Central bank of	Liabilities against which gold or foreign exchange reserves are required	Required reserves (per cent) In gold	Required reserves (per cent) In gold or foreign exchange	Status of reserve requirements; recent changes; qualifying provisions
Colombia	Notes Demand deposits	— —	25 15	In effect. Present requirements were established by Law No. 756 of April 5, 1951. (Previous requirements had been 30 per cent gold or foreign exchange holdings against notes, and 12-1/2 per cent against demand deposits.) Minimum reserves may include the portion of Colombia's quota in International Monetary Fund subscribed and actually paid in gold.
Costa Rica	—	*	*	
Cuba	Notes and deposits	16-2/3	25	In effect since National Bank established, in 1948. Required reserves may consist of gold and foreign exchange freely convertible into gold. In addition, minimum reserves may include Cuba's "net credit balance" with International Monetary Fund, and obligations of Currency Stabilization Fund secured 100 per cent in gold or foreign exchange.
Czechoslovakia	—	*	*	Under Section 3 of Article 7 of the Law of March 9, 1950, relating to the National Bank of Czechoslovakia (No. 31/1950 in the Bulletin of Laws), the Bank is supposed to see to it that its reserves of precious metals and foreign exchange are adequate to the needs of the balance of payments.
Denmark	Notes	20	25	Suspended for consecutive one-year periods since 1940. Under the suspended regulations, foreign exchange held as reserve must be net, and in form of non-interest-bearing demand deposits in central banks. Gold held abroad is limited to 5 per cent of note issue.
Dominican Republic	Notes and other demand liabilities in Dominican currency	12-1/2	50	In effect. In addition to gold and net foreign exchange holdings, required reserves may include "net credit balance" with International Monetary Fund, and foreign government securities maturing within five years. Whenever gold and foreign exchange reserves of banking system (central bank plus the commercial banks) fall below "prudential minimum" (defined below), or whenever they decline by more than 25 per cent within a 12-month period, central bank must cease expanding its loans and investments, except in cases of great emergency, and must use its powers to prevent excessive drain of reserves. The "prudential minimum" is defined by law as an amount equal to sum of 60 per cent of increase in money supply over its lowest level during preceding six years and 30 per cent of average annual imports during preceding 36 months.
Ecuador	—	*	*	From 1944 to 1948, central bank was required to hold (net), in gold and convertible foreign exchange, 35 per cent of notes issued and of sight obligations; 80 per cent of such holdings had to be in gold. Under monetary law of March 12, 1948, there is no specified minimum reserve in gold or foreign exchange. Monetary Board must report, and recommend appropriate measures, whenever there is a "considerable and persistent" decline in total holdings of gold and net foreign exchange (including the "net share"—to be defined by the Monetary Board—of Ecuador in the International Monetary Fund).

* No minimum requirement of gold or foreign exchange.

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Central bank of	Liabilities against which gold or foreign exchange reserves are required	Required reserves (per cent) In gold	Required reserves (per cent) In gold or foreign exchange	Status of reserve requirements; recent changes; qualifying provisions
				Board especially obliged to report whenever value of such holdings falls: (a) below 50 per cent of money in circulation; (b) 25 per cent or more in one year, or—apart from seasonal trends etc.—at that annual rate during the year; (c) below 30 per cent of total sales of foreign exchange during previous 12 months; (d) below 300 per cent of anticipated balance of payments deficit for current year. In cases (b) through (d), Monetary Board required to consult International Monetary Fund.
Egypt	Notes	*	*	No fixed amount or proportion required by law to be held in gold or foreign exchange. Total amount of gold, foreign exchange, and foreign government securities to be held as cover shall be determined by Minister of Finance in agreement with central bank; respective proportions of gold, foreign exchange, foreign government securities and Egyptian Government securities to be held as cover shall be fixed from time to time by agreement between Government and Bank. (Article 5, Statute of April 4, 1951.) At establishment of Bank in 1898, and until 1916, note issue had to be covered 50 per cent in gold, rest in securities approved by Government. From 1916 until 1948, British Treasury notes could be substituted for gold. From 1948 to 1951, any increase in note issue could be covered entirely by any Egyptian securities or bills issued or guaranteed by Egyptian Government. Under present law, entire outstanding issue, or any increase therein, might be so covered.
El Salvador	Notes and other demand liabilities	25	--	In effect since 1934. Article 40 of 1934 law establishing Central Reserve Bank of El Salvador authorizes inclusion of net foreign exchange as well as gold holdings in determining reserves available to meet the cover requirements; but Article 57 stipulates holdings of gold alone until passage of a new monetary law, and this has not as yet been enacted. Bank's discount and loan rates must be raised by 0.5 per cent for each percentage point by which gold reserves fall below 30 per cent of liabilities indicated.
Ethiopia	Notes	--	30	In effect since March 1950. Under Government proclamation at that time, reserves may include—in addition to gold and fore exchange—silver, and prime foreign securities readily convertible into foreign exchange. From May 1945 until March 1950, a 75 per cent reserve was required to be held in these forms.
Finland	Notes in circulation, drafts of Bank of Finland in Finnish currency, and other demand liabilities	--	No fixed ratio	In effect. Liabilities indicated may exceed gold and foreign exchange holdings by 50 billion markkas (58 billion if circumstances make it necessary, and this is present limit). This has been the general form of cover requirement since 1925, main change during period having been an increase (most of it since World War II), in the amount of note issue not covered by gold or foreign exchange.

* No minimum requirement of gold or foreign exchange.

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Central bank of	Liabilities against which gold or foreign exchange reserves are required	Required reserves (per cent) In gold	Required reserves (per cent) In gold or foreign exchange	Status of reserve requirements; recent changes; qualifying provisions
Formosa (see China)				
France	Notes and other demand deposits	35	—	Suspended since September 1, 1939, by decree. Statutory requirement of a 35 per cent reserve in gold bullion or gold coin had been in effect only from June 1928. Previous legislation generally stipulated that Bank of France metallic reserve must at all times be adequate "to assure full convertibility" of note issue.
Germany	—	*	*	
Greece	Notes and other demand liabilities minus holdings of national silver coin up to 150 million drachmas	—	40	Suspended since April 25, 1932, by Article 1 of Law No. 5422 of that date. Under relevant legislation before its suspension, required minimum reserves could consist of gold and net foreign exchange, and certain gold bonds of Greek Government up to 650 million drachmas.
Guatemala	—	*	*	No requirement of gold or foreign exchange since 1946. From 1927 to 1946, Bank was required to hold gold or foreign exchange in amounts equal to at least 40 per cent of note circulation and 25 per cent against demand deposits. The 1946 legislation, which abolished these requirements, established two special types of reserve ratio to serve as indexes of adequacy of reserves. A critical level of reserves is considered to have been reached whenever ratio of net reserves to average annual sales of exchange during three preceding years has fallen to 40 per cent, or whenever there is persistent decline in net reserves at a rate greater than 25 per cent annually which is not attributable to seasonal or transitory factors. Net reserves are computed by deducting foreign exchange obligations of Bank on graduated basis according to their maturity. Whenever reserve situation is critical by either of these two criteria, the Government, at request of Bank, may put into force a special system of exchange controls in reserve for such occasions.
Haiti	Notes	—	33-1/3	In effect. Under a decree law of July 20, 1950, U.S. dollars are the only foreign exchange which may be included.
Honduras	—	*	*	
Hungary	—	*	*	Under Presidential Council Enactment #8 of April 17, 1956, National Bank of Hungary notes in circulation shall be covered by gold, foreign exchange, foreign securities, and token money, as well as by short-term loans and securities. Extent to which cover shall consist of precious metals and foreign exchange shall be fixed by Council of Ministers.

* No minimum requirement of gold or foreign exchange.

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Central bank of	Liabilities against which gold or foreign exchange reserves are required	Required reserves (per cent) In gold	In gold or foreign exchange	Status of reserve requirements; recent changes; qualifying provisions
Iceland	Notes	28-1/8	37-1/2, or 2 million kronur, whichever is higher	Gold requirement suspended. Requirements specified in Act 10 of April 15, 1928, which also provided that until Althing /Parliament/ requires Bank to redeem notes in gold on demand, Ministers may exempt Bank from limitation on (net) foreign exchange to no more than 25 per cent of total gold and foreign exchange held as cover. Act 106 of September 3, 1947, provides that so long as Bank enjoys this exemption, it may include gross rather than net foreign exchange.
India	Notes	1.15 billion rupees	5.15 billion rupees	In effect; requirement established in 1956. Foreign exchange assets must total at least 4 billion rupees and may be in the form of deposit abroad, foreign government securities maturing within five years, and bills of exchange bearing at least two good signatures and maturing in not more than 90 days, provided that these claims are payable in the currencies of countries which are members of the International Monetary Fund. At least 85 per cent of the gold must be held in India. The minimum amount of foreign exchange required may be lowered temporarily from 4 to 3 billion rupees by Cabinet action. Previously, Reserve Bank was required to maintain gold and foreign exchange reserves equal to at least 40 per cent of note issue, and at least 400 million rupees of such reserves had to be in gold. On November 6, 1956, note issue totaled 14.6 billion rupees; present requirement of 5.15 billion rupees in gold or foreign exchange constitutes 35 per cent of this amount. In effect, therefore, requirement has been reduced from previous figure of 40 per cent.
Indonesia	Notes and demand liabilities	—	20	In effect since July 1, 1953. Any foreign exchange held as part of minimum required reserves must be convertible exchange. Both "net credit balance" with International Monetary Fund and gold subscription to International Bank for Reconstruction and Development may be counted as part of required reserves. The percentage may be reduced for three months by decision of the Monetary Board; extension of this period of reduction requires Parliamentary approval. Requirement was reduced to 15 per cent from July 12 to October 12, 1954, and from July 11 to October 11, 1956; and on February 2, 1957, it was reduced for another three-month period. Prior to July 1, 1953, requirement was 40 per cent, holdings had to be entirely in gold.
Iran	Notes	35	40	In effect since July 21, 1954. Any foreign exchange holdings for cover purposes must be convertible into gold or have a guaranteed gold content. Such holdings in excess of the 40 per cent minimum shall not exceed $30 million equivalent. From November 28, 1942 until July 21, 1954, requirements (temporarily relaxed from 1951 to 1954) were: notes up to 3.5 billion rials secured 60 per cent by gold, silver, and crown jewels; notes in excess of this amount secured 60 per cent in gold, or sterling and dollars convertible into gold, and 40 per cent in sterling or dollars with guaranteed gold content.

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Central bank of	Liabilities against which gold or foreign exchange reserves are required	Required reserves (per cent) In gold	Required reserves (per cent) In gold or foreign exchange	Status of reserve requirement; recent changes; qualifying provisions
Iraq	Notes and coins	—	70	In effect since July 1, 1949, under central bank law of March 1947. Relative amounts of gold to be held, and kinds and amounts of foreign currencies and securities and maturity thereof (in any case not to exceed 10 years from date of purchase), shall be determined from time to time by Board of Administration of National Bank of Iraq, subject to approval of Minister of Finance.
Ireland (Eire)	Notes	—	100	In effect. Reserves may consist of gold, British currency, sterling deposits in the United Kingdom, and British Government securities.
Israel	—	*	*	No minimum requirement of gold or foreign exchange under Bank of Israel Law of December 1954. Under Banknote Ordinance of 1948, 50 per cent of currency issue had to be covered by gold, foreign currency, and currency notes of Palestine Currency Board (subsequently redeemed with sterling credits). An amendment of June 19, 1949, to Banknote Ordinance of 1948 admitted Government Land Bonds to equal standing with gold and foreign exchange for purposes of 50 per cent cover required to be held in such assets. Bank of Israel Law repealed Banknote Ordinance of 1948 and its amendments.
Italy	Notes and other demand liabilities	—	40	Suspended since July 22, 1935. Requirement had been established by a decree-law of December 21, 1927.
Japan	—	*	*	
Korea (South)	—	*	*	
Laos	Notes and demand deposits	—	30	In effect since July 11, 1955. From January 1 to July 11, 1955, no reserve requirement was in effect. From January 1, 1952, until January 1, 1955, when Laos formed part of Associated States of Cambodia, Laos, and Vietnam, Institute of Issue cover requirement, which applied only to notes, was 50 per cent. Previously, under Article 13 of decree of May 31, 1930, central bank (Bank of Indochina) was required to hold gold and convertible foreign exchange in amount of at least one-third of total note circulation and demand deposits.
Lebanon	Notes	30	50	In effect. 50 per cent gold or foreign exchange requirement specified in Article 4 of monetary law of May 24, 1949. 30 per cent gold cover requirement in effect since January 1, 1952, under rising scale (30 per cent being top of scale) stipulated in Article 2 of Presidential Decree No. 15105 of May 27, 1949, under specific powers provided by Article 5 of the monetary law. Under Decree No. 15106, 40 per cent of all foreign currency receipts by Exchange Office, of kinds eligible for use as currency cover, must be reserves for cover purposes.

* No minimum requirement of gold or foreign exchange.

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Central bank of	Liabilities against which gold or foreign exchange reserves are required	Required reserves (per cent) In gold	Required reserves (per cent) In gold or foreign exchange	Status of reserve requirements; recent changes; qualifying provisions
Libya	Notes and coins in circulation in 1955	—	100	In effect. National Bank Law of 1955. Cover must consist of: (a) sterling balances; (b) sterling Treasury bills; (c) sterling securities issued or guaranteed by the United Kingdom Government; (d) securities issued or guaranteed by other governments, subject to their prior consent; (e) non-sterling foreign exchange balances. Holdings of (d) and (e) together must not exceed 25 per cent of total cover. Holdings under (c) must not exceed 70 per cent of total cover; and such securities must not exceed five years' maturity, except that at the discretion of the Bank Board, up to 20 per cent of total cover holdings may be in U.K.-issued or U.K.-guaranteed securities of not more than 15 years' maturity (within the 70 per cent limitation).
Luxembourg (see Belgium)				
Mexico	Notes and other peso demand liabilities	—	25	In effect since 1941. One-fifth of reserve may be silver. Rest must be gold and net foreign exchange, including gold contribution to International Monetary Fund.
Morocco	Notes	11-1/9	33-1/3	In effect. Requirements were established under a 1928 convention between the government and the Banque d'Etat du Maroc. Suspended de facto from 1941 to 1951.
Nepal	—	*	*	
Netherlands	Notes, drafts, deposits, and other current account balances	—	50	In effect. Under Royal Decree of June 27, 1956, issued in conformity with Article 2 of decree of January 11, 1956, requirement is 50 per cent in gold and convertible foreign exchange; may be changed at any time by Royal Decree. Except in period 1914-1929, when requirement was 20 per cent in gold coin and bullion, required cover from 1860's to 1949 was 40 per cent in gold coin and bullion; this was suspended in 1940 and abrogated in 1945.
New Zealand	—	*	*	Reserve Bank of New Zealand Amendment Act of August 25, 1950, requires Reserve Bank to maintain reserves which, in opinion of Board of Directors, will provide a "reasonable margin" for contingencies. "Reserve" for this purpose is defined to include gold coin and bullion, sterling exchange, and other net foreign exchange if freely convertible into exportable gold at a fixed price on demand, or freely convertible into sterling.
Nicaragua	—	*	*	

* No minimum requirement of gold or foreign exchange.

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Central bank of	Liabilities against which gold or foreign exchange reserves are required	Required reserves (per cent) In gold	In gold or foreign exchange	Status of reserve requirements; recent changes; qualifying provisions
Norway	Notes in excess of 425,000,000 kroner	100	—	Suspended since 1940.
Pakistan	Notes	—	30	In effect since July 1, 1948. Required reserves may consist of gold coin or bullion, silver bullion, deposits abroad, foreign bills of exchange bearing at least two good signatures and maturing in not more than 90 days, and foreign government securities maturing within five years. At least 85 per cent of the gold and silver must be held in Pakistan. The requirement may be suspended temporarily by Cabinet action. Prior to July 1, 1948, the requirement was that in effect in India at that time: 40 per cent of the note issue.
Paraguay	—	*	*	Article 83 of Law No. 18 of March 25, 1952, requires the Central Bank to see that an "adequate" reserve of gold and foreign exchange is maintained; and it lists the purposes for which such reserve should be kept. Under Article 84, reserves may include gold, foreign exchange, and first-class foreign government securities of one-year maturity or less. Foreign-exchange holdings shall include no more than the minimum necessary amounts of inconvertible exchange.
Peru	Notes and demand deposits	—	50	Not in force. The requirement indicated remains as part of the Organic Law of the Central Reserve Bank of Peru (1946 edition). However, under special legislation authorizing the Bank to make loans to the government without regard to this reserve limitation, the reserve may fall below, and in fact has continually been below, the specified minimum. Under the terms of the non-enforced legislation, up to one-fifth of the reserve may consist of silver money in vaults of the Bank. Net foreign exchange liabilities to banks abroad are treated as deposits for cover-requirement purposes.
Philippines	—	*	*	
Poland	—	*	*	No minimum requirement of gold or foreign exchange. Banking Reform Decree of October 25, 1948, amended by Law No. 143 of March 22, 1951, provides: Narodowy Bank Polski is the central bank of the government, and is responsible for managing the monetary circulation and credit, and for effecting monetary settlements in connection with internal and external transactions (Article 4); the government banks perform their functions on the basis of "commercial management" (Article 3); that inter alia the Central Bank issues monetary symbols which are legal tender, centralizes all the monetary availabilities of the national economy, effects settlements abroad, and finances foreign trade (Article 4).

* No minimum requirement of gold or foreign exchange.

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Central bank of	Liabilities against which gold or foreign exchange reserves are required	Required reserves (per cent) In gold	Required reserves (per cent) In gold or foreign exchange	Status of reserve requirements; recent changes; qualifying provisions
Portugal	Notes and other demand liabilities	25	50	In effect, under decree-law of April 3, 1946. Reserves must consist of unencumbered gold and net convertible foreign exchange; foreign currencies to be considered convertible for this purpose are selected by General Council of Bank of Portugal.
Rhodesia	Notes and other liabilities	—	25	In effect. Requirement established by Section 18 of Bank of Rhodesia and Nyasaland Act, which went into effect March 15, 1956. Reserve must consist of gold, sterling, or other foreign assets convertible into gold or sterling. Minister of Finance may suspend requirement for renewable periods of 60 days, but suspension in excess of six months requires approval of the Federal Assembly. Foregoing arrangements replaced previous currency-board requirement of 100 per cent sterling reserve against notes.
Roumania	Demand liabilities	35	—	In effect. Requirement established in Decree for the Organization of the Bank of Roumanian People's Republic, November 13, 1948. Gold may be in Bank's vault or on "free deposit" abroad.
Saudi Arabia	—	*	*	No requirement specified in charter of the Saudi Arabian Monetary Agency, created by Royal Decree No. 30/4/1/1046, of April 20, 1952, or in amending Royal Decree No. 17/9/8762, of May 9, 1955, which amended the charter, in order to permit issuance of paper money "in accordance with regulations to be enacted for this purpose."
South Africa	Notes and other liabilities, including notes of other banks for which it has assumed liability under Section 15 of Currency and Banking Act	25	—	In effect. Requirement established by October 1948 amendment to Reserve Bank Act of 1944. In computing the reserve ratio the Reserve Bank may deduct from its liabilities an amount equal to the book value in Union currency of its assets outside the Union. Minister of Finance may suspend reserve requirement for 30 days, subject to extension by him for "periods" not exceeding 15 days each. (Language of Section 17 of Reserve Bank Act of 1944, as amended by Section 9 of Act No. 49 of 1948.) From May 1944 to October 1948, required reserve was 30 per cent in gold coin and bul[illegible]n against notes only. Between 1920 and 1944, requirements were 30 per cent in gold against no[illegible], and 30 per cent in gold and specie against deposits and bills payable; silver specie was limited to one-fifth of latter reserve.
Surinam	Notes, current-account balances, and other claims at sight	25	50	In effect from April 1, 1957. Article 19 of Bank Ordinance of October 10, 1956. Any foreign exchange held as cover must be "fully convertible" into gold. In extraordinary circumstances, and at request of Bank, Minister of Finance may deviate from this requirement, for period and to extent determined by him; within 30 days of such a step, bill must be introduced looking to ratification of the measure.

* No minimum requirement of gold or foreign exchange.

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Central bank of	Liabilities against which gold or foreign exchange reserves are required	Required reserves (per cent) In gold	Required reserves (per cent) In gold or foreign exchange	Status of reserve requirements; recent changes; qualifying provisions
Spain	—	*	*	No minimum requirement of gold or foreign exchange specified in statutes of Bank of Spain, dated December 31, 1946. (Article 19.)
Sweden	Notes	150 million kronor	—	In effect. Requirement specified in Sveriges Riksbank Act of June 30, 1934, as amended to June 3, 1955. (See Chapter III, Article 11, which states gold reserve may not remain below this figure.) In addition, the Riksdag establishes a ceiling on the note-issuing authority of the Bank. In October 1956, total notes outstanding amounted to 5,240 million kronor; minimum gold reserve of 150 million is less than 3 per cent of this amount.
Switzerland	Notes	40	—	In effect since 1905. Requirement is currently in force under Article 19 of Federal Law on the Swiss National Bank, December 23, 1953.
Syria	Notes and other demand liabilities	—	30 (10)	In effect. Requirement established by Monetary Law of March 1953, and Decree of June 1956, approving statutes of the new central bank. Council of Money and Credit required to follow a policy for the progressive realization of 30 per cent minimum, and actual holdings must never fall below 10 per cent.
Taiwan (see China)				
Thailand	Notes	—	60	In effect since January 31, 1953. Holdings must be in gold, pounds sterling, and U.S. dollar balances and securities with a maturity of less than one year. The requirements may be changed by the Minister of Finance. From 1928 to 1953 (except for 1942-47, when it was suspended), the requirement was that these assets amount to 100 per cent of the value of the note issue.
Tunisia	—	*	*	
Turkey	—	*	*	No minimum requirement of gold or foreign exchange. Article 13 of Law No. 1715 of June 11, 1930. (as amended to June 30, 1956), relating to the Central Bank of the Republic of Turkey, states that the conditions for cover of the notes to be issued by the Bank will be determined by the Stabilization Law; such a law has not yet been established.
U.S.S.R.	Notes	—	25	Status uncertain. Requirement specified in a law of 1922, believed to be formally still valid; but doubtful that it is observed in periods of emergency.

* No minimum requirement of gold or foreign exchange.

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Central bank of	Liabilities against which gold or foreign exchange reserves are required	Required Reserves (per cent) In gold	In gold or foreign exchange	Status of reserve requirements; recent changes; qualifying provisions
United Kingdom	Notes in excess of £1,950,000,000	100	—	In effect. From 1844 to 1928, an increase in note issue had to be matched by a corresponding increase in Bank of England gold holdings. Since 1928, Bank has been required only to hold gold coin and bullion to the full value of notes in excess of a specified total fiduciary issue. Current applicable legislation: Section 2(1) of Currency and Bank Notes Act of 1954. Current fiduciary ceiling of £1,950 million established by U.K. Treasury in 1954, under legislation permitting it to establish for two years, and renew for another two years, ceiling above that laid down by Parliament. As of June 27, 1956, notes covered by gold amounted to £359,580.
Uruguay	—	*	*	Under Organic Law of January 2, 1939, of the Banco de la Republica Oriental del Uruguay, note issue is limited to sum of paid-up capital of bank, its gold stock, holdings of silver up to 12 million pesos, and non-Government rediscount paper with due date not to exceed 180 days. The note-cover could consist exclusively of domestic assets.
Venezuela	Notes and other demand liabilities	45	50	In effect. Under Central Banking Law of July 1939, gold in vaults may not represent less than 50 per cent of reserves, and foreign exchange holdings not more than 10 per cent of reserves; balance of reserves must be in gold, which may be held abroad.
Vietnam	Notes and demand deposits	—	33	In effect since January 1, 1955. From January 1, 1952, until January 1, 1955, when Vietnam formed part of Associated States of Cambodia, Laos, and Vietnam, Institute of Issue cover requirement, which applied only to notes, was 50 per cent. Previously, under Article 3 of decree of May 31, 1930, central bank (Bank of Indochina) was required to hold gold and convertible foreign exchange in amount of at least one-third of total note circulation and demand deposits.
Yugoslavia	—	*	*	

* No minimum requirement of gold or foreign exchange.

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Estimated World Gold and Dollar Resources,[1]
Selected End-Years 1945-1955 and March 31, 1956
(In billions of dollars)

	1945	1948	1949	1950	1951	1952	1953	1954	1955	Mar. 1956
Total, Foreign Countries[2]	20.6	15.4	15.8	19.9	19.8	21.2	23.7	25.7	27.4	28.1
Total, Western Europe (incl. dep.)	10.9	8.3	8.5	11.1	10.5	11.3	13.7	15.4	16.6	17.0
United Kingdom	2.7	2.3	2.1	3.8	3.1	2.6	3.4	3.5	3.0	3.2
Other Western Europe	8.2	6.0	6.3	7.3	7.5	8.7	10.4	11.9	13.6	13.8
Latin America	3.8	2.8	3.1	3.5	3.4	3.4	3.7	3.8	4.0	4.1
Asia and Oceania	2.7	2.2	2.1	2.4	2.8	3.0	3.0	2.9	3.3	3.4
Canada	1.7	1.3	1.5	2.1	2.3	2.6	2.5	2.7	2.6	2.7
All Other	1.5	0.8	0.7	0.8	0.8	0.8	0.8	0.8	0.9	0.9
Total, Sterling Area	4.1	3.0	2.8	4.6	3.9	3.5	4.3	4.4	4.0	4.2
Total, International Institutions	--	3.5	3.3	3.3	3.4	3.5	3.6	3.9	4.0	4.0
United States Gold Holdings	20.1	24.4	24.6	22.8	22.9	23.3	22.1	21.8	21.8	21.8

1/ Data include U.S. Government bonds and notes except for 1945.
2/ Excluding international institutions and the U.S.S.R.

Note: Detail may not add to totals because of rounding.

July 11, 1956

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WORLD GOLD RESERVES (EXCLUDING U.S.S.R.)
END-YEAR, 1934 - 1956
(In billions of dollars)

End-Year	Total, World	U. S.	FOREIGN COUNTRIES: Total	Western Europe 1/	Latin America	Canada	Asia	Africa	Other	International Institutions
1934	21.7	8.3	13.4	(						-
1935	22.7	10.1	12.6	(Area breakdown not available						-
1936	24.1	11.4	12.7	(						-
1937	26.0	12.8	13.2	(						-
1938	26.3	14.6	11.7	9.5	0.7	0.2	0.6	0.3	0.5	-
1939	28.1	17.8	10.3	(						-
1940	29.9	22.0	7.9	(						-
1941	31.1	22.8	8.3	(Area breakdown not available						-
1942	32.2	22.7	9.5	(						-
1943	33.0	22.0	11.0	(						-
1944	33.4	20.6	12.8	(						-
1945	33.8	20.1	13.7	8.0	2.8	0.4	1.1	1.0	0.5	-
1946	34.1	20.7	13.4	7.7	2.6	0.5	1.0	1.0	0.6	*
1947	34.6	22.9	10.3	6.1	1.7	0.3	1.0	0.8	0.5	1.4
1948	34.9	24.4	9.1	5.5	1.5	0.4	1.0	0.3	0.5	1.4
1949	35.4	24.6	9.4	5.6	1.7	0.5	1.0	0.2	0.4	1.5
1950	35.8	22.8	11.5	7.3	1.9	0.6	1.0	0.3	0.4	1.5
1951	36.0	22.9	11.6	6.9	2.0	0.9	1.1	0.4	0.4	1.5
1952	36.3	23.3	11.3	6.8	1.8	0.9	1.0	0.4	0.4	1.7
1953	36.7	22.1	12.9	8.2	1.9	1.0	1.0	0.4	0.4	1.7
1954	37.3	21.8	13.8	9.1	1.8	1.1	0.9	0.4	0.5	1.7
1955	38.0	21.8	14.4	9.6	1.9	1.1	1.0	0.4	0.5	1.8
1956	38.5	22.1	14.7	10.0	1.9	1.1	0.9	0.4	0.4	1.7

Note: Detail may not add to totals because of rounding.
* Less than $50 million.

1/ Including dependencies.
Source: U.S. Treasury Department and Board of Governors of Federal Reserve System.

