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No complete sets of the Bulletin for 1915 are available. Bound copies of the Bulletin for 1916 and 1917 may be had at $5 per copy.

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FEDERAL RESERVE BULLETIN

VOL. 4 APRIL 1, 1918. No. 4

REVIEW OF THE MONTH.

Our first year of war.

As this issue of the Bulletin goes to press, the date (April 6) which marks the first anniversary of our formal entrance into the war, is close at hand and suggests a look backward to see what has been accomplished and a look forward to see what is ahead of us in the way of further needed preparation.

The twelve months that have thus far elapsed have been one of the most notable periods in the financial and economic history of the country and, not least of all, in that of the Federal Reserve System. On the economic side, the year has witnessed extensive efforts to compass the difficult problem of readjusting our industrial system to meet the exacting economic exigencies of the war. On the financial side, it has witnessed the rapid and successful adjustment of our credit and financial system to meet the succeeding necessities of the Public Treasury. The financial transactions of the Government have been projected on a scale of magnitude never equaled by any Government and have subjected our financial and banking systems to severer tests than ever would have been thought probable. That our system of credit has thus far so successfully been able to stand the strain imposed upon it is due to an extent, which it would be difficult to exaggerate, to the Federal Reserve System, which has had not only an important but a reassuring part to play in every stage of the process of war financing.

National expenditures for the fiscal year 1918, including therein advances of credit to the belligerent Governments associated with us, may be expected to amount to something like 12 billions of dollars. The estimated tax revenues of the Government for the fiscal year 1918 are $3,886,800,000, leaving, therefore, some 8½ billions of dollars of outlay to be otherwise provided for and presenting the Nation with the greatest fiscal problem it has ever had to face. The deficit has thus far occasioned two loans, for which bonds in an aggregate of $5,894,000,000 have been issued, leaving, as the minimum amount to be provided out of the third Liberty loan, some three billions of dollars. In placing these vast loans extensive use has been made of successive offerings of Treasury certificates, negotiated as the current requirements of the Treasury necessitated and with the certainty that they would after a brief interval be funded into long-term bonds as these were offered to the public.

Service of Federal Reserve System.

Both the financing of the long-term bonds and the certificates of indebtedness called for extensive and hearty cooperation on the part of the banks of the country and that, in turn, was largely, if not mainly, conditioned upon the extent of the support they were permitted to feel could and would be accorded them by the Federal Reserve system. How extensive the support of the Federal Reserve system has been is disclosed in the growth of the investment holdings of the Federal Reserve Banks, consisting of bills discounted and bought, from $100,663,000 at the beginning of the war to $971,452,000 when these attained their highest point (Dec. 21, 1917), while the second Liberty loan was in process of flotation. In addition to extending reserve credit to their members and engaging in open-market operations in the purchase of acceptances from both member and nonmember banks, the

Federal Reserve Banks have supplied the country with its growing need of currency, Federal Reserve notes issued having increased from $376,510,000 at the beginning of April, 1917, to $1,452,838,000 at the present time. Whether accommodation to the banks and public could have been extended with so much of safety and liberality by the Federal Reserve system, had the system not been much strengthened by the amendments proposed by the Board and adopted by Congress and approved by the President June 21, 1917, may be doubted. Gold holdings of the system, which were $943,552,000 at the opening of April, 1917, are now $1,815,704,000. Figuring the percentage of the gold holdings against total liabilities—notes and net deposits—for the two dates (April 6, 1917, and March 29, 1918) yields a percentage for April 6 of 83 and for March 29 of 60.8. Heavy drafts have thus been made, it appears, upon the credit-extending power of Federal Reserve Banks, but the Federal Reserve system stands to-day not only as the greatest holder of gold in the world, but also as possessing a reserve position stronger than that occupied by any of the great central banks of Europe prior to the war.

Member banks and the war.

Between March 5, 1917, the date of call preceding the entrance of the United States into the war, and December 31, 1917, the date of the latest call, for which data have been made public, loans and discounts of national banks increased from 8,712.9 to 9,390.8 millions dollars, their holdings of United States securities from 714.5 to 1,624.5 millions, and their other investments from 2,335.3 to 2,572.3 millions. The difference between the totals of United States securities held on the two dates, 910 millions, represents approximately the amount of United States war obligations held by national banks at the end of 1917. Of the total, 610 millions were Liberty bonds and about 300 millions were certificates of indebtedness, i. e., over 11 per cent of the Liberty bonds and 43 per cent of the certificates outstanding on that date.

Reports received by the Federal Reserve Board from member banks in about 100 leading cities indicate an increase, between January 4 and March 15, from 1,013.8 to 1,635.8 millions in United States securities held. On the latter date the 682 banks heard from held about 1 billion of certificates of indebtedness, or about 38 per cent of the certificates, and 367 millions of Liberty bonds, or 6 per cent of the total Liberty bonds then outstanding. While comparisons of partial March 15 data with the complete December 31 data do not justify any definite conclusions regarding the present holdings of national banks, and manifestly throw even less light upon the amount of United States war obligations held at present by all the banks of the country, the figures are thought to be, however, indicative of a considerable reduction in the amount of Liberty bonds held by the commercial banks in the larger cities of the country.

It further appears that the total of loans secured by Government war obligations ("lending by borrowing"), as reported by member banks in the 100 large cities, has decreased from 423.8 millions on January 4 to 302.7 millions on March 15 of the present year.

Government deposits, which stood at 34.7 millions on March 5, increased to 517.3 millions on December 31, the major portion of the larger total representing deposits on account of sales of certificates of indebtedness and Liberty bonds. Aggregate net deposits on which reserve is computed (inclusive of Government deposits on the earlier date but exclusive of these deposits on the latter date) show an increase from 10,489.2 to 10,556.5 millions, as against an increase from 8,712.8 to 9,390.8 millions in loans and discounts, and from 11,365.1 to 13,179.6 millions in total, exclusive of permanent, investments.

Between January 4 and March 15 of the present year net deposits (including Government deposits) of member banks in the larger cities show an increase from 9,898.4 to 10,044.3 millions, while loans and investments rose from 11,205.9 to 11,924.8 millions.

The credit situation.

Although extravagance and waste have to some extent interfered with the rapid prosecution of our war program, there are hopeful symptoms which tend to offset these unfavorable aspects of the situation. The war savings certificate campaign has met with success, the total of such stamps and certificates already disposed of being tentatively reported as $124,000,000, while its educational effects have been of utmost value. Important forward steps have been taken in the control of long-term credits through the creation of the Capital Issues Committee of the Board, and, as a consequence of the work of this committee, in curtailing the issue of shares and bonds intended to provide for the undertaking of new and unessential enterprises. Curtailment of commercial credits has not yet been so effectively brought about, although the increase in the current rate of interest from about 4 to 4¼ per cent to about 5¾ to 6 per cent for prime commercial paper to-day in itself affords evidences of the automatic check that has been imposed upon unnecessary enterprises through the natural increase in the charge for the use of capital. The passage of the war finance bill providing for a recognized and legally constituted body charged with the control of long-term issues of paper, and understanding the needs of the situation which is effectively permeating the banking community, will contribute materially to a wise and conservative reduction in unnecessary banking credits. Some suggestions as to the way in which this reduction can be brought about and the methods that may under existing conditions safely be employed to that end may be found in a memorandum on economy and credit curtailment published elsewhere in this issue (p. 260).

On the whole, the year's experience in banking and finance may be regarded as reassuring and as exhibiting a latent financial strength far in excess of what the country had been thought to possess.

The credit situation at present confronts as its principal danger the possibility of an undue reliance on the banking institutions of the country as the means of sustaining long-period financing. Such reliance necessarily results in the development of bank credits which are not backed or protected by short-term self-liquidating paper, but whose protection is found in securities or paper protected by them. The consequences of the creation of banking credit on this basis are too well known to require extended discussion, but it may suffice to say that this enlargement of credits, if unaccompanied by a corresponding curtailing of consumption in an equal amount, is the principal cause of the advance of prices and the cause of an enlargement of obligations against which there is no corresponding liquid protection. It will only be through the practice of the most rigid economy in the saving of goods, services, and general productive power that the financing of the Government can be successfully carried on and the balance of safety be satisfactorily maintained.

The financing of the war is only in part a monetary problem; in very large part it is an economic problem—a problem of conserving the economic as well as the financial strength of the Nation and developing our resources and productive power to the point where they will be able to sustain the great military operations which are in prospect and all that is incident to them. No one should, therefore, consume goods except to the extent that their consumption is necessary to maintain health and vigor. No one should draw upon the credit resources of the country except to finance transactions which are essential for a nation at war. Credit, like goods, should be saved. Conservation of credit as regards nonessential enterprises is necessary in order to provide, without undue expansion, the credit required by the Government and by business essential to the success of the war and the well-being of the country. The Board most earnestly invites serious consideration of a program of national economy as an imperative necessity as we enter upon another year of war, and bespeaks the cooperation of all the banks in behalf of its fulfillment in their several communities as well as their continued cooperation in the further concentration of gold in the Federal Reserve banks.

The third Liberty loan.

The Secretary of the Treasury, in an announcement made March 2, designated April 6 as the date for the opening of the campaign for the third Liberty loan, and on March 26 he, in a conference with Mr. Kitchin, chairman of the Ways and Means Committee, outlined his plan for this loan. Actual expenditures of the United States Government and of the Allied Governments having been much less than had been indicated by the earlier estimates, the amount of the next loan will be only $3,000,000,000, the right being reserved to allot oversubscriptions. The Secretary has asked authority from Congress to issue bonds bearing interest at the rate of 4¼ per cent per annum, acceptable at par and accrued interest in payment of United States inheritance taxes taxable in the same manner as the bonds of the second Liberty loan, and having the benefit of a sinking fund of 5 per cent per annum during the period of the war and for one year thereafter. The sinking fund is stated as a percentage of the maximum aggregate amount outstanding of all 4¼ per cent Liberty loan bonds, its operations embracing both the new issues now contemplated and the bonds to be issued upon conversion into 4¼ per cent bonds of the previous issues. It is the belief of the Secretary that the rate proposed is adequate and that by restricting unnecessary capital issues, and by inducing the people who subscribe for Liberty bonds to save, and to keep the bonds for investment, and by purchases with the sinking fund from those who find themselves compelled to sell, further increases in the interest rate may be avoided. In order to put an end to the expectation of higher interest rates, it is proposed that the conversion privilege shall be eliminated from the new bonds, but the holders of Liberty bonds of all existing issues will be given an opportunity to convert their bonds into the new 4¼ per cent bonds.

In addition to the foregoing principal items of the proposed program, Congress will be asked for authority to issue bonds to the amount of $4,500,000,000 besides those now authorized, in order to provide for future issues; for authority to issue additional Treasury certificates of indebtedness up to a maximum amount of $8,000,000,000 outstanding at any time; for authority to make additional loans to the Allied Governments during the summer; and for authority to deposit income and excess profits taxes with national banks, State banks, and trust companies throughout the United States in the same manner as the proceeds of the Liberty loans.

Appreciation of the necessity of distributing the new bonds as far as possible into the hands of bona fide investors, and consequently preventing them from accumulating in the hands of banks, is now much more general than heretofore. A feature of the campaign about to open will be the effort to secure as large a permanent absorption of the bonds as is possible, thereby proportionately relieving the banks of the necessity of continuing to hold and carry the securities beyond the time when they should be paid off through the redemption of their Treasury certificates by the use of subscriptions to bonds obtained through the investors of the country.

Certificates of indebtedness.

The issue of a minimum of $500,000,000 United States Treasury certificates, subscriptions for which closed on March 22, was oversubscribed. The Federal Reserve districts of Boston, New York, Cleveland, Chicago, Minneapolis, and Kansas City all exceeded their tentative quota, while the following districts failed to reach their quota: Philadelphia, Richmond, Atlanta, St. Louis, Dallas, and San Francisco. The following is a list of the tentative quota by districts, and a list of the subscriptions allotted:

	Tentative quota.	Subscriptions allotted.
Boston	$33,000,000	$53,690,000
New York	173,000,000	193,700,500
Philadelphia	40,000,000	38,000,000
Cleveland	45,000,000	48,400,000
Richmond	18,000,000	16,234,500
Atlanta	15,000,000	14,557,000
Chicago	60,000,000	64,414,000
St. Louis	25,000,000	22,842,000
Minneapolis	15,000,000	16,000,000
Kansas City	25,000,000	26,116,500
Dallas	18,000,000	15,000,000
San Francisco	33,000,000	30,250,000
Treasury Department		3,828,000
	500,000,000	543,032,500

Final results of the sale of Treasury certificates undertaken February 27 and in progress at the time of issue of the March Bulletin and briefly referred to therein, have since been made available and furnish an interesting comparative showing when contrasted with the results of the issues of February 8 and January 22. There has been throughout a progressive increase in the number of participating banks, this number advancing from 6,364 subscribers to the certificate issue of January 22 to 12,550 for the second and 14,472 for the third, while in every case, including the fourth issue, the offering has been fully taken or oversubscribed. An especially interesting aspect of the operation has been the success attained in securing a wider distribution of the certificates among the banks of the interior, which during the period preceding the second Liberty loan had hardly sustained their full share of the burden, leaving the bulk of the load to be carried by institutions on the eastern seaboard. The banks and trust companies throughout the country are now definitely enlisted in the task of carrying through the financial operations of the Government, and a correspondingly greater degree of strength is thereby imparted to the financial machinery. General public cooperation will be necessary in order to enable the banks successfully to continue this service and to provide for the current needs of the Public Treasury by relieving them of their certificates from time to time as new loans are offered and the funding of the certificates is undertaken. This process will shift such bonds into permanent private ownership and will restore to the banks their fluid assets for use as a revolving fund in carrying through to success further financing.

The number of subscriptions, by districts, for the issues dated January 22, February 8, and February 27 were as follows:

	Jan. 22.	Feb. 8.	Feb. 27.
Boston	212	471	554
New York	275	766	1,192
Philadelphia	415	800	730
Cleveland	770	1,200	1,396
Richmond	158	479	558
Atlanta	216	755	717
Chicago	910	2,424	2,832
St. Louis	1,654	1,034	1,401
Minneapolis	375	1,193	1,436
Kansas City	515	1,547	1,653
Dallas	480	951	955
San Francisco	384	930	1,048
Total	6,364	12,550	14,472

War Finance Corporation.

The conference committee appointed March 21 reported to the Senate on April 1 and to the House on April 2 its agreement on the war finance corporation bill. The bill as agreed upon differs in a number of important particulars from the original draft and is reprinted elsewhere in the Bulletin. The provision of the bill as thus revised which is of greatest immediate significance for the Federal Reserve system is found in section 13. This prescribes the conditions under which paper collateraled by obligations of the new corporation may be admitted to discount at the Federal Reserve Banks. The essential language on this subject is as follows:

SEC. 13. That the Federal Reserve banks shall be authorized, subject to the maturity limitations of the Federal Reserve act and to regulations of the Federal Reserve Board, to discount the direct obligations of member banks secured by such bonds of the corporation and to rediscount eligible paper secured by such bonds and indorsed by a member bank. No discount or rediscount under this section shall be granted at a less interest charge than one per centum per annum above the prevailing rates for eligible commercial paper of corresponding maturity.

Any Federal Reserve bank may, with the approval of the Federal Reserve Board, use any obligation or paper so acquired for any purpose for which it is authorized to use obligations or paper secured by bonds or notes of the United States not bearing the circulation privilege: *Provided, however*, That whenever Federal Reserve notes are issued against the security of such obligations or paper the Federal Reserve Board may make a special interest charge on such notes, which, in the discretion of the Federal Reserve Board, need not be applicable to other Federal Reserve notes which may from time to time be issued and outstanding. All provisions of law, not inconsistent herewith, in respect to the acquisition by any Federal Reserve Bank of obligations or paper secured by such bonds or notes of the United States, and in respect to Federal Reserve notes issued against the security of such obligations or paper, shall extend, in so far as applicable to the acquisition of obligations or paper secured by the bonds of the corporation and to the Federal Reserve notes issued against the security of such obligations or paper.

Interest on deposits.

During the past month there have been decided indications of a disposition on the part of banks in some parts of the country to increase the rates of interest allowed by them on deposits. The continued demand for banking loan funds and the rising rates of interest obtainable for loans have led some bankers to the belief that it would be necessary for them to increase the inducements offered to depositors in order to maintain their existing line of deposits and possibly obtain additions thereto. The Board has felt it was unlikely the inducements offered by higher rates of interest would bring about any healthy growth of the deposit lines of the banks, while on the other hand it has been of the opinion that the general result of an increase in interest rates would operate to increase the burden of borrowers generally, due to the consequent higher interest and discount rates or else development of conditions which would produce an unsound basis for banking, and thus weaken the whole banking structure. This belief led the Board to make a careful inquiry into the whole matter. As a result of the preliminary investigation, Governor Harding on February 26 said in a public statement that "the loans and deposits of banks have increased enormously during the past three years, and it would seem to be the part of wisdom for the banks to undertake to place themselves in a position to continue to aid the Government in its financial operations by curtailing unnecessary credits and by encouraging their depositors to buy Treasury certificates and Government bonds, even though there be some shrinkage in their deposits as a consequence. Banks should remember that when deposits are reduced reserves are released. Reckless competition for deposits supported by high interest rates will tend to force the Government to pay higher rates, thereby imposing additional burdens on the people; and any forced and artificial expansion of banking credits will promote rather than check inflationary tendencies, which should be guarded against at the present time. There does not seem to be any demand on the part of depositors for increased rates of interest on their balances, and the Board wishes it understood that it does not favor any movement to increase these rates and that it will do all in its power to discourage it. It sincerely hopes that those banks which have unduly advanced their rates will consider well the consequences involved and that they will as far as possible do their part toward restoring rates to the former level."

It was pointed out that the objects aimed at by the Board would be imperiled if any bank or group of banks should embark upon a policy of increasing their deposits by offering unusual inducements other than interest, inasmuch as aggressive steps taken by any bank in this way would doubtless lead to the need of protective measures on the part of banks whose business might be subjected to attack.

The situation in New York.

In past years the interest rates allowed at New York banks upon the deposits of other banks have afforded a tentative standard or basis for such rates in other parts of the country. At this time, therefore, there has been special interest in the New York interest rate situation, and when competitive bidding for deposits began during the latter part of February and the first half of March, the Board was necessarily interested in the character of the policy to be adopted. Several large banks had already advanced interest rates on bank balances with the resulting probability that should the competition continue, especially between the trust companies and commercial banks, interest rates might be advanced to a level which would involve danger and invite retaliatory tactics on the part of banks outside New York which would think themselves under the necessity of protecting their deposit lines. The outcome of the situation was an effort on the part of the New York banks to reach an agreement based upon a fixed relationship between the 90-day rate established by the Federal Reserve Bank of New York for commercial paper and the regular interest rate to be granted by the banks to their depositors. The theory of the proposal was that inasmuch as there should be some relationship between the yield to be obtained in the bill market and the earning to be realized through the placing of deposits with other banks, there should be a schedule of advances to be automatically made as a maximum in the deposit rate as the standard discount rate increased. Opposed to this view was the consideration that the payment of interest by banks upon deposits of other banks has long been recognized as an undesirable practice, admitted to be such by the New York Clearing House Association in years past. Those who hold this view believe that any advance in interest rates upon the level established in past years must be looked upon as undesirable, the preferable trend of development, according to them, being in the direction of reduction or elimination of such rates rather than of increase, even when such increase might be carefully regulated with reference to the prevailing rate of discount.

Agreement among clearing-house banks.

The agreement among clearing-house banks of New York arrived at on March 19 with respect to the payment of interest on deposits not only relates their maximum amount to the 90-day discount rates in the way already described but also, in effect, brings about an average reduction. In times past commercial banks of New York have paid 2 per cent, while of late various trust companies have increased their rates to 3 per cent or in some cases to an even higher level. The new agreement provides for a uniform interest rate based on a minimum of 1 per cent and a maximum of 3 per cent, the minimum rate of 1 per cent corresponding to the theoretical 2 per cent rate for 90-day commercial paper at the New York Federal Reserve Bank, with an advance of one-fourth of 1 per cent on deposits for every advance of one-half of 1 per cent in the bank rate up to a maximum of 3 per cent on deposits. Upon this basis a 5 per cent rate at the Federal Reserve Bank of New York would be paralleled by a maximum 2½ per cent rate on deposits, while a 4½ per cent rate at the Federal Reserve Bank would correspond to a 2¼ per cent rate on bank deposits. Less interest will be paid in the aggregate and the possibility of unrestricted competition is eliminated. The Board, therefore, felt warranted in informing the New York Clearing House of its feeling that every effort had been made to reach an accommodation affecting interest along sound lines and that in the circumstances it would make no objection to the final adjustments as announced by the clearing house on March 19. Its general position on this whole matter was indicated to the Federal Reserve Banks in a telegram of March 12, printed elsewhere in this issue, in which it asked them to keep close watch of the situation with respect to competition for deposits through the advancing of interest rates, suggesting that wherever possible they induce banks which were contemplating advances to defer such action and further to induce those who were already paying more than previously existing rates to reduce them. As the Board learns the names of cities in which the tendency toward an undue increase in the rate of interest is manifested by local banks, it is planning to take the question up with clearing-house organizations in those cities, believing that the vast majority of banks will be glad to be relieved from excessive burdens of interest, which in many cases they have been led to assume through fear that competing banks, by offering a higher rate, would be able to draw business away from them.

Operations of the Reserve Banks.

For the four weeks between February 21 and March 22, the Federal Reserve Banks increased their bill holdings by 66.3 millions. Operations were heaviest during the first and third weeks in March in connection with the issue by the Government of the two issues of certificates of indebtedness of 500 and 543 million dollars, respectively. During the period under review the banks increased their holdings of discounted paper by 33.6 millions and those of purchased paper by 32.7 millions, those of Government short-term securities, largely certificates of indebtedness, by 56.3 millions, and their total investments by 131.5 millions. Of the total discounts on hand at the earlier date, 509.5 millions, paper directly traceable to war finance operations, viz, member banks' own notes and customers' paper secured by Government war obligations constituted 263.9 millions, or about 52 per cent. By March 22 total discounts had increased to 543.1 millions, of which war loan paper constituted over 51 per cent. For the latter date the banks report among their investments also 187.1 millions of certificates of indebtedness and 21.2 millions of Liberty bonds purchased for the temporary accommodation of their members, the New York bank alone holding 150.8 millions of these securities.

Acceptances on hand show a continuous increase from 296.2 to 328.9 millions, the Cleveland and Chicago banks showing the largest additions to their holdings of this class of paper. Total earning assets increased from 1,031.8 to 1,163.3 millions and constituted 77.2 per cent of net deposits on March 22, as against 70.5 per cent on February 21. During the period under review the banks' gold reserves increased from 1,772.4 to 1,802.8 millions, their net deposits from 1,462.6 to 1,505.8 millions, and Federal Reserve notes in circulation from 1,314.6 to 1,429.5 millions, resulting in a decline of the ratio of total reserves to aggregate net deposit and note liabilities from 66 to 63.4 per cent.

In the following table are shown the changes between February 21 and March 22, 1917, in the totals of discounted and purchased bills held by each of the Federal Reserve Banks, also changes in the aggregate holdings of other classes of investments:

[In thousands of dollars, i. e., 000's omitted.]

Federal reserve bank.	Feb. 21.	Mar. 22.	Net increase.	Net decrease.
Boston	75,723	68,304	....	7,419
New York	354,067	429,185	75,118	....
Philadelphia	43,113	47,437	4,324	....
Cleveland	44,330	54,033	9,703	....
Richmond	38,613	39,915	1,302	....
Atlanta	16,181	19,589	3,408	....
Chicago	94,037	61,202	....	32,835
St. Louis	27,793	33,026	5,233	....
Minneapolis	12,761	8,850	....	3,911
Kansas City	20,300	30,220	9,920	....
Dallas	18,275	20,223	1,948	....
San Francisco	60,511	60,015	....	496
Total bills	805,704	871,999	66,295	....
United States long-term securities	52,950	61,039	8,089	....
United States short-term securities	169,707	226,036	56,329	....
Other earning assets	3,436	4,240	804	....
Total investments held	1,031,797	1,163,314	131,517	....

Condition of member banks

Between February 15 and March 15 member banks in about 100 leading cities increased their investments in Government securities, largely certificates of indebtedness, by over 225 million dollars. On the latter date 682 reporting member banks show a total of 1,635.8 millions of Government securities on hand, of which 268.8 millions were United States bonds to secure circulation and 367 millions other United States bonds, chiefly Liberty bonds, while 999.8 millions were certificates of indebtedness. In addition the banks report loans of 302.7 millions as against 355.1 millions on February 15, secured by Liberty bonds and certificates. Comparative figures for the 112 member banks in the three central reserve cities indicate an increase of 132.3 millions in the holdings of Government securities, but a decrease of about 44 millions in loans secured by Government war obligations.

Of the total circulation bonds held by all reporting banks on March 15 only about 18 per cent are held by the banks in the central reserve cities as against 50 per cent of all other United States bonds and over 75 per cent of all certificates shown by reporting banks. Of the total United States bonds other than circulation bonds shown for March 15, the 58 member banks in Greater New York hold about 44 per cent and of the total certificates reported under that date, about 71 per cent, Other loans and investments of all reporting banks show a decrease of 42.1 millions, the decrease for the central reserve city banks of 137 millions being offset in part by gains of 94.9 millions shown for the other banks.

Reserves of all reporting banks (held with the Federal Reserve Banks) show an increase of 12.9 millions, as against a slight decrease indicated for the New York City banks. Cash in vault shows a loss of about 7 millions, the banks in both central and other reserve cities reporting smaller cash holdings. On the other hand, total demand deposits went up about 32 millions, the larger loss of 35.7 millions in demand deposits shown for the central reserve city banks being more than offset by considreable gains under this head at banks in the other reserve cities, largely in the Chicago, Kansas City, Richmond, and Atlanta districts. Time deposits show an increase of 11.4 millions, an increase of 29.2 millions at the banks in the reserve cities being offset by reductions at the central reserve city banks.

Government deposits gradually increased from 621.9 millions on February 15 to 796.9 millions on March 8 but show a large decline for the following week, the total for March 15 being 103.4 millions below the total for the corresponding date in February. Central reserve city banks show a total decrease of 123.1 millions in Government deposits since February 15, while other reporting banks show a gain of 19.7 millions.

The ratio of combined cash and reserve to total deposits including Government deposits continued fairly steady around 13.7 per cent except for March 1 when the rate declined to 13 per cent. For the central reserve city banks this rate works out at 14.4 per cent on February 15, at 13.4 per cent on March 1, and at 14.9 per cent on March 15. Excess reserves of all reporting banks, in the calculation of which no account is taken of Government deposits, declined from 61.6 millions February 15 to 25.1 millions on March 1 and stood at about 72 millions on March 15. For the central reserve city banks a decline in excess reserves from 33.6 millions to 6.6 millions on March 1 is shown, the figure for March 15 being 39.5 millions.

Acceptance problems.

A point of special interest in the acceptance situation is the undertaking of large new credits by groups of banks for the purpose of financing important movements of food products. Requirements growing out of present extraordinary circumstances have made it necessary to develop a suitable policy for dealings in acceptances of this kind at Federal Reserve Banks. The Board has accordingly expressed its general views on the acceptance situation in a letter and memorandum, copies of which have been distributed to all Federal Reserve Banks and which are reprinted elsewhere in this issue. In this letter and memorandum it has been called to the attention of the several Federal Reserve Banks that acceptance credits should not be allowed to run for more than a moderate period and that where groups of banks open such credits the members of such groups should not as a matter of habit adopt the practice of buying their own acceptances, except, as previously ruled, when necessary to keep their outstanding acceptances within the limits prescribed by the law. It was also emphasized that the rate at which renewal acceptances should be discounted for the drawer should not be a fixed one, but should be based upon the rate ruling at the time of renewal. It is understood that transactions covered by acceptance credits must be of a legitimate commercial nature and that the paper growing out of them must be eligible according to existing rules and regulations. The several banks have been requested to call to the attention of the Board the facts in each case where acceptance syndicates are formed for more than moderate amounts.

The successful application of these principles necessarily depends upon the general spirit of cooperation of the banks. Acceptances of this kind must not be permitted to constitute the greater proportion of the acceptances outstanding at any given date, the quantity of the acceptances of this character being placed upon the market having as important a bearing as the quality, and the Board therefore will exercise the power from time to time to declare the purchase of such acceptances by Federal Reserve Banks undesirable, even though they may be based upon exactly similar transactions, whenever the total amount of acceptances already outstanding seems unduly large.

New branches.

During the past month the Federal Reserve Board has authorized the establishment of branches at El Paso (eleventh district) and at Salt Lake City, Utah (twelfth district). The El Paso branch is the first to be established in the Dallas district, while the Salt Lake City branch is the fourth to be established in the San Francisco district. The branches at Baltimore and Detroit already authorized and announced, have been actually opened. This raises the total number of branches either actually opened or shortly to be organized, to 13. While there are some differences in the by-laws and conditions of organization of Federal Reserve branches, a branch of a Reserve Bank has no separate corporate entity and its operations are in effect the operations of the Federal Reserve Bank. Reserve deposits carried by member banks upon the books of a branch are actual reserve carried with the Federal Reserve Bank, and where deposits are made in a branch by an agent of the Government and are charged to that branch on the books of the Treasurer of the United States, the Board understands that this is done merely as a matter of bookkeeping convenience. The deposit liability rests with the Federal Reserve Bank. There is no difference in this respect in the status of any branch of any Federal Reserve Bank. While some Federal Reserve Banks have given the directors of a branch bank a broader discretion as to internal management of the branch and as to discount operations than other Federal Reserve Banks have done with their branches, this circumstance does not interfere with the theory and the fact that the assets, liabilities, and operations of a branch are actually the assets, liabilities, and operations of the head office—the Federal Reserve Bank.

Meeting with governors.

The Federal Reserve Board on March 12 telegraphed the governors of Federal Reserve Banks asking them to come to Washington for a conference on Friday morning, March 22. At a meeting on that date the Secretary of the Treasury having further matured his plans for the next Liberty loan, discussed with the Board and with the governors some features of the next campaign which will begin early in April. There were present also representatives of various Liberty loan organizations. The conference afforded an opportunity also for discussion of interest rates both from the standpoint of the general situation and with respect to Treasury financing. At a conference between the Board and governors held on Saturday, March 23, there was general discussion of questions of organization affecting the Federal Reserve Banks. Methods of extending the par list were considered and there was an expression of views with reference to possible changes in discount rates on paper of various maturities.

Movement of gold.

For the four weeks ending March 15 the net outward gold movement totaled about $2,743,000, compared with a net inward movement of about $99,000 for the preceding four weeks. Gold imports for the four weeks totaling $2,636,000 came largely from Canada, Mexico, and Colombia, while gold exports totaling about $5,379,000 were consigned chiefly to Chile, Mexico, and Colombia.

The gain in the country's stock of gold since August 1, 1914, was $1,048,167,000, as may be seen from the following exhibit:

[000 omitted.]

	Imports.	Exports.	Excess of imports over exports.
Aug. 1 to Dec. 31, 1914	$23,253	$104,972	[1] $81,719
Jan. 1 to Dec. 31, 1915	451,955	31,426	420,529
Jan. 1 to Dec. 31, 1916	685,745	155,793	529,952
Jan. 1 to Dec. 31, 1917	553,713	372,171	181,542
Jan. 1 to Mar. 15, 1918	7,997	10,134	[1] 2,137
Total	1,722,663	674,496	1,048,167

[1] Excess of exports over imports.

Bankers' Acceptance Policy.

During the past two months the attention of the Federal Reserve Board has been directed to various questions with respect to the making of bankers' acceptances in New York and elsewhere. Discussion of the matter has resulted in the transmission to all Federal Reserve Banks of letters dealing with certain phases of the situation. The Board has prepared and distributed a memorandum on the subject, in which its views in respect to the existing acceptance situation have been set forth. Information has also been asked with respect to the methods pursued by the several banks in ascertaining the origin of the acceptances they purchase.

SYNDICATE ACCEPTANCE CREDITS.

The following letter was transmitted by Governor Harding, viz:

February 7, 1918.

Receipt is acknowledged of your letter of January 29 in which you ask for a statement of the Board's policy in dealing with acceptances drawn under credits extending over a period of one or two years. After a very full discussion of the matter, the Board has decided to authorize this expression of its views in accordance with the principles outlined in the memorandum attached hereto. The banks of New York may, during a period which can be declared ended at any time, proceed upon the basis of this memorandum in accordance with your letter of January 23. The essential principles may be summed up as follows:

(1) Acceptance credits opened for periods in excess of 90 days should only, in exceptional cases, extend over a period of more than one year, and in no case for a time exceeding two years.

(2) Banks which are members of groups opening these credits should not buy their own acceptances, and where an agreement is made with the drawer for purchase of acceptances for future delivery, the rate should not be a fixed one, but should be based upon the rate ruling at the time of the sale.

(3) Transactions covered by these credits should be of a legitimate commercial nature, and acceptances must be eligible according to the rules and regulations of the Board.

(4) Whenever syndicates are formed for the purpose of granting acceptance credits for more than moderate amounts, Federal Reserve Banks should be consulted with regard to the transaction. The question of eligibility, both from the standpoint of the character of the bill and of the amount involved, will be passed upon by the Federal Reserve Bank subject to the approval in each case of the Federal Reserve Board.

As stated in the memorandum, the Board will rely upon the fair spirit of cooperation on the part of the New York banks, but it must be understood in passing upon these transactions that not only quality but also quantity must be the controlling factors. The aggregate of these acceptances should not be permitted to constitute the greater proportion of outstanding acceptances at any time, and it must be understood that while the Federal Reserve Banks and the Federal Reserve Board might look with favor upon a transaction as long as the total amount involved is not excessive, transactions of exactly the same character may be ruled out whenever the aggregate amount of outstanding acceptances of this character becomes, in the opinion of the Federal Reserve Board, unduly large.

You are authorized to communicate the contents of this letter to the accepting banks of your district, and the Board will advise the other Federal Reserve Banks of the policy which has been agreed upon.

GENERAL ACCEPTANCE POLICY.

The memorandum, already referred to, prepared by the Board with a view to outlining its general acceptance policy, reads as follows:

In dealing with the question of acceptances, it is desirable that the Board should not be obliged to adopt inflexible regulations unless absolutely necessary. It should be borne in mind that we are competing in the acceptance field with other countries which have no legal restrictions in which sound business judgment, guided from time to time by the central banks of these countries, constitutes the unwritten, but none the less rigid law. The banks of the United States would greatly assist the Board in its work of developing a modern and efficient system of American bankers' acceptances—and they would best serve their own purposes—if they would study and assimilate the underlying principles which must guide the Board, and observe these principles voluntarily without requiring inflexible rules. Unless the bankers cooperate with the Board in this manner, many transactions—unobjectionable as long as they are engaged in for legitimate purposes and within reasonable limits—will have to be barred because strict regulations do not admit of discrimination.

Proper regard for conservation of the strength of the Federal Reserve system requires that it must be possessed of short paper well scattered in its maturities (not exceeding 90 days), that when this paper matures it can be actually collected and that the supply of new paper coming into the market can be controlled to a certain degree by an advance or decline in the rate of interest at which bankers' acceptances are bought. Higher rates will exert a restraining influence on the producer and the dealer and will thereby reduce borrowings and bring about a certain degree of contraction.

By keeping these principles in mind, upon which the strength of our structure depends we can readily understand the hazardous conditions which would be created if, for example, $300,000,000 of acceptance credits should be opened for the purpose of financing corporations for a period of two or three years, the corporations having secured from the acceptors (directly or by a trading process) a fixed and definite rate of interest for the entire term of the credit. This rate would necessarily be much higher than the current rate for bankers' acceptances. Let us assume that $300,000,000 had been loaned to corporations at 8 per cent for two years, plus the acceptance commissions. If during these two years the bank rate should advance to 20 per cent, the corporations would not be affected thereby; they would renew from time to time as though money rates had remained unchanged; and consequently, the bank rate, as far as they are concerned, would lose its power to bring about contraction. Thus the acceptance would cease to serve the purpose of financing the borrower; it would be for the purpose of financing the accepting bank. It would really become an accommodation draft for the benefit of the banker, regardless of the current rate and regardless of general conditions, and whether these conditions demand contraction or expansion, the bankers would have to rediscount these acceptances, at a profit or at a loss, if their own position so required. Here, too, the bank rate would lose its power to produce contraction because the commitment is a definite one for two years.

Another flaw in this method of financing is that there is practically no limit to the amount of acceptances which may be created in this manner.

In addition, the rate guaranteed the corporation by the banker would likely be so high as to tempt the accepting bank (having exchanged its acceptance with another bank associated in this business) to rediscount the acceptance with the Federal Reserve Bank or to sell it in the open market. For the accepting bank this transaction would not involve the investment of money as long as the market is able to absorb the acceptances offered. The unavoidable consequence of this process must be in order to prevent an avalanche of these acceptances; the discount rate would have to be advanced so as to reduce the tempting margin and thereby lessen the supply. These syndicate or accommodation acceptances would therefore tend to raise the rate to the detriment of the legitimate business of the country—particularly the import and export business. When, three years ago, we began our campaign to establish American bankers' acceptances, our rate was 2–2½ per cent and the English rate was about 5 per cent. Our rate has now moved up to 4–4½ per cent while the English rate is about 3⅝ per cent. This signifies that we have reached a point where American houses find it to their advantage again to draw on English banks, as they did some years ago, rather than upon banks of the United States. It is certain that if syndicate acceptances of this character were offered in European countries the market would at once discriminate against them and put an end to such transactions. It is the application of this rigid principle of keeping the acceptance market primarily reserved for strictly commercial uses that has kept the acceptance business in England in a sound condition and has made the English acceptance market so important an adjunct of the money market.

If in the light of these considerations we seek to apply these principles to actual operations we must reach these conclusions:

There is no reason why a bank should not agree that for legitimate commercial purposes and for transactions complying with the rules and regulations of the Federal Reserve Board, it would commit itself for two years to accept for a customer for importations or exportations, or for the purpose of carrying staples properly warehoused. There is no reason why a bank should not say to a tobacco manufacturer, "Whenever you have tobacco properly stored and for which you will give me proper warehouse receipts, I am willing to accept for you and charge you a commission of —— per cent." Whether it would be wise to make a commitment which would force the bank to accept for a customer even when convinced that the borrower is carrying too large a supply of raw material, or that the transaction is speculative, is a question of banking judgment. It would be safer, of course, if the banker could qualify his obligation to accept. But this is an instance where it would be a mistake to lay down a rule and where reliance must be placed upon the business sagacity of the banker, for, in such a case, the borrower would remain subject to the hazards of the money market and any advance in rate would have an effect upon his own commitments.

However, the manufacturer should not feel that, in dealing with a bankers' acceptance he is taking any other risk than that of the interest rate. He should be trained—and this is an important matter—to understand that he can at any time sell his acceptance, not to the acceptor but to other banks, or through brokers in the market, or to the Federal Reserve Banks. It is much to be desired that the American banks and banking firms should follow the European practice of freely indorsing first class bankers' acceptances. No drawer of bankers' acceptances in Europe, in normal times, would expect to encounter any difficulty in selling his paper. He can sell it to discount companies or to private banks or bankers, to be rediscounted at rates a fraction above the ruling interest rate (in England for as little as ⅛ per cent above the discount rate and often less). The manufacturer, after having his bill accepted, should feel quite safe in keeping the acceptance in his portfolio, being confident that, without any further negotiation, he could sell it at any time that he would be in need of cash. Instead of forming syndicates guaranteeing the interest rate to the acceptor, banks should make agreements with manufacturing concerns to buy acceptances, from time to time, from the drawees at, say, ¼ per cent in excess of whatever might be the ruling interest rate for bankers' acceptances. In this way a real discount market would be developed in this country. Federal Reserve Banks will, sooner or later, have to adopt the European rule of buying only paper bearing a third name, viz, the indorsement of a bank, banker, or responsible firm.

It is true that the banks accepting in the present syndicate transactions make an additional profit in the interest rate which they guarantee to the borrower. It is suggested, however, for their consideration that it would be a sounder policy if they would charge a higher acceptance commission for domestic transactions of this kind, for larger commissions would be justified for credits extending over a considerable period. This would be sounder than to adopt a policy which, if permitted freely to develop, would undermine the safety of our acceptance system and our money market.

The principles governing the acceptance are equally applicable to single-name paper. A bank may agree to carry a customer over a period of a year and to buy from time to time his single-name paper. If this paper, according to the statements submitted, should be eligible in other respects, Federal Reserve Banks might discount it, provided the paper is not part of a loan which has been negotiated at a fixed rate for a definite period, a year or two, for example. A 90-day note made under a definite renewal agreement in this way is a camouflage for the convenience of the banker to enable him to finance himself by using the 90-day form as a mask to conceal what is, in effect, an ineligible 1-year note. But if the interest rate should remain open between borrower and lender subject to adjustment to the market rate, a different aspect would be presented, and the Federal Reserve Banks might discount such notes within reasonable limits.

When a credit is required for two years it should be regarded as an unsound basis for commercial borrowings on 90-day paper. Without a guaranty for renewals it would be dangerous for the borrower. With such a guaranty it would be an unsound banking credit. A demand for one or two year money, except for special contracts, indicates a need for greater working capital which ought to be obtained by increase of capital or sale of obligations in the investment market.

It may be argued that there is at present no investment market, and therefore these renewal transactions are necessary. But does the abrogation of the investment market afford a reason for the destruction of the commercial paper market also? Some plan must, and will be developed to restore to a certain extent, at least, the security market. But even if this restoration can not be effected, should we not look upon credit as a commodity of which only a limited supply is available? If we have approached the limit, would it not be wise to conserve credit and apply it only in those directions where its use will most greatly benefit the country? In the case of the Tobacco Co., if it had not secured the full credit it sought it would in that event have bought less tobacco and possibly might have advanced its selling prices. What if it had reduced its inventories and the consumption of tobacco? Would not this have been just what is at present required? The corollary is that business must adjust itself to credit; not credit to business at this time.

To recapitulate: Agreements to grant credits for an extended period by the purchase of 90-day paper or by 90-day acceptances ought to be based upon transactions connected directly with the purchase and sale of goods and the intermediate process of manufacturing. Credits so extended should relate to the resources of the borrowing concern and should not be granted for the purpose of furnishing working capital or for the temporary financing of permanent investments.

These transactions should be of an individual character; they call for direct contact between banker and borrower, and syndicate credits should be avoided. Agreements by bankers to furnish one or two year money at a definite rate of interest against 90-day paper or acceptances to be used to finance themselves should not be countenanced either openly or in the form of exchange of paper between bankers.

These are the principles which the Federal reserve system must apply. It would be inexpedient to attempt more than to establish the principles. It would be detrimental to formulate definite regulations dealing in minute detail with the various phases of the problem. It would be far better to give some latitude to the banks in dealing with these matters. But this will depend entirely upon the wisdom and discretion of the member banks. The banks will best serve their own interests if, following the example of European institutions, they will adopt these principles as self-imposed, well-tried rules of business prudence rather than by abusing their freedom of action to force the Board to tie their hands by rigid regulations.

Curtailment of Unnecessary Credits.

The request which the Secretary of the Treasury made on February 6, 1918, to every bank and trust company of the country that it should set aside 1 per cent of its resources each week for investment in the Treasury certificates of indebtedness, has brought to the Federal Reserve Banks many inquiries as to how the banks could make available so large a sum for the use of the Government and at the same time maintain their usual business with their depositors and customers. There is welcome evidence that the bankers of the country are giving thoughtful consideration to the question of conserving credit for the Government, and the Federal Reserve Board thinks it the appropriate time to issue a statement expressing its views upon the principles which should guide the action of the banks.

It is clear that if the war requirements of the Government are to be financed without undue expansion of banking credits, not only must there be some reduction of existing credits, but there will have to be applied a rigid check upon the further expansion of credit in directions not clearly essential for the prosecution of the war, and for the health and necessary comfort of the people. It is no more possible to superimpose upon the volume of prewar credits the immense volume of additional credit required by the Government for war purposes than to superimpose upon the volume of prewar production of goods the immense volume of additional goods required by the Government to prosecute the war. Our problem is to convert *less* essential into *more* essential credit, and to convert *less* essential to *more* essential production and distribution of goods. The saving of credit and money goes hand in hand with the saving of labor and materials in the program of adjusting the business of the Nation to a war basis, and our best hope of avoiding competition between the Government and its citizens for credit, money, labor, and materials, which can only result in credit and price inflation and higher costs of living, is saving.

As far as expenditures are financed by the sale of new securities they are scrutinized under the leadership of the Capital Issues Committee of the Federal Reserve Board; as trustees of the individual banking credit of the country, however, the bankers are charged with the duty of studying and understanding the program in order that each and every one may in turn educate his borrowers and the people of his community to the necessity of saving credit as well as food and other materials, and may thereby conserve the credit of his bank for the use of the Government as far as may be practicable. It will be clear to bankers, also, that credit conservation is necessary not only for Government financing, but also for the protection and preservation of the banks themselves, individually and collectively, since undue expansion of bank credits leads inevitably to unsafe and unsound economic conditions, and no stone should be left unturned to keep our banking institutions sound and strong.

It is not the purpose of the Board to suggest the specific ways in which credit should be conserved, or unnecessary expenditures curtailed; each banker must determine this for himself. The Board can only discuss the subject in general terms, with emphasis on the necessity that while credit conservation should be undertaken promptly it should be carried out gradually, with reasonable discretion and with the least possible avoidable embarrassment to the business of individuals and industries. Proper education of borrowers and customers to the needs of the situation will accomplish far more than abrupt discrimination or pressure.

In the absence of any official classification of the more essential and the less essential things and enterprises it will be necessary for each banker in determining how he may do his share in the conservation of credit to use his own judgment. There seem to be, however, two clearly defined groups of loans:

(*a*) Loans to facilitate production or distribution.

(*b*) Loans for nonproductive or nondistributive purposes.

LOANS FOR NONPRODUCTIVE OR NONDISTRIBUTIVE PURPOSES.

Loans for nonproductive or nondistributive purposes are usually loans for nonessential purposes. The following are types of this class of loans:

Loans for purchasing or carrying property, whether real estate or personal securities.

Loans for additions to or improvements of property not used in production or distribution.

Loans to States or municipalities for improvements.

By inquiring the purpose for which each new loan is required, and declining wherever practicable to grant loans of these classes, and by gradually causing existing loans of these classes to be reduced or eliminated, bankers could conserve credit without causing hardship and also give many people an impetus to save at a time when saving is of vital importance to the Nation. But discretion must be used in not forcing borrowers to reduce loans to an extent that is unreasonable or would cause avoidable hardship or embarrassment; much can be accomplished by sound advice and the exertion of moral pressure.

LOANS TO FACILITATE PRODUCTION OR DISTRIBUTION.

The three main groups of borrowers for productive or distributive purposes are farmers, manufacturers, and merchants.

1. *Farmers.*—The farmers are being asked to produce more than ever before and loans for productive purposes must have the right of way. But the kind of loans which should be discouraged or declined are:

(*a*) Loans for the acquisition of additional property, unless the area under production is to be increased thereby and immediate results may be expected;

(*b*) Loans for any construction not necessary to the productiveness of the farm within the year; and

(*c*) Loans for the purchase of articles of comfort and luxury.

In sections where farming profits have been large, an endeavor should be made to induce farmers to apply a good portion of them to the reduction of long-standing loans or to the financing of their seasonal requirements, thereby conserving bank credit.

2. *Manufacturers.*—Manufacturers who are making large profits should be urged to reduce or extinguish their debts rather than increase capacity and output unless the industry is one which is clearly necessary to the prosecution of the war. All manufacturers should be urged to carry as small inventories as practicable; to eliminate from their products elements which add to its cost but not to its intrinsic value and serviceability, or which are introduced simply for fashion or appearance; and to avoid as far as practicable introducing new styles during the period of the war.

Manufacturers whose product is not clearly required either for the prosecution of the war, or to maintain the health and efficiency of our civilian population, should be urged to assist the Government by adapting at least a part of their plants to the manufacture of articles clearly required for these purposes. Bankers would do well to scrutinize carefully the credits of those engaged in industries not clearly essential for these purposes since such industries are likely to be the first ones to suffer interruption from transportation, fuel, or power embargoes.

