

# AMERICAN BANKING SYSTEM

*A SKETCH*

BY

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(with special reference to *Banking and Currency*)  
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## PREFACE

**B**BRITISH readers have two good reasons for studying the banking system of the United States. First, in an advanced industrial community of the western type the Americans have a banking system which, while sharing most of our basic principles, is in its forms very different from ours. A comparative study of American and English banking, therefore, can hardly fail to lead to a fuller understanding of the latter as well as the former, and a clearer appreciation of potential developments—perhaps even (though English bankers will be sceptical) to ideas for the improvement of our own system.

Secondly, the United States economy weighs heavily in the total world economy, to the vicissitudes of which Britain as a trading nation is exposed. Whatever is said of its part in the preceding boom, it can scarcely be doubted that the misbehaviour of the American banking system significantly aggravated the Great Depression. We have too direct an interest in catastrophes of this kind to be careless of their causes. What was there about the American banking system that had such ill effect? Is it still there? Can 1933 come again?

The English student who for these reasons wants to study American banking can turn to a colossal American literature. There are the works of Beckhart, Willis, Goldenweiser, Hardy, Burgess, Reed,

Harris, and a host of others, besides the voluminous (and extremely useful) *Annual Reports*, monthly *Federal Reserve Bulletins*, and many other official publications of the Federal Reserve System. (On all of these I have drawn freely in the following pages.) But the English student is appalled at the thousands of pages, and if he has asked for a book which will give him a general and up-to-date sketch in the compass of an evening's reading, I have not known what answer to give.

It was for these reasons that when, as a Visiting Lecturer at University College, London, a year ago, I was giving talks on monetary and banking problems beyond the scope of the readily available books, I included a few lectures on the banking system of the United States. Out of those few lectures this little book has grown, in the belief that a wider audience is ready for it.

I hope that some English readers will think the subject important enough to go farther. For their benefit I have given a note on further reading. This is not a bibliography, but it includes at least one book giving that facility.

If any American expert has time to glance through this book, he will no doubt think some things strangely cast. I hope he will not be slow to tell me how my sketch (it is only a sketch) can be improved. And perhaps he will find some incidental interest in seeing how it all looks through English eyes. I should like to think that in its own small and highly techni-

cal way this little book will contribute to a closer understanding between the American and English peoples.

I am indebted to Mr. Paul Bureau, who has read the proofs and given me the benefit of his great knowledge of this subject; and to Miss N. Watts, who has given the proofs a thorough final reading. Also I have been helped by Miss Carruthers, Librarian of the Cabinet Office, and Miss Shrigley, of the Institute of Bankers' Library, who have obtained for my perusal many American publications.

R. S. S.

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