.2	1.0	24.9	
	Sweden Krona	1929 XII	—	—	—	23	—	379	402	245	265	510	36	949
		1936 XII	—	—	—	29	5	37	71	529	717	1,246	257	1,577
1937 XII		—	—	—	6	4	38	48	539	984	1,523	290	1,922	
1938 XII		—	—	—	102	4	50	156	707	750	1,457	466	2,163	
1939 VI		—	—	—	152	4	70	226	762	583	1,345	514	2,148	
VII		—	—	—	162	4	70	236	767	563	1,330	521	2,151	
VIII		—	—	—	182	4	72	258	782	549	1,331	546	2,193	
IX		—	—	—	190	4	91	285	786	475	1,261	536	2,136	
X		—	—	—	203	4	125	332	732	421	1,153	511	2,028	
XI		—	—	—	213	4	215	432	733	386	1,119	540	2,111	
XII		—	—	—	233	4	409	646	679	301	980	508	2,157	
Switzerland Franc		1929 XII	—	—	—	5	—	265	270	595	353	948	46	1,264
	1936 XII	—	38	38	12	4	71	125	^a 2,709	58	^a 2,767	589	3,481	
	1937 XII	—	10	10	28	3	53	94	2,679	513	3,192	591	3,877	
	1938 XII	—	—	—	90	1	85	281	2,890	280	3,170	607	4,056	
	1939 VI	—	52	52	94	94	50	196	2,471	271	2,742	582	3,520	
	VII	—	30	30	94	94	51	175	2,461	274	2,735	583	3,493	
	VIII	—	33	33	94	94	81	208	2,419	288	2,707	583	3,498	
	IX	—	55	55	94	94	94	243	2,419	285	2,704	585	3,532	
	X	—	55	55	95	95	103	253	2,395	291	2,686	581	3,520	
	XI	—	54	54	95	95	111	260	2,310	342	2,652	578	3,490	
	XII	—	53	53	81	81	158	292	2,262	362	2,624	565	3,481	

^a New parity.

^b Since VII/38 at purchase price, previously at par.

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

Country and Currency Unit (000,000's)	End of :	State Debt relating to note-issue	Tempor. advances to Govt. (incl. discounts of Treasury bills)	Total direct claims on Government (a) + (b)	Holdings of Govt. securities	Holdings of other securities	Non-Government loans, advances & discounts	Total domestic credits (c) + (d) + (e) + (f)	Gold reserves	Foreign assets	Total gold and foreign assets (h) + (i)	All other assets	Total assets	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
Turkey ₺ T	1936 XII	146.7	2.3	149.0	41.1	—	40.1	230.2	33.9	9.9	43.8	7.5	304.2	
	1937 XII	144.7	—	144.7	44.4	—	60.4	249.5	36.7	-2.2	34.5	8.8	317.7	
	1938 XII	142.7	—	142.7	49.5	—	105.5	297.7	36.9	-15.2	21.7	4.4	347.5	
	1939 VI	141.5	8.2	149.7	51.4	—	132.7	333.8	36.9	-27.7	9.2	17.7	392.5	
	VII	141.5	3.2	144.7	51.2	—	142.5	338.4	36.9	-32.5	4.4	18.4	397.2	
	VIII	141.5	7.0	148.5	52.0	—	147.1	347.6	36.9	-35.2	1.7	9.0	407.1	
	IX	141.5	7.9	149.4	56.3	—	198.1	403.8	36.8	-36.0	0.8	18.0	461.0	
	X	141.4	7.4	148.8	55.2	—	210.8	414.8	36.8	-37.2	-0.4	19.8	474.2	
	XI	141.4	7.0	148.4	55.6	—	214.9	418.9	36.8	-37.0	-0.2	18.8	479.0	
	XII
	United Kingdom ^a £	1929 XII	255.3	—	255.3	63.3	19.1	12.8	350.5	139.3	—	139.3	—	489.8
	1936 XII	223.9	—	223.9	94.2	20.8	—	9.5	348.4	287.7	—	287.7	—	636.1
1937 XII	220.0	—	220.0	94.4	20.9	—	8.9	344.2	326.4	—	326.4	—	670.6	
1938 XII	229.8	—	229.8	69.0	22.4	—	19.5	340.7	326.4	—	326.4	—	667.1	
1939 VI	299.3	—	299.3	114.2	23.4	—	6.7	443.6	b226.3	—	226.3	—	669.9	
VII	299.3	—	299.3	107.7	22.8	—	8.8	438.6	b241.4	—	241.4	—	680.0	
VIII	299.2	—	299.2	110.4	23.0	—	6.2	438.8	b249.8	—	249.8	—	688.6	
IX	579.6	—	579.6	122.4	26.0	—	3.7	731.7	c0.1	—	0.1	—	731.8	
X	579.7	—	579.7	110.4	22.2	—	3.3	715.6	0.2	—	0.2	—	715.8	
XI	579.5	—	579.5	104.9	22.1	—	5.2	711.7	0.2	—	0.2	—	711.9	
XII	579.3	—	579.3	134.4	25.1	—	5.1	743.9	0.2	—	0.2	—	744.1	
U. S. A. \$	1929 XII	—	—	—	511	12	1,025	1,548	2,857	—	2,857	1,055	5,460	
1936 XII	—	—	—	2,430	—	—	31	2,461	8,865	—	8,865	1,203	12,529	
1937 XII	—	—	—	2,564	—	—	31	2,595	9,129	—	9,129	1,159	12,883	
1938 XII	—	—	—	2,564	—	—	21	2,585	11,798	—	11,798	1,200	15,583	
1939 VI	—	—	—	2,551	—	—	18	2,569	13,514	—	13,514	1,059	17,142	
VII	—	—	—	2,488	—	—	18	2,506	13,718	—	13,718	1,114	17,338	
VIII	—	—	—	2,426	—	—	18	2,444	14,321	—	14,321	1,047	17,812	
IX	—	—	—	2,804	—	—	19	2,823	14,664	—	14,664	1,116	18,603	
X	—	—	—	2,736	—	—	18	2,754	14,813	—	14,813	1,141	18,708	
XI	—	—	—	2,552	—	—	19	2,571	14,976	—	14,976	1,134	18,681	
XII	—	—	—	2,489	—	—	19	2,508	15,184	—	15,184	1,187	18,879	
Uruguay Peso	1929 XII	—	8	8	1	1	100	110	66	2	68	17	195	
1936 XII	—	9	9	10	7	—	67	93	88	—	88	103	284	
1937 XII	—	16	16	19	9	—	79	123	87	—	87	81	291	
1938 XII ^e	—	17	17	19	21	—	83	140	107	—	107	92	339	
1939 VI	—	20	20	19	20	—	86	145	108	—	108	125	378	
VII	—	21	21	19	20	—	86	146	108	—	108	127	381	
VIII	—	21	21	19	20	—	87	147	108	—	108	135	390	
IX	—	22	22	19	20	—	90	151	108	—	108	133	392	
X	—	22	22	19	20	—	91	152	108	—	108	130	390	
XI	—	22	22	19	19	—	92	152	109	—	109	134	395	
XII	...	...	...	...	...	...	...	...	...	...	...	...	...
Yugoslavia Dinar	1929 XII	4,153	—	4,153	—	65	1,518	5,736	1,046	742	1,788	275	7,789	
1936 XII	1,648	600	2,248	102	181	—	1,717	4,248	1,626	552	2,178	1,310	7,736	
1937 XII	1,638	600	2,238	183	214	—	1,705	4,340	1,709	440	2,149	2,551	9,040	
1938 XII	1,628	600	2,228	236	280	—	1,771	4,515	1,910	644	2,554	2,662	9,731	
1939 VI	1,630	600	2,230	—	565	—	1,825	4,620	1,920	507	2,427	2,590	9,637	
VII	1,630	600	2,230	—	545	—	1,860	4,635	1,922	503	2,425	2,728	9,788	
VIII	1,631	600	2,231	—	544	—	2,132	4,907	1,924	509	2,433	2,787	10,127	
IX	1,630	770	2,400	—	635	—	2,494	5,529	1,987	582	2,569	3,326	11,424	
X	1,630	1,206	2,836	—	683	—	2,573	6,092	1,987	616	2,603	3,259	11,954	
XI	1,630	1,398	3,028	—	683	—	2,560	6,271	1,988	589	2,577	3,280	12,128	
XII	1,633	1,992	3,625	—	679	—	2,223	6,527	1,988	731	2,719	3,077	12,323	

^a Monthly averages. ^b At 148s. 6d. per fine ounce. ^c Reserve revalued at 168s. per fine ounce, transferred to Exchange Equalisation Fund. ^d Total of items shown in preceding columns. ^e November figures.