3. *Merchants.*—Almost the same suggestions that have been made with regard to the production of goods by manufacturers may be applied to the distribution of goods by merchants, namely, reduction of stock carried, reduction or elimination of that portion of their stock consisting of articles of mere fashion or luxury and the substitution of plainer and more serviceable articles, and the avoidance of the introduction of new styles in clothing, articles of personal comfort, etc.

The Board feels that it would be impracticable to deal with the subject more specifically at the present time, but urges that every banker assist in the movement, to the best of his ability.

(*a*) By studying and understanding the economic necessity for the conservation of credit.

(*b*) By a careful analysis of each loan in his institution to ascertain those which are the least essential to the prosecution of the war.

(*c*) By applying to each application for a new loan the test "Is it necessary for the prosecution of the war or the health and safety of our civilian population?"

(*d*) By discussion with other bankers in the same place or neighborhood as to methods of credit conservation which it may be practicable for them to undertake.

(*e*) By urging his local trade organizations and board of trade to study the subject and make definite recommendations for the conservation of credit and the conversion of less essential to more essential production and distribution.

(*f*) By discussing the matter with his customers with a view to educating them to the necessity of keeping their demands for credit at a minimum.

(*g*) By exerting his influence upon his neighbors and his municipality to reduce expenditures for improvements to a minimum during the period of the war. Postponement of every improvement not absolutely necessary for health and safety should become a national policy.

(*h*) By acting always with discretion and reasonableness.

The conservation of credit and money will result in the saving of labor and materials which the Government needs for the prosecution of the war; and every improvement or expenditure which an individual, a corporation, or a municipality refrains from making during the war represents a requirement to be fulfilled when the war is over.

Merchants and manufacturers will readily understand that present saving is laying up for the future an important reserve purchasing power which they may count on during whatever period of readjustment may follow the end of the war; and it must be apparent to every banker that the larger the savings his customers make the larger the deposits such savings will inevitably create.

It is hoped by the Board, that the Federal Reserve Banks will make themselves the leaders in this campaign by organizing in their respective districts committees of bankers, merchants, and manufacturers so that results may be reached by a mutual understanding and a united effort for the public good rather than by a policy of enforcing hard and fast rules. If at any time the assistance or advice of the Board should be desired it will be given gladly. It is realized that each industry and branch of business must be taken upon its own merits and that proper treatment involves in a great many cases a redirection of industries and redistribution of labor. This is a problem which has been actively studied and in many cases comprehensively dealt with by various departments and boards of the Government. Wherever your committees desire the advice or cooperation of these Government agencies the Board will be glad to act as intermediary and advisor in such cases.

Bank Holdings of Foreign Securities.

Interesting figures as to the holdings of bonds and other securities of foreign Governments by national banks in the United States on December 31, 1917, have been compiled by the Comptroller of the Currency from bank reports. The total held was found to be $350,644,161, of which amount but $709,613 were those of German-Austrian Governments.

The reports of condition for December 31, 1917, show that the total amount of bonds of foreign Governments held by the national banks of the country on the date named was $280,653,308, of which only $709,613 were bonds of the German-Austrian Governments. Other foreign securities held by the national banks on the same date aggregated $69,990,853, making total of all foreign securities $350,644,161, against $297,236,000 foreign securities held November 17, 1916, and $158,500,000 on May 1, 1916.

Of the total amount of foreign Government bonds owned, $20,603,338 were held by national banks in the New England States, $182,854,947 by national banks in the eastern States, $15,294,128 in the southern States, $42,057,311 in the middle States, $8,101,292 in the western States, and $11,742,292 in the Pacific States.

The banks of the central reserve cities owned $99,549,562 foreign Government bonds. National banks in other reserve cities held $59,488,751, while the amount held by all country banks was $121,614,995.

The State in which the country banks held the largest amount of foreign Government bonds was Pennsylvania—$31,260,866. Country banks in New York State came next with $23,701,435, followed by New Jersey with $8,312,698, Ohio with $7,719,036, Massachusetts with $5,898,144, Michigan with $4,266,262, Virginia with $3,411,536, Connecticut with $3,305,188. In no other State did the amount of foreign Government bonds held by country national banks amount to as much as $3,000,000.

Capital Issues Committee Statements.

Following are statements for the press issued during March by the Capital Issues Committee of the Federal Reserve Board:

MARCH 9, 1918.

The Capital Issues Committee has received copies of the following resolutions, which are typical of the spirit with which it meets in its efforts to restrict or to curtail as far as possible issues not absolutely essential at this time:

[By the Investment Bankers' Association of America.]

Whereas the board of governors of the Investment Bankers' Association of America has already heartily indorsed the plan for the supervision of capital issues which is now in operation; resolved, that it is the sense of this board that no member of this association should buy or sell or offer for sale, except subject to the final approval of the Capital Issues Committee, any securities which come within the scope of the Capital Issues Committee regulations, unless the issuance of such securities first shall have been approved by that committee.

[By the American Bankers' Association.]

Whereas the Secretary of the Treasury requested the Federal Reserve Board to take up the question of a limitation of the issues of new securities throughout the United States along the lines of the conservation of capital for the prosecution of the war—that is to say, to limit so far as possible the issue of new securities for nonessential purposes, in order that essential financing, including the Government financing itself, can be made possible; and

Whereas pursuant thereto the Federal Reserve Board has named Mr. Warburg, Mr. Delano, and Mr. Hamlin on a committee to be known as the Capital Issues Committee:

Now, therefore be it resolved, that we, the administrative committee of the American Bankers' Association, are in full accord with this movement and give it our hearty and unqualified support; and, further, that we recommend to the members of the American Bankers' Association that they also extend their hearty support in carrying out the purposes for which the Capital Issues Committee was appointed.

The chairman stated that the committee had been asked to consider applications with respect to the issue by municipalities of notes running for one year or less issued for current expenses in anticipation of tax payments, and that the committee does not consider that such issues come within its purview.

MARCH 16, 1918.

The chairman of the Capital Issues Committee stated that the work of the committee during the week had been particularly heavy, a very large number of applications having been received. He stated that the total number of applications received up to date and disposed of by the committee was 96, aggregating $232,868,918. The majority of the approvals given by the committee covered renewals and refunding operations. Approvals of new issues, municipal or otherwise, represented in many cases reductions of the amounts originally applied for. The number of cases formally declined is comparatively small for the reason that a great many of the applications are being suppressed at the source either because the applicants realized that the purposes for which they would desire to issue securities were not compatible with the national interests or because the local committees were able to impress upon would-be applicants this point of view before the applications reached the central committee at Washington.

A great deal of doubt and, in some cases, protest has been elicited by Secretary McAdoo's earlier statements with respect to the desirability of restricting unnecessary building operations. Some letters have been received, particularly from the Pacific coast, from building associations and carpenters unions, protesting against what they considered an embargo upon their activities. Some of these letters were transmitted to Secretary McAdoo by Mr. Samuel Gompers, and Secretary McAdoo has written a letter to Mr. Gompers further amplifying his view. This letter reads as follows:

OFFICE OF THE SECRETARY OF THE TREASURY,
Washington, March 15, 1918.

MY DEAR MR. GOMPERS: I have your letter of February 18, inclosing copy of a resolution adopted by the Building Trades Council of San Francisco, in which it is stated that I have been reported in the public press as having "appealed to property owners not to construct any homes or buildings during the war." This is entirely erroneous. I have said that building operations which are not required to protect the health or provide for the comfortable needs of our people, or to supply facilities necessary for the proper conduct of business essential to the successful prosecution of the war, should be postponed.

As you know, I have no authority to direct that building operations be curtailed. I have merely suggested that unnecessary work of that kind be postponed until the end of the war. Such postponement would, I am sure, help win the war, but every patriotic man must be determined by his own conscience in the matter and must decide for himself if he can postpone the erection of a contemplated building until the war is over. Compliance with this suggestion may cause some inconveniences which are to be greatly deplored, but such inconveniences are an unavoidable incident to war. The situation must be viewed from a national and not from a local standpoint.

We are engaged in a colossal war, in which the safety of America is seriously imperiled. We can not win the war unless every resource of the Nation is carefully husbanded and used with the utmost intelligence. The great financial operations of the Government, greater than those ever undertaken by any government in the history of civilization, make it essential that every unnecessary expenditure by the Government, by the States and municipalities, and by private corporations and individuals, be avoided while the war is in progress. Unless this is done, it will be impossible for the people of the United States to furnish the money which the Government must have to support its soldiers and sailors who are shedding their blood for us upon the battlefield.

The issue at stake is world freedom and world democracy. Germany, drunk with the lust for power, would rule the world. We are coming to recognize that whether the war is to be won or lost depends upon whether we are willing to make the sacrifice of blood, treasure, and service necessary to enable us and our allies to achieve the honorable and lasting peace to which we aspire. We are increasingly coming to appreciate that to make possible such a victory, every man, woman, and child must be willing to do their utmost. There must be no slackers in Wall Street, none in the homes, none on the farms, none in our industries. Capital and labor alike must do their utmost. There must be no waste, no extravagance, no unnecessary expenditure. The Nation has need of all its man power, of all its wealth, of all its resources.

The successful financing of the war depends in large part upon the current savings of the people, upon the difference between what is made and what is spent. Habits of thrift must be stimulated, and, if need be, every dollar of savings should be lent to the Government. There is no better investment for the poor and rich alike, than a United States Government loan bearing interest. Those who fail to save what they should, and to lend their savings as needed to the Government, will fail to do their full duty. Those who wish to treasure the remembrance of patriotic service can have no choice. They must do their utmost to serve and their utmost to save and be willing to lend the Government all they save.

I hope you will use your influence to persuade the members of the Building Trades Council of San Francisco that the Government has need of all the money, all the labor, all the material, and all the transportation facilities that can be made available. I should like them to know that men are needed to build ships, to build houses to house men working in the shipyards, to erect plants to produce war material, to run our railroads, to operate our industries, and to produce food required by the allies and ourselves. These needs are already great and will increase, not lessen, as the war progresses. If our wage-earners are unable to find employment for which they are best fitted and which they would prefer, or if they are unable to find employment where it would be most convenient for them to work, the opportunity is presented to render a most patriotic service in this period of national stress by seeking other kinds of employment, and, if need be, moving to other districts where work is to be had.

No one knows better than you the need of the hour. Save in exceptional cases, to expend money or to use material or employ labor in the production of what is not needed to win the war, as I view it, would be an unpardonable waste and would, in effect, be lending aid to the enemy.

I am sure that you are in accord with the principle underlying the views I have expressed and that you will, in that splendid spirit of patriotism and service which has characterized so strikingly your every action and utterance during this war, join with me in appealing to every good citizen to help the Government by conserving and using to their best advantage those invaluable resources of the Nation, labor and materials, without which freedom and democracy can not be saved for the world.

Very truly, yours,

(Signed) W. G. McAdoo.

Samuel Gompers, Esq.,
President, American Federation of Labor,
Washington, D. C.

In addition to this letter, a communication has been received by the chairman of the Capital Issues Committee from Mr. J. B. Densmore, director of the United States Employment Service of the Department of Labor, containing some very practical suggestions concerning this problem. The letter reads as follows:

Department of Labor,
United States Employment Service,
Washington, March 14, 1918.

Hon. Paul M. Warburg,
Chairman Capital Issues Committee,
Washington, D. C.

Sir: In response to your inquiry, growing out of the protest of carpenters' unions against the policy of your committee of restricting, as far as practicable, the use in building construction of capital, credit, and materials, I beg to say:

While it is true that the labor situation in the United States is comparatively satisfactory, it is equally true that conditions could be greatly improved through a more scientific distribution of labor. In many instances men are engaged in new lines of endeavor at advanced wages, leaving unfilled their original fields. For example, in the vicinity of munition plants one finds farm hands at work in the factories, while the farmer cries in vain for help, etc.

The unions are quite correct in their statement that they were told work awaited them at the shipyards only to learn upon application there that such was not the case.

It has been stated probably quite frequently that the Emergency Fleet Corporation (Shipping Board) was badly in need of hundreds of thousands of workers. This is quite true. But the Emergency Fleet Corporation could presently give employment to only about 10,000. This wide variance between needs and employment capacity is caused by the inability of the shipyards to house the armies of shipbuilders necessary for the production of the tonnage of which our Nation is so badly in need, and to which it is entitled. Where carpenters, for instance, find that the policy of economy guiding your committee curtails or halts their work, they can find plenty of vitally necessary work, and a patriotic work, in building homes for those who are building our ships—if not on the ships themselves.

Of course, it is understood that change of domicile by workers entails sacrifice and expense. But you will not find the laboring man of America hesitating about the sacrifice of his comfort and convenience when the Nation calls.

To transfer labor from surplused to depleted sections, the Employment Service will shortly have a revolving traveling fund of $250,000. This may be used to advance transportation, to be later reimbursed by the intended employee. For the rush work of the Emergency Fleet Corporation on the Pacific coast, and in certain Army construction, funds for transportation are being provided by the departments affected, for the use of the Employment Service.

Carpenters, shipbuilders, structural ironworkers, and in fact every kind of mechanic, in large numbers, could find assistance in reaching ready and remunerative employment upon application to the United States Employment Service, a branch of which can be found in every large city.

Respectfully,

(Signed) J. B. Densmore,
Director United States Employment Service.

March 30, 1918.

Public and private organizations throughout the country are fast allying themselves with the Capital Issues Committee in its work of confining to essential purposes present capital expenditures. During the course of the week just passed the committee had a conference with the mayor, the comptroller, and the solicitor of the city of Philadelphia. These officers expressed themselves as in hearty sympathy with the aims of the committee and stated that, at a mutually convenient date, they would return to Washington and go over with the committee, item by item, the entire city budget of many millions, with a view to bringing the city's capital expenditures into line with the committee's policy. Philadelphia contributes a further aid to the committee's endeavors by the following resolution of its stock exchange:

Whereas the Federal Reserve Board has, upon the request of the Hon. W. G. McAdoo, Secretary of the Treasury, appointed a committee of its members to act as a Capital Issues Committee authorized to pass upon such proposals as may be submitted to them in respect to capital expenditures or issues of new securities,

Resolved, That the committee on stock list will require as a condition to the listing of such new capital issues the presentation of the approval of such committee of the Federal Reserve Board.

One of the very largest public-service corporations of the Nation, whose activities reach every village, city, and town in the country, and whose expenditures are of huge proportions, has informed the committee of its intention to submit its budget for careful scrutiny.

The Associated Advertising Clubs of the World are cooperating also by discouraging advertisements that would be apt to interfere with the general purposes of the committee.

An arrangement has been perfected whereby Dr. J. A. C. Chandler, superintendent of schools of Richmond, Va., will spend half of each week in Washington for the purpose of advising the committee with respect to applications involving the issue of securities for the purpose of erecting school buildings. Dr. Chandler, whose work in this connection will be under the supervision of Commissioner of Education Claxton, will have the advice of Dr. George D. Strayer, of the faculty of Columbia University, New York, who is serving on the War Savings Committee at Washington, and also that of Lieut. Col. L. P. Ayers, a member of the General Education Board, who is now serving as statistician of the General Staff of the Army. This central body will have at its disposal the facilities of the Bureau of Education throughout the country.

This specialized organization is created because of the very large number of school issues and the necessity of dealing with them also from the educational angle. The committee is most anxious to avoid, as far as it can be done consistently with a policy of reduction of capital expenditures, the impairment of the facilities for mental training of the growing generation.

A report given out by the committee shows that from January 12 to March 28, inclusive (although its organization was not perfected until early in February), it has given final disposition to some 157 issues, divided as follows:

	Municipal.	Public utility.	Industrial.	Total.	Per cent.
Approved	34	8	5	47	32.00
Approved "refunding"	31	33	22	86	54.70
Disapproved	9	1	5	15	8.30
Curtailed	8	....	1	9	5.00
Total	82	42	33	157	100.00

The issues aggregated $300,386,752.17, divided:

	Municipal.	Public utility.	Industrial.
Total applications	$38,039,452	$144,296,400	$118,050,900
Disapproved	6,379,000	3,000,000	11,350,000
Approved	31,660,452	141,296,400	106,700,900
Less "refunding"	15,831,912	118,640,000	98,850,900
New issues	15,828,540	22,656,400	7,850,000
New issues same period last year, excluding refunding	47,444,365	86,099,075	212,670,900
Analysis of new issues:			
Amount of issue	22,057,540	25,656,400	19,200,000
Amount approved	15,828,540	22,656,400	7,850,000
Curtailment effected	6,229,000	3,000,000	11,350,000

So that, out of a total submitted (exclusive of refunding operations) of $66,913,940, approval was expressed by the committee as to $46,334,940 (69.3 per cent), and disapproval was expressed with respect to $20,579,000 (30.7 per cent). In addition, three applications for a total of $2,800,000 were submitted informally to the committee and postponed for the period of the war. The committee is collecting data from the various districts with respect to applications upon which postponement has been secured locally.

The Government Official Bulletin.

The Federal Reserve Bulletin has been requested to call attention to the Official United States Bulletin, a daily paper published in Washington, containing all of the more important rulings, decisions, regulations, proclamations, orders, etc., as they are promulgated by the several departments and the many special committees and agencies now in operation in the National Capital. This bulletin is posted each day in every post office in the United States, and may also be found on file at all libraries, boards of trade, chambers of commerce, the offices of mayors, governors, and Federal officials. It will be found useful in answering the many questions coming up daily concerning the war, and by consulting it many inquiries about which letters are being written to Washington may be obviated. Unnecessary letters encumber the mails and occupy labor in Washington, where they are answered, which is needed for work in connection with the war.

War Finance: War Expenditures, War Debts, and Increase in Note Circulation of Principal Countries.

During the first three and one-half years of the war the public debts of the 12 warring countries, treated below, show an aggregate increase of approximately 111.7 billion dollars, of which about 72.4 billions represent the increase in the public debts of the 9 countries (including the four self-governing British colonies) in the allied group and 39.3 billions the increase in the public debts of Germany and Austria-Hungary. Aggregate war costs in addition include large amounts raised by increased or new taxation introduced by all the warring countries, though it would be quite difficult to segregate the amounts thus obtained from the total estimated or actual revenue shown in the estimates or budget reports of the respective countries.

Among the European nations Great Britain shows the largest increase of indebtedness, viz, by 24,178 millions of dollars. This total includes 7,027 million dollars advanced to allies and dominions up to February 9, 1918. On the other hand, the total increase is inclusive of advances received from the United States since April, 1917, which totaled $1,370,000,000 by March 18, 1918. Russia's public debt shows an increase of 20,291 millions between January 1, 1914 and September 1, 1917. This total includes the amounts advanced by the allies and in addition about 7,800 million dollars received by the Treasury in the shape of notes from the State Bank, whose stock is owned exclusively by the Government. To the 7,027 millions advanced by the British Government, largely to Russia and Italy, should be added advances of the United States to the allies, totaling about 4,562 millions on March 21, while like advances of the French Government through the bank of France, totaled about 642 million dollars on March 7 of the present year.

While some of the advances were made to the Balkan countries, viz, Serbia, Roumania, and Montenegro, whose public debts are not shown in the comparative table, by far the larger portion represents inter-ally credit transactions affecting the debt figures shown in the table, and thus unduly swelling the total debts shown for the allied group. On the other hand, the war debts of Germany and Austria-Hungary likewise include advances to Bulgaria and Turkey. These advances, so far as known, cover by far the larger portion of the war expenditures of these two countries.

Total debt figures shown pertain to the principal belligerent countries only and do not include the public debts of neutral countries, which have also risen considerably during the war, though of course not in the same proportion as those of the countries taking an active part in the conflict. To cite one instance, the indebtedness of Switzerland increased by 812.2 million francs between August, 1914, and January, 1918, the Government having issued eight interior loans to defray the expenses of mobilization, besides borrowing 15 millions in the United States early in 1915.

With the spread of the war over wider and wider areas and the continuous rise of prices, the cost of the war is constantly increasing, calling for larger and larger borrowings by the Governments. In floating the huge public loans the Governments have had the assistance of the banks, cooperation between the Governments and the central banks of issue being particularly close. Loans of a permanent character are as a rule preceded by issues in large volume of Treasury bills or certificates, a large proportion of which is discounted by the central banks. The amounts of Treasury bills and other short-term obligations discounted by the European Governments with their central banks have been constantly rising partly accounting for the inflation of currency and prices, which in turn cause increased borrowing. In Great Britain temporary borrowings of the Government from the Bank of England as a rule do not cause any increase in note circulation, the Government receiving deposit credit for the amounts borrowed. Whatever addition to note circulation took place there is due to issues of currency notes by the Government to the banks, largely against the deposit of Government and other securities, as distinct from the practice on the European continent, where, in most cases, notes are primarily issued by the central banks to the Governments.

Table on page 269 shows the effect of the war upon the status of the principal banks of issue both in the warring and neutral countries. It is seen that while the amounts of metallic cover at the banks in the warring countries of Europe have changed but little in the aggregate, the ratio of these amounts to their liabilities has gone down since July, 1914, from 54.3 to 9.4 per cent.

Amounts of gold held in the vaults of the central banks of issue do not represent in every instance the total monetary stocks of gold in any given country. Great Britain maintains a metallic cover of £28,500,000 ($138,695,250) against currency notes which amounted to £43,519,019 ($211,785,306) on May 12, 1915, and £212,782,295 ($1,035,505,039) on December 26, 1917. The Irish banks held on an average for the four weeks ending November 3, 1917, £16,504,786 ($80,320,541) in gold against an average note circulation of £22,166,439 ($107,872,975), and the Scotch banks reported as of the same date average gold holdings of £16,989,360 ($82,678,720) against an average amount of notes in circulation of £18,104,676 ($88,106,406). There should also be included small amounts of reserve and circulation of six private banks and three joint stock banks in England proper. The larger commercial banks in England also hold as part of their vault cash considerable amounts of gold, the London City and Midland Bank alone showing £7,000,000 in gold ($34,065,500) on December 31, 1917.

In the case of Italy, there are notes in circulation of the Banco di Napoli and Banco di Sicilia, in addition to the issues of the Banca d'Italia. On November 30, 1917, the combined gold reserves of the first two banks were 235,000,000 lire ($45,355,000), and silver reserves to the extent of 40,000,000 lire ($7,720,000), against a combined note circulation of 1,781,000,000 lire ($343,733,000). On the same date the Italian Treasury held 167,000,000 lire ($32,231,000) of metallic reserve against its Treasury note issue of 1,684,000,000 lire ($325,012,000).

Figures of gold reserves relating to the Bank of France, the Reichsbank, and the Austro-Hungarian Bank are more closely representative of the total monetary stock of gold in those countries. All the gold in circulation that could possibly be gathered was concentrated in the vaults of the central banks. Some increase in the gold reserve of the Reichsbank is probably due to the transfer to its vaults of part of the gold reserve held by the Austro-Hungarian Bank at the outbreak of the war. On July 23, 1914, the latter held 1,337,879,000 crowns ($271,589,437) in gold coin and bars, and this sum had gone down to 264,190,000 crowns ($53,630,570) on December 7, 1917.

Public debt of the principal belligerent countries.

[In millions of dollars.]

A. ALLIED POWERS.

	Before entering war.		At most recent date.		Increase.
	Date.	Amount.	Date.	Amount.	
Great Britain	Aug. 1, 1914	3,458	Feb. 16, 1918	27,636	24,178
Australia	June 30, 1914	93	Mar. , 1918	942	849
Canada	Mar. 31, 1914	336	Feb. 28, 1918	1,011	675
New Zealand	Mar. 31, 1914	446	Mar. 31, 1917	611	165
Union of South Africa	Mar. 31, 1914	579	Mar. 31, 1916	734	155
France	July 31, 1914	6,598	Dec. 31, 1917	22,227	15,629
Italy	June 30, 1914	2,792	Dec. 31, 1917	6,676	3,884
Russia	Jan. 1, 1914	5,092	Sept. 1, 1917	25,383	20,291
United States	Mar. 31, 1917	1,208	Jan. 31, 1918	7,758	6,550
Total		20,602		92,978	72,376

B. CENTRAL POWERS.

Germany	Oct. 1, 1913	1,165	Dec. —, 1917	[1] 25,408	24,243
Austria	July 1, 1914	2,640	Dec. —, 1917	[1] 13,314	10,674
Hungary	July 1, 1913	1,345	Dec. —, 1917	[1] 5,704	4,359
Total		5,150		44,426	39,276
Grand total		25,752		137,404	111,652

[1] Partial estimates. All other statistics are official.

Comparative table showing total note circulation, deposits, and gold and silver holdings of principal banks of issue, at the outbreak of the war and at the end of 1917.

[Rates of conversion: 1 lira, franc, or peseta=19.3 cents; 1 mark=23.8 cents; 1 pound=$4.8665; 1 ruble=51.5 cents; 1 Aust. crown=20.3 cents; 1 Dutch florin=40.2 cents; 1 Scandinavian crown=26.8 cents; 1 yen=49.85 cents.]

A. ALLIED POWERS.

[In thousands of dollars.]

	At outbreak of the war.				At end of 1917.			
	Total note circulation.	Total deposits.	Gold and silver holdings.	Ratio of gold and silver to total note and deposit liabilities.	Total note circulation.	Total deposits.	Gold and silver holdings.	Ratio of gold and silver to total note and deposit liabilities.
				Per cent.				Per cent.
France	1,289,855	256,716	919,968	59.5	4,311,000	610,961	687,480	13.7
Great Britain	144 566	326,699	185,567	39.4	[1] 223,586	808,671	283,899	27.5
Japan [2]	212,342	61,367	112,296	41.0	410,816	291,341	326,982	46.6
Italy	324,824	37,403	232,965	64.3	[3] 1,243,574	309,579	178,188	11.5
Russia	841,174	592,522	863,371	60.2	[4] 9,456,516	[4] 1,780,088	[4] 758,798	6.8
Total	2,812,761	1,274,707	2,314,167	56.6	15,645,492	3,800,640	2,235,377	11.4
United States [5]	....	....	....	....	1,246,488	1,457,994	1,668,268	61.7

B. CENTRAL POWERS.

Austria-Hungary	432,341	59,419	311,963	63.4	3,594,156	424,004	64,657	1.1
Germany	692,442	299,515	363,670	36.7	[6] 2,729,324	1,915,993	615,929	13.3
Total	1,124,783	358,934	675,633	45.6	6,323,480	2,339,997	680,586	7.8

C. NEUTRAL POWERS.

Denmark	39,525	5,496	24,410	54.2	90,546	14,771	46,610	44.2
Netherlands	124,796	1,904	68,477	54.0	357,889	21,560	283,515	74.7
Norway	32,859	3,859	14,405	39.2	87,524	59,269	31,214	21.3
Spain	370,372	96,104	245,747	52.7	537,085	185,232	516,729	71.5
Sweden	54,367	18,440	26,154	35.9	[7] 149,722	49,600	65,943	33.1
Switzerland	51,708	9,777	38,409	62.5	135,825	26,555	79,029	48.7
Total	673,627	135,580	417,602	51.6	1,358,591	356,987	1,023,040	59.6

[1] In addition, there were outstanding currency notes to the extent of £212,782,295, or $1,035,505,039, secured by £28,500,000 in gold.

[2] Figures for Dec. 31, 1913 and 1917.

[3] These figures refer to the Bank of Italy. On Nov. 10, 1917, there were also in circulation notes of the Bank of Sicily, 274,666,650 lire; notes of the Bank of Naples, 1,413,103,400 lire, and treasury bills (Nov. 30), 1,684,000,000 lire (metallic reserve, 167,000,000 lire)—a total of 3,371,770,050 lire, or $650,751,620, as against $197,053,400 on July 20, 1914.

[4] Figures for Oct. 16/29, 1917.

[5] Figures for the Federal Reserve Banks, as of Dec. 28, 1917, exclusive of gold with foreign agencies.

[6] There were also outstanding on Dec. 31, 1917, the following issues:

	Million marks.
Treasury notes	350.0
Loan bank certificates	6,266.0
Notes of Bank of Bavaria	68.5
Notes of Bank of Saxony	44.1
Notes of Bank of Württemberg	24.6
Notes of Bank of Baden	26.0
	6,779.2

or $1,613,450,900. On July 31, 1914, the issues of the latter four banks amounted to $40,590,900, as against $38,844,500 on Dec. 31, 1917.

[7] Figures for Dec. 22, 1917.

GREAT BRITAIN.

Revenue receipts of Great Britain yielded a surplus over expenditures prior to 1914, but with the opening of hostilities the ratio of receipts to expenditures commenced to fall until in 1916 it had gone down to 21.6 per cent. The year 1916 marked the introduction of the excess-profits duty, the effects of which were not materially felt until 1917. In the latter year the ratio of receipts to expenditures rose to 26.1 per cent. Owing to a considerable increase in expenditures in the fiscal year 1918, which were unforeseen at the time when the budget was in preparation, the ratio has again dropped somewhat. The outstanding feature is, however, that for the whole period of the war one-fourth of the entire amount of expenditures has been met by receipts and the remainder by loans and other means. If loans to the allies and dominions, reported as £1,444,000,000 by February 9, 1918, are deducted, the ratio is considerably higher—27.8 per cent for the entire period of the war.

In the following table, net tax receipts and total revenue receipts are related to expenditures, beginning with the year 1913 to date.

[*Sources:* London Gazette, Feb. 19, 1918; Statesman's Yearbook, 1917, pp. 42-48; 60th Report of the Commissioners of His Majesty's Inland Revenue, 1917.]

[In thousands of £.]

Year ending March 31.	Net receipts from taxation.	Total revenue receipts of the exchequer.	Total expenditure.	Ratio of tax receipts to expenditure.	Ratio of total revenue to expenditure.
1913	154,854	188,802	183,622	82.1	100.1
1914	163,035	198,243	197,493	82.6	100.4
1915	190,054	226,694	560,474	33.9	40.4
1916	290,873	336,767	1,559,158	18.7	21.6
1917	[1] 516,255	573,428	2,198,113	23.5	26.1
Apr. 1, 1917, to Feb. 16, 1918	[2] 483,096	563,811	2,346,330	20.6	24.0
Aug. 1, 1914, to Feb. 16, 1918	[3] 1,436,473	1,645,764	6,601,961	21.8	24.9

[1] Includes exchequer receipts from customs and excise and net receipts from all other sources.
[2] Exchequer receipts only.
[3] Exchequer receipts from Apr. 1, 1914, to Aug. 1, 1914, were deducted from the total net receipts for the financial year, in order to arrive at the net tax receipts for the period between Aug. 1, 1914, and Apr. 1, 1915.

From statements made by the chancellor of the exchequer upon the occasion of moving votes of credit, it appears that average daily expenditure for the eight months of the fiscal year 1914 was £2,050,864, whereas for the period between April 1, 1917, to February 9, 1918, it had risen to £6,557,000, representing an increase of 219.6 per cent.[1] A comparison of average daily expenditures follows:

August 1, 1914–April 1, 1915	£2,050,864
Fiscal year 1916	4,271,666
Fiscal year 1917	6,022,227
April 1, 1917, to February 9, 1918	6,557,000

The total credits voted by Parliament up to March 7, 1918, amount to £6,842,000,000, or about $33,300,000.

[1] Parliamentary debates June 25, July 24, and Dec. 12, 1917, and Jan. 23, 1918.

PUBLIC DEBT.

The London Economist (Feb. 23, 1918) places the total gross indebtedness of Great Britain at £5,678,600,000 on February 16, 1918, as compared with £710,500,000 on August 1, 1914, an increase of £4,968,100,000, or 699.2 per cent. From the total present debt there should be deducted the advances to the Allies and Dominions which had reached £1,444,000,000 on February 9, 1918, making the net debt on February 16, 1918, approximately £4,430,000,000 or $21,558,600,000. Details of the public debt are given in the following table, taken from the London Economist of February 23, 1918:

(Millions of £'s.)

	Aug. 1, 1914.	Mar. 31, 1915.	Mar. 31, 1916.	Mar. 31, 1917.	Feb. 16, 1918.
Funded debt	586.7	583.3	318.5	317.8	317.8
Terminable annuities	29.6	28.0	26.1	24.0	24.0
Unfunded debt:					
$3\frac{1}{2}$ per cent war stock		349.1	62.8	62.7	62.7
$4\frac{1}{2}$ per cent war stock			900.0	20.0	20.0
4 and 5 per cent war stock				1,962.4	2,086.9
National war bonds					363.9
Treasury bills	15.5	77.2	556.8	463.7	1,054.8
Exchequer bonds	20.5	67.4	177.0	320.3	402.6
War-savings certificates			1.4	74.5	120.3
War-expenditure certificates				23.6	23.5
Other debt			9.2	316.5	861.9
American loans			51.4	51.4	51.4
Temporary advances	1.0		19.9	217.5	237.8
Other capital liabilities	57.2	57.0	56.7	52.2	51.2
Total liabilities	710.5	1,162.0	2,189.8	3,906.6	5,678.8

National war bonds, subscriptions to which are continuous, are issued in two forms: (1) Bonds bearing 5 per cent interest, subject to the income tax and repayable at 102, 103, and 105 on October 1, 1922, 1924, and 1927, respectively, and (2) bonds bearing 4 per cent interest, with income tax compounded, repayable at par in 1927. Holders of old exchequer bonds maturing in 1919, 1920, and 1921, and of $4\frac{1}{2}$ per cent war-loan stock may convert their obligations into either form. Bonds are accepted at their face value in payment of death duties, excess profits duty, and munitions levy, and are convertible into any long-term loans that may be issued during the war.

FIDUCIARY CIRCULATION.

On August 26, 1914, currency notes to the extent of £21,535,065 were issued, and their increase since that date has been marked and almost unbroken. During the same period the notes of the Bank of England in circulation show a moderate increase, the additional issues of bank notes being fully secured by metallic reserves with the issue department. The following table shows the amounts of currency notes outstanding and Bank of England notes in circulation at selected dates since the outbreak of the war:

	Currency notes outstanding.	Bank of England notes in circulation.
July 29, 1914	....	£29,706,350
Aug. 26, 1914	£21,535,065	35,571,435
Dec. 30, 1914	38,478,164	36,139,180
Dec. 29, 1915	103,125,099	35,309,255
Dec. 27, 1916	150,144,177	39,675,535
Dec. 26, 1917	212,782,295	45,943,965
Feb. 20, 1918	216,134,893	46,207,340

DOMINION OF CANADA.

[Sources: Canada Yearbook, 1914, p. 548; Canada Gazette, Mar. 9, 1918, p. 3077.]

Net debt on March 31, 1914	$335,996,850
Net debt on February 28, 1918	1,010,780,470

CANADA'S WAR DEBT TO END OF FINANCIAL YEAR 1918.

[Sources: Monetary Times of Canada, Nov. 9, 1917, p. 12, and Feb. 15, 1918, p. 10; Statesman's Yearbook, 1917; Canadian Annual Review, 1916, pp. 330-362.]

Internal loans:	
First war loan issued at 97½, bearing 5 per cent interest, for a term of 10 years (floated November, 1915)	$100,000,000
Second war loan issued at 97½, interest at 5 per cent, running for 15 years (floated in September, 1916)	100,000,000
Third war loan issued at 96, interest at 5 per cent, for a term of 20 years (floated March, 1917)	150,000,000
Victory loan issued at 100, with interest rate of 5½, running for 5, 10, and 20 years (floated November, 1917)	[1] 400,000,000
Total	750,000,000
External loans:	
4½ per cent loan from Great Britain in March, 1915, issued at 99½ and running for 5 and 10 years	$23,332,500
5 per cent loan floated in the United States in March, 1916, extending for 5, 10, and 15 years, issue price of 99.56, 97.13, and 94.94 respectively	75,000,000
5 per cent two-year notes floated in the United States, issued at 98, during August, 1917	100,000,000
Total	198,332,500
War-savings certificates, to date	12,000,000
Grand total	960,332,500

[1] Monetary Times, Jan. 4, 1918, p. 126.

DETAILS OF CANADIAN WAR LOANS.

[Source: Monetary Times, Jan. 4, 1918, p. 126.]

	First loan, November, 1915.	Second loan, September, 1916.	Third loan, March, 1917.	Fourth loan, November, 1917.
Amount of loan	[1] $50,000,000	$100,000,000	$150,000,000	[2] $150,000,000
Public subscriptions	78,729,500	[3] 151,444,800	[4] 200,768,000	[5] 418,000,000
Banks' subscriptions	25,000,000	50,000,000	60,000,000	....
Total oversubscription	53,729,500	101,444,800	110,000,000	268,000,000
Total oversubscription by public	28,729,500	51,444,800	50,000,000	....
Number of subscribers	24,862	34,526	40,800	802,000

[1] Ultimately increased to $100,000,000.
[2] Ultimately increased to approximately $400,000,000.
[3] Includes $6,073,800 of the first loan converted.
[4] Includes $18,131,000 of the first loan and $5,983,000 debenture stock converted.
[5] Approximately $400,000,000 was allotted.

NOTES IN CIRCULATION.

On January 31, 1917, the circulation of the Dominion of Canada was composed of $381,500,046 Dominion notes and chartered-bank notes. A total of $267,185,582 Dominion notes was issued, of which $57,360,000 were held in the central gold reserve and $184,949,958 by the chartered banks. The amount of Dominion notes in the hands of the public was thus $24,875,624.

The total of bank notes in circulation on January 31, 1918, is given as $171,674,464, of which $18,251,206 are reported held by chartered banks other than issuing banks, the amount of bank notes in the hands of the public being thus $153,423,258.

The total amount of notes in circulation according to the method of calculation used by the United States Treasury was, therefore, as follows:

[Sources: Canada Gazette, Jan. 19, 1918, p. 2443, and Mar. 2, 1918, p. 2981; Canada Yearbook, 1914, p. 587.]

	Mar. 31, 1914.	Jan. 31, 1918.
Dominion notes issued	$117,795,719	$267,185,582
Held by the Government	3,500,000	57,360,000
Total net issued	114,295,719	209,825,582
Chartered-bank notes in circulation	96,848,384	171,674,464
Total notes in circulation	211,144,103	381,500,046
Dominion notes held by the public	18,068,398	24,875,624
Chartered-bank notes held by the public	83,976,889	153,423,258
Total notes held by the public	102,045,287	178,298,882

AUSTRALIA.

[Sources: Commonwealth of Australia Gazette, Oct. 30, 1917, p. 2789; Monthly Summary of Australian Statistics, Aug., 1917, p. 41; Monetary Times of Canada, Feb. 1, 1918, p. 8.]

PUBLIC DEBT.

Net debt of the Commonwealth:	
June 30, 1914	£19,182,333
June 30, 1917	169,177,767
Sept 30, 1917	177,385,855
Dec. 31, 1917	200,501,018

War debt.

A. Internal war loans, all at par, bearing 4½ per cent interest:	
First loan, issued in August, 1915	£13,389,440
Second loan, issued in February, 1916	21,655,680
Third loan, issued in September, 1916	23,587,420
Fourth loan, issued in April, 1917	21,577,070
Fifth loan, issued in November, 1917	20,281,160
Sixth loan, issued in February, 1918	[1] 40,000,000
Total	140,490,770
B. War savings certificates, to December, 1917	2,719,474
War savings certificates, December, 1917–Apr. 1, 1918 (estimated)	2,500,000
C. War advances by British Government to June 30, 1917	[2] 47,774,269
Total	193,484,513

Australian war expenditure to December 31, 1917, amounted to $149,896,128. The charges against revenue and against loans were distributed as follows:

Year or period.	Against revenue.	Against loans.	Total.
1914–1915	£540,217	£14,471,118	£15,011,335
1915–1916	3,778,378	37,423,568	41,201,946
1916–1917	8,406,970	53,099,841	61,506,811
Half-year ended Dec. 30, 1917	4,850,286	27,325,750	32,176,036
Total	17,575,851	132,320,277	149,896,128

In his budget speech of August 8, 1917, the Commonwealth treasurer, Sir John Forrest, estimated the total Australian expenditure for the four years ending June 30, 1918, at £214,880,673; of which £25,834,916 will have to be charged against revenue and £189,045,757 against loans.[3] On December 31, 1917, the Commonwealth debt stood at £200,501,018.

Further details as to the Australian war loans are given in the table below:

[1] Preliminary figures; no details available.

[2] As reported in Budget speech of Sir John Forrest, on Aug. 8, 1917; cf. London Economist, Oct. 6, 1917, p. 497.

[3] From London Economist, Jan. 12, 1918, p. 49, and Oct. 6, 1917, p. 497.

Particulars of Australian war loans.

[Monthly Summary of Australian Statistics, Bulletin No. 68, Aug., 1917, p. 41.]

	First loan.	Second loan.	Third loan.	Fourth loan.
Number of applications:				
Inscribed stock	8,603	12,450	13,660	13,657
Treasury bonds	10,145	16,495	88,382	53,303
Total	18,748	28,945	102,042	66,690
Amounts allotted:				
Inscribed stock	£9,581,120	£16,271,710	£15,417,650	£14,565,190
Treasury bonds	3,808,320	5,383,970	8,169,770	7,011,880
Total	13,389,440	21,655,680	23,587,420	21,577,070
Accrued interest	221,502	324,170	326,881	254,778
Expenses of flotation	34,659	50,382	50,688	45,900
Total deductions	256,161	374,552	377,569	300,678
Net proceeds of loans	13,389,440	21,281,128	23,209,851	21,276,392

FIDUCIARY CIRCULATION.

[*Sources:* Official Year Book of the Commonwealth of Australia, 1901–1915, pp. 773 and 739; Monthly Summary of Australian Statistics, Bulletin No. 68, August, 1917, p. 29; Australasian Insurance and Banking Record, November and December, 1917, and January and February, 1918; Commonwealth of Australia Gazette, January 2, 1918.]

Australian notes made their first appearance in December, 1910. The Australian notes act of 1910 authorized the Commonwealth Treasurer to issue notes which were to be legal tender throughout the Commonwealth and redeemable at the seat of the Federal Government. These notes were to be issued in denominations of 10 shillings, £1, £5, £10, £20, £50, and £100. The act prohibited issuance of notes by any State six months after the date of its enforcement and on the same date all such notes ceased to be legal tender a tax of 10 per cent was placed on all bank notes issued or reissued by any bank in the Commonwealth and not redeemed.

The act also directed the Treasurer to hold as a reserve against notes gold coin, with the following stipulations: (1) Not less than 25 per cent of gold coin against notes issued up to seven million pounds and (2) 100 per cent reserve of gold coin against any amount in excess of seven million pounds. In 1911 an amendment was passed, altering the percentages in force and requiring a flat rate of 25 per cent of gold coin against all issues. The latter regulation was to go into effect July 1, 1912, but the Treasurer deemed it wise to defer putting it into operation until after the elections of 1913.

The elections of 1913 resulted in a change of administration and the new Treasurer, Sir John Forrest, announced that he would retain the gold reserve at the rate provided in the original act. This condition was maintained until September, 1914, when a change of policy was necessitated by the progress of events occasioned by the war. On December 24, 1912, the ratio of gold coin to notes issued was 44.6 per cent; on December 27, 1913, it was 45.22 per cent; and by December 30, 1914, it had fallen to 40.27 per cent. Since then the ratio has declined still further, reaching about 36 per cent on January 30, 1918.

In 1911 a Commonwealth Bank was established. It has no power to issue notes but aside from this prohibition it possesses all the characteristics of other central State banks.

The following table gives the average amount of Australian notes held by the banks and the public since August, 1914:

	Held by the banks.	Held by the public.	Total note issues.
1914 (August to December)	£7,743,210	£6,589,798	£14,333,008
1915 (average for year)	22,420,558	9,416,292	31,836,850
1916 (average for year)	30,902,866	13,481,173	44,384,039
1917 (actual December 26, 1917)			47,901,269

NEW ZEALAND.

PUBLIC DEBT.

During the financial year 1917 the increase in the net debt of New Zealand equaled the total increase of the public debt between 1913 and 1916. Since 1910 the absolute increase in the public debt was £53,793,935 and to this sum the last three financial years contributed 62.9 per cent. The subjoined table shows the development of the debt from 1910 to 1917:

[Source: Statistics of New Zealand, 1915, p. 144; New Zealand official yearbook, 1916, p. 594.]

	Net debt.	Interest charge.
Mar. 31:		
1910	£71,778,580	£2,282,182
1911	77,688,396	2,381,000
1912	82,193,310	2,446,493
1913	87,457,121	2,506,025
1914	91,689,835	2,649,786
1915	96,644,455	2,788,513
1916	105,957,433	2,888,533
1917	125,572,515	....

On the total gross debt outstanding on March 31, 1916, the following rates of interest were paid:

6 per cent on	£5,500
5 per cent on	2,682,500
4½ per cent on	5,257,548
4¼ per cent on	52,100
4 per cent on	59,173,595
3¾ per cent on	3,459,866
3½ per cent on	29,260,058
3 per cent on	9,746,230
Total	109,637,397

Increasing proportions of the new loans were placed in the domestic market, as may be seen from the following table, showing amounts raised in the London, Australian, and New Zealand markets:

Markets for the New Zealand public loans.

	Inscribed stock.		Debentures.			Total gross debt.	Percentage of total gross debt raised in New Zealand.
	London.	New Zealand.	London.	Australia.	New Zealand.		
1910	£50,954,744	£410,124	£6,778,914	£4,113,985	£12,632,878	£74,890,645	17.4
1913	59,484,214	475,891	9,445,250	4,213,985	16,441,423	90,060,763	18.7
1914	65,600,259	475,991	13,024,050	4,286,800	16,343,327	99,730,427	16.8
1915	67,532,398	475,991	8,877,603	3,979,000	19,194,918	100,059,910	19.6
1916	68,213,639	475,991	13,251,109	3,520,650	24,176,008	109,637,397	22.4

FIDUCIARY CIRCULATION.

[Source: Monthly Statistics of New Zealand.]

Average amounts of bank notes in circulation.

1913	£1, 674, 333
1914	1, 998, 386
1915	2, 846, 277
1916	4, 049, 527
March quarter, 1917	4, 637, 451
June quarter, 1917	4, 890, 803
September quarter, 1917	5, 650, 880

UNION OF SOUTH AFRICA.

[Sources: Statistical Yearbook of the Union of South Africa, 1914-15, p. 232; Statesman's Yearbook, 1917, p. 218.]

Between 1910, when the union between Cape of Good Hope, Natal, the Transvaal, and Orange River Colony was effected, and March 31, 1916, the common debt of the Union increased 41.9 per cent and interest charges thereon 46.6 per cent. Increases for the year 1915-16 constituted by far the larger share of the total increase for the entire period, as may be seen from the following table:

	Public debt.	Interest charges.
Mar. 31, 1911	£106, 291, 534	£4, 256, 172
Mar. 31, 1914	118, 987, 625	4, 770, 291
Mar. 31, 1915	122, 319, 705	4, 848, 437
Mar. 31, 1916	150, 832, 743	6, 239, 389

The expenditures out of the loan funds for war services during 1914–15 and 1915–16 was £9,258,959 and £10,970,186, respectively. For the year 1916–17 a deficit of £536,821 was foreseen, the revenue being estimated at £18,726,580 and expenditures at £19,263,401.

FRANCE.

[Sources: Journal Officiel de la République française; Le Rentier, Feb. 7, 1918; Bulletin de Statistique et de Législation Comparée, December, 1917; L'Economiste Européen, Feb. 1, 1918.]

In his Exposé des Motifs on the occasion of presenting the budget for 1918, M. Klotz, the French minister of finance, estimated ordinary expenses for the year at 7,808,907,439 francs and receipts at 6,542,513,930 francs, leaving a deficit of 1,266,393,509 francs. To offset this impending deficit, the adoption of certain tax measures was urged, designed to yield 1,226.5 million francs in 1918 and 1,774 millions annually thereafter. The total revenue receipts from the beginning of the war to September 30, 1917, were stated as 13,816 million francs, compared with an estimate of 14,967 millions for a normal period of the same duration—a decline of 7.69 per cent. During the last five months of 1914 the loss was 38.6 per cent; in 1915 revenue receipts fell off about 19 per cent; in 1916 the rate of decline was 3.46 per cent; and for the three quarters ending September 30, 1917, there was an increase of 19.79 per cent.