VAN 5/15/52

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DOA RG 56 Entry Dept of Treasury Gold & Foreign Exch Reserves File ASIA Box 47

DECLASSIFIED Authority NND978025 By EK NARA Date 9/1/00

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WORLD GOLD RESERVES (EXCLUDING U.S.S.R.)
END-YEAR, 1934 - 1956
(In billions of dollars)

End-Year	Total, World	U. S.	Total	Western Europe 1/	Latin America	Canada	Asia	Africa	Other	International Institutions
			FOREIGN COUNTRIES							
1934	21.7	8.3	13.4	(						-
1935	22.7	10.1	12.6	(	Area breakdown not available					-
1936	24.1	11.4	12.7	(						-
1937	26.0	12.8	13.2	(						-
1938	26.3	14.6	11.7	9.5	0.7	0.2	0.6	0.3	0.5	-
1939	28.1	17.8	10.3	(						-
1940	29.9	22.0	7.9	(						-
1941	31.1	22.8	8.3	(	Area breakdown not available					-
1942	32.2	22.7	9.5	(						-
1943	33.0	22.0	11.0	(						-
1944	33.4	20.6	12.8	(						-
1945	33.8	20.1	13.7	8.0	2.8	0.4	1.1	1.0	0.5	-
1946	34.1	20.7	13.4	7.7	2.6	0.5	1.0	1.0	0.6	*
1947	34.6	22.9	10.3	6.1	1.7	0.3	1.0	0.8	0.5	1.4
1948	34.9	24.4	9.1	5.5	1.5	0.4	1.0	0.3	0.5	1.4
1949	35.4	24.6	9.4	5.6	1.7	0.5	1.0	0.2	0.4	1.5
1950	35.8	22.8	11.5	7.3	1.9	0.6	1.0	0.3	0.4	1.5
1951	36.0	22.9	11.6	6.9	2.0	0.9	1.1	0.4	0.4	1.5
1952	36.3	23.3	11.3	6.8	1.8	0.9	1.0	0.4	0.4	1.7
1953	36.7	22.1	12.9	8.2	1.9	1.0	1.0	0.4	0.4	1.7
1954	37.3	21.8	13.8	9.1	1.8	1.1	0.9	0.4	0.5	1.7
1955	38.0	21.8	14.4	9.6	1.9	1.1	1.0	0.4	0.5	1.8
1956	38.5	22.1	14.7	10.5	1.9	1.1	0.9	0.4	0.4	1.7

Note: Detail may not add to totals because of rounding.
* Less than $50 million.

1/ Including dependencies.
Source: U.S. Treasury Department and Board of Governors of Federal Reserve System.

VAn 5/15/57

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STANDARD FORM NO. 64

Subject - World Monetary Reserves #2

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Willis

DATE: March 3, 1958

FROM : Mr. Callander CPC

SUBJECT: Revision of Statistics on Estimated Foreign Gold Reserves and Dollar Holdings

You will recall that about three months ago the Federal Reserve Board suggested that the published series on foreign gold and dollar holdings be revised to exclude the estimated gold holdings of Eastern European satellite countries. The reason for the proposal was that since the end of the war and in some cases longer, there have been no data available on the gold holdings of these countries. The amounts now carried in the table represent the last reported gold figures, as adjusted for known gold transactions in the intervening period. On this basis, the amount included in the published statistics has declined fairly steadily from a figure of $457 million at the end of 1945 to $276 million at the end of 1957. Exclusion of the gold data for these countries would put them in the same category as the USSR, for which we include only dollar data.

At the time we discussed this proposal with you, you indicated some concern over a change in the published totals of foreign gold and dollar holdings. Since pressure from more urgent matters precluded thorough discussion, we dropped the proposal at that time, although the Federal Reserve Board indicated that they intended to reopen the question when the data for December 1957 were in preparation.

We are now working on December 1957 data and the Federal Reserve has again raised the question. Mr. Furth has indicated that if we do not agree to the proposed change they will "declare their independence," and exclude the Eastern European gold figures from their statistics. If we did not change our series, this would result in the publication of two differing series on the same subject matter.

Our view is that it is desirable to change the series to exclude the Eastern European gold figures, since we are now at least 13 years from a reliable bench mark, and we believe that the figures now have little validity. We propose that the change be made with the publication of the data for December 31, 1957, in the March Treasury and Federal Reserve Bulletins. The remaining figures for Eastern Europe, dollars only, are quite small, and would be included in a residual "all other" figure, so that the Eastern Europe line would disappear. The residual

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Subject - World Monetary #1

line would be appropriately footnoted, and the footnote would state the amounts of the excluded gold figures for each date appearing in the table. This would provide a basis for explanation and reconciliation of the change in the totals. The current amount that would be excluded is $276 million.

We recommend that you authorize us to make this change in the series.

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File Used Gold + FE

Treasury Department
Office of International Finance

Date _____

Mrs. Ross

Table prepared for Schaffner on basis of data furnished by us.

BCR
Rec'd 2/21/58

James W. Westcott

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CHANGES IN FOREIGN GOLD HOLDINGS (official)
and
LIQUID DOLLAR HOLDINGS (official and private)
($ millions)

	Total Change Dec. 31, 1949- Sept. 30, 1957	of which, Change June 30, 1956- Sept. 30, 1957
Austria	+334	+104
France & Dependencies	+281	-752
Germany	+3,928	+1,324
Italy	+889	+237
Netherlands, N.W.I., and Surinam	+558	-185
Portugal & Dependencies	+402	+ 34
Sweden	+347	+ 82
Switzerland	+589	+232
United Kingdom & Dependencies	+678	-402
Other Western Europe	+1,173	-237
Total Western Europe	+9,179	+437
Canada	+1,706	+476
Argentina	-105	-163
Mexico	+286	+ 29
Venezuela	+1,090	+870
Other Latin America	+392	-149
Total Latin America	+1,663	+587
Japan	+309	-469
Other Asia	+683	+131
Total Asia	+992	-338
All other Countries	+358	- 12
Total, Foreign Countries	+13,898	+1,150
International Institutions	-362	- 1,161

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Mr. Chen disclosed that agricultural loans, deposits for advanced purchases and loans issued in the countryside by credit cooperatives in China now totalled more than 6,000 million yuan. Beginning this year, loans to peasants from cooperative funds will not be increased but will be called back, loans for living needs will be "appropriately contracted," and loans to calamity-striken areas will be "considerably reduced in ordinary circumstances. Provided turnover of funds is speeded up and strict economy practised, a total of from 2,000-2,500 million yuan should be sufficient for China's agricultural loans this year," the Deputy-Director summed up.

File World Gold + FE

GOLD

The practice of gold smuggling
Der Oesterreichische Volkswirt, Vienna, December 6, 1957, page 8 (in German)

Pick estimate

France is the country which has the largest private gold hoards. It has been estimated that at the end of October 1957 the French gold hoards alone amounted to $3.9 billion, whereas private hoards of the world as a whole are believed to be $12.4 billion. The confused political situation in France results in an ever stronger desire on the part of private individuals to acquire gold.

The market which furnishes gold to France is London, where theoretically everyone may buy gold so long as he is able to pay with dollars. Others, who buy gold in the London market, reside in the Middle East, from whence some of the gold is sent to India and even to Red China. Moreover, the various banks of issue purchase gold in London. They could obtain it in New York, where the bank of issue of the United States conducts gold transactions exclusively with foreign banks -- not even with American commercial banks, because trade in gold and the possession of gold by private individuals is not permitted -- but buying gold in New York naturally costs more than in London because of higher insurance and shipping rates.

As to trade in gold between London and Paris certain peculiarities may be noted. Gold imports into and exports out of France are permitted only with the authorization of the Bank of France. Gold, therefore, is brought into France on the basis of these authorizations for so-called "manufacturing processes." The only "manufacturing process" gold is subject to is that the English gold bar -- expressed in ounces -- is being melted down by the French mint into a kilobar and is provided with an official stamp, because French gold hoarders prefer stamped kilobars. These "French" bars, of course, are not sold directly to French customers. They are legally exported (via an export permit) and sent to Geneva. Then they are smuggled back into France and are sold at a considerable profit. The proceeds, i.e. French bank notes, are taken into Switzerland where they are exchanged against Swiss currency. If the profit from the sale of gold in Paris is higher than the loss arising from the sale of French bank notes in the free market of Geneva, then the smuggle has paid off. In London the gold is bought at $35 an ounce, sometimes a little less, whereas on the basis of current rates for French notes the smugglers in Paris realize about $36.50 per ounce of gold. When the price of gold rises, as it did recently in Paris (by 20,000 francs to 540,000 francs per kilo), smuggling receives a stimulus; on the other hand, the more French bank notes flow into Geneva, the greater the pressure on the exchange value of the French currency, which in turn decreases the profit on this type of transaction. At any rate, it is the French currency on which falls the burden of all these manipulations. It will thus become

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steadily undermined, unless a drastic currency reform is instituted which will not shrink from painful sacrifices.

SELECTED ARTICLES FROM REVIEWS OF FEDERAL RESERVE BANKS
(Articles are obtainable from Federal Reserve Bank in cities named.)

Farm exports shrink again	Atlanta	Jan. 1958	1 page
Money by the day	Chicago	Jan. 1958	6 pages
What's wrong with carloadings?	Chicago	Jan. 1958	5 pages
On the economic scene - Readjustments rule	Kansas City	Jan. 1958	7 pages
Survey of foreign monetary policies in 1957	New York	Jan. 1958	5 pages
A foresight saga	Philadelphia	Dec. 1957	5 pages
Modern highways for a growing economy	Richmond	Jan. 1958	2 pages

SHORT NOTES ON CURRENT ARTICLES

Timing of Bank Rate - By Sir Ralph Hawtrey
The Bankers' Magazine, London, December 1957, pages 419-425. In this article the writer discusses the importance of the British Bank Rate as a monetary weapon during the period between the two wars. In deciding on a certain Rate, he states, the authorities should take into consideration the inherent instability of credit, and they should be careful to avoid setting up a vicious circle of inflation or deflation. A high Bank Rate is needed so long as wages and prices are expected to rise. The writer believes that the Rate will have to remain high for a considerable time; credit can be relaxed only when the undervaluation of the pound comes to an end.

How to cut prices in Britain
The Economist, London, December 21, 1957, pages 1026-1028 and December 28, pages 1107-1108. The first of the two articles "Operation Manufacture", discusses the consequences if the Chancellor should insist on a policy of price reductions rather than on a policy of wage increases. It suggests that price cutting by manufacturers might be encouraged, particularly in those industries that "are most marginal, most vulnerable, and most riddled by high cost concerns." The second article "Operation Tax Relief", suggests that high priority should be given to cuts in farm subsidies. Next, attention should be focused on reductions "in all taxes which provide the biggest marginal disincentive to work and to save." One aim, however, must be kept clear: although prices are to be cut down, the ability to expand total production and demand must be maintained.

International banking supplement - Economic and financial survey
The Statist, London, Supplement, December 14, 1957, 112 pages. This Supplement contains 23 articles covering about 30 countries in all parts of the world, both inside and outside the British Commonwealth. Some of the articles deal with the general economic situation and others more specifically analyze trends in banking and finance, and attempt to make forecasts as to future progress. Every article is accompanied by statements giving selected figures for the most important financial institutions and sometimes other statistical data for the country under discussion.

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Box 47

World Gold + Foreign Ex

To: Files

January 23, 1958

From: Bella J. Ross BJR

Subject: Request for Information on Private Gold Holdings

At Mr. Westcott's request, I attempted to obtain an estimate of world private (unrecorded) gold holdings, for purposes of a study he was doing for Mr. Schaffner.

The only generally known estimate is that published annually by Franz Pick (for most recent estimate, see attached clipping from the N.Y. Times, Nov. 2, 1957). Since Pick does not have the reputation of being a reliable source, I checked with Margaret Garber, FRB, regarding any other estimates which might be available. She said that although she attempts on occasion to estimate the amount of gold moving into private rather than official channels, she does not believe it possible to make any reliable estimate of total private holdings, nor does she know of any that has been made. She suggested, however, that I discuss the matter with Carl Fink, the gold expert at the Fund.

Mr. Fink agreed in general with Miss Garber's opinions regarding the unavailability of reliable data on the subject. He suggested a number of sources which might be consulted in the event that we wished to do further research, and also read to me a few extracts from Pick's Currency Report covering his 1956 estimates. Some notes based on my discussion with Mr. Fink are attached.

On the basis of these discussions, I informed Mr. Westcott that Pick's figure of $12.4 billion cited in the Times' article is the only estimate that I could find, but that it should be used with the greatest caution. Pick's coverage and methodology are not explained in his publication; he simply cites the figure under the heading of "private gold hoardings." He is generally regarded as an unreliable source. Reliable sources, however, such as FRB, IMF, BIS, etc., do not make such estimates because adequate data on which to base them are lacking.

Attachments

cc: Mr. Callander
Mr. Westcott

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Some notes based on conversation with Mr. Carl Fink, IMF (128 x 3549)

Suggested Sources:

Federal Reserve Bulletin, September 1954,
"The Private Demand for Gold, 1931-53."

Annual reports of IMF and BIS - references to private gold movements.

Congressional Record - July 4, 1952,
Appendix P. 9547 - Tables on world production of gold, monetary stocks, balance of gold lost, etc.

Additional persons to consult -
Mr. James E. Bell, Bureau of Mines
Mr. Kriz, NYFRB

Extracts from Pick's Currency Report:

Private Gold Hoardings, 1956

(billions of dollars)

France	3.8
Other Europe	1.7
Asia	2.7
Africa	1.4
Western Hemisphere	1.5
Miscellaneous	.8
	11.9

Estimated Official Monetary Gold Holdings, 1956
(Purely tentative basis)

(billions of dollars)

Official Gold Stocks (excl. U.S.S.R)	37.5
Estimated unpublished French holdings	.5+
Estimated Soviet gold stocks	7.6+
Estimated Satellite gold stocks	.6+
	46.2+

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~~1. Mr. Weston~~
2. Mrs. Ross

Mone...ags N.Y. Times 11/17/57

Gold bars and coins owned by individuals throughout the world total $12.4 billion according to Frank Pick, the currency expert.

This he says is 20 per cent more than the combined official gold holdings of Belgium, Canada, France, West Germany, the Netherlands, Switzerland, Britain, the International Monetary Fund, Bank for International Settlements and the European Payments Union.

Mr. Pick says that at the 1956 rate of production it would require more than twelve years to mine 11,000 tons of gold, the amount now being hoarded. The hoard has risen about 4 per cent in the last year.

The French, long known for their gold-hoarding instinct, have increased their private caches in the last year by $100,000,000 to $3,900,000,000, according to Mr. Pick.

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Estimated Gold Reserves 1/ and Dollar Holdings of Foreign Countries and International Institutions

End of Years, 1938 and 1945-1956

(Millions of dollars)

Note: "Gold and short-term dollars" include reported and estimated official gold reserves, and official and private short-term dollar holdings (principally deposits and U.S. Government securities with an original maturity of one year or less) reported by banks in the United States. "U.S. Government bonds and notes" include estimated official and private holdings of U.S. Government securities with an original maturity of more than one year; estimates are based on a survey of selected United States banks and on monthly reports by banks and brokers of securities transactions. Estimates of holdings of U.S. Government bonds and notes are not available for years prior to 1949.

1/ Excludes gold reserves of the U.S.S.R. and other Eastern European countries.

2/ Estimated on basis of incomplete data.

3/ 1947-1956, excludes gold holdings of French Exchange Stabilization Fund.

4/ Includes holdings of Trieste, Bank for International Settlements (including European Payments Union account), gold to be distributed by Tripartite Commission for Restitution of Monetary Gold, and unpublished gold reserves of certain Western European countries.

* Less than $500,000.

Source: Treasury Department and Board of Governors of the Federal Reserve System.

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Estimated Gold Reserves 1/ and Dollar of Foreign Countries and International ~~Accounts Outstanding at~~ End of Year
(Millions of Dollars)

	1928	1938 2/	1945
			Gold and
Continental Western Europe ~~and dependencies~~:			
Austria	24 2/	5 2/	5
Belgium-Luxembourg and Belgian Congo	127 2/	841	1011
Denmark	NSS	NSS	64
Finland	NSS	NSS	9
France and dependencies 3/	2037	2966	2069
Germany, Fed. Rep. of	813	47	7
Greece	NSS	NSS	99
Italy	416	213	87
Netherlands and Netherlands West Indies and Surinam	262	1100	597
Norway	NSS	NSS	316
Portugal and dependencies	9 2/	86 2/	484
Spain and dependencies	NSS	NSS	144
Sweden	63 2/	420	692
Switzerland	197	920	1640
Turkey	NSS	NSS	293
Other ~~and NSS~~ 4/	902	702	554
Total	4850	7300	8,071
Sterling Area:			
United Kingdom	1085	3313	2688
United Kingdom dependencies	— 2/	62	33
Australia	NSS	NSS	180
India	NSS	NSS	307
Union of South Africa	39 2/	220 2/	920
Other ~~and NSS~~	276	305	66
Total	1400	3900	4094
~~Eastern Europe~~	~~NSS~~	~~425~~	~~59~~

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Holdings
Institutions
1938 and 1945-1956

~~Footnote 2) gold only~~

1946	1947	1948	1949		1950	
short-term dollars			Gold and short term dollars	US Govt bonds and notes	Gold and short term dollars	US Govt bonds and notes
5	10	62	92	—	92	18
978	797	838	913	*	848	12
104	85	77	70	5	76	4
22	30	25	31	—	30	—
1153	736	756	709	18	799	217
7	90	179	149	*	222	*
68	49	27	36	*	36	—
289	206	424	554	10	571	9
523	406	331	416	9	559	8
215	128	130	120	7	94	43
480	370	291	234	*	257	*
128	124	125	127	5	132	4
554	164	130	160	1	205	1
1797	1791	1886	2016	51	2023	58
292	208	180	164	*	164	—
579	358	383	348	6	688	10
7,194	5552	5794	6139	112	6796	384
2889	2346	2151	1924	103	3557	132
67	58	70	104	3	110	3
129	115	108	120	—	107	*
318	336	308	310	2	303	2
986	808	199	134	—	241	*
76	77	92	117	4	118	10
4465	3740	2928	2709	112	4436	147
			378 -2	*	345 +1	*
128	171	79 359				

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	1928	1938 2/	1945
Canada	415	395	1726
Latin America			
Argentina	607 2/	442	1274
Bolivia	NSS	NSS	36
Brazil	149 2/	44	549
Chile	NSS	NSS	148
Colombia	NSS	NSS	206
Cuba	— 2/	46	319
Dominican Rep.	NSS	NSS	16
Guatemala	NSS	NSS	47
Mexico	6 2/	75	410
Panama, Rep. of	NSS	NSS	89
Peru	NSS	NSS	72
El Salvador	NSS	NSS	22
Uruguay	68 2/	69 2/	208
Venezuela	21 2/	63	252
Other ~~and NSS~~	274	211	128
Total	1125	950	3776
Other Countries: ~~Near and Asia~~			
Egypt	NSS	NSS	71
Indonesia	68 2/	80 2/	314
Iran	NSS	NSS	149
Japan	541 2/	316	128
Philippines	— 2/	184	630
Thailand	NSS	NSS	90
Other ~~and NSS~~ 1/	126	275	1066
Total 1/	735	870	2448
Total Foreign Countries 1/	8750	13415	20115
International Institutions	—	—	—
Foreign Countries and Int. Inst. 1/	8750	13415	20115

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Source: 1928, 1938, 1945-48: Federal Reserve Bulletin, March 1954 p 245, supplemented by reports of the National Advisory Council on Monetary and Financial Problems and current issues 1949-1950 Federal Reserve Bulletin, March 1951

1946	1947	1948	1949		1950	
1475	704	1183	1365	161	1489	654
1185	558	359	417	1	518	*
36	41	40	37	—	43	—
528	459	441	510	*	543	—
116	91	99	101	—	120	*
203	129	105	138	—	127	*
379	514	508	463	—	530	25
22	40	40	39	2	47	2
52	51	55	51	2	52	2
333	239	189	267	3	415	2
77	70	72	74	12	59	15
65	62	73	81	1	91	*
19	23	34	45	—	39	11
217	208	202	236	—	311	1
289	293	445	516	1	458	—
135	~~197~~ 103	85	81	—	91	3
3656	2881	2747	3056	22	3444	61
74	78	81	115	*	173	*
327	249	218	194	*	324	—
167	153	163	157	—	160	*
141	155	205	340	16	587	2
448	490	489	298	18	377	19
93	92	138	143	*	166	*
910	687	650	485	8	349	9
2160	1921	1944	1732	42	2136	30
18950	14778	14896	15007	449	18808	1276
489	3622	3300	3109	159	3022	276
19439	18400	17896	18116	608	21823	1552

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File Gold + Foreign Ex. Reserves
Box 47

~~Estimated Gold reserves and liquid dollar 1/ holdings 1/ of Foreign Countries and International Institutions at end of year 1948, 1938, 1945 in Millions~~

	1951		1952		1953	
	Gold and short term dollars	US Govt bonds and notes	Gold and short term dollars	US Govt bonds and notes	Gold and short term dollars	US Govt bonds and notes
Continental Western Europe and dependencies:						
Austria	107	6	143	6	238	
Belgium and Belgian Congo ~~and Luxembourg~~	898	9	1022	6	1089	
Denmark	76	4	101	4	127	
Finland	53	—	55	—	64	
France and dependencies 3/	858	211	933	208	1019	
Germany, Federal Rep. of	434	*	691	*	1227	
Greece	49	—	57	*	112	
Italy	633	10	655	10	812	
Netherlands and Netherlands West Indies and Surinam	524	7	815	9	1056	
Norway	150	4	160	10	171	
Portugal and dependencies	331	*	373	*	469	
Spain and dependencies	128	4	130	4	150	
Sweden	224	1	275	1	335	
Switzerland	1973	43	2053	46	2133	
Turkey	165	—	151	—	157	
Other 4/	477	3	712	5	884	
Total	7080	302	8326	309	10043	
Sterling Area						
United Kingdom	2843	105	2318	196	3009	
United Kingdom dependencies	89	4	100	5	97	
Australia	151	*	160	—	176	
India	309	1	312	1	346	
Union of S. Africa	197	*	194	1	214	
Other	167	4	183	3	191	
Total	3756	114	3267	206	4033	
~~Eastern Europe~~	~~310~~ +1	6	~~308~~ +1	6	~~306~~	

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~~Footnote 1/ includes only liabilities reported by banks in the U.S. does not include liabilities reported by brokers, commercial enterprises, and contains U.S. Government liabilities~~

~~of dollars~~

S. Gov't bonds and notes	1954 Gold and short term dollars	1954 U.S. Gov't bonds and notes	1955 Gold and short term dollars	1955 U.S. Gov't bonds and notes	1956 Gold and short term dollars	1956 U.S. Government bonds and notes
8	329	12	326	10	361	10
9	1044	10	1201	10	1227	12
6	102	7	91	7	96	6
1	72	3	84	5	88	5
158	1306	161	1957	151	1505	7
*	1999	*	2374	8	3329	14
*	124	*	187	*	187	*
9	925	10	1137	2	1268	2
7	1118	5	1100	44	1071	9
5	148	6	127	53	117	87
*	560	*	601	*	628	*
3	188	3	221	3	160	3
1	406	1	429	*	483	*
41	2185	38	2354	44	2512	131
*	152	—	153	*	164	*
4	948	4	872	6	917	12
252	11606	260	13214	343	14113	298
232	3190	216	2600	282	2812	203
4	92	4	84	4	103	4
*	186	*	219	*	191	*
1	334	1	320	1	323	1
1	232	1	265	1	277	1
3	189	3	214	7	228	14
241	4223	225	3702	295	3934	223
6	309	6	308	7	287	8

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	1951		1952		1953
Canada	2157	100	2317	310	2292
Latin America					
Argentina	518	1	427	1	501
Bolivia	51	—	45	—	40
Brazil	417	1	390	2	423
Chile	99	*	121	*	121
Colombia	154	*	194	*	236
Cuba	575	28	515	28	527
Dominican Rep.	58	2	56	2	51
Guatemala	54	2	61	2	65
Mexico	366	5	375	5	341
Panama, Rep. of	68	14	81	8	90
Peru	93	*	107	*	104
El Salvador	54	—	55	—	56
Uruguay	306	2	301	1	337
Venezuela	445	1	519	2	595
Other	102	3	132	2	130
Total	3360	59	3379	53	3617
Other Countries:					
~~Middle East~~					
Egypt	285	*	234	—	217
Indonesia	432	*	305	*	187
Iran	163	*	157	*	181
Japan	729	2	929	2	951
Philippines	337	19	324	8	304
Thailand	210	*	294	*	281
Other 1/	413	8	453	9	516
Total 1/	2569	24	2696	19	2637
Total foreign countries 1/	18222	610	19985	903	22622
International Institutions	3171	261	3277	270	3331
Foreign Countries and Int. Inst.	22093	871	23262	1173	25953

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	1954		1955		1956	
227	2616	93	2173	437	2629	367
2	531	*	509	*	360	*
*	32	*	26	*	29	*
2	442	2	466	2	549	1
1	112	1	139	*	137	1
*	308	*	217	*	210	*
43	423	124	389	169	347	167
*	72	*	77	*	79	*
*	62	—	72	*	91	*
4	391	4	556	4	600	4
1	74	1	86	1	109	1
*	118	*	127	*	119	*
—	59	—	52	*	53	*
1	317	1	281	1	259	1
2	597	3	668	3	1058	3
5	135	10	124	15	113	12
61	3673	146	3789	195	4113	190
*	221	*	246	*	238	*
*	181	*	255	15	231	*
*	169	*	175	*	158	*
2	847	3	1021	4	1145	4
8	266	6	268	6	294	6
*	236	*	250	1	260	1
9	634	7	782	5	836	6
19	2584	16	2994	31	3162	17
806	24672	746	25875	1308	27951	1103
285	3510	354	3689	321	3144	391
091	28182	1160	29854	1629	31095	1494

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Treasury Departmen
Division of Monetary Research

Date April 17, 1946

~~To:~~ Mr. Coe

~~From:~~ Mr. Dickens

Attached is a revision of NAC Document No. 7. It includes a brief analysis of changes between 6/30 and 12/31/45, other than simple corrections of NAC Document No. 7.

Private dollar balances and security holdings have been eliminated, while official holdings of other currencies have been added.

If this is to be used as a NAC document, should it be checked formally with the Board of Governors?

Yes.

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Treasury Departmer
Division of Monetary search

Date April 17, 1946

To: Mr. Coe

From: Mr. Dickens

Attached is a revision of NAC Document No. 7. It includes a brief analysis of changes between 6/30 and 12/31/45, other than simple correction of NAC Document No. 7.

Private dollar balances and security holdings have been eliminated, while official holdings of other currencies have been added.

If this is to be used as a NAC document, should it be checked formally with the Board of Governors?

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Foreign Gold Reserves and Official
Balances as of December 31, 1945

Foreign gold reserves and official dollar balances amounted on December 31, 1945, to more than $20 billion, of which $15,900 million was in gold and $4,370 million was dollar balances. Between June 30 and December 31, 1945, these resources of foreign countries increased by about $700 million. Almost half of this increase arose out of the retention by foreign countries of current gold production abroad.

Foreign governments and central banks were, also, net purchasers of gold from the United States during the last six months of 1945 in the amount of about $170 million and, in addition, added about $185 million to their short-term dollar balances.

The excess of United States exports over imports amounted to about $2,000 million, but $1,500 million of this was in the Lend-Lease category and $300 million was UNRRA exports. United States Government expenditures abroad were sufficiently large during the six-months period to finance (1) the remaining exports, (2) service payments to the United States, and (3) the accumulation of official and private foreign dollar balances. Net utilization of credits negotiated in this country, except through Lend-Lease arrangements, were unimportant as a means of financing transactions.

Latin American countries, principally Argentina, added substantially to their gold reserves while dollar balances remained almost unchanged. Although the imports of several of these countries were beginning to show the effect of pent-up demand and available foreign resources, exports still exceeded imports by a substantial margin.

Europe, with the exception of France, showed little change in gold holdings or dollar balances during the last half of 1945. French reserves declined considerably as that country embarked upon a large import program. To pay for these imports they borrowed from various countries and drew heavily upon their own official resources. An increase in United Kingdom gold holdings was offset by a decline in dollar balances. Britain was pushing exports, limiting imports, and being as self-sufficient as possible within the Sterling Area.