**Table III. — PRINCIPAL ASSETS, TOTAL DEPOSITS, REDISCOUNTS AND BORROWINGS
OF COMMERCIAL BANKS**

In units of national currency (000,000's).

N.B. — Figures for 1929 have been omitted where not directly comparable with those for subsequent dates.

Country and currency unit	End of :	Cash	Other items of cash nature	Discounts	Loans and advances	Total of (c) and (d)	Government securi- ties	Other invest- ments and partici- pations	Total of (f) and (g)	Total credits and invest- ments: (e) and (h)	Net amounts due from (+) or due to (-) banks (corresp.)	Thereof due from (+) or due to (-) banks abroad	Total deposits	Redis- counts and other borrow- ings	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
Argentine Peso	1929 XII	470	a	1,684	2,032	3,716	.	.	211	3,927	.	+ 92	3,903	404	
	1936 XII	772	440	1,458	1,295	2,753	.	.	272	3,025	.	+ 36	3,669	.	
	1937 XII	690	593	1,720	1,232	2,952	.	.	282	3,234	.	+ 77	3,881	.	
	1938 XII	631	364	1,320	1,261	2,591	.	.	262	2,853	.	+ 73	3,791	.	
	1939 VI	744	172	1,274	1,488	2,762	.	.	280	3,042	.	+ 49	3,877	.	
	VII	684	180	1,271	1,497	2,768	.	.	276	3,044	.	+ 46	3,832	.	
	VIII	750	162	1,277	1,505	2,782	.	.	276	3,058	.	+ 8	3,866	.	
	IX	852	167	1,296	1,473	2,769	.	.	276	3,045	.	+ 2	3,907	.	
	X	816	190	1,285	1,489	2,774	.	.	276	3,050	.	+ 29	3,922	.	
	XI	858	216	1,304	1,462	2,766	.	.	274	3,040	.	+ 20	3,948	.	
	XII	* 786	* 246	...	...	...	.	.	* 296	...	.	*+ 14	* 3,913	.
	Australia A. £	1936 XII	32.1	.	22.4	262.7	285.1	14.1	.	14.1	299.2	.	.	295.3	.
1937 XII		37.1	.	19.6	273.7	293.3	22.3	.	22.3	315.6	.	.	314.5	.	
1938 XII		36.1	.	19.7	286.9	306.6	19.0	.	19.0	325.6	.	.	319.1	.	
1939 VI		28.6	.	23.9	291.7	315.6	22.1	.	22.1	337.7	.	.	318.0	.	
VII		30.8	.	20.4	293.8	314.2	21.8	.	21.8	336.0	.	.	317.3	.	
VIII		31.0	.	19.2	293.9	313.1	22.0	.	22.0	335.1	.	.	314.6	.	
IX		32.6	.	17.5	295.8	313.3	22.0	.	22.0	335.3	.	.	314.6	.	
X		33.9	.	20.5	297.3	317.8	22.2	.	22.2	340.0	.	.	321.2	.	
XI		37.6	.	22.1	293.0	315.1	23.2	.	23.2	338.3	.	.	326.4	.	
XII		...	.	.	.	...	...	.	...	...	.	.	...	.
Belgium Franc		1936 XII	3,756	.	4,462	7,903	12,365	4,459	1,165	5,624	17,989	+ 1,514	.	20,612	56
		1937 XII	2,975	.	4,446	7,991	12,437	3,800	1,068	4,868	17,305	+ 2,265	.	19,631	61
	1938 XII	2,107	2,118	3,747	6,564	10,311	3,710	1,128	4,838	15,149	+ 1,213	.	16,313	55	
	1939 VI	978	2,402	3,365	6,610	9,975	3,498	1,109	4,607	14,582	+ 1,707	.	15,286	29	
	VII	.	.	.	.	.	.	.	.	.	.	.	.	.
	VIII	.	.	.	.	.	.	.	.	.	.	.	.	.
	IX	1,281	1,673	3,682	6,070	9,752	3,590	1,505	5,095	14,847	+ 1,447	.	14,423	29	
	X	.	.	.	.	.	.	.	.	.	.	.	.	.
	XI	.	.	.	.	.	.	.	.	.	.	.	.	.
	XII	1,634	1,413	2,903	5,747	8,650	3,012	1,455	4,467	13,117	+ 1,320	.	13,155	29	
	Bolivia Boliviano	1929 XII	9.9	—	12.8	33.7	46.5	0.4	11.0	11.4	57.9	+ 6.0	+ 6.1	34.4	—
		1936 XII	99.1	0.1	9.0	41.8	50.8	.	11.5	11.5	62.3	+ 4.3	+ 5.2	121.8	—
1937 XII		59.8	—	15.0	69.9	84.9	.	11.0	11.0	95.9	+ 3.8	*+ 5.1	115.2	—	
1938 XII		31.8	—	.	.	128.3	.	*15.0	* 15.0	143.3	.	*+ 7.2	*130.9	—	
1939 VI		27.8	—	.	.	160.8	.	15.8	15.8	176.6	.	+ 27.2	143.5	—	
VII		31.8	—	.	.	155.3	.	15.8	15.8	171.1	.	+ 31.9	150.7	—	
VIII		35.7	—	.	.	158.9	.	16.2	16.2	175.1	.	+ 22.4	147.5	—	
IX		48.2	—	.	.	161.6	.	10.2	10.2	171.8	.	+ 25.0	159.9	—	
Brazil Milreis		1929 XII	1,550	.	3,070	3,588	6,658	5,925	.
	1936 XII	761	.	3,026	4,691	7,717	.	.	.	.	.	.	8,332	.
	1937 XII	1,064	.	3,363	4,976	8,339	.	.	.	.	.	.	8,812	.
	1938 XII	1,246	.	4,600	5,223	9,823	.	.	.	.	.	.	11,665	.
	1939 VI	1,178	.	4,943	5,451	10,394	.	.	.	.	.	.	11,757	.
	VII	.	.	.	.	.	.	.	.	.	.	.	.	.
	VIII	.	.	.	.	.	.	.	.	.	.	.	.	.
	IX	...	.	...	...	...	.	.	.	.	.	.	.	.
	Bulgaria Lev	1936 XII	697	.	1,070	1,494	2,564	.	.	319	2,883	+ 107	.	3,359	.
1937 XII		642	.	1,155	1,438	2,593	.	.	382	2,975	.	.	3,336	.	
1938 XII		945	.	1,513	1,310	2,823	.	.	392	3,215	.	.	3,417	.	
1939 VI		640	.	1,613	1,448	3,061	.	.	397	3,458	.	.	3,213	.	
VII		.	.	.	.	.	.	.	.	.	.	.	.	.
VIII		.	.	.	.	.	.	.	.	.	.	.	.	.
IX	...	.	...	...	...	.	.	...	...	.	.	.	.

* Approximate or provisional figure.

a "Short-term investments".

b Treasury bills.

Table III. — PRINCIPAL ASSETS, TOTAL DEPOSITS, REDISCOUNTS AND BORROWINGS
OF COMMERCIAL BANKS (continued)

In units of national currency (000,000's).