The following table indicates the amount of credits granted by the chambers or asked by the Government since the beginning of the war and the uses to which the funds were assigned. Of the total credits to the end of 1917, 82.9 per cent was used to defray the expenses of war, 9.7 per cent to cover the debt service, and 7.4 per cent for other purposes:

Table I.—*Credits voted or asked for 1914 to 1918.*

	War purposes.	Debt service.	All other purposes.	Total.
	Francs.	*Francs.*	*Francs.*	*Francs.*
August, 1914, to Dec. 31, 1914	6, 400, 925, 761	59, 626, 763	128, 881, 725	6, 589, 434, 249
Calendar year 1915	18, 455, 406, 750	1, 899, 393, 673	2, 449, 686, 102	22, 804, 486, 525
Calendar year 1916	27, 191, 308, 985	3, 333, 015, 879	2, 371, 725, 031	32, 896, 049, 895
Calendar year 1917	34, 471, 588, 701	4, 863, 384, 400	2, 786, 895, 430	42, 121, 868, 531
Total	86, 519, 230, 197	10, 155, 420, 715	7, 737, 188, 288	104, 411, 839, 200
Estimate for 1918		4, 899, 042, 759	2, 909, 864, 680	7, 808, 907, 439
Grand total	86, 519, 230, 197	15, 054, 463, 474	10, 647, 052, 968	112, 220, 746, 639

TABLE II.—*Receipts.*

	Floating debt.	Short-term debt.	Perpetual debt.	Advances.	Total interior loans.	Foreign loans.	Budgetary receipts.	Total receipts.
	Francs.	*Francs.*	*Francs.*	*Francs.*	*Francs.*	*Francs.*	*Francs.*	*Francs.*
1915	5,331,573,000	384,445,000	10,967,000,000	1,175,000,000	17,858,018,000	1,462,055,000	3,770,516,000	23,091,089,000
1916	5,643,787,000	299,632,000	10,786,536,000	2,450,000,000	18,580,691,000	6,287,078,000	4,640,811,000	29,508,580,000
1917 (10 months)	9,400,459,000	414,549,000	262,121,000	4,755,000,000	14,832,129,000	9,360,070,000	4,526,905,000	28,719,104,000
Total	20,375,819,000	499,362,000	22,015,657,000	8,380,000,000	51,270,838,000	17,109,703,000	12,938,232,000	81,318,773,000

Up to the end of 1917, the total receipts from advances and loans were as follows:

	Francs.
Advances of the Bank of France	12,500,000,000
Advances of the Bank of Algeria	85,000,000
National defense treasury bills (to Nov. 15)	22,966,157,100
National defense short-term bonds	294,798,000
5 per cent loan of 1915	11,719,504,714
5 per cent loan of 1916	10,074,674,156
5 per cent loan of 1917	5,221,405,462
4 per cent loan of 1917 at 68¾ (not redeemable until 1943)	10,276,522,000
Total	83,134,061,432

The total national debt was estimated by M. Klotz at 115,166,058,269 francs on December 31, 1917, as compared with 34,188,147,969 francs on July 31, 1914. Of the former amount, 18.3 per cent was held abroad. During the same period debt charges rose 355.7 per cent, as against an increase in the capital amounts of the debt of 236.9 per cent. Details of the debt on the two dates are given as follows:

	July 31, 1914.	
	Capital amount.	Annual debt charges.
A. Domestic:	*Francs.*	*Francs.*
Funded	32,579,362,769	1,020,483,406
Floating—		
Interest bearing	1,394,584,900	17,131,500
Noninterest bearing	214,200,300	
B. Foreign:		
Funded		
Floating		
Total	34,188,147,969	1,037,614,906

	Dec. 31, 1917.	
	Capital amount.	Annual debt charges.
A. Domestic:	*Francs.*	*Francs.*
Funded	56,451,725,669	2,285,549,531
Floating—		
Interest bearing	37,194,865,600	1,329,867,200
Noninterest bearing	439,050,700	
B. Foreign:		
Funded	9,914,200,000	451,237,000
Floating	11,166,216,300	658,604,200
Total	115,166,058,269	4,725,257,931

According to the report of the budget committee, the expenses of war from its inception to December 31, 1917, totaled 106,519,144,979 francs, of which sum 85,545,153,000 francs were used for military and other purposes occasioned by the war. The details run as follows:

		Francs.
Expenses of war:		
(*a*) Military		76,000,000,000
(*b*) Assistance to families affected by mobilization orders		7,730,000,000
(*c*) Aid to orphans		30,000,000
(*d*) Assistance to invaded departments		10,000,000
(*e*) Urgent relief		128,000,000
(*f*) Assistance to refugees		919,982,000
(*g*) Rehabilitation of invaded regions		467,535,000
Reconstruction of landed property	267,400,000	
Reconstruction of industrial property	100,075,000	
Reconstruction of agricultural property	100,060,000	
(*h*) Repair of harbors and construction of means of communication		329,386,000
(*i*) Cultivation of abandoned areas		30,000,000
(*j*) Credits opened for reparation for damages incurred through the war		900,000,000
Total		86,545,153,000
Extraordinary expenses of the civil service		672,881,727
Total expenses of war		87,218,034,727
Public debt service		10,699,831,149
Ordinary expenses of the civil service		8,601,278,212
Grand total		106,519,144,979

Average monthly expenses rose from 1,318 million francs in the last five months of 1914 to 1,900 millions in 1915 and 2,743 millions in 1916. For the ten months ending September 30, 1917, the average rose to 3,360 million francs, or to two and one-half times the average monthly expense incurred in 1914.

BANK NOTE CIRCULATION.

On July 30, 1914, the amount of notes of the Bank of France in circulation amounted to 6,683,184,785 francs and on February 21, 1918, it reached 23,986,287,440 francs—an increase of 17,303,102,655 francs, or 286.2 per cent. The growth of the fiduciary circulation and the ratio of the metallic reserve to combine deposit and note liabilities during the war period is seen from the following table:

	Notes in circulation.	Deposits.	Metallic reserve in vaults of bank.	Ratio of reserve to combined note and deposit liabilities.
	Francs.	*Francs.*	*Francs.*	*Per cent.*
Dec. 24, 1913	5,713,551,290	978,683,642	4,157,454,630	62.12
July 30, 1914	6,683,184,785	1,330,133,678	4,766,674,306	59.48
Dec. 24, 1914	10,042,899,720	3,101,063,014	4,514,412,872	34.35
Dec. 30, 1915	13,309,850,045	2,287,728,887	5,367,375,464	34.41
Dec. 28, 1916	16,678,817,915	2,275,232,984	3,677,696,015	19.40
Dec. 27, 1917	22,336,798,710	3,114,325,199	3,562,073,569	13.97
Mar. 7, 1918	24,650,026,960	2,659,791,658	3,588,477,815	13.27

According to the report of the Banque de France for 1917, about two and one-half billions of francs of its cash reserves were exported in 1915 and 1916, whereas in 1917 this sum reached only 450 million francs, of which 20 millions were shipped to neutral countries, the remainder representing gold loaned to the British Treasury in accordance with the articles of agreement entered into by both Governments. Special credit arrangements since the entrance of the United States into the conflict necessitated no further outflow of gold to that country. During the year the gold reserves of the Bank of France increased by 288,000,000 francs, bringing the total amount of gold secured from the public since the beginning of the war to 2,227,000,000 francs.

RUSSIA.

[Sources: L'Economiste Européen, Dec. 14, 1917; Le Rentier, Oct. 17, 1917; Viestnik Finansov, No. 39, Oct. 14, 1917; Torgovo-Promyshlennaya Gazeta, Sept. 26, 1917.]

War loans.

[Statesman's Yearbook for 1917, introduction.]

	Millions of pounds sterling.	Equivalent in millions of dollars.
5 per cent State loan of 1914, issued November, 1914, at 95	43	209.3
First 5 per cent loan of 1915, issued March, 1915, at 94	43	209.3
Second loan of 1915, at 5½ per cent, issued May, 1915, at 99	86	418.5
Short-term loan of 1915, at 5½ per cent, issued December, 1915, at 95	86	418.5
First war loan of 1916, at 5½ per cent, issued March, 1916, at 95	212	1,031.7
Second war loan of 1916, at 5½ per cent, issued December, 1916, at 95	319	1,552.4
Total	789	3,839.7
Liberty loan of 1917	....	2,035.5
Grand total	....	5,875.2

In a review of war finance operations published in the official Viestnik Finansov, the war expenses are given as follows:

	Rubles.
Aug. 1, 1914, to Dec. 31, 1914	2,546,000,000
Calendar year 1915	9,374,900,000
Calendar year 1916	15,267,000,000
Jan. 1, 1917, to Sept. 1, 1917	14,204,815,000
Total Aug. 1, 1914, to Sept. 1, 1917	41,392,715,000

Total war expenditures to the end of 1917 are estimated at 51,470,700,000 rubles. In 1914 the receipts were 2,898 million rubles; in 1915 they declined to 2,828 millions (the deficit occasioned by the "vodka" monopoly being greatly offset by receipts from new taxes); and in 1916 State revenues exceeded pre-war proportions, reaching 3,975 million rubles as the result of new tax measures.

The Viestnik Finansov (No. 39, Oct. 14, 1917) states that on September 1, 1917, there were outstanding foreign loans to the extent of 8,461 million rubles (nominal) and short-term obligations to the amount of 16,918,700,000 rubles (nominal). If to these items are added 2,611,600,000 rubles, representing balances of the three budget years 1914–1917, and the internal war loans, 11,408,200,000 rubles, the total war debt at that date was 39,399,500,000 rubles.

The progress of the national debt is indicated in the subjoined table. In the eight months ending August 31, 1917, it almost doubled, due largely to the enormous increase in expenditures and increasing depreciation of the currency:

	Rubles.
Jan. 1, 1914	9,888,309,698
Jan. 1, 1915	10,473,572,000
Jan. 1, 1916	18,876,731,000
Jan. 1, 1917	25,220,937,000
Sept. 1, 1917	[1] 49,287,809,698

The note circulation and advances of the State Bank to the Russian Government on various dates are outlined in the following table:

Russian State Bank.

[In thousands of dollars.]

	Bank notes in circulation.	Deposits.	Advances to the Government.	Metallic reserves.	Ratio of metallic reserves to combined note and deposit liabilities.
Dec. 16-29, 1913	859,293	600,237	....	812,788	55.7
Dec. 16-29, 1914	1,474,880	500,177	255,720	824,802	41.7
Dec. 16-29, 1915	2,731,879	760,253	1,670,959	848,974	24.3
Dec. 16-29, 1916	4,424,512	1,216,852	3,365,036	817,485	14.5
Oct. 16-29, 1917	9,456,516	1,780,088	[1] 7,839,089	758,798	6.8

[1] Exclusive of $668,274,000 advanced to the Treasury account food-distribution service.

ITALY.

INTERNAL WAR LOANS.

[Sources: Bankverein Suisse Bulletin, February, 1917; Statesman's Yearbook, 1917, introduction.]

	Millions of lire.
Loans for military preparation, issued Jan. 4-11, 1915, redeemable between 1925 and 1940, sold at 97, yielding 4½ per cent interest	1,000
First war loan of 4½ per cent, issued July 1-18, 1915, at 93 and 95, redeemable 1925-1940	1,146
Second war loan of 5 per cent, issued Jan. 10-Mar. 1, 1916, at 97½, redeemable 1926-1941	3,014
Third war loan of 5 per cent, issued Feb. 5-25, 1917, at 90 (rente), not redeemable till 1931	3,512
Fourth war loan of 5 per cent, issued February, 1918, at 86.5 (consols) [2]	5,000
Total	13,672

PUBLIC DEBT.

[Sources: Annuario Statistico Italiano, Anno 1915, p. 340; Gazeta Ufficiale del Regno D'Italia, September, 1917, and January, 1918.]

The public debt of Italy rose from 14,466,870,162 lire on June 30, 1914, to 34,590,163,814 lire on December 31, 1917, an increase of 139.10 per cent, while interest charges on the debt rose from 494,244,020 lire to 1,465,284,043 lire, representing an increase of 196.5 per cent. The following table exhibits the growth of net indebtedness and interest charges since 1914:

	Amount of public debt.	Interest on public debt.
	Lire.	*Lire.*
June 30, 1914	14,466,870,162	494,244,020
June 30, 1915	16,368,717,302	549,991,184
June 30, 1916	22,065,232,424	871,293,455
June 30, 1917	29,961,030,959	1,274,094,459
Dec. 31, 1917	34,590,163,814	1,465,284,043

Details of the public debt on December 31, 1917, are given below, including interest rates:

	Amount of debt.	Amount of interest.
I. FUNDED DEBT.		
A. "Consolidated" (perpetual) debt:	*Lire.*	*Lire.*
Rentes at 3½ per cent (ex. 3¾)	8,097,724,438	283,420,355
Rentes at 3 per cent	160,070,866	4,802,126
Rentes at 3½ per cent	943,465,803	33,021,303
Rentes at 4½ per cent	721,147,843	32,451,653
Rentes at 5 per cent	7,153,894,600	357,694,730
Total consolidated debt	17,076,303,550	711,390,167
B. Redeemable obligations:		
3 per cent and 3½ per cent, maturing in 1960	467,340,000	14,725,700
4½ per cent and 5 per cent, maturing in 1940	1,504,147,300	73,958,652
	1,971,487,300	88,684,352
C. Permanent annuity to Holy See: 3 per cent and 3½ per cent	64,590,000	3,225,000
D. Debts separately inscribed:		
(*a*) 3 per cent to 5 per cent, redeemable, 1917 to 1961	173,833,000	6,524,670
(*b*) Perpetual (feudal) 3 per cent	465,446	13,963
E. Various debts:		
(*a*) 3 per cent to 5 per cent, redeemable in 1934 to 1985	1,269,322,106	42,205,593
(*b*) 3 per cent to 5 per cent, perpetual	63,713,554	2,726,389
Total funded debt	20,619,645,949	854,770,135
II. FLOATING DEBT.		
Long-term treasury bonds at 3½ per cent	17,125,000	599,375
Three and five-year bonds	3,238,180,600	156,461,790
Special treasury bonds placed abroad	6,548,746,600	300,967,196
Credits opened by United States Treasury	2,590,000,000	103,276,250
Miscellaneous	1,576,456,665	49,209,207
Total floating debt	13,970,508,865	610,513,908
Total public debt	34,590,163,814	1,465,284,043

Over one-third of Italy's public debt is unfunded, the growth of the floating debt for the six months ending December 31, 1917, being almost 4 billions of lire.

In presenting the budget for 1918-19, the minister of finance, Sig. Nitti, stated that all

[1] This figure was arrived at by adding the total war debt to Sept. 1, 1917, to the debt on Jan. 1, 1914.

[2] Preliminary figures.

expectations pointed to an increase in State receipts by 705 million lire and an increase of ordinary expenditures of 1,017 millions. Between November 1, 1916, and October 31, 1917, expenditures totaled 15,722 million lire.[1]

FIDUCIARY CIRCULATION.

On November 10, 1917, the Gazetta Ufficiale de Regno D'Italia (Jan. 7, 1918) reports the total amount of bank notes in circulation as 7,673,642, 300 lire, distributed among the three banks of issue as follows: 5,985,872,250 lire issued by the Bank of Italy; 1,413,103,400 lire issued by the Bank of Naples, and 274,666,650 issued by the Bank of Sicily. Against these notes in circulation there was a reserve cover, partly of gold, of 23.2 per cent, 22.4 per cent, and 20.5 per cent, respectively. On December 31, 1917, the circulation of the Bank of Italy had risen to 6,539.200,000 lire, secured by 21.5 per cent of total reserve, including 12.8 per cent of gold, as against an outstanding note circulation of 3,040,175,850 lire on December 31, 1915, secured by 43.8 per cent of total reserve, including 35.4 per cent of gold. There were also treasury notes issued to the extent of 1,684 million lire on November 30, 1917, covered by 167 million lire of metallic reserve.

The annual reports of the Bank of Italy segregate the total amount of notes issued to satisfy commercial needs and amounts issued on account of the State. The following table gives the total classified note circulation of the three banks of issue at the close of calendar years, and the like circulation of Bank of Italy notes, in millions of lire:

	Total bank note circulation.			Note circulation of Bank of Italy.		
	For needs of commerce.	For needs of Government.	Total.	For needs of commerce.	For needs of Government.	Total.
Dec. 31, 1914	2,201.1	734.9	2,936.0	1,643.6	518.7	2,162.3
Dec. 31, 1915	1,898.6	2,069.5	3,968.1	1,431.6	1,608.6	3,040.2
Dec. 31, 1916	2,458.0	2,555.0	5,013.0	2,046.0	1,830.7	3,876.7
Nov. 30, 1917	2,997.0	5,122.0	8,119.0	2,560.0	3,778.0	6,338.0
Dec. 31, 1917	....	....	....	2,212.1	4,327.1	6,539.2

[1] London Economist, Jan. 19, 1918, pp. 85-86.

On November 10, 1917, the total advances made by the three banks of issue to the State were as follows: Bank of Italy, 2,996,428,529 lire; Bank of Naples, 901,848,482 lire; and Bank of Sicily, 211,944,443—a total of 3,110,221,554 lire.

UNITED STATES.

PUBLIC DEBT.

Between March 31, 1917, when the first 50 million dollars of 2 per cent certificates of indebtedness were sold to the Federal Reserve Banks, and March 28, 1918, the gross war debt of the United States has increased by approximately 9,121 millions of dollars. This debt is made up as follows:

1. First 3½ per cent Liberty Loan, dated June 15, 1917, maturing June 15, 1947, redeemable on or after June 15, 1932	$1,986,774,655
2. Second 4 per cent Liberty Loan, dated Nov. 15, 1917, maturing Nov. 15, 1942, redeemable on or after Nov. 15, 1927	3,807,551,806
3. Treasury certificates of indebtedness:	
At 4 per cent, dated Jan. 22, 1918, payable Apr. 22, 1918	400,000,000
At 4 per cent, dated Feb. 8, 1918, payable Mar. 9, 1918	500,000,000
At 4½ per cent, dated Feb. 27, 1918, payable Mar. 28, 1918	500,000,000
At 4½ per cent, dated Mar. 20, 1918, payable June 18, 1918	543,032,500
In anticipation of income and other taxes:	
At 4 per cent, dated Nov. 30, 1917, payable June 25	691,872,000
At 4 per cent, dated Jan. 2, 1918, payable June 25	491,822,500
At 4 per cent, dated Feb. 15, 1918, payable June 25	74,100,000
4. War Savings and Thrift Stamps	126,318,678

Comparative figures of the total public debt of the United States under date of March 31, 1917, and January 31, 1918, the date of the latest public-debt statement, are as follows:

Source: Financial statement of the United States Government, Mar. 31, 1917, and Jan. 31, 1918.]

	Mar. 31, 1917.	Jan. 31, 1918.
A. Debt bearing no interest	$257,227,466	$238,019,016
B. Debt on which interest has ceased since maturity	1,459,630	1,639,200
C. Interest-bearing debt:		
2 per cent consols of 1930, payable after Apr. 1, 1930	606,288,850	599,724,050
3 per cent loan of 1908-1918, redeemable after Aug. 1, 1908, and payable Aug. 1, 1918	63,945,460	63,945,460
4 per cent loan of 1925, payable after Feb. 1, 1925	118,489,900	118,489,900
2 per cent Panama Canal loan, series 1906, redeemable after Aug. 1, 1916, and payable Aug. 1, 1936	49,817,480	48,954,180
2 per cent Panama Canal loan, series 1908, redeemable after Nov. 1, 1918, and payable Nov. 1, 1938	26,178,600	25,947,400
3 per cent Panama Canal loan, series 1911, payable June 1, 1961	50,000,000	50,000,000
3 per cent conversion bonds, payable 1946-47	25,057,200	28,894,500
3 per cent 1-year Treasury notes	23,540,000	27,362,000
Certificates of indebtedness (at 3 per cent and 3½ per cent on June 30, 1917, and at 4 per cent on Jan. 31, 1918)	50,000,000	1,383,873,000
First Liberty loan of 1917, at 3½ per cent, redeemable after June 15, 1932, and payable June 15, 1947		1,986,774,655
Second Liberty loan of 1917, at 4 per cent, redeemable after Nov. 15, 1927, and payable Nov. 15, 1942		3,806,493,790
2½ per cent Postal Savings bonds, redeemable 1 year after date of issue and redeemable 20 years thereafter	9,151,800	10,758,560
2½ per cent Postal Savings bonds, redeemable after Jan. 1, 1918, and payable Jan. 1, 1937	887,960	302,140
War Savings and Thrift Stamps		44,802,191
Total interest-bearing debt	1,023,357,250	8,196,321,826
Total gross debt	1,282,044,346	8,435,980,042
Total net debt	1,207,827,886	7,758,076,696

Of the total war loans realized to the middle of March, 1918, credits opened to the Allied Governments totaled $4,960,600,000, while actual advances made to the Allies aggregated $4,506,829,750, distributed as follows:

	Commitments on Mar. 18, 1918.	Actual advances to Mar. 18, 1918.
Great Britain	$2,520,000,000	$2,390,000,000
France	1,440,000,000	1,370,000,000
Italy	550,000,000	470,000,000
Russia	325,000,000	187,729,750
Belgium	104,600,000	84,900,000
Serbia	6,000,000	4,200,000
Cuba	15,000,000	
Total	4,960,600,000	4,506,829,750

Assuming total payments to the Allies during the current fiscal year of 5 billions, total disbursements of 12 billions, and receipts from taxation of 3.9 billions, we may estimate that of the total net expenditures of the United States for the fiscal year 1918, exclusive of advances to Allied Governments, more than 50 per cent will be defrayed by taxation.

NATIONAL BANK NOTE AND FEDERAL RESERVE NOTE CIRCULATION, 1914–1918.

The outbreak of the European war caused the issue by the national banks of "emergency" currency, secured by miscellaneous securities other than United States bonds under the authority of the Aldrich-Vreeland Act of May 30, 1908. During the week ending August 8, 1914, over $100,000,000 of this currency was put into circulation, and by the end of August this amount was more than doubled. On October 24, 1914, the maximum of $368,616,990 was reached. Retirement of these notes was completed by June 30, 1915.

Simultaneously with the issue of emergency currency clearing-house certificates were used to the extent of $211,778,000. The date of first issue was August 3, and the last cancellation took place on December 14, 1914. The actual circulation of national-bank notes is given below for various "call" dates—i. e., amounts of notes issued by the Comptroller of the Currency, less amounts held by the national banks:

[000 omitted.]

	Central reserve city banks.	Other reserve city banks.	Country banks.	Total.
Dec. 31, 1913	$76,978	$163,959	$486,142	$727,079
Oct. 31, 1914	203,578	273,578	541,038	1,018,194
Dec. 31, 1914	87,844	222,655	538,308	848,807
Nov. 10, 1915	63,634	172,078	477,754	713,466
Dec. 27, 1916	45,977	156,987	463,445	666,409
Dec. 31, 1917	49,448	161,689	463,117	674,254

Federal Reserve notes began to be issued immediately after the new banks began operations. These issues, moderate during the first two years of the banks' existence, assumed larger proportions in 1917, as may be seen from the following table giving the actual circulation of Federal Reserve notes and of the total gold holdings of the system about the end of the calendar years 1914 to 1917 and on March 16 of the present year.

[000 omitted.]

	Federal Reserve notes in actual circulation.	Gold holdings of the Federal Reserve banks and agents.
Dec. 31, 1914	$10,608	$241,321
Dec. 30, 1915	189,026	542,413
Dec. 29, 1916	275,353	736,236
Dec. 28, 1917	1,246,488	1,671,133
Mar. 16, 1918	1,406,228	1,793,243

GERMANY.

Between August, 1914, and December, 1917, war credits, totaling 109 billion marks, were voted by the Reichstag.

[Economiste Européen, Dec. 7, 1917.]

August, 1914	5 billion marks.
December, 1914	5 billion marks.
March, 1915	10 billion marks.
August, 1915	10 billion marks.
December, 1915	10 billion marks.
June, 1916	12 billion marks.
October, 1916	12 billion marks.
February, 1917	15 billion marks.
July, 1917	15 billion marks.
December, 1917	15 billion marks.
Total	109 billion marks.

During the same interval seven war loans were issued by the Imperial Government, aggregating approximately 73 billion marks, distributed as follows:

[Sources: Reports of Imperial Bank of Germany for 1915 and for 1916 Berliner Tageblatt, Dec. 23, 1917; Frankfurter Zeitung, Sept. 6, 1917 and London Economist, May 19, 1917.]

[In millions of marks.]

First loan issued September 10–19, 1914, at 97½: (1) 5 per cent treasury bills falling due October 1, 1920. (2) 5 per cent imperial loan, not redeemable before October 1, 1924.	4,480
Second loan issued February 27-March 15, 1915, at 98½: (1) 5 per cent treasury bills (no amount fixed) not redeemable before October 1, 1924. (2) 5 per cent imperial loan, not redeemable before October 1, 1924.	9,106
Third loan issued September 4–22, 1915 at 99: 5 per cent imperial loan, not redeemable before October 1, 1924.	12,162
Fourth loan issued March 4–22, 1916: (1) 4½ per cent treasury bills (no amount fixed), falling due on July 1, 1932, issued at 95. (2) 5 per cent imperial loan, falling due on October 1, 1924, issued at 98½.	10,767
Fifth loan issued September 4–October 5, 1916: (1) 4½ per cent treasury bills (no amount fixed), falling due between 1923 and 1932, issued at 95. (2) 5 per cent imperial loan, not redeemable before October, 1924, issued at 98.	10,699
Sixth loan issued March 15–April 16, 1917, at 98: (1) 4½ per cent bond, redeemable in drawings at 110 to 120, according to date of drawing. (2) 5 per cent imperial loan, not redeemable before October, 1924.	12,979
Seventh loan issued September 19–October 18, 1917, at 98: (1) 4½ per cent bond, redeemable in drawings at 110 to 120, according to date of drawing. (2) 5 per cent imperial loan, not redeemable before October, 1924.	12,626
Total	72,819

Below is given an analysis of the subscriptions to each of the seven German war loans. It will be observed that the ratio which the larger subscriptions bear to the total amounts subscribed has been increasing while the ratio of the smaller subscriptions has been declining.

[Millions of marks.]

Subscriptions.	First loan.		Second loan.		Third loan.		Fourth loan.		Fifth loan.		Sixth loan.[1]	
	Number of subscribers.	Amount.	Number of subscribers.	Amount.	Number of subscribers.	Amount.	Number of subscribers.	Amount.	Number of subscribers.	Amount.	Number of subscribers.	Amount.
Up to 200 marks	231,112	36	452,113	71	984,358	130	2,406,118	201	1,794,084	154	....	....
300 to 500 marks	241,804	111	581,470	254	858,259	369	967,929	407	681,027	293	....	....
600 to 1,000 marks	543,143	587	660,776	604	918,595	844	885,941	794	605,594	552	....	....
1,100 to 2,000 marks			418,861	733	530,176	928	468,724	792	301,863	520	....	....
2,100 to 5,000 marks	157,591	579	361,459	1,354	422,626	1,563	347,725	1,247	245,873	911	....	....
5,100 to 10,000 marks	56,438	450	130,903	1,057	147,593	1,202	113,927	907	93,189	763	....	....
10,100 to 20,000 marks	19,913	307	46,105	745	53,445	858	42,158	666	40,571	651	....	....
20,100 to 50,000 marks	11,584	410	26,407	926	32,840	1,167	30,361	980	28,500	982	....	....
50,100 to 100,000 marks	3,629	315	7,742	648	10,090	850	9,100	734	9,748	810	....	....
100,100 to 500,000 marks	2,050	509	4,361	1,066	7,074	1,766	6,308	1,531	7,870	1,710	....	....
500,100 to 1,000,000 marks	361	287	538	440	832	695	780	641	1,032	853	....	....
Over 1,000,000 marks	210	869	325	1,162	530	1,729	574	1,812	725	2,448	....	....
Total	1,267,235	4,460	2,691,060	9,060	3,966,418	12,101	5,279,645	10,712	3,809,976	10,647	6,768,082	12,979
Further subscriptions from battle field and foreign countries beyond the sea brought the total to	....	4,480	....	9,106	....	12,162	....	10,767	....	10,699	....	12,979

Subscriptions.	Seventh loan.		First loan.		Second loan.		Third loan.		Fourth loan.		Fifth loan.		Sixth loan.[1]		Seventh loan.	
	Number of subscribers.	Amount.	Number of subscribers.	Amount.	Number of subscribers.	Amount.	Number of subscribers.	Amount.	Number of subscribers.	Amount.	Number of subscribers.	Amount.	Number of subscribers.	Amount.	Number of subscribers.	Amount.
			Per ct.	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*	*Per ct.*
Up to 200 marks	3,233,472	208	18.2	0.9	16.8	0.8	24.8	1.1	45.5	1.9	47.1	1.4	......	......	61.9	1.6
300 to 500 marks	693,729	295	19.1	2.5	21.6	2.8	21.6	3.1	18.2	3.8	17.9	2.8	......	......	13.2	2.4
600 to 1,000 marks	586,623	531	42.9	13.1	24.5	6.7	23.2	7.0	16.7	7.4	15.9	5.2	......	......	11.6	4.3
1,100 to 2,000 marks	264,871	461			15.6	8.1	13.4	7.7	8.9	7.4	7.9	4.9	......	......	5.1	3.7
2,100 to 5,000 marks	233,542	868	12.4	13.0	13.4	14.9	10.7	12.9	6.6	11.6	6.5	8.5	......	......	4.5	7.0
5,100 to 10,000 marks	100,781	818	4.5	10.1	4.9	11.7	3.7	9.9	2.2	8.5	2.4	7.2	......	......	1.9	6.6
10,100 to 20,000 marks	42,732	697	1.6	6.7	1.7	8.2	1.3	7.1	1.0	6.2	1.1	6.1	......	......	.8	5.6
20,100 to 50,000 marks	33,914	1,189	.9	9.2	1.0	10.2	.8	9.6	.6	9.1	.7	9.2	......	......	.6	9.5
50,100 to 100,000 marks	12,169	1,024	.3	7.2	.3	7.2	.3	7.0	.2	6.9	.3	7.6	......	......	.2	8.2
100,100 to 500,000 marks	9,145	2,092	.1	11.4	.2	11.7	.2	14.6	.1	14.3	.2	16.1	......	......	.2	16.8
500,100 to 1,000,000 marks	1,363	1,130	......	6.4	......	4.9	......	5.7	......	6.0	......	8.0	......	......	......	9.1
Over 1,000,000 marks	1,032	3,145	......	19.5	......	12.8	......	14.3	......	16.9	......	23.0	......	......	......	25.2
Total	5,213,373	12,458	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	......	......	100.0	100.0
Further subscriptions from battle field and foreign countries beyond the sea brought the total to	....	12,626	......	......	......	......	......	......	......	......	......	......	......	......	......	......

[1] Data not available.

The London Economist (Feb. 23, 1918) reports the total funded and unfunded war debt of the Empire as 84,981,720,000 marks on September 30, 1917, at the following rates of interest: 51,044,540,000 marks at 5 per cent; 1,129,820,000 marks at 4 per cent; 1,971,020,000 marks at 3½ per cent; 1,630,980,000 marks at 3 per cent; 2,158,730,000 marks at 5 per cent (Treasury bonds); 4,028,980,000 marks at 4½ per cent; and 23,017,630,000 marks (Treasury bills). The debt on October 1, 1913, was 4,897 million marks, and if to this amount are added 72,819 millions of internal loans, 29 billions representing estimated amount of the floating debt and 42 millions loans floated in the United States, the total debt at the end of 1917 would be about 106,758 million marks.[1]

[1] Cf. Statistisches Jahrbuch für das deutsche Reich, 1915, p. 359, and speech by Sir Edward H. Holden, in Statist Feb. 2, 1918. Inasmuch as the debt was being gradually reduced before the war, the figure for October, 1913, may safely be taken as the maximum indebtedness on July 31, 1914.

In the budget for 1918–19 the estimates of income and ordinary expenditures balance at 7,332 million marks, as compared with 4,941 million marks for the preceding financial year. The chief cause for this increase is the rise in the debt charges. For 1918–19 it will amount to 5,907 million marks, whereas in 1917–18 it was 3,561 million marks. The difference of 1,625 million marks is expected to be met by increased taxation.[1]

FIDUCIARY CIRCULATION.

Before the war the Imperial Treasury had issued a total of over 200 millions of its own notes, the so-called Reichskassenscheine. During the war the authorized amount of these legal-tender notes was raised to 360 million marks, nearly all of which are in circulation. On February 7, 1918, the Reichsbank notes in circulation amounted to 11,122 million marks. (London Economist, Feb. 23, 1918.)

In addition, there are in circulation certificates of the war-loan banks, the so-called Darlehnskassenscheine. The total issued by December 31, 1914, according to the Statistisches Jahrbuch für das deutsche Reich (1915 edition, p. 295), was 1,317 million marks, of which 445.8 millions were in actual circulation and the remainder in the vaults of the Reichsbank. At the end of 1915 the total actual circulation of these certificates in 20-, 5-, 2-, and 1-mark denominations is shown in the 1915 Reichsbank report as 972.2 millions, while the amount of certificates held by the Reichsbank on that date was 1,254.8 million marks.

The annual report of the German Loan Banks for 1916[2] shows total gross issues of loan-bank certificates since September, 1914, as 38.9 billions of marks, the Loan Bank of Berlin alone having issued an aggregate of 29.06 billions. On December 31, 1917, the sum of 3.41 billions of marks of these certificates was outstanding, of which amount the Bank of Berlin had issued 2.37 billions. Of the loans outstanding at the close of the calendar year 1916, 3.27 billions were advanced on stocks, shares, and book claims and only 138.18 millions on merchandise.

[1] L'Economiste Européen, Feb. 22, 1918.
[2] "Konjunktur" July 5, 1917.

War-loan advances comprised 54 per cent of the total in January, 47.6 per cent in February, and 33.7 per cent in March, 1916, after which a rise set in, the June percentage being 64.6. Lower percentages are shown for the later months—war-loan advances in August falling to 46.4 per cent of the total; in October, to 37.7 per cent; and in December to 32 per cent.

Loan-bank notes put into circulation by the Reichsbank up to the end of 1916 were distributed as follows: 233.65 million marks in 1-mark denominations, 328.67 millions in 2-mark denominations, and 940.57 millions in 5-mark denominations. Many of the Reichsbank 20- and 50-mark notes were replaced by loan-bank certificates. On December 30, 1916, of the total amount of certificates in circulation, 649.9 millions were in 20-mark denominations and 720.14 millions in 50-mark denominations.

As reported in the London Economist (Feb. 16, 1918), operations of the loan banks during 1918 were as follows:

[In millions of marks.]

	Dec. 31, 1917.	Jan. 7, 1918.	Jan. 15, 1918.	Jan. 31, 1918.	Feb. 7, 1918.
In Reichsbank	1,304	1,338	1,256	1,252	1,236
Treasury note cover	120	120	120	120	120
In circulation	6,266	6,196	6,114	6,288	6,306
Loans outstanding	7,690	7,654	7,490	7,660	7,662

Some idea of the progressive expansion of note circulation in Germany during the most recent period may be had from the following table showing the amounts of the several classes of notes outstanding on the last day of each month in 1917 and weekly in January and February, 1918. It is seen that the volume of Reichsbank notes in circulation has increased by about 3.4 billions during the year, from 7,858 to 11,138 million marks, or about 42 per cent. For the loan bank certificates an increase from 3,070 to 6,288 millions is shown, or at the rate of about 105 per cent. No increase is shown in the circulation of Treasury notes, while the amount of gold cover, following a decrease by 132 millions between May and July, 1917, remained practically stationary at slightly over 2,400 million marks.

Note circulation in Germany.

[Compilation of weekly figures given in London Economist.]

[Millions of marks.]

	Dec. 31, 1916.	Jan. 31, 1917.	Feb. 28, 1917.	Mar. 31, 1917.	Apr. 30, 1917.	May 31, 1917.	June 30, 1917.	July 31, 1917.	Aug. 31, 1917.	Sept. 29, 1917.	Oct. 31, 1917.	Nov. 30, 1917.	Dec. 31, 1917.	Jan. 7, 1918.	Jan. 15, 1918.	Jan. 31, 1918.	Feb. 7, 1918.
Reichsbank notes	8,054	7,858	8,108	8,616	8,316	8,286	8,698	8,852	9,338	10,204	10,400	10,622	11,468	11,344	11,044	11,138	11,122
Treasury notes	352	350	348	348	344	344	344	344	344	348	348	348	350	348	346	348	348
Loan-bank certificates	2,874	3,070	3,376	3,754	3,898	4,110	4,522	4,724	4,984	5,430	5,606	5,860	6,266	6,196	6,114	6,288	6,306
Total	11,280	11,278	11,832	12,718	12,558	12,740	13,564	13,920	14,666	15,982	16,354	16,830	18,084	17,888	17,504	17,774	17,776
Gold	2,520	2,524	2,526	2,532	2,532	2,534	2,456	2,402	2,404	2,404	2,404	2,406	2,406	2,406	2,406	2,406	2,406

AUSTRIA.

The first Austrian budget to be presented to Parliament since the outbreak of the war is for the fiscal year 1917–18. Discussion of this budget reported in the Neue Freie Presse of September 26, 1917, shows estimated expenditures for the financial year 1917–18 as 22,169,662,326 crowns, of which sum 5,359,937,606 crowns are considered ordinary civil expenditures and 16,809,724,720 extraordinary expenditures. The total ordinary revenue is estimated at 3,890,475,536 crowns and temporary sources of revenue are expected to yield in addition 303,606,000 crowns, or a total of 4,194,081,536 crowns. The deficit of 17,975,580,790 crowns is to be covered by credit operations.

A comparison of expenditures incurred during previous years affords some idea of the growth of the national debt since 1914. In 1914–15 the ordinary budget and expenses incurred directly for war purposes totaled 10,705,847,000 crowns. During 1915–16, this sum rose to 15,725,970,000 crowns; during 1916–17, to 18,787,726,000 crowns, and the estimate for 1917–18, as reported above, places it at 22,169,662,000 crowns.[1]

WAR LOANS.

Seven war loans were floated in Austria, yielding a total of 32,073 million crowns, described as follows:

[Sources: Statesman's Yearbook 1917; Fremden-Blatt, Dec. 16, 1917; Frankfurter Zeitung, Oct. 24, 1917; and Kölnische Zeitung, Nov. 6, 1917.]

	Million crowns.
(a) First loan, issued November, 1914, at 97½ (5½ per cent treasury bills, falling due at par on Apr. 1, 1920)	2,201
(b) Second loan, issued May, 1915, at 95¼ (5½ per cent stock, not redeemable before 1925)	2,688
(c) Third loan, issued October, 1915, at 93.6 (5½ per cent treasury bills not redeemable before Oct. 1, 1930)	4,203
(d) Fourth loan, issued May, 1916: 5½ per cent treasury bills repayable at par in June, 1923, issued at 93; 5½ per cent bonds to run for 40 years, issued at $95½	4,520
(e) Fifth loan, issued in December, 1916: 5½ per cent treasury bills at 92½; 5½ per cent bonds, at 96½	4,467
(f) Sixth loan	5,289
(g) Seventh loan, issued in December, 1917: 5½ per cent loan redeemable at par by drawing between 1923 and 1957, issued at 91; 5½ per cent bonds redeemable at par in 1926, issued at 93	5,802
Total	32,073

Advances by the Austro-Hungarian Bank to the Austrian Government totaled 9,040 million crowns on December 7, 1917, according to the first report submitted to the bank's board of directors since the beginning of the war. According to the Economiste Européen these advances were given as 13,130 millions by the budget commission of the Reichsrat. It is likely, however, that the larger figure includes the advances of the bank to the Hungarian Government. The total war debt of Austria is stated by the same authority as 52,580 million crowns, equivalent to $10,673,740,000, composed as follows:

Receipts from loans, 29,270 million crowns; advances of Austro-Hungarian Bank, 13,130 millions; advances of Austrian banks, 7,230 million; and advances of German banks, 2,950

[1] L'Economiste français, Jan. 5, 1918, p. 36.

million crowns. It is not clear whether amounts advanced by the banks are for Austria only or for the Dual Monarchy.

FIDUCIARY CIRCULATION.

According to the Nieuwe Rotterdamsche Courant (Nov. 26, 1917), the total advances of the Austrian War Loan Bank were 247,354,220 crowns up to October 31, 1917. Of this amount, 145,068,730 crowns were repaid, leaving 102,285,490 still outstanding at the time. Of the latter sum 100,512,890 crowns, or 98.3 per cent, represented advances upon securities or savings-bank accounts; 122,070 crowns, or one-tenth of 1 per cent, on merchandise, and the remainder of 1,650,530 crowns advances on mortgage securities.

Excerpts from the Frankfurter Zeitung (December 22, 1917) and the Fremden-Blatt (December 19, 1917, and January 18, 1918) describe the report of the Austro-Hungarian Bank as presented to the board of directors, which throws considerable light on the note circulation and the general condition of the bank. Notes in circulation increased from 2,160 million crowns on July 23, 1914, to 18,440 millions on December 31, 1917, an increase of 15,580 million crowns. About two-fifths of this increase took place in 1917, as the following table indicates:

	Million crowns.
Dec. 31, 1913	2,490
July 23, 1914	2,160
Dec. 31, 1914	5,200
Dec. 31, 1915	7,200
Dec. 31, 1916	10,890
June 30, 1917	12,000
Oct. 19, 1917	15,600
Dec. 7, 1917	17,740
Dec. 31, 1917	18,440

In 1915, the average monthly increase was 166 million crowns and in 1917 it rose to 640 million crowns. The gold cover has meanwhile been constantly dwindling. At the end of 1914 the ratio of gold to note circulation was 22.9 per cent; at the end of 1915 it fell to 9.4 per cent; in 1916, to 2.8 per cent, and in 1917, to 1.6 per cent. Simultaneously with this decline in gold cover, the advances of the Austro-Hungarian Bank to the government have increased prodigiously. From 625 million crowns in 1915 they rose to 13,690 millions at the end of 1917.

HUNGARY.

[Sources: Statesman's Year-Book, 1917; Bankverein Suisse, Bulletin mensuel No. 2, February, 1917; Neue Freie Presse, Oct. 28, 1917.]

Loans issued during the period 1914 to 1917.

	Million crowns.
First loan, issued Nov. 16–23, 1914, at 97½, 6 per cent rente, not redeemable until Nov. 1, 1920	1,175
Second loan, issued May 12–26, 1915, 6 per cent stock, at 97.5, not redeemable before 1921, and 5½ per cent rente at 90.8, not redeemable before 1925	1,132
Third loan, issued Oct. 18–Nov. 17, 1915, 6 per cent rente at 97.1, not redeemable before 1921	1,985
Fourth loan, issued Apr. 19–May 23, 1916, 6 per cent rente at 96.7, not redeemable before Nov. 1, 1921, and 5½ per cent treasury bills at 91.4, not redeemable before June 1, 1926	2,025
Fifth loan, issued Nov. 23–Dec. 22, 1916, 6 per cent rente at 97.2, not redeemable before 1920, and 5½ per cent treasury bills at 95.5, redeemable at 105 between 1922 and 1942	2,415
Sixth loan, issued in 1917, 6 per cent rente and 5½ per cent treasury bills (unofficial returns)	2,532
Seventh loan, issued in 1917, 6 per cent rente at 96.1 and 5½ per cent treasury bills at 91.25, convertible at option of Government after Aug. 1, 1922	[1] 3,000
Total	14,264

Advances of the Austro-Hungarian Bank to the Hungarian Government amounted to 4,158 million crowns on December 7, 1917, and by adding 1,050 million crowns, representing "valuta" loans in Germany up to the end of 1916, and current account advances by various banks to the extent of two billion crowns, the total war debt of Hungary may be estimated at 21,472 million crowns.

[1] Preliminary unofficial estimate.

Interest on Deposits.

After a discussion of the situation as to rates of interest on deposits, which lasted for several weeks, the New York Clearing House Association at a special meeting held on Tuesday, March 19, arrived at an adjustment of the pending issues. The by-laws of the Clearing House Association were amended by adopting a provision covering maximum rates. This action was nearly unanimous, only three out of the 58 banks and trust companies voting on the amendment being recorded in opposition. The amendment, which fixes the schedule of rates of interest effective April 1, 1918, is as follows:

No member of this association, or bank, or trust company, or others clearing through any member, shall agree to pay or shall pay, directly or indirectly, on any credit balance payable on demand or within 30 days, or certificate of deposit so payable, by its terms, issued to or for the account of any bank (other than a mutual savings bank located in the second Federal Reserve district), trust company, or other institution conducting a banking business, or private banker or bankers, located in the United States or Dominion of Canada, interest at a rate in excess of 1 per cent per annum when the then 90-day discount rate for commercial paper at the Federal Reserve Bank of New York is 2 per cent or less, and an additional one-fourth of 1 per cent for every one-half of 1 per cent that such discount rate shall exceed 2 per cent, except that the maximum rate paid or agreed to be paid on any such credit balance or certificate of deposit shall not in any case be higher than 3 per cent per annum; nor shall any member or nonmember clearing through a member, pay or agree to pay on any like credit balance of, or like certificate of deposit issued to, any mutual savings bank located in the second Federal Reserve district, or any person, persons, copartnership, corporation, or association, other than those specified and included above, interest at a higher rate than 3 per cent per annum; nor on any time deposit, or certificate of deposit payable by its terms later than 30 days from the date thereof, at a higher rate than 3½ per cent per annum. The foregoing provisions are not intended to apply to the account of, or any certificate of deposit issued to, any person or persons residing and transacting business in any foreign country other than the Dominion of Canada, or to any corporation, association, or copartnership organized and located in any foreign country other than the Dominion of Canada, or to any corporation, asssociation, or copartnership organized and located therein, nor to affect such interest rates as are or may be fixed or regulated by law.

The clearing-house committee upon ascertaining to the satisfaction of a majority of its members that a member, or nonmember clearing through a member, has violated the provisions of this section shall report their findings to the association, and if approved by a majority vote of all the members of the association the offending member or nonmember shall be fined $5,000. On the second offense the member, or such nonmember, shall be subject to expulsion from the Clearing House Association, and the committee will proceed to act as the constitution provides for the expulsion of a member.

The substance of the proposed amendment had previously been considered by the Federal Reserve Board, and in a letter dated Monday, March 18, and addressed to Mr. Walter E. Frew, president of the New York Clearing House Association, Governor Harding said:

"I acknowledge receipt of your letter of the 15th instant inclosing copy of the proposed amendment to the constitution of the New York clearing house which, I understand, has been agreed upon by the clearing-house committee and by the committee of trust companies including both members of the clearing house and those not members.

"The proposed amendment to your by-laws has been considered by the Federal Reserve Board, and while the Board regrets that it has not proved practicable to reach an agreement providing for an interest schedule based on a maximum of 2 per cent for bank balances, it appreciates the difficulties which have been in the way of reaching such an agreement. The Board understands that no bank or trust company will be obliged to increase any lower existing rates, but that the rates proposed are maximum rates, to which level any higher rates now obtaining must be reduced, and it is gratified to know that the plan proposed will, if adopted, materially reduce the average rates of interest now being paid by banks and trust companies on the various classes of accounts, namely, bank balances, open accounts, certificates of deposit payable on demand, and time deposits and certificates.

"The schedule, therefore, is a revision downward instead of upward, and while the Board fears that, unless thoroughly explained and understood, its adoption may result in an advance of rates by some of the interior banks, it feels that a distinct gain has been made in the promotion of a spirit of harmony and unanimity among the New York City institutions which ought to be instrumental in preventing any runaway competition throughout the country, which the Board will use every effort to forestall.

"In view of all the circumstances, therefore, the Board will make no objection to the revised plan proposed, and it sincerely hopes that your committee's view of the results will prove correct. I wish, on behalf of the Board, to thank you and the other members of your committee for your constant and unremitting efforts to bring about a satisfactory solution of this exceedingly difficult problem, and to express sincere appreciation of the spirit of cooperation, concession, and conciliation which has been manifested by your banks and trust companies."

HISTORY OF INTEREST QUESTION.

