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## A. INTERNATIONAL MONETARY ORGANIZATION

### 1. BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM, DIVISION OF RESEARCH AND STATISTICS

#### *Causes and significance of current international capital movements*

This study analyzes statistics of gold movements, capital flow, international trade, and other related developments, with special reference to monetary and credit policies.<sup>1</sup>

A continuing study, results are made available at intervals in the Federal Reserve *Bulletin*.

See also IIA6 and 8

### 2. FEDERAL RESERVE BANK OF NEW YORK, RESEARCH DE- PARTMENT

#### *International monetary organization and policy*

Essentially confined to contemporary international financial problems, this investigation comprises a series of closely related studies prepared independently by individual members of the Research Department. Its scope and content is effectively disclosed by the subjects of the separate studies: (a) the adequacy of existing cur-

<sup>1</sup> See, for example, Review of the Month in the Federal Reserve *Bulletin*, July 1936.

rency mechanisms under diverse circumstances; (b) the present monetary mechanism and position of the United States; (c) operations of the exchange stabilization fund and the gold transactions of the Treasury; (d) the British Exchange Equalization Account; (e) stabilization funds, general applicability; (f) trade areas; (g) monetary standards for young countries; (h) some general implications of recent currency developments. An appendix is devoted to a theoretical analysis of trade adjustments under fixed and free exchanges.

Prepared under the direction of J. H. Williams as a Research Department project, the separate studies that make it up are the product of individual research supplemented by group conferences. They have been assembled without any attempt to reconcile the views expressed and do not pretend to comprise an exhaustive or completely integrated analysis of the subject. They are simply the research findings of the authors, and are not to be construed as defining in any way the position of the bank on current problems. Though recently completed, no plans have been made for the publication of the studies as a group. Preparation was undertaken to meet internal needs for information in this field.

See also IA6; VB<sub>1</sub> and 4

3. BROWN, W. A. JR.,

[BROWN UNIVERSITY]

SMIT, C. J., SILVERMAN, A. G.

*The international gold standard reinterpreted*

The central problem to which this investigation is directed is the meaning and significance to world economic organization of the general collapse of the international gold standard which the worldwide boom and financial crisis of the last decade precipitated. Specifically, it

searches for answers to two major questions: [1] To what forces fundamentally may the breakdown of the post-War gold standard be ascribed? [2] What are the alternatives for the future development of international financial organization, particularly with respect to the application of a gold standard system of currency organization internationally?

The first part of the study deals with the gold standard crisis of 1931 and its background and embraces a detailed examination of: (a) the sources of the various transitional difficulties accompanying the attempt to reestablish the gold standard internationally from 1925 to 1931; (b) the expedients to tide over these difficulties by the Bank of England, the Federal Reserve System and the Bank for International Settlements; (c) the solution of difficulties which various expedients were expected to effect; (d) the development of the gold standard crisis; (e) the fundamental disequilibria in depression conditions preventing a return to the gold standard system and the weaknesses manifested by the system in the post-War era.

The concern of the second part of the investigation is the life history of the international gold standard and covers a detailed historical sketch of: (a) the period of early development, 1873-90, particularly the role and influence of England in fostering its establishment; (b) the period of maturity of the pre-War system from 1890 to 1914, particularly the role of London as an international clearing center and the influence of Rand gold production on the functioning and stability of the pre-War system; (c) the breakdown of the pre-War gold standard system, 1914-19, and the shift in international financial organization occasioned by the War; (d) the period of restoration, 1919-25, and the policies pursued

to bring about restoration; (e) the era of gold standard experimentation, 1925-31, and the international disequilibria with which a restored gold standard system had to contend. A final part of the study is devoted to a summary and reinterpretation of the assembled material with the object of answering the major problems of inquiry.

This comprehensive investigation has been in process since 1932 and is expected to be completed by late fall 1937.

For a description of the quantitative data analyzed in this study, see IIA14; for related studies, see IA9; VB<sub>2</sub>

#### 4. DIRECTOR, AARON

##### *The policy of the Bank of England since 1800*<sup>1</sup>

The purpose of this study is to describe the successive steps by which the Bank of England evolved from a private bank into a central banking institution responsible for the control of domestic credit and money market conditions. One part is devoted to an intensive statistical review of the operations and policies of the Bank from the restriction of specie payments during the Napoleonic Wars to 1914. Another part surveys the theory of money and banking at the end of the eighteenth century, and traces the development of money and banking theory in England during the nineteenth century, particularly the rise of the theory of central bank control over the money market. A final part relates the development of banking theory to that of Bank of England policy.

