

# U. S. Has Nearly as Much Gold as All Europe

## Precious Metal Has Been Sent Across Atlantic Until We Have Accumulated \$3,089,000,000

**M**EN, munitions, and money are recognized as the three chief implements of war. The United States may lack trained soldiers, and it may have an insufficient supply of arms, but it possesses an abundance of money. By money is not meant paper currency, the output of which, in the case of some countries, is limited only by the supply of paper stock and the activity of printing presses, but gold, the metal which furnishes the basis for practically all money.

In this country, as in Europe, every piece of paper money is either a warehouse receipt for a fixed amount of gold or silver, or else it is partially secured by a deposit of the precious metal with the Government or banking agency issuing the currency notes. Even in cases where notes are issued against commercial paper, and are in a sense "asset currency," part of the face value of the notes is supported by the deposit of gold, the percentage of the gold security varying with each country, according to the legal requirements of each nation—in practically all instances provisions being made for increasing and decreasing the percentage within certain limits.

The more gold a nation has, the more currency can it issue without impairing the credit standing of its obligations.

Notwithstanding the substantial additions that have been made to the gold stocks of the belligerent countries by the offerings of the people, and as a result of more intensive mining of the metal, notable changes have taken place in the last three years in the gold reserves of the nations of Europe. It should be remembered that in financing the heavy purchases of war materials and food in the United States, the Allies have been obliged to ship the standard metal to this country in large volume. The net imports of gold of the United States during the war period have aggregated about \$1,250,000,000. This is equal to approximately the total world's gold production for the period.

The general stock of gold in the United States now totals \$3,089,000,000, compared with \$1,887,000,000 at the outbreak of the war in August, 1914. Our present

stock of gold is nearly equal to the combined gold reserves of the central banks of Great Britain, Russia, France, Italy, Germany, Sweden, Denmark, Norway, Netherlands, Switzerland, and Spain.

A study of the changes that have taken place in the reserve position of the principal European banks of issue since the outbreak of the war shows that while there has been an extraordinarily large increase in note circulation, the combined gold resources of the central banks of the allied countries are practically as large today as they were at the end of 1913, the losses indicated for the Russian, French, and Italian banks in the accompanying table being fully offset by the gains in the metallic reserve of the Bank of England. That this should be the case is quite natural by reason of the fact that during the war period the gold reserves in all the countries have been mobilized, and the exports to the United States were equivalent to the gold production of the period under consideration.

A comparison of the reported gold reserves of the European central banks shows an increase during the three years 1914-1917 of slightly more than 18 per cent.; their reported outstanding note circulation shows an increase of nearly 70 per cent.

The gold reserve of the German Reichsbank shows an increase of more than 115 per cent. for the three years, though it is not known what portion of

the increase is represented by withdrawals from circulation, as the result of voluntary offerings of gold coin and bullion in exchange for notes, and what portion by gold formerly owned by the Austro-Hungarian Bank, which suspended issuing statements on July 29, 1914. It has been stated repeatedly that the large addition to the gold reserve of the Reichsbank is due to the transfer of gold held at the outbreak of the war by the Austro-Hungarian Bank.

The accompanying table, compiled from original reports of the banks or official reports of the Governments, shows the amounts of gold reserve, i. e., amounts of gold coin and bullion held in vaults and of notes issued by the central banks at the end of the calendar year 1913 and the beginning of 1917.

As a result of the enormous credit operations of the Governments, the deposits of the principal European banks of issue show rates of increase about as large as, if not larger, than those shown for their note circulation. The following table gives the deposit liabilities of the four leading European banks at the close of 1913 and at the beginning of 1917:

	1913.	1917.
Bank of England.....	\$347,193,000	\$870,330,000
Bank of Russia.....	600,237,000	1,216,852,000
Bank of France.....	188,986,000	439,120,000
German Reichsbank.....	188,763,000	1,086,281,000

The large increases in deposits shown are made up chiefly of new credits to the Governments or to commercial banks. The latter treat these credits as reserve or cash, which, in turn, forms the basis of new deposit credits granted to customers of these banks.

Of the total of \$3,089,000,000 of gold in the United States, the Treasury in Washington holds about \$204,000,000. The balance is in general circulation, in banks and in the hands of the Federal Reserve Banks, the latter having mobilized approximately \$900,000,000.

	Gold Reserves.		Note Circulation.	
	1913.	1917.	1913.	1917.
<b>Allied Countries—</b>				
United Kingdom.....	\$170,000,000	\$264,000,000	\$144,000,000	\$183,000,000
Russia.....	781,000,000	758,000,000	859,000,000	4,425,000,000
France.....	679,000,000	653,000,000	1,103,000,000	3,219,000,000
Italy.....	214,000,000	174,000,000	341,000,000	743,000,000
Belgium.....	*	*	203,000,000	372,000,000
<b>Total.....</b>	<b>\$1,844,000,000</b>	<b>\$1,849,000,000</b>	<b>\$2,650,000,000</b>	<b>\$8,957,000,000</b>
<b>Central Powers—</b>				
Germany.....	\$278,000,000	\$600,000,000	\$517,000,000	\$1,917,000,000
Austria-Hungary.....	252,000,000	*	481,000,000	*
<b>Total.....</b>	<b>\$530,000,000</b>	<b>\$600,000,000</b>	<b>\$1,098,000,000</b>	<b>\$1,917,000,000</b>
<b>Neutral Countries—</b>				
Sweden.....	\$27,000,000	\$49,000,000	\$53,000,000	\$112,000,000
Norway.....	12,000,000	33,000,000	29,000,000	67,000,000
Denmark.....	20,000,000	42,000,000	41,000,000	72,000,000
Netherlands.....	61,000,000	236,000,000	134,000,000	305,000,000
Switzerland.....	33,000,000	67,000,000	61,000,000	104,000,000
Spain.....	92,000,000	241,000,000	371,000,000	455,000,000
<b>Total.....</b>	<b>\$245,000,000</b>	<b>\$668,000,000</b>	<b>\$690,000,000</b>	<b>\$1,115,000,000</b>
<b>Grand Total.....</b>	<b>\$2,619,000,000</b>	<b>\$3,117,000,000</b>	<b>\$4,447,000,000</b>	<b>\$11,989,000,000</b>
*No data.				