One of the earliest expressions on the matter by the New York banks, with respect to the question of interest on deposits, was furnished by the preamble and resolutions adopted by the 46 banks belonging to the New York Clearing House Association on March 15, 1858, reading substantially as follows, viz:

Whereas 40 of the 46 banks belonging to the New York Clearing House Association have signed an agreement no longer to allow interest on deposits directly or indirectly, providing all the banks composing such association shall concur in said agreement; and whereas, entire unanimity has thus been so nearly expressed as to render it in our opinion desirable to carry that agreement into practical operation; therefore

Resolve, That we on behalf of our respective institutions, do agree to waive the condition which requires the concurrence of all the banks to said agreement, and we bind ourselves to adhere to the same in all respects as if it were so signed by every member of the Clearing House Association.

Resolve, That in order more effectually to accomplish a reform, which we believe is demanded alike by the best interests of the commercial community and our own, we hereby appoint a committee of five members, to whom shall be communicated all information touching the practical working of this agreement, and who shall be required to convene the parties hereto for mutual counsel and protection, by written notice, whenever in their opinion the operations of any bank or other causes makes it necessary; and

Whereas in the opinion of this association, it is impracticable for any institution in this city, engaged in the business of legitimate banking, to pay interest on deposits, and at the same time carry the relative proportion of specie reserve, which experience has proved to be required, for its own safety and public good: Therefore

Resolve, That, in furtherance of the end proposed, by our agreement to discontinue the payment of interest on deposits, and in accordance with the recommendation of the report of the committee on that subject, we also agree, each to keep on hand at all times an amount of coin equivalent to not less than 20 per cent of our net deposits of every kind, which shall be made to include certified checks and all other liabilities (except circulating notes), deducting the daily exchanges received from the clearing house.

This agreement may be annulled by a majority of all the members to the same, at a meeting called by request of five members, on written notice to each stating the object of the meeting.

Mr. Booth, of the American Exchange Bank, offered the following as a substitute for a part of the above preamble and first resolution, viz:

Whereas the almost unanimous sentiment of the banks in New York has been expressed against the principle of paying interest on current deposits as unsafe to themselves and to the community; and whereas, we believe that the present is a peculiarly auspicious time to correct the evil: Therefore

Resolve, That we, on behalf of our respective institutions, do agree that we will not hereafter consent to receive an account and allow interest on the same.

The amendment was accepted by Mr. Taylor, and the preamble and resolutions as amended, were then upon motion laid on the table, for the purpose of receiving the report of the committee appointed to consider "the measure of each bank holding at all times not less than a certain fixed percentage of coin to its liabilities."

Mr. Silliman presented the following report, viz:

The committee to whom was referred the subject of the "proper ratio of specie to be hereafter held by the banks in the city of New York, in regard to their liabilities" respectfully report that they do not propose to go into an elaborate examination of the expediency of an increased and equal ratio of specie, deeming that the experience of the past year has sufficiently demonstrated the necessity of both; but intend to confine themselves to the statistics bearing upon the subject, prepared with much labor from the records of the clearing house by Mr. Lyman, the manager.

It would appear from these records that after deducting exchanges the average net amount of the liabilities, consisting of deposits and circulation, for the year ending July 28, 1855, was $63,032,146, and the average amount of specie thereon was 22½ per cent, or $14,144,527.

For the year ending July 26, 1856, net liabilities	$71, 254, 052
Average of specie, 18¾ per cent	13, 390, 193
For the year ending July 25, 1857, net liabilities	74, 354, 345
Average of specie, 16 per cent	11, 885, 647

As the ratio of specie held by the different banks has been by no means equal, the committee have deemed it expedient to separate three of the banks holding the largest reserves from the rest, not with any invidious intent, but simply that the ratio held by the banks in general, may be more fairly indicated.

Of the above sum in 1855, three banks held on their net liabilities $3,942,178, or 36 per cent; while all the remaining banks held $10,202,349, or 19½ per cent; in 1856, the same three banks held $3,777,331, or 30⅝ per cent; the remaining banks held $9,612,862 or 16⅓ per cent; year ending July, 1857, the same three banks held $3,268,874, or 27⅞ per cent; the remaining banks held $8,616,773, or 13¾ per cent; and from that period to March 6, 1858, the same three banks have held on their net liabilities $5,634,358, or 44¼ per cent; while the remaining have held $14,867, 268, or 26⅓ per cent.

It would be easy for the committee to demonstrate the necessity of a larger reserve of gold than that heretofore held, but they conceive that the rapid transit of the precious metals from their depositories, through the influence of steam conveyance, under telegraphic instructions, will, of itself alone, present to the minds of bank officers sufficient reasons for the requisition of a stronger base than that on which they have hitherto rested.

The committee propose that on and after the —— day of April next the banks in the city of New York shall by a written instrument, under the sanction of their various boards of directors, bind themselves to hold at all times a ratio of not less than 20 per cent in specie upon their net deposits and circulation, the dictinct meaning of the term "deposits" to be defined by a committee duly appointed for that purpose to insure uniformity thereon.

The committee further recommend that at an adjourned meeting, after duly considering the subject, the bank officers shall come fully prepared to sign such instrument.

ACTION OF 1873.

In 1873 a committe appointed by the New York Clearing House Association "to carefully consider and report what reforms are required in the practical operations of banks with each other and with the public to increase the security of their business," reported in part as follows, viz:

That in order to reach the object sought by the resolution it is necessary briefly to review the condition and practical working of the banking system in this city before the commencement of the late panic.

Banks are the natural depositories of the current capital of the Nation, passing into and out of active industry and commerce. The balances held by them are for the time specially reserved by their owners from permanent investment and kept subject to immediate command. They constitute a main portion of the wealth of the community which is not yet ready to be consolidated into fixed capital or immovable forms. The custodians of such funds are consequently bound by the very nature of their trust to preserve them in their integrity and to apply them only in such ways as will prevent them from falling into inactivity and also to hold such proportion in ready cash in hand, as long experience has proved to be necessary, to meet immediate demands in every possible emergency. And it may be confidently affirmed that a bank or banker who faithfully meets all these obligations renders a full equivalent for any benefits which can be honorably derived from the custody of such a trust.

No institution can, in the long run, purchase deposits of money payable on demand of the owners, and at the same time secure to itself a just and proper compensation for the business, without violating some of the conditions indispensable to the public safety. It must either use them in ways that are illegitimate and perilous, or use them in excess. This has been abundantly proved by innumerable instances in years past, and the practice of paying interest for such deposits was unanimously condemned by the bank officers in 1857 as one of the principal causes of the panic at that period, for the reasons given in a printed report, of which a copy is annexed hereto, and to which, with the consequent resolutions of the associated banks then adopted, your committee most respectfully invite attention.

The creation of many new institutions since the late Civil War began which have considered it expedient to purchase public favor and thus divert to themselves business from established channels, has revived the custom of paying interest upon deposits, and has also led some of the older banks in self-defense to yield more or less to the pressure in the same direction, while it has induced others to adopt newer methods of obtaining patronage equally pernicious.

And thus a sharp and degrading competition has not only prevailed among banks in this city, but has been excited as a necessary consequence in other places, where the far-reaching enterprise of some of our associates has led them in pursuit of business, not only from institutions but from all classes of society. Banks throughout the country have been aroused to enlist in the same destructive practices toward each other and in defense of their various localities. A premium has been unnecessarily given for business which, left to itself, would fall without cost into its natural channels and adjust itself to such localities as the convenience of the people and the best interests of the country require.

Without such rivalry the resources of the Nation would be so diffused among the banks as to give increased financial strength and stability to every part, and not only remove a great cause of irritation, but add to the comfort, efficiency, and profit of all.

The evil results of paying interest upon current deposits, avowed when the internal commerce of the Nation was conducted upon a specie basis, are greatly aggravated when it is carried on by an irredeemable currency, which has a fixed and invariable volume, and which flows to and from the commercial center with the changes of the seasons. Such a currency is superabundant in summer, and instead of being then naturally absorbed and diminished by redemption, it accumulates in banks, which can not keep it idle without loss of the interest paid to its owners. Legitimate commerce does not then demand it. It is still subject to instant call. There is consequently no resource but to loan it in Wall Street upon stocks and bonds, in doing which so much of the Nation's movable capital passes for the time into fixed and immovable forms of investment, and its essential character is instantly changed. Loans are made with facility upon securities which have no strictly commercial quality, new and unnecessary enterprises are encouraged, wild speculations are stimulated, and the thoughtless and unwary are betrayed into ruinous operations. The autumnal demand finds the resources of the Nation unnaturally diverted from their legitimate channels, and they can only be turned back with difficulty and public embarrassment. Such has been our well-known experience year after year. Interest upon money has, as a consequence, fluctuated widely from 3 and 4 per cent per annum in summer to 15 and 20 per cent in the fall and winter upon commercial paper, and upon stocks at times to one-half and even 1 per cent a day. Vicissitudes like these are utterly destructive to all legitimate commerce, and institutions whose operations tend to such results are enemies to the public welfare.

Deposits which are derived from strictly commercial operations can not fluctuate so widely from time to time as to produce disturbance in the community, and banks which confine their business to them, as they naturally arise, are always reliable and regular in their treatment of their dealers, and can be conducted with ease and comfort to their managers and safety to the public. On the contrary, deposits which are purchased by payment of interest, or otherwise, and which must therefore of necessity be largely loaned "on demand," are the cause of continual agitation and solicitude to those who hold them in charge. They are certain to be withdrawn at the season of the year and at the moment most inconvenient to the banks and to their dealers. This fact is best illustrated by the following figures:

The average deposits of the 60 clearing-house banks for 10 weeks from 5th July to 6th September were		$232,228,000
The lowest amount reached since the panic was		143,170,000
Showing a total reduction of		89,058,000
Of the above amount during the 10 weeks, 12 interest-paying banks held	$111,585,000	
The lowest total reached by them since the panic	52,669,000	
Showing a loss in 12 banks of		58,916,000
And in the other 48 banks of		30,142,000

and were it not for the fact that several of the 48 banks are more or less involved in the same practice, this disparity would be still more apparent.

When the late panic commenced, the 60 banks composing the New York Clearing House were indebted for about two hundred millions of deposits. Of this amount three institutions (paying interest to their country depositors) owed about fifty millions, and including these, 12 banks of similar character owed about one hundred millions; that is to say, 12 institutions held one half of the aggregate deposits, and the other 48, their associates, the other half. The proportionate reserve of legal-tender notes in the associated banks was also greatly in favor of the latter number for the obvious reason that banks which pay interest upon money can least bear to have any amount of it idle. The active demand first came, as it usually comes, for that portion of deposits due to country banks, who, in addition to their annual necessities, had been disturbed by failures of several city bankers, holding large balances of money due to the interior. These deposits were to a great extent loaned upon stocks and bonds in Wall Street, payable "on call," with the confident belief that they were there earning more than the interest paid for securing them, and were available as promised. But, from the very nature of the case, the rapid withdrawal of deposits from the banks made the "call" from every direction simultaneous, and closed every resource from which the "Street" derived its power to respond. Borrowers upon stocks were deprived both of their facilities of borrowing and of all power to sell their securities. The necessary result occurred. Banks which found themselves in this dilemma had no alternative but to ask the assistance of their associates, and the conflagration was so rapid and violent that every consideration of fraternal sympathy, self-preservation, and public safety compelled a general and earnest cooperation; and the majority, who had for long years conducted their business upon sound principles, and who had patiently submitted to the loss of valuable accounts, drawn from them by their associates, by practices against which they had continually protested, instantly responded to the call by placing their resources at command of those who had done so much toward producing the calamity, making common cause, the weak with the strong, to avert a universal catastrophe.

An expedient was found by which the stronger banks placed themselves under the unequal burthen, and equalized the pressure, by gathering in their resources and placing them at the disposal of the weaker, who were thus furnished with means to meet the demands of their depositors and to save themselves from public exposure and their dealers in city and country from disaster and ruin. Meanwhile the public confidence in institutions had become so greatly impaired that the "legal-tender reserve" was reduced from thirty-four millions, on the 20th September, to five millions eight hundred thousand on the 14th October, an amount of ready money never before paid out in the same time. Interior banks, whose ready means in hand had always been merely nominal, but whose resources consisted chiefly of credits upon the books of interest-paying banks in the principal cities, were under the necessity of calling back their deposits in a medium never before required, and to these the associated banks were asked to respond, as well as to the demands of timid dealers at home.

Your committee take this occasion to congratulate the associated banks upon the liberal and excellent spirit in which this crisis has been met, and upon the happy escape from a most imminent danger which threatened them, and with them, the country at large. It is not too much to say that had it been less boldy, promptly, or unanimously encountered, the results must have been more disastrous and widespread than any that have occurred during the present generation.

While the banks have intelligently recognized the errors of their associates, by which the late financial complications were aggravated and the community imperiled, there has been no disposition whatever to deal in harsh reproaches. On the contrary, the magnitude of the trust is deeply felt, and the utmost good feeling prevails; an earnest desire and a unanimous determination are expressed on every side to reform existing abuses and to reorganize the clearing house upon a basis of mutual support and uniformity of business.

Late experience has again demonstrated the fact that the banks in the association are necessarily dependent one upon the other in times of peril, as well as in the trusts which the large operations of the clearing house daily impose, and that the entire body inevitably suffers from the errors and indiscretions of a single member. No institution, therefore, has a moral right to conduct its affairs with the public in defiance of the general conviction of its associates, or to introduce private terms of dealing with its customers which are in conflict with the best interest of all. Bank officers have no right to be sharp, personal competitors for public patronage, nor merely laborers for dividends on behalf of a limited constituency. They are in a most important sense trustees for the whole community, and public administrators of great interests, which forbid the least departure from principles which long experience has sanctified.

With these general considerations your committee proceed to the more practical questions submitted to them, viz, "What reforms are required in the operations of banks with each other and the public to increase the security of their business?" and, first and most prominent, they recommend that the banks entirely discontinue the payment of interest upon deposits, whether directly or indirectly.

THE RESERVE.

The requirement of a "legal reserve" is now engaging special public attention, and much impatience is expressed at the law which compels banks to hold a definite ratio of legal-tender notes to liabilities. The practical difficulty consists in attaching a rigid and inflexible rule of law to a mobile fund, which is held for the purpose of meeting sudden contingencies, and which is, therefore, in its very nature, a variable quantity. It is impossible clearly to prescribe by statute the circumstances or the exact periods during which the reserve should be increased or diminished. There seems an intrinsic absurdity in a law requiring that a "reserve" must be always kept, which was created on purpose to be used, or that a bank officer who draws upon his reserve, under circumstances for which it was intended, is false to the oath which he takes to obey the law. But the fact that a military commander can not be definitely instructed when he may employ his reserve force is not regarded as a reason why that important portion of an army organization should be abandoned or be reduced in number or efficiency. So long as bank debts are subject to cash payments, so long must the obligation be either imposed or assumed of keeping sufficient cash in hand to pay whatever portion can possibly be presented. It must always be remembered that, in the absence of any important central institution, such as exists in other commercial nations, the associated banks are the last resort in this country, in times of financial extremity, and upon their stability and sound conduct the national propspeity greatly depends. In claiming for them that, in taking faithful care of the active capital of the Nation with which they are intrusted, they render a full and equitable compensation for its proper use, your committee point to the consequent and paramount duty of the banks to hold such proportion of that fund in actual possession in cash as the extremest needs may demand.

It has been suggested that the Federal principle which our association has applied to banking, through the use of "loan certificates" in two important crises, might be used effectively in regular business, by keeping two separate accounts, viz, "cash" and "bank credit," each payable in kind, to avoid a "run" upon banks in time of panic; and much speculative study throughout the world is given to the question how the idea of "clearing" as used through banks may be indefinitely extended to effect the smaller exchanges of the community so as to dispense in a great measure with large reserves of ready money. But in the present condition of economic science, and especially in this important exigency, your committee recommend that we accept the teachings of practical experience, and pursue the well beaten track which trade and commerce universally recognize.

Experience of older commercial nations has shown that the volume of "reserve" should be in the proportion of one-fourth to one-third the direct liabilities of a bank, and whenever it is there found receding from this amount, restrictive measures are taken to replenish it. Our own association in 1857 established a minimum ratio of 20 per cent in coin, which was for the time carefully observed, and again in 1860 increased this minimum to 25 per cent. The present abnormal condition of the currency increases the difficulty inherent in this subject. The law permits the reserve to consist of coin and legal-tender notes, and at the same time compels banks to receive as money the notes of national banks, which in legal payments are not money; so that, for practical uses as "reserve," we are troubled by a species of money which is above, and by another which is below the standard quality. And it affords a striking commentary upon our present anomalous condition, that the money of the world, which is now freely coming into the country from legitimate commerce. can not be absorbed into our banking system, but is necessarily repelled as a cause of serious embarrassment. The opinion that has largely prevailed, that because the business of this country is now conducted upon a basis of irredeemable paper, that therefore there can be no suspension of payments, has been most effectually dispelled, and the contrary is established, that a currency from its nature limited in volume is subject to sudden and special dangers, and therefore requires special protection. Recent experience has shown how rapidly thirty-four millions may be withdrawn from our associated institutions, and. for practical uses, how inadequate is the reserve held by country banks. That reserve, as fixed by law, is 15 per cent of liabilities, and three-fifths of it may consist of deposits in banks in the larger cities, who may subdivide it by placing one-half their own reserves in banks in the city of New York, where again it is subject to a further reduction, form the fact that these last are only required to hold 25 per cent of their own liabilities, of which these deposits form part. The aggregate held by all the national banks of the United States does not finally much exceed 10 per cent of their direct liabilities, without reference to the large amount of debt which is otherwise dependent upon the same reserves. When we consider that a portion of this final reserve may consist of coin, which, under present circumstances, has no practical power in an extremity, and a further fact that the interest-paying banks, which have always held the larger part of those reserves, have been forced by their position continually to disregard the law, it is manifest that the requirement, in its real operation, has not worked against the public welfare or against the true interests of the banks themselves.

The abandonment of the practice of paying interest upon deposits will remove a great inducement to divide these reserves between cash in hand and deposits in cities, and make the banks throughout the country what they should always be, financial outposts, to strengthen the general situation. The associated banks of New York, the ultimate resource in financial emergencies, are deprived by usury laws of the power, which is so effectively used by the principal banks in Europe, of protecting or augmenting their resources by adjusting the rate of interest to the necessities of the occasion, a power which, if practicable, Congress might safely confer upon the clearing-house committee, in consultation with the Secretary of the Treasury, with great advantage to the country; as also the power of deciding when the time or the emergency has arisen in which the public interest requires a relaxation of the rigid legal requirement in respect to the reserve to be held by banks in New York City.

If the legal or financial necessity exists to maintain a certain reserve, it is manifestly the duty of every institution to carry its just proportion, and no bank, whether incorporated under national or State law, can honorably evade its full share of this burthen.

Your committee therefore recommend that all the associated banks, while they strictly follow the requirements of the national currency act by keeping on hand, either in coin or legal-tender notes, an amount not less than 25 per cent of their total liabilities to the public, be required always to hold at 15 least per cent in legal-tender notes, subject only to such modifications as the clearing-house committee may, from time to time, unanimously determine.

A suggestion has been made, which your committee consider worthy of notice, because it has heretofore proved an important restriction to excessive expansion, and because it may assist in preventing many of the evils referred to—that no institution be allowed to loan more than two and a half times its capital and surplus.

COMMITTEE OF 1884.

On July 29, 1884, a special committee of the New York Clearing House Association, after very careful investigation of the deposit question, prepared the following majority report, viz:

That while they substantially concur in the recommendations of the committee in its previous report, they have endeavored to remove some of the objections made during the discussion, so as to secure what they consider very desirable—a cordial and unanimous adoption of these reforms by the whole association.

The most important and, in fact, the special reform which is essential to the efficient and harmonious union and cooperation of the banks in one association is the total abolition of the payment of interest upon current deposits.

This reform has been urged upon the banks from time to time for more than 25 years and it has always received the most favorable consideration. Upon two special occasions after violent financial revulsions throughout the country, like the present, it was adopted by almost unanimous agreement, and in each instance it failed of becoming a binding obligation only by the dissent of two or three members whose active opposition was unfortunately permitted to defeat the wishes of the very large majority.

Your committee believe that the careful custody of money held in such a manner as to be always responsive to call is itself sufficient compensation to its owners and depositors, and that banks which carry their full proportion of the reserve cash of the Nation and at the same time preserve their assets in legitimate commercial securities render a just equivalent and furnish a perfect guarantee for the trust committed to their care; and that any further consideration or compensation than this must be given either at the expense of the needful reserve or of the safety of the investments. The proportion of cash to deposits, which from long experience conservative institutions in national commercial centers find it expedient to hold, is at least from one-quarter to one-third the amount. It must be evident that at the average rate of interest this ratio can not be maintained by any bank where compensation is given for its deposits.

The responsible duty of holding and maintaining the ultimate cash reserve of this great Nation is especially imposed upon the associated banks in New York, and from doing its full part of this imperative duty no one can honorably escape. They are all so inextricably bound together by the daily transfer of portions of the Nation's deposits from one bank to another, by the difficulty of recovering checks upon defaulting members after they pass through the clearing house, by the universal distrust which one failing institution casts upon its associates, and by the urgent demand made upon the stronger in time of trouble to combine their resources for the protection of the weaker to avert public disaster, that an identity of interest is created by the very existence and necessities of this association. This organization can therefore no longer be regarded as a simple place of meeting of bank officers, without responsibility for and utterly independent of and indifferent to each other's welfare and habits of business. These banks, as custodians of an interchangeable public trust, have practically and within certain limits become a federative community, with mutual responsibilities and obligations, and it is no less the privilege than the duty of the members to conduct their own business and the scrutinize the practices of others with a view to the stability of this association and the welfare of the Nation.

This view of the mutual relation of members was fully recognized in the recent action of the association, when they took possession of one of the largest institutions and discharged its liabilities to the public of some $8,000,000, and when they further agreed to participate in any loss by the issue of loan certificates to that and to other banks; and also when they so changed the constitution as to permit official visitation and examination into the condition of members, and gave power to demand security for their exchanges.

Powers so great and so important as these, which have been exercised and concurred in by every member, are sufficient to show that this association no longer regards itself as a simple meeting place for the exchange of papers, without further responsibility, but that it has become an institution of national significance and value, competent to consider any question vital to its own interests.

If the association can thus promptly meet the necessities of a great financial crisis, it may certainly venture to urge upon its members the importance of such reform in their modes of business as they believe will tend to prevent such a crisis, and will enable them the better to meet one if it comes.

Although this has been the practical experience of the New York Clearing House Association, and although in every great emergency since its organization it has proved itself possessed of vast capacity to benefit the country and protect its own members, yet it must ever be kept in mind that this is simply a voluntary association, subject to dissolution by a vote of the majority, and subject also to the withdrawal of members at their own pleasure. From the nature of the business, no bank, however prosperous, is so independent of all circumstances that it may not on some special occasion find it convenient to seek the aid or the consideration of its colleagues. A solemn obligation, therefore, rests upon everyone to concede something to the common good. If the measure not proposed should, upon trial, prove erroneous, it may be revoked as readily as it is adopted.

With the rapid growth of this Nation it is more and more important that this commercial depository be always kept specially strong in cash reserves, and be prepared to meet any sudden exigency that may arise within our vast domain. When the intention to do this is distinctly declared by the associated banks, by their abolishing the payment of interest upon deposits and by thus removing a great cause of weakness and of alienation among them, your committee believe that capital will be attracted to this city and to this associated body as a place of special security. Thus it has proved with those members who have tried it. If a small proportion of the deposits hitherto secured by purchase be consequently drawn away to other institutions within this city, or to other places without it, that which remains will be more permanent and reliable, and will be sufficient to make our business safer and more profitable than before.

If it results in the retention of a larger cash reserve by interior banks, or in the withdrawal of those funds which are particularly subject to alarm and which betray the depositaries into questionable temporary loans, it can be no cause of regret to the banks nor to the Nation.

The present occasion seems to your committee most opportune for this reform. The subject has been ripening in this association for more than a quarter of the century. The business of the Nation requires the financial support which this united and compact body can give it, and the experiment, if it be an experiment, ought now to be fairly and honorably tried.

To their special and important recommendation of ceasing to pay interests upon deposits your committee have added but one more, viz:

That of confining the use of the clearing house exclusively to its own members.

Hitherto the practice of permitting exchanges through members of the association of checks drawn upon parties not members has freely given every facility enjoyed by those who carry the burthens of the banking business to those who do not, and who neither fairly participate in its expense nor in its responsibilities. Such parties, therefore, possess advantages superior even to banks who created and who sustain the institution.

In order effectually to secure the object of strengthening the association as proposed in the first recommendation of your committee it is manifestly necessary to withhold gratuitous facilities from active outside competitors, who would otherwise use our own appointed instrument to subvert the object we have in view. If desired, every legitimate depository possessed of the needed requisites and responsibility may find entrance into the clearing house subject to the same conditions and restrictions as are imposed upon existing members. More than this can not be justly required, and less will not afford adequate protection.

In respect to the subject of receiving upon deposit as cash checks drawn upon places out of the city, your committee have thought it inexpedient now to make special recommendation, but they suggest that a separate and special committee be appointed to investigate this question, and also to advise whether an arrangement could not be made through the clearing house to secure some safe and prompt clearing of such checks, which will accrue to the benefit of all banks in the association.

Finally, your committee can not disregard the just complaint of the banks respecting the large volume of checks which arise from transactions in the stock exchange, and which embarrass them in their dealings with each other and greatly increase the risks of the clearing house. The committee, however, content themselves by the simple expression of the wish generally entertained among the banks that some arrangements may be made by the parties interested to establish a special clearing house for stocks, so that these large checks may be abated.

With these general remarks your committee present the following summary:

First. That no member of the New York Clearing House Association shall pay interest upon or allow compensation for deposits after January 1, 1885.

Second. That to secure uniformity in the business of the banks no checks shall pass through the clearing house except those drawn upon members of the association.

Third. That any infraction of the above rules shall be regarded as a forfeiture of membership of the association, subject on complaint of any member to investigation by the clearing-house committee, in the manner provided in the constitution.

Fourth. That the association recommend that some mode of settlement of transactions at the New York Stock Exchange be adopted, whereby the large volume of checks which now pass through the clearing house from that business may be diminished or avoided.

Fifth. If these measures be adopted by the association, that the committee recommend the same to clearing houses in Boston, Philadelphia, Chicago, and other cities.

In urging the adoption of some action similar to that contemplated in this report, Mr. George S. Coe, president of the American Exchange National Bank, said in part:

"There are three special abuses to which I desire for a moment to call your attention.

"First. The payment of interest upon deposits of money payable on demand. This subject has upon several occasions in years past been under consideration, and its total abolition has been almost unanimously agreed to among our banks by written contract. Yet by the refusal of one or more members it has failed to become a binding obligation. Like some other great reforms, this one does not admit of partial application or of compromise. Any attempt to make exceptions to the prohibition among partners mutually dependent can only result in entirely releasing them all from any obligation respecting it. Yet every banker will freely admit that the purchase of deposits payable on demand operates, in some degree, as an absolution of the obligation to be always in condition to meet the contract. Both the giver and receiver of interest on such deposits, by the nature of the business, substantially, though not expressly, agree to such use of the money as may prevent its immediate return.

"What, Mr. Chairman, is the nature of bank deposits? Every responsible person in regulating his own affairs must withhold from permanent investment and keep in ready money enough for his current wants. This is his reserve. When such sums, for greater safety, are placed in charge of another person, they do not lose their essential character; and when they become further aggregated and pass into the possession of a bank or banker they are still subject to the same immediate wants of every original owner for the very purpose for which he set them aside. And when these rivulets of capital become streams, and streams gather into rivers and flow toward the ocean until they reach this city, where they come into financial relations with other men in other continents, the parties who here take them in charge assume new and accumulated responsibilities. They are subject not only to the necessities of the people at home but also to the worldwide influences of commerce.

"Now, there is a constant and irrepressible conflict going on in the mind of every intelligent man or woman between the desire to invest their own capital so that it may earn them the utmost revenue and the necessity of retaining enough of it in ready cash to meet their current necessities. This question decided, each for himself, that portion of the total which is thus reserved becomes charged with peculiar functions. It is the national reserve, and the chief cause of financial disturbances arises from trespassing upon it.

"Is it not evident, Mr. Chairman, that when these reserves are attracted by banks and bankers who pay interest for them, they immediately lose their peculiar character and become, so far, at once changed from reserves into investments, and that their original purpose is greatly reversed? The people's ready cash, by the very condition of receiving interest for it, necessarily passes through the banker into fixed forms never intended.

Reserve and investment! Idleness and work! They are adverse and irreconcilable conditions. It is true that in the hands of sound commercial banks some of these deposit funds may be legitimately used for the best interests of society, in the negotiation of business notes representing articles of human want and subsistence, passing from production into consumption. This is using the fund by promoting the very object for which each person originally provided it. But such, we all know, is not the tendency nor the operation of the practice now in question. Money payable on demand with interest is chiefly loaned here upon fixed property intended for permanent investment and upon bonds, stocks, and other obligations made for the construction of public enterprises and works of established purpose, whose large expenditures are not again resolvable into money. They are in their nature fixed, and they demand, not their ready cash reserve, but the permanent savings of the people to construct them. So that temporary loans of reserved capital upon such securities are certain to be called in when they are hardest to pay, because the ready-money reserves so injudiciously absorbed by them are called back by their owners in apprehension or for the supply of their own needs.

"We all know by experience that those deposits upon which interest is paid are the most fugitive and evanescent of all. Those who placed them with us well understand their danger. While they receive interest, they do so with doubt and suspicion of those who allow it, and with the consciousness that they themselves are partially compromising principle in placing them with those who are willing to pay the price.

"From the very start the vicious practice of paying interest for the custody of the people's cash reserves pursues such funds like an enemy from place to place and impairs their integrity at every point. And when those deposits have at last concentrated in New York banks, the same evil overtakes them there, all tending to the reduction of tangible cash assets to the lowest point, and to the weakness and impoverishment of the whole country. Arrest this practice here, at the termination of the line, and the reform will, of necessity, run back through every link of the chain in other cities, adding strength to the whole to the incalculable benefit of the nation. Every institution that accepts the reserves of the community, agreeing to return them upon instant demand, gives a full equivalent in their faithful care. It is in duty bound to retain so large proportion of such deposits, in actual cash, that no other compensation can be safely allowed. Any such payment should be taken at once as a confession that the fund is to be used in some manner inconsistent with its real nature and is to be placed more or less in peril. Deposits so unnaturally attracted are necessarily capricious and transitory. They fly away at the first whisper of danger, to the detriment of the many who have touched them. Those banks which so purchase them are objects of special dread to their colleagues in business, while at the same time they are continually held up as patterns of enterprise and as models for imitation. Differing so widely from their associates in principle and in practice the two can not work harmoniously together, nor equally and honorably share the burdens of a national financial system, whose stability requires the New York banks voluntarily to stand firmly and compactly together as one united body.

"Experience among ourselves has again and again proved that the interest-paying banks are the first to become embarrassed by any kind of financial disturbance, even if they themselves are not the means of producing it, and that they are then almost alone in being compelled to seek protection from the loan committee, by a pledge of their securities.

"Will a few members of this association, on the one hand, longer continue a practice that subjects them to this humiliation? And is it just, on the other, for a large majority to tacitly submit to having their business thus drawn away, and the community periodically disturbed by associates whom, in the hour of peril, they are compelled for their own protection to support?

"There is no necessity whatever, as there is certainly no profit, for the banks in the New York Clearing House to continue this practice. Public safety, business convenience, and social needs all absolutely require the service which these banks perform. The commanding position of this metropolis will constantly bring to it all the capital that healthful commerce and trade can safely employ, and any fictitious attractions only tend to false estimates of wealth and betray the community into unprofitable and dangerous enterprises.

"If the banks composing this body should unanimously agree to totally abolish this practice, the business of each would not seriously diminish, because no dealer could secure better terms by changing from one member to another, and even if in the course of time the disparity between the banks in deposits should consequently not continue as great as now, the loss by any one in volume would be more than compensated by a gain in terms and by diminished risk, labor, and expenses.

"Taken as a whole, whatever the banks composing this association pay to their dealers and correspondents as interest is a totally unnecessary and gratuitous payment. It is worse than money thrown away so far as and because it tends to divert the current of capital of the country from its natural flow. If it be expedient for one member to practice it, it is expedient for all, and then the special and selfish advantage to any single one is lost. If it should be continued after our recent experience, it must be distinctly recognized as a defect in our financial system and a standing cause of contention and of sharper competition among banks in their pursuit of public favor which must separate the two classes of institutions into known and irreconcilable divisions.

"In the business indirectly done through the New York Clearing House there enters another element which it is also proper for us to consider as affecting the stability of the whole system. The trust companies and other depositaries of funds, very much of which are payable on demand and bear interest, are receiving the full benefit of this association through the medium of one or another of our members, and so they successfully compete with us all. They thus secure every facility of exchanging their checks with all the banks and are by that means enabled to divert to themselves a large proportion of the current deposits of the city and country, which have always been regarded as a special function of banking institutions. Instead of being trust companies in the real meaning of the term, many of them are banks of deposit paying interest. This large volume of deposits is not only in much greater ratio to capital than are the deposits in banks, but it is supported by no special cash reserve of its own whatever. The only ready means it has consist in keeping current balances at credit in banks like other dealers. It thus leans upon the same reserve as do the banks themselves. If such institutions are to enjoy the privileges of the clearing house, they should certainly at least bear the same burdens which rest upon its members, and also contribute their full share of the reserve funds in cash by which the stability of the business is maintained. By a strange generosity on the part of the Clearing House Association it enables these lively competitors to do their business with the public upon better terms than they can do their own, while they do not contribute to the public safety.

"Second. Another abuse to which I invite your attention is that of receiving and crediting to dealers as cash in hand checks drawn upon banks out of the city. The aggregate amount of such checks in progress of collection by all the members of this body is not less than ten millions, and may average fifteen or twenty millions.

"These checks can not be converted into cash here in less time than one week, and for that period they remain as dead assets to the banks. How did this absurd practice arise? Simply by the eagerness of one bank to draw to itself the business of others by superior inducements, an advantage which, in the nature of the case, could be but temporary. Others, in self defense, were necessarily compelled to follow the pernicious example, until the practice became general. But for this practice this large sum would naturally lie as deposits in New York banks from their correspondents throughout the country, held here for the purposes of exchange. They are not expelled from their natural commercial resting place, and their true position is actually reversed.

"Third. There is still another subject of solicitude with which we are all daily familiar. I allude to the reception of checks of large amounts, drawn upon banks which particularly deal with brokers and operators in bonds and stocks. The sums represented in such transactions by the nature of the business are of great magnitude. The custom has become established of pivoting the operations of the brokers' board through the banks by expressing and accounting for their money value in detail, thus making it necessary to draw upon banks the immense total that is passed from hand to hand. They give rise to checks in sums greatly disproportioned to the capital of banks which keep such accounts, and are the occasion of constant embarrassment to bank officers, who desire to treat their associates in the clearing house and their own dealers with generous confidence, and mean at the same time to avoid extraordinary risks. The effort has been partially made to conduct this business by a clearing-house arrangement where shares, not money or checks, and only balances resulting from them are thus paid; and it is the earnest desire of bank officers that this effort should be accomplished. I believe that the experiment, if seriously attempted, can be made successful to the satisfaction of brokers, the relief and safety of the banks, and the good of the community."

State Banks and Trust Companies Admitted.

The following list shows the State banks and trust companies which have been admitted to membership in the Federal Reserve system during the month of March:

	Capital.	Surplus.	Total resources.
Security Trust & Savings Bank, Billings, Mont.	$100,000	....	$791,749
Rhode Island Hospital Trust Co., Providence, R. I.	3,000,000	$3,500,000	57,503,575
Harvard Trust Co., Cambridge, Mass.	200,000	100,000	3,963,641
First State Bank, Canyon, Tex.	25,000	2,500	235,702
Union Bank & Trust Co., Baton Rouge, La.	150,000	....	150,000
First Territorial Bank, Lovington, N. Mex.	30,000	20,000	580,225
Walker Bros., Bankers, Salt Lake City, Utah	500,000	100,000	8,720,163
The Peoples State Bank, Imlay City, Mich.	50,000	10,000	619,337
Peoples Trust Co., Binghampton, N. Y.	500,000	100,000	4,787,550
Merrill Trust Co., Bangor, Me.	300,000	400,000	5,453,820
Saline Savings Bank, Saline, Mich.	25,000	20,000	387,725
Farmers Loan & Trust Co., Tipton, Ind.	50,000	45,000	719,866
State Bank of Madelia, Madelia, Minn.	50,000	10,000	688,705
Allegheny Trust Co., Pittsburgh, Pa.	700,000	500,000	1,261,620
Liberty Trust Co., Boston, Mass.	200,000	300,000	4,853,405
Stewart State Bank, St. Charles, Ill.	100,000	40,000	153,605
First State Bank of Petoskey, Petoskey, Mich.	50,000	10,000	76,337
Fidelity Trust Co., Portland, Me.	400,000	400,000	13,397,469
First Wellington Bank, Wellington, Ohio	85,000	70,000	170,920
Illinois State Bank, East St. Louis, Ill.	400,000	....	3,149,355
Anson State Bank, Anson, Tex.	35,000	10,000	270,110
Merchants & Planters Bank, Texarkana, Ark.	200,000	10,000	1,130,085
Bank of Ellsworth, Ellsworth, Wis.	50,000	15,000	914,576
Commercial Trust Co. of N. J., Jersey City, N. J.	1,000,000	1,500,000	29,996,271
South Texas State Bank, Galveston, Tex.	100,000	....	1,322,217
Rittenhouse Trust Co., Philadelphia, Pa.	250,000	50,000	2,000,231

	Capital.	Surplus.	Total resources.
Ballinger State Bank & Trust Co., Ballinger, Tex.	$60,000	$12,000	$229,544
Bank of Fergus County, Lewistown, Mont.	250,000	250,000	3,294,317
Depositors Savings & Trust Co., Akron, Ohio	300,000	250,000	4,242,085
Marine Bank & Trust Co., New Orleans, La.	400,000	100,000	506,207
American Trust & Savings Bank, Albuquerque, N. Mex.	100,000	40,000	601,196
Highland Park State Bank of Detroit, Mich.	500,000	100,000	9,725,519
First State Bank, Franklin, Tex.	30,000	7,500	213,996
Battery Park Bank, Asheville, N. C.	100,000	100,000	2,648,586
Manistee County Savings Bank, Manistee, Mich.	100,000	100,000	2,069,897
First State Bank & Trust Co., Hereford, Tex.	50,000	25,000	668,611
State Savings Bank & Trust Co., Moline, Ill.	300,000	100,000	3,990,447
Moline Trust & Savings Bank, Moline, Ill.	225,000	85,000	3,316,953
Farmers Guaranty State Bank, Jacksonville, Tex.	50,000	7,500	373,455
Peoples Savings Bank & Trust Co., Moline, Ill.	250,000	150,000	4,325,468
Williams Valley Bank, Williamstown, Pa.	50,000	44,000	429,815
Nassau County Trust Co. Mineola, N. Y.	100,000	75,000	1,981,862
Total	11,415,000	8,658,500	181,916,215

Change of name: The Alliance Trust & Guaranty Co., of Hackensack, N. J., a member institution, has changed its name to the Peoples Trust & Guaranty Co. of Hackensack.

Three hundred and eighty-five State institutions are now members of the system, having a total capital of $255,224,800, total surplus of $337,611,576, and total resources of $6,248,072,077.

Commercial Failures Reported.

While commercial failures in the United States last year were comparatively moderate, the returns this year make a still better exhibit, only 747 defaults being reported to R. G. Dun & Co., in three weeks of March, against 861 in the same period of 1917. The record for February, the latest month for which complete statistics are available, is the most favorable of any February since 1907, insolvencies numbering 980 and involving $12,829,182 of liabilities. These figures compare with 1,165 reverses for $16,617,883 in February, 1917, and, according to the statement specially compiled for the Federal Reserve Board, fewer failures than last year appear in 8 of the 12 Federal Reserve districts, with no change occurring in the number of defaults in the third district. Only in the first, fourth, and seventh districts was there any numerical increase, and particularly large reductions are shown by the sixth, ninth, tenth, and twelfth districts. In respect to the liabilities, the amounts are smaller than in February, 1917, in all of the 12 districts, except the first and third.

Failures during February.

Districts.	Number.		Liabilities.	
	1918	1917	1918	1917
First	139	99	$1,538,100	$657,828
Second	153	204	2,685,010	3,891,882
Third	65	65	2,639,038	470,444
Fourth	93	90	903,625	1,461,654
Fifth	51	58	634,509	934,923
Sixth	43	114	279,989	1,098,938
Seventh	161	141	1,814,311	1,871,188
Eighth	67	90	423,386	770,043
Ninth	30	51	298,000	375,790
Tenth	32	51	308,987	680,471
Eleventh	41	50	288,227	518,042
Twelfth	105	152	1,016,000	3,886,680
Total	980	1,165	12,829,182	16,617,883

New National Bank Charters.

The Comptroller of the Currency reports the following increases and reductions in the number of national banks and the capital of national banks during the period from February 23, 1918, to March 22, 1918, inclusive:

	Banks.	
New charters issued to	12	
With capital of		$625,000
Increase of capital approved for	21	
With new capital of		1,385,000
Aggregate number of new charters and banks increasing capital	33	
With aggregate of new capital authorized		2,010,000
Number of banks liquidating (other than those consolidating with other national banks)	4	
Capital of same banks		500,000
Number of banks reducing capital	0	
Reduction of capital	0	
Total number of banks going into liquidation or reducing capital (other than those consolidating with other national banks)	4	
Aggregate capital reduction		500,000
The foregoing statement shows the aggregate of increased capital for the period of the banks embraced in statement was		2,010,000
Against this there was a reduction of capital owing to liquidations (other than for consolidation with other national banks) and reductions of capital of		500,000
Net increase		1,510,000

Acceptances to 100 Per Cent.

Since the issue of the March Bulletin the following banks have been authorized to accept drafts and bills of exchange up to 100 per cent of their capital and surplus:

United States Mortgage & Trust Co., New York City.
Bank of New York, N. B. A., New York City.
Citizens Bank of Norfolk, Norfolk, Va.
Mercantile Trust Co., St. Louis, Mo.
Bank of North America, Philadelphia, Pa.
United States National Bank, Portland, Oreg.
Canal Bank & Trust Co., New Orleans, La.
National City Bank, Chicago, Ill.
Fort Dearborn National Bank, Chicago, Ill.
Drovers National Bank, Chicago, Ill.
National Bank of Commerce, Baltimore, Md.
Citizens and Peoples National Bank, Pensacola, Fla.

Fiduciary Powers.

The applications of the following banks for permission to act under section 11-k of the Federal Reserve Act have been approved since the issue of the March Bulletin:

DISTRICT NO. 2.

Trustee and registrar of stocks and bonds:
Union National Bank, Frenchtown, N. J.

DISTRICT NO. 4.

Registrar of stocks and bonds:
Peoples National Bank, Pittsburgh, Pa.

DISTRICT NO. 5.

Registrar of stocks and bonds:
Madison National Bank, Madison, W. Va.

DISTRICT NO. 7.

Trustee, executor, and administrator:
First National Bank, Dana, Ind.

DISTRICT NO. 10.

Trustee, executor, administrator, and registrar of stocks and bonds:
Central National Bank, Tulsa, Okla.
Trustee, executor, and administrator:
First National Bank, Troy, Kans.
First National Bank, Cameron, Mo.

Government Control of Railroads.

The act providing for the operation of railroads while under Federal control was signed by the President and became law on March 21. Below is printed the text of the act in full:

[S. 3752.]

An Act To provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the President, having in time of war taken over the possession, use, control, and operation (called herein Federal control) of certain railroads and systems of transportation (called herein carriers), is hereby authorized to agree with and to guarantee to any such carrier making operating returns to the Interstate Commerce Commission, that during the period of such Federal control it shall receive as just compensation an annual sum, payable from time to time in reasonable installments, for each year and pro rata for any fractional year of such Federal control, not exceeding a sum equivalent as nearly as may be to its average annual railway operating income for the three years ended June thirtieth, nineteen hundred and seventeen. That any railway operating income accruing during the period of Federal control in excess of such just compensation shall remain the property of the United States. In the computation of such income, debits and credits arising from the accounts called in the monthly reports to the Interstate Commerce Commission equipment rents and joint facility rents shall be included, but debits and credits arising from the operation of such street electric passenger railways, including railways commonly called interurbans, as are at the time of the agreement not under Federal control, shall be excluded. If any lines were acquired by, leased to, or consolidated with such railroad or system between July first, nineteen hundred and fourteen, and December thirty-first, nineteen hundred and seventeen, both inclusive, and separate operating returns to the Interstate Commerce Commission were not made for such lines after such acquisition, lease, or consolidation, there shall (before the average is computed) be added to the total railway operating income of such railroad or system for the three years ended June thirtieth, nineteen hundred and seventeen, the total railway operating income of the lines so acquired, leased, or consolidated, for the period beginning July first, nineteen hundred and fourteen, and ending on the date of such acquisition, lease, or consolidation, or on December thirty-first, nineteen hundred and seventeen, whichever is the earlier. The average annual railway operating income shall be ascertained by the Interstate Commerce Commission and certified by it to the President. Its certificate shall, for the purpose of such agreement, be taken as conclusive of the amount of such average annual railway operating income.

Every such agreement shall provide that any Federal taxes under the act of October third, nineteen hundred and seventeen, or acts in addition thereto or in amendment thereof, commonly called war taxes, assessed for the period of Federal control beginning January first, nineteen hundred and eighteen, or any part of such period, shall be paid by the carrier out of its own funds, or shall be charged against or deducted from the just compensation; that other taxes assessed under Federal or any other governmental authority for the period of Federal control or any part thereof, either on the property used under such Federal control or on the right to operate as a carrier, or on the revenues or any part thereof derived from operation (not including, however, assessments for public improvements or taxes assessed on property under construction, and chargeable under the classification of the Interstate Commerce Commission to investment in road and equipment), shall be paid out of revenues derived from railway operations while under Federal control; that all taxes assessed under Federal or any other governmental authority for the period prior to January first, nineteen hundred and eighteen, whenever levied or payable, shall be paid by the carrier out of its own funds, or shall be charged against or deducted from the just compensation.

Every such agreement shall also contain adequate and appropriate provisions for the maintenance, repair, renewals, and depreciation of the property, for the creation of any reserves or reserve funds found necessary in connection therewith, and for such accounting and adjustments of charges and payments, both during and at the end of Federal control as may be requisite in order that the property of each carrier may be returned to it in substantially as good repair and in substantially as complete equipment as it was in at the beginning of Federal control, and also that the United States may, by deductions from the just compensations or by other proper means and charges, be reimbursed for the cost of any additions, repairs, renewals, and betterments to such property not justly chargeable to the United States; in making such accounting and adjustments, due consideration shall be given to the amounts expended or reserved by each carrier for maintenance, repairs, renewals, and depreciation during the three years ended June thirtieth, nineteen hundred and seventeen, to the condition of the property at the beginning and at the end of Federal control and to any other pertinent facts and circumstances.

The President is further authorized in such agreement to make all other reasonable provisions, not inconsistent with the provisions of this act or of the act entitled "An act making appropriations for the support of the Army for the fiscal year ending June 30, 1917, and for other purposes," approved August 29, 1916, that he may deem necessary or proper for such Federal control or for the determination of the mutual rights and obligations of the parties to the agreement arising from or out of such Federal control.

If the President shall find that the condition of any carrier was during all or a substantial portion of the period of three years ended June 30, 1917, because of nonoperation, receivership, or where recent expenditures for additions or improvements or equipment were not fully reflected in the operating railway income of said three years or a substantial portion thereof, or because of any undeveloped or abnormal conditions, so exceptional as to make the basis of earnings hereinabove provided for plainly inequitable as a fair measure of just compensation, then the President may make with the carrier such agreement for such amount as just compensation as under the circumstances of the particular case he shall find just.

That every railroad not owned, controlled, or operated by another carrier company, and which has heretofore competed for traffic with a railroad or railroads of which the President has taken the possession, use, and control, or which connects with such railroads and is engaged as a common carrier in general transportation, shall be held and considered as within "Federal control," as herein defined, and necessary for the prosecution of the war, and shall be entitled to the benefit of all the provisions of this act: *Provided, however*, That nothing in this paragraph shall be construed as including any street or interurban electric railway which has as its principal source of operating revenue, urban, suburban, or interurban passenger traffic, or sale of power, heat and light, or both.