Changes in the gold reserves and official dollar balances of Asiatic countries between June 30 and December 31, 1945 were dominated by financial aid to China and military outlays in the Philippine Islands. Gold holdings of the Union of South Africa increased the equivalent of one month's production.

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The attached table has been based, to the extent possible, on official sources. Occasionally data relating to gold reserves were not available and it was necessary to make estimates on the basis of incomplete information. The official dollar balance data were taken from Treasury sources. Whenever data were available with respect to the other foreign exchange resources of a country, they were entered in column IV. Otherwise, the dollar balances were deducted from the total reported foreign exchange holdings and the balance, if positive, was carried as "Other foreign exchange." Sterling balances predominate in that column. Conversions from foreign currencies were, in general, made at the foreign central bank's buying rate for dollars.

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228909

Official Gold and Foreign Exchange Resources
of Foreign Countries, by Areas,
as of December 31, 1945

(Millions of dollars)

Summary by Areas	I Gold in U. S.	II Total gold holdings	III Short-term dollar balances in U. S.	IV Other foreign exchange	V Total foreign exchange	VI Total gold and foreign exchange holdings
Canada	-	390(est.)	1,121	n.a.	1,121	1,511
Latin America	1,653	3,030	452	1,723	2,175	5,2~~75~~
Europe	2,165	9,863	1,301	689	1,990	11,853
Africa	-	1,005	64	885	949	1,954
Asia	394	1,536	1,410	5,3~~41~~ 54	6,7~~51~~ 44	8,~~287~~ 200
Oceania	-	73	23	689	712	785
Grand Total	4,212	15,907	4,371	9,3~~27~~ 46	13,~~698~~ 711	29,~~615~~ 28

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228910

Official Gold and Foreign Exchange Resources
of Foreign Countries, by Areas,
as of December 31, 1945
(Millions of dollars)

Country	I Gold in U. S.	II Total gold holdings	III Short-term dollar balances in U. S.	IV Other foreign exchange	V Total foreign exchange	VI Total gold and foreign exchange holdings
Canada	-	390(est.)	1,121	n.a.	1,121	1,511
Latin America						
Argentina	789	1,460	23	1,034	1,057	2,517
Bolivia	13	22	5	30	35	57
Brazil	287	356	149	511	660	1,016
Chile	53	82	36	n.a.	36	118
Colombia	47	128	48	2	50	178
Costa Rica	6	6	2	n.a.	2	8
Cuba	195	195	10	37(10/45)	47	242
Dominican Republic	-	n.a.	5	n.a.	5	5
Ecuador	16	21	13	n.a.	13	34
El Salvador	8	13	9	6	15	28
French West Indies	n.a.	n.a.	5	n.a.	5	5
Guatemala	24	28	20	n.a.	20	48
Haiti	2	2	12	n.a.	12	14
Honduras	-		4	n.a.	4	4
Mexico	128	294	47	9(11/45)	56	350
Netherlands West Indies	12	~~n.a.~~ 12	8	n.a.	8	20
Nicaragua	5	5	5	n.a.	5	10
Panama	n.a.	n.a.	2	50(6/45)	52	52
Paraguay	1	1	3	5	8	9
Peru	8	28	8	1(10/45)	9	37
Uruguay	10	195	13	38	51	246
Venezuela	49	202	25	n.a.	25	227
Total Latin America	1,653	3,050	452	1,723	2,175	5,225

Country	I Gold in U. S.	II Total gold holdings	III Short-term dollar balances in U. S.	VI Other foreign exchange	V Total foreign exchange	VI Total gold and foreign exchange holdings
Europe						
Austria	-	1/ 5	-	n.a.	n.a.	5
Belgium	356	733 25 (11/45)	55	29	84	817
Bulgaria	-	~~37~~		7	7(11/45)	38
Czechoslovakia	-	32	2	16	18	50
Denmark	7	38	8	10	18	56
Eire	2	21	1	11	12(9/45)	33
Estonia	-	n.a.	2	n.a.	2	2
Finland	2	4	3	n.a.	3	7
France	-	1,559	248	18	266	1,825
Germany	-	1/ 262	2	n.a.	2	264
Greece	7	28(10/45)	46	96	142(9/45)	170
Hungary	-	34		10	10	44
Iceland	-	1		85	85	86
Italy	2/ 18	3/ 46	54	n.a.	54	100
Latvia	3	4/ 3	5	n.a.	5	8
Lithuania	3	4/ 3		n.a.	n.a.	3
Netherlands	341	455(10/45)	60	n.a.	60	515
Norway	54	54	168	301	469	523
Poland	29	70(11/44)	2	-	2	72
Portugal	295	414	18	n.a.	18	432
Rumania	13	268	3	n.a.	3	271
Spain	-	108(11/45)	25	n.a.	25	133
Sweden	177	482	130	95	225	707
Switzerland	5/ 766	6/1,3~~22~~ 4	66	n.a.	66	1,398
United Kingdom	45	1,981	375	n.a.	375	2,356
U.S.S.R.	-	1,850(est.)	27	n.a.	27	1,877
Yugoslavia	47	49	1	11	12(12/44)	61
Total Europe	2,165	9,863	1,301	689	1,990	11,853

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Country	I Gold in U. S.	II Total gold holdings	III Short-term dollar balances in U. S.	VI Other foreign exchange	V Total foreign exchange	VI Total gold and foreign exchange holdings
Africa						
Algeria	-	14	8	n.a.	8	22
Belgian Congo	-	20(est.)	32	n.a.	32	52
Egypt & Anglo-Egyptian Sudan	-	53	1	7/ 653	654	707(11/45)
French Morocco	-	4	4	n.a.	4	8
French West Africa	-	-	5	n.a.	5	5
Tangier	-	n.a.	6	n.a.	6	6
Union of South Africa	-	914	4	7/ 232	236	1,150
Other French Africa	-	-	3	n.a.	3	3
Other Africa	-	-	1	n.a.	1	1
Total Africa	-	1,005	64	885	949	1,954
Asia						
Afghanistan	31	31	15	n.a.	15	46
Arabia	-	n.a.	5	n.a.	5	5
Ceylon	-	-	8/ 21		21	21(11/45)
China	80	151(est.)	9/ 664	7/ 61(7/45)	725	876
French Indo-China	-	n.a.	23	n.a.	23	23
Hong Kong	-	n.a.	1	n.a.	1	1
India & Burma	-	275	3	7/5,020	5,023	5,298
Iraq	-	n.a.		7/ 173	173	173
Japan & Manchuria	-	10/ ~~450~~ 204	-	-	-	450
Netherlands East Indies	136	213	111	n.a.	111	324
Persia	-	130	6	n.a.	6	136
Philippine Islands	1	1	547	n.a.	547	548
Siam	9	44	2	7/ 62	64	108
Syria	-	n.a.	4	n.a.	4	4
Turkey	137	241	29	17	46	284
Total Asia	394	1,536	1,410	5,~~341~~ 54	6,~~751~~ 64	8,~~287~~ 8,[illegible]

Country	I Gold in U. S.	II Total gold holdings	III Short-term dollar balances in U. S.	IV Other foreign exchange	V Total foreign exchange	VI Total gold and foreign exchange holdings
Oceania						
Australia	-	50(est.)	16	7/ 499	515	565
French Oceania	-	-	6	n.a.	6	6
New Zealand	-	23	1	7/ 190	191	214
Total Oceania	-	73	23	689	712	785

n.a. Not available.

1/ Gold seized in Germany. The ultimate disposition of this gold has not been determined.

2/ Belongs to the Vatican City.

3/ Includes $18,000,000 of gold which belongs to the Vatican City, and $26,000,000 of gold which is in Allied custody in Italy.

4/ As no information is available on total gold holdings, the figure for gold in the United States has been carried over to this column.

5/ Includes $13,000,000 of gold which belongs to the Bank for International Settlements.

6/ Includes $39,000,000 of gold which belongs to the Bank for International Settlements, and $1,104,000 of gold belonging to the Swiss National Bank. Includes also $189,000,000 of gold held by the Swiss Confederation on June 30, 1945, the date of the latest available information.

7/ Includes primarily blocked sterling balances.

8/ Included under India and Burma.

9/ Includes U.S. Treasury notes amounting to $187,000,000.

10/ Gold reported to be in Japan. The ultimate disposition of this gold has not been determined. Does not include any of the hoard recently reported in the newspapers.

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GOLD AND FOREIGN EXCHANGE RESERVES:
WORLD

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4-8-44

World Monetary Reserves

Dear Mr. Ostrow:

Reference is made to your letter No. 90 of March 17, 1948 to Mr. Southard and its request on behalf of the Director of the Research and Planning Division of the Economic Commission for Europe. We have prepared the attached table showing consolidated figures for European gold holdings in 1945, 1946 and 1947 and the reduction in European gold for 1946 and 1947. The estimated net reduction in total official gold holdings of all European countries for 1946 is $88 million and for 1947 it is $1,365 million.

Excluded from these estimates are gold holdings of Turkey, colonies of European countries, the Vatican City and the Bank for International Settlements. It may be pointed out that $435 million of the $1,365 million decline for 1947 represents contributions in gold to the International Monetary Fund. The figure used for the U.S.S.R. gold holdings is based on that published for June 30, 1947 in "Foreign Assets and Liabilities of the United States and Its Balance of International Transactions," a report to the Senate Committee on Finance by the National Advisory Council on International Monetary and Financial Problems. The U.S.S.R. figure given for June 30, 1947 is $2,500 million and new production is estimated at $200 million per annum. We would not be adverse to receiving any edifying comments on the U.S.S.R. figures from the Economic Commission for Europe, Geneva.

It is hoped that this information will prove useful to the Economic

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Box 47

Commission for Europe.

Very truly yours,

John W. Gunter
Deputy Director
Office of International Finance

Mr. Walter W. Ostrow
United States Treasury Representative
c/o American Legation
Bern, Switzerland

Enclosures:
S.Res.103 bulletin
Preliminary Report on Foreign Countries' Gold and Short-Term Dollar Resources dated November 12, 1947.
Table: Estimated Total Gold Holdings of European Countries and Net Reductions for 1946 and 1947.

RJS:ms 4/8/48

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ESTIMATED TOTAL GOLD HOLDINGS OF EUROPEAN COUNTRIES AND NET REDUCTIONS FOR 1946 and 1947

Estimated Total Gold Holdings of European Countries:

End of year	(in millions of dollars)
1945	10,245
1946	10,157
1947	8,792

Estimated Net Reductions in Total Gold Holdings of the European Countries:

Year	(in millions of dollars)
1946	88
1947	1,365

(signed) Walter S. Rogers
U. S. Treasury Representative.

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COPY

Bern, March 17, 1948

No. 90

Dear Mr. Southard:

Second paragraph

On the occasion of my visit to Geneva, the Director of the Research and Planning Division inquired whether it would be possible to obtain from the Treasury consolidated figures on gold movements for the years 1946 and 1947. The ECE is preparing a study for which it desires information showing the reduction in European gold holdings. Any information which the Treasury may be able to supply will be appreciated by this office as this courtesy would facilitate our obtaining further documents and information from that organization. The ECE assured me that any Treasury documents which may be classifed "secret" or "confidential" will be used as background information only.

Very truly yours,

(Signed) Walter W. Ostrow,
U. S. Treasury Representative.

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Treasury Department
Office of International Finance

Date 3/ /48

To: Bob

From: PDO

Paul

At long last, a usable draft!

Bob

228919

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NAC Secretariat March 10, 1948

R. J. Schwartz

Foreign gold reserves and official foreign exchange holdings, as of October 31, 1947

The attached is submitted in response to the memorandum of January 6, requesting material for the two year report of the NAC. The work of this Division is not primarily such that recommendations on the United States foreign financial policy should be made for any area. After discussing with Mr. Kamarck what contribution this Division should make, it was agreed to submit the most recent available data on foreign countries gold and dollar holdings. The first table and text is prepared by continental area totals and the ERP countries, so that it may be included in the NAC report. The second table and text which treats holdings by individual countries is not for publication but may be considered for an NAC Staff Document.

December data on gold and dollar balances may be available within one month and if that allows sufficient time to meet the NAC publication, we will be able to substitute December for October figures.

RJS/ab 3/10/48

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Comments by PDD

Foreign Gold Reserves, Official Foreign Exchange and Private Dollar Balances, as of October 31, 1947

Gold reserves and official dollar holdings of foreign countries amounted to approximately $15,117 million on October 31, 1947, a decline of $3,722 million from December 31, 1946. Official gold holdings and dollar balances declined $2,597 and $1,125 millions respectively. Offsetting this decline to some extent was the increase during this period of $3,359 million of gold and dollars held by the international organizations, the greater part of which was contributed by the United States. More than 95 percent of the international organizations' gold and dollars are held by the International Monetary Fund and the International Bank, all but a small amount of gold being held by the International Monetary Fund. It is estimated that newly mined foreign gold was approximately $700 million between December 31, 1946 and October 31, 1947.

The demand for United States exports which continued during this ten months period was the largest single factor influencing the loss. In contrast to the loss in official holdings, private dollar balances increased, presumably representing more normal working balances. The $7 billion cash trade deficit of the rest of the world vis-a-vis the United States was principally met by gross sales of gold of $2.5 billion, by increases in the disbursements of U.S. governmental loans and grants and by a decline of $1.1 billion in foreign official dollar balances. Increased production in Europe, the growth of dollar import restrictions in many foreign countries, evidence of increasing

This implies that gold production went into industrial use and gold hoards completely.

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s/ Wm H. Moore

NAC Secretariat March 10, 1948

R. J. Schwartz

Foreign gold reserves and official foreign exchange holdings, as of October 31, 1947

The attached is submitted in response to the memorandum of January 8, requesting material for the two year report of the NAC. The work of this Division is not primarily such that recommendations on the United States foreign financial policy should be made for any area. After discussing with Mr. Kamarck what contribution this Division should make, it was agreed to submit the most recent available data on foreign countries gold and dollar holdings. The first table and text is prepared by continental area totals and the ESP countries, so that it may be included in the NAC report. The second table and text which treats holdings by individual countries is not for publication but may be considered for an NAC Staff Document.

December data on gold and dollar balances may be available within one month and if that allows sufficient time to meet the NAC publication, we will be able to substitute December for October figures.

Note: texts and tables to Mr. Eddy, 3/12/48.

RJS/ab 3/10/48

De Beers copy to Mr G 3-22

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Gold and Dollar Reserves of Foreign Countries

Comparative Estimating Procedures

of

FOA/MSA, Treasury and Commerce

Prepared by
Sylvia F. L. Hutson

Foreign Operations Administration
Research, Statistics and Reports
Analysis and Evaluation Division
Economic and Trade Analysis Branch

September 9, 1953

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I. Purpose and Conclusions

A. The procedures of the three above agencies for deriving or estimating changes in gold and dollar reserves[a] were examined comprehensively because of the widespread interest in comparing reserve-change estimates for the 15 European Mutual Security Program (MSP) countries and their overseas territories (OTs) as contained in

1. U.S. balance-of-payments estimates by Commerce,

2. Balance-of-payments estimates and projections for these countries by FOA/MSA[b] and

3. Confidential estimates for the National Advisory Council (NAC) by Treasury of the change in gold and dollar reserves of foreign countries.[c]

Although the primary interest of this paper, therefore, centers in comparisons affecting the MSP countries, examination is not limited to procedures important to these countries. It is believed that a broadly comprehensive outline of the procedures of Treasury, FOA/MSA and Commerce will be useful for other purposes. For example, those familiar with FOA/MSA procedures may find these comparisons helpful in examining the U.S. balance of payments for relationships of the U.S. to other areas.

B. This examination revealed the following:

1. With respect to many of the European MSP countries and their OTs, Treasury estimates may be derived from a combination of published reports. However, there are important exceptions to this rule; and for all countries Treasury reports to NAC show unpublished dollar subtotals.

2. FOA/MSA reserve estimates, which are shown for all countries without subtotals, are identical with those of Treasury except for a few countries. However, the differences for the latter are significant.

3. In some respects, Commerce estimates differ in definition from those of both Treasury and FOA/MSA. The effect of these definitional differences varies with the country and time period under consideration.

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a/ Unless defined otherwise, dollar reserves cover U.S. dollars only.

b/ With respect to Germany, these balance-of-payments estimates differ from the report on gold and dollar reserves issued by the Statistics and Reports Division.

c/ These estimates, which Treasury makes quarterly for the NAC (and furnishes monthly to FOA for relevant countries,) are analytical and should not be confused with data issued by Treasury in its capacity as a fact-gathering agency. The latter are limited to the coverage and sources defined in the pertinent form. In its reports to NAC, the Treasury Department combines, adjusts and may supplement by estimates those reports which it and other agencies and countries issue as fact-gathering or reporting agencies.

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II. Summary Comparisons

A. FOA/MSA Compared with Treasury: The change in gold and dollar reserves[a] of the 15 European MSP countries (and their OTs) which FOA/MSA shows in its balance-of-payments estimates for past periods, primarily are based on reserve estimates made available to the Agency monthly by Treasury for these countries. Such estimates are comparable to those contained in Treasury's quarterly report to NAC, "Estimated Gold and Short-Term Dollar Resources of Foreign Countries." Changes in short-term dollar liabilities of foreign countries[a] are excluded by both FOA/MSA and Treasury from their reserve figures. However, FOA/MSA includes the effect of these changes in the capital account. Exceptions to the use by FOA/MSA of Treasury estimates comparable to those reported to NAC are:

1. In the reserve estimates for the Netherlands, the inclusion by Treasury and exclusion by FOA/MSA of the gold and dollar reserves of the Netherlands Overseas Territories.[b]

2. Coverage and source of U.K. reserves.

3. Definition and source of German reserves.

B. FOA/MSA and Treasury Compared with Commerce: The main differences may be classified as follows:

1. Geographic Coverage: The partner areas shown in published U.S. balance-of-payments estimates may not be grouped to correspond geographically with the 15 European MSP countries and their overseas territories. However, it is possible for other government agencies to obtain information from Commerce files for the purpose of adjusting the published data to the same geographic areas covered by FOA/MSA. Treasury estimates for NAC are shown by countries and may be grouped to correspond geographically with either FOA/MSA or Commerce groupings.

2. Coverage, Definition and Source of U.K. Reserves: Differences between the agencies with respect to estimated gold transactions of the U.K. are essentially as explained below for other countries as between Commerce on the one hand and FOA/MSA and Treasury on the other hand. With regard to dollar reserve changes, Treasury and Commerce use the same sources and respective definitions for the U.K. as for other countries.[c] The information of both of these agencies comes from U.S. sources and covers changes in official and private reserves of U.S. dollars.[d] FOA/MSA estimated changes in U.K. dollar reserves are taken from U.K. sources; cover changes in official reserves only; and include changes in official reserves of Canadian dollars.

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a/ Throughout this paper "dollar reserves (holdings, short-term assets) of foreign countries" are equal to and are the same as "U.S. short-term liabilities." Also "short-term dollar liabilities of foreign countries" are equal to and are the same as "U.S. short-term assets (claims.)"

b/ Since Treasury also shows reserve estimates for the Netherlands and the Netherlands Overseas Territories separately, however, this circumstance does not prevent obtaining direct comparison with FOA/MSA.

c/ For differences between Treasury and Commerce see paragraph II B5.

d/ FOA/MSA takes its data from U.S. sources for all countries except the U.K. and Germany; and covers both official and private changes in reserves for all countries except the U.K.

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3. Definition and Source of German Reserves: The situation with respect to Germany is the same as for the U.K. with the following exceptions: Although FOA/MSA obtains its reports on German holdings of U.S. dollars from German sources, these reports cover both official and private holdings. However, they are different from the reports Commerce and Treasury use from U.S. sources in several respects, inclusion of German dollar reserves held at the Bank for International Settlements and through third-country banks; exclusion of short-term dollar assets held by German branches of the U.S. banks for U.S. Agencies and nationals in Germany; etc.

4. Gold Transactions: FOA/MSA and Treasury both show the total change in the official gold holdings of foreign countries. Such changes may be attributed to net transactions with:

a. All other countries of the world
b. International Agencies
c. The domestic economy a/

The net gold purchases and sales shown in the U.S. balance of payments by Commerce applies, with respect to any one area, only to the transactions between the countries of that area and the U.S. b/

5. Adjustments to Reports on U.S. Short-Term Liabilities: All three agencies use the same basic source of information on dollar holdings of foreign countries c/ -- the monthly reports to Treasury by U.S. banking institutions on U.S. short-term liabilities to foreign countries. However, Treasury adjustments to these reports -- transmitted to and used by FOA/MSA c/ -- are of a different nature than the adjustments made by Commerce for the U.S. balance of payments. d/ This difference has been of little significance.

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a/ Domestic transfers generally are significant only for those countries which produce gold and/or allow gold to be held and exchanged freely by its citizens. Also gold is generally regarded by any country as monetary (and included in gold reserves) only if it passes from or to the official institutions of that country. Otherwise, it is classified as non-monetary gold and treated in trade statistics and balances of payments as though it were a commodity. Therefore, it is possible for the same shipment of gold to be treated as a commodity by the exporting country and as gold reserves by the importing country or vice versa.

b/ Net gold transactions of the U.S. with international institutions are shown separately in the U.S. balance of payments and include net transfers between U.S. official institutions and the domestic economy.

c/ With the exception by FOA/MSA of Germany and the U.K.

d/ The adjustments used are described in more detail in Part III of this paper. In brief, Treasury adjustments consist of adding to the basic report by U.S. banks certain official holdings by foreign countries of U.S. Government securities maturing within 20 months after purchase date. In the U.S. balance of payments, transactions in the latter assets are included as part of total foreign transactions in U.S. Government securities--not of foreign short-term dollar assets. Commerce adjustments to these holdings (not used by Treasury or FOA/MSA) cover such items as changes in non-banking U.S. short-term liabilities.

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insofar as the 15 European MSP countries and their overseas territories are concerned. But it is of considerable importance with respect to some other areas.

6. Changes in Short-Term Dollar Liabilities of Foreign Countries: As indicated above, both FOA/MSA and Treasury exclude changes in short-term dollar liabilities of foreign countries from their estimated changes in reserves.a/ Commerce includes these data in the U.S. balance of payments, but since generally they are shown separately under "United States Capital -- Short-Term," this difference by itself does not hamper comparison between the estimates of the three agencies with regard to changes in the gold holdings and short-term dollar assets of foreign countries.

III. Specific Procedures and Comparisons

A. Geographic Coverage: The changes in gold and dollar reserves contained in the FOA/MSA balances of payments reflect the gold and dollar transactions of the 15 European MSP countries b/ and the Belgian, French and Portuguese Overseas Territories. They also reflect those gold and dollar transactions of the Rest of the Sterling Area which clear through the U.K. official institutions.c/ Those parts of the U.S. balance of payments which correspond most closely to these areas relate to "Western Europe" and to "Western Europe Overseas Territories,"d/ and include the following countries not now covered by FOA/MSA: Finland, Ireland, Sweden, Switzerland, Spain, the Spanish Overseas Territories, and the Netherlands Overseas Territories.e/

---

a/ Included by FOA/MSA in the capital account.

b/ Austria, Belgium-Luxemburg, Denmark, France, Germany, Greece, Iceland, Italy, Netherlands, Norway, Portugal, Turkey, Trieste, the United Kingdom and Yugoslavia.

c/ The Rest of the Sterling Area includes the British Overseas Territories and the Independent Sterling Area countries, i.e., the Non-Participating Sterling Area countries, plus Ireland. For fuller discussion of these relationships see "Addendum, Sterling Area Relationships -- Gold and Dollar Reserves."

d/ This statement applies to U.S. balance of payments data beginning with January 1952 (some prior data have also been revised to correspond.) For most prior U.S. balance-of-payments data, the areas most closely corresponding to those used by FOA/MSA are "OEEC" and "OEEC Overseas Territories." "Western Europe" is equal to "OEEC" plus Finland, Spain and Yugoslavia. "Western Europe Overseas Territories" is equal to the "OEEC Overseas Territories" plus the Spanish Overseas Territories.

e/ Balance of payments data for the Netherlands Overseas Territories are not available for inclusion by FOA/MSA in the gold and dollar portion of its balance of payments for the Netherlands. Also note that for certain periods, MSA/ECA balances of payments included Ireland and Sweden and/or excluded Yugoslavia.

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Since Treasury reports to NAC carry separate data for each major country of the world and for each group of overseas territories, they may be grouped to compare geographically with either FOA/MSA or Commerce totals. It is also possible to procure from the private files of Commerce reserve change estimates by country and by overseas-territory group for use in adjusting published U.S. balance-of-payments data to a geographic basis comparable to FOA/MSA.

B. U.K. Reserves: In its balances-of-payments for the U.K., FOA/MSA uses changes in reserve data prepared by the Chancellor of the Exchequer of the United Kingdom. These data cover, without separate specification:

1. U.K. official reserves of gold
2. U.K. official reserves of U.S. dollars
3. U.K. official reserves of Canadian dollars

Insofar as transactions in gold are concerned, there is no difference between the respective definitions of the three agencies for the U.K. and their respective definitions for other countries (see discussion on gold transactions for comparison of these definitions.) Therefore, the U.K. could be regarded as a special case in regard to gold transactions only in that:

1. Since separate data are not available on the official gold holdings of the U.K., it is necessary for Treasury to arrive at such estimates from analysis of the consolidated U.K. report discussed above in connection with its analysis of other reports.a/

2. U.K. official reserves of gold (and also of dollars) reflect transfers between the U.K. and other members of the Sterling Area for whom the U.K. acts as bankers.b/

With regard to changes in the dollar holdings of foreign countries, Commerce and Treasury sources and their respective definitions are the same for the U.K. as for other countries, but FOA/MSA sources and definitions are different for the U.K.c/ than those which it uses generally, as follows:

1. Source of data: All three agencies generally obtain their data on the dollar reserves of foreign countries from U.S. sources. FOA/MSA obtains such data for the U.K. from U.K. sources.

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a/ Treasury makes estimates of the gold holdings of the U.K. quarterly for NAC. These estimates (which are security classified) are available to FOA/MSA upon request for internal use only; and if essential, Treasury will make special estimates for FOA/MSA between quarters. At the end of June and December of each year only, such estimates are in effect declassified since Treasury combines them with the unclassified total of U.S. reports on the dollar holdings (official plus private) of the U.K. and furnishes this gold and dollar total to FOA/MSA without security restriction.

b/ For fuller details on the relationship of the U.K. official reserves of gold and dollars to those of other members of the Sterling Area, see "Addendum, Sterling Area Relationships -- Gold and Dollar Reserves."

c/ Also for Germany.

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2. Coverage: The estimates of all three agencies, cover changes in both official and private holdings by "foreigners" of U.S. dollars, with the exception that the U.K. data used by FOA/MSA cover only changes in official U.K. holdings of U.S. dollars.a/

3. Definition: The U.K. reserve data used by FOA/MSA include the U.K. official holdings of Canadian dollars. This is an exception to the general definitions of all three agencies.

C. German Reserves: In its balances of payments for Germany, FOA/MSA uses changes in reserves as reported by German sources, which cover:

1. German official reserves of gold
2. German official reserves of U.S. dollars
3. German private reserves of U.S. dollars

The respective sources and definitions of the three agencies relative to the gold transactions of Germany conform to those used for other countries.

With regard to changes in dollar reserves, Treasury and Commerce use the same sources and respective definitions for Germany as for other countries; FOA/MSA sources and definitions for Germany vary from those which it uses for other countries b/ and from those used by Commerce and Treasury for Germany as follows:

1. Source of data: FOA/MSA obtains the reserve data for Germany from German sources. In all other cases, except that of the U.K., FOA/MSA uses U.S. sources, as do Commerce and Treasury.

2. Definitional differences: The German data vary in definition from data furnished by U.S. sources as follows:

a. German data exclude short-term dollar assets held by German branches of U.S. banks for U.S. agencies and nationals in Germany. Such items are included as "foreign" assets in U.S. banking and other reports on the basis of domicile. However, they are more important with respect to Germany than for other countries.c/

b. German data include the following items which are not included in U.S. banking reports:

(1) Short-term assets of German official institutions held at the Bank for International Settlements. Reports from U.S. Banking institutions would attribute these holdings to the B.I.S. This difference has been significant for Germany recently.