Country and currency unit	End of :	Cash	Other items of cash nature	Discounts	Loans and advances	Total of (c) and (d)	Government securi- ties	Other invest- ments and parti- cipations	Total of (f) and (g)	Total credits and invest- ments : (e) and (h)	Net amounts due from (+) or due to (-) banks (corresp.)	Thereof due from (+) or due to (-) banks abroad	Total deposits	Redis- counts and other borrow- ings	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
Canada \$	1929 XII	284.0	172.2	.	2,282.5	2,282.5	391.0	67.2	458.2	2,740.7	- 15.0	- 6.4	2,696.9	81.7	
	1936 XII	270.1	133.8	.	1,142.1	1,142.1	1,272.0	120.9	1,392.9	2,535.0	+ 75.8	+ 85.1	2,720.8	—	
	1937 XII	285.1	135.9	.	1,163.0	1,163.0	1,281.7	141.0	1,422.7	2,585.7	+ 30.9	+ 42.6	2,743.2	—	
	1938 XII	299.2	122.1	.	1,208.2	1,208.2	1,336.4	138.5	1,474.9	2,683.1	+107.0	+115.1	2,919.6	—	
	1939 VI	290.2	149.8	.	1,195.2	1,195.2	1,396.7	140.1	1,536.8	2,732.0	+167.8	+184.3	3,045.6	—	
	VII	304.7	119.2	.	1,185.9	1,185.9	1,392.1	139.6	1,531.7	2,717.6	+143.4	+159.3	2,993.8	—	
	VIII	301.3	118.7	.	1,188.7	1,188.7	1,379.7	138.9	1,518.6	2,707.3	+192.5	+203.4	3,024.5	—	
	IX	318.8	122.1	.	1,270.5	1,270.5	1,370.6	142.5	1,513.1	2,786.3	+153.5	+161.6	3,072.9	—	
	X	344.5	122.9	.	1,330.7	1,330.7	1,534.0	139.2	1,673.2	3,003.9	+154.2	+162.4	3,329.6	—	
	XI	334.3	128.4	.	1,345.7	1,345.7	1,540.8	135.8	1,676.6	3,022.3	+103.8	+111.0	3,295.3	—	
	XII	331.5	141.3	.	1,336.6	1,336.6	1,524.1	133.1	1,657.2	2,993.8	+ 87.0	+ 82.9	3,248.6	—	
	Chile Peso	1929 XII	166	.	495	1,118	1,613	.	.	412	.	.	- 15	1,276	.
1936 XII		319	1	549	1,402	1,951	.	.	262	.	.	+ 18	1,775	.	
1937 XII		290	—	652	1,446	2,098	.	.	255	.	.	+ 22	1,911	.	
1938 XII		299	—	708	1,473	2,166	.	.	295	.	.	+ 19	1,923	.	
1939 VI		245	—	730	1,588	2,319	.	.	300	.	.	+ 58	1,995	.	
VII		268	1	707	1,585	2,292	.	.	302	.	.	+ 82	2,016	.	
VIII		295	...	...	...	2,305	.	.	305	.	.	+ 70	2,064	.
IX		316	...	...	...	2,335	.	.	306	.	.	+ 56	2,092	.
X		308	...	...	...	2,337	.	.	306	.	.	+ 65	2,103	.
XI		...	...	...	...	...	.	.	...	.	.	...	...	.
XII		...	...	...	...	...	.	.	...	.	.	...	...	.
Colombia ^a Peso		1929 XII	11.5	.	83.5	84.6	168.1	71.6	77.7
	1936 XII	20.5	.	68.2	46.3	114.5	.	.	.	.	.	.	88.1	50.3
	1937 XII	24.8	.	77.5	49.6	127.1	.	.	.	.	.	.	90.4	53.1
	1938 XII	25.0	.	87.4	54.6	142.0	.	.	.	.	.	.	99.0	61.5
	1939 VI	26.4	.	93.6	55.0	148.6	.	.	.	.	.	.	112.7	63.7
	VII	28.7	.	96.6	55.1	151.7	.	.	.	.	.	.	120.4	63.7
	VIII	31.0	.	94.5	55.4	149.9	.	.	.	.	.	.	121.3	64.4
	IX	30.5	.	96.4	55.5	151.9	.	.	.	.	.	.	122.4	64.5
	X	30.8	.	97.1	55.3	152.4	.	.	.	.	.	.	124.2	...
	XI	...	.	...	...	...	.	.	.	.	.	.	...	...
	XII	...	.	...	...	...	.	.	.	.	.	.	...	...
	Czecho- Slovakia Koruna	1929 XII	2,010	1,044	2,724	20,643	23,371	.	.	3,779	27,150	-7,787	.	18,630	.
1936 XII		3,040	.	2,420	13,805	16,225	.	.	3,984	20,209	-4,798	.	16,804	.	
1937 XII		3,443	.	2,443	14,084	16,527	.	.	4,414	20,941	-5,779	.	16,839	.	
b															
1938 XII		2,797	.	1,921	11,826	13,737	.	.	5,001	18,768	.	.	19,489	.	
1939 VI		2,804	.	1,507	11,308	12,815	.	.	5,003	17,818	.	.	18,592	.	
VII		.	.	.	.	.	.	.	.	.	.	.	.	.
VIII		.	.	.	.	.	.	.	.	.	.	.	.	.
IX		...	.	...	...	...	.	.	...	...	.	.	...	.
Denmark Krone		1929 XII	101.3	.	385.5	1,459.2	1,844.7	.	.	535.6	2,380.3	-113.8	+ 71.1	1,961.3	82.5
		1936 XII	162.4	.	413.8	1,552.8	1,966.6	.	.	612.9	2,579.5	-129.7	- 11.5	2,120.8	82.6
		1937 XII	208.1	.	449.3	1,554.3	2,003.6	.	.	549.4	2,553.0	-117.0	+ 2.0	2,158.8	79.9
	1938 XII	228.9	.	446.8	1,571.3	2,018.1	.	.	602.9	2,621.0	-146.2	+ 28.7	1,250.5	81.5	
	1939 VI	244.2	.	447.1	1,614.2	2,061.3	.	.	654.0	2,715.3	-121.1	+ 14.9	2,337.1	79.5	
	VII	186.1	.	449.9	1,625.1	2,075.0	.	.	648.7	2,723.7	-115.0	+ 16.1	2,338.1	53.2	
	VIII	174.6	.	465.7	1,647.7	2,113.4	.	.	654.3	2,767.7	-118.2	+ 5.1	2,349.0	56.0	
	IX	147.7	.	450.7	1,703.3	2,154.0	.	.	655.7	2,809.7	- 67.3	+ 36.0	2,400.0	73.5	
	X	135.2	.	461.2	1,725.9	2,187.1	.	.	647.1	2,834.2	- 60.5	+ 56.5	2,392.8	87.3	
	XI	148.5	.	461.6	1,728.5	2,190.1	.	.	636.4	2,826.5	- 42.7	+ 51.7	2,420.9	81.2	
	XII	211.0	.	454.1	1,705.5	2,159.6	.	.	617.5	2,777.1	- 38.5	+ 60.1	2,454.8	111.8	

^a Commercial and mortgage banks.

^b Since 1938 : joint-stock banks in " Bohemia and Moravia " only.

Table III. — PRINCIPAL ASSETS, TOTAL DEPOSITS, REDISCOUNTS AND BORROWINGS
OF COMMERCIAL BANKS (continued)

In units of national currency (000,000's).