The agreement shall also provide that the carrier shall accept all the terms and conditions of this act and any regulation or order made by or through the President under authority of this act or of that portion of the act entitled "An act making appropriations for the support of the Army for the fiscal year ending June 30, 1917, and for other purposes," approved August 29, 1916, which authorizes the President in time of war to take possession, assume control, and utilize systems of transportation.

Sec. 2. That if no such agreement is made, or pending the execution of an agreement, the President may nevertheless pay to any carrier while under Federal control an annual amount, payable in reasonable installments, not exceeding ninety per centum of the estimated annual amount of just compensation, remitting such carrier, in case where no agreement is made, to its legal rights for any balance claimed to the remedies provided in section three hereof. Any amount thereafter found due such carrier above the amount paid shall bear interest at the rate of six per centum per annum. The acceptance of any benefits under this section shall constitute an acceptance by the carrier of all the provisions of this Act and shall obligate the carrier to pay to the United States, with interest at the rate of six per centum per annum from a date or dates fixed in proceedings under section three, the amount by which the sums received under this section exceed the sum found due in such proceedings.

Sec. 3. That all claims for just compensation not adjusted (as provided in section one) shall, on the application of the President or of any carrier, be submitted to boards, each consisting of three referees to be appointed by the Interstate Commerce Commission, members of which and the official force thereof being eligible for service on such boards without additional compensation. Such boards of referees are hereby authorized to summon witnesses, require the production of records, books, correspondence, documents, memoranda, and other papers, view properties, administer oaths, and may hold hearings in Washington and elsewhere, as their duties and the convenience of the parties may require. In case of disobedience to a subpœna the board may invoke the aid of any district court of the United States in requiring the attendance and testimony of witnesses and the production of documentary evidence, and such court within the jurisdiction of which such inquiry is carried on may, in case of contumacy or refusal to obey a subpœna issued to any person, corporation, partnership, or association, issue an order requiring appearance before the board, or the production of documentary evidence if so ordered, or the giving of evidence touching the matter in question; and any failure to obey such order of the court may be punished by such court as a contempt thereof. Such cases may be heard separately or together or by classes, by such boards as the Interstate Commerce Commission in the first instance, or any board of referees to which any such cases shall be referred may determine. Said boards shall give full hearings to such carriers and to the United States; shall consider all the facts and circumstances, and shall report as soon as practicable in each case to the President the just compensation, calculated on an annual basis and otherwise in such form as to be convenient and available for the making of such agreement as is authorized in section one. The President is authorized to enter into an agreement with such carrier for just compensation upon a basis not in excess of that reported by such board, and may include therein provisions similar to those authorized under section one. Failing such agreement, either the United States or such carrier may file a petition in the Court of Claims for the purpose of determining the amount of such just compensation, and in the proceedings in said court the report of said referees shall be prima facie evidence of the amount of just compensation and of the facts therein stated. Proceedings in the Court of Claims under this section shall be given precedence and expedited in every practicable way.

Sec. 4. That the just compensation that may be determined as hereinbefore provided by agreement or that may be adjudicated by the Court of Claims, shall be increased by an amount reckoned at a reasonable rate per centum to be fixed by the President upon the cost of any additions and betterments, less retirements, and upon the cost of road extensions to the property of such carrier made by such carrier with the approval of or by order of the President while such property is under Federal control.

Sec. 5. That no carrier while under Federal control shall, without the prior approval of the President, declare or pay any dividend in excess of its regular rate of dividends during the three years ended June thirtieth, nineteen hundred and seventeen: *Provided, however*, That such carriers as have paid no regular dividends or no dividends during said period may, with the prior approval of the President, pay dividends at such rate as the President may determine.

Sec. 6. That the sum of $500,000,000 is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, which, together with any funds available from any operating income of said carriers, may be used by the President as a revolving fund for the purpose of paying the expenses of the Federal control, and so far as necessary the amount of just compensation, and to provide terminals, motive power, cars, and other necessary equipment, such terminals, motive power, cars, and equipment to be used and accounted for as the President may direct and to be disposed of as Congress may hereafter by law provide.

The President may also make or order any carrier to make any additions, betterments, or road extensions, and to provide terminals, motive power, cars, and other equipment necessary or desirable for war purposes or in the public interest on or in connection with the property of any carrier. He may from said revolving fund advance to such carrier all or any part of the expense of such additions, betterments, or road extensions, and to provide terminals, motive power, cars, and other necessary equipment so ordered and constructed by such carrier or by the President, such advances to be charged against such carrier and to bear interest at such rate and be payable on such terms as may be determined by the President, to the end that the United States may be fully reimbursed for any sums so advanced.

Any loss claimed by any carrier by reason of any such additions, betterments, or road extensions so ordered and constructed may be determined by agreement between the President and such carrier; failing such agreement the amount of such loss shall be ascertained as provided in section three hereof.

From said revolving fund the President may expend such an amount as he may deem necessary or desirable for the utilization and operation of canals, or for the purchase, construction, or utilization and operation of boats, barges, tugs, and other transportation facilities on the inland, canal, and coastwise waterways, and may in the operation and use of such facilities create or employ such agencies and enter into such contracts and agreements as he shall deem in the public interest.

Sec. 7. That for the purpose of providing funds requisite for maturing obligations or for other legal and proper expenditures, or for reorganizing railroads in receivership, carriers may, during the period of Federal control, issue such bonds, notes, equipment trust certificates, stock, and other forms of securities, secured or unsecured by mortgage, as the President may first approve as consistent with the public interest. The President may, out of the revolving fund created by this Act, purchase for the United

States all or any part of such securities at prices not exceeding par, and may sell such securities whenever in his judgment it is desirable at prices not less than the cost thereof. Any securities so purchased shall be held by the Secretary of the Treasury, who shall, under the direction of the President, represent the United States in all matters in connection therewith in the same manner as a private holder thereof. The President shall each year as soon as practicable after January first, cause a detailed report to be submitted to the Congress of all receipts and expenditures made under this section and section six during the preceding calendar year.

Sec. 8. That the President may execute any of the powers herein and heretofore granted him with relation to Federal control through such agencies as he may determine, and may fix the reasonable compensation for the performance of services in connection therewith, and may avail himself of the advice, assistance, and cooperation of the Interstate Commerce Commission and of the members and employees thereof, and may also call upon any department, commission, or board of the Government for such services as he may deem expedient. But no such official or employee of the United States shall receive any additional compensation for such services except as now permitted by law.

Sec. 9. That the provisions of the Act entitled "An Act making appropriations for the support of the Army for the fiscal year ending June thirtieth, nineteen hundred and seventeen, and for other purposes," approved August twenty-ninth, nineteen hundred and sixteen, shall remain in force and effect except as expressly modified and restricted by this Act; and the President, in addition to the powers conferred by this Act, shall have and is hereby given such other and further powers necessary or appropriate to give effect to the powers herein and heretofore conferred. The provisions of this Act shall also apply to any carriers to which Federal control may be hereafter extended.

Sec. 10. That carriers while under Federal control shall be subject to all laws and liabilities as common carriers, whether arising under State or Federal laws or at common law, except in so far as may be inconsistent with the provisions of this Act or any other Act applicable to such Federal control or with any order of the President. Actions at law or suits in equity may be brought by and against such carriers and judgments rendered as now provided by law; and in any action at law or suit in equity against the carrier, no defense shall be made thereto upon the ground that the carrier is an instrumentality or agency of the Federal Government. Nor shall any such carrier be entitled to have transferred to a Federal court any action heretofore or hereafter instituted by or against it, which action was not so transferable prior to the Federal control of such carrier; and any action which has heretofore been so transferred because of such Federal control or of any Act of Congress or official order or proclamation relating thereto shall upon motion of either party be retransferred to the court in which it was originally instituted. But no process, mesne or final, shall be levied against any property under such Federal control.

That during the period of Federal control, whenever in his opinion the public interest requires, the President may initiate rates, fares, charges, classifications, regulations, and practices by filing the same with the Interstate Commerce Commission, which said rates, fares, charges, classifications, regulations, and practices shall not be suspended by the commission pending final determination.

Said rates, fares, charges, classifications, regulations, and practices shall be reasonable and just and shall take effect at such time and upon such notice as he may direct, but the Interstate Commerce Commission shall, upon complaint, enter upon a hearing concerning the justness and reasonableness of so much of any order of the President as establishes or changes any rate, fare, charge, classification, regulation, or practice of any carrier under Federal control, and may consider all the facts and circumstances existing at the time of the making of the same. In determining any question concerning any such rates, fares, charges, classifications, regulations, or practices or changes therein, the Interstate Commerce Commission shall give due consideration to the fact that the transportation systems are being operated under a unified and coordinated national control and not in competition.

After full hearing the commission may make such findings and orders as are authorized by the Act to regulate commerce as amended, and said findings and orders shall be enforced as provided in said Act: *Provided, however,* That when the President shall find and certify to the Interstate Commerce Commission that in order to defray the expenses of Federal control and operation fairly chargeable to railway operating expenses, and also to pay railway tax accruals other than war taxes, net rents for joint facilities and equipment, and compensation to the carriers, operating as a unit, it is necessary to increase the railway operating revenues, the Interstate Commerce Commission in determining the justness and reasonableness of any rate, fare, charge, classification, regulation, or practice shall take into consideration said finding and certificate by the President, together with such recommendations as he may make.

Sec. 11. That every person or corporation, whether carrier or shipper, or any receiver, trustee, lessee, agent, or person acting for or employed by a carrier or shipper, or other person, who shall knowingly violate or fail to observe any of the provisions of this act, or shall knowingly interfere with or impede the possession, use, operation, or control of any railroad property, railroad, or transportation system hitherto or hereafter taken over by the President, or shall knowingly violate any of the provisions of any order or regulation made in pursuance of this act, shall be guilty of a misdemeanor, and shall, upon conviction, be punished by a fine of not more than $5,000, or, if a person, by imprisonment for not more than two years, or both. Each independent transaction constituting a violation of, or a failure to observe, any of the provisions of this act, or any order entered in pursuance hereof, shall constitute a separate offense. For the taking or conversion to his own use or the embezzlement of money or property derived from or used in connection with the possession, use, or operation of said railroads or transportation systems, the criminal statutes of the United States, as well as the criminal statutes of the various States where applicable, shall apply to all officers, agents, and employees engaged in said railroad and transportation service, while the same is under Federal control, to the same extent as to persons employed in the regular service of the United States. Prosecutions for violations of this act or of any order entered hereunder shall be in the district courts of the United States, under the direction of the Attorney General, in accordance with the procedure for the collection and imposing of fines and penalties now existing in said courts.

Sec. 12. That moneys and other property derived from the operation of the carriers during Federal control are hereby declared to be the property of the United States. Unless otherwise directed by the President, such moneys shall not be covered into the Treasury, but such moneys and property shall remain in the custody of the same officers, and the accounting thereof shall be in the same manner and form as before Federal control. Disbursements therefrom shall, without further appropriation, be made in the same manner as before Federal control and for such purposes as under the Interstate Commerce Commission classification of accounts in force on December 27, 1917, are chargeable to operating expenses or to railway tax accruals and for such other purposes in connection with Federal control as the President may direct, except that taxes under Titles 1 and 2 of the act entitled "An act to provide revenue to defray war expenses, and for other purposes," approved October 3, 1917, or any act in addition thereto or in amendment thereof, shall be paid by the carrier out of its own funds. If Federal control begins or ends during the tax year for which any taxes so chargeable to railway tax accruals are assessed, the taxes for such year shall be apportioned to the date of the beginning or ending of such Federal control, and disbursements shall be made only for that portion of such taxes as is due for the part of such tax year which falls within the period of Federal control.

At such periods as the President may direct, the books shall be closed and the balance of revenues over disbursements shall be covered into the Treasury of the United States to the credit of the revolving fund created by this act. If such revenues are insufficient to meet such disbursements, the deficit shall be paid out of such revolving fund in such manner as the President may direct.

Sec. 13. That all pending cases in the courts of the United States affecting railroads or other transportation systems brought under the act to regulate commerce, approved February 4, 1887, as amended and supplemented, including the commodities clause, so called, or under the act to protect trade and commerce against unlawful restraints and monopolies, approved July 2, 1890, and amendments thereto, shall proceed to final determination as soon as may be, as if the United States had not assumed control of transportation systems; but in any such case the court having jurisdiction may, upon the application of the United States, stay execution of final judgment or decree until such time as it shall deem proper.

Sec. 14. That the Federal control of railroads and transportation systems herein and heretofore provided for shall continue for and during the period of the war and for a reasonable time thereafter, which shall not exceed one year and nine months next following the date of the proclamation by the President of the exchange of ratifications of the treaty of peace: *Provided, however*, That the President may, prior to July 1, 1918, relinquish control of all or any part of any railroad or system of transportation, further Federal control of which the President shall deem not needful or desirable; and the President may at any time during the period of Federal control agree with the owners thereof to relinquish all or any part of any railroad or system of transportation. The President may relinquish all railroads and systems of transportation under Federal control at any time he shall deem such action needful or desirable. No right to compensation shall accrue to such owners from and after the date of relinquishment for the property so relinquished.

Sec. 15. That nothing in this act shall be construed to amend, repeal, impair, or affect the existing laws or powers of the States in relation to taxation or the lawful police regulations of the several States, except wherein such laws, powers, or regulations may affect the transportation of troops, war materials, Government supplies, or the issue of stocks and bonds.

Sec. 16. That this act is expressly declared to be emergency legislation enacted to meet conditions growing out of war; and nothing herein is to be construed as expressing or prejudicing the future policy of the Federal Government concerning the ownership, control, or regulation of carriers or the method or basis of the capitalization thereof.

Approved March 21, 1918.

War Finance Corporation Act.

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3714) to provide further for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to provide credits for industries and enterprises in the United States necessary or contributory to the prosecution of the war, and for other purposes, after conference, agreed on April 1 to recommend to the respective Houses the following measure and its report was subsequently adopted by both:

AN ACT To provide further for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to provide credits for industries and enterprises in the United States necessary or contributory to the prosecution of the war, and to supervise the issuance of securities, and for other purposes.

TITLE I.—WAR FINANCE CORPORATION.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury and four additional persons (who shall be the directors first appointed as hereinafter provided), are hereby created a body corporate and politic in deed and in law by the name, style, and title of the "War Finance Corporation" (herein called the corporation), and shall have succession for a period of ten years: *Provided*, That in no event shall the corporation exercise any of the powers conferred by this act, except such as are incidental to the liquidation of its assets and the winding up of its affairs, after six months after the termination of the war, the date of such termination to be fixed by proclamation of the President of the United States.

SEC. 2. That the capital stock of the corporation shall be $500,000,000, all of which shall be subscribed by the United States of America, and such subscription shall be subject to call upon the vote of three-fifths of the board of directors of the corporation, with the approval of the Secretary of the Treasury, at such time or times as may be deemed advisable; and there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $500,000,000, or so much thereof as may be necessary for the purpose of making payment upon such subscription when and as called. Receipts for payments by the United States of America for or on account of such stock shall be issued by the corporation to the Secretary of the Treasury, and shall be evidence of stock ownership.

SEC. 3. That the management of the corporation shall be vested in a board of directors, consisting of the Secretary of the Treasury, who shall be chairman of the board, and four other persons, to be appointed by the President of the United States, by and with the advice and consent of the Senate. No director, officer, attorney, agent, or employee of the corporation shall in any manner, directly or indirectly, participate in the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association, in which he is directly or indirectly interested; and each director shall devote his time, not otherwise required by the business of the United States, principally to the business of the corporation. Before entering upon his duties, each of the four directors so appointed, and each officer, shall take an oath faithfully to discharge the duties of his office. Nothing contained in this or any other act shall be construed to prevent the appointment as a director of the corporation of any officer or employee under the United States or of a director of a Federal reserve bank.

Of the four directors so appointed, the President of the United States shall designate two to serve for two years and two for four years, and thereafter each director so appointed shall serve for four years. Whenever a vacancy shall occur among the directors so appointed, the person appointed director to fill any such vacancy shall hold office for the unexpired term of the member whose place he is selected to fill. Any director shall be subject to removal by the President of the United States. Three members of the board of directors shall constitute a quorum for the transaction of business.

SEC. 4. That the four directors of the corporation appointed as hereinbefore provided shall receive annual salaries, payable monthly, of $12,000. Any director receiving from the United States any salary or compensation for services shall not receive as salary from the corporation any amount which, together with any salary or compensation received from the United States, would make the total amount paid to him by the United States and by the corporation exceed $12,000.

SEC. 5. That the principal office of the corporation shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under rules and regulations prescribed by the board of directors.

SEC. 6. That the corporation shall be empowered and authorized to adopt, alter, and use a corporate seal; to make contracts; to purchase or lease and hold or dispose of such real estate as may be necessary for the prosecution of its business; to sue and be sued; to complain and defend in any court of competent jurisdiction, State or Federal; to appoint, by its board of directors, and fix the compensation of such officers, employees, attorneys, and agents as are necessary for the transaction of the business of the corporation, to define their duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents; and to prescribe, amend, and repeal, by its board of directors, subject to the approval of the Secretary of the Treasury, by-laws regulating the manner in which its general business may be conducted and the privileges granted to it by law may be exercised and enjoyed, and prescribing the powers and duties of its officers and agents.

SEC. 7. That the corporation shall be empowered and authorized to make advances, upon such terms, not inconsistent herewith, as it may prescribe, for periods not exceeding five years from the respective dates of such advances:

(1) To any bank, banker, or trust company, in the United States, which shall have made after April sixth, nineteen hundred and seventeen, and which shall have outstanding, any loan or loans to any person, firm, corporation, or association, conducting an established and going business in the United States, whose operations shall be necessary or contributory to the prosecution of the war, and evidenced by a note or notes, but no such advance shall exceed seventy-five per centum of the face value of such loan or loans; and

(2) To any bank, banker, or trust company, in the United States, which shall have rendered financial assistance, directly or indirectly, to any such person, firm, corporation, or association by the purchase after April sixth, nineteen hundred and seventeen, of its bonds or other obligations, but no such advance shall exceed seventy-five per centum of the value of such bonds or other obligations at the time of such advance, as estimated and determined by the board of directors of the corporation.

All advances shall be made upon the promissory note or notes of such bank, banker, or trust company, secured by the notes, bonds, or other obligations, which are the basis of any such advance by the corporation, together with all the securities, if any, which such bank, banker, or trust company may hold as collateral for such notes, bonds, or other obligations.

The corporation shall, however, have power to make advances (a) up to one hundred per centum of the face value of any such loan made by any such bank, banker, or trust company to any such person, firm, corporation, or association, and (b) up to one hundred per centum of the value at the time of any such advance (as estimated and determined by the board of directors of the corporation) of such bonds or other obligations by the purchase of which financial assistance shall have been rendered to such person, firm, corporation, or association: *Provided*, That every such advance shall be secured in the manner described in the preceding part of this section, and in addition thereto by collateral security, to be furnished by the bank, banker, or trust company, of such character as shall be prescribed by the board of directors, of a value, at the time of such advance (as estimated and determined by the board of directors of the corporation), equal to at least thirty-three per centum of the amount advanced by the corporation. The corporation shall retain power to require additional security at any time.

SEC. 8. That the corporation shall be empowered and authorized to make advances from time to time, upon such terms, not inconsistent herewith, as it may prescribe, for periods not exceeding one year, to any savings bank, banking institution or trust company, in the United States, which receives savings deposits, or to any building and loan association in the United States, on the promissory note or notes of the borrowing institution, whenever the corporation shall deem such advances to be necessary or contributory to the prosecution of the war or important in the public interest: *Provided*, That such note or notes shall be secured by the pledge of securities of such character as shall be prescribed by the board of directors of the corporation, the value of which, at the time of such advance (as estimated and determined by the board of directors of the corporation) shall be equal in amount to at least one hundred and thirty-three per centum of the amount of such advance. The rate of interest charged on any such advance shall not be less than one per centum per annum in excess of the rate of discount for ninety-day commercial paper prevailing at the time of such advance at the Federal reserve bank of the district in which the borrowing institution is located, but such rate of interest shall in no case be greater than the average rate receivable by the borrowing institution on its loans and investments made during the six months prior to the date of the advance, except that where the average rate so receivable by the borrowing institution is less than such rate of discount for ninety-day commercial paper the rate of interest on such advance shall be equal to such rate of discount. The corporation shall retain power to require additional security at any time.

SEC. 9. That the corporation shall be empowered and authorized, in exceptional cases, to make advances directly to any person, firm, corporation, or association, conducting an established and going business in the United States, whose operations shall be necessary or contributory to the prosecution of the war (but only for the purpose of conducting such business in the United States and only when in the opinion of the board of directors of the corporation such person, firm, corporation, or association is unable to obtain funds upon reasonable terms through banking channels or from the general public), for periods not exceeding five years from the respective dates of such advances, upon such terms, and subject to such rules and regulations as may be prescribed by the board of directors of the corporation. In no case shall the aggregate amount of the advances made under this section exceed at any one time an amount equal to twelve and one-half per centum of the sum of (1) the authorized capital stock of the corporation plus (2) the aggregate amount of bonds of the corporation authorized to be outstanding at any one time when the capital stock is fully paid in. Every such advance shall be secured by adequate security of such character as shall be prescribed by the board of directors of a value at the time of such advance (as estimated and determined by the board of directors), equal to (except in case of an advance made to a railroad in the possession and control of the President, for the purpose of making additions, betterments or road extensions to such railroad) at least one hundred and twenty-five per centum of the amount advanced by the corporation. The corporation shall retain power to require additional security at any time. The rate of interest charged on any such advance shall not be less than one per centum per annum in excess of the rate of discount for ninety-day commercial paper prevailing at the time of such advance at the Federal reserve bank of the district in which the borrower is located.

SEC. 10. That in no case shall the aggregate amount of the advances made under this title to any one person, firm, corporation, or association exceed at any one time an amount equal to ten per centum of the authorized capital stock of the corporation, but this section shall not apply in the case of an advance made to a railroad in the possession and control of the President, for the purpose of making additions, betterments, or road extensions to such railroad.

SEC. 11. That the corporation shall be empowered and authorized to subscribe for, acquire, and own, buy, sell, and deal in bonds and obligations of the United States issued or converted after September twenty-fourth, nineteen hundred and seventeen, to such extent as the board of directors, with the approval of the Secretary of the Treasury, may from time to time determine.

SEC. 12. That the corporation shall be empowered and authorized to issue and have outstanding at any one time its bonds in an amount aggregating not more than six times its paid-in capital, such bonds to mature not less than one year nor more than five years from the respective dates of issue, and to bear such rate or rates of interest, and may be redeemable before maturity at the option of the corporation, as may be determined by the board of directors, but such rate or rates of interest shall be subject to the approval of the Secretary of the Treasury. Such bonds shall have a first and paramount floating charge on all the assets of the corporation, and the corporation shall not at any time mortgage or pledge any of its assets. Such bonds may be issued at not less than par in payment of any advances authorized by this title, or may be offered for sale publicly or to any individual, firm, corporation, or association, at such price or prices as the board of directors, with the approval of the Secretary of the Treasury, may determine.

Upon such terms not inconsistent herewith as may be determined from time to time by the board of directors, with the approval of the Secretary of the Treasury, at or before the issue thereof, any of such bonds may be issued payable in any foreign money or foreign moneys, or issued payable at the option of the respective holders thereof either in dollars or in any foreign money or foreign moneys at such fixed rate of exchange as may be stated in any such bonds. For the purpose of determining the amount of bonds issued payable in any foreign money or foreign moneys the dollar equivalent shall be determined by the par of exchange at the date of issue thereof, as estimated by the Director of the Mint and proclaimed by the Secretary of the Treasury in pursuance of the provisions of section twenty-five of the act entitled "An act to reduce taxation, to provide revenue for the Government, and for other purposes," approved August twenty-seventh, eighteen hundred and ninety-four.

SEC. 13. That the Federal reserve banks shall be authorized, subject to the maturity limitations of the Federal reserve act and to regulations of the Federal Reserve Board, to discount the direct obligations of member banks secured by such bonds of the corporation and to rediscount eligible paper secured by such bonds and indorsed by a member bank. No discount or rediscount under this section shall be granted at a less interest charge than one per centum per annum above the prevailing rates for eligible commercial paper of corresponding maturity.

Any Federal reserve bank may, with the approval of the Federal Reserve Board, use any obligation or paper so acquired for any purpose for which it is authorized to use obligations or paper secured by bonds or notes of the United States not bearing the circulation privilege: *Provided, however,* That whenever Federal reserve notes are issued against the security of such obligations or paper the Federal Reserve Board may make a special interest charge on such notes, which, in the discretion of the Federal Reserve Board, need not be applicable to other Federal reserve notes which may from time to time be issued and outstanding. All provisions of law, not inconsistent herewith, in respect to the acquisition by any Federal reserve bank of obligations or paper secured by such bonds or notes of the United States, and in respect to Federal reserve notes issued against the security of such obligations or paper, shall extend, in so far as applicable, to the acquisition of obligations or paper secured by the bonds of the corporation and to the Federal reserve notes issued against the security of such obligations or paper.

SEC. 14. That the corporation shall not exercise any of the powers granted by this title or perform any business except such as is incidental and necessarily preliminary to its organization until it has been authorized by the President of the United States to commence business under the provisions of this title.

SEC. 15. That all net earnings of the corporation not required for its operations shall be accumulated as a reserve fund until such time as the corporation liquidates under the terms of this title. Such reserve fund shall, upon the direction of the board of directors, with the approval of the Secretary of the Treasury, be invested in bonds and obligations of the United States, issued or converted after September twenty-fourth, nineteen hundred and seventeen, or upon like direction and approval may be deposited in member banks of the Federal Reserve System, or in any of the Federal reserve banks, or be used from time to time, as well as any other funds of the corporation, in the purchase or redemption of any bonds issued by the corporation. The Federal reserve banks are hereby authorized to act as depositaries for and as fiscal agents of the corporation in the general performance of the powers conferred by this title. Beginning six months after the termination of the war, the date of such termination to be fixed by a proclamation of the President of the United States, the directors of the corporation shall proceed to liquidate its assets and to wind up its affairs, but the directors of the corporation, in their discretion, may, from time to time, prior to such date, sell and dispose of any securities or other property acquired by the corporation. Any balance remaining after the payment of all its debts shall be paid into the Treasury of the United States as miscellaneous receipts, and thereupon the corporation shall be dissolved.

SEC. 16. That any and all bonds issued by the corporation shall be exempt, both as to principal and interest, from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States, upon the income or profits of individuals, partnerships, corporations, or associations. The interest on an amount of such bonds the principal of which does not exceed in the aggregate $5,000, owned by any individual, partnership, corporation, or association, shall be exempt from the taxes referred to in clause (b). The corporation, including its franchise and the capital and reserve or surplus thereof, and the income derived therefrom, shall be exempt from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except that any real property of the corporation shall be subject to State, county, or municipal taxes to the same extent, according to its value, as other real property is taxed.

SEC. 17. That the United States shall not be liable for the payment of any bond or other obligation or the interest thereon issued or incurred by the corporation, nor shall it incur any liability in respect of any act or omission of the corporation.

SEC. 18. That whoever (1) makes any statement, knowing it to be false, for the purpose of obtaining for himself or for any other person, firm, corporation, or association any advance under this title, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than five years, or both.

Whoever willfully overvalues any security by which any such advance is secured, shall be punished by a fine of not more than $5,000, or by imprisonment for not more than two years, or both.

Whoever (1) falsely makes, forges, or counterfeits any bond, coupon, or paper in imitation of or purporting to be in imitation of a bond or coupon issued by the corporation; or (2) passes, utters, or publishes, or attempts to pass, utter, or publish, any false, forged, or counterfeited bond, coupon, or paper purporting to be issued by the corporation, knowing the same to be falsely made, forged, or counterfeited; or (3) falsely alters any such bond, coupon, or paper; or (4) passes, utters, or publishes as true any falsely altered or spurious bond, coupon, or paper issued or purporting to have been issued by the corporation, knowing the same to be faslely altered or spurious, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than five years, or both,

Whoever, being connected in any capacity with the corporation, (1) embezzles, abstracts, or willfully misapplies any moneys, funds, or credits thereof, or (2) with intent to defraud the corporation or any other company, body politic or corporate, or any individual, or to deceive any officer of the corporation, (a) makes any false entry in any book, report, or statement of the corporation, or (b) without authority from the directors draws any order or assigns any note, bond, draft, mortgage, judgment, or decree thereof, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than five years, or both.

The Secretary of the Treasury is hereby authorized to direct and use the Secret Service Division of the Treasury Department to detect, arrest, and deliver into custody of the United States marshal having jurisdiction any person committing any of the offenses punishable under this section.

SEC. 19. That the corporation shall file quarterly reports with the Secretary of the Senate and with the Clerk of the House of Representatives, stating as of the first day of each month of the quarter just ended (1) the total amount of capital paid in, (2) the total amount of bonds issued, (3) the total amount of bonds outstanding, (4) the total amount of advances made under each of sections seven, eight, and nine, (5) a list of the classes and amount of securities taken under each of such sections, (6) the total amount of advances outstanding under each of sections seven, eight, and nine, and (7) such other information as may be hereafter required by either House of Congress.

The corporation shall make a report to Congress on the first day of each regular session, including a detailed statement of receipts and expenditures.

SEC. 20. Section fifty-two hundred and two of the Revised Statutes of the United States is hereby amended so as to read as follows: "Sec. 5202. No national banking association shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the nature following:

"First. Notes of circulation.

"Second. Moneys deposited with or collected by the association.

"Third. Bills of exchange or drafts drawn against money actually on deposit to the credit of the association, or due thereto.

"Fourth. Liabilities to the stockholders of the association for dividends and reserve profits.

"Fifth. Liabilities incurred under the provisions of the Federal Reserve Act.

"Sixth. Liabilities incurred under the provisions of the War Finance Corporation Act."

TITLE II.—CAPITAL ISSUES COMMITTEE.

SEC. 200. That there is hereby created a committee to be known as the "Capital Issues Committee," hereinafter called the committee, and to be composed of seven members to be appointed by the President of the United States, by and with the advice and consent of the Senate. At least three of the members shall be members of the Federal Reserve Board.

No member, officer, attorney, agent, or employee of the committee shall in any manner, directly or indirectly, participate in the determination of any question affecting his personal interests, or the interest of any corporation, partnership, or association in which he is directly or indirectly interested. Before entering upon his duties, each member and officer shall take an oath faithfully to discharge the duties of his office. Nothing contained in this or any other act shall be construed to prevent the appointment as a member of the committee, of any officer or employee under the United States or of a director of a Federal reserve bank.

The terms during which the several members of the committee shall respectively hold office shall be determined by the President of the United States, and the compensation of the several members of the committee who are not members of the Federal Reserve Board shall be $7,500 per annum, payable monthly, but if any such member receives any other compensation from any office or employment under the United States the amount so received shall be deducted from such salary, and if such other compensation is $7,500 or more, such member shall receive no salary as a member of the committee. Any member shall be subject to removal by the President of the United States. The President shall designate one of the members as chairman, but any subsequent vacancy in the chairmanship shall be filled by the committee. Four members of the committee shall constitute a quorum for the transaction of business.

SEC. 201. That the committee may employ and fix the compensation of such officers, attorneys, agents, and other employees as may be deemed necessary to conduct its business, who shall be appointed without regard to the provisions of the act entitled "An act to regulate and improve the civil service of the United States," approved January sixteenth, eighteen hundred and eighty-three (volume twenty-two, United States Statutes at Large, page four hundred and three), and amendments thereto or any rules or regulations made in pursuance thereof. No such officer, attorney, agent, or employee shall receive more compensation than persons performing services of like or similar character under the Federal Reserve Board.

SEC. 202. That all the expenses of the committee, including all necessary expenses for transportation incurred by the members or by its officers, attorneys, agents, or employees under its orders in making an investigation or upon official business in any other places than at their respective headquarters, shall be allowed and paid on the presentation of itemized vouchers therefor approved by the chairman.

The committee may rent suitable offices for its use, and purchase such furniture, equipment, and supplies as may be necessary, but shall not expend more than $10,000 annually for offices in the District of Columbia.

The principal office of the committee shall be in the District of Columbia, but it may meet and exercise all its powers at any other place. The committee may, by one or more of its members, or by such agents as it may designate, prosecute any inquiry necessary to its duties in any part of the United States.

SEC. 203. That the committee may, under rules and regulations to be prescribed by it from time to time, investigate, pass upon, and determine whether it is compatible with the national interest that there should be sold or offered for sale or for subscription any issue, or any part of any issue, of securities hereafter issued by any person, firm, corporation, or association, the total or aggregate par or face value of which issue and any other securities issued by the same person, firm, corporation, or association since the passage of this act is in excess of $100,000. Shares of stock of any corporation or association without nominal or par value shall for the purpose of this section be deemed to be of the par value of $100 each. Any securities which upon the date of the passage of this act are in the possession or control of the corporation, association, or obligor issuing the same shall be deemed to have been issued after the passage of this act within the meaning hereof.

Nothing in this title shall be construed to authorize such committee to pass upon (1) any borrowing by any person, firm, corporation, or association in the ordinary course of business as distinguished from borrowing for capital purposes, (2) the renewing or refunding of indebtedness existing at the time of the passage of this act, (3) the resale of any securities the sale or offering of which the committee has determined to be compatible with the national interest, (4) any securities issued by any railroad corporation the property of which may be in the possession and control of the President of the United States, or (5) any bonds issued by the War Finance Corporation.

Nothing done or omitted by the committee hereunder shall be construed as carrying the approval of the committee or of the United States of the legality, validity, worth, or security of any securities.

SEC. 204. That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the remainder of the fiscal year ending June thirtieth, nineteen hundred and eighteen, and the fiscal year ending June thirtieth, nineteen hundred and nineteen, the sum of $200,000 for the purpose of defraying the expenses of the establishment and maintenance of the committee, including the payment of the salaries and rents herein authorized.

SEC. 205. That the committee shall make a report to Congress on the first day of each regular session, including a detailed statement of receipts and expenditures, and also including the names of all officers and employees and the salary paid to each.

SEC. 206. That this title shall continue in effect until, but not after, the expiration of six months after the termination of the war, the date of such termination to be determined by a proclamation of the President of the United States, but the President may at any time by proclamation declare that this title is no longer necessary, and thereupon it shall cease to be in effect.

TITLE III.—MISCELLANEOUS.

SEC. 300. That whoever willfully violates any of the provisions of this act, except where a different penalty is provided in this act, shall, upon conviction in any court of the United States of competent jurisdiction, be fined not more than $10,000 or imprisoned for not more than one year, or both; and whoever knowingly participates in any such violation, except where a different penalty is provided in this act, shall be punished by a like fine or imprisonment, or both.

SEC. 301. That no stamp tax shall be required or imposed upon a promissory note secured by the pledge of bonds or obligations of the United States issued after April twenty-fourth, nineteen hundred and seventeen, or secured by the pledge of a promissory note, which itself is secured by the pledge of such bonds or obligations: *Provided*, That in either case the par value of such bonds or obligations shall equal the amount of such note.

SEC. 302. That if any clause, sentence, paragraph, or part of this act shall, for any reason, be adjudged by any court of competent jurisdiction to be invalid, or, in case any court of competent jurisdiction shall adjudge to be invalid any provisions hereof in respect of any class or classes of securities, such judgment shall not affect, impair, or invalidate the remainder of this act, but shall be confined in its operation to the clause, sentence, paragraph, part, or subject matter of this act directly involved in the controversy in which such judgment shall have been rendered.

SEC. 303. That the term "securities," as used in this act, includes stocks, shares of stock, bonds, debentures, notes, certificates of indebtedness, and other obligations.

SEC. 304. That the right to amend, alter, or repeal this act is hereby expressly reserved.

SEC. 305. That the short title of this act shall be the "War Finance Corporation Act."

SEC. 306. That all provisions of any act or acts inconsistent with the provisions of this act are hereby repealed.

Third Liberty Bond Act.

Following is the text of the act providing for an additional issue of bonds, as approved by the President on April 4.

[H. R. 11123.]

AN ACT To amend an act approved September twenty-fourth, nineteen hundred and seventeen, entitled "An act to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign governments, and for other purposes."

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first section of the act approved September twenty-fourth, nineteen hundred and seventeen, entitled "An act to authorize an additional issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend additional credit to foreign governments, and for other purposes," be, and is hereby, amended to read as follows:

"That the Secretary of the Treasury, with the approval of the President, is hereby authorized to borrow, from time to time, on the credit of the United States for the purposes of this act, and to meet expenditures authorized for the national security and defense and other public purposes authorized by law, not exceeding in the aggregate $12,000,000,000, and to issue therefor bonds of the United States, in addition to the $2,000,000,000 bonds already issued or offered for subscription under authority of the act approved April twenty-fourth, nineteen hundred and seventeen, entitled 'An act to authorize an issue of bonds to meet expenditures for the national security and defense and, for the purpose of assisting in the prosecution of the war, to extend credit to foreign governments, and for other purposes': *Provided*, That of this sum $3,063,945,460 shall be in lieu of that amount of the unissued bonds authorized by sections one and four of the act approved April twenty-fourth, nineteen hundred and seventeen, $225,000,000 shall be in lieu of that amount of the unissued bonds authorized by section thirty-nine of the act approved August fifth, nineteen hundred and nine, $150,000,000 shall be in lieu of the unissued bonds authorized by the joint resolution approved March fourth, nineteen hundred and seventeen, and $100,000,000 shall be in lieu of the unissued bonds authorized by section four hundred of the act approved March third, nineteen hundred and seventeen.

"The bonds herein authorized shall be in such form or forms and denomination or denominations and subject to such terms and conditions of issue, conversion, redemption, maturities, payment, and rate or rates of interest, not exceeding four and one-quarter per centum per annum, and time or times of payment of interest, as the Secretary of the Treasury from time to time at or before the issue thereof may prescribe. The principal and interest thereof shall be payable in United States gold coin of the present standard of value.

"The bonds herein authorized shall from time to time first be offered at not less than par as a popular loan, under such regulations, prescribed by the Secretary of the Treasury from time to time, as will in his opinion give the people of the United States as nearly as may be an equal opportunity to participate therein, but he may make allotment in full upon applications for smaller amounts of bonds in advance of any date which he may set for the closing of subscriptions and may reject or reduce allotments upon later applications and applications for larger amounts, and may reject or reduce allotments upon applications from incorporated banks and trust companies for their own account and make allotment in full or larger allotments to others, and may establish a graduated scale of allotments, and may from time to time adopt any or all of said methods, should any such action be deemed by him to be in the public interest: *Provided*, That such reduction or increase of allotments of such bonds shall be made under general rules to be prescribed by said Secretary and shall apply to all subscribers similarly situated. And any portion of the bonds so offered and not taken may be otherwise disposed of by the Secretary of the Treasury in such manner and at such price or prices, not less than par, as he may determine. The Secretary may make special arrangements for subscriptions at not less than par from persons in the military or naval forces of the United States, but any bonds issued to such persons shall be in all respects the same as other bonds of the same issue."

SEC. 2. That the last sentence of section two of said act approved September twenty-fourth, nineteen hundred and seventeen, be, and is hereby, amended to read as follows:

"For the purposes of this section there is appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $5,500,000,000, and in addition thereto the unexpended balance of the appropriations made by section two of said act approved April twenty-fourth, nineteen hundred and seventeen, or so much thereof as may be necessary: *Provided*, That the authority granted by this section to the Secretary of the Treasury to establish credits for foreign Governments, as aforesaid, shall cease upon the termination of the war between the United States and the Imperial German Government."

SEC. 3. That section four of said act approved September twenty-fourth, nineteen hundred and seventeen, is hereby amended by adding two new paragraphs, as follows:

"That holders of bonds bearing interest at a higher rate than four per centum per annum, whether issued (a) under section one, or (b) upon conversion of four per centum bonds issued under section one, or (c) upon conversion of three and one-half per centum bonds issued under said act approved April twenty-fourth, nineteen hundred and seventeen, or (d) upon conversion of four per centum bonds issued upon conversion of such three and one-half per centum bonds, shall not be entitled to any privilege of conversion under or pursuant to this section or otherwise. The provisions of section seven shall extend to all such bonds.

"If bonds bearing interest at a higher rate than four per centum per annum shall be issued before July first, nineteen hundred and eighteen, then any bonds bearing interest at the rate of four per centum per annum which shall, after July first, nineteen hundred and eighteen, and before the expiration of the six months' conversion period prescribed by the Secretary of the Treasury, be presented for conversion into bonds bearing interest at such higher rate, shall, for the purpose of computing the amount of interest payable, be deemed to have been converted on the dates for the payment of the semiannual interest on the respective bonds so presented for conversion, last preceding the date of such presentation."

SEC. 4. That the last sentence of section five of said act approved September twenty-fourth, nineteen hundred and seventeen, be, and is hereby, amended to read as follows:

"The sum of such certificates outstanding hereunder and under section six of said act approved April twenty-fourth, nineteen hundred and seventeen, shall not at any one time exceed in the aggregate $8,000,000,000."

SEC. 5. That section eight of said act approved September twenty-fourth, nineteen hundred and seventeen, be, and is hereby, amended to read as follows:

"SEC. 8. That the Secretary of the Treasury, in his discretion, is hereby authorized to deposit in such incorporated banks and trust companies as he may designate, the proceeds, or any part thereof, arising from the sale of the bonds and certificates of indebtedness and war-savings certificates authorized by this act, and arising from the payment of income and excess profits taxes, and such deposits shall bear such rate or rates of interest, and shall be secured in such manner, and shall be made upon and subject to such terms and conditions as the Secretary of the Treasury may from time to time prescribe: *Provided*, That the provisions of section fifty-one hundred and ninety-one of the Revised Statutes, as amended by the Federal reserve act, and the amendments thereof, with reference to the reserves required to be kept by national banking associations and other member banks of the Federal Reserve System, shall not apply to deposits of public moneys by the United States in designated depositaries. The Secretary of the Treasury is hereby authorized to designate depositaries in foreign countries with which shall be deposited all public money which it may be necessary or desirable to have on deposit in such countries to provide for current disbursements to the military and naval forces of the United States and to the diplomatic and consular and other representatives of the United States in and about such countries until six months after the termination of the war between the United States and the Imperial German Government, and to prescribe the terms and conditions of such deposits."

SEC. 6. That said act approved September twenty-fourth, nineteen hundred and seventeen, is hereby amended by adding four new sections, to read as follows:

"SEC. 14. That any bonds of the United States bearing interest at a higher rate than four per centum per annum (whether issued under section one of this act or upon conversion of bonds issued under this act or under said act approved April twenty-fourth, nineteen hundred and seventeen), which have been owned by any person continuously for at least six months prior to the date of his death, and which upon such date constitute part of his estate, shall, under rules and regulations prescribed by the Secretary of the Treasury, be receivable by the United States at par and accrued interest in payment of any estate or inheritance taxes imposed by the United States, under or by virtue of any present or future law, upon such estate or the inheritance thereof.

"SEC. 15. That the Secretary of the Treasury is authorized, from time to time, until the expiration of one year after the termination of the war, to purchase bonds issued under authority of this act, including bonds issued upon conversion of bonds issued under this act or said act approved April twenty-fourth, nineteen hundred and seventeen, at such prices and upon such terms and conditions as he may prescribe. The par amount of bonds of any such series which may be purchased in the twelve months' period beginning on the date of issue, shall not exceed one-twentieth of the par amount of bonds of such series originally issued, and in each twelve months' period thereafter, shall not exceed one-twentieth of the amount of the bonds of such series outstanding at the beginning of such twelve months' period. The average cost of the bonds of any series purchased in any such twelve months' period shall not exceed par and accrued interest.

"For the purposes of this section the Secretary of the Treasury shall set aside, out of any money in the Treasury not otherwise appropriated, a sum not exceeding one-twentieth of the amount of such bonds issued before April first, nineteen hundred and eighteen, and as and when any more such bonds are issued he shall set aside a sum not exceeding one-twentieth thereof. Whenever, by reason of purchases of bonds, as provided in this section, the amount so set aside falls below the sum which he deems necessary for the purposes of this section, the Secretary of the Treasury shall set aside such amount as he shall deem necessary, but not more than enough to bring the entire amount so set aside at such time up to one-twentieth of the amount of such bonds then outstanding. The amount so set aside by the Secretary of the Treasury is hereby appropriated for the purposes of this section, to be available until the expiration of one year after the termination of the war.

"The Secretary of the Treasury shall make to Congress at the beginning of each regular session a report including a detailed statement of the operations under this section.

"SEC. 16. That any of the bonds or certificates of indebtedness authorized by this act may be issued by the Secretary of the Treasury payable, principal and interest, in any foreign money or foreign moneys, as expressed in such bonds or certificates, but not also in United States gold coin, and he may dispose of such bonds or certificates in such manner and at such prices, not less than par, as he may determine, without compliance with the provisions of the third paragraph of section one. In determining the amount of bonds and certificates issuable under this act the dollar equivalent of the amount of any bonds or certificates payable in foreign money or foreign moneys shall be determined by the par of exchange at the date of issue thereof, as estimated by the Director of the Mint, and proclaimed by the Secretary of the Treasury, in pursuance of the provisions of section twenty-five of the act approved August twenty-seventh, eighteen hundred and ninety-four, entitled 'An act to reduce taxation, to provide revenue for the Government, and for other purposes.' The Secretary of the Treasury may designate depositaries in foreign countries, with which may be deposited as he may determine all or any part of the proceeds of any bonds or certificates authorized by this act, payable in foreign money or foreign moneys.

"SEC. 17. That the short title of this act shall be 'Second Liberty Bond Act.'"

SEC. 7. That the act entitled "An act to authorize an issue of bonds to meet expenditures for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to extend credits to foreign Governments, and for other purposes," approved April 24, 1917, is hereby amended by adding a new section to read as follows:

"SEC. 9. That the short title of this act shall be 'First Liberty Bond Act.'"

SEC. 8. That the short title of this act shall be "Third Liberty Bond Act."

Approved, April 4, 1918.

INFORMAL RULINGS OF THE BOARD.

Below are reproduced letters sent out from time to time over the signatures of the officers or members of the Federal Reserve Board which contain information believed to be of general interest to Federal Reserve Banks and member banks of the system:

Draft Drawn for Insurance Premium as a Trade Acceptance.

[To a Federal Reserve Bank.]

The Board has considered carefully the question raised in your letter of March 1, and I am instructed to say to you that a draft drawn by a casualty company against a policy holder for premiums could hardly be said to be a draft by the seller on the purchaser of goods sold and would not, in the opinion of the Board, come within the Board's present definition of a trade acceptance.

It is, of course, within the power of the Board to extend this definition so as to include drafts drawn for insurance, services rendered, etc., if it determines this to be advisable. It would, however, require rather a forced construction to treat a draft drawn for an insurance premium as a trade acceptance under the present definition of the Board.

MARCH 6, 1918.

Cattle as Readily Marketable Commodity.

(To Federal Reserve Banks.)

An informal ruling of the Board is published on page 65, volume 2, of the Federal Reserve Bulletin to the effect that it is the view of the Board that cattle should be considered as a readily marketable commodity and that a Federal Reserve Bank may consider as eligible a bankers' acceptance secured by chattel mortgage on cattle.

This has apparently been construed to mean that a national bank may accept drafts if secured at the time of acceptance by a chattel mortgage on cattle.

In the particular instance in which this ruling was made the drafts were drawn against a trust company which was not a member of the Federal Reserve system and the question before the Board was whether or not this banker's acceptance was eligible for discount by a Federal Reserve Bank and not whether a national bank was authorized to accept drafts or bills of exchange secured by a chattel mortgage. As the language of the ruling is, however, susceptible of this interpretation the Board desires to correct any misapprehension on the subject and has ruled that drafts or bills of exchange drawn in domestic transactions against a national bank can not, under authority of section 13, be accepted when secured by a chattel mortgage on cattle, but only when accompanied by shipping documents or when secured by a warehouse receipt or other similar documents conveying or securing title to readily marketable staples.

While cattle may be treated as readily marketable staples, a chattel mortgage is not considered a document similar to a warehouse receipt, since the borrower retains the possession of the goods and conveys to the bank only the legal title.

The Board having reached the conclusion that national banks are not authorized to accept bills secured by chattel mortgages on cattle, deems it advisable that Federal Reserve Banks should consider as ineligible bills drawn against the security of such chattel mortgages, whether accepted by member or nonmember banks.

