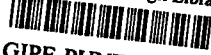


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**THE CHANGING STRUCTURE
OF AMERICAN BANKING**

THE CHANGING STRUCTURE OF AMERICAN BANKING

BY

R. W. GOLDSCHMIDT

Ph.D (Berlin)



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PREFACE

THERE is no necessity to apologize for devoting a book to recent developments in American commercial banking. The changes that have taken place since 1920 are very startling indeed, and little known outside the United States. How important they are not only for the economic welfare of the United States but for the functioning of international finance as well has been painfully demonstrated during the last two years. In contrast to the importance of the subject and in contrast, too, to the excellent and exhaustive literature on the Federal Reserve System, no attempt has been made hitherto to give a complete and coherent picture of the changing structure of American banking during the last decade. This book does not claim to have filled the gap. Indeed, it is for the way in which this vast and complex subject has been over-boldly attacked here that apology is needed and conscientiously tendered. My best excuse is that books of this type are usually written by foreigners who can never aspire to go into every detail and, therefore, do sometimes not fully apprehend of what temerity they are guilty.

Realizing the unprecedented rapidity with which the American economic scene is shifting in these months it might seem premature to regard the beginning of 1933 as the end of an era, started about 1921, as is done here, and unwise to make any

suggestions for a reform, which might render the banking system better fit for playing its proper role in the next phase of American economic history. But the view underlying the preliminary German draft of this booklet (which appeared before the banking crisis of 1933), that a major epoch of American banking development has really ended, can only have been strengthened by the events of this year, while it seems that the way of reform is more or less clearly mapped out so long as the American economic system remains at all on a basis of individual property and private enterprise.

It has been my endeavour to compass within the space of a short book a description of what has happened in American commercial banking since the war, stressing the main trends and forces which have ultimately led to the crisis of 1932-3. As the literature on the subject is very extensive, but not rich, and curiously centred on a few problems, I have been forced to work in many directions over ground literarily unploughed in an endeavour to leave no major aspect untouched. It goes without saying that many problems are here dealt with in a few lines or pages which really necessitate and deserve special inductive studies.

This book is, first of all, destined for the foreign banker and student of economic affairs, who wants to get an idea of how the American banking system works and has developed in the last few years. The friend of economic theory may feel disappointed that theoretical discussions, which might have been indulged in with profit on some points, have

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been heavily curtailed for this reason as well as in order to save space. It is hoped that the book may be found useful as a short résumé for the American reader, too, who knows from his own experience most of the separate facts described.

I am glad to have an opportunity to thank all American friends, practical bankers as well as economists—too numerous to be mentioned individually—who have helped me in my endeavour to understand the American banking system. It is to them that I am in duty bound to dedicate this booklet, though I am apprehensive lest it may not be up to the standard some of them would require of a tract on this subject.

R. W. G.

LONDON, S.W. 5.

September, 1933.

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¹ This bibliography contains only publications which have been used more or less extensively; references to other sources are given in the notes.

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