Country and currency unit	End of :	Cash	Other items of cash nature	Discounts	Loans and advances	Total of (e) and (d)	Government securi- ties	Other invest- ments and partici- pations	Total of (f) and (g)	Total credits and invest- ments : (e) and (h)	Net amounts due from (+) or due to (-) banks (corresp.)	Thereof due from (+) or due to (-) banks abroad	Total deposits	Redis- counts and other borrow- ings	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
Guatemala ^a Quetzal	1937 XII	1.2	.	.	.	7.7	.	.	0.8	8.5	.	.	4.5	.	
	1938 XII	1.4	.	.	.	5.3	.	.	0.9	6.2	.	.	4.1	.	
	1939 VI	1.5	.	.	.	5.0	.	.	0.9	5.9	.	.	3.3	.	
	VII	1.5	.	.	.	4.8	.	.	1.0	5.8	.	.	3.2	.	
	VIII	1.4	.	.	.	4.8	.	.	1.0	5.8	.	.	3.6	.	
	IX	1.2	.	.	.	4.6	.	.	1.0	5.6	.	.	2.8	.	
	X	1.3	.	.	.	4.6	.	.	1.0	5.6	.	.	2.8	.	
	XI	1.2	.	.	.	4.5	.	.	1.0	5.5	.	.	2.7	.	
	XII	...	.	.	.	...	.	.	...	...	.	.	...	.
	India ^b Rupee	1936 XII	277	.	50	1,003	2,340	.
		1937 XII	278	.	59	1,043	2,315	.
		1938 XII	192	.	40	1,105	2,278	.
1939 VI		259	.	61	1,117	.	.	.	.	.	.	.	2,228	.
VII		327	.	47	1,048	.	.	.	.	.	.	.	2,370	.
VIII		334	.	36	1,015	.	.	.	.	.	.	.	2,366	.
IX		223	.	29	1,085	.	.	.	.	.	.	.	2,304	.
X		264	.	23	1,076	.	.	.	.	.	.	.	2,299	.
XI		270	.	30	1,158	.	.	.	.	.	.	.	2,355	.
XII		254	.	43	1,388	.	.	.	.	.	.	.	2,401	.
Italy ^c Lira		1929 XII	1,174	1,805	14,875	6,188	21,063	.	.	5,559	26,622	-11,922	.	9,703	1,497
		1936 XII	1,251	4,098	10,314	2,719	13,103	.	.	3,798	16,901	- 8,514	.	9,192	311
	1937 XII	1,307	4,086	10,611	3,756	14,367	.	.	3,981	18,348	- 8,282	.	9,815	1,098	
	1938 XII	1,525	3,798	11,333	3,762	15,095	.	.	4,499	19,594	- 7,959	.	10,725	909	
Japan Yen	1929 XII	703	461	1,027	6,586	7,613	1,750	1,573	3,323	10,936	-146	-146	9,292	889	
	1936 XII	689	332	1,314	6,029	7,343	2,559	2,256	4,815	12,158	- 72	- 72	11,008	550	
	1937 XII	862	354	1,247	6,465	7,712	2,500	2,146	4,646	12,358	.	.	12,352	.	
	1938 XII	1,038	418	1,344	7,372	8,716	3,634	2,489	6,123	14,839	.	.	15,073	.	
	1939 VI	1,253	454	1,453	8,099	9,552	4,196	2,807	7,003	16,555	.	.	16,915	.	
	VII	810	393	1,462	8,216	9,678	4,258	2,890	7,148	16,826	.	.	16,715	.	
	VIII	793	376	1,455	8,461	9,916	4,160	2,962	7,122	17,038	.	.	16,960	.	
	IX	741	396	1,505	8,674	10,179	4,293	2,999	7,292	17,471	.	.	17,349	.	
	X	862	410	1,586	8,935	10,521	4,303	3,087	7,390	17,911	.	.	17,923	.	
	XI	984	394	1,637	9,173	10,810	4,384	3,186	7,570	18,380	.	.	18,429	.	
	Latvia Lat	1929 XII	7.2	1.3	57.3	86.2	143.5	.	.	3.6	147.1	- 6.1	- 7.8	61.6	57.8
1936 XII		15.0	2.8	19.8	61.9	81.7	.	.	16.6	98.3	+10.8	+10.7	80.6	5.9	
1937 XII		18.9	2.6	20.3	110.1	130.4	.	.	46.8	177.2	+ 8.3	+ 7.4	131.8	7.2	
1938 XII		23.6	3.6	22.8	111.9	134.7	.	.	61.7	196.4	+14.2	.	140.2	18.4	
1939 VI		17.5	7.1	27.1	113.2	140.3	.	.	78.4	218.7	+ 8.9	.	150.0	2.0	
VII		14.6	6.2	27.2	113.1	140.3	.	.	77.8	218.1	+ 8.8	.	146.2	1.8	
VIII		16.0	3.9	28.2	120.2	148.4	.	.	77.9	226.3	+ 7.6	.	139.3	13.1	
IX		...	...	...	...	...	.	.	...	...	...	.	...	...
X		18.0	5.2	25.3	133.7	159.0	.	.	78.9	237.9	+ 4.4	.	140.1	22.1	
XI		20.9	18.0	22.6	147.0	169.6	.	.	78.1	247.7	+ 4.7	.	171.5	21.2	
XII		...	...	...	...	...	.	.	...	...	...	.	...	...
Lithuania Litas		1929 XII	6.5	.	21.7	45.8	67.5	0.3	17.6	17.9	85.4	+ 1.0	.	65.3	7.5
	1936 XII	5.1	.	21.5	52.2	73.7	.	.	20.5	94.2	+ 0.3	+ 1.2	62.3	15.2	
	1937 XII	7.9	.	28.2	63.3	91.5	.	.	20.9	112.4	- 2.4	+ 0.5	75.9	18.0	
	1938 XII	13.7	.	39.3	65.2	104.5	.	.	24.2	129.4	- 4.5	.	93.9	.	
	1939 VI	7.6	.	35.5	60.3	95.8	.	.	25.5	121.3	- 2.8	.	79.1	.	
	VII	.	.	.	.	.	.	.	.	.	.	.	.	.
	VIII	.	.	.	.	.	.	.	.	.	.	.	.	.
	IX	4.2	.	32.7	65.2	89.9	.	.	25.1	115.0	+ 0.1	.	62.2	.	
	X	.	.	.	.	.	.	.	.	.	.	.	.	.
	XI	.	.	.	.	.	.	.	.	.	.	.	.	.
	XII	7.8	.	27.0	61.3	88.3	.	.	25.5	113.8	+ 1.6	.	68.6	.	

^a Column (b) : represents : " Sundry debtors and other accounts ".

^b Scheduled banks ; excluding business in Burma.

^c No figures for June 1939 or later months.

^d " Balances with other banks " (presumably including those with the Central Bank).

Table III. — PRINCIPAL ASSETS, TOTAL DEPOSITS, REDISCOUNTS AND BORROWINGS
OF COMMERCIAL BANKS (continued)