MARCH 29, 1918.

Tractors Used in Agricultural Operations.

(To Federal Reserve Banks.)

The Board has received many inquiries of late as to the eligibility of notes given by farmers in payment of tractors used by them in agricultural operations. The Board has already ruled that notes given for the purchase price of farm implements which are to be resold may be discounted as commercial paper, and if the implements are not to be resold but are to be used for an agricultural purpose notes given in payment may be discounted as agricultural paper. The Board has considered the question whether a tractor can be regarded as a farming implement or whether it must be treated as a permanent fixed investment. While it is expected that the use of a tractor will be extended over several seasons, this circumstance does not make necessary the classification of a tractor as a fixed investment. Horses and mules bought for farm work are purchased with several years' use in view, yet there can be no question that a note given by a farmer in payment of a pair of mules to be used in farm work, maturing within six months, is eligible as agricultural paper. Where tractors are used to supplement the work of horses or mules or are used altogether instead of these animals, it seems to the Board that notes given by farmers for the purchase price of tractors, and maturing within six months, should be admitted to discount as agricultural paper, and you are requested to advise your member banks accordingly.

MARCH 27, 1918.

Bank Examination Forms.

(To Federal Reserve Banks.)

A suggestion has been made by one of the Federal Reserve agents that an effort should be made to induce the banking departments of the various States to adopt for use of examiners in making reports of examination a form used by the Federal Reserve Boards' Division of Audit and Examination (Form 103). It is realized, of course, that it will probably be very difficult to accomplish this, and that many bank commissioners may flatly decline to change their forms. On the other hand, some of them may be willing, after consulting with their examiners, to adopt the Board's form, in which case a step toward uniformity will have been attained. The Board has never communicated with any of the bank commissioners regarding this matter, but would be pleased if each Federal Reserve agent would ascertain the views upon this subject of the bank commissioners or superintendents of the States in his own district.

MARCH 29, 1918.

Redemption of Federal Reserve Notes.

(To Federal Reserve Banks.)

The Board is advised by the Division of Issue and Redemption that redemptions of Federal Reserve notes are running in very large amount and that in many instances notes are sent in which are fit for circulation.

The Board understands, of course, that there is a strong preference and demand for new bills, but in times like the present, when it is necessary to economize in all directions, it seems that the spirit of economy should be extended also to the use of currency. It is suggested, therefore, that Federal Reserve Banks ask their member banks to continue to pay out Federal Reserve notes as long as they are reasonably fit for use, and to refrain from sending notes to Washington for redemption unless they are so worn or soiled as to be actually unfit for circulation. The capacity of the Bureau of Engraving and Printing is strained to the utmost, and the Board feels that the banks and the public can render a public service by acting upon this suggestion.

MARCH 30, 1918.

Notes of Farmers for Commodities Used in Farming.

(To a Federal Reserve Bank.)

Receipt is acknowledged of your letter of February 23, asking for a ruling of the Board on the right of a Federal Reserve Bank to discount as agricultural paper notes of farmers executed for the purchase price of commodities used for farming purposes.

In reply you are advised that in the opinion of the Board where a farmer makes his note payable to the seller of a commodity and actually uses the commodity for agricultural purposes, such a note may be treated as agricultural paper, whether discounted with the member bank by the farmer as the maker or by the seller as the indorser.

Where the farmer makes his note payable to the member bank and uses the proceeds for an agricultural purpose, such note may likewise be discounted by a Federal Reserve Bank as agricultural paper. If, however, under either of the foregoing cases the farmer does not use or intend to use the commodity purchased for an agricultural purpose, although it is capable of being so used, the note in question should be treated as commercial paper and not as agricultural paper and should not be rediscounted by the Federal Reserve Bank if it has a maturity in excess of 90 days.

MARCH 6, 1918.

Drafts for Purchase of Electrical Goods, Including Cost of Installation, as Trade Acceptance.

(To a Federal Reserve Bank.)

Receipt is acknowledged of your letter of February 19, submitting for consideration of the Board the question whether drafts drawn for the purchase price of electrical and mechanical goods, which include the cost of installation, may be treated as trade acceptances when such drafts are accepted by the purchaser.

It appears that it is customary for the seller of such goods to contract for their installation and to include the cost of installation in the selling price.

In the opinion of the Board such an acceptance would come within the Board's definition of a trade acceptance.

FEBRUARY 23, 1918.

LAW DEPARTMENT.

The following opinions of counsel have been authorized for publication by the Board since the last edition of the Bulletin:

Acceptances by Correspondents at Request and under Guarantee of National Banks.

Drafts accepted by foreign correspondents at the request, and under the guarantee of a national bank in the United States, should be reported as a direct liability of such national bank, and should be treated as subject to the limitations imposed by the Federal Reserve Act on the acceptance power of national banks.

MARCH 7, 1918.

SIR: In the accompanying letter your office is asked whether drafts or bills of exchange accepted by foreign correspondents at the instance and request, and under guarantee of national banks in the United States, should be reported as acceptances of the national bank making such guarantee, in its report of condition. It has been suggested that such acceptances should be shown as contingent liabilities of the bank. I am unable to agree with this conclusion.

A national bank which arranges with its correspondent to accept a bill or draft, under the circumstances recited, undertakes and agrees with its correspondents to furnish funds with which to pay the acceptance at maturity. Its liability, therefore, is to all intents and purposes the same liability that is assumed where the national bank itself accepts the draft.

It is true that the acceptance in the case under consideration is not negotiated at an acceptance of the national bank but rather as an acceptance of its correspondent. The authority of the national bank, however, to guarantee such an acceptance is an incident of its authority to accept. In other words, the national bank in such case is exercising this power through an agent.

In the opinion of this office, all such acceptances should be reported as acceptances of the national bank and should be treated as subject to the limitations imposed by the Federal Reserve Act on the acceptance power of national banks.

As an alternative the national bank might treat this as a loan to its customer and might show its liability to its correspondent, in its report of condition, as money borrowed, in which case it would of course be subject to the limitations of section 5202, Revised Statutes.

A different situation is presented where a national bank in the United States arranges with its foreign correspondent to accept drafts for the account of one of its customers under an agreement that if the customer does not provide funds before the maturity of the acceptance with which to pay it the national bank will do so. In such case the national bank would be only contingently liable on the acceptance and need not show this as an acceptance liability.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. JOHN SKELTON WILLIAMS,
Comptroller of the Currency.

Acceptances Without Documents Attached.

The acceptance of a draft by a member bank against an acceptance agreement which purports to assign to the bank certain collateral security, but which does not specifically mention any security as assigned is an ordinary accommodation acceptance, and is not authorized by law.

MARCH 22, 1918.

SIR: From the accompanying letter it appears that a certain bank has entered into an arrangement with a firm of brokers, under which it accepts drafts drawn by the brokers against an acceptance agreement which purports to assign to the bank collateral security, but which does not specifically mention any security as assigned.

In the opinion of this office, this is an ordinary accommodation acceptance which is not authorized by law. The drafts are apparently drawn in a domestic transaction and can be properly accepted under the terms of the act only when shipping documents conveying or securing title are attached at the time of acceptance, or when such drafts are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples.

The acceptance agreement submitted does not in the opinion of this office, constitute a warehouse receipt or other similar document, conveying or securing title to readily marketable staples, and does not, of course, come within the classification of shipping documents.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. JOHN SKELTON WILLIAMS,
Comptroller of the Currency.

Note for Purchase Price of Commodities Used for Agricultural Purpose.

A note given for the purchase price of a commodity can be classed as agricultural paper eligible for rediscount when having a maturity in excess of 90 days, if the maker is to use the commodity for an agricultural purpose, regardless of whether the note is discounted by the maker or by the indorser.

MARCH 5, 1918.

SIR: As I understand it the case submitted in the accompanying letter is as follows:

If a farmer makes his note payable to a member bank and discounts it with the bank, using the proceeds for an agricultural purpose, this note is eligible for rediscount under section 13 because the proceeds have been used for an agricultural purpose.

If, instead of discounting his own note with the bank, the farmer makes his note payable to the seller of a commodity to cover the purchase price of the commodity and uses the commodity purchased for an agricultural purpose, can this note when discounted by the seller or holder with the member bank be treated as agricultural paper and rediscounted with the Federal Reserve Bank when it has a maturity in excess of 90 days?

In other words, the question raised is whether a note given for the purchase price of a commodity can be classed as agricultural paper provided the commodity is used for an agricultural purpose or must it be treated as commercial paper eligible for rediscount only in the event that it has a maturity not exceeding 90 days.

In my opinion it should be treated as agricultural paper if the maker of the note is to use the commodity purchased for an agricultural purpose regardless of the fact of whether the note is discounted by the maker or by the indorser.

It will be observed that in dealing with commercial paper the act provides that—

> * * * any Federal Reserve Bank may discount notes * * * arising out of actual commercial transactions; that is, notes * * * issued or drawn for agricultural, industrial, or commercial pruposes, or the proceeds of which have been used, or are to be used, for such purposes.

Under this language a note executed by the purchaser and delivered to the seller would be eligible for rediscount as a "note drawn or issued for a commercial purpose," or a note drawn by the purchaser payable to a bank the proceeds of which were used for a commercial purpose would likewise be eligible under the terms of the act.

The act further provides that—

> Notes * * * drawn or issued for agricultural purposes * * * and having maturity not exceeding six months * * * may be discounted in an amount to be limited to a percentage of the assets of the Federal Reserve Bank to be ascertained and fixed by the Federal Reserve Board.

The language of this proviso is similar to that used in connection with commercial paper; that is to say, the notes referred to are described as those "drawn or issued" for a specific purpose. By analogy, therefore, a note executed by the purchaser to the seller for a commodity used by the purchaser for an agricultural purpose should be considered as drawn or issued for an agricultural purpose within the meaning of the act.

If, however, the purchaser who executes the note did not intend to use the commodity for an agricultural purpose but for a commercial purpose it would not be eligible as agricultural paper although the commodity purchased is susceptible of use for an agricultural purpose.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. W. P. G. HARDING,

Governor Federal Reserve Board.

Duty of National Banks to Assist in Financing the Government.

National banks were created primarily to assist the Government in the conduct of its fiscal affairs, and in performing the various services incident to the marketing of Liberty bonds, war-savings stamps, thrift stamps, and any other obligations of the Government, they are carrying out one of the fundamental purposes for which they were created.

FEBRUARY 2, 1918.

SIR: You have asked for an expression of opinion of this office on the question of how far national banks should be expected to assist in financing the Government, and particularly in marketing Liberty bonds, war-savings stamps, thrift stamps, etc.

I am advised that, except in a few isolated cases, the question is more or less academic, since banks, as a rule, have shown a very patriotic desire to aid the Government without question in every possible way.

To properly answer your inquiry it is necessary to review very briefly the history of Federal legislation on the subject of banking.

As you know, when the first bank of the United States was created by Congress the constitutionality of the act was bitterly contested. The Supreme Court, speaking through Chief Justice Marshall, sustained its constitutionality on the ground that a bank "is an instrument which is necessary and proper for carrying on the fiscal operations of the Government."

In other words, the fundamental purpose of the creation of banks by Congress was to provide an instrument which could be used by the Government in the conduct of its fiscal affairs.

The private capacity of the bank is purely incidental to its public capacity. It was contended in the earlier cases dealing with this subject that while Congress might have a right to create a Federal or Government bank to be used in the conduct of the fiscal affairs of the Government it did not have the right to vest such a corporation with the power to engage in the banking business generally. In discussing this question Chief Justice Marshall, in the case of Osborn *v.* U. S. Bank, 9 Wheat. 738, 861 (p. 860) said:

The whole opinion of the court, in the case of McCulloch *v.* The State of Maryland, is founded on, and sustained by, the idea that the bank is an instrument which is "necessary and proper for carrying into effect the powers vested in the Government of the United States." It is not an instrument which the Government found ready made, and has supposed to be adapted to its purposes; but one which was created in the form in which it now appears for national purposes only. It is, undoubtedly, capable of transacting private as well as public business. While it is the great instrument by which the fiscal operations of the Government are effected, it is also trading with individuals for its own advantage.

In answer to the argument that banks should not be permitted to engage in private business, the court said, on page 863:

The operations of the bank are believed not only to yield the compensation for its services to the Government, but to be essential to the performance of those services. Those operations give its value to the currency in which all the transactions of the Government are conducted. They are, therefore, inseparably connected with those transactions. They enable the bank to render those services to the Nation for which it was created, and are, therefore, of the very essence of its character as national instruments. The business of the bank constitutes its capacity to perform its functions, as a machine for the money transactions of the Government. Its corporate character is merely incident, which enables it to transact that business more beneficially.

It is obvious, therefore, that services performed for the Government by a bank created by Congress are not merely incidental to the private operations of the bank, but the converse is a more accurate statement of the true situation; that is to say, the private operations of the bank are merely incidental to the fundamental purpose for which such bank was created, namely, to assist the Government in the conduct of its fiscal affairs.

This is, of course, true of national banks created by the act of 1864. In Farmers' National Bank *v.* Dearing, 91 U. S. 29, 33, the court says:

> The constitutionality of the act of 1864 is not questioned. It rests on the same principle as the act creating the second bank of the United States. The reasoning of Secretary Hamilton and of this court in McCulloch *v.* Maryland (4 Wheat. 316) and in Osborne *v.* The Bank of the United States (9 id. 708) therefore applies. The national banks organized under the act are instruments designed to be used to aid the Government in the administration of an important branch of the public service.

It is entirely consistent with the purposes of the act creating such banks, therefore, for the Secretary of the Treasury to call upon such banks to perform any reasonable service that may be required of them in financing the Government's needs.

The act of June 30, 1864, specifically provides that such banks "may be employed as financial agents of the Government and shall perform all such reasonable duties * * * as may be required of them."

The marketing of Liberty bonds, war-savings stamps, and thrift stamps, and of any other obligations of the Government, involves—

(*a*) The receipt of applications for subscriptions.

(*b*) The allotment of subscriptions.

(*c*) The collection of the purchase price of obligations subscribed for and sold.

(*d*) The delivery of such obligations.

(*e*) The conversion into other forms of obligations when permitted by law.

(*f*) The deposit of funds realized from the sale of such obligations.

(*g*) The disbursement of such funds.

(*h*) The payment of maturing United States obligations.

In conducting these fiscal operations it is necessary for the Secretary of the Treasury to employ agencies or instrumentalities in different parts of the United States, and national banks performing such services are clearly carrying out one of the fundamental purposes for which they were created.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. JOHN SKELTON WILLIAMS,
Comptroller of the Currency.

Bankers Acceptances Growing Out of Export Transactions.

Where a dealer is engaged in purchasing the same character of goods for export and for domestic use, a member bank accepting his draft drawn to finance an export transaction should require proper assurances that proceeds of draft are to be used in connection with such export transaction and that the acceptance will be paid out of proceeds of sale of goods exported.

APRIL 1, 1918.

SIR: It appears that certain dealers in staples who have a large domestic business are under contract to export food to the allies. The question has arisen, to what extent and under what circumstances member banks may accept drafts or bills of exchange drawn by such dealers.

(1) Where the drafts are drawn in a domestic transaction, under section 13 they must be accompanied by shipping documents or the bank must be secured at the time of acceptance by a warehouse receipt or other similar document conveying or securing title to the goods involved.

(2) Where the draft grows out of a particular transaction involving the export of goods, the regulations of the Board require that the bill must have been drawn under a credit opened for the purpose of conducting or settling accounts resulting from such transaction.

In other words, it must appear that the bill is drawn and the proceeds are used in connection with the export transaction. The Federal Reserve Bank must be satisfied, either by reference to the acceptance itself or otherwise, that it is eligible for rediscount. Satisfactory evidence of the eligibility may consist of a stamp or certificate affixed by the acceptor in form satisfactory to the Federal Reserve Bank.

In the case under consideration it is assumed that the dealer is engaged in the purchase of goods for export and is purchasing the same character and class of goods for domestic use. Some difficulty may be encountered, therefore, in ascertaining whether the goods purchased in any particular transaction are to be used for export or for domestic consumption.

You have asked that consideration be given to the question of what evidence the accepting bank should require if the acceptance grows out of a transaction involving the export of goods and what form this evidence should take.

It is respectfully suggested that where the dealer desires to finance the purchase and sale of goods to be exported his contract with the bank should provide (*a*) that he has entered into a contract for the export of the goods of a fixed amount; (*b*) that the total amount of drafts drawn by him under the credit opened to finance the export of such goods shall at no time exceed the aggregate amount of the import or export transactions contracted for and in process of execution; (*c*) that the proceeds of drafts drawn against the accepting bank under this credit are to be used in connection with the export contracts referred to, and that the proceeds of the sale of the goods exported will be applied in payment of the acceptances unless the dealer has in the meantime placed the bank in funds to meet them at maturity or has secured such acceptances by shipping documents, warehouse receipt, or other similar document conveying and securing title to readily marketable staples.

Unless the dealer can and will assure the bank that the proceeds of the credit are to be used in an export transaction, and that the proceeds of the goods exported are to be used to liquidate the acceptances, the dealer should be required to treat the bills as drawn in domestic transactions and the bank should require security provided by section 13.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. W. P. G. HARDING,
Governor Federal Reserve Bank.

State Bank Membership.

The Mississippi Legislature has recently enacted the following law authorizing State banks and trust companies to become member banks:

SECTION 1. *Be it enacted by the Legislature of the State of Mississippi*, and it is hereby enacted by the authority of the same, that any bank or trust company incorporated under the laws of Mississippi shall have the power to subscribe to the capital stock and become a member of the Federal reserve bank created and organized under an act of Congress of the United States approved the twenty-third day of December, anno Domini one thousand nine hundred and thirteen, and known as the Federal reserve act.

SEC. 2. Any such bank or trust company shall comply with the reserve requirements of the Federal reserve act and its amendments and the compliance of such bank or trust company therewith shall be in lieu of, and shall relieve such bank or trust company from, compliance with the provisions of the laws of this State relating to the maintenance of reserves.

The Kentucky Legislature also recently amended certain sections of the banking laws of that State so as to authorize State banks and trust companies to pledge any portion of their assets as security for deposits of the United States Government; to provide that State banks and trust companies becoming members of the Federal reserve bank shall be subject to all the provisions of, and have all the powers conferred by, the Federal Reserve Act, and may conform to the reserve requirements of the Federal Reserve Act in lieu of the reserve requirements of the State laws; and to authorize the State banking commissioner to accept examinations made by the Federal reserve authorities in lieu of his official examinations and to furnish to the Federal reserve agent copies of examinations and reports of member banks.

Section 579 of Carroll's Kentucky Statutes, as so amended, provides in part as follows:

In addition to the powers heretofore conferred upon and now possessed by banks, trust companies, and combined banks and trust companies doing business under the laws of this State, they are hereby authorized and empowered subject to existing statutory or charter limitations to pledge such portion of their assets as may be required by law as collateral security for Government deposits made with them, or any of them, by or under the authority of the United States.

Section 584 now reads, in part, as follows:

Any bank or trust company, incorporated under the laws of this Commonwealth, which shall become a member of a Federal reserve bank shall be subject to all the provisions of the Federal Reserve Act and its amendments and to the regulations of the Federal Reserve Board applicable to such bank or trust company and shall have all the powers and assume all liabilities conferred and imposed by said act in regard to State member banks, and any such bank or trust company shall comply with the reserve requirements of the Federal Reserve Act and its amendments, and the compliance of such bank or trust company therewith shall be in lieu of and shall relieve such bank or trust company from compliance with the provisions of the laws of this Commonwealth relating to the maintenance of reserves.

Section 165 now reads, in part, as follows:

Provided that any bank or trust company or combined bank and trust company which shall become a member of a Federal reserve bank created and organized under the act of Congress known as the Federal Reserve Act shall be subject to the examination required under the terms of the said Federal Reserve Act, and the banking commissioner may, in his discretion, accept examinations made by the Federal reserve authorities in lieu of examinations made under the laws of this Commonwealth; and the banking commissioner is further authorized and directed to furnish to the Federal reserve agent of the district in which such member bank may be situated copies of reports and examinations made of such member bank.

War Stamp Taxes.

Following is a reprint of Treasury decision (T. D. 2682) relating to war stamp taxes on negotiable instruments:

TREASURY DEPARTMENT,
OFFICE OF COMMISSIONER OF INTERNAL REVENUE,
Washington.

To Collectors of Internal Revenue:

The stamp tax on drafts and checks imposed by Schedule A of Title VIII of the act of October 3, 1917, attaches to drafts or checks (1) at the time of delivery, if (2) delivered within the territorial jurisdiction of the United States and (3) expressed to be payable otherwise than at sight or on demand, but not to drafts or checks not yet delivered, or delivered in a foreign country, or expressed to be payable at sight or on demand.

Schedule A of Title VIII of the act of October 3, 1917, imposes a tax on "6. Drafts or checks payable otherwise than at sight or on demand." By section 800 of the act the tax is payable in respect of such drafts and checks, or in respect of the paper upon which they are written, by any person who makes, signs, or issues the same, or for whose use or benefit the same are made, signed, or issued. By section 802 anyone is guilty of a misdemeanor who "(a) makes, signs, issues, or accepts, or causes to be made, signed, issued, or accepted, any instrument, document, or paper of any kind or description whatsoever without the full amount of tax thereon being duly paid."

(1) The general rule is that a taxable draft or check becomes subject to the tax concurrently with its delivery. In the case of a draft the rule means that the tax attaches, not when it is signed by the drawer, or presented to the drawee for acceptance, or accepted by him, but when it is delivered to the payee, if drawn to a third person, or negotiated by the drawer, if drawn to his order, whether such delivery or negotiation takes place before or after acceptance.

If a draft was drawn and accepted before the passage of the act, but not delivered or negotiated until afterwards, the tax is payable. If a draft is presented to the drawee for acceptance and discount by him, stamps must first be affixed by the drawer, for the acceptance and delivery are simultaneous.

The payee or the indorsee from the drawer must see to it that the drawer, as the person "who makes, signs, or issues" the draft, pays the tax before delivery. "Accept" is used in the penal provision in section 802 in the general sense of "receive," not in the special sense peculiar to drafts. No drawee accepting an unstamped undelivered draft would violate the law; but if the draft has already become taxable because of a prior delivery, the acceptor must be sure that stamps are affixed.

(2) The general rule is that a taxable draft or check becomes subject to the tax if delivered within the territorial jurisdiction of the United States. The rule means that the tax does not attach to a draft drawn and accepted here, but delivered abroad, whether before or after acceptance, but does attach to a draft delivered here, whether before or after acceptance, although drawn and accepted abroad. In general, a draft sent through the mail is delivered when and where deposited in the mail addressed to the payee or the indorsee from the drawer.

If a draft drawn abroad, on a foreign drawee, with a foreign payee, passes through a bank here in the course of collection, no tax is payable, unless it should be delivered by an agent of the drawer to an agent of the payee within the United States. Because of the constitutional restriction that no tax or duty shall be laid on articles exported from any State, drafts with bill of lading attached covering goods in the course of exportation are not subject to the tax.

(3) The general rule is that a draft or check delivered within the United States is subject to the tax if expressed to be payable otherwise than at sight or on demand.

Accordingly, an ordinary sight draft with bill of lading attached is not taxable, but a draft expressed to be payable at sight "on arrival of car," or containing a memorandum to hold until arrival of car, is. A sight draft, accompanied by instructions outside the instrument, as "Do not present until arrival of car," or some such memorandum, is not taxable. A sight draft accepted and paid for the drawee by the collecting bank, which holds it and charges interest until the drawee takes it up, is not taxable.

A draft might be drawn stating no time for payment, which would class it as a sight draft, and be accepted at 90 days, which would change its nature. If negotiated or delivered before acceptance the holder would be obliged to stamp it on acceptance, in default of which both he and the acceptor would be liable for the statutory penalty.

For the purposes of the tax there is no difference in the treatment of ordinary bills of exchange, trade acceptances, and bankers' acceptances, as defined by the regulations of the Federal Reserve Board.

DANIEL C. ROPER,
Commissioner of Internal Revenue.

Approved March 26, 1918.

W. G. MCADOO,
Secretary of the Treasury.

SUMMARY OF BUSINESS CONDITIONS, MAR. 23, 1918.

	District No. 1—Boston.	District No. 2—New York.	District No. 3—Philadelphia.	District No. 4—Cleveland.	District No. 5—Richmond.	District No. 6—Atlanta.
General business	Active	Good	Good	Active	Active	Above normal.
Crops:						
Condition				Satisfactory	Prosperous	Good.
Outlook		Fair		Good	Satisfactory, except labor.	Do.
Industries of the district.	Busy	Active	Very busy	Necessary lines busy.	Active	Busy.
Construction, building, and engineering.	Below normal	Building light; shipbuilding active.	Decreasing	Very limited	Private building negligible; Government work active.	Very light.
Foreign trade		General trade restricted.	do		Limited by freight room.	Unsatisfactory.
Bank clearings	Increase	Slight increase over same time last year.	Decrease	Increase	Increase	Increase.
Money rates	Steady at 6 per cent.	Increasing	Very firm	do	Good demand, 6 per cent.	Firmer.
Railroad, post office, and other receipts.	Railroad, decrease; post office, increase.	Heavy	Decreasing	do	Railroad, irregular; post office, volume large.	Stationary.
Labor conditions	Scarce and well paid.	Demand for skilled labor greater than supply.	Strong demand, high wages.	Unsettled	In demand, much complaint.	Unsettled.
Outlook	Good	Good	Good	Improving	Satisfactory and encouraging.	Generally favorable.
Remarks					Weather conditions very favorable, stimulating activities in all lines.	

	District No. 7—Chicago.	District No. 8—St. Louis.	District No. 9—Minneapolis.	District No. 10—Kansas City.	District No. 11—Dallas.	District No. 12—San Francisco.
General business	Good	Generally active	Good	Good	Good	Active.
Crops:						
Condition	Good, except corn.	Good		Fair to good	Fair	Good.
Outlook	Promising	Favorable	Spring outlook good.	More favorable	Generally favorable.	Favorable.
Industries of the district.	Essential industries fully employed.	Busy	Active	Active	Active	Very active.
Construction, building, and engineering.	No activity worthy of mention.	Quiet	Slow	Operations generally curtailed.	Building inactive; some revival; believed will soon be active.	13 per cent decrease over year ago.
Foreign trade					Satisfactory; lack of shipping has curtailed.	Large increase.
Bank clearings	Increase	Increase	Increasing	Greatly increased	Increase of 31.3 per cent.	Largely increasing.
Money rates	Firm	Firm	Firm	Slight increase	Firm; demand increasing.	Firm.
Railroad, post office, and other receipts.	Increasing	Increase in postal receipts.	Little change		Increase	Increasing.
Labor conditions	Labor generally satisfied.	Unsettled	Good	Very unsettled	Scarcity in many lines, even with advancing wages.	Unsettled, but improving.
Outlook	No misgivings	Encouraging	do	Favorable	Favorable	Favorable.
Remarks				Weather conditions have improved farm outlook; wholesale trade is very active; mid-continent oil field production is increasing.	Favorable features obtain in all branches of business; some rainfall in drouth sections, and conditions improved, though far from normal; where rains have fallen, conditions are normal, and prospects good; mercantile lines active; industries generally busy.	

GENERAL BUSINESS CONDITIONS.

There is given on the preceding page a summary of business conditions in the United States by Federal Reserve districts. These reports are furnished by the Federal Reserve agents, who are the chairmen of the boards of directors for the Federal Reserve Banks of the several districts. Below are the detailed reports as of approximately March 23:

DISTRICT NO. 1—BOSTON.

Reports of increased business activity are being received from all parts of the district. Cities outside of Boston having war orders are experiencing good retail trade through the purchasing power of well paid workmen, who apparently are saving but a small part of their increased wages.

Retail stores in Boston report heavy Saturday sales which they explain by the presence of large numbers of week-end visitors going to Army and Navy cantonments and also through the demand already outlined.

Cities and towns not having war industries are complaining that their inhabitants are being attracted to other places by offers of more lucrative employment. In some localities this movement is assuming large proportions.

The approach of spring and warm weather should accentuate good trade, and both manufacturers and dealers are optimistic as to the future, but their tendency is to so conduct their business as to further the conduct of the war.

Some domestic industries have been directly benefited by war conditions and this is particularly true of the fish trade which is an important industry in this section. Dealers and fishermen alike have prospered because of the excessive demand and high prices.

New England is whole-heartedly in the war. Income taxes and Government regulations are being recognized more generally as necessities to its successful conclusion and, therefore, are accepted cheerfully.

In spite of the fact that money has been scarce, the subscriptions to the recent issues of certificates of indebtedness have been very large and have been widely distributed over the district. This, however, is due more largely to the nontaxable feature than to any marked change in the money situation. While money has continued to be well loaned up and banks are taking care of practically none but their own customers, some out-of-town banks have been small buyers of commercial paper. The tension in the money market of the past few weeks has been relieved, however, to some extent by the decrease in the demand for loans from the cotton and wool industries, the demand for carrying these commodities having decreased through Government and seasonable conditions. Time collateral money has been particularly hard to obtain. Call money rules at 5½ to 6 per cent. Time collateral loans are quoted nominally 6 per cent for dates not over four months. Commercial paper is 6 per cent almost regardless of the character of the name, although in very exceptional cases that rate has been shaded.

The wool trade has been unsettled by the action of the Government in executing its option on Argentine wools and there is practically no trading between dealers. The supply on hand is small, and prices are firm. For the first time in years dealers are not contracting for western wool on the sheeps' back, but are proceeding on conservative lines and waiting to see if there will be any Government regulations in regard to it. Wool released from Australia by the English Government continues to arrive. Woolen and worsted mills are almost all running to capacity.

Retail shoe trade is much better than during January and February, the increase in business having started about March 1, and it is felt that with the approach of Easter, if the weather is good, business will be large. This is helping collections, which are showing a decided improvement. It is reported that domestic business of manufacturers is only about 65 per cent of normal, but with Government orders factories are running at about 90 per cent of capacity. Leather prices are soft, except in those lines that are used for army shoes.

Cotton mills are running at capacity, with advance orders booked well into next summer. It is a seller's market and mills are reticent about accepting too large an amount of business for future delivery. This is true of both fine and coarse goods mills. Prices are advancing but are being paid willingly, the main question on contracts being date of delivery. The fixing of a price on the Government order that has been pending in Fall River for some time has tended to make the manufacturers even more reluctant to take additional domestic orders.

The exchanges of the Boston Clearing House for the week ending March 16, 1918, were $254,899,211, compared with $221,114,491 for the corresponding week last year and $234,616,383 for the week ending March 9, 1918.

Building and engineering operations in New England from January 1 to March 21, 1918, amounted to $27,622,000, as compared with $32,201,000 for the corresponding period of 1917.

The receipts of the Boston post office for February, 1918 show an increase of $115,625.42, or about 17 per cent more than February, 1917. For the first 15 days of March, 1918, receipts were about 19 per cent, or $90,558.01 more than for the corresponding period of last year.

Boston & Maine Railroad reports a loss from operation, after taxes, for January, 1918, of $669,780, as compared with net operating income taxes of $816,694 for the corresponding month of 1917.

Loans and discounts of the Boston Clearing House banks on March 16, 1918, amounted to $475,039,000, as compared with $476,410,000 last month and $465,298,000 on March 17, 1917. Demand deposits on March 16, 1918, amounted to $400,246,000, as compared with $392,771,000 on February 16, 1918, and $371,143,000 on March 17, 1917. Time deposits on March 16, 1918 totaled $20,745,000, as compared with $22,787,000 on February 16, 1918, and $33,319,000 on March 17, 1917. The amount "due to banks" on March 16, 1918, was $125,296,000, as compared with $129,913,000 on February 16, 1918.

DISTRICT NO. 2—NEW YORK.

Business activity and sentiment show further recovery from the disturbed conditions and uncertainty prevailing during the early part of the year. A number of railroad freight embargoes have been removed, but a new embargo has been placed on shipments of less-than-carload lots to the port of New York. Traffic is moving more freely, though there is still much congestion of goods and shortage of cars. Continued mild weather has lessened the pinch of fuel shortage.

Reports of increased production come from the steel industry, upon which so many other war industries depend, indicating substantial increase in the rate of output of steel ingots and more favorable conditions as to transportation and coke supply. Sales of pig iron for future delivery have been very light, as difficulty is experienced in producing material already contracted for.

Industries devoting a considerable portion of their capacity to Government orders are very active, though hampered by difficulty in obtaining and holding skilled labor and obtaining the necessary transportation accommodation and supplies. The necessity for anticipating needs for raw material, in order to avoid delays due to transportation difficulties and other causes, has led to the acquisition of heavy stocks and the reporting of large inventories, but efforts are being made to pursue a conservative course in buying and to keep inventories within reasonable bounds.

General retail business in New York City is reported as fairly active. Country merchants are having more active trade and are purchasing more freely. Chain stores report good business in February and March. Business in the shoe trade continues quiet. Watches are selling freely with demand greater than supply. Other jewelry lines are reported quiet. Furniture business is also quiet. Cloak and suit sales are above those for the same period last year, and buying is fairly active, notwithstanding continued advances in prices. Silk production is estimated to be at about 75 per cent of normal, silk prices having advanced proportionately less than either cotton or woolen prices, while sales are about normal and stimulated by seasonable weather and the approach of Easter. Textile and knitting mills are very busy and demand for their products is very keen.

Building operations continue light, while demand for space for business and residence purposes is resulting in an upward trend in rentals.

In the foreign-exchange market a strengthening in lire exchange has followed measures taken by the Italian Government to license all dealings in lire at Italian centers. Spanish exchange, on the other hand, has reached a new high point.

Stock market average prices have continued to move upward, especially for the railroad stocks, with trading, however, in small volume. Bond prices have eased off slightly. Several new issues of short-term notes have sold readily at prices to yield the public between 7 and 8 per cent, and New York City has placed $20,000,000 short-term corporation stock on a 4.79 per cent basis.

During the month the banks have continued to absorb a large volume of United States certificates of indebtedness, the amount outstanding in this district having increased from about $1,200,000,000 on February 15 to over $1,550,000,000 on March 21. The request of the Secretary of the Treasury that every bank subscribe for a stipulated proportion of its resources has brought about a very much wider distribution of the certificates in this district than before. New York City institutions have made substantial sales to customers.

Excess reserves of New York Clearing House banks touched a low point on March 1 of $12,500,000, but made prompt recovery in the following week to $55,000,000. The issuance of certificates of indebtedness and the movement of funds in considerable amounts to other districts, through the gold settlement fund, have led to heavier borrowing from this Federal Reserve Bank.

The ruling rate for call money, with an occasional temporary easing, was 6 per cent up to February 18, when an easing tendency became apparent. The time money rate of 6 per cent has been nominal, as loans of this class have been scarce. The rate for commercial paper has been steady at 6 per cent, though some sales have been made at a higher rate. Commercial paper is being sold in good volume with wide distribution, though borrowing needs have extended to such a degree as to render difficult their complete satisfaction. The market rates on bankers' acceptances have shown a steady upward tendency, and are quoted at $4\frac{3}{8}$ to $4\frac{1}{2}$ per cent, or about one-half per cent higher than a month ago.

DISTRICT NO. 3—PHILADELPHIA.

Favorable weather conditions and considerable improvement in the fuel situation have resulted in increased activity in most lines of business.

The milder weather has benefited some retail lines, the stores reporting business running ahead of last year. Considerable difficulty is experienced in obtaining adequate help, and necessary increases in wages have added to the already greatly increased cost of conducting business.

Wholesalers report the receipt of more inquiries for spring and summer requirements. Jobbers of dry goods state that there is much complaint regarding the scarcity of merchandise and the high level of prices, but business continues in well-maintained volume. Jobbers of hosiery, underwear, and knit goods have had a very satisfactory season.

The demand for all kinds of silk goods has been very good, but production is much hampered by the restricted labor supply and the congested conditions of traffic.

Business in cotton yarns has been very active. The Government is buying large quantities of cotton goods. Labor is scarce.

There has been an unusually large and steady consumption of wool. Mills have large orders and are running full. Prices have been uniformly strong. Supplies on hand are not large, and goods are being sold at the price ruling at the time of delivery.

The production of coal has responded to the general improvement in business. Steam coal, however, is available only in small quantities. The United States Geological Survey estimated production for the week ended March 9, 1918, as 11,228,000 tons, which is the largest since the week ended November 24, 1917.

The iron and steel mills have recovered slowly from the conditions which curtailed production, and are now running 60 to 75 per cent of capacity.

The railroads have been enabled to increase their service and furnish transportation for the materials which have been tied up in various sections of the country. The number of cars moved over the Pennsylvania Railroad at Lewistown Junction during February exceeded the figures for January by 15 per cent. The continuance of mild weather during March should result in a steady improvement in the movement of cars.

There is no material change in the grocery situation. The continuance of embargoes still renders deliveries of commodities very irregular. The supply of sugar has increased. Flour and its substitutes are in scant supply. The demand for canned goods continues large.

Money rates have remained high, the market in Philadelphia being on a 6 per cent basis. Not very much choice commercial paper has been offered, but there has been a liberal supply of the medium grade. The renewal of notes by the customers of the banks continues. Financial institutions are getting their houses in order for the forthcoming Liberty loan campaign.

Discount operations at the Federal Reserve Bank during the month of February amounted to $31,868,000, compared with $36,200,000 the preceding month, and $1,682,000 in February, 1917. The Philadelphia institutions have rediscounted in considerable volume, borrowings by out-of-town banks being comparatively small.

DISTRICT NO. 4—CLEVELAND.

Government requirements indicated in many different ways have given merchants and manufacturers a new understanding of Government needs and led them to rearrange their business accordingly. Some readjustments have been radical; many lines have been cut out and others enlarged and developed. Business, benefited by the many experiences of the past months, is gradually gaining added momentum, and promises, if unhampered by fresh difficulties, to regain its former pace.

Manufacturing.—Rumors of new prices on iron and steel about to be put into effect by the Government have had the effect of holding future contracts in abeyance. All steel mills are believed to have large quantities of Government orders ahead and for the most part are operating on a brisk scale. Steel business is being more closely confined to Government needs. Unprecedented orders and consequent activity is the general judgment of steel men. Small companies handling articles of necessity are being organized, indicating investing power on the part of the public. Pig iron is scarce in the district and buyers are compelled to go South for supplies. The expected large orders for freight cars and locomotives will give the steel business added impetus.

The clay and brick industry is still very much hampered through lack of transportation facilities, and in consequence production is very much decreased.

The coal trade shows considerable improvement, but is still under normal. In one large manufacturing coal-producing district the supply of cars has been the best in months. Additions to coke ovens operating is reported, and more decided activity in this line is expected.

For the purpose of coal conservation, and as agreed to by window-glass manufacturers, 45 plants, practically all located in this district, shut down on March 19 and 15 plants resumed to continue until July 1. It is estimated that production for the year will be about 50 per cent of the usual output.

Mercantile lines.—The dry goods jobbing business continues to be healthy and substantial, and is increasing in volume. Merchants buy readily even though the prices are high, which shows a healthy confidence.

Retailers report exceptionally active business in both men's and women's ready-to-wear clothing; and departments catering exclusively to women customers are enjoying an unusually brisk business.

Agriculture.—Winter wheat, except in few instances, and then in restricted areas, is reported in good condition, and the prospects for a bumper yield are very fair. In some localities there is still a large acreage of last year's corn in the fields. This will delay spring plowing and may somewhat reduce new acreage. Farm bureaus are importing and distributing seed corn tested for germination, and while the price is high, it is expected that there will be sufficient for the spring planting. Never before has the farmer given so much attention to the selection of seeds, and it is believed that it will result in a banner year in the production of foodstuffs. The tobacco crop has been marketed at high prices, and the farmers in the tobacco districts are said to be in excellent financial condition. On account of the high price of raw cattle, hogs and sheep are replacing them to some extent.

Collections.—Collections are uniformly reported good, with a larger volume of cash than heretofore and in excess of increased business.

Transportation.—Transportation has improved decidedly, but in many cases is still considered unsatisfactory and unreliable, and apparently has not made the advance it should have made under the favorable weather conditions. However, delayed freight is reported being forwarded and congestion at many points relieved. Lack of men and equipment still continues to embarrass the situation. It is thought that lake navigation will be late in opening on account of the ice.

Labor.—There is a keen demand for labor at increasing wages. Large advances are the order of the day and finishing mills in the wrought-iron trade are said to be paying the highest wages ever paid in the history of the iron business. In the smaller factories women are employed to do the lighter forms of work. Many complaints are made of the shortage of farm labor, and as the situation is fully realized it is believed that means to relieve same will be effected.

Money and investments.—Loans are largely confined to borrowers who are engaged in lines to help win the war. The demand is very strong. Reports of banks that have increased rates on deposits are for the most part unfounded. Bankers generally frown on this practice and are inclined to follow the request of the Federal Reserve Board. Investments are largely confined to Government and kindred issues.

Building.—Building operations are practically at a standstill, which is an unusual condition for this time of year.

The few instances of increase in valuation of permits granted are occasioned by the erection of large factories in connection with Government work, and the houses required for the workingmen. In many of the steel and manufacturing centers the grave need of additional houses convenient to the plants is daily becoming more apparent and rents in those localities are increasing rapidly as a result.

DISTRICT NO. 5—RICHMOND.

The return of good weather has renewed and stimulated activities in every direction. All lines of business are still feeling the benefit of the prosperous results to the farmers from last season's crops and, with very few exceptions, all industries are enjoying exceptional prosperity. These conditions are, of course, especially stimulated by war conditions. The volume of trade is limited by inadequate labor and transportation and the difficulty of obtaining raw materials. Financial statements for the past year, as a rule, disclose very satisfactory returns, the high cost of production being fully offset by the prices obtained for finished products.

Complaints as to the shortage of fuel have ceased, and it is being suggested to private consumers that they obtain this summer their supplies for next winter in order to equalize during the year the demands for transportation and avoid an abnormal demand for transportation in this direction next fall and winter. Efforts to increase the supply of oil in West Virginia are being nullified to a considerable extent by the difficulty in securing deliveries of the necessary piping and machinery. Complaints as to transportation are still made. This is especially the case at points where Government operations are most active, and are reported especially acute at Norfolk and other Chesapeake Bay points.

The past month has been favorable for agricultural purposes, and wheat is reported to have come through the winter in good condition. Lands are in excellent condition owing to the hard freeze and numerous snows during the past winter. Plowing is going on actively and preparations are being made for as early planting as the weather will permit, a full acreage being anticipated of corn, cotton, spring oats, and other crops. Fertilizers are in good demand, the supply especially limited by lack of transportation facilities, and an output of not over 80 per cent is anticipated. Dealers in agricultural implements complain of inability to secure sufficient transportation to make deliveries of goods which they have sold. It is to be hoped that the efforts of the Government to protect and supply farm labor will relieve the situation in this direction, as otherwise it will be impossible to produce and harvest anything like adequate crops.

Manufacturers, particularly cotton mills, are continuing to find their products in urgent demand, running as nearly on full time as labor conditions will permit, and output sold ahead for several months.

Sales of real estate are very limited, particularly in the cities, as investors are not disposed at this time to tie up resources in this direction. Some sales of farm land are reported. Wide publicity has been given by circulars and newspapers throughout the district to the efforts of the Federal Reserve Board, through its Capital Issues Committee, to limit investments and capital requirements to undertakings and activities necessary to win the war. All other improvements, including nonessential building, are at this time regarded as undesirable. The Board's efforts in this direction are meeting with hearty cooperation, both by the people and commercial, civic, and other organizations throughout the district.

The almost abnormally prosperous conditions in the agricultural districts, which have been heretofore referred to, have left the farmers even at the close of the past season with more money on hand than ever before. Some crops are not yet entirely marketed, and farmers are reported as still making deposits in the banks. These conditions are still reflected in large deposits, and the banks have not yet been fully subjected to the usual heavy spring drain, due to withdrawals for making new crops. A large volume of cotton is still being carried at our ports, awaiting shipment abroad or to northern mills. In addition, southern mills have secured and are carrying the necessary raw cotton to supply them until the next crop. While the banks of the district are meeting these demands largely out of their own resources, the abnormal volume of such demands is reflected in $35,000,000 to $40,000,000 of rediscounts being carried by the Federal Reserve Bank. A considerable number of member banks apparently invested last fall and winter, when their resources were at high water, in outside commercial paper which is now maturing and being collected or rediscounted for the purpose of meeting the natural decline (less than normal, however) in deposits at this time of the year. The rediscount of new paper for agricultural purposes is not relatively large, and the normal liquidation in the lines referred to above may be expected to reasonably supply the increasing agricultural demand which may now be anticipated.

Banking operations have been on an enlarged scale with a corresponding gross profit, but with relatively smaller net profits. Clearings are still on an ascending scale. This is attributed by some bankers to the engagement of their organizations and resources in cooperation in Government financing, which has increased expenses and reduced their margin of profit. There is, however, no complaint on this score. On the contrary, the banks are earnest and patriotic in their desire to serve the Government to the utmost limit possible.

Notwithstanding our being at war, the seriousness of which seems to be gradually coming to the realization of our people, they are facing the situation with equanimity and a determination to win.

There is a general looking forward with confidence to increased activities and to the maintaining of present favorable conditions, particularly if farmers are enabled to secure the help necessary for raising and harvesting crops.

DISTRICT NO. 6—ATLANTA.

Business conditions, as evidenced by bank clearings, appear to be slightly above normal for this season of the year. This is probably due to the large food and feed crops produced last year and the good prices for which these products sold. Active propaganda for increased food and feed crops is being properly carried on all over the district, and recently at a meeting held in Macon, Ga., approximately 2,000 representative citizens attended.

Seasonable weather prevailed during March for farming operations, and the work is fairly well advanced. Agricultural reports from Georgia show approximately 40,000,000 bushels of corn reserve as of March 1, with little wheat and oats on hand. Indications are that there will be another short crop of oats. The wheat crop is doing well and the outlook is for a slight increase over last year's production. Indications are that all food and feed crops will be increased. Cotton will be planted on a smaller scale than last year, though the reduction will slightly exceed 10 per cent. Probably 20 per cent more fertilizer will be used this year than last year. Labor conditions upon the farms in Georgia are quite unsatisfactory, labor being scarce, wages high, and in many cases help unreliable. This condition will have a tendency to decrease the production of cotton. Georgia live-stock interests are expanding rapidly. More cattle than ever before are being placed on the market, principally from the velvet-bean section of the State.

The agricultural conditions in Alabama are reported very favorable. The farmers appear to have more money of their own than usual, and farm credit easy to obtain. There has been sold in Alabama 61 per cent more fertilizer up to date, as compared with the same date 1917. Reports indicate a 10 per cent increase in acreage planted in cotton, as compared with last year. The acreage in corn to be planted appears to be about the same as last year, with increased planting of peanuts and velvet beans. Farm labor appears to be very scarce and wages higher than the farmers feel justified in paying.

In Mississippi a great deal of corn has been planted, and much of the cotton land has been "bedded," awaiting the planting season time. All work appears to be well advanced. Oats promise a fair yield. A considerable acreage of spring oats was planted and this crop appears in good condition. Wheat withstood the winter and is doing well, with splendid reports from the alfalfa field.

In Louisiana the farmers are further advanced with their operations this season than any season for the past 10 years. Reports show preparations have been made for an increase of about 25 to 30 per cent in everything except sugar cane, the acreage of sugar cane being about the same as last year.

In Tennessee splendid weather has greatly enhanced prospects, and the farmers have already made preparatory progress. Labor is reported very scarce, due largely to the Government work being carried on at Nashville and at Mussel Shoals, close to the Tennessee border. Cotton and food crops will be largely increased in the State, if labor can be obtained. A recent survey shows that Tennessee has about an average supply of live stock, except horses. Wheat looks fine, with a large acreage reported.

Figures on Florida's crops of last year's production, as compared with 1916 show—

	1917	1916
Corn...bushels..	13,875,000	12,300,000
Potatoes...do....	2,275,000	1,332,000
Peanuts...do....	1,400,000	300,000
Oranges...boxes..	4,200,000	6,933,000

In general the agriculture conditions are exceedingly bright, and more modern farm implements are being used by the farmers. This is not due altogether to a progressive tendency, but brought about by the scarcity of labor, and the necessity of improved machinery to make up for the loss.