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a/ The effects of changes in private U.K. holdings of U.S. dollars are included by FOA/MSA in the capital account.

b/ Excluding the U.K.

c/ Treasury estimates for Germany include these assets, but they are footnoted.

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(2) Short-term assets of both official and private German institutions which are held through third-country banks (small.) In U.S. banking reports these assets would be attributed to the third country on the basis of domicile except in the case of official institutions identifiable separately.

(3) German official and private holdings of U.S. commercial bills (small.) In U.S. banking reports these would be included if held through banks, but not if held by non-banking institutions. Commerce, but not Treasury, makes an adjustment to include the latter.

(4) German official and private bank holdings of U.S. dollar banknotes and coins. Neither Commerce nor Treasury at present make adjustments to U.S. banking reports to include these assets. Commerce makes such adjustments for certain areas, but present information on European holdings are inadequate for this purpose.

D. Gold Reserves of Foreign Countries

1. Treasury Reports to NAC: For all countries, the data cover total gold holdings a/ of governments and their official institutions, b/ held either at home or abroad. c/ Therefore, the changes for each period apply to the transactions of the official institutions of any particular country:

a. With all other countries of the world
b. With international agencies
c. With the domestic economy.

For most countries these data are the same as that published in the Federal Reserve Bulletin under the title "Reported Gold Reserves of Central Banks and Governments", or in International Financial Statistics. However, in some cases Treasury replaces or supplements these published data with estimates or with reports received on a classified basis. d/

---

a/ Physical gold, coin or bullion, converted into dollars at the rate of $35 per ounce.

b/ Such as central banks, exchange stabilization funds and treasuries.

c/ Gold pledged as collateral for loans is included in the holdings of the borrowing country.

d/ Estimates of gold holdings by Denmark, France, Italy and the Netherlands include holdings supplementary to published data.

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2. FOA/MSA: The changes in gold holdings which FOA/MSA includes in its balance-of-payments estimates are identical with those which Treasury reports to NAC since they are taken either from the same sources used by Treasury or from classified monthly Treasury reports to FOA/MSA.a/

3. Commerce: That part of the U.S. balance of payments which relates to specific partner areas covers only the net transactions in monetary gold between the U.S. and other countries. (Net purchases and sales by the U.S. to international institutions are shown separately and include net transfers between the U.S. Treasury and the domestic economy.) Therefore, for any particular foreign country, these data differ from Treasury and FOA/MSA estimates by the value of net gold transfers between the official institutions of that country and:

a. Countries other than the U.S.
b. International institutions
c. The domestic economy

Commerce estimates for the U.S. balance of payments are derived in the first instance from an analysis of monthly reports by:

a. The Federal Reserve Bank of New York (which acts as an agent for the U.S. Treasury with respect to the ear-marking of gold) on ear-marking transactions, and

b. The Census on physical imports and exports of gold.

These reports, analyzed in combination, give the Commerce Department information on:

a. Purchases and sales by the United States to foreign countries of monetary gold (i.e. transactions of official institutions with respect to reserves) -- both those transfers which move physically and those which merely change ownership under earmark.

b. Exports and imports of non-monetary gold -- shown only in the merchandise account. This contrasts with transfers of monetary gold, which are shown in both the merchandise account and in net purchases and sales of gold (signs reversed.)

These data are later checked against quarterly reports by the Treasury on its purchases and sales of gold to foreign countries.b/ This latter report is published in the Federal Reserve Bulletin under "Net Gold Purchases of the U.S. by Countries" and differs very little with respect to any country from the gold transactions data used in the U.S. balance of payments.

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a/ This statement applies by definition to the U.K. as well as other countries, since Treasury estimates of U.K. gold holdings are based on reports by the Chancellor of the Exchequer covering total U.K. official reserves of gold and dollars.

b/ This report identifies the purchaser or seller, whereas the Census report merely shows the country from or to which the gold was moved physically, which may be different from the seller or buyer country. This check, therefore, provides Commerce with adjustment information.

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E. Dollar Reserves of Foreign Countries (U.S. Liabilities):

1. General: The same basic report (Treasury Form B-1) on U.S. short-term liabilities is used by all three agencies. Differences (except geographic differences and FOA/MSA handling of Germany and the U.K.) consist in:

a. The type of adjustment to the reports, and
b. The breakdown shown, if any.

The data for the basic report are submitted monthly on Treasury Form B-1 by U.S. banks to the 12 Federal Reserve Banks. Each Federal Reserve Bank consolidates the data reported to it with those for its own account and reports to Treasury. The Treasury, in turn, consolidates the 12 Federal Reserve reports and sends photostatic copies to a number of U.S. Government agencies, including FOA/MSA and Commerce. The data are subsequently published in the Federal Reserve Bulletin and in the Treasury Bulletin, but without the "official" and "private" subtotals used by Treasury in reports to NAC, as this information is classified.

Treasury Form B-1 covers the short-term liabilities to "foreigners" of U.S. banking institutions (including those for the account of others) having an original maturity date of 12 months or less -- both those payable in dollars and those payable in foreign currencies (generally small.) "Foreigners" are determined by domicile, not by nationality.

Differences in the handling of and adjustments to Treasury Form B-1 are as follows:

2. Treasury Reports to NAC: As noted above, Treasury divides its reserve estimates into "official" and "private." The "official" data are the sum of columns 1-4 on Treasury Form B-1 and cover short-term dollar holdings of foreign official institutions including central banks. "Private" data are the sum of columns 5-12 of the same form and cover short-term dollar holdings of (a) foreign banks other than central banks, and (b) all non-banking institutions, firms and individuals domiciled abroad other than the official institutions of the foreign country.

Treasury currently makes only one type of adjustment to the consolidated reports on Treasury Form B-1,a/ i.e. it adds to B-1 those official holdings of "medium-term" U.S. Government securities which are reported as held at

a/ Treasury instituted the practice of making this type of adjustment in 1950 because of its increasing importance at that time. All back data were revised on a comparable basis.

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the New York Federal Reserve Bank.a/ "Medium-term" for this purpose is defined as those securities with an original maturity date of more than 12 months, but maturing within 20 months from date of purchase. In making this adjustment, it is, in general, the aim of Treasury to include as dollar reserves of foreign countries those dollar assets which it considers foreign official institutions use in the same manner as they use the short-term dollar assets reported on Form B-1. So far this type of adjustment has not been of importance for the MSP countries, but it has been considerable significance with respect to other countries, primarily Canada. Adjustments applicable to the MSP countries would be transmitted to and used by FOA/MSA (except for Germany and the U.K.) Commerce, however, does not use this type of adjustment -- in the U.S. balance of payments these transactions are part of total foreign transactions in long-term U.S. Government securities.

Although Treasury currently makes only the one type of adjustment described above to reports on Treasury Form B-1, it covers a considerable amount of additional information by footnote and text both in reports to NAC and to FOA/MSA. Such information has been significant for the particular MSP countries involved (for example, the information transmitted by Treasury on purchases of medium-term U.S. Government securities by Norwegian official institutions.)

3. FOA/MSA: In its balances of payments, FOA/MSA shows only a total for the change in gold and dollar reserves, without further distinction. The dollar portion of these estimates conform to the total shown by Treasury for "official" and "private" with the following exceptions:

a. Estimates for the U.K. -- See section on the U.K.

b. Estimates for Germany -- See section on Germany.

4. Commerce: U.S. short-term liabilities to foreign countries are shown in the U.S. balance of payments under the heading "Foreign Capital -- short-term." Sometimes subtotals are shown under the headings of "official and banking"b/ and

a/ Although this definition is restrictive, it is believed to cover almost all transactions in such securities by foreign official institutions. In one apparently rare case, that of Norway during 1950 and 1951 (affecting fiscal years 1951 and 1952) such securities were held by Norwegian official institutions in a private New York commercial bank. Since they were not reportable under the criteria established above, they were not included in the adjusted reserve data used by Treasury or by FOA/MSA. ~~However, Treasury footnoted the reserve data sent to FOA/MSA.~~ However, Treasury footnoted the reserve data sent to FOA/MSA from information reported on Treasury Form S-1/3, which covers, among other items, the purchase and sale of all "medium" and long-term U.S. Government securities by all "foreigners", as reported by all U.S. reporters. FOA/MSA showed these transactions in the capital account of its balance of payments for Norway with a footnote.

b/ This total is equal to columns 1-8 on Treasury Form B-1 and represents U.S. liabilities to (1) official institutions of other countries, plus (2) private banks of other countries.

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"other short-term."a/ These are not comparable to the "official" and "private" breakdowns shown by Treasury in its reports to the NAC, since such information is classified and cannot be published.

Commerce does not make the same adjustments as Treasury for foreign holdings of U.S. Government securities. Generally speaking, Commerce makes a distinction between short-term and long-term assets of "foreigners" which is based on the original maturity date of the paper involved -- 12 months or less is considered short-term and over 12 months is considered long-term. In some instances the movements in long-term assets of foreigners are divided into transactions in

a. U.S. Government securities,b/ and
b. Other investments.c/

For certain purposes, however, particularly where forecasts are involved, Commerce combines movements in short-term dollar assets of "foreigners" with their transactions in long-term U.S. Government securities and with gold transactions between foreign official institutions and the U.S. The basic source for Commerce data on purchases and sales by foreigners of U.S. securities (both U.S. Government and others) is Treasury Form S-1/3.d/ These data are reported to Treasury through the Federal Reserve System by all persons in the U.S. whose transactions (either on their own behalf or on the behalf of others) averaged $100,000 per month or more for the preceding six months.

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a/ This total is equal to columns 9-12 on Treasury Form B-1, and represents U.S. short-term liabilities to "foreigners" other than official institutions and banks.

b/ These data on long-term U.S. Government securities cover all "foreign" transactions in these securities (without upper limit on maturity date) by all "foreigners" (both official and private), as reported by all U.S. reporters. See section on Treasury adjustments to Form-H1 for description of that portion of these transactions which Treasury considers as reserves of foreign countries.

c/ "Other investments" cover:
(1) transactions between "foreigners" and U.S. residents in long-term U.S. securities other than U.S. Government,

(2) changes in foreign direct investment in the U.S.

(3) occasional changes in the long-term liabilities of U.S. banks or commercial concerns to "foreigners", and

(4) occasional other transactions, such as the activities of the Office of Alien Property.

d/ Form S-1/3 also covers purchases and sales of foreign securities by U.S. residents. As in the case of Treasury Form B-1, the definition of "foreigners" is based on domicile.

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Commerce makes the following adjustments[a] to Treasury Form B-1 (covering U.S. banking reports on U.S. short-term liabilities to "foreigners"), which are not made by Treasury or FOA/MSA:

a. Addition of Changes in U.S. Brokers and Dealers Short-Term Liabilities: Reported to Treasury monthly on Form S-4 through the Federal Reserve Bank of New York. Shown in the Federal Reserve Bulletin by areas, but not by countries.

b. Addition of Changes in U.S. Commercial and Industrial Short-Term Liabilities: Exporters, importers, industrial and commercial and other non-banking institutions report their balances quarterly to Treasury on Form C-1/2 through the Federal Reserve Bank of New York. All firms with balances of more than an average of $100,000 for the preceding 6-month period are required to report. However, it is believed that coverage is not as comprehensive as the reports on Treasury Form B-1 by U.S. banking institutions.

c. Addition of Changes in U.S. Inter-Governmental Short-Term Liabilities: These are adjustment items applying to transactions between the U.S. Government and other governments. In general, it represents the change in U.S. Government short-term liabilities to other Governments arising from U.S. Government imports and exports of goods and services. Such adjustments are not at present significant with respect to the European MSP countries and their OTs.[b] The data on which these adjustments are based are usually obtained from the Clearing Office of Commerce. In some instances they are estimated by the Office of Business Economics in Commerce from data compiled from various sources.

d. Addition of Estimated Change in Amount of U.S. Currency and Coin Held Abroad: If sufficient data were available from which to estimate with fair degree of accuracy, it is believed this adjustment would be important. Estimates were compiled by Commerce from:

(1) Federal Reserve Bank reports on receipts and shipments of U.S. currency between U.S. banks and "foreigners";

(2) Census reports on imports and exports of silver coin;

(3) Periodic reports by Treasury on its currency shipments, and

(4) Estimates of U.S. currency spent abroad by U.S. troops.

However, beginning in 1948, such estimates have been excluded from the U.S.

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a/ Generally comparatively small for the European MSP countries and their OTs.

b/ Important in some periods with respect to U.S. exports to Canada.

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Box 75 47

balance of payments with respect to all partner areas other than Latin America, because it appeared the information for other areas was not sufficiently comprehensive.

e. Adjustments for Fluctuations in Exchange Rates: Those U.S. short-term liabilities which are payable in foreign currencies (very small for the European MSP countries and their OTs) are reported on Treasury Form B-1 in terms of dollars at the current exchange rate. When necessary, Commerce adjusts the reported dollar amounts to eliminate those apparent changes in liabilities resulting from fluctuations in the exchange rate.

f. Adjustments for Changes in Domicile of "Foreign" Holder of U.S. Short-Term Liabilities: Changes in domicile of "foreign" holders are reported monthly to the Treasury by banks. Reports on Treasury Form B-1 reflect the current domicile. Commerce adjusts the B-1 reports to eliminate fluctuations in U.S. short-term liabilities due to such changes (usually involving only small amounts.)

F. Dollar Liabilities of Foreign Countries (U.S. Assets): Neither Treasury nor FOA/MSA include the effect of changes in U.S. short-term assets (foreign short-term liabilities) in their estimates of changes in the gold and dollar reserves of foreign countries. Commerce shows such changes separately in the U.S. balance of payments under the heading of "United States Capital -- Short-Term." The basic report for these items is Treasury Form B-2. The types of short-term paper covered and adjustments to the basic report are similar to those described for U.S. short-term liabilities. However, there are two differences of note. First, the proportion payable in foreign currencies is considerably larger with respect to U.S. short-term assets than to U.S. short-term liabilities. Secondly, U.S. short-term assets include a substantial volume of loans to foreigners and collections outstanding which are directly connected with the financing of U.S. exports, whereas this type of paper is much less significant with respect to U.S. short-term liabilities.

G. Addendum. Sterling Area Relationships -- Gold and Dollar Reserves:

The gold and dollar reserve data of the U.K. (whether from U.K. or from U.S. sources) may be said to relate in part to both the British Overseas Territories and the Independent Sterling Area countries, i.e. the Non-Participating Sterling Area (NPSA) plus Ireland. The official institutions of the British Overseas Territories do not maintain separate reserves but contribute to and draw on the official gold and dollar reserves of the U.K. Certain Independent Sterling Area countries normally transfer part of their official gold and dollar holdings, as they accumulate, to the U.K. official reserves and/or draw upon U.K. official holdings as needed -- such transfers being made in exchange for sterling equivalent. South Africa does not participate in this arrangement, but it does transfer gold to the U.K. official reserves in return for sterling. However, dollar holdings by individuals and non-official institution , both in the British OTs and in the Independent Sterling Area countries, remain unaffected by the arrangements just described except insofar as (1) transfers are made normally between official institutions and the private sector and/or (2) foreign exchange regulations in these countries (and groups) compel private institutions, firms and individuals to transfer their holdings to official institutions.

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The influence of the transfers referred to above on the U.K. reserve data is significant with respect to the estimates for the U.K. by all three agencies, but in varying degree. They have the greatest influence on the reserve estimates used by FOA/MSA in its balance-of-payments for the U.K. because:

1. It is the gold and dollar reserves of U.K. official institutions only which are involved in these inter-country transfers within the Sterling Area;

2. In its balance of payments for the U.K., FOA/MSA uses as reserve data only changes in the U.K. official holdings;

3. With respect to the dollar reserves of the U.K. both Commerce and Treasury include both changes in the U.K. official reserves and changes in the dollar holdings of individuals and non-official institutions in the U.K.a/

The "Net Balance of Associated Monetary Areas" line in the gold and dollar portion of the FOA/MSA balance of payments for the U.K. is in effect equal to net transfers during the period of gold and dollars between the U.K. and the Rest of the Sterling Area. These net transfers must be added to the U.K. gold and dollar transactions in order to arrive at the change in the official holdings of the U.K. during that period. Since transfers between official institutions only are involved, such net transfers do not necessarily represent the net of total gold and dollar transactions during any particular period by the British OTs or any of the Independent Sterling Area countries. Nor do these transfers represent the net change in their reserves, which would also include domestic gold transfers.

The gold and dollar reserve data used by Treasury for the U.K. is influenced by transfers between the Rest of the Sterling Area and the U.K. to a greater degree than the reserve data used by Commerce because the gold portion of Treasury estimates for for the U.K. covers transfers between the U.K. and the world, whereas the U.S. balance-of-payments estimates compiled by Commerce cover only gold transfers between the U.K. and the U.S. Reconciliation in the U.S. balance of payments for the inter-relationship between the official dollar reserves of the U.K. and the Rest of the Sterling Area is contained in the adjustment line "Transfers Between Foreign Areas." This line also covers transactions with other areas and errors and omission.

a/ Adjustments for changes in U.K. non-official dollar holdings are included by FOA/MSA in the capital account.

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April 21, 1948

Gold, Dollars, and Other Foreign Exchange Resources of Foreign Countries, By Areas
December 31, 1946 and December 31, 1947 1/
(Millions of Dollars)

Area	I Official Gold Holdings		II Official and Private Short-Term Dollar Balances in U.S.		III Total Gold and Dollars (I + II)		IV Other Official Foreign Exchange		V Total Gold and Dollars and Other Official Foreign Exchange (III + IV)	
	1946	1947	1946	1947	1946	1947	1946	1947	1946	1947
Africa	1,028	852	154	135	1,182	987	710	884	1,892	1,871
Asia	1,014	969	1,262	1,021	2,276	1,990	5,733	5,310	8,009	7,300
ERP Countries	7,373	5,742	2,283	1,771	9,656 2/	7,513 2/	1,288	1,726	10,944	9,239
Europe, Other	3,051	3,226	193	230	3,244	3,456	90	66	3,334	3,522
(Europe, Total)	(10,424)	(8,968)	(2,476)	(2,001)	(12,900)	(10,969)	(1,378)	(1,792)	(14,278)	(12,761)
Latin America	2,576	1,695	1,108	1,216	3,684	2,911	972	1,171	4,656	4,082
North America	543	294	935	411	1,478	705	6	N.A.	1,484	705
Oceania	106	111	58	37	164	148	911	672	1,075	820
Unidentified and Undistributed	--	--	21	22	21	22	--	--	21	22
Total All Areas 3/	15,691	12,889	6,014	4,843	21,705	17,732	9,710	9,829	31,415	27,561

1/ Official figures were used for gold, dollar, and other foreign exchange holdings wherever available. Estimates have been used for those countries which do not publish figures on their gold and foreign exchange holdings. Where data for December were not available for countries included in the area totals, earlier data or estimates, if available, were used.

2/ Includes holdings of Switzerland and Portugal which are ERP cash-basis countries, non-recipient of loans or grants. Total gold and short-term dollar balances of Switzerland and Portugal were $2,267 million in 1946 or 23 percent of the $9,656 million total gold and dollars held by ERP countries and $2,152 million in 1947 or 29 percent of the $7,513 million total gold and dollars held by ERP countries.

3/ For 1946: Exclusive of $47 million in gold, $482 million in dollars, and $367 million in other foreign exchange held by international organizations, mainly the International Monetary Fund, the International Bank for Reconstruction and Development, the United Nations, UNRRA, and the Bank for International Settlements.
For 1947: Exclusive of $1,391 million in gold, $2,349 million in dollars, and $4,742 million in other foreign exchange held by those international organizations.

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by Mr. Mack (in person)

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Treasury Department
Office of International Finance

Date April 20, 1948 ~~xxx~~

To:

From:

1/

Official figures were used for gold, dollar, and foreign exchange holdings wherever available. Estimates have been used for those countries which do not publish figures on their gold and foreign exchange holdings. Where data for December were not available for countries included in the area totals, earlier data ~~if available or estimates were used.~~

or estimates, if available, were used

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Gold, Dollars, and Other Foreign Exchange Reserves of Foreign Countries, By Areas
December 31, 1946 and December 31, 1947 1/
(Millions of Dollars)

Area	I Official Gold Holdings		II Official and Private Short-Term Dollar Balances in U.S.		III Total Gold and Dollars (I + II)		IV Other Official Foreign Exchange		V Total Gold and Dollars and Other Official Foreign Exchange (III + IV)	
	1946	1947	1946	1947	1946	1947	1946	1947	1946	1947
Africa	1,028	852	154	135	1,182	987	710	684	1,892	1,671
Asia	1,014	969	1,262	1,021	2,276	1,990	5,733	5,310	8,009	7,300
EMP Countries	7,373	5,742	2,283	1,771	9,656	2/7,513 2/	1,288	1,726	10,944	9,239
Europe, Other	3,051	3,226	193	230	3,244	3,456	90	66	3,334	3,522
(Europe, Total)	(10,424)	(8,968)	(2,476)	(2,001)	(12,900)	(10,969)	(1,378)	(1,792)	(14,278)	(12,761)
Latin America	2,576	1,895	1,108	1,216	3,684	2,911	972	1,171	4,656	4,082
North America	563	294	935	411	1,478	705	6	N.A.	1,484	705
Oceania	106	111	58	37	164	148	911	672	1,075	820
Unidentified and Undistributed	—	—	21	22	21	22	—	—	21	22
Total All Areas 3/	15,691	12,889	6,014	4,843	21,705	17,732	9,710	9,829	31,415	27,561

1/ Where data for December were not available for countries included in area totals, earlier data or estimates, if available, were used.

2/ Includes holdings of Switzerland and Portugal which are EMP cash-basis countries, non-recipient of loans or grants. Total gold and short-term dollar balances of Switzerland and Portugal were $2,267 million in 1946 or 23 percent of the $9,656 million total gold and dollars held by EMP countries and $2,152 million in 1947 or 29 percent of the $7,513 million total gold and dollars held by EMP countries.

3/ For 1946: Exclusive of $47 million in gold, $432 million in dollars, and $367 million in other foreign exchange held by international organizations, mainly the International Monetary Fund, the International Bank for Reconstruction and Development, the United Nations, UNRRA, and the Bank for International Settlements.
For 1947: Exclusive of $1,391 million in gold, $2,349 million in dollars, and $4,742 million in other foreign exchange held by these international organizations.

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Gold, Dollars, and Other Foreign Exchange Reserves as of December 31, 1946 and December 31, 1947 1/
(Million of Dollars)

Area	I Official Gold Holdings		II Official and Private Short-Term Dollar Balances in U.S.		III Total Gold and Dollars (I + II)		IV Other Official Foreign Exchange		V Total Gold and Dollars and Other Official Foreign Exchange (III + IV)	
	1946	1947	1946	1947	1946	1947	1946	1947	1946	1947
Africa	1,028	852	134	135	1,162	987	710	684	1,872	1,671
Asia	1,014	969	1,262	1,021	2,276	1,990	5,733	5,310	8,009	7,300
IMF Countries	7,379	5,742	2,283	1,771	9,656	2/7,513 2/	1,288	1,726	10,944	9,239
Europe, Other	3,051	3,226	193	250	3,244	3,456	90	66	3,334	3,522
(Europe, Total)	(10,424)	(8,968)	(2,476)	(2,021)	(12,900)	(10,969)	(1,378)	(1,792)	(14,278)	(12,761)
Latin America	2,976	1,695	1,185	1,216	3,624	2,911	972	1,171	4,596	4,082
North America	543	294	935	411	1,478	705	6	N.A.	1,484	705
Oceania	106	111	58	37	164	148	911	672	1,075	820
Unidentified and Undistributed	—	—	21	22	21	22	—	—	21	22
Total All Areas 3/	15,691	12,889	6,014	4,843	21,705	17,732	9,720	9,829	31,425	27,561

1/ Where data for December were not available for countries included in area totals, earlier data or estimates, if available, were used.

2/ Includes holdings of Switzerland and Portugal which are IMF ex-Axis countries, unrecognized of loans or grants. Total gold and short-term dollar balances of Switzerland and Portugal were $2,267 million in 1946 or 23 percent of the $9,656 million total gold and dollars held by IMF countries and $2,192 million in 1947 or 29 percent of the $7,513 million total gold and dollars held by IMF countries.

3/ For 1946: Inclusive of $47 million in gold, $42 million in dollars, and $367 million in other foreign exchange held by international organizations, mainly the International Monetary Fund, the International Bank for Reconstruction and Development, the United Nations, UNRRA, and the Bank for International Settlements.
For 1947: Inclusive of $1,391 million in gold, $2,369 million in dollars, and $4,742 million in other foreign exchange held by these international organizations.

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Gold, Dollars, and Other Foreign Exchange Reserves of Foreign Countries, By Areas
December 31, 1946 and December 31, 1947 1/
(Millions of Dollars)

Area	I Official Gold Holdings		II Official and Private Short-Term Dollar Balances in U.S.		III Total Gold and Dollars (I + II)		IV Other Official Foreign Exchange		V Total Gold and Dollars and Other Official Foreign Exchange (III + IV)	
	1946	1947	1946	1947	1946	1947	1946	1947	1946	1947
Africa	1,028	852	154	135	1,182	987	710	684	1,892	1,671
Asia	1,084	969	1,242	1,021	2,326	1,990	5,703	5,310	8,029	7,300
ERP Countries	7,373	5,742	2,223	1,771	9,596	2/7,513 2/	1,288	1,726	10,884	9,239
Europe, Other	3,051	3,226	193	230	3,244	3,456	90	66	3,334	3,522
(Europe, Total)	(10,424)	(8,968)	(2,476)	(2,001)	(12,900)	(10,969)	(1,378)	(1,792)	(14,278)	(12,761)
Latin America	2,576	1,695	1,108	1,276	3,684	2,921	972	1,171	4,656	4,092
North America	543	294	935	411	1,478	705	6	N.A.	1,484	705
Canada	106	111	58	37	164	148	911	672	1,075	820
Unidentified and Undistributed	—	—	21	22	21	22	—	—	21	22
Total All Areas 3/	15,691	12,089	6,014	4,843	21,705	17,732	9,710	9,829	31,415	27,561

1/ Where data for December were not available for countries included in area totals, earlier data or estimates, if available, were used.

2/ Includes holdings of Switzerland and Portugal which are ERP non-banks countries, non-recipient of loans or grants. Total gold and short-term dollar balances of Switzerland and Portugal were $2,267 million in 1946 or 23 percent of the $9,596 million total gold and dollars held by ERP countries and $2,192 million in 1947 or 29 percent of the $7,513 million total gold and dollars held by ERP countries.

3/ For 1946: Exclusive of $47 million in gold, $482 million in dollars, and $357 million in other foreign exchange held by international organizations, mainly the International Monetary Fund, the International Bank for Reconstruction and Development, the United Nations, UNRRA, and the Bank for International Settlements.
For 1947: Exclusive of $1,321 million in gold, $2,349 million in dollars, and $4,742 million in other foreign exchange held by these international organizations.

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228945

Gold, Dollars, and Other Foreign Exchange Reserves of Foreign Countries, By Areas
December 31, 1946 and December 31, 1947 1/
(Millions of Dollars)

Area	I Official Gold Holdings		II Official and Private Short-Term Dollar Balances in U.S.		III Total Gold and Dollars (I + II)		IV Other Official Foreign Exchange		V Total Gold and Dollars and Other Official Foreign Exchange (III + IV)	
	1946	1947	1946	1947	1946	1947	1946	1947	1946	1947
Africa	1,028	852	154	135	1,182	987	710	684	1,892	1,671
Asia	1,024	969	1,252	1,021	2,276	1,990	5,733	5,310	8,009	7,300
IMF Countries	7,373	5,742	2,283	1,772	9,656	2/7,513 2/	1,288	1,726	10,944	9,239
Europe, Other	3,051	3,226	193	250	3,244	3,476	90	66	3,334	3,522
(Europe, Total)	(10,424)	(8,968)	(2,476)	(2,021)	(12,900)	(10,989)	(1,378)	(1,792)	(14,278)	(12,781)
Latin America	2,978	1,895	1,108	1,216	3,684	2,933	972	1,171	4,656	4,092
North America	543	294	935	411	1,478	705	6	N.A.	1,484	705
Oceania	106	111	58	37	164	148	511	672	1,675	820
Unidentified and Undistributed	—	—	21	22	21	22	—	—	21	22
Total All Areas 3/	15,491	12,889	6,014	4,843	21,705	17,732	9,710	9,829	31,415	27,561

1/ Where data for December were not available for countries included in area totals, earlier data or estimates, if available, were used.