Country and currency unit (ooo,ooo's)	End of :	Cash	Other items of cash nature	Discounts	Loans and advances	Total of (c) and (d)	Government securities	Other invest- ments and partici- pations	Total of (f) and (g)	Total credits and invest- ments : (e) and (h)	Net amounts due from (+) or due to (-) banks (corresp.)	Thereof due from (+) or due to (-) banks abroad	Total deposits	Redis- counts and other borrow- ings	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
Mexico Peso	1929 XII	54.5	8.3	92.4	130.8	223.2	.	.	31.6	254.8	+ 38.1	+ 28.3	218.5	8.2	
	1936 XII	95.7	13.9	93.0	219.1	312.1	.	.	21.0	333.1	+ 5.6	+ 14.6	312.1	51.3	
	1937 XII	91.2	11.9	98.4	235.3	333.7	.	.	27.9	361.6	- 11.3	+ 1.3	321.3	23.3	
	1938 XII	113.3	16.4	92.0	191.3	283.3	.	.	31.7	315.0	- 35.2	- 4.2	292.9	—	
	1939 VI	102.5	16.8	109.9	234.6	344.5	.	.	31.6	376.1	- 28.8	+ 0.6	338.1	—	
	VII	97.4	19.2	119.3	256.9	376.2	.	.	32.7	408.9	- 36.8	- 3.6	346.1	—	
	VIII	98.9	15.4	118.0	257.9	375.9	.	.	34.1	410.0	- 23.5	+ 2.1	348.6	—	
	IX	108.2	15.7	129.7	257.3	387.0	.	.	33.4	420.4	- 43.0	- 9.0	352.5	—	
	X	117.4	23.0	127.9	255.6	383.5	.	.	35.7	419.2	- 36.1	- 5.9	375.0	—	
	XI	114.9	15.5	141.4	259.8	401.2	.	.	36.4	437.6	- 34.1	- 12.4	374.7	—	
	XII	113.5	20.8	153.1	260.9	414.0	.	.	37.6	451.6	- 40.8	- 19.5	379.1	—	
	Nether- lands Gulden	1929 XII	79.6	.	281.7	765.8	1,047.5	.	.	97.8	1,145.3	+ 90.9	.	1,048.1	.
1936 XII		73.2	.	221.5	484.9	706.4	.	.	62.4	768.8	+ 106.4	.	681.8	.	
1937 XII		165.7	.	291.6	482.6	774.2	.	.	84.1	858.3	+ 58.7	.	782.2	.	
1938 XII		222.7	.	224.1	462.9	687.0	.	.	107.4	794.4	+ 55.4	.	675.7	.	
1939 VI		146.0	.	199.4	369.3	568.7	.	.	69.7	638.4	+ 72.4	.	593.2	.	
VII		146.0	.	184.4	371.6	556.0	.	.	68.4	624.4	+ 67.8	.	573.5	.	
VIII		149.1	.	172.5	361.9	534.4	.	.	65.0	599.4	+ 69.3	.	551.5	.	
IX	
X	
XI	
XII	
New Zealand N.Z. £		1936 XII	14.8	.	.	.	48.3	5.7	0.3	6.0	54.3	.	+ 11.5	64.2	.
	1937 XII	13.2	.	.	.	54.0	7.7	0.3	8.0	62.0	.	+ 6.7	65.7	.	
	1938 XII	11.4	.	.	.	57.8	8.8	0.3	9.1	66.9	.	+ 2.1	64.0	.	
	1939 VI	14.3	.	.	.	55.1	10.6	0.3	10.9	66.0	.	+ 3.5	66.7	.	
	VII	15.0	.	.	.	54.2	10.0	0.3	10.3	64.5	.	+ 3.4	66.7	.	
	VIII	17.0	.	.	.	53.4	10.3	0.3	10.6	64.0	.	+ 3.2	67.4	.	
	IX	16.5	.	.	.	53.6	10.5	0.3	10.8	64.4	.	+ 3.3	67.6	.	
	X	18.3	.	.	.	52.8	13.3	0.3	13.6	66.4	.	+ 3.0	68.8	.	
	XI	18.5	.	.	.	52.4	14.4	0.3	14.7	67.1	.	+ 4.7	71.4	.	
	XII	17.8	.	.	.	51.1	15.2	0.3	15.5	66.6	.	+ 7.1	73.2	.	
	Norway Krone	1929 XII	56.5	0.6	357.8	754.7	1,112.5	84.1	201.8	285.9	1,398.4	- 144.2	+ 26.0	1,058.2	9.8
		1936 XII	49.0	0.5	374.9	680.9	1,055.6	39.3	145.7	185.0	1,240.6	- 191.9	+ 18.0	884.0	9.0
1937 XII		57.6	0.7	413.4	692.5	1,105.9	43.7	161.5	205.2	1,311.1	- 150.3	- 7.2	992.0	8.7	
1938 XII		62.2	.	404.6	582.5	987.1	.	.	375.7	1,382.8	- 162.2	+ 16.4	975.2	1.6	
1939 VI		55.7	.	420.2	611.5	1,031.7	.	.	339.4	1,371.1	- 151.3	+ 2.2	977.3	4.8	
VII		49.8	.	422.1	619.4	1,041.5	.	.	327.0	1,368.5	- 186.1	+ 3.1	955.0	4.7	
VIII		43.3	.	427.1	624.9	1,052.0	.	.	326.9	1,378.9	- 181.5	+ 10.2	949.9	5.8	
IX		31.4	.	444.0	650.7	1,094.7	.	.	330.0	1,424.7	- 205.3	+ 18.9	932.0	12.5	
X		31.4	.	463.3	657.0	1,120.3	.	.	324.5	1,454.8	- 180.4	+ 23.5	945.5	24.5	
XI		37.4	.	478.4	656.8	1,135.2	.	.	327.8	1,463.0	- 193.1	+ 5.5	960.2	25.7	
XII		51.6	.	468.9	647.3	1,116.2	.	.	324.2	1,440.4	- 198.8	+ 2.1	949.3	21.9	
Peru Sol		1936 XII	48.3	25.2	81.6	96.0	177.6	5.3	22.4	27.7	225.3	+ 7.7	+ 7.6	225.6	18.6
	1937 XII	52.4	31.3	91.8	101.2	193.0	6.9	22.4	29.3	222.3	+ 14.0	+ 16.6	256.8	19.9	
	1938 XII	59.1	34.9	90.4	126.3	216.7	7.7	28.3	36.0	252.7	+ 4.6	+ 2.6	292.5	8.4	
	1939 VI	96.5	.	.	.	236.6	.	.	a 48.2	a 284.8	.	- 2.7	311.2	7.7	
	VII	94.7	.	.	.	235.3	.	.	a 49.6	a 284.9	.	+ 4.2	313.8	10.2	
	VIII	92.0	.	.	.	241.4	.	.	a 50.3	a 291.7	.	+ 10.4	320.1	12.4	
	IX	82.3	.	.	.	241.7	.	.	a 50.4	a 292.1	.	+ 13.6	311.5	13.8	
	X
	XI
	XII
	Poland Zloty	1929 XII	106	28	935	1,092	2,027	.	.	112	2,139	- 441	- 385	1,090	495
		1936 XII	75	3	342	606	948	.	.	146	1,094	- 119	- 65	631	275
1937 XII		96	2	382	458	840	.	.	76	916	- 63	- 42	618	193	
1938 XII		a 117	.	a 865	.	a 865	.	.	.	a 865	a - 21	.	a 703	.	
1939 I		a 97	.	a 853	.	a 853	.	.	.	a 853	a - 3	.	a 708	.	
II		a 81	.	a 863	.	a 863	.	.	.	a 863	a + 10	.	a 714	.	
III		a 77	.	a 883	.	a 883	.	.	.	a 883	a - 19	.	a 671	.	

^a Changed classification since 1938.

Table III. — PRINCIPAL ASSETS, TOTAL DEPOSITS, REDISCOUNTS AND BORROWINGS
OF COMMERCIAL BANKS (continued)

In units of national currency (000,000's).

Country and currency unit	End of :	*Cash	Other items of cash nature	Discounts	Loans and advances	Total of (c) and (d)	Government securi- ties	Other invest- ments and partici- pations	Total of (f) and (g)	Total credits and invest- ments : (e) and (h)	Net amounts due from (+) or due to (-) banks (corresp.)	Thereof due from (+) or due to (-) banks abroad	Total deposits	Redis- counts and other borrow- ings	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
Portugal Escudo	1929 XII	52.9	58.3	400.2	.	400.2	.	.	.	.	.	.	516.9	.
	1936 XII	64.3	85.2	317.4	.	317.4	.	.	.	.	.	.	627.0	.
	1937 XII	110.7	168.1	822.4	416.8	1,239.2	.	.	.	.	.	.	1,345.0	.
	1938 XII	127.0	152.4	836.9	430.7	1,267.6	.	.	.	.	.	.	1,261.3	.
	1939 VI	106.8	152.8	823.9	385.5	1,209.4	.	.	.	.	.	.	1,233.9	.
	VII	91.4	140.6	804.6	397.7	1,202.3	.	.	.	.	.	.	1,222.5	.
	VIII	100.8	156.3	793.0	388.3	1,181.3	.	.	.	.	.	.	1,231.8	.
	IX	115.3	191.4	807.0	395.7	1,202.7	.	.	.	.	.	.	1,274.3	.
	X	114.1	170.1	821.7	380.9	1,202.6	.	.	.	.	.	.	1,314.6	.
	XI	121.0	252.6	827.2	389.1	1,216.3	.	.	.	.	.	.	1,410.0	.
	XII	...	...	...	...	...	.	.	.	.	.	.	...	.
	Roumania ^a Leu	1936 XII	2,876	1,411	2,852	8,642	11,494	—	1,951	1,951	13,445	.	.	13,753	1,205
1937 XII		4,161	1,591	2,860	9,112	11,972	56	1,789	1,845	13,817	.	.	14,880	1,301	
1938 XII		3,968	1,142	3,225	9,811	13,036	74	2,704	2,778	15,814	.	.	15,861	1,995	
1939 VI		2,713	1,037	3,486	9,459	12,945	114	3,785	3,899	16,844	.	.	14,880	2,396	
VII		2,271	918	3,501	9,622	13,123	111	3,790	3,901	17,024	.	.	14,690	2,152	
VIII		1,958	696	3,633	9,763	13,396	113	3,790	3,903	17,299	.	.	13,561	2,987	
IX		2,362	617	3,699	9,229	12,928	114	3,781	3,895	16,823	.	.	12,440	3,930	
X		2,918	989	3,615	9,059	12,674	114	3,794	3,908	16,582	.	.	13,097	3,930	
XI		2,909	1,495	3,407	9,851	13,258	113	3,825	3,938	17,196	.	.	14,617	3,357	
XII		*4,273	*1,552	*3,492	*10,234	*13,726	*122	*3,931	*4,053	*17,779	.	.	*15,478	*3,998	
Salvador Colon		1929 XII
		1936 XII	2.4	.	.	18.1	18.1	.	.	2.3	20.4	.	— 0.6	7.2	.
	1937 XII	1.1	.	.	17.9	17.9	.	.	2.6	20.5	.	— 0.5	6.4	0.8	
	1938 XII	1.7	.	.	15.4	15.4	.	.	2.5	17.9	.	+ 1.2	6.4	0.4	
	1939 VI	3.0	.	.	13.5	13.5	.	.	2.8	16.3	.	+ 3.1	7.5	.	
	VII	2.8	.	.	13.4	13.4	.	.	2.8	16.2	.	+ 2.5	6.8	.	
	VIII	2.2	.	.	13.7	13.7	.	.	2.8	16.5	.	+ 2.3	6.6	.	
	IX	1.8	.	.	13.7	13.7	.	.	2.8	16.5	.	+ 2.5	6.3	0.3	
	X	2.0	.	.	13.6	13.6	.	.	2.8	16.4	.	+ 2.4	6.4	0.4	
	XI	2.0	.	.	13.9	13.9	.	.	2.9	16.8	.	...	6.2	0.3
	XII	...	.	.	...	...	.	.	...	...	.	...	...	...
	Sweden Krona	1929 XII	84	43	1,301	3,203	4,504	162	233	395	4,899	— 17	+ 102	3,481	551 ^a
1936 XII		393	72	1,138	2,931	4,069	196	416	612	4,681	— 134	— 34	3,833	326	
1937 XII		543	70	1,221	2,945	4,166	180	326	506	4,672	— 165	— 66	3,999	273	
1938 XII		538	63	1,222	3,175	4,397	190	328	518	4,915	— 120	— 42	4,260	279	
1939 VI		465	81	1,256	3,325	4,581	312	234	546	5,127	— 128	+ 3	4,481	230	
VII		638	50	1,242	3,322	4,564	328	233	561	5,125	— 152	+ 17	4,612	232	
VIII		581	58	1,284	3,378	4,662	336	233	569	5,231	— 70	+ 51	4,717	239	
IX		414	68	1,359	3,501	4,860	232	232	464	5,324	— 21	+ 37	4,766	231	
X		337	67	1,364	3,553	4,917	302	232	534	5,451	— 15	+ 34	4,683	235	
XI		182	71	1,393	3,589	4,982	293	238	531	5,513	— 29	+ 27	4,517	284	
XII		252	114	1,416	3,588	5,004	249	242	491	5,495	— 82	+ 11	4,401	407	
Switzer- land ^b Franc		1936 XII	898	22	476	1,852	2,328	.	.	689	3,382	+ 128	.	3,150	130
	1937 XII	977	22	531	1,636	2,167	.	.	671	3,182	+ 273	.	3,277	116	
	1938 XII	1,055	16	447	1,576	2,023	.	.	666	3,015	+ 144	.	3,111	77	
	1939 VI	702	24	475	1,497	1,972	.	.	717	3,014	+ 330	.	2,979	81	
	VII	.	.	.	.	.	.	.	.	.	.	.	.	.
	VIII	.	.	.	.	.	.	.	.	.	.	.	.	.
	IX	544	25	440	1,466	1,906	.	.	702	2,935	+ 465	.	2,879	81	
	X	.	.	.	.	.	.	.	.	.	.	.	.	.
XI	.	.	.	.	.	.	.	.	.	.	.	.	.
XII	538	21	641	1,443	2,084	.	.	726	2,810	+ 407	.	3,015	80		