This study has been in process for two years, but is not expected to be completed before 1938.

See also VA4, 8-10

<sup>1</sup> Ph.D. thesis, The University of Chicago.

5. ELLIS, H. S.

[UNIVERSITY OF MICHIGAN]

*Exchange control in Central Europe*

The widespread application of exchange control systems in international currency organization since 1929 raises many important questions concerning the causes of their introduction, their economic consequences, and the possible future applications that authoritarian regulation of foreign payments may have. Devoted to the answer of such questions, the first part of the study surveys exchange control systems in Central European countries, including Austria, Hungary, Czechoslovakia, Germany and Poland. For each individual country, the survey covers: (a) the occasion for the introduction of exchange control; (b) the type of control exercised; (c) various modifications of controls; (d) the efficacy of the controls in solving foreign exchange problems; (e) effects of controls on domestic production, foreign trade, exchange markets and prices. A second division of the study deals with theoretical aspects of exchange controls, particularly with respect to their applicability as measures for controlling flights of currency. In addition, an attempt is made to determine on the basis of experience ideal types of exchange control taking into account possible ends to be served.

Basic materials for this study were collected in 1934 and 1935 under a fellowship grant by the Social Science Research Council. The study is expected to be completed by late spring 1937.

See also IA8

## 6. GILBERT, MILTON

*Currency depreciation in the latest depression*<sup>1</sup>

The causes of currency depreciation subsequent to 1929, and its effects on the depreciating countries and on world conditions, is approached in this study by a consideration of Australia, Great Britain, Sweden and the United States. The attempt is made to marshal all evidences bearing on the immediate causes of depreciation, to trace effects on internal economic conditions so far as these may be identified, and finally, to analyze the possible effects that depreciation may have had on international financial organization. In the final section the common and distinctive elements of each experience are singled out to determine the usefulness of depreciation as an instrument of monetary policy under modern conditions.

The primary research on this investigation was done at the Brookings Institution in 1935-36 under a fellowship from the Social Science Research Council. The study will be completed and published by late fall 1937.

See also IA<sub>2</sub>; VB<sub>4</sub>

<sup>1</sup> Ph.D. thesis, University of Pennsylvania.

## 7. GRAUE, ERWIN

[UNIVERSITY OF IDAHO]

*Silver, commodity prices and foreign trade*

This study undertakes to examine recent silver policies of the United States from their inception in 1933 to the end of 1935, with particular reference to their repercussions on world financial organization and trade. The divisions of the inquiry include: (a) the formative phases of American silver policy beginning with

the London Silver Treaty in 1933; (b) the relationship of silver policy to domestic monetary and price policy; (c) silver valorization and the theory of foreign trade and exchange; (d) the Silver Purchase Act of 1934 and the effects on silver prices of policies pursued under it; (e) the price of silver and American trade with China, 1926-35.

At present in a completed status, publication plans are as yet indefinite.

See also IA<sub>11</sub>; IIID<sub>9</sub>

8. HUBER, J. R.

[EMORY UNIVERSITY]

*Exchange control systems*<sup>1</sup>

This study traces the origin and development of exchange control systems. Special consideration is given to their legal aspects and the administrative problems to which they give rise, and an attempt is made to evaluate their effects on the volume, value and direction of foreign trade. Clearings and compensation agreements, which have developed as essential adjuncts of exchange control systems, are surveyed and their economic effectiveness appraised.

The study will probably be completed within six months. Publication plans have not been definitely made.

See also IA<sub>5</sub>

<sup>1</sup> Ph.D. thesis, Princeton University.

9. IRONS, W. H.

*The international gold standard crisis*<sup>1</sup>

This study is concerned with the structural changes in international monetary organization affecting the operation of the post-War gold standard system and contrib-



uting to its breakdown. The main subjects treated include: (a) a contrast of features of the pre-War and post-War gold standard organization; (b) changes in the monetization and currency issuing process in leading countries since the War; (c) national financial structures and their conditioning effects on the gold standard mechanism; (d) the effects of domestic monetary and credit policies on international financial stability; (e) trade barriers and exchange depreciation in relation to the gold standard; (f) post-War capital movements and their relation to post-War gold movements. A final part of the study is devoted to an evaluation of the adequacy of gold reserves of leading gold standard countries in 1930, taking into account the important structural changes in post-War international financial organization.

