Notwithstanding the fact that its stock of monetary gold has diminished by almost $5 billion since 1949, the United States still has 46 percent of the total monetary gold reserves of the world (table 23). The United Kingdom ranks second, with 7.6 percent, and is followed by West Germany with approximately 7 percent. On September 30, 1960, the U.S. stock of monetary gold amounted to $18.7 billion.

TABLE 23.—*Gold reserves of central banks and governments, 1955–60*

	Million U.S. dollars				Percentage distribution			
	Dec. 31			Sept. 30, 1960	Dec. 31			Sept. 30, 1960
	1955	1958	1959		1955	1958	1959	
World	$37,620	$39,490	$40,185	$40,690	100.0	100.0	100.0	100.0
International Monetary Fund	1,808	1,332	2,407	2,564	4.8	3.4	6.0	6.3
United States	21,753	20,582	19,507	18,725	57.8	52.1	48.5	46.0
United Kingdom	2,120	3,069	2,736	3,108	5.6	7.8	6.8	7.6
Switzerland	1,597	1,925	1,934	1,980	4.2	4.9	4.8	4.9
West Germany	920	2,639	2,637	2,888	2.4	6.7	6.6	7.1
Netherlands	865	1,050	1,132	1,346	2.3	2.7	2.8	3.3
Italy	352	1,086	1,749	[1] 1,998	0.9	2.8	4.4	4.9
Belgium	929	1,270	1,134	1,094	2.5	3.2	2.8	2.7
France	942	750	1,290	1,627	2.5	1.9	3.2	4.0
All other	6,334	5,787	5,659	5,360	16.8	14.7	14.1	13.2

[1] July.

Source: Federal Reserve Bulletin, December 1960.

Maintenance of confidence in the U.S. dollar is important since the dollar has become an important international reserve currency. Confidence depends on its convertibility into gold and its stability of purchasing power. At present the dollar is convertible into gold—in practice, though not required by law—for the settlement of international balances at the fixed price of $35 per ounce. If the price of gold were to be raised, that is, if the dollar were to be "devalued" with respect to gold, or if there were what appeared to be well-founded rumors to that effect, there could be a stampede to convert dollars into gold.

It is difficult to measure the degree to which the purchasing power of various currencies has diminished, for inflation is a complicated concept. As far as can be ascertained from existing data regarding consumer prices and wholesale prices, inflation in the United States has not been greater than in most other countries.

Since 1953 prices of consumer goods in the United States, Canada, and Belgium have increased about 10 percent, which is less than in any of the other 9 countries shown in table 24 except Switzerland where they increased only 8 percent. In France they increased 34 percent, in Sweden 24 percent, in the Netherlands 22 percent and in the United Kingdom, Italy, and Norway, 21 percent.

In the same period wholesale prices increased 8 percent in the United States, which was higher than the increases in Canada, Germany, Belgium, the Netherlands, Italy, and Switzerland but lower than in the United Kingdom, France, Norway, and Sweden.