* Approximate or provisional figure.

^a Excluding borrowings against own or pledged securities.

^b Seven big banks.

Table III. — PRINCIPAL ASSETS, TOTAL DEPOSITS, REDISCOUNTS AND BORROWINGS
OF COMMERCIAL BANKS (concluded)

Country and currency unit (000,000's)	End of :	Cash	Other items of cash nature	Discounts	Loans and advances	Total of (c) and (d)	Government securi- ties	Other invest- ments and partici- pations	Total of (f) and (g)	Total credits and invest- ments : (e) and (h)	Net amounts due from (+) or due to (-) banks (corresp.)	Thereof due from (+) or due to (-) banks abroad	Total deposits	Redis- counts and other borrow- ings	
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
Union of South Africa S.A. £	1929 XII	8.7	0.1	13.1	38.0	51.1	3.4	0.6	4.0	55.1	- 1.6	.	60.6	.	
	1936 XII	25.7	0.1	8.6	44.3	52.9	11.8	1.8	13.6	66.5	+ 0.5	.	94.5	.	
	1937 XII	20.5	—	10.0	48.8	58.8	10.2	2.0	12.2	71.0	—	.	93.5	.	
	1938 XII	28.5	—	7.7	45.3	53.0	13.9	2.0	15.9	68.9	+ 0.1	.	99.0	.	
	1939 VI	25.6	—	8.5	45.9	54.4	13.9	2.1	16.0	70.4	- 0.3	.	97.5	.	
	VII
	VIII
	IX	27.0	—	7.6	45.3	52.9	13.6	2.0	15.6	68.5	- 1.4	.	95.8	.	
	X
	XI
	XII
	United Kingdom ^a £	1929 XII	205	143	229	989	1,218	.	.	250	1,468	.	.	1,811	.
1936 XII		244	195	322	885	1,207	.	.	660	1,867	.	.	2,315	.	
1937 XII		244	163	300	979	1,279	.	.	635	1,914	.	.	2,330	.	
1938 XII		243	159	250	966	1,216	.	.	635	1,851	.	.	2,254	.	
1939 VI		235	150	249	987	1,236	.	.	600	1,836	.	.	2,219	.	
VII		235	155	278	982	1,260	.	.	597	1,857	.	.	2,240	.	
VIII		233	147	279	985	1,264	.	.	599	1,863	.	.	2,245	.	
IX		267	146	236	1,011	1,247	.	.	603	1,850	.	.	2,278	.	
X		255	159	289	1,013	1,302	.	.	605	1,907	.	.	2,327	.	
XI		245	142	353	995	1,348	.	.	611	1,959	.	.	2,345	.	
XII		274	174	334	1,002	1,336	.	.	609	1,945	.	.	2,441	.	
U.S.A. ^d \$		1929 XII	1,988	.	.	.	17,649	2,593	2,921	5,514	23,163	-2,239	.	20,905	405
	1936 XII	5,596	.	.	.	7,725	10,479	3,263	13,742	21,461	-3,664	- 427	20,638	23	
	1937 XII	5,782	.	.	.	9,387	9,134	2,881	12,015	21,402	-3,204	- 442	19,636	9	
	1938 XII	7,546	.	.	.	8,430	9,998	3,221	13,219	21,649	-3,651	- 519	21,146	1	
	1939 VI	8,934	.	.	.	8,089	10,571	3,291	13,862	21,951	-3,991	- 600	22,450	—	
	VII	9,198	.	.	.	8,194	10,682	3,259	13,941	22,135	-4,051	- 627	22,853	13	
	VIII	9,712	.	.	.	8,209	10,851	3,382	14,233	22,442	-4,378	- 683	23,337	4	
	IX	10,280	.	.	.	8,350	10,669	3,400	14,069	22,419	-4,649	- 753	23,568	1	
	X	10,581	.	.	.	8,479	10,854	3,324	14,178	22,657	-4,762	- 820	23,968	1	
	XI	10,296	.	.	.	8,656	11,121	3,382	14,503	23,159	-4,822	- 731	24,199	1	
	XII	10,233	.	.	.	8,758	11,162	3,340	14,502	23,260	-4,916	- 736	23,989	—	
	Uruguay ^e Peso	1929 XII	17.6	.	.	89.5	89.5	78.5	2.3
1936 XII		27.9	.	.	118.3	118.3	.	.	.	.	.	.	109.3	2.0
1937 XII		33.8	.	.	131.5	131.5	.	.	.	.	.	.	127.4	1.7
1938 XII		23.9	.	.	150.8	150.8	.	.	.	.	.	.	136.7	3.9
1939 VI		28.3	.	.	145.9	145.9	.	.	.	.	.	.	138.5	.
VII		28.3	.	.	146.3	146.3	.	.	.	.	.	.	138.3	.
VIII		28.4	.	.	147.8	147.8	.	.	.	.	.	.	138.4	.
IX		...	.	.	...	...	.	.	.	.	.	.	...	.
X		...	.	.	...	...	.	.	.	.	.	.	...	.
XI		...	.	.	...	...	.	.	.	.	.	.	...	.
XII		...	.	.	...	...	.	.	.	.	.	.	...	.
Yugoslavia ^f Dinar		1929 XII	392	.	2,145	4,902	7,047	5,055	2,368
	1936 XII	384	.	1,283	2,838	4,121	.	.	.	.	.	.	3,062	1,520
	1937 XII	512	.	1,020	3,049	4,069	.	.	.	.	.	.	3,305	1,359
	1938 XII	634	.	987	2,956	3,943	.	.	.	.	.	.	3,016	1,659
	1939 VI	581	.	889	3,035	3,924	.	.	.	.	.	.	3,005	1,652
	VII	549	.	899	3,051	3,950	.	.	.	.	.	.	3,028	1,635
	VIII	374	.	918	3,080	3,938	.	.	.	.	.	.	2,876	1,635
	IX	336	.	985	2,984	3,969	.	.	.	.	.	.	2,710	1,671
	X	441	.	998	2,935	3,933	.	.	.	.	.	.	2,685	1,751
	XI	494	.	997	2,973	3,970	.	.	.	.	.	.	2,713	1,810
	XII	*565	.	*1,007	*2,950	*3,957	.	.	.	.	.	.	*2,765	1,849

