

COMPARATIVE SURVEY OF CENTRAL BANK LAW. By Hans Aufricht.  
[London: Stevens. Library of World Affairs No. 64. 1965. xiii +  
228 pp. £3.]

The value of this book is *inter alia* attested by the fact that the World Bank has agreed to finance its translation into French and Spanish so as to make it (in the furtherance of its own objectives in the field of economic and related research) available to as large a reading public as possible.

The author, who has been with the Legal Department of the International Monetary Fund since its very early days, draws on a volume of experience which is hard to match, and which enables him to illuminate the many different aspects of the administration, organization and operations of central banks. The marked influence of the International Monetary Fund, and particularly its underlying principles and objectives which, rooted as they are in the social and economic framework of the post World War II era, were in any event bound to find expression on the national plane, is clearly apparent. The author does not overlook or attempt to conceal the dilemma of choices which more often than not confronts the engineers of every developing economy such as the difficulty of reconciling the duties to contribute to a high level of production and employment with the obligation to maintain monetary and exchange stability.

And he frankly admits that the "chances of meeting shortly, or in the near future, these major economic and social objectives may, of course, vary greatly from country to country and will depend on many factors, including natural resources, population, capital equipment, and institutional setting" (at p. 16).

The book which consists of 12 chapters and elaborate indices surveys the laws of central banks in 21 countries. It covers both the oldest (U.K.), and the most recent types of central bank and monetary legislation (Ceylon, Costa Rica, Guatemala, Philippines). It discusses laws which are couched in general and broad terms (South Africa); laws which regulate central bank functions in considerable detail (Ceylon, Guatemala and Philippines), and laws which fall in between these two extremes (Burma, Honduras). The selection covers monetary regimes in countries which are at different levels of economic development as well as in different geographic locations. All the five continents are represented but the survey does not include a review of the laws of any of the newly independent states of Africa or, and except for Cuba, of any of the Communist countries.\* While the Communist countries

\* The Central Bank regime of Cuba is discussed primarily by reference to the Cuban Law No. 13 of December 23, 1948, presumably because the provisions of this Law are not only of historical interest, but because it contained certain special features which are deemed to be of lasting interest to the student of the subject. The question whether the National Bank of Cuba (after the "reorganization") subsequent to the Castro take-over and the withdrawal of Cuba from IMF has in fact disappeared, is shrouded in deep mystery as is the disappearance of its head Che Guevara.

are clearly of a different genre, with respect to the African states it may be assumed that much of their central bank legislation follows the pattern of one or other of the prototypes surveyed in Mr. Aufricht's book so that the omission is not detrimental in any way. The comparative approach which the author has adopted is particularly interesting (see explanation on pp. X-XI of the book). The impact of customs and practice where relevant (*e.g.*, The Radcliffe Report with respect to the U.K.), and of international law on traditional central bank legislation is discussed in detail.

The comparative exposition presupposes a clear view of what is and what is not *in pari materia* in a field in which lawyers and economists have sometimes gotten lost because of a lack of understanding of the underlying rationale. As stated in the Introduction (p. XII) the author has endeavored to contribute to a clarification of the major questions of domestic and international law involved in modern central banking by a lucid presentation of the relevant legal formulations and, where appropriate, of the economic assumptions and objectives. In this context Chapters 9, 10 and 11 appear to be of special significance for the student of administrative law, comparative law, and money and banking.

Of the many interesting topics on which the author focuses attention the following in particular might be mentioned:

(a) The phenomena of International Monetary Fund members who have not established a par value for their monetary unit. It might be mentioned that the newest African members of the Fund have had a marked influence on relaxing the terms and conditions under which IMF members may engage in international transactions before establishing a par value for their currency.

(b) Treating rights to draw money from the IMF as reserves of the central bank against which domestic currency may be issued. (Drawing rights in the IMF are, above all, considered as a "second line of reserves". In addition, in certain monetary laws they have been incorporated in the provisions on currency cover.)

(c) The risk of using the power to fix the cost of money to finance government deficits.

The book is very well documented and remarkably devoid of any errors. In fact the only one I could detect was an erroneous reference to the date of the Constitution of the Dominican Republic appearing in note 15 on page 24.\*\* But this is a very minor point and of no significance.

To be sure some parts of this book are of greater interest than others. Chapters 4 and 5 dealing with the Board of Directors and with the chief executive of central banks are in the nature of general corporation law while chapter 4 and part of chapter 8 (the latter dealing with the assets required of central banks) are to a certain extent an elaboration of the synoptic tables included in the author's previous work on *Central Banking Legislation*. (International Monetary Fund publication, 1961). But to have eliminated these chapters would have diminished the value of the book as an exhaustive study of every aspect of central bank legislation.

To sum up this is a very learned treatise on a topic which is sometimes misguidedly considered as too esoteric. Since no person in a modern state is free from the influences and policies pursued by his country's monetary authorities it behooves each and every one to attain a better appreciation of their objectives, organization and operations. In providing the public with this book the author and his publishers should be commended for the choice of subject and the manner of presentation.

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\*\* The Dominican Constitution prior to the outbreak of the civil war was dated 1962. The Boche Constitution which may be reinstated if the country returns to normal is dated 1963. In any event the 1955 Constitution to which the author refers is out of date.