The term "International Banking" as used in this book relates primarily to the activities and policies of the "foreign departments" of major commercial banks in the United States and of their branches and correspondents abroad. The book is not intended to compete with existing textbooks on foreign banking but rather to highlight major issues which confronted a person who, from 1910 to 1945, held responsible positions in this field. The author, who takes a broad view of his subject, ably describes the various types of transactions which constitute foreign banking. And although not a professional lawyer, he records clearly and vividly the impact of a considerable number of legal measures on actual banking operations. At times he also touches upon the political and economic implications of certain phases of foreign banking.

The book is divided into five parts: Part I: Historical Survey; Part II: International Banking Activities of the United States; Part III: United States Banking Abroad; Part IV: Organization of the Foreign Activities of United States Banks; Part V: The Outlook after the Second World War. For the lawyer concerned with international banking, Parts II and IV are of special interest. In Part II, for example, Mr. Stern tells how, under the May, 1937, Presidential Proclamation declaring a state of civil strife in Spain, the banks' foreign departments were prevented from the opening of export credits and the financing of shipments to Spain. In addition, the banks were not allowed to engage in any banking transactions with neutral countries where there might be suspicion that persons under their jurisdiction were acting on behalf of Spanish nationals. Accordingly, foreign departments of American banks required a signed statement to the effect that the merchandise would not be transshipped en route and that it was destined for consumption or use in the country to which it was consigned. Mr. Stern also refers to the February, 1942, modification (the author speaks of "repeal") of Section 7 of the Neutrality Act of 1939. The positive effect of this enactment was that, "although the Johnson Act still remained in force, banks were now permitted under the Neutrality Act to make loans to the nations allied with the United States in the Second World War." These examples of the author's treatment of legal measures may illustrate his approach, which should be of interest to the lawyer, economist, and historian concerned with international financial relations. The section on Foreign Funds Control furnishes considerable insight into the application by banks of Exec. Order No. 8389 and the Proclaimed List of Certain Blocked Nationals and related measures.

1. E.g., Shaterian, Export-Import Banking (1948).
2. P. 66.
The activities of the "Foreign Exchange Committee," a committee of bankers which was established in 1939 to consult with the Treasury and the Federal Reserve Bank of New York on matters relating to international banking, are not generally known. The author, who for some time served as vice-chairman of this committee, recounts some of its functions. For instance, the Committee communicated during the war with the Bank of England through the London managers of United States bank branches, and in July, 1940, an agreement was reached establishing a fixed official rate of $4.02 for purchases and $4.04 for sales of the pound sterling. Another section of Part II deals with the cooperation between United States Government Corporations and commercial banks; here Mr. Stern specifically refers to the Export-Import Bank of Washington, the Commodity Credit Corporation, Defense Supplies Corporation, the Rubber Reserve Company, United States Commercial Policy, Metals Reserve Company, War Finance Corporation, and Grain Stabilization Corporation. The author discusses in considerable detail the extensive use which the Export-Import Bank made during World War II of the services of the commercial banks, and he notes that the commercial banks extended many medium and long-term credits under the guarantee of the Export-Import Bank. Moreover, he emphasizes that the Export-Import Bank, in accordance with its statutory obligations, refrained from competing with the commercial banks in the fields for which these were well equipped. Thus the Export-Import Bank did not offer to provide the short-term credits necessary for the financing of imports into the United States. In the concluding chapter of the book the author states that the Export-Import Bank, by undertaking in many transactions the share of the risk that is outside the scope of private banking, "has contributed conspicuously to the spread of the range of action of the commercial banks, notably during and since the end of hostilities." The effect on private banking of the activities of the Economic Cooperation Administration on the one hand, and of inter-governmental agencies such as the International Monetary Fund and the International Bank for Reconstruction and Development (the author designates all three as "governmental agencies") are only briefly indicated.

This book is a successful attempt to bring to light several significant but frequently neglected aspects of international banking. The lawyer or administrator concerned with problems of international finance will benefit by seeing "the law in action." Here is the work of a practitioner who not only is interested in actions and transactions per se but who has found time to consider the legal bases and economic effects of his pursuit. In its rather unusual but very stimu-

5. P. 61.
7. P. 415.
8. P. 417.
lating approach, the work combines applied theory with fruitful experience. It thus contributes to a clearer understanding of a field which is necessarily unknown to the outsider and in which, because of its complexity, even the insider all too easily gets lost—a victim of overspecialization.

HANS AUFRICHT†

†Member, Legal Department, International Monetary Fund, Washington, D.C. The views expressed are those of the reviewer and not necessarily those of the International Monetary Fund.