have found it necessary by reason of the provisions of the law to have put its own rediscount rate up to 22%, if it had not been able to obtain relief in other directions. Incidents of this sort tend strongly to suggest the desirability of one central banking institution under which there could be a rediscount rate uniform throughout the country and the formulation of a true rediscount policy such as the interests of the country make appropriate. Such a policy could properly include differing rates for the differing classes of paper eligible for rediscount, rather than differing rates for different districts with the rate in each district, as now, uniform for all classes of eligible paper.

Rediscount Policy

Effect Upon Other Countries

If there were no other considerations pointing to the desirability in the public interest of concentrating the authority for the discount rate in a single institution with clear and identifiable responsibility, the unavoidable international relations of the United States in financial matters would be sufficient warrant. When the World War began in 1914, the United States had less than $2,000,000,000 in gold. At the end of 1918 it had slightly more than $3,000,000,000 in gold. In April, 1927, it held its largest amount of gold, $4,609,000,000. The amount drifted downward to $4,109,-000,000 in June, 1928, and then rose once more, reaching $4,386,000,000 in October, 1929.

Gold

Such figures suggest the extent in which the United States has brought within its borders a large part of the world's supply of gold. At one time we had about 50% of the supply; we now hold approximately 42%.

Conditions in Foreign Countries

This gold has given the United States an inevitable responsibility toward other countries, whose welfare is affected in fundamental ways by conditions here causing rises in their interest rates with effects upon their business situations. As these countries afford large markets for our own products, their purchasing power is of direct concern to all of our commodities that enter export trade. Exports of our products in the calendar year of 1929 have been at least equal to exports in 1928, when they had a value exceeding $5,000,000,000. In 1927, the latest year for which complete data are yet available, we furnished more than a quarter of all imports of Australia, Brazil, Chile, and Japan, and more than an eighth of all imports of China, Denmark, Germany, Italy, New Zealand, Norway, Poland, Sweden, South Africa, and the United Kingdom. Almost one-half of our exports, measured in value, go to Europe.

Financial Conference of 1920

An European point of view was expressed clearly in a study presented by Gustav Cassel, of Sweden, to the international financial conference held at Brussels in 1920. As the following quotation discloses, this study accurately forecast events occurring in the years which have since intervened:

Restoration of Gold Standard

"The United States having already resumed gold payments, the dollar may be taken henceforth to represent gold. The problem of the restoration of a gold standard will therefore practically take the form of the problem of stabilizing the dollar exchange at some definite figure. England and some continental countries will certainly do their utmost to restore the pre-war parity of their currency with the dollar. Other countries with much more depreciated money will have to relinquish this aim and choose a new parity with the dollar, concentrating all their energies upon keeping their money in that parity for the future. * * * It is now clearly in the interest of

(*Continued on page* 23)