According to an analysis given in the Twenty-Second Annual Report of the Bank of International Settlements (June 1952) some 85 per cent of newly mined gold is reaching destinations other than national treasuries. The Bank's report presents the following tabulation:

	millions of U.S. dollars 1951
Gold production (exclusive of U.S.S.R.)	844
Increase in official gold reserves	130
"Disappeared" gold (estimated breakdown: industrial uses: 220 private hoarding: 494	714

Private Ownership of Gold

It would create a far more satisfactory and healthy situation if governments openly acknowledged that there was a demand for private ownership and possession of gold and that citizens had a legitimate right to purchase and hold it. The demand is especially strong in those countries whose citizens have experienced the devaluation of their currencies and therefore desire to possess something of intrinsic and permanent value.

In the meanwhile gold is not being produced in sufficient quantity either to satisfy private demands or to meet the requirements of governments.

The Inadequacy of National Reserves

We would draw attention to a report entitled "Measures for International Economic Stability", prepared for the Department of Economic Affairs of the United Nations by a committee of internationally famous economists, headed by Dr. James W. Angell of Columbia University (November 1951).

While the whole report merits careful study, we draw notice in particular to the contents and arguments of Chapter IV, "International Monetary Reserves".

Having pointed out that international trade cannot be maintained without periodic tightening of fiscal and monetary policies or of trade and exchange restrictions, unless the trading countries have adequate monetary reserves, the report proceeds:

Section 109—"Our examination of existing reserves has convinced us that they are not in general adequate. The total reserves of countries other than the United States are now much smaller in relation to trade than they were before the war. Their total gold and official dollar holdings at mid-1951 were only one-fifth higher than they were in 1937. But their total imports, measured in dollars, have recently been running at an annual rate more than two and one-half times as great as in 1937, largely the result of the rise in prices. Their imports from the United States have been nearly five times as great. Their reserves can thus serve as a buffer only against much smaller proportionate fluctuations in trade...

117. "Methods of Increasing Reserves—One method would be to raise the price of gold uniformly in terms of all currencies, as provided for in the Articles of Agreement of the Fund. Measured in dollars, the official price of gold is no higher than before the war, while prices in international trade have doubled. The effectiveness of a given gold reserve as a buffer against trade fluctuations has been halved. Increases of 25, 50 or 100 per cent in the gold price would raise the reserves of countries other than the United States by some 3,000, 6,000 or 12,000 million dollars.

"118. It may be that a higher gold price would set in motion inflationary forces which would be undesirable save at a time of deficient effective demand.