2/ Includes holdings of Switzerland and Portugal which are IMF cash-basis countries, non-resident of loans or grants. Total gold and short-term dollar balances of Switzerland and Portugal were $2,267 million in 1946 or 23 percent of the $9,656 million total gold and dollars held by IMF countries and $2,152 million in 1947 or 29 percent of the $7,513 million total gold and dollars held by IMF countries.

3/ For 1946: Exclusive of $47 million in gold, $422 million in dollars, and $367 million in other foreign exchange held by international organizations, mainly the International Monetary Fund, the International Bank for Reconstruction and Development, the United Nations, UNRRA, and the Bank for International Settlements.
For 1947: Exclusive of $1,391 million in gold, $2,349 million in dollars, and $4,742 million in other foreign exchange held by these international organizations.

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Box 15-47

April 19, 1948 xxx

Mr. Willis

Mr. Schwartz

Attached is a table on gold, dollar and other foreign exchange resources of foreign countries by continental areas and containing a sub-division for ERP. This table will be part of our NAC Staff Document (Secret) on gold and foreign exchange resources. However, the table has been put in such form as can be used for presentation by the Secretary to the Committee on Appropriations as you suggested last Thursday.

Attachment

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228947

Gold, Dollars, and Other Foreign Exchange Resources of Foreign Countries, By Areas
December 31, 1946 and December 31, 1947 1/
(Millions of Dollars)

Area	I Official Gold Holdings		II Official and Private Short-Term Dollar Balances in U.S.		III Total Gold and Dollars (I + II)		IV Other Official Foreign Exchange		V Total Gold and Dollars and Other Official Foreign Exchange (III + IV)	
	1946	1947	1946	1947	1946	1947	1946	1947	1946	1947
Africa	1,028	852	154	135	1,182	987	710	884	1,892	1,871
Asia	1,014	969	1,262	1,021	2,276	1,990	5,733	5,310	8,009	7,300
ERP Countries	7,373	5,742	2,283	1,771	9,656	2/7,513 2/	1,288	1,726	10,944	9,239
Europe, Other	3,051	3,226	193	230	3,244	3,456	90	66	3,334	3,522
(Europe, Total)	(10,424)	(8,968)	(2,476)	(2,001)	(12,900)	(10,969)	(1,378)	(1,792)	(14,278)	(12,761)
Latin America	2,576	1,695	1,108	1,216	3,684	2,911	972	1,171	4,656	4,082
North America	543	294	935	411	1,478	705	6	N.A.	1,484	705
Oceania	106	111	58	37	164	148	911	672	1,075	820
Unidentified and Undistributed	--	--	21	22	21	22	--	--	21	22
Total All Areas 3/	15,691	12,889	6,014	4,843	21,705	17,732	9,710	9,829	31,415	27,561

1/ Where data for December were not available for countries included in area totals, earlier data or estimates, if available, were used.

2/ Includes holdings of Switzerland and Portugal which are ERP cash-basis countries, non-recipient of loans or grants. Total gold and short-term dollar balances of Switzerland and Portugal were $2,267 million in 1946 or 23 percent of the $9,656 million total gold and dollars held by ERP countries and $2,152 million in 1947 or 29 percent of the $7,513 million total gold and dollars held by ERP countries.

3/ For 1946: Exclusive of $47 million in gold, $482 million in dollars, and $367 million in other foreign exchange held by international organizations, mainly the International Monetary Fund, the International Bank for Reconstruction and Development, the United Nations, UNRRA, and the Bank for International Settlements.
For 1947: Exclusive of $1,391 million in gold, $2,349 million in dollars, and $4,742 million in other foreign exchange held by these international organizations.

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4-19-48

S/ World Monetary Reserves

U. S. Gross Gold Purchases from Foreign Countries and Reduction of Foreign Dollar Balances 1/
June 30, 1945-December 31, 1947

(Table furnished Mr. Bitterman for NAC activities report)

(millions of dollars)

	All foreign countries	ERP countries
Gross Gold Purchases:		
June 30-December 31, 1945	239	153
1946	901	116
1947	2,958	1,451
Total	4,098	1,720
Dollar Balances: 2/		
June 30, 1945	6,080	2,594 3/
December 31, 1947	4,850	1,771
Dollar balance reductions	1,230	823
Total Gold Purchases and Dollar Balance Reduction -	5,328	2,543

Explanatory Note: Table does not include contributions of foreign countries of gold to international organizations.

1/ Private and official dollar balances in United States.

2/ Dollar balances of international organizations, including the Bank for International Settlements, are excluded.

3/ Dollar balances of the Vatican City are excluded from Italian holdings. For June 30, 1945 dollar balances for Eire and Iceland were not available and balances for December 31, 1945 were used.

Sources: "Gold Sales to the United States and United States Sales to Foreign Countries February 1948 and Other Recent Periods"; "United States Gold Transactions with Foreign Countries March 1948 and Other Recent Periods"; "Stabilization Purchases by Months"; "Gold and Foreign Exchange Resources of Foreign Countries by Areas 1946 & 1947"; "Gold and Dollar Assets of Foreign Countries as of June 30, 1945"; NAC Document No. 7, 1945.

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July 21, 1948

Memorandum to the Files

From: Mr. Hirschtritt

Subject: Gold and dollar holdings for publication in the NAC Six-months' Report of Activities.

The Board of Governors of the Federal Reserve System (Messrs. Tamagna and Dembitz) requested that the table appearing in the draft NAC Report of Activities (June 25, 1948 draft) on gold and dollar holdings be made to correspond more closely with the table appearing in the previous report of activities. Such a change would involve the utilization, in a few instances, of confidential information although such data would appear in the table as estimates. In addition the table would become a special purpose table consolidating reserves of metropolitan countries with dependent areas. I objected to such procedure on the basis that as in past discussions of these problems, we decided not to show separately those countries for which information is received on a confidential basis, and to preserve the table for general purposes by showing metropolitan areas and each dependency separately. It is true, however, in regard to data estimated from confidential sources the amounts differ only slightly from the information published as of June 30, 1947. Mr. Kamarek, after receiving a call from Mr. Dembitz, felt that the Board's request had some merit and requested that we make appropriate revisions. I reiterated our objection to making the changes suggested by the Board but agreed to do so within reasonable limits in accordance with Mr. Kamarek's and Mr. Gunter's request.

On the question of gold holdings for Germany, Mr. Fred Smith after discussion with Mr. Rubin and Mr. Todd of the State Department said that it would be inadvisable either to show gold to be distributed by the Tripartite Commission as German holdings or to show an estimate for such gold except concealed within a miscellaneous category.

On gold in Japan claimed to be earmarked by other countries for their account, Messrs. Stuart and Hally suggest we use language that could not be seized by such countries in support of their claims which as yet are not recognized.

RH:ms 7/26/48

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World Monetary Reserves

Treasury Department
Office of International Finance

Date July 16, 1948

To: Mr. Schwartz

From: Mr. Fisher, Room 5308
Ext. 2570-71

Subject: Draft NAC Six-Month Report,
October 1, 1947 - March 31, 1948

The June 25 draft of this report was distributed on July 14, 1948. It is requested that any comments on this report be submitted to this office by July 20, 1948.

TREASURY DEPARTMENT
DEPARTMENTAL STOCK FORM 2131

SPECIAL

It is Important that this Paper should be made Special.

U. S. GOVERNMENT PRINTING OFFICE : 2—6610

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Table 1.--Estimated Gold and short-term dollar resources of foreign countries, as of December 31, 1947
(In millions of dollars)

Area and country	Total	Gold 1/	Short-term dollar balances
TOTAL, ALL AREAS 2/	17,764	12,922	4,842
Total, Europe (excluding sterling area countries)	8,733	7,011	1,722
Total, European Recovery Program Participating Countries (other than sterling area countries)	5,064	3,573	1,491
Austria	10	5	5
Belgian monetary area (incl. Luxembourg and Belgian Congo)	783	614	169
Denmark	85	32	53
French monetary area	770	570	200
(France)	(718)	(550)	(168)
(Dependencies in International Monetary Fund French quota)	(52)	(20)	(32)
Germany	89	--	89
Greece	50	15	35
Italy	206	60	146
Netherlands and Netherlands West Indies	413	256	157
Norway	131	75	56
Portugal and dependencies	365	3/ 315	50
Sweden	164	105	59
Switzerland	1,791	1,356	435
Turkey	207	170	37
Total, Other Europe	3,669	3,438	231
Bulgaria	26	25	1
Czechoslovakia	45	10	35
Finland	31	4/ --	31
Hungary	42	34	8
Poland	92	60	32
Rumania	274	265	9
Spain and dependencies	123	111	12
Union of Soviet Socialist Republics	2,674	2,600	74
Yugoslavia	92	80	12
Other Europe 5/	270	5/ 253	17

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Area and country	Total	Gold 1/	Short-term dollar balances
Total, British Commonwealth (incl. other sterling area countries)	4,465	3,479	986
Sterling area countries in EMF	2,461	2,037	424
Iceland	5	1	4
Ireland	32	11	21
United Kingdom	2,351	2,025	326
Dependencies in the International Monetary Fund United Kingdom quota	73	—	73
Other Sterling Area	1,298	1,148	150
Australia	120	90	30
India, Pakistan, Burma and Ceylon	336	274	62
Iraq	3	—	3
New Zealand	29	23	6
Transjordan	2	—	2
Union of South Africa	808	761	47
Canada and Newfoundland	706	294	412
Total, Africa 6/	88	54	34
Egypt and Anglo-Egyptian Sudan	78	53	25
Ethiopia	3	1	2
Tangier	7	—	7
Total, Asia 6/	1,582	695	887
Afghanistan	39	33	6
China and Manchuria	327	97	230
French Indo-China	6	—	6
Iran	153	142	11
Japan	237	7/ 206	31
Netherlands East Indies	249	180	69
Philippine Islands	489	1	488
Saudi Arabia	11	—	11
Siam	47	33	14
Syria and Lebanon	16	3	13
Unidentified	8	—	8

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Area and country	Total	Gold 1/	Short-term dollar balances
Total, Latin America 6/	~~2,874~~ 2,877	1,683	~~1,191~~ 1,194
Argentina	555	319	236
Bolivia	41	23	18
Brazil	458	354	104
Chile	91	45	46
Colombia	129	83	46
Costa Rica	9	2	7
Cuba	514	279	235
Dominican Republic	~~38~~ 40	2	~~36~~ 38
Ecuador	29	20	9
Guatemala	51	27	24
Haiti	15	2	13
Honduras	4	4/ —	4
Mexico	239	100	139
Nicaragua	7	3	4
Panama	70	4/ —	70
Paraguay	5	4/ —	5
Peru	62	20	42
Salvador	23	15	8
Uruguay	208	175	33
Venezuela	292	214	78
Unidentified	~~34~~ 35	—	~~34~~ 35
Other, Unidentified	22	—	22

Footnotes to Table 1, Appendix B

1/ Official gold holdings; for countries whose holdings have not been published, available estimates have been used, or the figures as of June 30, 1947, shown in the previous Report of Activities have been carried forward.

2/ Excludes holdings of the International Monetary Fund, the International Bank for Reconstruction and Development, and other international organizations. Total gold and short-term balances of international organizations on this date were $3,740,000,000, consisting of $1,391,000,000 in gold, and $2,349,000,000 in short-term dollar balances.

3/ Based upon estimate of $390,000,000 for June 30, 1947, adjusted for subsequent sales of gold to the United States.

4/ Less than $500,000.

5/ Includes gold to be distributed by the Tripartite Commission for the Restitution of Monetary Gold to claimant countries, including EBF countries, in accordance with the Paris Reparations Agreement.

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Footnotes (continued)

6/ Excluding sterling area countries and dependencies of European countries.
7/ Includes approximately $62,000,000 ~~xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx~~ in gold which other countries claim Japan held on earmark for them.

Notes

Gold: Data represent total holdings of governments and central banks without regard to location.

Short-term balances: Composed principally of deposits in American banks and holdings of United States Government Treasury bills and certificates, ~~xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx~~. Where December figures were not available, short-term dollar balances as of September 30, 1947 were used.

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Decline in Foreign Gold and Dollar Resources

In their attempt to obtain needed supplies from the United States and other countries which expected payment in dollars, those countries of the world which had gold and dollar resources used a considerable portion to pay for their international deficits. Thus foreign countries in 1945 had gold and short-term dollar assets amounting to $23,000,000,000, whereas at the end of 1947 these resources were reduced to $17,500,000,000. The gold and dollar resources of the foreign countries as of December 1945, December 1946 and December 1947 are given in Table I. The European countries participating in the Paris Committee for Economic Cooperation lost reserves during this period amounting to $2,800,000,000 (more than one-fourth of their total reserves), of which $1,600,000,000 was in gold.

Table I.--GOLD AND SHORT-TERM DOLLAR RESOURCES OF FOREIGN COUNTRIES DECEMBER, 1945 - DECEMBER, 1947

(In billions of dollars)

	Total			Gold			Dollar Balances		
	1945	1946	1947	1945	1946	1947	1945	1946	1947
TOTAL, ALL COUNTRIES	23.0	21.7	17.5	16.0	15.7	13.0	7.0	6.0	4.5
Europe									
ERP Countries	10.3	9.6	7.5	7.4	7.1	5.6	2.9	2.5	1.9
Other Europe 1/ ..	3.3	3.6	3.7	3.2	3.4	3.5	.1	.2	.2
Canada	1.6	1.4	.7	.4	.5	.3	1.4	.9	.4
Latin America	3.8	3.7	2.9	2.8	2.6	1.7	1.0	1.1	1.2
Other Countries	3.6	3.4	3.0	2.2	2.1	1.9	1.6	1.3	1.1

1/ Includes gold to be distributed by the Tripartite Commission for the Restitution of Monetary Gold to claimant countries, including ERP countries, in accordance with the Paris Reparations Agreement. Also includes estimates for Union of Soviet Socialist Republics gold holdings.

Note: For details for December, 1947 see Appendix B.

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The consequences of this decline in gold and dollar balances was that most countries of the world in 1948 had inadequate resources in gold and foreign exchange to maintain working balances in foreign exchange and gold or foreign exchange reserves for their note issues. In the appendix are included statements of the gold transactions of foreign countries with the United States, and estimates of the gold and dollar resources of these countries as of December 31, 1947.

Fisher (Original)
cc: Tamagna (FRBoard)
Conway, Mack, Schwartz, Hirschtritt

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Gold & FX, World

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National Advisory Council
Staff Document No. 225
May 19, 1948

Memorandum To: National Advisory Council Staff Committee

From: The United States Treasury Department

The following study is transmitted to the Staff Committee for its information.

Official Gold and Foreign Exchange Resources
and Private Dollar Balances of Foreign Countries
as of December 31, 1947.

In 1947, because of the unique position of the United States in post-war international trade, the problem of world dollar availabilities became increasingly acute. Foreign gold and dollar holdings were being continually drawn on in order to pay for trade and balance of payments deficits with the United States. Individual countries suffered severe losses and total foreign holdings were less adequate than they appeared to be in the light of raised liquidity requirements in international transactions due to increased trade, the inability of foreign countries to reverse the downward trend, and the relatively low real value of these holdings. In spite of large-scale assistance from the United States and some measure of help from the International Monetary Fund and the International Bank, high post-war foreign demand and low post-war foreign supply, combined with rising prices in the United States and other dollar areas, resulted in the drawing down of the gold and dollar holdings of foreign countries.

The demand for United States exports which continued high during 1947 was the largest single factor influencing the loss. The $11.3 billion deficit on current account (goods and services) of the rest of the world vis-a-vis the United States was principally met by gross sales of gold of about $3.0 billion to the United States, by $7.1 billion of United States governmental and private loans, unilateral transfers and investments, and by a decline of $1.2 billion in total foreign short-term dollar balances in the United States. The $.8 billion supplied to foreign countries by the International Monetary Fund and the International Bank was largely offset by subscriptions to these organizations by countries other than the United States.

Gold and official and private short-term dollar holdings of foreign countries amounted to approximately $17.7 billion on December 31, 1947, a decline of about $4 billion from December 31, 1946. Of this $4 billion decline, $2,802 million represented depletion of gold holdings and $1,225 million was the extent of the official dollar balance loss, while $60 million was gained in private dollar holdings. Offsetting the total decline to some extent was the net increase of $3.2 billion in gold and dollars held by the international organizations, which represented almost entirely the amount subscribed by the United States in 1947. The holdings of international organizations are not included in the $17.7 billion held by foreign countries. Approximately 79 percent of the international organizations' gold and dollars are held by the International Monetary Fund.

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During 1947, along with merchandise and invisible export dollar earnings, there were four principal channels through which dollars were made available to foreign countries. These were United States loans, unilateral transfers and investments, United Kingdom releases to the sterling area and sterling convertibility, foreign gold production, and International Monetary Fund dollar drawing facilities and International Bank dollar loans. The United States made net public and private loans and investments of $4.7 billion and net public and private unilateral transfers of $2.4 billion, and contributed $3.3 billion through government subscriptions to the International Monetary Fund and the International Bank and private purchases of debentures of the International Bank. The United Kingdom made about $2.5 billion available to the sterling area and countries other than the United States, making withdrawals of $2.9 billion under the Anglo-American Agreement. Foreign gold production in 1947 amounted to an estimated $.8 billion. Foreign drawings from the International Monetary Fund and loans from the International Bank amounted to about $.8 billion.

The dollars acquired by foreign countries from these sources made possible the maintenance of world trade at a high level and were expended in addition to the drain of total foreign gold and dollar holdings. Individual foreign country reserves were also affected by various gold and dollar payment agreements, net drawings on the sterling area dollar pool, and sterling convertibility. The dollar pool and sterling convertibility constituted a severe net drain on the United Kingdom gold and dollar holdings. Certain European countries were particularly affected by having to furnish dollars to dependencies which normally were net dollar earners and, along with other foreign countries, paying in dollars for commodities and services normally payable in other foreign exchange, and being forced by shortages in their usual sources of supply to purchase increasingly in the United States and other dollar areas.

Official holdings of foreign exchange other than dollars amounted to the equivalent of $9,813 million on December 31, 1947, rising $123 million from the $9,710 million holdings on December 31, 1946. This gain appears to reflect, in part, government acquisition of private foreign exchange holdings other than dollars and a net increase of international payments imbalances. It should be noted that the non-dollar foreign exchange referred to in this report excludes that privately held. In addition, although the data presented above are on a comparable basis for 1946 and 1947, the absence of suitable information in both years has resulted in the omission of the holdings of several countries. It is estimated that almost $14 billion of sterling exchange alone was held officially and privately at the end of 1947.

A few countries have run counter to the prevailing trend, principally raw material producers whose exportable surpluses have enabled them to increase their reserves or support heavy imports from the United States with little or no loss of gold and dollars. There has been little evidence of increased hoarding of gold abroad, at least to the extent noted during 1946.

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European Losses of Reserves

Change in European Gold and Total Short-Term
U.S. Dollar Holdings
December 31, 1946-December 31, 1947

(In Millions of Dollars)

	Gold Holdings			Total Short-Term U.S. Dollar Holdings			Total
	1946	1947	Change	1946	1947	Change	Change
Total Europe	10,424	8,968	-1,456	2,476	2,001	- 475	-1,931
ERP Countries	7,373	5,742	-1,631	2,283	1,771	- 512	-2,143
(ERP Cash-payment Countries: Switzerland and Portugal)	(1,863)	(1,670)	(- 193)	(404)	(482)	(+78)	(-115)
Other Europe	3,051	3,226	+ 175	193	230	+37	+212

In keeping with the general pattern which has characterized the post-war balance of international payments, European countries lost sizable amounts of both gold and dollar exchange. Deficits on current account with the United States were most noticeable in the United Kingdom and France.

European countries in the last quarter of 1947 sharply accelerated the rate of utilization of their existing gold and dollar balances. The temporary blocking between August 20 and December 5, 1947 of drawings on the British loan not only stopped the large flow of dollars that had previously been made available through that source to the United Kingdom, but also, through the partial suspension of sterling convertibility, slowed the indirect flow of dollars to other countries.

Gold reserves and total short-term dollar holdings of European countries amounted to about $10,969 million on December 31, 1947. The decline of gold holdings and official and private dollar balances of European countries, including Turkey, between December 31, 1946 and December 31, 1947, amounted to $1,931 million. This amount consisted of a heavy net outflow of gold from Europe of $1,456 million, and losses of $379 million and $96 million in official and private dollar balances, respectively. Contributions of approximately $450 million to the International Monetary Fund was a factor in the lowering of official gold holdings. The gain of $391 million in other official foreign exchange was principally due to increased sterling holdings in some countries.

The greatest declines have been in the ERP countries, where the net losses of total gold and dollars were approximately $2,143 million, of which gold was again the larger item, approximately $1,631 million. Gold reserves and total dollar holdings of the ERP countries amounted to $7,513 million on December 31, 1947. Of the total, Switzerland and Portugal,

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ERP non-recipient countries, held $2,152 million (Switzerland, $1,791 million and Portugal, $361 million.)

The reduction of gold and dollar resources has been unevenly distributed. By the end of December, most European countries had already reduced their holdings below levels ordinarily considered prudent for reserve and trade requirements. Of the countries participating in the European Recovery Program only Switzerland, Portugal and Turkey held reserves considered to be in excess of their minimum needs. The gold and total dollar reserves of these three countries were reduced in 1947 by $200 million. Portugal's reserves declined $111 million; Switzerland, $4 million; and Turkey, $85 million.

The Tripartite Commission for the Restitution of Monetary Gold held approximately $182 million of gold at the end of December 1947. In the tables this is reported as German holdings. During November the Commission transferred $104 million of gold to the French Government and $40 million of gold to the Netherlands Government. It also set aside $30 million for transfer to Austria and $4 million for transfer to Italy. At the end of 1947, the Commission had not yet determined the distribution of the remaining gold or such additional gold as may be made available to the Commission as the result of negotiations now in progress.

A consideration of individual participating countries shows the United Kingdom to have had a net decrease in gold and official dollar holdings of $533 million. Private dollar balances increased approximately $14 million, reflecting transfers from United Kingdom official funds. Included in the drain of gold and dollars was $233 million for subscriptions of the United Kingdom and sterling area countries to the International Monetary Fund and the International Bank. The net loss of $519 million was in addition to the withdrawal of $2,850 million made available under the Anglo-American Financial Agreement, an estimated $338 million in gold purchased from the sterling area, and the drawing of $240 million in dollars from the International Monetary Fund. These amounts were spent largely in financing the United Kingdom and sterling area balance of payments deficit, mainly with the United States and dollar area countries, and in carrying out the terms of sterling convertibility. The freezing of the $400 million remainder of the Anglo-American Financial Agreement loan from August 20 until December 5 resulted in a drawing down of United Kingdom gold and dollar holdings. On March 1, 1948 the last remaining $100 million of the loan was drawn.

Sweden, in 1947, liquidated more than half of its gold and total dollar holdings, $390 million of a total of $554 million held at the end of 1946, leaving only $115 million in gold and official dollars and $49 million in private dollar balances in the United States. Swedish gold reserves declined $276 million in the last year. The loss in gold has been accompanied by a substantial reduction in the official requirements of coverage for note issue. Sweden appeared to be in a strong financial position at the end of World War II, but its position has since steadily deteriorated. Although in March 1947 the Swedish Government introduced measures intended to stop the outflow of gold and exchange through the control of imports, the drain continued, mainly due to the high rate of imports from the United States.

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The loss of reserves in Norway in 1947 is not as noticeable from a quantitative standpoint as in the case of Sweden because Norway's holdings had already been reduced to a low level by the beginning of 1947. Norway further reduced gold holdings during the year by $17 million, official dollar balances by $50 million, and private dollar balances by $17 million, leaving $131 million in gold and total short-term United States dollar balances by the end of 1947.

French gold and official and private dollar balances were reduced by $399 million in 1947. The French loss consisted principally of gold. Of the $321 million gold reduction, $265 million was sold to the United States to meet part of the balance of payments deficit and almost $80 million was subscribed to the International Monetary Fund. Gold was transferred to countries other than the United States under payments agreements to meet balance of payments deficits. Of the $550 million in gold reserves at the end of 1947, $85 million was held as collateral for a loan on gold granted by the Federal Reserve Banks. The net loss in gold and short-term dollar balances was in addition to the $125 million acquired from the International Monetary Fund, the $227 million drawn on the loan from the International Bank for Reconstruction and Development, and the $104 million in gold received from the Tripartite Commission for the Restitution of Monetary Gold. Foreign exchange, other than dollars increased during the first eleven months of 1947 by $209 million, consisting almost entirely of sterling. The accumulation of large sterling balances was due in part to large-scale liquidation of sterling securities in 1947 and the inconvertibility of sterling.

Belgium and Luxembourg's official holdings declined by approximately $138 million in gold and $17 million in dollar balances. Private dollar balances were depleted by $18 million during the year. This total drain of $173 million in gold and dollars was in addition to $11 million drawn from the International Monetary Fund, and about $5 million in dollars utilized from the dollar-franc loan made in 1947 by the International Bank to Luxembourg. A large part of this drain, amounting to about $57 million, represented subscriptions to the Fund. The remainder was the net drain which, when added to the net gold and dollar earnings from other sources, was used in part to pay for the merchandise trade deficit with the United States of about $475 million. However, Belgium and Luxembourg reserves remain closer to being adequate for needs than those of some of the other ERP countries. Of the $141 million private dollar balances on December 31, 1947, $22 million was held for Luxembourg, showing practically no change from December 1946. Official foreign exchange other than dollars held by Belgium and Luxembourg increased by the equivalent of $179 million in 1947, offsetting in amount the loss of gold and dollars.

The Netherlands' gold holdings declined by an estimated $163 million in 1947. Official dollar balances decrined by $13 million, while private dollar balances fell by $69 million. These losses were in addition to $40 million in gold received from the Gold Commission and added to official holdings after October, $40 million acquired from the International Monetary Fund and drawings of $128.3 million of the dollar loan from the International Bank for Reconstruction and Development. The net drain of $245 million in gold and dollars included payments of about $69 million to the Fund and was used with dollar earnings from other than United States sources to meet an

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approximately $350 million merchandise trade deficit with the United States. Official foreign exchange other than dollars increased by $34 million.

Switzerland was a net loser of $74 million in gold in 1947, with an offsetting gain of $62 million in total dollar balances. The gold loss was principally due to the Swiss sale of gold to the public amounting to about $112 million in the nine months ending September 1947, when such gold sales were discontinued. Another factor in the net decline was the transfer of $58 million in gold to the Tripartite Commission for the Restitution of Monetary Gold under the Washington Accord. Switzerland also sold $10 million in gold to the United States although Swiss earnings of gold and dollars from non-United States sources were of sufficient magnitude to more than cover its balance of payments deficit with the United States.

Turkish gold and total dollar holdings declined by $85 million of which $67 million was in gold. The United States purchased $56 million of Turkish gold during the year. As in other countries, gold holdings were sold largely to finance the trade deficits with hard currency areas. Part of the loss was due to Turkey's subscription of approximately $12 million in gold and dollars to the International Monetary Fund and the International Bank. Turkish gold and dollar expenditures were accelerated during the early part of 1947, based on the belief that large amounts of currently accumulated sterling balances would be convertible into dollars. With the suspension of convertibility, Turkey was confronted with over-purchases from dollar areas and over-exports against non-convertible sterling.

Of the ERP countries, only Italy increased its gold holdings, registering a $25 million gain due to the purchase of $30 million in gold from the Bank of Canada from official dollar balances in the United States, avowedly for the purpose of making its subscription to the International Monetary Fund when required. Total gold and dollar balances, however, excluding Vatican City, were reduced by $90 million, official dollar balances dropping from approximately $183 million to $53 million and private dollar balances increasing by $15 million during 1947.

The gain shown in the gold reserves of the European countries, other than those participating in the ERP, is the result of the retention by the U.S.S.R. of most of its new domestic production. However, by the end of December most European countries had drawn their gold and dollar holdings below what might ordinarily be regarded as working levels.