* Approximate or provisional figure. a Ten clearing banks; since January 1936 — eleven. Monthly averages until August 1939. Later figures refer to various dates near the end of the month. b "Money at call and short notice". c "Investments". d Weekly reporting member banks in leading cities. Column (f) : domestic banks only. e All figures, except those in column (m), are monthly averages of daily positions. f 20 leading banks.

Table IV. — MONEY RATES AND BOND YIELDS

Period	ARGENTINE		AUSTRIA	BELGIUM			BRAZIL	CANADA		CHILE			CHINA (Shanghai)	
	Banks' discount and loan rates a	5% State Loan	4% Govt. bonds	Central bank discount rate	Comm. paper 1-3 months	Rente belge 3%	Govt. bonds (5% "Uniformidades")	Central bank discount rate	3% Govt. bonds (1950-55)	Central bank discount rate	Banks' loan rate	Govt. bonds (7% "Deuda Interna")	"Native rate of interest" c	Yield of bonds
1937 I-III...	4.00-6.50	5.01	3.99	2.00	1.00	3.31	6.41	2.50	3.13	4.50	7.73	8.80	2.96	10.56
IV-VI...	4.00-6.50	4.98	3.85	2.00	1.00	3.26	b 6.20	2.50	3.31	4.50		8.75	4.23	9.32
VII-IX	4.00-6.50	4.98	3.77	2.00	1.00	3.26	6.32	2.50	3.23	4.50		8.47	5.47	
X-XII..	4.00-6.50	4.99	3.76	2.00	1.63	3.50	b 6.20	2.50	3.26	4.50	7.96	8.30	5.00	
1938 I-III...	4.00-6.50	5.00	3.63	2.00	1.57	3.64	6.23	2.50	3.14	4.50	7.93	8.49	3.60	
IV-VI..	4.00-6.50	4.97	3.75	2.79	2.38	4.03	6.17	2.50	3.03	4.50		8.39	3.60	
VII-IX	4.00-6.50	4.99	3.75	3.00	3.09	4.26	6.26	2.50	3.09	4.50	8.46	8.24	3.60	
X-XII..	4.50-6.50	4.99	3.88	2.64	2.41	4.32	6.16	2.50	3.04	4.50		8.59	4.24	
1939 I-III...	5.50-6.50	4.96	3.84	2.50	2.42	4.33	6.30	2.50	2.99	4.50	...	9.18	3.76	
IV-VI..	5.50-6.50	4.96	3.93	3.18	3.69	4.33	b 6.31	2.50	3.00	4.50		9.08	4.61	
VII....		4.96	3.97	2.50	2.30	4.29	6.33	2.50	2.96	4.50		8.86	6.54	
VIII...	5.50-6.50	4.99	3.94	2.50	2.24	4.26	...	2.50	3.06	4.50		8.90	6.63	
IX.....		5.00	4.03	2.50	3.22	4.53	...	2.50	3.62	4.50		9.25	7.21	
X.....		4.98	3.98	2.50	3.19	4.56	...	2.50	3.46	4.50	...	...	6.54	
XI.....	5.75-6.50	4.96	3.88	2.50	3.11	4.51	...	2.50	3.35	4.50		...	5.40	
XII....		4.96	3.78	2.50	3.11	4.48	...	2.50	...	4.50		...	...

Period	DENMARK		FINLAND		FRANCE						GERMANY				
	Central bank discount rate	Irredeemable 3½% Govt. bonds	Central bank discount rate	3 State loans	Central bank discount rate	Treasury bills	Comm. paper 45-90 days	Rente perpét. 3%	4½% Govt. bonds 1932 tranche A	36 misc. bonds e	Central bank discount rate	Private discount 56-90 day bills	4½% Public bonds	4½% mortgage bonds	5% industrial bonds
1937 I-III...	4.00	4.59	4.00	4.8	4.00	3.31	3.48	4.14	5.99	6.03	4.00	3.00	4.67	4.61	5.88
IV-VI..	4.00	4.57	4.00	4.7	4.67	4.20	4.51	4.59	6.41	6.32	4.00	2.89	4.58	4.54	4.89
VII-IX	4.00	4.45	4.00	4.7	4.50	4.16	4.35	4.11	5.84	6.12	4.00	2.88	4.56	4.52	4.89
X-XII..	4.00	4.29	4.00	4.7	3.07	3.07	3.51	4.22	5.96	6.03	4.00	2.88	4.54	4.51	4.87
1938 I-III...	4.00	4.27	4.00	4.7	3.00	b 2.94	3.33	4.38	6.33	6.41	4.00	2.88	4.52	4.50	4.85
IV-VI..	4.00	4.30	4.00	4.7	2.73	d 2.35	3.09	4.10	5.79	6.28	4.00	2.88	4.51	4.50	4.88
VII-IX	4.00	4.25	4.00	4.7	2.52	2.49	2.65	4.00	5.74	6.32	4.00	2.88	4.54	4.50	4.95
X-XII..	4.00	4.25	4.00	4.7	2.79	2.60	2.95	3.68	5.30	5.41	4.00	2.88	4.56	4.51	4.95
1939 I-III...	3.79	4.33	4.00	4.7	2.01	1.72	1.96	3.69	5.22	4.83	4.00	2.88	4.58	4.54	4.96
IV-VI..	3.50	4.42	4.00	4.7	2.00	1.79	1.94	3.82	5.14	4.85	4.00	2.86	4.57	4.54	4.99
VII....	3.50	4.54	4.00	...	2.00	1.81	1.96	3.97	5.29	...	4.00	2.75	4.58	4.54	5.03
VIII...	3.50	4.68	4.00	...	2.00	1.88	1.97	4.09	5.42	...	4.00	2.75	4.58	4.54	5.07
IX.....	4.50	4.96	4.00	...	2.00	1.98	2.19	4.46	5.96	...	4.00	2.75	4.60	4.54	5.14
X.....	5.50	5.13	4.00	...	2.00	2.00	2.10	4.39	5.73	...	4.00	2.75	4.60	4.54	5.04
XI.....	5.50	5.20	4.00	...	2.00	2.00	2.09	4.23	5.51	...	4.00	2.65	4.59	4.54	5.03
XII....	5.50	5.11	4.00	...	2.00	2.00	2.08	3.90	5.28	...	4.00	2.63	4.54	4.54	4.94

a Range of rates, as published by Tornquist & Co. (*Business Conditions in Argentina*).

b 2 months.

c Rate of the Native Bankers' Association on inter-bank call loans.

d January.

e 3 Government, 2 mortgage, 12 railway and 19 industrial bonds.

