

which not only is conscious of its leading position in regard to the regulation of the value of money, but also fully recognizes the responsibility which that position entails.

In February, 1928, the discount rates of the Federal Reserve System were again raised to 4 per cent. The reason for this measure can hardly have been to stop the rise of the general level of commodity prices and force it down again. The price index figures did not suggest any need for such a policy. In the interest of the stabilization of the purchasing power of the dollar, no alteration in the discount rates was required. It is perhaps too early as yet to discuss the reasons for and effects of this measure. But in so far as it may have been dictated by a desire to check an undisciplined stock exchange speculation, it should once more remind us of the desirability of finding other means to that end and of not letting the measures adopted for checking such speculation affect the very stability of the monetary unit of the country.

We may now turn to the question of how the Federal Reserve System ought to meet the scarcity in the world's supply of gold that, according to our investigations, must be expected to make itself more and more acutely felt in the future. It is clear enough that America must accustom itself