This study is expected to be published in the fall 1937.

See also IA<sub>3</sub>

<sup>1</sup> Ph.D. thesis, University of Pennsylvania.

IO. LESTER, R. A.

[PRINCETON UNIVERSITY]

*Gold parity depression in Norway and Denmark,  
1925-1928*

The return to the pre-War gold parity of exchange by Denmark and Norway in 1926 and 1927 apparently precipitated a severe post-stabilization depression, in a period when other Baltic countries were enjoying pronounced economic recovery and prosperity. Because of the uniqueness of these cases, a study is in preparation to determine: (a) how closely the respective depression experiences during 1926-28 conformed to depression patterns characteristic of these countries in the past; (b) what connections can be traced between the stabilization policies and the economic recessions that occurred. The

experiences of these two countries are compared with that of Sweden, which stabilized at its pre-War parity in 1924, and of Finland, which devalued its currency in 1925. These two countries are selected for comparison because their economies parallel those of Norway and Denmark fairly closely.

Materials for this study were gathered in Europe during the summer of 1936. It is to be completed in 1937 and published as an article in a professional journal.

11. MURAD, ANATOL

[COLUMBIA UNIVERSITY]

*The monetary future of silver*<sup>1</sup>

Historical and theoretical in its approach, the study re-examines the monetary role of silver. First, the history of the demonetization of silver is reconsidered, and the movement to restore its monetary position surveyed. In this setting, American silver policy and its significance for the monetary use of silver is analyzed. A final part of the study is concerned with the theory of convertibility as related to silver and with the use of silver as monetary reserves.

Completion of the study is expected by the end of 1937.

See also IA7; IIID9

<sup>1</sup> Ph.D. thesis, Columbia University.

12. SHEPPARD, H. L.

*The monetary experience of Belgium, 1914-1936*

The successive devaluations of the Belgian currency unit are studied from the standpoint of the economic and political developments preceding them as well as the circumstances immediately attending. In the first part,

the post-War inflation is traced to its origins in the events of War-time occupation and the financial decisions made after the Armistice to meet pressing social and economic problems. The second part surveys the course of post-War inflation and deals with the solidarity of the French and Belgian francs, financial interactions, and changes in banking conditions. A third section describes the stabilization efforts, and a fourth concerns post-stabilization economic developments, the strains of deflation and the breakdown of the post-War parity. In the latter connection, the study analyzes the recovery program adopted subsequent to the second devaluation, and its relationship to devaluation policy.

Recently completed, this study has been published under the auspices of the International Finance Section of the Department of Economics and Social Institutions in Princeton University.<sup>1</sup>

<sup>1</sup> Princeton University Press, Princeton, 1936.

13. SOUTHARD, F. A., JR.

[CORNELL UNIVERSITY]

*Methods of financing export and import trade*

In order to discover more definitely the nature of the methods and practices current in financing American foreign trade, a questionnaire survey is being conducted covering separately the financing activities of American exporters and importers. From exporters, information is being sought relative to: (a) the type of foreign sales outlets; (b) the terms of sale as between good and doubtful risks; (c) methods of handling exchange risks; (d) collection practices, including the discounting of acceptances and borrowing against collections; (e) the effects of tariffs and other trade or financial barriers. The questionnaire to importers is to be drafted along

more or less parallel lines, buyers' rather than sellers' financing problems being the subject. Over seven hundred exporters' questionnaires, mainly to manufacturing exporters but also to exporters of staples, have been sent out, and approximately an equal number of importers are to be covered.

The results of these surveys are expected to be presented in articles that will appear in professional journals during 1937.

14. STOKES, M. L.

[LEBANON VALLEY COLLEGE]

*The development of central banking in Canada*<sup>1</sup>

Primarily historical in approach, this study traces the rise of the central banking ideal in Canada and the final expression of the ideal in the Bank of Canada Act. The first part of the study reviews Canada's pre-War monetary organization and also her changing monetary needs as reflected in War and post-War developments and adjustments. A second part analyzes the proceedings and reports of the Royal Commission on Banking and Currency and the debates in the House of Commons on the Bank of Canada Bill. A final section deals with the Bank of Canada Act, the organization of the Bank of Canada, and the operations of the Bank in 1936. The object is to determine the functions that a central bank may serve under a highly integrated banking and financial system such as Canada possesses.

This study will be published in late autumn 1937.

See also IC(a)12

<sup>1</sup> Ph.D. thesis, University of Pennsylvania.