Table IV. — MONEY RATES AND BOND YIELDS (continued)

Period	HUNGARY			INDIA			ITALY				JAPAN					
	Central bank discount rate	Comm. paper up to 3 months a	5% Forced loan 1924	Central bank discount rate	3 months' Treasury bills	4% Govt. Rupee Loan (1960-1970)	Central bank discount rate	Comm. bills 4 months a	3½% Rendita	5% Rendita	Central bank discount rate	Day to day money rate	Comm. paper 60 days	8 Govern. bonds	20 industrial debentures	
1937 I-III	4.00	4.00-6.50	6.58	3.00	1.03	3.24	4.50	4.50-5.00	4.76	5.52	3.29	2.65	4.02	3.92	4.37	
IV-VI..	4.00	4.00-6.50	6.45	3.00	1.00	3.34	4.50	4.50-5.50	4.73	5.49	3.29	2.70	4.02	3.93	4.40	
VII-IX	4.00	4.00-6.50	6.16	3.00	0.68	3.27	4.50	5.00-5.50	4.80	5.42	3.29	2.61	4.02	3.97	4.46	
X-XII..	4.00	4.00-6.50	6.51	3.00	0.88	3.18	4.50	5.00-5.50	4.82	5.38	3.29	2.53	4.02	3.94	4.43	
1938 I-III...	4.00	4.00-6.50	6.62	3.00	1.41	3.14	4.50	5.00-5.50	4.79	5.39	3.29	2.38	4.02	3.89	4.38	
IV-VI..	4.00	4.25-6.50	7.06	3.00	1.42	3.14	4.50	5.00-5.50	4.79	5.42	3.29	2.32	4.02	3.87	4.37	
VII-IX	4.00	4.25-6.50	6.64	3.00	0.83	3.23	4.50	5.00-5.50	4.82	5.43	3.29	2.31	4.02	3.84	4.36	
X-XII..	4.00	4.50-6.50	6.59	3.00	1.66	3.26	4.50	5.00-5.50	4.81	5.41	3.29	2.37	4.02	3.83	4.35	
1939 I-III...	4.00	4.50-6.50	6.94	3.00	2.54	3.30	4.50	5.00-5.50	4.85	5.45	3.29	2.44	4.02	3.82	4.34	
IV-VI..	4.00	4.50-6.50	6.86	3.00	1.37	3.35	4.50	5.00-5.50	4.94	5.55	3.29	2.37	4.02	3.82	4.33	
VII....	4.00	4.50-6.50	7.35	3.00	0.90	3.32	4.50	5.00-5.50	4.88	5.53	3.29	2.42	4.02	3.81	4.33	
VIII...	4.00	4.50-6.50	7.60	3.00	1.33	3.32	4.50	5.00-5.50	4.84	5.50	3.29	2.55	4.02	3.80	4.32	
IX.....	4.00	4.50-6.50	7.82	3.00	2.78	4.16	4.50	5.00-5.50	4.88	5.53	3.29	2.56	4.02	3.80	4.31	
X.....	4.00	4.50-6.50	6.94	3.00	2.63	4.25	4.50	5.00-5.50	4.83	5.44	3.29	2.51	4.02	3.79	4.30	
XI.....	4.00	4.50-6.50	6.55	3.00	1.97	4.00	4.50	...	4.66	5.34	3.29	2.56	4.02	3.80	4.33	
XII....	4.00	4.50-6.50	6.35	3.00	1.99	3.86	4.50	...	4.68	5.29	3.29	2.55	4.02	3.81	4.36	
Period	NEW ZEALAND		NETHERLANDS				NORWAY		POLAND				SWEDEN			
	Central bank discount rate	4% Govt. bonds	Central bank discount rate	Private discount	Irredeemable Govt. bonds	8 misc. bonds b	Central bank discount rate	4½% Govt. bonds	Central bank discount rate	Private banks 4-5 months' bills c	5% Conversion Loan 1924	Mortgage bonds	Central bank discount rate	Savings banks' mortgage loan rate	3% Govt. bonds	Industrial bonds
1937 I-III...	2.00	3.78	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	
IV-VI..	2.00	3.74	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
VII-IX	2.00	3.60	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
X-XII..	2.00	3.67	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-III...	2.00	3.69	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
IV-VI..	2.00	3.71	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
VII-IX	2.00	3.88	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
X-XII..	2.93	4.16	2.00	0.23	3.02	3.21	3.50	4.33	4.50	8.50	7.84	e 7.47	2.50	2.87	2.36	2.87
1939 I-III...	4.00	4.10	2.00	0.24	3.13	3.31	3.50	4.35	4.50	8.50	7.70	...	2.50	2.83	2.34	2.78
IV-VI..	4.00	4.24	2.00	0.88	3.43	3.51	3.50	4.47	4.50	8.50	d 8.06	...	2.50	2.80	2.54	2.77
VII....	4.00	4.37	2.00	0.59	3.54	3.59	3.50	4.45	4.50	...	...	...	2.50	...	2.85	2.78
VIII...	4.00	4.30	3.00	1.11	3.61	3.66	3.50	4.41	4.50	...	...	...	2.50	2.77	3.04	2.93
IX.....	3.00	4.41	3.00	3.09	3.92	4.26	4.50	4.66	...	...	...	...	2.50	...	3.32	4.21
X.....	3.00	4.40	3.00	2.13	3.94	4.22	4.50	4.80	...	...	...	...	2.50	...	3.51	4.49
XI.....	3.00	4.24	3.00	2.02	3.97	4.19	4.50	4.89	...	...	...	...	2.50	2.82	3.64	4.72
XII....	3.00	...	3.00	2.34	4.08	4.39	4.50	5.30	...	...	...	...	3.00	...	...	5.31

a Range of rates.

b 2 Government, 2 municipal, 2 industrial, 1 waterworks, 1 mortgage.

c Average of most frequent rates.

d April.

e October.

Table IV. — 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	2½% Consols	3½% War loan	Industrial debentures	Central bank discount rate a	Treasury bills	Bankers' accept. 90 days	Commercial paper	Treasury bonds	Corporate bonds b	Banks' loan rate c
1937 I-III . . .	1.50	1.14	3.54	2.00	0.532	0.56	3.20	3.27	4.05	1.50	0.44	0.33	0.79	2.51	3.21	3.18
IV-VI . . .	1.50	1.00	3.47	2.00	0.575	0.60	3.29	3.37	4.09	1.50	0.64	0.52	1.00	2.77	3.35	3.27
VII-IX . . .	1.50	1.00	3.34	2.00	0.517	0.56	3.38	3.52	4.09	1.17	0.51	0.44	1.00	2.74	3.27	3.28
X-XII . . .	1.50	1.00	3.28	2.00	0.607	0.63	3.36	3.41	4.10	1.00	0.20	0.44	1.00	2.71	3.26	3.26
1938 I-III . . .	1.50	1.00	3.17	2.00	0.504	0.53	3.27	3.34	3.92	1.00	0.08	0.44	0.96	2.64	3.00	3.26
IV-VI . . .	1.50	1.00	3.25	2.00	0.539	0.55	3.38	3.37	3.95	1.00	0.04	0.44	0.88	2.55	3.26	3.25
VII-IX . . .	1.50	1.00	3.31	2.00	0.628	0.66	3.48	3.38	3.97	1.00	0.07	0.44	0.75	2.54	3.20	3.25
X-XII . . .	1.50	1.00	3.33	2.00	0.764	0.76	3.53	3.53	3.98	1.00	0.02	0.44	0.67	2.49	3.11	3.35
1939 I-III . . .	1.50	1.00	3.42	2.00	0.583	0.57	3.62	3.62	4.06	1.00	0.004	0.44	0.56	2.42	3.00	3.77
IV-VI . . .	1.50	1.00	3.60	2.00	0.937	0.96	3.72	3.74	4.14	1.00	0.01	0.44	0.56	2.20	2.97	3.62
VII	1.50	1.00	3.59	2.00	0.769	0.78	3.76	3.78	4.14	1.00	0.02	0.44	0.56	2.16	2.89	3.31
VIII	1.50	1.00	3.85	4.00	1.472	1.59	4.00	3.89	4.51	1.00	0.05	0.44	0.56	2.21	2.93	
IX	1.50	1.25	4.44	3.00	3.295	3.53	4.03	4.00	4.83	1.00	0.10	0.44	0.69	2.65	3.25	3.32
X	1.50	1.25	4.21	2.00	1.752	1.88	3.68	3.92	4.61	1.00	0.03	0.44	0.69	2.60	3.15	
XI	1.50	1.25	4.18	2.00	1.181	1.19	3.68	3.80	4.39	1.00	0.02	0.44	0.63	2.46	3.00	
XII	1.50	1.25	4.25	2.00	1.227	1.22	3.65	3.79	4.32	1.00	0.01	0.44	0.56	2.35	2.94	

a Federal Reserve Bank, N.Y.

b Thirty high-grade bonds (Aaa), calculated by Moody's Investors' Service.

c In 11 southern and western cities.