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Canadian Losses

Change in Canadian Gold and Total Short-Term
U.S. Dollar Holdings
December 31, 1946-December 31, 1947

(In Millions of Dollars)

	Gold Holdings			Total Short-Term U.S. Dollar Holdings			Total
	1946	1947	Change	1946	1947	Change	Change
Canada	543	294(est.)	-249	932	413	- 519	- 768

Canadian gold reserves and total official and private short-term dollar balances at the end of 1947 amounted to an estimated $707 million. The net drain on gold and total dollar holdings was approximately $768 million during the year. In spite of an estimated 1947 gold production of $107 million, there was a net decline in Canadian gold holdings of $249 million during 1947. Canada sold $306 million in gold to the United States during this period and subscribed $75 million in gold to the International Monetary Fund. The decrease in official Canadian dollar holdings appears to have been the result, in part, of transfers to private Canadian accounts which increased during 1947. Prior to the war Canada's deficit with the United States was financed by the receipt of convertible currencies from her net exports to the rest of the world. During the war, imports from the United States were financed by United States procurement in Canada under the Hyde Park Program. In the post-war years Canada has maintained a high level of exports to Europe through credit and it has been necessary to draw on reserves to meet the demand for imports from the United States.

Africa

Change in African Total Gold and Short-Term U.S. Dollar Holdings
and Official Other Foreign Exchange Holdings
December 31, 1946-December 31, 1947

(In Millions of Dollars)

	Total Gold and Short-Term U.S. Dollar Holdings			Official Other Foreign Exchange Holdings			Total Change
	1946	1947	Change	1946	1947	Change	
Total Africa	1,182	987	- 195	710	884	+174	- 21
Egypt	74	78	+ 4	633	620 1/	-13	- 9
South Africa	986	808	- 178	42	208	+166	- 12
Other	122	101	- 21	35	56	+ 21	-

1/ estimated

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Total African gold, dollar, and official other foreign exchange holdings fell from $1,892 million in December 1946, to $1,871 million in December 1947. The $21 million decline was accounted for by a decrease of $195 million in gold and total short-term dollar holdings and an increase of $174 million in official other foreign exchange. Included in the $987 million gold and dollars held at the end of 1947 was $80 million in officially held dollars, a decrease of $3 million from December 31, 1946 holdings. African private dollar balances dropped $16 million from December 31, 1946 holdings, amounting to approximately $55 million on December 31, 1947.

As in the six months period ending December 31, 1946, the loss of official African gold holdings for 1947 was due to a drop in the gold holdings of the Union of South Africa. The $178 million South African loss during the period was partially due to gold exports to the United States with which the Union had a merchandise trade deficit during 1947 of approximately $300 million, about four times the 1946 deficit. Another major component in the gold loss was a result of South African gold shipments to the United Kingdom to defray the continued large unfavorable balance of trade. In addition, during this period South Africa shipped the greater part of $127 million in gold to the United States covering settlement for Lend-Lease and its contribution to the International Monetary Fund and the International Bank. The drop in South African gold reserves was in addition to the loss of $392 million of newly mined gold for the year.

In October, South Africa announced a 1948 Gold Loan to the United Kingdom of £80 million ($325 million - 9,275,000 fine ounces of gold). This has had the effect of further lowering South African gold holdings.

The $178 million gold loss was offset by an increase of the Union of South Africa official foreign exchange holdings amounting to $158 million. This increase consisted of a rise of $166 million in other than dollar official foreign exchange and a decrease of $8 million in official dollar balances. The official dollar loss was offset by an $8 million gain in private dollar balances. The gain in foreign exchange holdings was principally due to capital inflow mainly from the United Kingdom, estimated to have totaled between $300 and $400 million in 1947.

The current problem, with South Africa as well as with Egypt, is not one of quantitative reserves, but of gold and dollar balances. South Africa in spite of large dollar deficits, still retains a strong exchange position, being the leading gold producer, with prospects, enhanced by the maintenance of United Kingdom capital investment arising out of the new Gold Loan Agreement, of increased gold output from present and newly expanding sources. Furthermore, South African industry is expected to attract substantial amounts of U.S. capital in 1948. Egypt, on the other hand, although holding total foreign exchange only slightly less than in 1946, is dollar poor. When Egypt left the sterling area and the dollar resources of the "dollar pool," it was believed that sterling convertibility would provide a more satisfactory source of dollars. The suspension of sterling convertibility soon after left Egypt with an accumulation of non-convertible sterling and with a deteriorating dollar situation. The 1948 Anglo-Egyptian Agreement, however, offsets to some extent Egypt's dollar loss resulting from the

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suspension of convertibility and leaves Egypt's dollar position in an improved condition over the preceding six months.

Asiatic Losses of Reserves

Change in Asiatic Total Gold and Short-Term U.S. Dollar Holdings and Official Other Foreign Exchange Holdings
December 31, 1946-December 31, 1947

(In Millions of Dollars)

	Total Gold and Short-Term U.S. Dollar Holdings			Official Other Foreign Exchange Holdings			Total Change
	1946	1947	Change	1946	1947	Change	
Total Asia	2,276	1,990	-286	5,713	5,310	-403	-689
China and Manchuria	550	327	-223	28	(est.)40	+ 12	-211
India-Pakistan	318	336	+ 18	4,927	4,559	-368	-350
Netherlands East Indies	340	249	- 91	N.A.	2	+ 2	- 89
Philippine Islands	448	489	+ 41	N.A.	N.A.	-	+ 41
Other	620	589	- 31	758	709	-49	- 80

During 1947, Asiatic gold, total dollar, and official other foreign exchange holdings, excluding those of Turkey, declined by $689 million. (Turkey is included in the European tables due to its participation in the European Recovery Program; Asiatic and European figures are corrected accordingly for purposes of comparison with the previous period.) The reduction in Asia's gold holdings totaled $45 million net, principally due to a decline of $21 million for China and $33 million for the Netherlands East Indies. The foreign exchange decline amounted to $644 million, including a dollar loss of $241 million. Of this total, India-Pakistan lost $350 million in foreign exchange mainly because of balance of payments deficits with the United States, other dollar countries and with the sterling area. During 1947, India's adverse merchandise trade balance with the United States amounted to approximately $148 million, largely representing a drain on United Kingdom dollar holdings. China, in addition to the gold loss, experienced a net decline in foreign exchange holdings of $190 million involving a loss of $202 million in dollars. These losses, too, were sustained on account of balance of payments deficits, mainly with the United States. The Netherlands East Indies total dollar holdings fell by $58 million in addition to the $33 million gold loss. The Netherlands East Indies' loss was principally ascribable to an adverse balance of trade with the United States.

The only substantial gain in the Asiatic Area was recorded by the Philippines, a $41 million increase in dollars bringing its total dollar holdings on December 31, 1947, to $488 million. This increase was in spite of a 1947 merchandise trade deficit with the United States of approximately $278 million and was due to grants and loans advanced by the United States, which amounted to $175 million for the first nine months of 1947, and dollar earnings from other foreign countries.

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Oceania

Change in Oceanic Total Gold and Short-Term U.S. Dollar Holdings and Official Other Foreign Exchange Holdings
December 31, 1946-December 31, 1947

(In Millions of Dollars)

	Total Gold and Short-Term U.S. Dollar Holdings			Official Other Foreign Exchange Holdings			Total Change
	1946	1947	Change	1946	1947	Change	
Total Oceania	164	148	-16	911	679	-232	-248
Australia	129	118	-11	616	475	-141	-152
French Oceania	4	1	- 3	N.A.	N.A.	N.A.	- 3
New Zealand	31	29	- 2	295	204	- 91	- 93

Australian holdings of gold, total dollars, and official non-dollar foreign exchange fell from $745 million on December 31, 1946, to $593 million on December 31, 1947, a net decrease of $152 million. Of this loss, $80 million represented an outright gift to the United Kingdom by the Australian Government from its accumulated sterling balances. The remaining loss was due to the Australian trade deficit with dollar countries, principally the United States and Canada. For the year ending June 30, 1947, this deficit was about $100 million. In the year ending June 30, 1948, the deficit is expected to be over $150 million. As official Australian dollar balances in the United States declined by only $12 million while private dollar balances dropped $3 million in 1947, it is apparent that almost all the Australian dollar deficit was met by recourse to the sterling area "dollar pool." The dollar shortage has resulted in the placing of more stringent import controls on United States and Canadian goods in an effort to relieve the strain on United Kingdom resources.

New Zealand held $233 million in gold, total dollars, and official non-dollar foreign exchange on December 31, 1947 compared with $326 million on December 31, 1946. The decline of $93 million was mainly due to a $40 million gift presented to the United Kingdom early in 1947 as a sterling balance reduction, the approximately $76 million trade deficit with the United States and Canada, and a sizable expenditure on government debt and other services. New Zealand official short-term dollar balances in the United States decreased during the year by $3 million, leaving a $1 million balance. Private dollarbalances increased by less than $1 million. The difference between the New Zealand dollar loss of $2 million and the $76 million trade deficit with the United States and Canada constituted a further drain on the sterling area dollar pool.

It should be noted that the official foreign exchange holdings of Africa, Asia, and Oceania are comprised largely of sterling. Out of a total of $7.7 billion official foreign exchange (excluding Turkey), approximately $780 million was available to these areas in short-term dollar balances in the

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United States, of which about $560 million was held by the Philippines and China alone. The remainder consists principally of sterling, relatively small amounts of which are released periodically for current use under bilateral agreements between the United Kingdom and the individual sterling countries in these areas. It is evident, then, that these areas have a lower currently available total official foreign exchange reserve than is manifested in the gross totals. On the other hand, the lack of data on both official and private non-dollar foreign exchange holdings in these areas results in an understatement of these resources. It should be noted, too, that the dollar holdings of these areas, as presented in the attached tables do not reveal the extent that dollars are made available to those countries having access to the sterling area dollar pool.

Decline in Latin American Reserves

Change in Latin American Total Gold and Short-Term U.S. Dollar Holdings and Official Other Foreign Exchange Holdings
December 31, 1946-December 31, 1947

(In Millions of Dollars)

	Total Gold and Short Term U.S. Dollar Holdings			Official Other Foreign Exchange Holdings			Total Change
	1946	1947	Change	1946	1947	Change	
Total Latin America	3,684	2,911	-773	972	1,171	+199	-574
Argentina	1,168	555	-613	560	625	+ 65	-548
Cuba	379	514	+135	15	52	+ 37	+172
Mexico	333	239	- 94	43	18	- 25	-119
Other	1,804	1,603	-201	354	476	+122	- 79

The adverse balance of trade of the Latin American countries with hard currency areas was the most important factor influencing the decline of their total gold and dollar holdings from $3,684 million on December 31, 1946, to $2,911 million on December 31, 1947. The net decrease of $773 million included losses of $881 million in gold and $48 million in official dollar balances, offset by a gain of $156 million in private dollar balances. Holdings of other foreign exchange increased $199 million, mainly reflecting net exports to other, principally soft currency, areas.

The gold and dollar losses of Latin America in 1947 resulted primarily from increased imports from the United States, almost double the value of imports for 1946 for the area as a whole and three and a half times larger in the case of Argentina. Principal importing countries showed increases in dollar value of imports from the United States of from five to ten times the pre-war level. Although Latin American exports to the United States also increased substantially, the area's merchandise trade deficit with the United States was approximately $1.8 billion in 1947.

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Argentina continued the downward trend noted in the preceding year, showing a reduction of $736 million in gold holdings during 1947. The gold loss was offset partly by an increase in total foreign exchange holdings of $188 million, including gains of $58 million in official dollar holdings, $65 million in private dollar holdings, and $65 million in official other foreign exchange. A merchandise trade deficit of about $525 million with the United States during 1947, as well as repatriation of dollar bonds and other capital expenditures, were the principal factors effecting the decline.

Mexican gold and total dollar holdings decreased $94 million and other official foreign exchange dropped by $25 million during 1947, resulting in substantial official efforts to reduce the import surplus. Brazilian gold holdings remained at the same level during the year, and while there was a decline of $70 million in total dollar balances, there was an increase of $133 million in official holdings of other currencies, principally sterling. The only other major decrease was for Colombia, a loss of $74 million in gold and total dollar holdings. Chilean holdings of gold and total dollars fell $25 million. Cuba's singularly strong position showed a further increase of $135 million in total gold and dollars, involving an increase of $53 million in gold, a loss of $10 million in official dollar holdings and a gain of $92 million in private dollar holdings. Cuba also gained $37 million in official other foreign exchange. Uruguay lost $25 million in gold in 1947 while other Latin American countries showed minor changes.

The drain on gold and dollar holdings in 1947 resulted in the adoption of more severe exchange and import controls in many Latin American countries.

Sources and Definitions

The attached tables have been based, to the extent possible, on official sources. Occasionally data relating to gold reserves were not available and it was necessary to make estimates on the basis of incomplete data with respect to gold production, exports, imports and earmarking operations. The figures are gross assets, since data on liabilities in foreign exchange are not sufficiently available to merit use. Undisbursed balances of American and International Bank loans are not included in official dollar holdings of foreign countries. Gold and dollars held by certain central banks for others are included as official holdings. The official and private dollar balance data were taken from United States Treasury sources and are short-term balances. Whenever data regarding other foreign currency resources were available with respect to any country, they were entered directly in the column labeled "Other Official Foreign Exchange". Otherwise the dollar balances were deducted from the total reported foreign exchange holdings and the remainder, if positive, was entered in that column. Conversions from foreign currencies were, in general, made at the foreign central bank's buying rate for dollars.

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Table I

Official Gold and Foreign Exchange Resources and Private Dollar Balances of Foreign Countries by Areas December 31, 1946 and December 31, 1947 1/
(Millions of Dollars)

Area	I Official Gold Holdings		II Short-term Dollar Balances in U.S. Official		III Short-term Dollar Balances in U.S. Private		IV Total Gold and Dollars (I + II + III)		V Other Official Foreign Exchange		VI Total Gold and Dollars and Other Official Foreign Exchange (IV + V)	
	1946	1947	1946	1947	1946	1947	1946	1947	1946	1947	1946	1947
ERP Countries	7,373	5,742	770	343	1,513	1,428	9,656 2/	7,513 2/	1,288	1,703	10,944	9,216
Europe, Other	3,051	3,226	124	172	69	58	3,244	3,456	90	66	3,334	3,522
(Europe, Total)	(10,424)	(8,968)	(894)	(515)	(1,582)	(1,486)	(12,900)	(10,969)	(1,378)	(1,769)	(14,278)	(12,738)
North America	543	294	683	148	252	267	1,478	709	6	N.A.	1,484	709
Africa	1,028	352	83	80	71	55	1,182	987	710	884	1,892	1,871
Asia	1,014	969	926	684	336	337	2,276	1,990	5,713	5,310	7,989	7,300
Oceania	106	111	33	15	25	22	164	148	911	679	1,075	827
Latin America	2,576	1,695	428	380	680	836	3,684	2,911	972	1,171	4,656	4,082
Unidentified and Undistributed	--	--	1	1	18	21	19	22	--	--	19	22
Total All Areas 3/	15,691	12,889	3,048	1,823	2,964	3,624	21,703	17,736	9,690	9,813	31,393	27,549

1/ Official figures were used for gold, dollar, and other foreign exchange holdings wherever available. Estimates have been used, where available, for those countries which do not publish figures on their gold and foreign exchange holdings. Where data for December were not available for countries included in the area totals, earlier data or estimates, if available, were used.

2/ Includes holdings of Switzerland and Portugal which are ERP cash-basis countries, non-recipient of loans or grants. Total gold and short-term dollar balances of Switzerland and Portugal were $2,267 million in 1946 or 23 percent of the $9,656 million total gold and dollars held by ERP countries and $2,152 million in 1947 or 29 percent of the $7,513 million total gold and dollars held by ERP countries.

3/ For 1946: Exclusive of $47 million in gold, $482 million in dollars, and $367 million in other foreign exchange held by international organizations, mainly the International Monetary Fund, the International Bank for Reconstruction and Development, the United Nations, UNRRA, and the Bank for International Settlements.
For 1947: Exclusive of $1,391 million in gold, $2,349 million in dollars, and $4,742 million in other foreign exchange held by these international organizations.

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Table II

Official Gold and Foreign Exchange Resources and Private Dollar Balances
Of Foreign Countries by Areas and by Countries as of December 31, 1947*

(In Millions of Dollars)

Country	Gold Holdings I In U.S.	Gold Holdings II Total	III Short-term (official) dollar balances in U.S.	IV Other Official Foreign exchange	V Total Gold and official Foreign exchange	VI Private short-term dollar balances in U.S.	VII Total Gold and Dollars (II + III + VI)
Europe							
ERP Countries							
Austria	-	5 1/	2 2/	5	12	3 2/	10
Belgium and Luxembourg	133	597	6	285	888	141	744
Denmark	1	32	23	21	76	30	85
Eire	2	11	3 2/	(est) 175 3/	189	18 2/	32
France	134 4/	550	24	(11/47) 266 3/	840	144	718
Germany	32 5/	182 5/	61	N.A.	243	28	271
Greece	11 6/	(est) 15	16	(11/47) 77 3/	108	19	50
Iceland	-	1	1 2/	8	10	3 2/	5
Italy 7/	30	(est) 60 8/	53	99 3/	212	93	206
Netherlands	149	(est) 244	26	75	345	117	387
Norway	20	75	14	87 3/	176	42	131
Portugal	182	(est) 314	20	(est) 291 3/	(est) 625	27	361
Sweden	30	105	10	223 9/ 3/	338	49	164
Switzerland 10/	538	1,356	47	N.A.	1,403	388	1,791
Turkey	77 11/	170	8	91 3/	269	29	207
United Kingdom	244	2,025	29	N.A.	2,054	297	2,351
Total, ERP	1,583	5,742	343	1,703	7,788	1,428	7,513

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Country	Gold Holdings: I In U.S.	Gold Holdings: II Total	III Short-term (official) dollar balances in U.S.	IV Other Official Foreign exchange	V Total Gold and official Foreign exchange	VI Private short-term dollar balances in U.S.	VII Total Gold and Dollars (II + III + VI)
Other Europe							
Albania	-	(est) 2	- 2/ 12/	- 12/	2	- 2/ 12/	2
Bulgaria	-	(est) 25	1 2/	N.A.	26	- 2/ 12/	26
Czechoslovakia	4	(est) 10	14 2/	28	52	21 2/	45
Estonia	-	(5/40) 13	2 2/	N.A.	15	2 2/	17
Finland	-	- 12/	21	(5/47) 23 3/	44	10	31
Hungary	-	34	3 2/	5	42	5 2/	42
Latvia	3	(7/40) 14	5 2/	N.A.	19	1 2/	20
Lithuania	3	(8/40) 11	- 2/ 12/	N.A.	11	- 2/ 12/	11
Poland	28 13/	(est) 61 13/	24 2/	N.A.	85	8 2/	93
Rumania	13	(est) 265	4	15	284	5	274
Spain	-	111	4	N.A.	115	8	123
U.S.S.R.	4	2,570	73	N.A.	2,643	1	2,644
Vatican City	31	31	(est) 7	N.A.	38	-	38
Yugoslavia	47	(est) 79	9	N.A.	88	3	91
Unidentified	-	-	+ 5	- 5	-	- 6	- 1
Total, Other Europe	133	3,226	172	66	3,464	58	3,456
Total, Europe	1,716	8,968	515	1,769	11,252	1,486	10,969
North America							
Canada	-	(est) 294 14/	148	N.A.	442	265	707
Greenland	-	-	- 2/ 12/	N.A.	- 12/	- 2/	- 12/
Newfoundland	-	-	- 2/	N.A.	-	2 2/	2
Total, North America	-	(est) 294	148	N.A.	442	267	709

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Country	Gold Holdings I In U.S.	Gold Holdings II Total	III Short-term (official) dollar balances in U.S.	IV Other Official Foreign exchange	V Total Gold and official Foreign exchange	VI Private short-term dollar balances in U.S.	VII Total Gold and Dollars (II + III + VI)
Africa							
Algeria	-	(5/47) 14	1 2/	N.A.	15	2 2/	17
Belgian Congo	-	(9/47) 17	16 2/	45	78	6 2/	39
Egypt & Anglo-Egyptian Sudan	-	53	13	(est) 620 3/	686	12	78
Ethiopia	-	1	1 2/	11	13	1 2/	3
French Morocco	-	(est) 6	6 2/ 15/	N.A.	12	9	21
French West Africa	-	N.A.	4 2/	N.A.	4	3 2/	7
Tangier	-	-	1 2/ 15/	N.A.	1	6 2/	7
Union of South Africa	38	761	37	208	1,006	10	808
Other French Africa	-	-	1 2/	-	1	3 2/	4
Other Africa	-	-	- 2/ 12/	-	- 12/	3 2/	3
Total, Africa	38	852	80	884	1,816	55	987
Asia							
Afghanistan	33	33	6 2/	N.A.	39	- 2/ 12/	39
Burma	-	N.A.	N.A. 16/	N.A.	-	N.A. 16/	-
Ceylon	-	-	N.A. 16/	(10/47) 132 17/	132	N.A. 16/	-
China & Manchuria	12	97	137 18/	(est) 40	274	93	327
French Indo-China	-	N.A.	4	N.A.	4	2	6
Hong Kong	-	N.A.	- 12/	N.A.	- 12/	40	40
India-Pakistan	-	274	31	4,559 3/	4,864	31	336
Iran	-	142	2 2/	81	225	9 2/	153
Iraq	-	-	1 2/	160 3/	161	2 2/	3
Japan	-	206 19/	- 12/	N.A.	206	31	237
Lebanon	-	(1/47) 2	4 2/	(1/47) 60 20/	66	6 2/	12
Korea	-	N.A.	-	N.A.	- 12/	- 2/ 12/	- 12/
Netherlands East Indies	114	180	52	2	234	17	249

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Country	Gold Holdings I In U.S.	Gold Holdings II Total	III Short-term (official) dollar balances in U.S.	IV Other Official Foreign exchange	V Total Gold and official Foreign exchange	VI Private short-term dollar balances in U.S.	VII Total Gold and Dollars (II + III + VI)
Asia (Con.)							
Palestine	-	N.A.	-	(est)160 20/	(est)160	16 2/	16
Philippine Islands	1	1	424	N.A.	425	64	489
Saudi Arabia	-	N.A.	9 2/	N.A.	9	2 2/	11
Siam	-	33	12 2/	31	76	2 2/	47
Syria	- (1/47)	1	- 2/ 12/	(1/47) 87 20/	88	3 2/	4
Unidentified	-	-	2	- 2	-	19	21
Total, Asia 21/	160	969	684	5,310	6,963	337	1,990
Oceania							
Australia	-	88	13	475 3/	576	17	118
French Oceania	-	N.A.	1 2/	N.A.	1	- 2/ 12/	1
New Zealand	-	23	1	204 3/	228	5	29
Total, Oceania	-	111	15	679	805	22	148
Latin America							
Argentina	106	319	105	625 3/	1,049	131	555
Bolivia	12 22/	23	6	2	31	12	41
Brazil	297 23/	354	56	376 3/	786	48	458
Chile	21	45	16	N.A.	61	30	91
Colombia	1	83	25	3	111	21	129
Costa Rica	2	2	2	1	5	5	9
Cuba	278	279	15	52	346	220	514
Dominican Republic	2	2	12 2/	N.A.	14	24 2/	38
Ecuador	15 (11/47)	20	5 2/	(11/47) 2	27	4 2/	29
El Salvador	10	15	2 2/	13	30	6 2/	23
French West Indies and Guiana	-	N.A.	2	N.A.	2	1	3

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Country	Gold Holdings I In U.S.	Gold Holdings II Total	III Short-term (official) dollar balances in U.S.	IV Other Official Foreign exchange	V Total Gold and official Foreign exchange	VI Private short-term dollar balances in U.S.	VII Total Gold and Dollars (II + III + VI)
Latin America (Con.)							
Guatemala	23	27	9 2/	13	49	15 2/	51
Haiti	2	(11/47) 2	8 2/	(11/47) N.A.	10	5 2/	15
Honduras	-	(11/47) - 12/	1 2/	(11/47) 1	2	3 2/	4
Mexico	41	100	22	18	140	117	239
Netherlands West Indies & Surinam	12	12	7	2	21	7	26
Nicaragua	3 2/	3	1 2/	1	5	3 2/	7
Panama	-	- 12/	1	5	6	69	70
Paraguay	- 12/	- 12/	3 2/	6	9	2 2/	5
Peru	-	(11/47) 20	13	(11/47) 2	35	29	62
Uruguay	45	175	2 2/	76 3/	253	31 2/	208
Venezuela	59	214	40	N.A.	254	38	292
Unidentified	-	-	27	- 27	-	15	42
Total, Latin America	929	1,695	380	1,171	3,246	836	2,911
Unidentified and Undistributed	-	-	1	-	1	21	22
GRAND TOTAL	2,843	12,889	1,823	9,813	24,525	3,024	17,736

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FOOTNOTES:

* Official figures were used for gold, dollar, and other foreign exchange holdings wherever available. Estimates have been used where available for those countries which do not publish figures on their gold and foreign exchange holdings. Where data for December were not available, earlier data or estimates, if available, were used.

1/ Excludes $5 million held in London by Trustees of an Austrian bond issue, and $30 million set aside for Austria by the Tripartite Commission for the Restitution of Monetary Gold.

2/ Deposits in Second Federal Reserve District only and are as of September 30, 1947.

3/ Includes primarily sterling balances.

4/ Includes $84.7 million held as collateral for a loan on gold granted by the Federal Reserve Banks, of which $10 million utilized as of December 31, 1947.

5/ Gold held by the Tripartite Commission for the Restitution of Monetary Gold.

6/ Includes $9 million held as collateral for loan by the Federal Reserve Banks.

7/ Vatican City holdings excluded.

8/ Excludes $4 million set aside in November, 1947 by the Tripartite Commission for the Restitution of Monetary Gold.

9/ Includes approximately $41 million in pound sterling and French francs transferred to the Swedish Debt Office.

10/ Excludes the holdings of the Bank for International Settlements.

11/ Includes $20.4 million held as collateral for a loan by the Federal Reserve Banks.

12/ Less than $500,000.

13/ Includes $18.6 million held as collateral for a loan by the Federal Reserve Banks and $2.2 million deposited with the U.S. Assay Office and others for refining and subsequent earmark at the Federal Reserve Bank of New York.

14/ Includes $7 million in gold held by Ministry of Finance.

15/ $5 million reported under Tangier is included under French Morocco as it is believed to belong to Banc de Etat du Maroc, which is considered to be a French Moroccan institution.

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FOOTNOTES (CON.):

16/ Included under India-Pakistan.

17/ Principally sterling securities and Indian rupee securities and Treasury Bills. Liquid portion of these reserves reported as $51 million as of October 31, 1947.

18/ Includes estimated $7 million reported to be held in vaults of Central Bank of China.

19/ Includes approximately $82 million of gold earmarked by the Japanese Government for Indo-China, $37.2; Siam, $43.7; Italy $.2; and China $.7.

20/ Note cover for currency.

21/ Exclusive of Turkey, which is included in ERP and total Europe sections.

22/ Includes $5.3 million held as collateral for loans made by United States banks.

23/ Includes $80.8 million held by Federal Reserve Bank of New York, as fiscal agent of the U.S., to secure Cruzeiro repurchase agreement.

24/ Includes $2.8 million held as collateral for loans made by U.S. banks.

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Table III

Gold and Foreign Exchange Holdings of International Institutions
December 31, 1947

(Millions of U.S. Dollars)

	Gold	Dollars	Other Exchange	Total
B.I.S.	30	12	N.A.	42
Int'l. Bk.	4	678	912	1,594
I.M.F.	1,357	1,598	3,830	6,785 1/
Other	-	61	N.A.	61
Total	1,391	2,349	4,742	8,482

1/ As of February 29, 1948. Dollars are as of December 31, 1947. Other Exchange is difference between Dollars and Total.

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Treasury Department
Office of International Finance

Date Oct. 16 1950

To: Mr. Rosen

From: Victor A. Mack

Tables prepared for N.A.C. Secretariat's use in writing the March-September 1950 NAC Report of Activities, and will not appear as a table in that publication.

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World - Gold & For Exch.