Tobacco.—The tobacco market shows considerable improvement; and, notwithstanding high prices, sales show an increase at all loose-floor houses and heavy purchases are being made by the buyers at the market. Owing to the lack of warehouse facilities and shortage of bottoms for foreign shipments, tobacco crops are being stored with some difficulty. On account of the shortage of labor, it is not expected that over 60 per cent of the 1917 crop will be planted this year.

The final census of cotton ginnings for the year 1918, recently issued by the Government, show a yield in—

State.	1917-18	1916-17
	Bales.	*Bales.*
Georgia	1,882,544	1,852,104
Florida	48,131	50,979
Alabama	520,292	552,676
Mississippi	884,020	800,190
Louisiana	626,388	441,121
Tennessee	237,917	378,064

The Georgia crops, based on 30 cents a pound staple, is worth about $282,000,000, against $181,000,000 in 1916.

Live stock.—The live-stock market has been very active, mules selling at the highest prices ever known, from $300 to $450, and even higher. The demand has been unusually good, and with high prices obtained for cotton farmers have been willing to pay high prices for their stock. The heavy demand for war purposes has served to cut down the supply.

Banking.—The compilation of annual reports for the State banking departments show a large increase in individual and savings deposits:

	1917	1916	Increase.
Alabama:			
Individual deposits	$41,837,024	$31,038,819	$10,798,204
Savings deposits	12,021,583	11,018,895	1,002,688
Florida:			
Individual deposits	30,497,835	27,727,597	2,770,238
Savings deposits	14,205,538	12,120,211	2,087,327
Louisiana:			
Individual deposits	114,407,267	71,345,603	43,061,664
Savings deposits	32,813,431	28,368,748	4,444,683
Mississippi:			
Individual deposits	74,454,165	49,812,905	24,641,260
Savings deposits	11,819,768	11,027,105	792,663
Tennessee:			
Individual deposits	73,001,014	58,145,584	14,855,430
Savings deposits	29,294,051	27,559,742	1,734,309
Georgia: Individual and savings deposits	189,103,420	142,193,161	46,910,259

Money in the cotton belt is easier than in the large financial centers. The demand for money is not excessive, though rates are stiffening some.

Industrial.—Increased developments continue in the shipbuilding plants at all port cities. The New Orleans dock board proposes to sell $3,500,000 to $4,000,000 in bonds for developments looking to the establishment of additional shipbuilding facilities in New Orleans.

Labor troubles in the coal-mining sections in Alabama appear to be at an end, and increased outputs may be looked for. Pig-iron production in February, 207,075 tons, showed a decrease as compared with 218,410 tons during January.

With the improvements in the labor situation in the coal-mining section, the coke ovens expect a large supply of coal, with encouragement for better production. The present pig-iron situation has produced a strong market, and the manufacturers are only selling to regular customers. Some predictions are made that a shortage is liable to occur before the year is out, as there is a scarcity of coke in the industrial sections of the South. While unfilled tonnage of the steel plants shows a decrease of 2,000 tons during the period of February, compared with January, it is not looked upon as a decrease in orders, but due to weather and shipping conditions.

Business conditions in and around Nashville are especially bright, owing to the construction of the big powder plants about 4 miles from that city. Work is being rapidly pushed on the construction of the Government nitrate plants at Mussel Shoals, near Sheffield, Ala., and an experimental plant is being constructed at a cost of $12,000,000. Work has been started on an additional nitrate plant, to cost approximately $30,000,000, and plans are being formulated to build Dam No. 2, at a cost of about $16,000,000. This Government work has created unusual activity in northern Alabama.

The early Easter trade is reported active and prospects bright for spring and summer. Very little of the past season's goods are visible, indicating conservative buying and excellent marketing. There has been no building of any consequence. In fact, ordinary repairs are being put off on account of high prices of materials and inability to get labor. The labor situation will probably prove serious not only to the building lines, but may cause a curtailment of production of cotton, corn, and general foodstuffs.

DISTRICT NO. 7—CHICAGO.

Confidence in the stability of the business and banking situation is the tenor of reports received from all parts of this district. Deposits and loans are working toward a more easy condition, and the open weather is permitting farm operations as well as enabling the railroads to recover from the state of paralysis induced by the severe weather. Worthy borrowers are able to secure accommodation without difficulty. Interest rates hold firm.

Short-term public utilities, industrial notes, and municipal obligations are bought rather freely on account of the attractive yield and there is some interest manifested in long-term bonds. The market is expected to narrow as the Liberty loan campaign draws near.

It is too early to forecast with any degree of accuracy the condition and prospects of winter wheat. There are some reports of damage to the crop by freezing weather in the States of Iowa and Michigan. Illinois and Indiana wheat stood the severe weather well and the crop is promising. Increased acreage is observed throughout the district. Efforts are being made to save as much as possible of the corn and through cooperation by the roads this grain is being moved rapidly, taxing the capacity of the dryers.

Automobile manufacturers have restricted output of pleasure cars in line with Government requirements. Many are employing their facilities to capacity on truck orders and aeroplane parts.

It is said that owing to difficulty in securing raw materials, implement manufacturers will not be able to supply in full the acute needs of agriculture. Delivery is uncertain on account of car shortage. Attractive offers held out to labor in other fields cause restlessness. Collections are good.

There is no change to report in building and construction which have been practically at a standstill for six months. What building there is, is quite generally restricted to war requirements.

Candy manufacturers report steady increase in amount of sales, although this volume is due to the advance of from 10 to 25 per cent in prices. Tonnage is limited by sugar restrictions. It is reported that consumption of candy and chocolate by cantonment and training stations is large.

Prices in dry goods continue to advance, with no appreciable effect on buying. The comment is made that speculation is a big factor in volume and that as a result some small merchants are overbought and overextended with their banks. Collections are satisfactory.

Though distinct improvement is observed in the transportation of grain, there is room for still further improvement. The latest Government report reveals the fact that farm reserves of corn and oats are record breaking with wheat holdings considerably more than expected. The situation is, therefore, controlled by the adequacy of transportation, though some wheat is held for higher prices.

Sales among representative houses in the grocery line show a good increase in articles that are obtainable. Much difficulty, however, is experienced in securing the two great staples, sugar and flour, though the former is becoming more plentiful. Canners are now placing contracts with farmers for sweet corn, tomatoes, and the like. The release of grain and live stock through the improved railroad situation has resulted in better collections.

The situation in the hardware line is fair. Builders' supplies are not in great demand on account of the general cessation of building activity. Authorities look forward to a good demand from farmers within the next few weeks. Collections are said to drag a little.

Shoe manufacturers, except those employed on Government orders, have been reticent in regard to commitments for hides due to a decline in prices. Increasing strength in buying, however, indicates that some concerns believe the low price has been reached. Houses favored with Government contracts are working to capacity. No immediate labor trouble is in prospect.

Live stock have been coming to market in increased volume owing to a marked relief in the traffic blockade. Export demand forms the basis of a good business in packing-house products, while domestic consumption has slackened due to the Lenten season, meatless days, and organized economy. Beef cattle and sheep have been fairly well shipped. Hogs will no doubt be in good supply for some time to come. The receipts of live stock at Chicago for the four weeks ending March 16 were:

	Cattle.	Calves.	Hogs.	Sheep.
1918	276,546	49,197	919,079	245,338
1917	185,556	45,091	681,834	282,023

The lumber business is in a spotty condition. But as a general thing the volume is decidedly subnormal. This is, of course, attributed to the falling off in construction. Some sections report an active demand which they are unable to supply through inability to secure transportation. Collections are fair to good.

Mail order volume is well maintained. Reports are that business shows a satisfactory increase for the past month over a like period last year.

The piano industry reports highly satisfactory collections and a good volume of new orders. Freight congestion, heatless Mondays, and scarcity of raw materials are now reflected in output which is inadequate. Labor is still in short supply.

Limitations imposed upon steel output by transportation and fuel scarcity have relaxed to some extent. Production is approaching normal. Government orders are the feature, while domestic demand is subsiding except in the farm implement business, which promises activity. Collections have been good, but it is suggested that heavy inventories carried by certain small manufacturers may affect receivables.

Jewelry houses experienced a slight slackening in volume during February which some attribute to unfavorable weather and heatless Mondays. The outlook for an early resumption of normal activity is said to be promising. There is no complaint about collections.

Government demand for woolens has advanced prices of raw material to the highest ever known. The general feeling seems to be that Government control will eventually be applied to maximum prices. Retail clothiers are buying rapidly for fall delivery. Sharp advances will be made in overcoats and suits. The usual sacrifice sale of winter clothing is not in evidence. It is said collections will have close scrutiny of credit men on account of the tendency toward excessive, high priced inventories on the part of retailers who control small capital.

Clearings in Chicago for the first 17 business days of March were $1,495,000,000, being

$28,000,000 more than for the corresponding 17 business days in March, 1917. Clearings reported by 21 cities in the district outside of Chicago amounted to $306,000,000 for the first 15 days of March, 1918, as compared with $290,000,000 for the first 15 days of March, 1917. Deposits in the 12 central reserve city member banks in Chicago were $897,000,000 at the close of business March 20, 1918, and loans were $582,000,000. Deposits show an increase of approximately $63,000,000 over last month, and loans an increase of approximately $2,000,000.

DISTRICT NO. 8—ST. LOUIS.

In general, business has been active in this district during the past month, some lines reporting greater volume than last year. However, more conservatism is noted, and the production of nonessentials is more and more giving way to those things necessary for the prosecution of the war.

The continued mild weather has further improved the fuel and transportation situation, and this has greatly benefited business. It has brought about a rather free movement of all kinds of commodities, which has helped both the producer and the distributor.

The approach of spring is causing farmers to buy implements and other supplies, and this has stimulated the country trade. Manufacturers of farm implements generally report a better business than at this period last year. The demand for tractors is said to be unusually heavy.

Wholesale millinery houses report a good trade for the coming spring. Distributors of shoes and wearing apparel state that the volume of orders for spring delivery surpasses that of last year. Many are having difficulty in replenishing their stocks to meet the requirements. Retail merchants also report a good business. There seems to be a general demand for the better class of merchandise.

Collections, as a rule, are reported to be satisfactory.

A disturbing factor to business in this district has been the labor situation. There have been a number of strikes and threats to strike recently. The Government has intervened in several cases which affected the production of war articles, resulting in settlements. While the situation is improving, it may still be said to be unsettled.

The winter wheat is reported to be in good condition throughout the district, though rain is needed in some quarters. Spring plowing for oats, corn, etc., is underway, and preparations for gardening have also begun. A great many in the cities are arranging for gardens, as well as those in the country, in order to help the food supply. A movement has been started in some of the States in this district to get each farmer to test his seed corn before planting, so as to insure a bumper corn crop, which is so much needed.

The report of the St. Louis National Stock Yards for February indicates an increase in the receipts of cattle, hogs, horses, and mules over the corresponding month last year and a decrease in the receipts of sheep. It shows decreases in the sales of cattle and hogs and increases in the sales of sheep, horses, and mules in comparison with February of last year. However, comparing the first two months of this year with the same period last year, the report shows decreases in both the receipts and sales of all live stock excepting horses and mules, in which there have been substantial increases.

The postal receipts for February in St. Louis, Louisville, Memphis, and Little Rock all show slight decreases from the previous month, but substantial increases over February of last year, due no doubt in large measure to the increased postal rates.

Reports for February from the leading cities in this district show slight increases in the number of building permits issued and the estimated cost of construction as compared with the previous month, but material decreases in comparison with February a year ago. There is little building going on in this district except that which is absolutely necessary.

The demand for money has continued steady during the past month, especially in the large centers. The bank rate to customers continues at 6 per cent in the centers, and slightly higher in the outlying districts.

Very few of the banks in the large centers are in the market for commercial paper, though there is a fair demand from country banks. The rate is now practically 6 per cent for all maturities. Many of the commercial paper brokers are now encouraging the issuance of paper maturing within three or four months. This is said to attract the banks more at this time, because it enables them to be more liquid and paper maturing within 90 days is immediately available for rediscount at the Federal Reserve Bank.

The attention of bankers, brokers, and others is now being directed to the third Liberty loan, which will be launched on April 6, and preparations are well under way in this district to help make it a grand success.

DISTRICT NO. 9—MINNEAPOLIS.

Farmers are actively preparing for the spring planting and for early entry into the fields. There is every evidence of an early spring. There has been benefit to the agricultural sections by the heavy winter snows.

Business conditions throughout the district remain normal. Trade is active. Labor is fully employed. Banking conditions show little change, with rates still very firm.

The acreage prospects of the ninth district are still considerably in doubt. Agitation over the question of prices on small grain will have, in the opinion of many experts, an adverse influence on the planting of spring wheat. This is due to the fact that other grains than wheat have climbed to such high levels on the market that the much-needed wheat is placed at a strong disadvantage, both from the standpoint of the return per acre and because of the fact that the earlier grains are more certain and less liable to suffer from plant diseases.

Extremely active work over the entire district has relieved the corn situation appreciably. Available stocks of seed have been located, and well distributed, and the farmers have been encouraged to test their seed much more thoroughly and on a much more extensive scale than ever before. Through the patriotic action of a county agricultural agent in Minnesota a newly invented seed-corn tester, capable of testing the germination of 600 ears of corn at one time, has been made available to the farmers of the district at the cost of manufacture, and many hundreds of these improved testers are being sent daily into the rural districts, where they will substantially aid in determining the seed value of available corn.

A number of counties in western North Dakota and eastern Montana, which were hard hit by the failure of the 1917 crop, have taken advantage of special legislative enactments in those States and have issued seed grain bonds for the purchase of seed supplies, with which to relieve needy farmers. It may be assumed that the acreage outlook is very much improved as compared with 30 days ago, but there is still some doubt as to whether the wheat acreage will be up to a normal year, and there is still much question as to whether, even with the very active work that has been done, a decrease in corn planting can be prevented.

A large amount of spring work is necessary because of the deficiency of fall plowing due to dry weather. Good moisture conditions are promised during spring plowing and planting, and should the present favorable weather conditions continue, the farmers will be able to offset the lack of fall work by an unusual amount of early spring cultivation.

DISTRICT NO. 10—KANSAS CITY.

Agriculture.—There is a continued and increasing demand for corn as a substitute for wheat flour, and both the export and milling demand effect the maintenance of unusually high prices. The average quality is better in this district than in the central States and many flour mills have now turned to corn grinding. February was a record month in both receipts and shipments on the local market, which were nearly four times as great as for the same month last year. Visible supplies at the principal district markets increased over 90 per cent during the month. By Government estimates, corn stocks on the farms in the States of this district, on March 1, were 123 per cent greater than on the same date last year.

The wheat movement continues very small, with local receipts for the month only one-fifth and shipments one-twentieth of those a year ago. All mills are running on reduced operations, owing to the scarcity of grain, and 65 mills in this district for the past month were grinding at only a little over half capacity, with a resultant decrease under last year's output. The Food Administration, however, is hopeful regarding wheat supplies for the remainder of the crop year, although present indications show wheat will be very scarce between now and the harvest. District market wheat stocks decreased two-fifths during the month, and supplies on the farms, March 1, were only one-half of those last year.

Enough rain and snow fell over the entire district to supply a fair amount of moisture to the ground. The wheat crop prospects are better than in the early winter, with the present crop condition in all States reported as fair to good.

Live stock.—The live-stock markets are in a somewhat unsettled condition, because of the conflict in the effort to keep prices high enough to encourage producers and at the same time low enough to make meats reasonable to consumers. Protests that the minimum price set on hogs is too low have been made by the feeders of this district. Because of the high cost of feeding operations these producers claim they do not profit by the fattening of hogs, cattle, or sheep, with the prevalent market prices. However, the weight of hogs received at four markets of the district for the past month average 227 pounds, or 18 pounds heavier than for the same month last year, indicating that farmers are still feeding hogs freely, notwithstanding high prices of corn.

Cattle receipts at the six principal markets for February increased about one-fourth over the corresponding period last year. Hog receipts showed a slight gain of 3 per cent. The movement of sheep to market decreased 30 per cent. Hog packing at district centers was heavy, with slaughterings one-tenth greater than for February, 1917.

Mining.—The zinc and lead ore markets in the Missouri-Kansas-Oklahoma district for February were in sharp contrast. Prices for zinc ores continue to decline, while lead prices hold firm, with a strong demand from buyers for all the lead ore they can secure. Surplus stocks of both metals increased during the month, attributed chiefly to inability of securing cars for shipments. The zinc output for the month decreased 18 per cent under the same month last year and the valuation declined 46 per cent. The lead output gained 7 per cent over February, 1917, but the valuation of it decreased one-fourth. A general dissatisfaction is reported among the operators, in view of the low prices paid for their output, as compared with the fairly satisfactory prices paid to the smelters for their product.

Metal mining in Colorado continues very dull, with the exception of the new mines now producing molybdenum ores. The predicted silver revival has resulted in a considerable slump and the State's zinc production has shown a steady decline.

Oil.—Indications show that operations in the mid-Continent oil field are active. Although during February there were but 2 more wells completed in Oklahoma and 20 fewer wells completed in Kansas than in January, the new production increased 38 per cent in Oklahoma and 42 per cent in Kansas. In both States the total oil production for the past month showed an increase over the preceding month. As compared with February a year ago, Kansas nearly doubled its production, while Oklahoma's production decreased 12 per cent. Though no producing wells were completed in Wyoming during February, it is reported that operators are hopeful over the prospect of an increased production for this year. The scarcity of all drilling materials and casing is evident, and inability to secure these supplies continues to curtail field operations in some parts of the district.

Lumber and construction.—It is predicted that retail lumber dealers will have trouble in securing supplies, because of the scarcity of labor at the camps, bad transportation facilities, and the large Government demands on the production. Prices on all kinds of lumber are high, with present tendency toward even higher levels. Therefore, dealers are not stocking up on the present market. A good demand is expected from country districts, especially in the event of good crops, but the cities look forward to quiet conditions in all lines of construction.

Building permits issued during February in 10 of the largest cities of this district continue to decline in volume, showing a 31 per cent decrease under the same month last year. The estimated cost of such constructions, however, increased nearly 8 per cent over February, 1917, compared with a 44 per cent loss from reports of 110 principal cities of the entire United States.

Labor.—Labor conditions have been very unsettled in this district and over a dozen small strikes have been reported during the past month. The strike of the southern Kansas coal miners has been satisfactorily settled. Interurban car men in Kansas and Missouri, who have been out for over a month, have again returned to work. A local strike of laundry drivers has been in effect since the middle of last month, and this may lead to a sympathetic strike threatened by all union labor in this city.

Government and State agents are exerting all energies to successfully meet the threatened shortage of farm labor. Labor and seed surveys are being carried on in several States, and every effort is being extended to secure the requisite number of farm hands.

Mercantile.—Although the number of business failures in this district during January decreased one-fifth under the same month last year, the liabilities of such failures were 12 times greater. Purchase and payment activity for February, in the States wholly or partially within this district, gained 2 and 4 per cent, respectively, over the corresponding period a year ago, while indebtedness decreased over 3 per cent.

Trade in all wholesale and manufacturing lines continues active. The demand for farm tractors and attachments is heavy, and the interest in automobiles and accessory supplies is pronounced. Spring goods are beginning to show more activity and the general retail trade gradually improves. Collections are reported prompt in almost all lines.

Financial.—All except one of the 17 cities of this district, for which bank clearings during February were reported, showed a marked increase over February of last year. The largest gain recorded was 61.4 per cent, while the average gain for all the cities was 52 per cent.

While rates have increased slightly during the month, the demand has not lessened. Borrowers seem to realize that with the extensive financing for Government purposes, which the banks are called upon to undertake, normal time rates could hardly prevail.

The organization of the campaign for the flotation of the third Liberty loan in this tenth district has been perfected. All efforts are being extended to push the sale of this forthcoming issue, the exact amount of which has not yet been announced.

DISTRICT NO. 11—DALLAS.

Further improvement in agricultural conditions, the result of fairly good rains over a large section of the district early in the month and open weather during the greater part of March, both of which were favorable for crop preparation, constitute the principal changes in the agricultural situation. Commercial activities in all lines are seasonable and well maintained. The volume of wholesale and retail trade is all that could be expected for the season, considering the tendencies in every quarter to restrict purchases to necessities only, and conform to the regulatory war measures. Collections are good.

While it is too early to accurately forecast crop returns, the outlook is favorable. As farming conditions rather determine the prosperity of the district, the agricultural situation is one that commands more than passing interest. In portions of the west and southwest sections rainfall early in the month relieved conditions to an extent. It has not been sufficient, however, to give permanent improvement to the situation, and conditions there will not return to normal until a good rain falls.

Prospects for the small grain crop are improved in some sections, though the general outlook is far from satisfactory. In the north-central and Panhandle sections, where the acreage planted in wheat and oats was large, the farmers have given up hope of any return whatever from those crops. Where the ground is in condition, as a result of recent rains, they are preparing it for other feed crops, such as Kafir corn, maize, and sorghum. The past month has brought renewed activity in the planting of home gardens, and campaigns for increased food crops. The acreage planted to foodstuffs will be unusually large. Prospects are excellent for a large apple crop in the Roswell section. Cold nights have kept the trees from sprouting, which is much desired at this season. The onion crop at Laredo is about ready for marketing, and promises to be unusually large, probably up to last year's shipments of some 4,000 cars.

This district is approaching the season when member banks expect a material falling off in deposits, with a corresponding increase in their loans. An early analysis of reports of condition, on the Comptroller's call of March 4, indicates reduced deposits and increased loans. There is unquestionably a tendency on the part of banks to restrict the granting of new credits and to conserve their funds to help the Government in its war financing. The subscriptions to issues of certificates of indebtedness during the past month have been liberal, and each issue has shown a considerable increase in the number of banks participating. Preparations are being made for the third Liberty loan campaign, and organizations are being completed in every community. We believe that the district will subscribe its full allotment, whatever that may be, and that the banks will do their full part, as they have in the past. Bond dealers report a good demand for municipals of long maturity.

A large number of applications from State banks are being received, and it is believed that in a short time practically all of the best institutions in this district will be members. Demand for rediscount with this bank during the past month has been unusually heavy, bills discounted having increased over $3,500,000 within that period. Interest rates are steady and no change is noted.

Clearings at the principal cities of the district—Austin, Beaumont, Dallas, El Paso, Fort Worth, Galveston, Houston, and Shreveport—show an increase of 31.3 per cent over February, 1917.

There is evidence of a revival in building operations, and spring promises a further improvement in the industry. There is unquestionably a tendency to subordinate building activities to the Government's requirements, and ordinary operations have been below normal since war was declared. The demand for all kinds of lumber is greater than can be supplied. Some mills have been compelled to withdraw from the market entirely. The supply of cars is sufficient to keep mills operating as fully as they are able to secure labor for their needs. The congestion in the East has necessitated an embargo by the Director General of Railroads against shipments for points east of the Indiana-Illinois State line, except where the material is consigned to Government officials. Collections in the lumber trade are good, and more accounts are being discounted at the present time than is usually the case at this season. Manufacturers of brick and tile report that, although activities in that line have been quite dull for the past six weeks, they expect a revival of activities as the season advances, and anticipate sufficient orders to keep their plants running full time.

Collections are good. Building permits at the principal cities of the district—Austin, Beaumont, Dallas, El Paso, Fort Worth, Galveston, Houston, San Antonio, and Shreveport—taken as a whole, show a decrease of 26.3 per cent over February, 1917, while Dallas, Fort Worth, and Houston show a slight increase, with San Antonio showing an increase of 260 per cent.

The labor situation is unchanged over 30 days ago. A recent strike among the street-car employees at Waco, which for a time threatened serious trouble, was settled satisfactorily. There will be an active demand for men for farm work.

With the opening of spring, and rains in a part of the cattle-raising sections, there is some improvement in the live-stock situation. Grass has started over parts of the range country and the situation as to stock water has also been relieved, though not sufficient to answer requirements for any considerable time. At Albuquerque cattle are being contracted for at from $2 to $5 per head over last year's prices.

Developments in the oil fields in the vicinity of Coleman have made business unusually good there. Some 8 or 10 wells flowing from 80 to 100 barrels per day have been brought in. Quite a good deal of lease money has been put in circulation, which has been a material help to farmers, particularly as that section has suffered heavily from the drouth.

Reports from Galveston indicate that prospects for an increase in exports from that port are excellent. It is expected that large shipments of barley and rye from the Pacific coast for export will be ordered to Galveston in the very near future. Lack of facilities has curtailed exports for sometime past.

There seems to be a tone of optimism as to the immediate future, and while conservatism prevails, and all interests of the district are subordinated to war plans, yet the situation is sound, and business should continue without undue disturbance.

DISTRICT NO. 12—SAN FRANCISCO.

The first year of participation in the war, by reason of increased Government requirements, for men and materials, has resulted in practical elimination of unemployment in this district and in general and important advances in wages, with consequent increased purchasing power on the part of industrial workers. It would aid the country in greatest measure if this enlarged buying power were exercised only to the extent necessary for essential things and if the remainder were loaned in some form to the Government. Reports from throughout this district, however, indicate increased sales of luxuries and nonessentials. The need of curtailing nonessential consumption has not been comprehended. The limited volume of sales of Thrift Stamps and War Savings Certificates indicates likewise a failure to realize the necessity that savings should be loaned to the Government to aid in the successful prosecution of the war. On the basis of $20 per capita each year, this district should buy $8,750,000 of War Savings Certificates and Thrift Stamps per month. The actual sales, however, from December 3, 1917 to March 1, 1918, had been only as follows:

Arizona		$40,395.00
California:		
Northern	$785,001.25	
Southern	417,272.50	
		1,202,273.75
Idaho		50,483.25
Nevada		12,825.00
Oregon (incomplete)		38,600.00
Utah		112,440.00
Washington		247,404.00
Total		1,704,181.00

The lumber situation has been complicated by labor troubles, but the industry is strongly supporting the Government. Demand for lumber for private buildings continues light, building permits in 19 principal cities of the district being 13 per cent less in February, 1918, than in the corresponding month in 1917, but Government requirements for shipbuilding, aeroplanes, and cantonments consume all available lumber. In spite of the great need for lumber, strict adherence to 8-hour labor would restrict production 20 per cent. In contrast with this situation the output of aeroplane spruce, under control of the Army, has been increased 400 per cent since October, 1917. The organization of a "Loyal Legion of Loggers and Lumbermen" has facilitated settlement of labor disputes in this field and resulted in a quickened spirit of patriotism, evinced by better work and increased production.

An event in shipping causing a great deal of comment was the successful launching on March 14 near San Francisco of the 5,000 ton steamer *Faith*, built of reinforced concrete. This experimental concrete ship was built at a cost of $125 per ton compared with the Government price of $210 per ton for steel ships, and in a period of 4 months as compared with a period of from 6½ to 9 months for steel ships of similar tonnage. A plant for building steel ships of the same size would cost $1,000,000 as against $75,000 for such concrete ships.

War needs have greatly stimulated rice production in California, which in 1917 produced one-sixth of the rice crop of the United States. Production and acreage for the last two years, with estimates for 1918, are as follows:

	1916	1917	1918 (estimated).
Acreage	58,000	82,000	120,000–130,000
Production......pounds	180,000,000	280,000,000	400,000,000

Rice screenings, hitherto used largely for animal feed, are now being used for flour. Demand is so great, however, that indications are that, in less than 30 days, there will be no supply available for California mills.

Demands for California petroleum caused a further decrease of 412,087 barrels in stored stock during February. Production amounted to 7,634,671 barrels and shipments to 8,046,758 barrels. Stored stocks on February 28 were 31,360,378 barrels.

Rains throughout California in late February and during March have been so abundant and so general that there now seems every reason to expect abundant crops of every description. This is a complete reversal of the situation of a few weeks ago, when California was suffering from an unparalleled drought.

Fall sown wheat in the Northwest has come through the winter with minimum loss and promises maximum yield per acre. Sowing of spring wheat in Washington will not be completed for three weeks. Though large, this acreage may be seriously curtailed by sowing of barley and oats, now quoted at $74 per ton. The Oregon wheat acreage is estimated at 25 per cent over that of last year.

The hop industry furnishes an interesting example of transition from nonessential to essential production, many hop growers having planted other crops, some to the extent of three-fourths of last year's acreage. The Food Administration is attempting to secure reduction of hop acreage by one-third. Hop kilns in the northwest are being used to dry vegetables, which are sold to the Government for overseas use.

General business is active. February clearings in 20 principal cities of the district exceeded those of the same month in 1917 by 20 per cent. Foreign trade continues to expand, January, 1918, imports and exports increasing 85 per cent over the corresponding month last year, as shown by the following table:

[000 omitted.]

	January, 1917.			January, 1918.		
	Imports.	Exports.	Total.	Imports.	Exports.	Total.
San Francisco	$10,169	$13,427	$23,596	$24,314	$26,509	$50,823
Los Angeles	788	587	1,375	1,849	625	2,474
Oregon	171	765	936	189	115	304
Washington	12,531	15,761	28,292	24,529	21,954	46,483
Total	23,659	30,540	54,199	50,881	49,203	100,084

Due to advantageous freight rates, San Francisco has become a coffee distributing center of the United States, second only in importance to New York and New Orleans. Imports at at this port, which have doubled in the past three years, have been as follows (receipts in 150-pound bags):

1913	399,896
1914	383,361
1915	397,852
1916	615,276
1917	868,301

Charter rates in trans-Pacific trade continue firm, averaging 50 per cent higher than in the spring of 1917.

About April 1 the Federal Reserve Bank will open a branch in Salt Lake City, Utah, for member banks in Utah and Southern Idaho. This will be its fourth branch, others having been established, in the order named, at Spokane, Seattle, and Portland.

The increase in resources of national banks of this district during the past year is shown in the following:

Comparative statement of condition of national banks in Twelfth Federal Reserve district.

	Dec. 27, 1916.	Dec. 31, 1917.
RESOURCES.		
Cash and exchange	$309,527,000	$318,568,000
Loans and discounts	555,911,000	650,812,000
Bonds and securities	172,067,000	223,634,000
Banking house and equipment	22,268,000	25,239,000
Other real estate	6,443,000	5,721,000
Other resources	12,379,000	10,364,000
Total	1,078,595,000	1,234,338,000
LIABILITIES.		
Capital	89,622,000	89,841,000
Surplus and undivided profits	65,319,000	65,745,000
Due to banks	195,627,000	181,334,000
Demand deposits	507,783,000	621,379,000
Time deposits	147,220,000	182,374,000
Money and bonds borrowed	632,000	10,964,000
Circulation	60,883,000	61,315,000
Acceptances	3,901,000	6,774,000
Other liabilities	7,622,000	11,944,000
Total	1,078,595,000	1,234,338,000
Rediscounts:		
With Federal Reserve Bank	324,000	20,361,000
With other banks	74,000	577,000

DEPOSITS AND INVESTMENTS OF NATIONAL BANKS, 1913–1917.

In the following table and attached diagram are traced the changes in the several classes of deposits, also in loans and investments of national banks, between June 4, 1913, and December 31, 1917. To the end of 1914 figures in the first column include Individual deposits, Dividends unpaid, and Postal savings deposits, since then Demand deposits, Time deposits, and Postal savings deposits. Bank deposits are exclusive of amounts due to Federal Reserve Banks, while United States deposits include also deposits of United States disbursing officers. Net deposits up to October 31, 1914, represent amounts subject to reserve requirements; in subsequent abstracts up to and including May 1, 1917, amounts on which reserve is computed, and for subsequent dates include also Government deposits, which are disregarded at present by the Comptroller's Office in computing reserves. Loans and investments are shown exclusive of permanent investments, such as bank building and other real estate, furniture and fixtures, and stock of Federal Reserve Banks. Percentages have been computed showing for each call date the ratios of loans and investments to both gross and net deposits.

Movement of principal classes of deposits, also of loans and investments of national banks since June, 1913.

[From abstracts of the Comptroller of the Currency.]

[000's omitted.]

	1	2	3	4	5	6	7	8	9
	Deposits n. s, including postal savings deposits.	Bank deposits.	1 + 2.	United States deposits.	Total gross deposits.	Total net deposits.[1]	Loans and investments.[2]	Per cent 7 ÷ 5.	Per cent 7 ÷ 6.
June 4, 1913	$5,974	$2,120	$8,094	$50	$8,144	$7,125	$8,052	98.8	113.0
Aug. 9, 1913	5,783	2,108	7,891	57	7,948	7,097	8,062	101.4	113.6
Oct. 21, 1913	6,074	2,180	8,254	90	8,344	7,172	8,180	93.7	114.1
Jan. 13, 1914	6,098	2,211	8,309	84	8,393	7,226	8,072	93.8	111.7
Mar. 4, 1914	6,136	2,471	8,607	66	8,673	7,505	8,266	95.3	110.1
June 30, 1914	6,130	2,185	8,315	67	8,382	7,495	8,347	99.5	111.4
Sept. 12, 1914	6,168	1,950	8,118	70	8,188	7,293	8,637	105.4	118.4
Oct. 31, 1914	6,115	1,891	8,006	70	8,076	7,167	8,635	106.9	120.5
Dec. 31, 1914	6,294	1,869	8,163	72	8,235	6,668	8,437	102.4	126.6
Mar. 4, 1915	6,291	2,243	8,534	59	8,593	7,066	8,471	98.2	119.9
May 1, 1915	6,618	2,226	8,844	47	8,891	7,198	8,600	96.7	119.5
June 23, 1915	6,564	2,208	8,772	49	8,821	7,283	8,639	97.9	118.6
Sept. 2, 1915	6,718	2,466	9,184	45	9,229	7,523	8,823	95.6	117.3
Nov. 10, 1915	7,407	2,709	10,116	41	10,157	8,257	9,471	93.2	114.7
Dec. 31, 1915	7,628	2,738	10,366	36	10,402	8,366	9,651	92.7	115.4
Mar. 7, 1916	7,685	3,074	10,759	33	10,792	8,783	9,869	91.4	112.4
May 1, 1916	8,105	2,995	11,100	35	11,135	8,782	10,046	90.0	114.4
June 30, 1916	8,125	2,713	10,838	39	10,877	8,702	10,101	92.8	116.1
Sept. 12, 1916	8,412	2,916	11,328	35	11,363	9,202	10,417	91.6	113.2
Nov. 17, 1916	9,105	3,349	12,454	35	12,489	9,977	10,958	87.7	109.8
Dec. 27, 1916	8,970	3,261	12,231	35	12,266	9,929	10,963	89.3	110.4
Mar. 5, 1917	9,240	3,683	12,923	35	12,958	10,489	11,365	87.7	108.4
May 1, 1917	9,665	3,379	13,044	36	13,080	10,283	11,550	88.3	112.3
June 20, 1917	9,613	3,026	12,639	133	12,772	10,306	11,946	93.5	115.9
Sept. 11, 1917	9,975	3,045	13,020	210	13,230	10,293	12,292	92.9	119.4
Nov. 20, 1917	10,339	3,103	13,412	1,352	14,794	11,701	14,029	94.8	119.9
Dec. 31, 1917	10,735	3,190	13,925	517	14,442	11,074	13,180	91.2	119.0

[1] Including Government deposits.
[2] Exclusive of fixed investments, viz, banking house, real estate, furniture and fixtures, also stock of Federal Reserve Banks.

GOLD SETTLEMENT FUND.

Operations through the gold settlement fund for the four-week period from February 21 to March 21, 1918, continued on a large scale, mainly on account of the heavy movement of funds between Federal Reserve Banks resulting from banks in the interior drawing on their New York correspondents in payment for certificates of indebtedness issued in anticipation of the third Liberty loan. Clearings and transfers combined, effected through the fund during the four weeks ended March 21, amounted to $2,885,286,000, averaging $721,321,500 per week, compared with a like average of $760,629,800 for the preceding five-week period.

Net changes in ownership of gold in the banks' fund through transfers and settlements amounted to 3.31 per cent of the total obligations settled as against 1.90 per cent for the preceding period. This increase of 1.41 per cent is due chiefly to a net loss of $80,283,000 by New York resulting from net payments through settlements of $159,783,000 against net receipts of $79,500,000 from transfers. Changes in the ownership of gold since the commencement of the operation of the fund, May 20, 1915, to March 21, 1918, amount to 1.52 per cent of the total obligations settled. Chicago, Boston, and Richmond show the largest gains through the shifting of credits in the fund, while New York, Atlanta, and Dallas show decreases.

During the four-week period the balance in the fund to the credit of the New York bank decreased 38.8 millions, and the balance to the credit of the agent 35 millions, making a total decrease of 73.8 millions. Chicago's balance in the banks' fund shows the largest gain, viz, 24.7 millions, while the balance to the credit of the Chicago agent gained 21.5 millions, making a total gain of 46.2 millions. Boston's and Richmond's balances also show considerable increases, while aggregate banks' and agents' balances in the fund show a gain of 26.6 millions for the four-week period under review.

A revised form of statement showing the transactions through the banks' and agents' funds, which has been is use for several weeks, is published for the first time in the present number of the BULLETIN. It is designed to set forth more clearly transfers of credits between the two funds. The banks' statement now shows actual withdrawals of gold from the fund and payments of gold into the fund; also total withdrawals, including transfers to the Federal Reserve agents and total deposits, including transfers from the Federal Reserve agents. The new form of statement of the agents' fund shows withdrawals for transfers to the banks and deposits through transfers from the banks and in addition all other withdrawals and deposits.

Below are given figures showing changes in the fund between February 21 and March 21, inclusive:

Amounts of clearings and transfers through the gold settlement fund by Federal Reserve Banks, from Feb. 22, 1918, to Mar. 21, 1918, both inclusive.

[In thousands of dollars.]

	Total clearings.	Balances adjusted.	Transfers.
Settlement of—			
Feb. 28, 1918	587,027	45,181	35,000
Mar. 7, 1918	771,168	45,825	85,000
Mar. 14, 1918	661,936	78,953	11,330
Mar. 21, 1918	696,825	34,225	37,000
Total	2,716,956	204,184	168,330
Previously reported for 1918	5,277,069	426,135	635,402
Total since Jan. 1, 1918	7,994,025	630,319	803,732
Total for 1917	24,319,200	2,154,721	2,835,504.5

	Clearings and transfers
Total for 1918 to date	8,797,757
Total for 1917	27,154,704.5
Total for 1916	5,533,966
Total for 1915	1,052,649
Total clearings and transfers, May 20, 1915, to Mar. 21, 1918.	42,539,076.5

Changes in ownership of gold.

[In thousands of dollars.]

Federal Reserve Bank of—	Total to Feb. 21, 1918.		From Feb. 22, 1918, to Mar. 21, 1918, both inclusive.				Total changes from May 20, 1915, to Mar. 21, 1918.	
	Decrease.	Increase.	Balance to credit Feb. 21, 1918, plus net deposits of gold since that date.	Balance Mar. 21, 1918.	Decrease.	Increase.	Decrease.	Increase.
Boston		24,935	30,666	44,544		13,878		38,813
New York	568,118		105,107	24,824	80,283		648,401	
Philadelphia		80,485	43,423	51,270		7,847		88,332
Cleveland		103,414	36,711.5	44,564.5		7,853		111,267
Richmond	1,471		7,541.7	18,965.7		11,424		9,953
Atlanta		56,853	20,149	12,099	8,050			48,803
Chicago		55,912	32,376	74,895		42,519		98,431
St. Louis		35,760	25,480.9	33,169.9		7,689		43,449
Minneapolis		20,553	3,311	4,114		803		21,356
Kansas City		69,433.5	36,420.4	38,643.4		2,223		71,656.5
Dallas		40,366.5	18,662	11,432	7,230			33,136.5
San Francisco		81,877	20,356	21,683		1,327		83,204
Total	569,589	569,589	380,204.5	380,204.5	95,563	95,563	648,401	648,401

Gold settlement fund—Summary of transactions from Feb. 22, 1918, to Mar. 21, 1918, both inclusive.

[In thousands of dollars.]

Federal Reserve Bank of—	Balance last statement, Feb. 21, 1918.	Gold withdrawals.	Gold Deposits.	Aggregate withdrawals and transfers to agent's fund.	Aggregate deposits and transfers from agent's fund.	Transfers.		Weekly settlements, Feb. 28, 1918, to Mar. 21, 1918, both inclusive.				Balance in fund at close of business, Mar. 21, 1918.
						Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston	28,206		2,460		2,460		9,500	9,911	186,118	190,496	14,289	44,544
New York	63,667		6,440		41,440	33,500	113,000	159,783	871,210	711,427		24,824
Philadelphia	49,663	500	4,425	13,100	6,860	18,000			310,296	336,143	25,847	51,270
Cleveland	52,897.9	1,311.4	5,125	21,311.4	5,125			5,730	220,099	227,952	13,583	44,564.5
Richmond	11,214.8	203.1	530	4,203.1	530	330	7,000	5,008	133,361	138,115	9,762	18,965.7
Atlanta	14,594		2,005	850	6,405			10,244	95,489	87,439	2,194	12,099
Chicago	50,144.3	840	5,021.7	63,680	45,911.7	37,000	20,000		377,961	437,480	59,519	74,895
St. Louis	26,776.4	200	79.5	2,200	904.5			1,636	186,136	193,825	9,325	33,169.9
Minneapolis	8,011		1,300	8,000	3,300	2,500		8,531	93,191	96,494	11,834	4,114
Kansas City	35,700.9		719.5		719.5	23,000	330		111,451	136,344	24,893	38,643.4
Dallas	16,042.2	409.9	589.7	3,969.9	6,589.7	13,000		752	57,874	63,644	6,522	11,432
San Francisco	20,756	80	4,460	5,080	4,680	41,000	18,500		73,770	97,597	23,827	21,683
Total	377,673.5	3,544.4	33,155.4	122,394.4	124,925.4	168,330	168,330	201,595	2,716,956	2,716,956	201,595	380,204.5

Federal Reserve agents' fund—Summary of transactions from Feb. 22, 1918, to Mar. 21, 1918, both inclusive.

[In thousands of dollars.]

Federal Reserve agent at—	Balance last statement, Feb. 21, 1918.	Gold withdrawals.	Gold deposits.	Withdrawals for transfer to bank.	Deposits through transfers from bank.	Total withdrawals.	Total deposits.	Balance at close of business, Mar. 21, 1918.
Boston	11,500							11,500
New York	40,000			35,000		35,000		5,000
Philadelphia	65,354	500		2,435	12,600	2,935	12,600	75,019
Cleveland	50,000				20,000		20,000	70,000
Richmond	25,000				4,000		4,000	29,000
Atlanta	41,270	1,000		4,400	850	5,400	850	36,720
Chicago	140,484.5	500		40,890	62,840	41,390	62,840	161,934.5
St. Louis	37,737.6			825	2,000	825	2,000	38,912.6
Minneapolis	25.500			2,000	8,000	2,000	8,000	31,500
Kansas City	52,860	500				500		52,360
Dallas	7,624			6,000	3,560	6,000	3,560	5,184
San Francisco	36,616	500		220	5,000	720	5,000	40,896
Total	533,946.1	3,000		91,770	118,850	94,770	118,850	558,026.1

OPERATION OF THE FEDERAL RESERVE CLEARING SYSTEM, FEB. 16, 1918, TO MAR. 15, 1918.

	Items drawn on banks in Federal Reserve city (daily average).		Items drawn on banks in district outside Federal Reserve city (daily average).		Items drawn on banks in other districts (daily average).		Items handled by both bank and branches (daily average).		Total (exclusive of items drawn on Treasurer of United States) (daily average).		Items drawn on Treasurer of United States (daily average).		Number of member banks in district.	Number of nonmember banks on par list.
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.		
Boston	3,730	$12,803,464	35,865	$5,283,920	4,307	$4,965,755	.....	....	43,902	$23,053,139	9,966	$4,379,491	410	252
New York	6,558	65,217,501	43,780	35,676,641	23,324	14,563,158	.....	....	73,662	115,457,300	26,327	10,295,729	678	425
Philadelphia	15,095	16,796,703	22,946	3,145,057	11,022	11,365,162	.....	....	49,063	31,306,922	3,922	1,757,025	628	315
Cleveland	1,904	3,916,742	21,620	11,848,014	3,366	3,013,201	555	$3,681,846	27,445	22,459,803	1,134	629,704	769	619
Richmond	1,329	4,543,500	27,594	8,765,429	2,239	3,836,416	.....	....	31,162	17,145,345	1,241	268,652	536	261
Atlanta	1,737	2,798,834	13,064	2,636,967	1,880	2,324,042	542	225,387	17,223	7,985,230	1,832	716,184	406	322
Chicago	8,719	19,419,000	23,033	5,451,000	1,918	733,000	.....	....	33,670	25,603,000	5,739	1,831,000	1,137	2,223
St. Louis	2,434	7,655,926	12,876	22,037,450	165	1,218,557	8	3,357	15,483	30,915,290	3,468	1,138,220	485	1,002
Minneapolis	2,848	5,912,205	13,257	1,245,116	923	1,653,822	.....	....	17,028	8,811,143	339	91,550	795	1,077
Kansas City	2,289	8,875,515	16,190	9,448,663	1,082	2,992,675	2,423	1,815.483	21,984	23,132,336	1,773	293,430	960	1,535
Dallas	1,244	1,888,084	13,950	5,360,759	588	1,209,077	.....	....	15,782	8,457,920	1,505	374,334	638	255
San Francisco	3,521	3,873,901	15,356	2,235,146	445	681,844	4,172	686,998	23,494	7,477,889	1,745	4,052,438	571	1,139
Totals:														
Feb. 16 to Mar. 15, 1918	51,408	153,701,375	259,531	113,134,162	51,259	48,556,709	7,700	6,413,071	369,898	321,805,317	58,991	25,827,757	8,013	9,425
Jan. 16 to Feb. 15, 1918	46,207	153,847,568	227,312	80,248,466	44,654	42,852,372	7,128	5,836,958	325,301	282,785,364	48,224	21,316,033	7,972	10,519
Dec. 16, 1917, to Jan. 15, 1918	48,549	148,033,108	253,458	89,065,135	49,342	52,175,578	7,718	3,402,035	359,067	292,585,856	38,130	21,116,293	7,909	9,268
Nov. 16 to Dec. 15, 1917	47,678	171,723,439	240,756	84,440,761	46,353	58,458,952	.....	....	334,787	314,623,152	33,806	27,179,053	7,823	9,321
Oct. 16 to Nov. 15, 1917	47,574	166,552,773	232,723	64,296,210	45,393	53,089,827	.....	....	325,690	283,938,810	30,426	17,496,974	7,826	9,210
Sept. 16 to Oct. 15, 1917	40,591	128,271,466	212,935	47,476,204	40,216	44,984,581	.....	....	293,742	220,732,251	26,797	13,518,566	7,747	9,052
Aug. 16 to Sept. 15, 1917	36,306	100,331,694	182,191	41,323,621	32,564	40,648,168	.....	....	251,061	182,303,483	23,492	11,006,515	7,718	8,934
July 16 to Aug. 15, 1917	36,727	98,075,919	175,625	40,353,278	31,273	37,981,022	.....	....	243,625	176,410,219	19,533	9,701,569	7,683	8,837
June 16 to July 15, 1917	38,476	109,722,256	182,622	41,004,720	33,941	46,762,698	.....	....	255,039	197,489,674	19,100	11,637,899	7,666	8,805
May 16 to June 15, 1917	37,898	97,322,883	179,193	38,599,461	33,150	38,314,393	.....	....	250,241	174,236,737	16,344	4,414,508	7,651	8,789
Apr. 16 to May 15, 1917	33,767	87,370,859	171,093	36,473,163	33,428	36,836,934	.....	....	238,288	160,680,956	15,925	3,597,865	7,634	8,926
Mar. 16 to Apr. 15, 1917	31,162	60,288,002	168,607	32,666,959	32,008	34,693,542	.....	....	231,777	127,648,503	12,582	2,643,408	7,625	8,607

DISCOUNT OPERATIONS OF THE FEDERAL RESERVE BANKS.

