

Appendix 3. Central Bank Gold Reserve Statutes

Table 1 - CENTRAL BANK STATUTORY GOLD RESERVE REQUIREMENTS UNDER THE CLASSICAL GOLD STANDARD (1880 - 1914)	
<u>COUNTRY</u>	<u>LEGAL RESERVE REQUIREMENTS</u>
Argentina	- Currency Board 1899 1913
Australia	25% in gold on bank notes up to £7,000,000, 100% above that (law of 1910). Before 1910 no government notes, no legal reserve requirements on commercial bank notes.
Belgium	33 1/3% on notes and other demand liabilities
Brazil	33 1/3% in gold on note issue (Act of 1890); 100% in gold and convertible securities: Currency Board (1906-1914)
Canada	25% on Dominion notes in excess of 20 million. No legal reserve requirements on chartered banks.
Chile	None
Denmark	37.5% in gold coin or bullion on notes until 1907; thereafter 50%.
Finland	maximum uncovered note issue of 40,000,000 marks, 100% cover in gold, foreign exchange above that
France	None
Germany	33 1/3% in gold coin or bullion on note liabilities
Greece	3 1/3% in gold coin or bullion on notes
Italy	40% in gold or silver on notes
Japan	on note liability in gold coin or bullion in excess of fiduciary issue of 120,000,000 yen (1899)
Netherlands	40% in gold coin on notes and deposits
Norway	on note liabilities, 100% in gold coin or bullion in excess of fiduciary issue of 35,000,000 crowns

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<u>COUNTRY</u>	<u>LEGAL RESERVE REQUIREMENTS</u>
Portugal	33 1/3% in gold coin or bullion on note circulation and demand liabilities
Spain	33 1/3% cash reserve on a maximum note issue of 1,500,000 pesetas, at least one half to be held in gold
Sweden	40 million kroner in gold on notes
Switzerland	40% in gold coin on notes
United Kingdom	100% in gold coin or bullion on notes in excess of fiduciary issue (£ 14 million plus two - third of lapsed bank notes)
United States	as of 1900, Treasury minimum of 100 million in gold coin

Sources: Germany, Sweden, Italy in Michael D. Bordo and Anna J. Schwartz (eds). *A Retrospective on the Classical Gold Standard, 1821 - 1931*. Chicago: University of Chicago Press 1984. Chapters 7-9.

Other countries are in Charles Conant. *A History of Modern Banks of Issue Sixth Edition*. (1924). Reprinted by Augustus, M. Kelly Publishers, New York 1969.

Table 2 - CENTRAL BANK STATUTORY GOLD RESERVE REQUIREMENTS
UNDER THE GOLD EXCHANGE STANDARD (1925 - 1931)

<u>COUNTRY</u>	<u>LEGAL RESERVE REQUIREMENTS</u>
Argentina	None
Australia	25% in gold coin or bullion on bank notes
Belgium	on sight liabilities: 30% gold coin or bullion; 40% gold and gold exchange
Brazil	None
Canada	25% in gold or bullion on first 50 million Dominion notes; 100% on excess
Chile	50% in gold and gold exchange on bank notes plus deposits
Denmark	30% in gold coin or bullion on bank notes
Finland	300 million marks in gold coin or bullion on all bank notes plus other sight liabilities up to 1200 million mark
France	35% in gold coin bullion on bank notes plus current credit accounts
Germany	on note liabilities; 40% of which $\frac{3}{4}$ (30%) in gold or day to day loans; on deposits: 40% in secondary names
Greece	40% in gold and gold exchange on bank notes plus other sight liabilities
Italy	40% in gold and gold exchange on notes and sight liabilities
Japan	75% in gold coin or bullion on notes in excess of £260 million
Netherlands	40% in gold coin or bullion on bank notes, bank assignments and demand deposits
Norway	100% in gold coin or bullion on bank note circulation over 240 million Kroner
Portugal	None

Table 2 - CENTRAL BANK STATUTORY GOLD RESERVE REQUIREMENTS UNDER THE GOLD EXCHANGE STANDARD (1925 - 1931)	
<u>COUNTRY</u>	<u>LEGAL RESERVE REQUIREMENTS</u>
Spain	40% in gold coin or bullion (in silver) on bank notes not exceeding 4000 million pesetas; 50% (10% in silver) on bank notes exceeding 4000 million pesetas but not exceeding 5000 million pesetas unless increased to 6000 million pesetas by special authorization
Sweden	50% in gold coin or bullion on notes in excess of 250 million kroner; minimum gold reserve of 150 million kroner
Switzerland	40% in gold or bullion on notes
United Kingdom	100% in gold bullion on notes in excess of £260 million
United States	40% in gold coin on Federal Reserve notes; 35% on Federal Reserve deposits

Source: League of Nations. Legislation on Gold. Geneva 1930. Tables I-III.

Table 3 - CENTRAL BANK STATUTORY GOLD RESERVE REQUIREMENTS UNDER BRETTON WORDS (1944 - 1972)	
<u>COUNTRY</u>	<u>LEGAL RESERVE REQUIREMENTS</u>
Argentina	NA
Australia	None
Belgium	33 1/3% on sight liabilities in gold
Brazil	NA
Canada	25% in gold coin, bullion and foreign exchange on notes and deposit liabilities
Chile	NA
Denmark	25% in gold coin, gold bullion, gold exchange (maximum 5% of note circulation) or non interest bearing foreign exchange (maximum 5% of note circulation) <u>1936 Law</u>
Finland	not updated from <u>1925 Law</u>
France	35% in bullion and gold coin on notes and current credit accounts
Germany	None
Greece	None
Italy	None
Japan	100% in gold and silver coin and bullion domestic assets and foreign exchange
Netherlands	50% in gold and foreign exchange on bank notes, bank drafts, and credit balance on current accounts
Norway	None
Portugal	on notes in circulation and other sight liabilities in gold 25% in gold coin and bars; 25% in convertible foreign exchange

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<u>COUNTRY</u>	<u>LEGAL RESERVE REQUIREMENTS</u>
Spain	None
Sweden	on notes (in excess of 9900 million kroner) equal to double the amount of gold reserve; the amount not covered by gold to consist of non gold assets; gold reserve minimum of 150 million kroner
Switzerland	40% on notes; rest in non gold assets
United Kingdom	100% in gold coin and bullion on note liabilities in excess of £1575 million fiduciary issue
United States	25% on notes and deposits (eliminated in 1965 and 1968)

Source: Hans Aufricht. Central Banking Legislation. 2 Vols. Washington, D.C., International Monetary Fund. 1961, 1967.