INTERNATIONAL MONETARY FUND

Research Department

World Gold Production in 1950

Prepared by E. D. W. Spingarn

Approved by Henry C. Murphy

October 18, 1950

In 1949, world gold production outside the U.S.S.R. was approximately $835 million (at $35 per ounce), compared with approximately $808 million in 1948, and approximately $1,283 million in 1940. On the basis of incomplete data for countries which in 1949 accounted for 92 percent of the world's output of newly-mined gold outside the U.S.S.R., it is estimated that world gold production will increase by approximately 2 percent in 1950 -- that is, to approximately $853 million.

Source: IMF Staff Memorandum No. 527, October 24, 1950.

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Estimated gold and short-term dollar resources of foreign countries, as of Sept. 30, 1949

(In millions of dollars)

Area and country	Total	Gold 1/	Short-term dollar balances 2/
Total, All Areas 3/	14,660	9,034	5,626
Total, Europe (excluding sterling area)	6,314	4,443	1,871
Total, ERP Participants (excluding sterling area)	5,597	3,827	1,770
Austria	92	50	42
Belgium, Luxembourg, and Belgian Congo	935	769	166
Denmark	64	32	32
France and Dependencies	734	543	191
(France)	(690)	(523)	(167)
(Dependencies)	(44) 4/	(20)	(24)
Germany (western)	148	—	148
Greece	30	5	25
Italy	538	258	280
Netherlands, Netherlands West Indies, and Surinam	373	180	193
Norway	112	51	61
Portugal and Dependencies	232	195	37
Sweden	132	70	62
Switzerland	1,999	1,485	514
Trieste	4	—	4
Turkey	174	159	15
ERP Adjustments	30	30	—
Total, Other Europe	717	616	101
Bulgaria	27	25	2
Czechoslovakia	44	25	19
Finland	23	6	17
Hungary	39	38	1
Poland	60	54	6
Spain and Dependencies	121	111 5/	10
Union of Soviet Socialist Republics	11	6/	11
Other Europe and unidentified	392	357 7/	35

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Estimated gold and short-term dollar resources of foreign countries, as of Sept. 30, 1949 -- Continued

(In millions of dollars)

Area and country	Total	Gold 1/	Short-term dollar balances 2/
Total, British Commonwealth (including other sterling area)	3,771	2,252	1,519
Sterling area countries in ERP	1,830	1,268	562
Iceland	4	1	3
Ireland	32	17	15
United Kingdom	1,689	1,250	439
United Kingdom dependencies	105	—	105
Other Sterling Area	654	524	130
India	307	247	60
Iraq	2	6/	2
New Zealand	38	26	12
Pakistan	41	27	14
Union of South Africa	127	121	6
Other	139	103	36
Canada	1,287	460	827
Total, Africa 8/	134	55	79
Egypt and Anglo-Egyptian Sudan	112	53	59
Ethiopia	4	2	2
Tangier	18	--	18
Total, Asia 4/ 8/	1,569	703	866
Afghanistan	44	39	5
Indonesia	205	178	27
Iran	157	140	17
Israel	24	--	24
Japan	371	210 9/	161
Palestine (Arabian)	1	6/	1
Philippine Republic	349	1	348
Saudi Arabia	17	6/	17
Thailand (Siam)	99	34	65
Other Asia and unidentified	302	101	201

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Estimated gold and short-term dollar resources of foreign countries, as of Sept. 30, 1946

(In millions of dollars)

Area and country	Total	Gold 1/	Short-term dollar balances
Total, Latin America 8/	2,862	1,581	1,281
Argentina	389	167	222
Bolivia	39	23	16
Brazil	462	317	145
Chile	101	43	58
Colombia	100	49	51
Costa Rica	10	2	8
Cuba	479	299	180
Dominican Republic	39	4	35
Ecuador	30	21	9
El Salvador	45	17	28
Guatemala	51	27	24
Panama	69	10/	69
Peru	79	20	59
Uruguay	235	177	58
Venezuela	471	372	99
Other Latin America and unidentified	263	43	220
Unidentified, all areas	10	—	10

1/ Official Gold Holdings: For countries whose current holdings have not been published, available estimates have been used, or the figures previously published or estimated have been carried forward.

2/ Includes holdings of U.S. Government securities with original maturity of more than one year but not more than twenty months.

3/ Excludes holdings of the International Monetary Fund, the International Bank for Reconstruction and Development, The Bank for International Settlements, and other International Organizations. Also excludes gold holdings of the USSR.

4/ French Indo-China is included under French dependencies.

5/ Includes gold set aside as collateral for private U.S. bank loans.

6/ No estimate made.

7/ Includes gold to be distributed by the Tripartite Commission for the Restitution of Monetary Gold to claimant countries, including European Recovery Program countries, in accordance with the Paris Reparations Agreement.

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Footnotes (continued)

8/ Excludes sterling-area countries and dependencies of European countries.

9/ Includes approximately $82,000,000 in gold earmarked in Japan for other countries, principally Thailand and French Indo-China.

10/ Less than $500,000.

Source: Treasury Department and Board of Governors of the Federal Reserve System.

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Mr. Josef Berolzheimer
Division of Statistics & Reports, E.C.A.

September 5, 1950

Henry H. Kipper, O.I.F.

Gold Holdings of Certain Asiatic Countries.

In accordance with your request I have listed the gold holdings of selected Asiatic countries on a quarterly basis beginning with December 1948 and continuing through June 1950. All figures have been taken from published sources and dollar exchange converted at the official gold rates or official buying rates.

Gold Holdings of Selected Asiatic Countries - 1948 through June 1950
(Millions of U.S. dollars)

	Dec. '48	Mar. '49	June '49	Sept. '49	Dec. '49	Mar. '50	June '50
India	255.6	247.3	247.3	247.3	247.3	247.3	247.3
Indonesia	177.6	177.6	177.6	177.6	177.6	177.6	177.6
Japan	124.0	124.0	124.0	124.0	124.0	124.0	124.0
Pakistan	13.6	24.9	27.2	27.2	27.2	27.2	27.2
Philippines	1.4	1.4	1.4	1.4	1.4	1.7	2.4
Thailand	78.1	78.1	78.1	78.1	116.2	116.2	116.2

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GOLD & FOREIGN EXCHANGE,
WORLD

.....Compared with 1946, most Fund members covered a smaller proportion of their foreign exchange expenditure by earnings. Despite help of grants and credits, there was a further serious drain on reserves, and a further deterioration in the international financial position of nearly all countries. Although generally described as a dollar shortage, it is important to understand the true nature of the payments problem now confronting the world. What is often described in financial terms as a "dollar shortage" is in reality "a symptom of the present inadequacy of production in many parts of the world in relation to the continuing great need for goods resulting from the war". After setting forth the salient figures of the world's balance of payments and reaching the conclusion that the rest of the world had to give up to the U.S. in 1947 $4,400 million of gold and short-term dollar assets after allowing for all loans and grants, the report states that Europe's need to increase its exports to the Western Hemisphere arises not only from the exceptional circumstances of the transitional period but also from more enduring changes in the world economic structure. With regard to the devaluation question, the report observes that, so long as an exchange rate does not hamper a country's exports, there is little to be said in present world conditions for altering it. There are indications, however, that in some countries the exchange rate is becoming a restraining factor on exports, and is adding to difficulty of earning convertible currencies. Referring to the experience of countries with so-called free rates of exchange, the report remarks that with inconvertible currencies transactions must, in the absence of credit arrangements, be balanced bilaterally. If countries with such currencies do not cooperate to maintain agreed exchange rates, but permit the rate for each currency to be affected by the special circumstances of localised supply and demand or unilateral controls, the resulting cross-rates will have little relationship to the parities agreed with the Fund and made effective in other countries, and the rate quoted for a particular currency will fail to reflect the overall international position of the country concerned. In any country where the cross-rates place a premium on the dollar, it is noted, there is an inducement for traders to purchase goods from other countries for resale in the U.S., and thus divert part of the dollar receipts which would otherwise accrue to the countries of origin. The Fund is still concerned over external gold transactions at prices in excess of the gold values of member currencies, which it has taken the view might well tend to undermine the exchange relationships among its members. In June 1947 it issued a statement to member Govts deprecating such transactions, which received an encouraging reaction. But the Fund states that there is ample room left for greater support of its policy and that there should be more rigorous enforcement of the gold regulations in certain countries, especially importing countries. The report also touches on subsidies to gold producers, and records the factors which have led to the sharp fall in world production.

Source: B.I.S. Press Review No. 191
From Basle
Dated September 30, 1948

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1. Mr. Gunter
2. Mr. Southard
3. Files

G. A. Eddy

cc: Messrs Stuart, deFoers, Glendinning, Fields, ~~Salwen~~, Willis, Fisher, Gallagher, Bitterman, McNeill, & Dietrich.

RJS

FOR YOUR INFORMATION

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Gold Holdings World

In 1949, world gold production outside the U.S.S.R. was approximately $835 million (at $35 per ounce), compared with approximately $808 million in 1948, and approximately $1,283 million in 1940. On the basis of incomplete data for countries which in 1949 accounted for 92 percent of the world's output of newly-mined gold outside the U.S.R., it is estimated that world gold production will increase by approximately 2 percent in 1950 -- that is, to approximately $853 million.

Source: World Gold Production in 1950
Prepared by E.D.W. Spingarn
International Monetary Fund
Staff Memorandum No. 527, October 24, 1950

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BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

Office Correspondence

Date November 27, 1950

To Mr. Robert J. Schwartz, Treasury

From Frank M. Tamagna

Subject: Report on Gold and Short-term Dollar Resources of Foreign Countries as of September 30, 1950.

We are returning to you the text of the quarterly Treasury Report on Gold and Short-term Dollar Resources of Foreign Countries as of September 30, 1950. We have no specific comments on this, except for the continued inclusion of an estimate for Russian gold reserves. The estimate of $200 million a year for Russian gold production, upon which the reserves are based, was made several years ago and most doubtful even at that time--at present, it would seem meaningless. Furthermore, there is no information which would enable us to make a new estimate at this time, and to revise it currently in the future. Therefore, it might be well to consider excluding the figure for Russian gold holdings in future reports.

We are retaining the tables, as we understand the suggested changes made by telephone will be incorporated in the report.

FMT

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The estimated gold and short-term U.S. dollar holdings of foreign countries increased by $1,525 million during the third quarter of 1950, amounting to $21,408 million on September 30 as compared to $19,883 million on June 30. The increase was larger than that registered in the entire first half of 1950 and brought to about $3,600 million the gain in foreign gold and short-term dollar reserves since September 30, 1949.

The gain in foreign gold and dollar holdings during the period June 30 - September 30, 1950 reflected the sharp drop in the U.S. merchandise export surplus as U.S. exports dropped somewhat from the previous quarter and foreign goods were imported in larger amounts than in any previous quarter in the postwar period. As against the decline in the U.S. merchandise export surplus, U.S. Government foreign grants and credits were extended at a continued high level, making possible a part of the gold and dollar accumulation of foreign countries. Also responsible for the increase was a sizable outflow of U.S. private capital resulting in large part from developments arising from the Korean War and new foreign gold production roughly estimated at $250 million, a large portion of which customarily enters the official reserves.

Most of the gold and dollar gain accrued to Canada ($642 million) and the United Kingdom ($328 million). The Canadian gain reflected heavy U.S. purchases in August and September of Canadian securities. While most of the continental ERP countries gained some gold and dollars, in no case was there any spectacular increase. Germany and France made the largest continental ERP gains of $58 million and $44 million, respectively, the deficit of Germany with ~~ERP~~ EPU during the third quarter not having affected reserves by the end of September. Belgium recorded the heaviest ERP loss of reserves ($55 million). Latin American gold and short-term dollar holdings increased by $232 million, with Mexico($67 million), Brazil ($62 million), Uruguay ($35 million), and

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Argentina ($31 million) making the most substantial gains. The Brazilian and Mexican increases were made in spite of sizable repayments of U.S. debts during the third quarter. Asiatic countries (excluding Turkey and the dependent overseas territories of European countries which are treated with Europe) gained $155 million; the largest gains in Asia were made by Japan ($60 million), Indonesia ($41 million), and the Philippine Republic ($28 million).

Draft
VAM:jlw 11/24/50

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Estimated Gold Holdings of Foreign Countries
as of Year Ends 1938, 1949, 1950 and June 30, 1951 1/
(In millions of dollars

Area and Country	Dec. 1938	Dec. 1949	Dec. 1950	June 1951 2/
Total, All Areas	11,895	9,328	11,343	12,380
Total, Europe (incl. Dependencies)	10,011	5,847	7,484	8,229
Total, ERP Participants	9,500	5,236	6,921	7,680
Austria	(incl. with Germany)	50	50	50
Belgium, Luxembourg and Belgian Congo	779	754	650	659
Belgium	773	700	587	586
Luxembourg	--	3	3	3
Congo	6	51	60	70
Denmark	53	32	31	37
France and Dependencies	2,779	564	693	767
France	2,761	544	673	747
Dependencies	18	20	20	20
Germany	199	--	--	--
Greece	27	6	4	4
Iceland	1	1	1	1
Ireland	10	17	17	17
Italy	193	258	258	258
Netherlands, N.W.I. and Surinam	1,138	235	350	350
Netherlands	1,138	211	326	326
N.W.I. and Surinam	n.a.	24	24	24
Norway	84	51	50	50
Portugal and Dependencies	86	190	207	232
Portugal	86	178	192	217
Dependencies	n.a.	12	15	15
Sweden	321	70	90	129
Switzerland	701	1,504	1,470	1,451
Trieste	n.a.	--	--	--
Turkey	29	154	150	150
United Kingdom and Dependencies	3,100	1,350	2,900	3,525
United Kingdom	3,100	1,350	2,900	3,525
Dependencies	n.a.	n.a.	n.a.	n.a.

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Area and Country	Dec. 1938	Dec. 1949	Dec. 1950	June 1951 2/
Total, Other Europe 3/	511	611	563	549
Albania	2	1	1	1
Bulgaria	24	25	25	25
Czechoslovakia	83	25	25	25
Estonia	16	13	13	13
Finland	26	6	12	20
Hungary	52	41	41	41
Latvia	16	14	13	13
Lithuania	11	11	10	10
Poland	85	46	34	34
Rumania	134	150	150	128
Spain	n.a. 4/	111	111	111
U.S.S.R.	n.a.	n.a.	n.a.	n.a.
Vatican City	--	32	34	34
Yugoslavia	57	14	6	6
Unidentified and Other	5	n.a.	n.a.	n.a.
Tripartite Commission	--	122	88	88
Canada	190	496	590	652
Total, Africa	275	184	298	356
Egypt	55	53	97	143
Ethiopia	n.a.	3	4	4
Tangier	n.a.	n.a.	n.a.	n.a.
Union of South Africa	220	128	197	209
Other Africa	n.a.	n.a.	n.a.	n.a.
Total, Asia	677	1,017	971	993
Afghanistan	n.a.	39	39	39
Burma	(incl. with)	n.a.	n.a.	--
Ceylon	(India)	n.a.	n.a.	--
China Mainland	(	(	(	n.a
Formosa	(18	(85	(33	33
India	274	247	247	247
Indonesia	80	178	208	229
Iran	26	140	140	138
Iraq	--	n.a.	n.a.	n.a.

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Area and Country	Dec. 1938	Dec. 1949	Dec. 1950	June 1951 2/
Total, Asia (Continued)				
Israel	--	n.a.	--	--
Japan	275	166	128	128
Korea (Southern)	n.a.	n.a.	1	1
Lebanon	2	13	20	21
Pakistan	(incl. with India)	27	27	27
Palestine (Arab)	n.a.	n.a.	n.a.	n.a.
Philippine Republic	2	1	3	5
Saudi Arabia	n.a.	n.a.	n.a.	n.a.
Syria	(incl. with Lebanon)	3	7	10
Thailand	n.a.	118	118	115
Unidentified and Other	n.a.	n.a.	n.a.	n.a.
Total, Oceania	29	130	132	134
Australia	6	103	103	103
New Zealand	23	27	29	31
Total, Latin America	713	1,654	1,868	2,016
Argentina	431	216	216	288
Bolivia	3	23	23	23
Brazil	32	317	317	317
Chile	30	40	40	45
Colombia	24	52	74	67
Costa Rica	5/	2	2	2
Cuba	1	299	271	281
Dominican Republic	--	4	4	8
Ecuador	3	21	19	22
El Salvador	7	17	23	26
Guatemala	7	27	27	27
Haiti	5/	3	3	3
Honduras	5/	5/	5/	5/
Mexico	29	52	207	205
Nicaragua	5/	3	3	3

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Area and Country	Dec. 1938	Dec. 1949	Dec. 1950	June 1951 2/
Total, Latin America (Continued)				
Panama	n.a.	5/	5/	5/
Paraguay	--	5/	5/	5/
Peru	20	28	31	46
Uruguay	73	178	236	280
Venezuela	53	372	372	373
Unidentified	n.a.	--	--	--
Unidentified, All Areas	n.a.	n.a.	n.a.	n.a.

n.a. - Not available.

1/ Excludes holdings of U.S.S.R. Also excludes holdings of International Organizations.

2/ Where available, data are as of June 30, 1951; otherwise the latest available data are used.

3/ Includes holdings of Tripartite Commission for the Restitution of Monetary Gold.

4/ As of April, 1938, Spain's gold holdings were reported to be $525 million. This gold is believed to have been exported by the Spanish Communist Government to Russia and other countries even before that date. Only about $45 million has been recovered by the Franco Government, representing gold collateral on a 1931 French loan probably not included in the $525 million figure.

5/ Less than $500,000.

Prepared by: International Statistics Division
Office of International Finance
Treasury Department
August 21, 1951

VAM:jlw 8/21/51

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RES-70

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Research Department

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A Comparison of Prewar and Postwar Monetary Reserves

Prepared by Liliane Pingoud
and I. G. Patel

Approved by Richard Goode

August 13, 1951

A comparison of postwar and prewar monetary reserves of a large number of countries was undertaken in RES-26.1/ This comparison is brought up to date in this revision. A slight change has been made in the presentation of the basic tables in order to facilitate the inclusion of additional years.

Table I compares the gold reserves of thirty-nine countries at the end of three years, 1937, 1949 and 1950. The U.S.A., however, is excluded from this survey. The countries included are grouped under three headings, (a) Western Hemisphere, (b) Sterling Area, and (c) Europe and the Near East. The gold reserves for each country at the end of the three years are expressed in two different ways. First, they are expressed in value terms at the rate of $35 per ounce; and, second, these values are converted to make allowance for the change in the purchasing power of a dollar in terms of U.S. exports. These converted values are expressed in the form of indices also.

Table II presents information with respect to the total foreign exchange of countries on the same lines as Table I. The basic data on gold and total foreign exchange reserves are taken from International Financial Statistics (July 1951), which indicates the items included in "foreign exchange reserves" for each country. Both convertible and inconvertible foreign exchange reserves are included in the total.

Table III gives the ratio of total foreign exchange reserves to "current"

1/ RES-26, "A Comparison of Prewar and Postwar Monetary Reserves," prepared by A. A. El Banna and E. D. W. Spingarn, and approved by Henry C. Murphy, August 10, 1950.

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imports for the different countries for the two postwar years 1949 and 1950, and the prewar average of this ratio for the years 1933-38. Tables I, II and III thus give a threefold comparison of prewar and postwar reserves.

Results of the Comparisons

The general picture that emerges from these tables can be summarized as follows. By and large, the countries of the Western Hemisphere enjoy a significantly better position with respect to monetary reserves than they did before the war. With the exception of Argentina, Chile, Honduras and Peru, all the countries in this hemisphere studied here have at present gold reserves which are much higher even in real terms than those before the war, and if we take total foreign exchange reserves, only Argentina and Chile are the exceptions. Expressed as a percentage of imports, monetary reserves do not show an equally outstanding improvement; but with the exception once again of Argentina and Chile, there has been considerable progress even here. The change from 1949 to 1950 is not uniform; although almost all the countries in this hemisphere showed an increase in total foreign exchange reserves in absolute value terms, several experienced a decline in real terms or in proportion to current imports.

In real terms, the gold reserves of the U.K. at the end of 1950 were less than two-fifths of the prewar level, but twice as high as at the end of 1949. If total foreign exchange reserves are considered, India, Australia and South Africa show some improvement over prewar years, both in real terms and in relation to current imports. The U.K. also shows a slight improvement over the prewar position if the ratio of total monetary reserves to current imports is used as the basis of comparison.

Turning to the countries in Europe and the Near East, only Iran, Switzerland and Turkey show an improvement in their gold reserves from the prewar position if the comparison is made in real terms. But if total monetary reserves are expressed in real terms, two more countries, viz., Italy and Egypt, show a sizable increase. The ratio of total monetary reserves to current imports also declined sharply for all countries except Denmark, Egypt, Iran, Switzerland and Turkey. As regards the change from the end of 1949 to the end of 1950, practically all the countries (with the notable exception of Belgium) showed an increase or stability in gold reserves in absolute value terms; but, in real terms, only Finland, France, the Netherlands and Sweden showed some gain. Similarly, if total monetary reserves are expressed in real terms, there was an actual deterioration during the year in the position of all the countries except Norway, Sweden and the Netherlands. However, if total monetary reserves as a ratio of current imports is taken as the basis of comparison, all the countries with the exception of Belgium and Switzerland actually show an improvement during the year.

Limitations of the Comparison

Tables I, II and III may be used to compare the monetary reserves position of a country from year to year, or the relative position of different countries at a given date. But such a comparison is subject to several limitations.

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Firstly, the data on gold and total foreign exchange presented here do not include in some cases part of the reserves which are kept on a confidential basis. Again, it is obvious that the prevalence of exchange and trade restrictions and of varying degrees of inflationary pressures deprives the ratio of foreign exchange to imports of some of its significance. The total foreign exchange position of different countries does not give a real picture of their relative strength insofar as we include both convertible and inconvertible foreign exchange.

A word may be said about the way in which the actual reserves of countries are converted in real terms. The rationale of measuring the purchasing power of a country's reserves in terms of the price level of U.S. exports is, of course, open to question. Not all of the reserves of every country are meant for purchasing U.S. exports; and even if we assume this to be the case, it is clear that insofar as different countries import different things from the U.S., the purchasing power of a dollar does not change uniformly for all countries. Strictly speaking, the change in the purchasing power of a unit of foreign exchange in a country's reserves can be measured properly by taking into account the distribution of its imports geographically, and the composition of its imports from each area. But apart from the difficulties involved in choosing the right weights and getting the right price series for each country, the labor involved in such calculations would be disproportionate to the usefulness of the results. It is merely a simplification to measure the worth of monetary reserves in terms of the amounts of imports they can buy. They may enable exports to be curtailed, or permit certain domestic policies to be pursued or serve as a backing to a certain amount of domestic currency circulation. The real worth of all this is difficult to quantify. Since comparisons of monetary reserves in real terms are in any case useful only as rough indications, we have preferred to adopt a simple and uniform procedure for all countries. It is arguable that a comparison of the gold and dollar assets of countries, rather than of total foreign exchange reserves, would have been more meaningful since we use U.S. export prices as a deflator for our purposes. But unfortunately, data on separate dollar assets are not available for all the countries studied here, particularly for prewar years.

Lastly, there is some double counting involved in taking the changes in total (gross) foreign exchange reserves separately for each country. This is particularly true of the Sterling Area. To the extent that the increase in U.K. gold and dollar reserves is due to the accrual of dollars to other Sterling Area countries which turn over these dollars to the Bank of England in return of sterling balances, we have an obvious instance of double counting. The same would be true in the reverse case if the U.K. were to lose gold and dollars on behalf of other Sterling Area countries. In a sense, this problem is not peculiar to the Sterling Area countries. Thus, if Brazil had a deficit with the U.S. and this deficit was covered by converting sterling assets held by Brazil into gold or dollars, the loss of reserves may figure twice: loss of gold and dollars for the U.K., and loss of sterling reserves for Brazil. But for the Sterling Area where gold and dollar reserves are customarily pooled, our reserves should be interpreted with a special caution.

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Table I

PREWAR AND POSTWAR GOLD RESERVES

Western Hemisphere

Country	(a) Actual Value in Million $ 1/			(b) Adjusted Value in Million $ 2/			(c) Indices of (b) with 1937=100		
	1937	1949	1950	1937	1949	1950	1937	1949	1950
Argentina	444	216	216	861	235	216	100	27	25
Bolivia	3	23	23	6	25	23	100	417	383
Brazil	32	317	317	62	346	317	100	558	511
Canada	180	486	580	349	530	580	100	152	166
Chile	30	40	40	58	44	40	100	76	69
Colombia	16	52	74	31	57	74	100	184	239
Costa Rica	0.5*	2	2	1	2	2	100	200	200
Ecuador	4	21	19	8	23	19	100	288	238
El Salvador	7	17	23	14	19	23	100	136	164
Guatemala	5	27	27	10	29	27	100	290	270
Honduras	0.11	0.11	0.11	--	--	--	100	50	50
Mexico	24	52	207	47	57	207	100	121	440
Nicaragua	0.5**	3	3	1	3	3	100	300	300
Paraguay	0.05	0.19	0.19	--	--	--	100	200	200
Peru	20	28	31	39	31	31	100	79	79
Uruguay	75	178	236	146	194	236	100	133	162
Venezuela	54	373	373	105	407	373	100	388	355

Footnotes: See page 6.

Source: IFS.

* Refers to 1939. **Refers to 1937-39 average.

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Table I (Cont.)

PREWAR AND POSTWAR GOLD RESERVES

Sterling Area

Country	(a) Actual Value in Million $ 1/			(b) Adjusted Value in Million $ 2/			(c) Indices of (b) with 1937=100		
	1937	1949	1950	1937	1949	1950	1937	1949	1950
Australia	5	88	87	10	96	87	100	960	870
Iceland	1	1	1	2	1	1	100	50	50
India 3/	247	247	247	474	269	247	100	57	52
Iraq	--	--	--	--	--	--	--	--	--
Pakistan 3/	27	27	27	52	29	27	100	56	52
U. of S. Africa	189	128	197	367	140	197	100	38	54
United Kingdom	4,085	1,350	2,900	7,925	1,472	2,900	100	19	37

Footnotes: See page 6.

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Table I (Cont.)

PREWAR AND POSTWAR GOLD RESERVES

Europe and the Near East

Country	(a) Actual Value in Million $ 1/			(b) Adjusted Value in Million $ 2/			(c) Indices of (b) with 1937=100		
	1937	1949	1950	1937	1949	1950	1937	1949	1950
Austria	46	50	50	89	55	50	100	62	56
Belgium	833	698	587	1,616	761	587	100	47	36
Denmark	54	32	32	105	35	32	100	33	30
Egypt	55	53	53	107	58	53	100	54	50
Finland	26	6	12	50	7	12	100	14	24
France	2,749	523	523	5,333	570	523	100	11	10
Greece	24	6	4	47	7	4	100	15	9
Italy	210	256	256	407	279	256	100	69	63
Iran	26	140	140	50	153	140	100	306	280
Netherlands	933	195	311	1,810	213	311	100	12	17
Norway	74	51	50	144	56	50	100	39	35
Poland	83	59	--	161	64	--	100	40	--
Sweden	244	70	90	473	76	90	100	16	19
Switzerland	650	1,504	1,470	1,261	1,639	1,470	100	130	117
Turkey	29	154	150	56	168	150	100	300	268

1/ Column (a) represents the actual value of gold reserves in millions of dollars at the end of the year, (gold valued at $35 an ounce).

2/ Column (b) represents the value of gold reserves adjusted so as to make allowance for changes in the purchasing power of a dollar in terms of U.S. exports. At the end of 1950, U.S. export prices were 92 per cent higher than at the end of 1937 and 9 per cent higher than at the end of 1949. The adjustment is made, therefore, by inflating the actual value of gold reserves at the end of 1937 by 92 per cent, and that at the end of 1949 by 9 per cent. The value of gold reserves at the end of 1950 is, of course, the actual one.

3/ Pakistan did not exist in 1937. But in order to facilitate comparison, it is assumed that the gold reserves of undivided India in 1937 were actually owned by two countries -- Pakistan and India --, the distribution being the same as in 1949.

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Table II

PREWAR AND POSTWAR TOTAL MONETARY RESERVES

Western Hemisphere

Country	(a) Actual Value in Million $			(b) Adjusted Value in Million $ 1/			(c) Indices of (b) with 1937=100		
	1937	1949	1950	1937	1949	1950	1937	1949	1950
Argentina	539	724	--	1,046	789	--	100	75	--
Bolivia	7	29	40	14	32	40	100	229	286
Brazil	50	719	665	97	784	665	100	808	686
Canada	200	1,122	1,742	388	1,223	1,742	100	315	449
Chile	32	43	55	62	47	55	100	76	89
Colombia	22	111	101	43	121	101	100	281	235
Costa Rica	1	5	4	2	5	4	100	250	200
Ecuador	5	26	37	10	28	37	100	280	370
El Salvador	8	37	41	16	40	41	100	250	256
Guatemala	8	34	35	16	37	35	100	231	219
Honduras	1	4	11	2	4	11	100	200	550
Mexico	30	126	290	58	137	290	100	236	500
Nicaragua	1	4	3	2	4	3	100	200	150
Paraguay	0.5	3	13	1	3	13	100	300	1,300
Peru	26	47	52	50	51	52	100	102	104
Uruguay	75	216	312	146	235	312	100	161	214
Venezuela	59	445	374	114	485	374	100	425	328

Footnotes: See page 9.

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Table II (Cont.)

PREWAR AND POSTWAR TOTAL MONETARY RESERVES

Sterling Area

Country	(a) Actual Value in Million $			(b) Adjusted Value in Million $ 1/			(c) Indices of (b) with 1937=100		
	1937	1949	1950	1937	1949	1950	1937	1949	1950
Australia	279	1,050	1,320	541	1,145	1,320	100	212	244
Iceland	1	3	--	2	3	--	100	300	--
India 2/	442	1,983	2,000	849	2,161	2,000	100	255	236
Iraq	4	8	25	8	9	25	100	112	312
Pakistan 2/	148	512	507	284	558	507	100	196	179
U. of S. Africa	229	298	476	444	325	476	100	73	107
United Kingdom	4,085	1,688	3,300	7,925	1,840	3,300	100	23	42

Footnotes: See page 9.

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Table II (Cont.)

PREWAR AND POSTWAR TOTAL MONETARY RESERVES

Europe and the Near East

Country	(a) Actual Value in Million $			(b) Adjusted Value in Million $ 1/			(c) Indices of (b) with 1937=100		
	1937	1949	1950	1937	1949	1950	1937	1949	1950
Austria	73	19	--	142	21	--	100	15	--
Belgium	833	897	749	1,616	978	749	100	61	46
Denmark	70	87	93	136	95	93	100	70	68
Egypt	94	747	689	182	814	689	100	447	379
Finland	73	79	85	142	86	85	100	61	60
France	2,784	700	986	5,401	763	986	100	14	18
Greece	34	--	--	66	--	--	--	--	--
Italy	212	893	875	411	973	875	100	237	213
Iran	34	243	241	66	265	241	100	402	365
Netherlands	938	386	539	1,820	421	539	100	23	30
Norway	122	86	107	237	94	107	100	40	45
Poland	89	--	--	173	--	--	--	--	--
Sweden	503	135	192	976	147	192	100	15	20
Switzerland	769	1,564	1,530	1,492	1,705	1,530	100	114	103
Turkey	49	203	214	95	221	214	100	233	225

1/ The adjustment is made on the same basis as in the case of gold reserves, Table I, compare page 6, footnote 2.

2/ The total monetary reserves of undivided India in 1937 are distributed between India and Pakistan, assuming that one-fourth belonged to Pakistan.

Sources: IFS; Statistical Yearbook of the League of Nations, 1939-1940.

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Table III

RATIOS OF MONETARY RESERVES TO IMPORTS

Western Hemisphere

Country	Prewar Ratio of Reserves to Imports1/	1949 Total Reserves in Million $2/	1949 Imports in Million $3/	1949 Ratio of Reserves to Imports	1950 Total Reserves in Million $2/	1950 Imports in Million $3/	1950 Ratio of Reserves to Imports
Argentina	0.833	724	1,090	0.664	--	831	--
Bolivia	0.620	29	71	0.408	40	42	0.952
Brazil	0.182	719	1,116	0.644	665	1,098	0.606
Canada	0.220	1,122	2,936	0.382	1,742	3,183	0.547
Chile	0.518	43	303	0.141	55	248	0.222
Colombia	0.198	111	264	0.420	101	331	0.305
Costa Rica	0.037	5	43	0.116	4	46	0.087
Ecuador	0.398	26	52	0.500	37	48	0.771
El Salvador	0.618	37	39	0.949	41	40	1.025
Guatemala	0.308	34	68	0.500	35	71	0.493
Honduras	0.155	4	37	0.110	11	37	0.300
Mexico	0.314	126	492	0.256	290	509	0.500
Nicaragua	--	4	24	0.167	3	28	0.1
Paraguay	--	3	31	0.097	13	31	0.400
Peru	0.255	47	167	0.281	52	187	0.278
Uruguay	1.278	216	184	1.174	312	200	1.560
Venezuela	--	445	749	0.594	374	601	0.622

Footnotes: See page 12.

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Table III (Cont.)

RATIOS OF MONETARY RESERVES TO IMPORTS

Sterling Area

Country	Prewar Ratio of Reserves to Imports1/	1949 Total Reserves in Million $2/	1949 Imports in Million $3/	1949 Ratio of Reserves to Imports	1950 Total Reserves in Million $2/	1950 Imports in Million $3/	1950 Ratios of Reserves to Imports
Australia	0.397	1,050	1,535	0.684	1,320	1,557	0.840
Iceland	--	3	59	0.051	---	38	---
India 4/	0.903	1,983	1,563	1.269	2,000	1,265	1.581
Iraq	0.566	8	148	0.054	25	105	0.238
Pakistan 4/	0.903	512	428	1.196	507	448	1.131
U. of S. Africa	0.414	298	1,311	0.227	476	946	0.503
United Kingdom	0.382	1,688	8,425	0.200	3,300	7,286	0.453

Footnotes: See page 12.

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Table III (Cont.)

RATIOS OF MONETARY RESERVES TO IMPORTS

Europe and the Near East

Country	Prewar Ratio of Reserves to Imports1/	1949 Total Reserves in Million $2/	1949 Imports in Million $3/	1949 Ratio of Reserves to Imports	1950 Total Reserves in Million $2/	1950 Imports in Million $3/	1950 Ratio of Reserves to Imports
Austria	0.283	19	591	0.032	--	431	---
Belgium	0.959	897	1,800	0.498	749	1,937	0.387
Denmark	0.086	87	806	0.108	93	854	0.109
Egypt	0.819	744	664	1.125	689	564	1.222
Finland	0.365	79	410	0.193	85	387	0.220
France	2.874	700	3,278	0.214	986	3,065	0.322
Greece	0.328	--	483	--	--	428	--
Italy	0.796	893	1,498	0.596	875	1,442	0.607
Iran	0.623	243	286	0.850	241	217	1.111
Netherlands	0.833	386	1,852	0.208	539	2,067	0.261
Norway	0.297	86	778	0.111	107	678	0.158
Poland	0.508	--	633	--	--	--	--
Sweden	0.733	135	1,170	0.115	192	1,182	0.162
Switzerland	0.622	1,564	882	1.773	1,530	1,052	1.454
Turkey	0.338	203	290	0.700	214	296	0.748

1/ Average values of prewar imports and reserves (1933-38) were computed in national currencies. (See Statistical Yearbook of the League of Nations, 1939-40).

2/ Total foreign exchange reserves as at the end of the year. IFS.

3/ Imports during the year. IFS.

4/ The prewar ratio for undivided India is assumed to apply to both India and Pakistan.

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p. Preliminary.

n.a. Not available.

1/ Official gold holdings: For countries whose holdings have not been published, available estimates have been used, or the figures previously published or estimated have been carried forward.

2/ Short-term dollar balances as reported by banks in the United States. Composed principally of deposits in banks in the United States and holdings of U.S. Government Treasury bills and certificates. Also includes holdings of U.S. Government securities with original maturity of more than one year but not more than twenty months. Data for 1938 were available in a less detailed breakdown than for later years and estimates have been made for some areas.

3/ Excludes gold holdings of the U.S.S.R. for which no estimate has been made.

4/ Includes for the first time certain short-term dollar balances which, though existing at lower levels in previous years, were not reported by banks in the United States until August 1950.

5/ Includes German holdings for 1938. Data for 1945 and later years include gold to be distributed by the Tripartite Commission for the Restitution of Monetary Gold to claimant countries, including European Recovery Program countries, in accordance with the Paris Reparations Agreement.

6/ United Kingdom and dependencies, Iceland and Ireland are shown under "Total Europe". The sterling area for the years 1938 and 1945 includes current member countries and excludes countries which were then but are no longer part of the sterling area. Data for short-term dollar balances in 1938, however, were not available in sufficient detail to provide a breakdown for the sterling area.

7/ Excludes sterling-area countries and dependencies of European countries.

8/ Includes holdings of the Bank for International Settlements, the International Monetary Fund, the International Bank for Reconstruction and Development, and other international organizations.

9/ As reported in the Daily Treasury Statement, plus the Stabilization Fund.

Source: U.S. Treasury Department and Board of Governors of the Federal Reserve System.

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Estimated

Table III .1 GOLD AND SHORT-TERM DOLLAR RESOURCES OF ERP PARTICIP

December 31, 1947 ~~March 31, 1951~~ Decem

(In millions of dollars)

	December 31, 1947			December 31, 1948			December 31, 1949		
	Total	Gold	Short-term $ balances1/	Total	Gold	Short-term $ balances1/	Total	Gold	Short-te $ balanc
TOTAL, ERP PARTICIPANTS (incl. DOT'S)	7,553	5,641	1,912	7,638	5,184	2,454	7,776	5,236	2,540
Aus-ia	10	5	5	62	50	12	92	50	42
Bel_um, Luxembourg & Belgian Congo	797	628	169	838	664	174	913	754	159
Denmark	85	32	53	77	32	45	70	32	38
France & DOT's	775	568	207	794	568	226	740	543	197
France	716	548	168	741	548	193	695	523	172
DOT's	59	20	39	53	20	33	45	20	25
Germany (Western)	90	–	90	179	–	179	149	–	149
Greece	49	14	35	27	6	21	36	6	30
Italy	206	60	146	424	98	326	556	258	298
Netherlands, N.W.I. & Surinam	407	249	158	332	185	147	416	219	197
Norway	128	72	56	130	52	78	120	51	69
Portugal & DOT's	370	320	50	291	244	47	234	190	44
Sw_	164	105	59	130	81	49	160	70	90
Switzerland	1,791	1,356	435	1,886	1,387	499	2,021	1,504	517
Trieste	2	–	2	4	–	4	4	–	4
Turkey	208	170	38	180	162	18	164	154	10
United Kingdom & DOT's	2,404	2,020	384	2,221	1,605	616	2,028	1,350	678
United Kingdom	2,346	2,020 2/	326	2,151	1,605 2/	546	1,924	1,350 2/	574
DOT's	58	n.a.	58	70	n.a.	70	104	n.a.	104
Other ERP Participants & Adjustments	67	42	25	63	50	13	73	55	18

(Footnotes on following page)

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ATING COUNTRIES
31, 1951

rm es1/	December 31, 1950 Total	Gold	Short-term $ balances1/	Dec. 31, 1951 (p) Total	Gold	Short-term $ balances1/
	9,850	6,922	2,928	9,519	6,430	3,089
	90	50	40	107	50	57
	841	651	190	897	696	201
	76	31	45	76	31	45
	834	543	291	898	567	331
	783	523	260	832	547	285
	51	20	31	66	20	46
	222	–	222	434	28	406
	36	4	32	49	3	46
	573	258	315	558	258	300
	559	335	224	524	340	184
	93	50	43	150	50	100
	257	207	50	327	279	48
	204	90	114	223	152	71
	2,021	1,470	551	1,973	1,452	521
	4	–	4	6	–	6
	164	150	14	165	151	14
	3,682	2,900	782	2,939	2,200	739
	3,562	2,900 2/	662 3/	2,842	2,200	642
	120	n.a.	120	97	n.a.	97
	194	183	11	193	173	20

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Footnotes:

p. - preliminary

n.a. - not available

Includes holdings of U.S. Government securities with original maturity of more than one year but not more than twenty months.

2/ Estimated on the basis of Exchange Equalization Account holdings of gold, U.S. and Canadian dollars as reported by the British Government.

3/ Includes for the first time certain short-term dollar balances which, though existing at lower levels in previous years, were not reported by banks in the United States until August 1950.

Source: Treasury Department and Board of Governors of the Federal Reserve System.

5/24/

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Mr. Mack

World Gold & For. Gold

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Short-Term Liabilities to Foreigners,
Short-Term Claims on Foreigners,
and Earmarked Gold Balances as of
December 31, 1951 (preliminary)
(In millions of dollars)

	Liabilities to Foreign "Official Accounts"	Liabilities to Foreign "Private Accounts"	Total Liabilities to Foreign Accounts	Claims on Foreign Accounts	Earmarked Gold
Europe					
Austria	44.6	12.6	57.1	*	26.2
Belgium	1.8	132.9	134.7	39.6	321.3
Czechoslovakia	0.3	1.0	1.3	*	-
Denmark	30.5	14.8	45.3	4.8	23.9
Finland	14.3	12.7	27.0	3.1	9.7
France	60.5	224.9	285.4	9.6	227.5
Germany 1/	325.7	79.9	405.6	28.3	-
Greece	34.1	11.7	45.8	0.2	2.1
Italy	169.3	131.2	300.5	10.3	144.8
Netherlands	58.0	90.8	148.8	8.0	244.9 2/
Norway	45.9	53.8	99.7	2.5	22.3
Poland	1.8	1.0	2.8	*	-
Portugal	14.7	26.0	40.7	0.8	191.5
Rumania	4.0	2.1	6.1	*	13.1
Spain	3.8	13.3	17.1	18.8	63.2 3/
Sweden	42.2	28.5	70.7	5.4	68.1
Switzerland	66.3	455.0	521.3	11.2	734.0
U.S.S.R.	1.7	0.8	2.5	*	-
United Kingdom	126.2	515.8	642.0	35.0	201.9
Yugoslavia	6.0	1.1	7.1	3.9	0.4
Other Europe	28.3	28.3	56.6	4.0	36.0
TOTAL EUROPE	1080.0	1838.1	2918.2	185.2	2331.0
Canada	908.1	395.6	1303.7	91.9	105.0
Latin America					
Argentina	136.4	113.4	249.7	7.6	112.2
Bolivia	15.0	12.8	27.8	7.5	15.8 3/
Brazil	28.8	71.0	99.8	185.0	259.6
Chile	15.6	38.4	54.0	24.8	26.6
Colombia	73.2	33.3	106.4	43.7	10.2
Cuba	130.6	121.1	251.7	32.3	309.3
Dominican Republic	14.5	31.3	45.8	1.8	12.1

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	Liabilities to Foreign "Official Accounts"	Liabilities to Foreign "Private Accounts"	Total Liabilities to Foreign Accounts	Claims on Foreign Accounts	Earmarked Gold
Latin America (cont'd)					
Guatemala	5.9	18.5	24.4	3.8	23.0
Mexico	43.8	114.4	158.2	90.6	173.8
Netherlands West Indies & Surinam	21.4	13.5	34.9	1.2	16.8
Peru	15.0	32.2	47.2	11.8	-
Republic of Panama	0.7	67.0	67.7	3.0	-
El Salvador	14.9	12.8	27.8	9.5	20.7
Uruguay	7.2	77.5	84.7	10.5	41.8
Venezuela	3.7	68.1	71.9	41.7	77.5 3/
Other Latin America	39.2	45.8	85.0	14.3	24.0
TOTAL LATIN AMERICA	566.0	871.2	1437.2	489.0	1123.2
Asia					
Formosa	36.8	7.0	43.8	7.4	-
China Mainland	7.0	38.0	45.0	2.8	-
Hong Kong	0.1	60.5	60.5	3.0	-
India	41.6	20.5	62.1	13.4	-
Indonesia	114.8	25.8	140.6	0.3	210.0
Iran	18.6	6.9	25.5	9.3	-
Israel	17.4	9.0	26.5	30.0	-
Japan	46.5	549.5	596.0	12.2	-
Philippines	240.1	89.6	329.7	29.3	4.0 4/
Thailand	89.9	6.8	96.7	2.5	83.1
Turkey	5.6	8.5	14.1	0.6	56.9 5/
Other Asia	92.7	75.7	168.4	51.6	34.1
TOTAL ASIA	711.0	898.0	1609.0	162.4	388.0
Other Countries					
Australia	18.6	19.9	38.5	22.8	17.5
Belgian Congo	46.4	8.1	54.5	5.7	37.8
Egypt and Anglo-Egyptian Sudan	101.6	8.3	109.8	0.2	-
Union of South Africa	1.5	5.4	6.9	6.6	22.3
All Other	21.5	64.7	86.2	6.0	-
TOTAL OTHER COUNTRIES	189.6	106.3	295.9	41.3	77.6
INTERNATIONAL	1708.2	-	1708.2	*	983.4 6/
GRAND TOTAL	5162.8	4109.2	9272.0	969.9	5008.2

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FOOTNOTES:-

* Less than $50 thousand.

1/ Beginning with March 1947, includes balances in accounts opened by occupation authorities for foreign trade purposes.

2/ Includes $15.8 million, earmarked for account designated "De Nederlandsche Bank".

3/ Includes gold held as collateral for loans made by domestic banks to:

Spain	$63.2 million
Bolivia	5.6 "
Venezuela	64.5 "

4/ Of this amount, $3.4 million is held by the Federal Reserve Bank of San Francisco as agent for the Federal Reserve Bank of New York.

5/ Includes $10.2 million held as collateral to a foreign loan on gold arrangement.

6/ Included in International are the following accounts:

a) Belgium, Tripartite Commission for the Restitution of Monetary Gold	$11.1 million
b) Switzerland, Bank for International Settlements	35.7 "

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Wood - Israel
Tab. C.

HOARDING OF GOLD CALLS FOR ACTION

Now Estimated at $11.2 Billion; Most of It in France, Says World Currency Report

MANY PEOPLE CONVERTING

Lead 4.8 on p. 13

'Limit of Tolerance' on Dollar Depreciation at 3 or 4% Halves Value in 20 Years

By BURTON CRANE

Signs are multiplying that hoarding of gold has become a monstrous economic fact with which economic planners will have to deal.

Private gold hoards are now estimated by Pick's World Currency Report at $11,200,000,000, with $4,100,000,000 in France, $2,000,000,000 in the rest of Europe, $1,800,000,000 in Asia, $1,800,000,000 in Africa, $900,000,000 in the Western Hemisphere and $600,000,000 elsewhere.

Prof. Sumner H. Slichter of Harvard University has said, according to the December letter of the National City Bank, that there is a "limit of tolerance" on dollar depreciation of perhaps 3 or 4 per cent a year. At 3½ per cent, compounded, the price level would double—and the dollar lose half its value—every twenty years. Beyond that, said the bank, he apprehends people might be panicked to converting money into goods.

Many Now Converting

That many already are converting into gold cannot be denied. Of 40 nations in the world, only Switzerland has seen the purchasing power of its money shrink less than 8 per cent since 1939—only 5 years ago. Switzerland's loss was 39½ per cent. That in the United States in October was 41 per cent. Professor Slichter's "limit of tolerance" has been exceeded everywhere.

The saver, says the National City Bank, ruefully compares the 2 to 2.9 per cent he can get on Government bonds with the 5 per cent a year average rate of shrinkage he has been experiencing in the value of his money.

And apparently a good many of them have discovered that they can buy gold—which pays no interest and therefore produces no income for tax purposes—and simply hold it for a term of years, selling it eventually for a capital gain at a price that will keep their purchasing power intact. Or they can even play the gold futures market, borrowing against bullion.

Simple and Legal

It is surprising how simply this can be done—and how legally. It is said to be possible to pick up a phone in New York City and buy 100,000 ounces of gold—$3,925,000 at current free market rates—in five minutes. One, of course, will then send around a letter of credit drawn—for the gold trade is very sticky about this—on the Chase National Bank of the City of New York.

In spite of the Gold Reserve Act of 1934, one may legally buy gold in New York, although one may not hold it here. This is gold in transit, sent here in concentrates 820 fine for processing and then melted into 400-ounce bars averaging 999.5 fine.

The more normal way—and a perfectly legal way—is to buy your gold abroad for deposit in a reliable bank, possibly the branch of an American bank, in a foreign city where there are no prejudices against gold: Tangier, Paris, Macao, Hong Kong, Bangkok, Mexico City, Guatemala City, Panama City or Montevideo. You may buy newly mined gold in Canada quite legally but it will be delivered at the airport. You cannot hold it there.

Wide Range in Prices

Prices for gold in bars have a terrific range, which explains why the market for gold is so lively. There is constant arbitrage and shipments back and forth, many of them quite legal. In New York, according to Pick's World Currency Report, transit gold was selling at the end of November at $39.38 an ounce. Tangier, Zurich, Beirut, Toronto, Mexico City, Brussels, Manila and Milan all quoted below $40 an ounce.

This, of course, is the same gold that has a legal value in this country of $34.915 an ounce. Istanbul, Athens, Stockholm, Cairo, Tokyo, London, Paris, Macao, Berlin, Tel Aviv and Hong Kong prices ranged from $40 to $41. Madrid, Lisbon and Casablanca were at $42. From there on, prices ranged sharply upward to $50 and $51 in such Iron Curtain black markets as Budapest and Bucharest.

Prices for gold coins by the ounce are considerably higher than those for bars. This is the retail trade for the man who can afford to hoard little at a time. Eagles in New York are on the list at $47.50 an ounce—a premium of 36 per cent over the official value—but Mexico City is asking only $44.50 and Bombay wants $56 for gold coins.

400-Ounce Standard

Twelve kilogram or 400-ounce bars are fairly standard in the trade. Europe uses some one-kilo bars and the Far East has even smaller ones of varying sizes.

It is said to be possible, if one knows the persons with whom he is dealing, to play the gold market on margin in Tangier and Montevideo. For $100,000 you might buy five and a half bars and have them put into a bank vault. But if one felt certain that the trend toward currency depreciation—and higher commodity prices—were going to continue, one could gamble on a 10 per cent margin.

In other words, if one will post as security a power of attorney for deposited gold, the $100,000 will permit—in that market—at least—buying fifty-five bars—$1,000,000 worth. But, of course, the depreciation of the dollar or the rise in the price of gold must be greater than the interest rate on your loan. That is one's risk.

Continued on Page 4, Column 5

N.Y. Times
12/16/54

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Gold Debt + Fn Exchange

Private gold hoards estimated at $11.2 billion (with $4.1 billion in France, $2 billion in the rest of Europe, $1.8 million in Africa, $900 million in the Western Hemisphere and $600 million elsewhere) by Pick's World Currency Report; in transit and foreign purchasing of gold under $40 per ounce described; purchasing gold against depreciation of dollar noted. (Times 12-16, Sec. 3, p. 1)

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National Advisory Council
Staff Document No. 550
December 6, 1951

To: National Advisory Council Staff Committee

From: The United States Treasury Department

Subject: Estimated Gold and Short-term Dollar Resources of Foreign Countries as of September 30, 1951

During the third quarter of 1951, the estimated gold and short-term official and private U.S. dollar holdings of foreign countries (excluding gold and dollar holdings of international organizations and U.S.S.R. gold) decreased, for the first time in two years. From the postwar quarterly high point of $19,814 million on June 30, 1951, foreign gold and short-term dollar resources declined to $19,472 million by September 30, 1951, a reduction of $342 million. The loss reflected a sharper decline in U.S. imports as compared with the decline in U.S. exports, decreased U.S. Government foreign aid, and lowered U.S. private capital outflow.

Most of the third quarter decrease in foreign reserves represented a reduction in gold holdings amounting to an estimated $285 million. The United States purchased $291 million in gold net from foreigners during this quarter, while gold holdings of the international organizations increased by $30 million (including E.P.U. holdings of gold bars). Allowing for possible inaccuracies in quarterly gold movements data, it would nonetheless appear that a large portion of the estimated $190 million in third quarter new foreign gold production (excluding the U.S.S.R.) did not accrue to official reserves but was sold for industrial use and private hoarding. The third quarter marked a reversal of the U.S. gold sales trend which had, in the twenty-two months between September 1, 1949 and June 30, 1951, totaled $2,845 million.

The entire foreign gold loss was encompassed within the $425 million estimated decline in United Kingdom gold holdings. Most of the United Kingdom loss was accounted for by the $320 million in net gold sales to the United States and the $80 million in gold payments to the European Payments Union. The largest gold gain abroad was registered by Belgium at $58 million; while other notable gains were made by Canada ($39 million), Egypt ($31 million), and Cuba ($30 million).

Because of the estimated United Kingdom gold and short-term dollar decrease of $541 million in the third quarter, E.R.P. countries' reserves declined on the whole during the third quarter. The United Kingdom loss included payments of $106 million in gold and dollars to the European Payments Union and reflected a deterioration on its own payments account as well as on account of the rest of the sterling area. Contributing factors in the United Kingdom deficit were large-scale imports and speculative capital movements against sterling. The dollar payments position

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of the rest of the sterling area worsened as raw materials prices decreased, U.S. stockpiling operations slackened, and the area accelerated dollar imports on the basis of earnings made since the start of the Korean War. The E.R.P. area loss was held to an estimated $302 million due largely to the Belgian gold increment and the $146 million short-term dollar gain earned by Germany, mostly through the European Payments Union.

African reserves (exclusive of E.R.P. dependencies) increased by $44 million due almost entirely to Egyptian gains. Only $1 million in gold was retained net by the Union of South Africa out of an estimated $102 million gold production. Asiatic gold and short-term dollar gains of $131 million were principally due to the $149 million increase in Japanese short-term dollar balances. Japanese gains more than offset the $116 million loss during the first half of 1951, bringing reserves to the highest level since V-J day. Oceanic countries increased reserves by $4 million, due to about $8 million in Australian gold production which accrued to reserves.

Canadian holdings of gold and short-term dollar balances decreased by $47 million, dollar losses of $86 million being partially offset by new gold production accretions to reserves of $39 million. The decline of about $140 million in imports from the United States as compared to the previous quarter, and a large seasonal surplus from tourism, enabled Canada to decrease its current account deficit with the United States from $280 million to about $100 million.

Latin American gold and short-term dollar holdings declined by $175 million during the third quarter, a rate of loss more than double that of the previous quarter. This loss was due principally to a reduction in exports to the United States of about $200 million from the level in the second quarter. The major losses were sustained by Brazil ($72 million), Argentina ($44 million), and Uruguay $23 million). The largest gain was made by Cuba, amounting to only $12 million.

* *

During October and November 1951, the rate of United States gold purchases from foreigners was increased as $419 million was purchased net. These purchases included $360 million from the United Kingdom. From August 1 through November 30, 1951 the United States purchased $733 million in gold net compared with a net sale of $952 million from January 1 through July 31.

229018

Table I. -- Estimated Gold and Short-term Dollar Resources of Foreign Countries as of June 30 and September 30, 1951
(In millions of dollars)

	Total Gold & Dollars		Official Gold Holdings		Short-term Dollar Balances 1/ (Official & Private)	
	June	Sept.	June	Sept.	June	Sept.
TOTAL, ALL AREAS 2/	19,814	19,472	12,387	12,102	7,427	7,370
Total Europe (including dependencies)	11,202	10,895	8,223	7,877	2,979	3,018
ERP Countries	10,565	10,263	7,674	7,328	2,891	2,935
Other Europe	549	544	461	461	88	83
Tripartite Commission	88	88	88	88	3/	3/
Canada	1,981	1,934	652	691	1,329	1,243
Africa	484	528	356	389	128	139
Asia	2,305	2,436	993	998	1,312	1,438
Oceania	176	180	147	155	29	25
Latin America	3,655	3,480	2,016	1,992	1,639	1,488
Unidentified and Undistributed	11	19	--	--	11	19

1/ Includes U. S. Government securities with original maturity of more than one year but not more than 20 months.

2/ Excludes gold and short-term dollar holdings of international organizations which totaled $3,350 million on September 30, 1951 as compared with $3,347 million on June 30, 1951.

3/ Less than $500,000.

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