Discount operations of the Federal Reserve Banks during February totaled $762,439,698, compared with $868,421,473 for January. These figures, except for the Chicago bank, are exclusive of the purchases with resale agreement of United States Liberty bonds and certificates of indebtedness, which totaled $363,675,200 during February and $405,029,450 during January. Of the total discounts reported for the month, 261.8 millions, as against 351.7 millions for the month before, represents the total discounts of member banks collateral notes secured by United States war obligations and 137.3 millions, as against 40.4 millions, the discounts for the month of customers' paper thus secured. Over 52 per cent of the banks' reported discount transactions, as against 45 per cent in January, are thus directly traceable to war finance operations, the New York, Chicago, and Boston banks showing the largest activities in this field. Discounts of collateral notes secured by commercial paper aggregated 44.9 millions compared with a total of 130.3 millions for January, 1918, and an average monthly total of 154.9 millions for 1917. Customers' paper, other than Liberty loan paper, rediscounted with the Federal Reserve Banks totaled 298 millions as against 332.6 millions the month before, the total including 3.3 millions of bank acceptances and 4.7 millions of nonmember banks' paper rediscounted during the month under review. Of the total of this class of paper about 60 per cent was reported by the Richmond and New York banks. Total discounts for the month include, in addition, 20.5 millions of trade acceptances, of which 10.3 millions were in the domestic trade and 10.2 in the foreign trade, the latter all discounted by the New York bank. About 35 per cent of the total discounts and over 75 per cent of the purchases with resale agreement of Liberty bonds and certificates are shown for the New York bank. New York, Chicago, Cleveland, and Richmond each report total discount transactions, including temporary purchase of United States war obligations, in excess of 100 millions.

Over 70 per cent of the month's discounts and all the temporary purchases of United States war obligations were for 15 days or less; over 5 per cent each was 30-day and 60-day paper, and nearly 18 per cent was 90-day paper. Six-month paper, i. e., agricultural and live-stock paper maturing after 90 days, totaled 6.2 millions, about 40 per cent being the share of the Kansas City bank.

On the last Friday of the month the Federal Reserve banks held a total of 509.5 millions in addition to 100.9 millions of certificates of indebtedness, all of which were held temporarily under repurchase agreements for the accommodation of member banks. Corresponding figures for the end of January were 627.6 millions of discounts and 46.2 millions of certificates. Of the total discounts on hand 269.2 millions, or about 53 per cent, was made up of paper secured by Government war obligations, 22.3 millions, or over 4 per cent by member banks' collateral loans secured by commercial paper, and 178.1 millions, or about 35 per cent, by customers' paper thus secured or unsecured, the remainder being agricultural and live stock paper largely carried by the western banks.

During the month the number of member banks increased from 7,980 to 8,031, mainly the result of admission to membership of 50 State banks and trust companies. The total number of members discounting during February was 1,353, Chicago and New York with 251 and 219 member banks accommodated during the month leading all other Federal Reserve districts.

Bills discounted during the months of February, 1918 and 1917, distributed by classes.

Federal Reserve Banks.	Customers' paper secured by Liberty bonds or United States certificates of indebtedness.	Member banks' collateral notes.		Trade acceptances.	All other discounts.	Total.
		Secured by Liberty bonds or United States certificates of indebtedness.	Otherwise secured.			
Boston	$40,049,332	$6,783,000	$780,000	$623,541	$12,591,161	$60,827,034
New York	55,772,061	99,726,403	13,581,356	[1] 11,487,566	87,233,994	267,801,380
Philadelphia	17,371,856	3,311,200	....	120,612	11,064,700	31,868,368
Cleveland	3,432,227	23,125,500	....	3,096,981	17,893,893	47,548,601
Richmond	17,952,994	11,419,060	45,000	547,899	90,843,090	120,808,043
Atlanta	100	3,131,500	243,500	573,167	6,639,710	10,587,977
Chicago	2,154,554	[2] 84,764,114	23,776,881	128,167	16,858,492	127,682,208
St. Louis	....	9,594,883	75,000	1,754,783	18,926,295	30,350,961
Minneapolis	124,668	307,000	175,000	33,394	6,613,178	7,253,240
Kansas City	105,948	3,428,900	3,475,000	1,397,180	13,171,519	21,578,547
Dallas	306	5,481,500	2,755,000	....	2,095,924	10,332,730
San Francisco	286,655	10,732,600	....	714,672	14,066,682	25,800,609
Total, February, 1918	137,250,701	261,805,660	44,906,737	[1] 20,477,962	[3] 297,998,638	[2] 762,439,698
Total, February, 1917	....	11,443,362		856,078	10,109,164	22,408,604

[1] Including $10,230,115 in the foreign trade.
[2] Includes United States securities purchased from banks under 15-day repurchase agreements.
[3] Includes $3,282,519 of bankers' acceptances, and $4,697,200 of nonmember banks' paper rediscounted for member banks, but excludes $4,291,395 of bills of lading-drafts.

Amounts of discounted paper, including member banks' collateral notes, held by each Federal Reserve Bank on the last Friday in February, 1918, distributed by classes.

[In thousands of dollars; i. e., 000 omitted.]

Banks.	Agricultural paper.	Live stock paper.	Customers' paper secured by Liberty bonds or United States certificates of indebtedness.	Member banks' collateral notes.		Trade acceptances.	All other discounts.	Total.
				Secured by Liberty bonds or United States certificates of indebtedness.	Otherwise secured.			
Boston	....	....	44,006	4,561	365	2,495	8,009	59,436
New York	129	....	66,433	43,575	7,754	3,893	55,546	177,330
Philadelphia	78	....	13,748	2,501	....	195	8,327	24,849
Cleveland	12	....	5,318	9,721	....	3,518	16,823	35,392
Richmond	593	5	5,433	8,059	15	1,259	19,752	35,116
Atlanta	142	184	5,116	1,923	55	967	1,070	9,462
Chicago	....	....	4,294	38,731	11,400	350	23,335	78,110
St. Louis	63	85	1,378	4,255	....	2,162	13,527	21,470
Minneapolis	1,197	1,804	168	202	175	68	7,251	10,865
Kansas City	555	9,534	488	1,192	1,385	1,096	4,561	18,811
Dallas	319	2,576	7	2,361	1,188	....	1,853	8,304
San Francisco	647	3,314	449	5,246	....	2,675	18,058	30,389
Total	3,735	17,502	146,838	122,332	22,337	18,678	178,112	509,534
Per cent	0.7	3.4	28.8	24.0	4.4	3.7	35.0	100.0

Acceptances bought in open market and held by Federal Reserve Banks as per schedules on file with the Federal Reserve Board, or as reported by the Federal Reserve Banks on dates specified, distributed by classes of accepting institutions.

Date.	Bankers' acceptances.						Trade acceptances bought in open market.	Total acceptances.
	Member banks.	Nonmember trust companies.	Nonmember State banks.	Private banks.	Foreign bank branches and agencies.	Total.		
1915.								
Feb. 22	$93,000					$93,000		$93,000
Apr. 5	3,653,000	$7,820,000	$10,000	$110,000		11,593,000		11,593,000
July 3	4,342,000	5,267,000		161,000		9,770,000		9,770,000
Oct. 4	9,000,000	4,898,000	132,000	343,000		14,373,000		14,373,000
1916.								
Jan. 3	15,494,000	7,160,000	362,000	822,000		23,838,000		23,838,000
Apr. 3	21,000,000	13,573,000	473,000	3,262,000		38,308,000	$722,000	39,030,000
July 3	32,989,000	18,921,000	471,000	11,830,000		64,211,000	3,422,000	67,633,000
Oct. 2	37,798,000	21,782,000	712,000	9,944,000		70,236,000	2,306,000	72,542,000
1917.								
Jan. 1	66,803,000	34,625,000	1,502,000	18,224,000		121,154,000	4,585,000	125,739,000
Apr. 2	43,979,000	20,328,000	689,000	16,830,000	$200,000	82,026,000	1,144,000	83,170,000
July 14-16	108,597,000	30,390,000	3,333,000	38,082,000	3,805,000	184,785,000	4,660,000	189,445,000
Sept. 29	131,997,000	14,987,000	2,193,000	21,708,000	2,286,000	173,171,000	6,942,000	180,113,000
Dec. 31	227,717,000	8,163,000	3,179,000	20,137,000	7,657,000	266,853,000	6,383,000	273,236,000
1918.								
Jan. 31	240,259,000	5,547,000	3,522,000	22,099,000	6,947,000	278,374,000	6,363,000	284,737,000
Feb. 28	252,747,000	1,648,000	3,856,000	28,419,000	7,097,000	293,767,000	5,456,000	299,223,000

Amounts of bills discounted and acceptances and warrants bought by each Federal Reserve Bank during February, 1918, distributed by maturities.

	15-day maturities.				30-day maturities.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston	$17,336,789	$110,800		$17,447,589	$2,079,497	$507,944		$2,587,441
New York	184,353,362	4,807,910		189,161,272	16,666,842	8,535,838		25,202,680
Philadelphia	19,928,502	454,112		20,382,614	947,311	2,047,171		2,994,482
Cleveland	32,780,753	7,243		32,787,996	5,577,311	36,304		5,613,615
Richmond	112,407,480	111,000		112,518,480	1,665,904	754,571		2,420,475
Atlanta	7,214,858	32,000		7,246,858	967,249	255,934		1,223,183
Chicago	110,547,775			110,547,775	4,163,561	1,414,840		5,578,401
St. Louis	20,334,278	25,000		20,359,278	3,409,189	284,709		3,693,898
Minneapolis	2,181,108			2,181,108	890,430	390,000		1,280,430
Kansas City	6,972,509			6,972,509	3,314,014	353,500		3,667,514
Dallas	8,291,075	250,000		8,541,075	369,242	3,809,710		4,178,952
San Francisco	16,419,862	355,143		16,775,005	680,389	935,889		1,616,278
Total	538,768,351	6,153,208		544,921,559	40,730,939	19,326,410		60,057,349
Per cent				58.6				6.5

	60-day maturities.				90-day maturities.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston	$3,290,795	$1,595,595		$4,886,390	$38,044,153	$8,290,197		$46,334,350
New York	11,486,011	21,817,113		33,303,124	54,355,875	56,809,974		111,165,849
Philadelphia	522,238	2,515,448		3,037,686	9,794,125	4,056,470		13,850,595
Cleveland	3,037,379	2,453,575		5,490,954	6,090,053	5,567,665		11,657,718
Richmond	2,064,584	1,929,571		3,994,155	4,634,846	2,556,450		7,191,296
Atlanta	1,731,687	1,475,452		3,207,139	648,698	835,749	$1,500	1,485,947
Chicago	6,523,682	1,296,600		7,820,282	6,130,524	8,306,081		14,436,605
St. Louis	3,793,150	312,350		4,105,500	2,797,380	2,004,956		4,802,336
Minneapolis	2,682,452	773,001		3,455,453	1,092,185	392,500		1,484,685
Kansas City	3,493,354	475,135		3,968,489	5,301,576	644,263		5,945,839
Dallas	683,803	1,466,815		2,150,618	500,540	100,000		600,540
San Francisco	2,441,573	4,396,453		6,838,026	5,643,500	6,482,495		12,125,995
Total	41,750,708	40,507,108		82,257,816	135,033,455	96,046,800	1,500	231,081,755
Per cent				8.9				24.9

Amounts of bills discounted and acceptancs and warrants bought by each Federal Reserve Bank during February, 1918, distributed by maturities—Continued.

	Over 90-day maturities.				Total.				Per cent.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston	$75,800	$1,219,342	....	$1,295,142	$60,827,034	$11,723,878	....	$72,550,912	83.8	16.2	....	100.0
New York	939,290	....	....	939,290	267,801,380	91,970,835	....	359,772,215	74.4	25.6	....	100.0
Philadelphia	676,192	98,000	....	774,192	31,868,368	9,171,201	....	41,039,569	77.7	22.3	....	100.0
Cleveland	63,105	52,846	....	115,951	47,548,601	8,117,633	....	55,666,234	85.4	14.6	....	100.0
Richmond	35,229	190,000	....	225,229	120,808,043	5,541,592	....	126,349,635	95.6	4.4	....	100.0
Atlanta	25,485	....	....	25,485	10,587,977	2,599,135	$1,500	13,188,612	80.3	19.7	....	100.0
Chicago	316,666	871,909	....	1,188,575	127,682,208	11,889,430	....	139,571,638	91.5	8.5	....	100.0
St. Louis	16,964	1,038,136	....	1,055,100	30,350,961	3,665,151	....	34,016,112	89.2	10.8	....	100.0
Minneapolis	407,065	....	....	407,065	7,253,240	1,555,501	....	8,808,741	82.3	17.7	....	100.0
Kansas City	2,497,094	....	....	2,497,094	21,578,547	1,472,898	....	23,051,445	93.6	6.4	....	100.0
Dallas	488,070	....	$132,000	620,070	10,332,730	5,626,525	132,000	16,091,255	64.2	35.0	0.8	100.0
San Francisco	615,285	294,902	....	910,187	25,800,609	12,464,882	....	38,265,491	67.4	32.6	....	100.0
Total	6,156,245	3,765,135	132,000	10,053,380	762,439,698	165,798,661	133,500	928,371,859	....	....	....	....
Per cent	....	....	....	1.1	....	....	....	100.0	82.1	17.9	....	100.0

Maturities of discounts, acceptances, and municipal warrants held by each Federal Reserve Bank on Thursday, Feb. 21, 1918.

[In thousands of dollars; i. e., 000 omitted.]

	1 to 15 days.				16 to 30 days.			
	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.
Boston	11,815	1,311	....	13,126	7,639	3,277	....	10,916
New York	96,395	68,620	....	165,015	8,893	15,047	....	23,940
Philadelphia	9,322	5,235	10	14,567	2,274	2,783	....	5,057
Cleveland	19,857	4,603	....	24,460	4,856	746	....	5,602
Richmond	24,118	577	....	24,695	3,179	486	....	3,665
Atlanta	4,928	1,504	123	6,555	1,669	1,549	....	3,218
Chicago	43,651	1,281	....	44,932	23,312	5,151	....	28,463
St. Louis	12,112	790	....	12,902	3,225	1,083	....	4,308
Minneapolis	2,649	340	....	2,989	2,766	390	....	3,156
Kansas City	4,490	8	....	4,498	1,947	353	....	2,300
Dallas	4,363	4,437	....	8,800	763	2,348	....	3,111
San Francisco	11,025	4,856	....	15,881	5,012	6,337	....	11,349
Total	244,725	93,562	133	338,420	65,535	39,550	....	105,085
Per cent	....	....	....	42.0	....	....	....	13.0

	31 to 60 days.				61 to 90 days.			
	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.
Boston	7,057	6,239	....	13,296	32,919	5,460	....	38,379
New York	25,222	55,683	....	80,905	46,813	37,387	....	84,200
Philadelphia	3,208	7,121	....	10,329	10,044	3,125	....	13,169
Cleveland	6,312	2,288	....	8,600	4,367	1,301	....	5,638
Richmond	4,478	1,867	....	6,345	3,322	567	....	3,889
Atlanta	2,363	2,811	7	5,181	420	855	1	1,276
Chicago	3,716	4,292	....	8,008	4,560	5,203	....	9,763
St. Louis	4,602	1,761	....	6,363	1,470	2,689	....	4,159
Minneapolis	2,837	773	....	3,610	1,255	393	....	1,648
Kansas City	4,582	726	....	5,308	5,065	402	....	5,467
Dallas	1,253	3,086	....	4,339	800	100	....	900
San Francisco	8,457	13,725	....	22,182	4,760	5,204	....	9,964
Total	74,087	100,372	7	174,466	115,795	62,686	1	178,482
Per cent	....	....	....	21.7	....	....	....	22.1

Maturities of discounts, acceptances, and municipal warrants held by each Federal Reserve Bank on Thursday, Feb. 21, 1918—Continued.

[In thousands of dollars; i. e., 000 omitted.]

	Over 90 days.				Total.				Percentages.			
	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.
Boston	6			6	59,436	16,287		75,723	78.5	21.5		100.0
New York	7			7	177,330	176,737		354,067	50.1	49.9		100.0
Philadelphia	1			1	24,849	18,264	10	43,123	57.6	42.4		100.0
Cleveland					35,392	8,938		44,330	79.8	20.2		100.0
Richmond	19			19	35,116	3,497		38,613	90.9	9.1		100.0
Atlanta	82		3	85	9,462	6,719	134	16,315	58.0	41.2	0.8	100.0
Chicago	2,871			2,871	78,110	15,927		94,037	83.1	16.9		100.0
St. Louis	61			61	21,470	6,323		27,793	77.2	22.8		100.0
Minneapolis	1,358			1,358	10,865	1,896		12,761	85.1	14.9		100.0
Kansas City	2,727			2,727	18,811	1,489		20,300	92.7	7.3		100.0
Dallas	1,125		468	1,593	8,304	9,971	468	18,743	44.3	53.2	2.5	100.0
San Francisco	1,135			1,135	30,389	30,122		60,511	50.2	49.8		100.0
Total	9,392		471	9,863	509,534	296,170	612	806,316	63.2	36.7	.1	100.0
Per cent				1.2								

Liberty loan bonds and United States certificates of indebtedness purchased during the months of January and February, 1918, under 15-day repurchase agreements.

	January.[1]			February.[1]		
	Liberty bonds.	Certificates of indebtedness.	Total.	Liberty bonds.	Certificates of indebtedness.	Total.
Boston	$1,985,000	$165,000	$2,150,000	$2,280,000	$1,000,000	$3,280,000
New York		306,350,000	306,350,000	18,000	265,610,000	265,628,000
Philadelphia	5,752,450	4,034,000	9,786,450	3,445,000	3,126,000	6,571,000
Cleveland		79,600,000	79,600,000		52,830,000	52,830,000
Atlanta	4,305,000	700,000	5,005,000	5,538,900	3,144,000	8,682,900
Minneapolis	2,013,000	75,000	2,088,000	3,693,300	22,990,000	26,683,300
Dallas	50,000		50,000			
Total	14,105,450	390,924,000	405,029,450	14,975,200	348,700,000	363,675,200

[1] Figures are exclusive of repurchase agreements of the Chicago bank, which are included with discounted bills under caption "Member banks collateral notes secured by Liberty bonds and certificates."

Total investment operations, exclusive of purchases of United States certificates of indebtedness, of each Federal Reserve Bank during the months of February, 1918 and 1917.

Federal Reserve Bank.	Bills discounted for members and Federal Reserve Banks.	Bills bought in open market.			Municipal warrants.			
		Bankers' acceptances.	Trade acceptances.	Total.	City.	State.	All other.	Total.
Boston	$60,827,034	$11,198,677	$525,201	$11,723,878				
New York	267,801,380	91,718,282	252,553	91,970,835				
Philadelphia	31,868,368	9,171,201		9,171,201				
Cleveland	47,548,601	8,117,633		8,117,633				
Richmond	120,808,043	5,541,592		5,541,592				
Atlanta	10,587,977	2,599,135		2,599,135			$1,500	$1,500
Chicago	[1] 127,682,208	11,889,430		11,889,430				
St. Louis	30,350,961	3,665,151		3,665,151				
Minneapolis	7,253,240	1,555,501		1,555,501				
Kansas City	21,578,547	1,472,898		1,472,898				
Dallas	10,332,730	5,626,525		5,626,525	$132,000			132,000
San Francisco	25,800,609	10,705,769	1,759,113	12,464,882				
Total, February, 1918	762,439,698	163,261,794	2,536,867	165,798,661	132,000		1,500	133,500
Total, February, 1917	22,408,604	68,990,791	1,646,388	70,637,179	5,798,677		53,985	5,852,662

Federal Reserve Bank.	United States bonds and Treasury notes.						Total investment operations.	
	2 per cent.	3 per cent.	$3\frac{1}{2}$ per cent.	4 per cent.	1-year Treasury notes.	Total.	February, 1918.	February, 1917.
Boston			$20,000	$2,010,000		$2,030,000	$74,580,912	$9,322,187
New York				18,000		18,000	359,790,215	24,684,930
Philadelphia			75,000	3,370,000		3,445,000	44,484,569	11,766,311
Cleveland				1,250		1,250	55,667,484	9,771,303
Richmond				2,350		2,350	126,351,985	12,463,798
Atlanta			1,070,000	4,486,800		5,556,800	18,745,412	2,097,817
Chicago							139,571,638	9,728,315
St. Louis							34,016,112	5,774,492
Minneapolis			514,300	3,179,000		3,693,300	12,502,041	4,362,900
Kansas City							23,051,445	3,122,342
Dallas							16,091,255	2,749,591
San Francisco							38,265,491	3,655,409
Total, February, 1918			1,679,300	13,067,400		14,746,700	943,118,559	
Total, February, 1917	$144,500	$200		250	$456,000	600,950		99,499,395

United States securities held by each Federal Reserve Bank on Feb. 28, 1918, distributed by maturities.

Federal Reserve Bank.	United States bonds with circulation privilege.				United States securities without circulation privilege.						Total.
	2 per cent consols of 1930.	2 per cent Panamas of 1936–1938.	3 per cent loan of 1918.	4 per cent loan of 1925.	3 per cent conversion bonds of 1946–1947.	3 per cent 1-year Treasury notes.	3 per cent loan of 1961.	$3\frac{1}{2}$ per cent Liberty loan of 1947.	4 per cent Liberty loan of 1942–1947.	United States certificates of indebtedness.	
Boston	$750				$529,000	$2,194,000		$80,000	[2] $338,014	$1,250,000	$4,391,764
New York	50		$50,000		1,255,400	5,013,000		329,850	3,152,900	66,429,000	76,230,200
Philadelphia		$100			549,200	2,548,000		86,850	5,152,850	3,119,000	11,456,000
Cleveland	6,400	467,200	2,653,660	$2,378,200	414,800	3,221,000		1,966,900	375,000	16,584,000	28,067,160
Richmond	915,100	237,000				1,969,000		42,900	38,250	25,000	3,227,250
Atlanta	640,600	21,000			10,300	1,491,000		418,250	3,215,100	1,605,000	7,401,250
Chicago	1,862,500	367,300	2,581,000	1,768,000	427,400	3,378,000	$400			1,185,500	[3] 11,570,100
St. Louis	100		1,080,000		1,153,300	1,444,000					3,677,400
Minneapolis	323,050	16,260	1,199,180	206,250	114,800	1,340,000	500	219,300	1,262,450	6,752,500	11,434,290
Kansas City	7,155,850	22,240		825,000	838,500	1,784,000		7,500	13,100	2,584,500	13,230,690
Dallas	2,450,900	281,500			1,233,600	1,430,000		1,900	52,800	1,300,000	6,750,700
San Francisco	2,428,750					1,500,000		28,250		52,000	4,009,000
Total	15,784,050	1,412,600	7,563,840	5,177,450	6,526,300	27,312,000	900	3,181,700	13,600,464	100,886,500	181,445,804

[1] Includes United States securities purchased from banks under 15-day repurchase agreements.
[2] Includes unpaid portion of Liberty loan bonds sold to individual subscribers.
[3] Exclusive of $42,404,830 of United States securities purchased from banks under 15-day repurchase agreements.

Total United States bonds with circulation privilege, $29,937,940.
Total United States securities without circulation privilege, $151,507,864.

RESOURCES AND LIABILITIES OF FEDERAL RESERVE BANKS.

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve system at close of business on Fridays, Mar. 1 to Mar. 22, 1918.

RESOURCES.

[In thousands of dollars; i. e., 000 omitted.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Gold coin and certificates in vault:													
Mar. 1	10,575	316,059	10,700	26,349	6,326	6,026	28,718	4,313	15,696	192	8,695	27,966	461,615
Mar. 8	10,129	318,676	11,038	24,473	6,444	6,696	29,290	3,847	15,785	316	8,835	28,615	464,144
Mar. 15	10,856	324,577	11,282	31,298	6,430	6,807	28,907	3,578	15,819	204	8,982	28,781	477,521
Mar. 22	10,370	324,997	9,379	26,427	6,460	6,547	28,708	3,324	15,988	267	9,120	28,942	470,529
Gold settlement fund—Federal Reserve Board:													
Mar. 1	20,668	50,673	47,011	51,234	20,196	13,926	49,767	30,527	2,167	40,203	14,821	16,106	357,299
Mar. 8	40,359	42,770	50,645	51,332	23,381	10,993	44,873	30,270	5,676	29,629	12,278	12,379	354,585
Mar. 15	39,986	18,219	47,792	47,839	27,974	13,637	69,930	34,466	10,801	36,113	11,390	14,361	372,508
Mar. 22	45,782	47,824	51,432	44,980	19,046	12,599	59,685	33,170	4,114	30,764	11,437	19,033	379,866
Gold with foreign agencies:													
Mar. 1	3,675	18,112	3,675	4,725	1,837	1,575	7,350	2,100	2,100	2,625	1,838	2,888	52,500
Mar. 8	3,675	18,112	3,675	4,725	1,837	1,575	7,350	2,100	2,100	2,625	1,838	2,888	52,500
Mar. 15	3,675	18,112	3,675	4,725	1,837	1,575	7,350	2,100	2,100	2,625	1,838	2,888	52,500
Mar. 22	3,675	18,112	3,675	4,725	1,837	1,575	7,350	2,100	2,100	2,625	1,838	2,888	52,500
Gold with Federal Reserve agents:													
Mar. 1	48,680	249,784	74,388	84,549	25,888	46,734	151,407	40,004	43,989	55,634	21,156	43,133	885,346
Mar. 8	48,601	249,226	75,247	86,568	25,646	44,402	159,474	41,471	43,858	55,544	21,118	45,547	896,702
Mar. 15	48,546	209,028	76,580	90,306	25,577	44,423	165,472	41,445	45,761	55,498	21,496	45,496	869,628
Mar. 22	48,502	208,514	77,396	94,978	29,429	41,893	162,805	41,077	46,652	55,446	21,985	50,128	878,805
Gold redemption fund:													
Mar. 1	2,000	10,000	2,000	309	351	944	993	1,039	1,492	406	941	94	20,569
Mar. 8	1,989	10,000	2,000	147	427	1,162	1,053	1,204	798	390	1,061	36	20,267
Mar. 15	1,994	10,000	2,000	388	376	812	1,166	1,396	892	882	1,108	72	21,086
Mar. 22	1,994	10,000	2,000	311	331	890	1,190	1,388	947	878	1,130	55	21,114
Total gold reserves:													
Mar. 1	85,598	644,628	137,774	167,166	54,598	69,205	238,235	77,983	65,444	99,060	47,451	90,187	1,777,329
Mar. 8	104,753	638,784	142,605	167,245	57,735	64,828	242,040	78,892	68,217	88,504	45,130	89,465	1,788,198
Mar. 15	105,057	579,936	141,329	174,556	62,194	67,254	272,825	82,985	75,373	95,322	44,814	91,598	1,793,243
Mar. 22	110,323	609,447	143,882	171,421	57,103	63,504	259,738	81,059	69,801	89,980	45,510	101,046	1,802,814
Legal-tender notes, silver, etc:													
Mar. 1	5,857	39,910	1,115	1,476	359	2,007	5,404	1,299	601	84	1,984	348	60,444
Mar. 8	5,744	39,921	1,017	1,154	357	1,875	5,171	1,374	605	76	2,114	277	59,685
Mar. 15	4,948	40,170	766	1,126	311	1,821	5,209	1,377	641	76	2,222	283	58,950
Mar. 22	4,383	40,644	1,052	1,050	383	1,791	5,456	1,471	612	74	2,258	384	59,558
Total cash reserves:													
Mar. 1	91,455	684,538	138,889	168,642	54,957	71,212	243,639	79,282	66,045	99,144	49,435	90,535	1,837,773
Mar. 8	110,497	678,705	143,622	168,399	58,092	66,703	247,211	80,2[illegible]6	68,822	88,580	47,244	89,742	1,847,883
Mar. 15	110,005	620,106	142,095	175,682	62,505	69,075	278,034	84,362	76,014	95,398	47,036	91,881	1,852,193
Mar. 22	114,706	650,091	144,934	172,471	57,486	65,295	265,194	82,530	70,413	90,054	47,768	101,430	1,862,372
Bills discounted for members and Federal Reserve Banks:													
Mar. 1	60,959	217,801	22,249	33,513	31,721	9,549	35,663	22,574	8,696	16,525	10,739	32,536	502,525
Mar. 8	60,249	223,296	25,052	32,722	32,284	10,940	36,219	25,606	6,177	20,759	12,683	34,353	520,340
Mar. 15	54,761	241,146	24,290	30,669	28,654	9,711	33,847	22,727	5,598	22,578	11,839	31,664	517,484
Mar. 22	56,829	249,280	29,265	31,682	31,290	12,119	34,177	24,818	5,239	24,070	13,806	30,544	543,119
Bills bought in open market:													
Mar. 1	21,685	165,545	17,475	14,175	4,293	6,512	19,073	6,204	1,695	1,481	10,722	30,353	299,213
Mar. 8	8,072	178,256	18,901	22,735	5,555	7,104	19,432	6,376	3,986	6,519	10,060	30,956	317,952
Mar. 15	9,477	182,116	19,172	22,644	6,939	7,188	20,649	7,258	3,611	6,165	8,110	29,919	323,248
Mar. 22	11,475	179,905	18,172	22,351	8,625	7,470	27,025	8,208	3,611	6,150	6,417	29,471	328,880
United States Government long-term securities:													
Mar. 1	940	4,768	5,744	8,262	1,233	4,335	31,676	2,233	3,174	8,862	4,021	2,457	77,705
Mar. 8	960	4,761	5,886	8,262	1,233	4,046	26,452	2,233	2,982	8,862	4,020	2,457	72,154
Mar. 15	780	4,729	5,583	7,788	1,233	4,040	24,270	2,233	2,388	8,862	4,020	2,457	68,383
Mar. 22	895	1,620	5,467	7,788	1,233	4,183	19,533	2,233	2,787	8,862	3,970	2,468	61,039
United States Government short-term securities:													
Mar. 1	2,219	87,780	6,162	17,255	1,994	3,096	20,298	1,444	8,594	4,358	2,730	1,552	157,482
Mar. 8	2,194	121,760	4,867	16,687	1,994	3,615	16,609	1,444	4,149	4,301	3,220	1,982	182,822
Mar. 15	2,199	137,461	6,011	15,105	1,994	3,766	13,287	1,444	3,655	4,191	2,944	1,923	193,980
Mar. 22	2,249	155,832	8,056	17,967	1,994	4,445	20,477	1,444	4,739	4,037	2,929	1,867	226,036

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve system at close of business on Fridays, Mar. 1 to Mar. 22, 1918—Continued.

RESOURCES—Continued.

[In thousands of dollars; i. e., 000 omitted.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
All other earning assets:													
Mar. 1	....	....	10	....	....	207	739	274	985	....	1,180	285	3,680
Mar. 8	....	....	....	....	....	254	673	297	955	....	1,602	283	4,064
Mar. 15	....	....	....	....	....	305	629	388	748	....	1,781	189	4,040
Mar. 22	....	....	....	....	....	337	672	520	688	24	1,826	173	4,240
Total earning assets:													
Mar. 1	85,803	475,894	51,640	73,205	39,241	23,699	107,449	32,729	23,144	31,226	29,392	67,183	1,040,605
Mar. 8	71,475	528,073	54,706	80,406	41,066	25,959	99,385	35,956	18,249	40,441	31,585	70,031	1,097,332
Mar. 15	67,217	565,452	55,056	76,206	38,820	25,010	92,682	34,050	16,000	41,796	28,694	66,152	1,107,135
Mar. 22	71,448	586,637	60,960	79,788	43,142	28,554	101,884	37,223	17,064	43,143	28,948	64,523	1,163,314
Due from other Federal Reserve Banks—net:													
Mar. 1	3,010	....	1,038	9,429	3,949	5,134	20,742	6,442	8,933	1,189	2,622	1,747	[1] 11,882
Mar. 8	....	....	....	2,334	....	5,990	24,068	3,373	8,241	8,452	....	946	[1] 6,113
Mar. 15	8,786	....	4,834	....	....	2,310	14,806	3,354	804	5,154	....	352	[1] 11,609
Mar. 22	1,841	....	2,640	3,433	769	4,700	16,546	4,947	5,811	6,546	734	1,573	[1] 8,801
Uncollected items:													
Mar. 1	18,975	75,731	38,386	21,915	27,959	21,042	66,566	19,264	12,293	32,330	21,172	13,552	369,185
Mar. 8	18,412	69,816	40,181	19,521	26,926	19,675	57,169	19,005	10,594	25,714	17,280	12,990	337,283
Mar. 15	22,064	84,690	38,426	26,368	26,156	20,037	53,729	18,843	11,045	25,088	18,209	12,492	357,147
Mar. 22	20,065	79,306	38,359	29,089	27,627	19,740	64,594	17,818	13,295	29,354	17,695	10,879	367,821
Total deductions from gross deposits:													
Mar. 1	21,985	75,731	39,424	31,344	31,908	26,176	87,308	25,706	21,226	33,519	23,794	15,299	381,067
Mar. 8	18,412	69,816	40,181	21,855	26,926	25,665	81,237	22,378	18,835	34,166	17,280	13,936	343,396
Mar. 15	30,850	84,690	43,260	26,368	26,156	22,347	68,535	22,197	11,849	30,242	18,209	12,844	368,756
Mar. 22	21,906	79,306	40,999	32,522	28,396	24,440	81,140	22,765	19,106	35,900	18,429	12,452	376,622
5 per cent redemption fund against Federal Reserve bank notes:													
Mar. 1	....	....	....	....	....	....	....	....	....	400	137	....	537
Mar. 8	....	....	....	....	....	....	....	....	....	400	137	....	537
Mar. 15	....	....	....	....	....	....	....	....	....	400	137	....	537
Mar. 22	....	....	....	....	....	....	....	....	....	400	137	....	537
All other resources:													
Mar. 1	....	....	404	....	141	82	....	....	....	....	....	169	796
Mar. 8	....	....	345	....	2	88	....	....	....	....	....	326	761
Mar. 15	....	....	387	....	52	84	....	....	....	....	....	929	1,452
Mar. 22	....	....	341	....	82	97	....	....	....	....	....	30	550
Total resources:													
Mar. 1	199,243	1,236,163	230,357	273,191	126,247	121,169	438,396	137,717	110,415	164,289	102,758	173,186	3,260,778
Mar. 8	200,384	1,276,594	238,854	270,660	126,086	118,415	427,833	138,600	105,906	163,587	96,246	174,035	3,289,909
Mar. 15	208,072	1,270,248	240,798	278,256	127,533	116,516	439,251	140,609	103,863	167,836	94,076	171,806	3,330,073
Mar. 22	208,060	1,316,034	247,234	284,781	129,106	118,386	448,218	142,518	106,583	169,497	95,282	178,435	3,403,395

LIABILITIES.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Capital paid in:													
Mar. 1	6,018	19,665	6,842	8,320	3,740	2,916	9,261	3,504	2,666	3,413	2,813	4,243	73,401
Mar. 8	6,110	19,641	6,863	8,355	3,753	2,928	9,269	3,512	2,703	3,413	2,814	4,263	73,624
Mar. 15	6,327	19,645	6,864	8,356	3,756	2,927	9,290	3,454	2,734	3,447	2,823	4,263	73,886
Mar. 22	6,351	19,720	6,864	8,363	3,756	2,943	9,296	3,466	2,736	3,450	2,823	4,243	74,011
Surplus:													
Mar. 1	75	649	....	....	116	40	216	....	38	....	....	....	1,134
Mar. 8	75	649	....	....	116	40	216	....	38	....	....	....	1,134
Mar. 15	75	649	....	....	116	40	216	....	38	....	....	....	1,134
Mar. 22	75	649	....	....	116	40	216	....	38	....	....	....	1,134
Government deposits:													
Mar. 1	6,724	8,900	10,303	17,930	4,989	7,684	25,962	14,563	13,833	12,936	12,905	14,052	150,781
Mar. 8	699	5,729	28	10,642	2,448	4,302	2,678	4,798	6,324	2,817	6,083	9,660	56,208
Mar. 15	5,685	8,660	5,942	11,944	2,943	3,721	7,190	6,256	3,573	5,108	4,780	6,221	72,023
Mar. 22	5,728	349	8,974	11,487	4,111	6,696	12,885	8,046	6,391	8,788	7,129	10,921	91,505
Due to members—reserve account:													
Mar. 1	82,666	594,082	77,779	108,053	44,978	37,767	178,366	50,286	38,530	68,881	39,234	67,398	1,388,020
Mar. 8	83,277	634,778	91,810	110,632	46,927	40,960	183,089	52,772	39,837	72,323	39,901	69,198	1,465,504
Mar. 15	87,226	616,249	87,748	108,734	45,747	39,181	187,954	51,907	40,453	74,884	38,576	69,388	1,448,047
Mar. 22	87,247	649,186	91,306	113,055	42,501	38,954	185,946	53,499	39,895	70,541	38,442	69,453	1,480,025
Collection items:													
Mar. 1	15,636	54,010	31,450	18,495	19,057	13,700	23,683	8,994	3,988	9,686	5,884	13,448	218,031
Mar. 8	15,269	50,806	31,644	16,830	17,791	11,695	24,765	15,145	4,637	10,783	5,862	11,759	216,986
Mar. 15	18,063	59,614	32,650	21,486	17,523	12,287	24,389	15,756	4,099	9,530	5,560	11,200	232,157
Mar. 22	17,015	54,295	31,175	22,529	20,283	11,734	25,731	14,291	4,198	10,852	5,997	11,015	229,115

[1] Difference between net amounts due from and net amounts due to other Federal Reserve Banks.

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve system at close of business on Fridays, Mar. 1 to Mar. 22, 1918—Continued.

LIABILITIES—Continued.

[In thousands of dollars; i. e., 000 omitted.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Due to other Federal Reserve banks—net:													
Mar. 1		52,353											
Mar. 8	5,263	36,763	3,713			1,543					9		
Mar. 15		24,009		2,627	1,085						1,070		
Mar. 22		40,739											
Other deposits, including foreign Government credits:													
Mar. 1		61,756		232		5	2,085	24	11	9			64,122
Mar. 8		72,192		236		4	2,158	81	8	18		2,440	77,137
Mar. 15		75,163		200		5	2,365	127	15	18		3,155	81,048
Mar. 22		76,331		207		13	2,620	37	6	19		2,518	81,751
Total gross deposits:													
Mar. 1	105,026	771,101	119,532	144,710	69,024	59,156	230,096	73,867	56,362	91,512	58,023	94,898	1,820,954
Mar. 8	104,508	800,268	127,195	138,340	68,709	56,961	212,690	72,796	50,806	85,941	51,855	93,057	1,815,835
Mar. 15	110,974	783,695	126,340	144,991	67,298	55,194	221,898	74,046	48,140	89,540	49,986	89,964	1,833,275
Mar. 22	109,990	820,900	131,455	147,278	66,895	57,397	227,182	75,873	50,490	90,200	51,568	93,907	1,882,396
Federal Reserve notes in actual circulation:													
Mar. 1	87,273	441,025	103,983	119,920	53,367	59,057	198,477	59,966	51,251	60,912	41,815	74,045	1,351,091
Mar. 8	88,908	451,781	104,796	123,410	53,508	58,486	205,084	61,894	52,248	65,707	41,453	76,715	1,383,990
Mar. 15	89,932	461,719	107,594	124,392	56,363	58,355	207,284	62,706	52,854	66,300	41,150	77,579	1,406,228
Mar. 22	90,844	469,752	108,915	128,566	58,339	58,006	210,776	62,770	53,225	67,271	40,760	80,285	1,429,509
Federal Reserve bank notes in circulation—net liability:													
Mar. 1										7,999			7,999
Mar. 8										8,000			8,000
Mar. 15										8,000			8,000
Mar. 22										7,978			7,978
All other liabilities:													
Mar. 1	851	3,723		241			346	380	98	453	107		6,199
Mar. 8	783	4,255		555			574	398	111	526	124		7,326
Mar. 15	764	4,540		517			563	403	97	549	117		7,550
Mar. 22	800	5,013		574			748	409	94	598	131		8,367
Total liabilities:													
Mar. 1	199,243	1,236,163	230,357	273,191	126,247	121,169	438,396	137,717	110,415	164,289	102,758	173,186	3,260,778
Mar. 8	200,384	1,276,594	238,854	270,660	126,086	118,415	427,833	138,600	105,906	163,587	96,246	174,035	3,289,909
Mar. 15	208,072	1,270,248	240,798	278,256	127,533	116,516	439,251	140,609	103,863	167,836	94,076	171,806	3,330,073
Mar. 22	208,060	1,316,034	247,234	284,781	129,106	118,386	448,218	142,518	106,583	169,497	95,282	178,435	3,403,395

FEDERAL RESERVE NOTES.

Federal Reserve note account of each Federal Reserve Bank at close of business on Fridays, Mar. 1 to Mar. 22. 1918.

[In thousands of dollars; i. e., 000 omitted.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Federal Reserve notes received from agent—net:													
Mar. 1	90,180	508,724	107,708	122,689	59,346	60,845	207,082	64,116	52,235	65,481	42,102	84,137	1,464,645
Mar. 8	92,101	527,366	108,567	126,208	60,027	60,182	213,109	65,333	52,904	70,887	41,878	86,651	1,505,213
Mar. 15	92,046	526,168	110,900	129,326	62,758	59,504	218,607	66,327	53,807	70,555	41,379	88,919	1,520,296
Mar. 22	93,502	540,854	119,316	134,878	64,528	58,974	221,540	65,959	54,098	71,619	40,925	92,512	1,558,705
Federal Reserve notes held by banks:													
Mar. 1	2,907	67,699	3,725	2,769	5,979	1,788	8,605	4,150	984	4,569	287	10,092	113,554
Mar. 8	3,193	75,585	3,771	2,798	6,519	1,696	8,025	3,439	656	5,180	425	9,936	121,223
Mar. 15	2,114	64,449	3,306	4,934	6,395	1,149	11,323	3,621	953	4,255	229	11,340	114,068
Mar. 22	2,658	71,102	10,401	6,312	6,189	968	10,764	3,189	873	4,348	165	12,227	129,196
Federal Reserve notes in actual circulation:													
Mar. 1	87,273	441,025	103,983	119,920	53,367	59,057	198,477	59,966	51,251	60,912	41,815	74,045	1,351,091
Mar. 8	88,908	451,781	104,796	123,410	53,508	58,486	205,084	61,894	52,248	65,707	41,453	76,715	1,383,990
Mar. 15	89,932	461,719	107,594	124,392	56,363	58,355	207,284	62,706	52,854	66,300	41,150	77,579	1,406,228
Mar. 22	90,844	469,752	108,915	128,566	58,339	58,006	210,776	62,770	53,225	67,271	40,760	80,285	1,429,509
Gold deposited with or to credit of Federal Reserve agent:													
Mar. 1	48,680	249,784	74,388	84,549	25,888	46,734	151,407	40,004	43,989	55,634	21,156	43,133	885,346
Mar. 8	48,601	249,226	75,247	86,568	25,646	44,402	159,474	41,471	43,858	55,544	21,118	45,547	896,702
Mar. 15	48,546	209,028	76,580	90,306	25,577	44,423	165,472	41,445	45,761	55,498	21,496	45,496	869,628
Mar. 22	48,502	208,514	77,396	94,978	29,429	41,893	162,805	41,077	46,652	55,446	21,985	50,128	878,805
Paper delivered to Federal Reserve agent:													
Mar. 1	82,644	383,345	34,565	47,688	35,014	14,286	56,293	25,608	8,868	16,397	21,461	56,608	782,777
Mar. 8	68,321	401,548	40,421	50,403	37,225	16,642	54,498	30,769	9,654	20,990	22,743	60,061	813,275
Mar. 15	64,238	423,261	35,976	53,313	35,556	15,437	53,315	27,939	8,554	27,600	19,949	55,914	821,052
Mar. 22	68,304	429,185	42,003	54,033	39,297	17,646	60,438	30,462	8,259	29,180	20,223	53,644	852,674

Federal Reserve note account of each Federal Reserve agent at close of business on Fridays, Mar. 1 to Mar. 22, 1918.

[In thousands of dollars: i. e., 000 omitted.]

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
FEDERAL RESERVE NOTES.													
Received from Comptroller:													
Mar. 1	117,920	744,120	142,840	147,040	81,740	89,620	253,800	76,100	67,980	86,740	68,500	91,800	1,968,200
Mar. 8	126,000	763,480	142,840	147,040	82,740	89,620	258,840	80,800	67,980	92,740	68,500	94,400	2,014,980
Mar. 15	126,000	782,680	149,400	154,080	85,740	89,620	264,160	83,500	69,980	93,740	68,500	96,720	2,064,120
Mar. 22	126,440	789,080	153,600	159,700	87,740	89,620	276,580	83,500	69,980	94,740	68,500	100,680	2,100,160
Returned to Comptroller:													
Mar. 1	22,820	139,956	23,852	11,071	16,939	12,150	9,498	9,774	11,305	13,899	13,563	7,663	292,490
Mar. 8	23,259	140,514	24,093	11,552	17,258	12,883	9,951	10,307	11,436	14,093	13,837	7,749	296,932
Mar. 15	23,314	145,712	25,260	11,814	17,527	13,111	10,493	10,333	11,678	14,425	13,946	7,801	305,412
Mar. 22	23,858	146,226	25,644	12,142	17,757	13,641	10,940	10,701	11,787	14,661	14,180	8,168	309,704
Chargeable to Federal Reserve agent:													
Mar. 1	95,100	604,164	118,988	135,969	64,801	77,470	244,302	66,326	56,675	72,841	54,937	84,137	1,675,710
Mar. 8	102,741	622,966	118,747	135,488	65,482	76,737	248,889	70,493	56,544	78,647	54,663	86,651	1,718,048
Mar. 15	102,686	636,968	124,140	142,266	68,213	76,509	253,667	73,167	58,302	79,315	54,554	88,919	1,758,706
Mar. 22	102,582	642,854	127,956	147,558	69,983	75,979	265,640	72,799	58,193	80,079	54,320	92,512	1,790,455
In hands of Federal Reserve agent:													
Mar. 1	4,920	95,440	11,280	13,280	5,455	16,625	37,220	2,210	4,440	7,360	12,835	....	211,065
Mar. 8	10,640	95,600	10,180	9,280	5,455	16,555	35,780	5,160	3,640	7,760	12,785	....	212,835
Mar. 15	10,640	110,800	13,240	12,940	5,455	17,005	35,060	6,840	4,495	8,760	13,175	....	238,410
Mar. 22	9,080	102,000	8,640	12,680	5,455	17,005	44,100	6,840	4,095	8,460	13,395	....	231,750
Issued to Federal Reserve Bank, less amount returned to Federal Reserve agent for redemption:													
Mar. 1	90,180	508,724	107,708	122,689	59,346	60,845	207,082	64,116	52,235	65,481	42,102	84,137	1,464,645
Mar. 8	92,101	527,366	108,567	126,208	60,027	60,182	213,109	65,333	52,904	70,887	41,878	86,651	1,505,213
Mar. 15	92,046	526,168	110,900	129,326	62,758	59,504	218,607	66,327	53,807	70,555	41,379	88,919	1,520,296
Mar. 22	93,502	540,854	119,316	134,878	64,528	58,974	221,540	65,959	54,098	71,619	40,925	92,512	1,558,705
Collateral held as security for outstanding notes:													
Gold coin and certificates on hand—													
Mar. 1	32,110	195,961	....	18,130	....	3,104	....	....	13,102	....	14,580	....	276,987
Mar. 8	32,109	195,961	....	19,951	....	2,504	....	....	13,102	....	14,580	....	278,207
Mar. 15	32,109	191,161	....	13,368	....	2,504	....	....	13,102	....	14,580	....	266,824
Mar. 22	32,109	191,154	....	18,209	....	2,504	....	....	13,102	....	14,580	....	271,658
In gold redemption fund—													
Mar. 1	5,070	13,823	5,729	6,419	888	3,160	412	2,266	2,387	2,774	2,302	4,517	49,747
Mar. 8	4,992	13,265	5,488	6,617	646	2,428	196	2,219	2,256	3,184	2,264	4,431	47,986
Mar. 15	4,937	12,867	5,871	6,938	577	2,199	484	2,192	2,159	3,138	2,242	4,380	47,984
Mar. 22	4,893	12,360	5,777	6,769	429	2,669	371	2,164	2,050	3,086	2,221	4,232	47,021
Gold settlement fund—Federal Reserve Board—													
Mar. 1	11,500	40,000	68,659	60,000	25,000	40,470	150,995	37,738	28,500	52,860	4,274	38,616	558,612
Mar. 8	11,500	40,000	69,759	60,000	25,000	39,470	159,278	39,252	28,500	52,360	4,274	41,116	570,509
Mar. 15	11,500	5,000	70,709	70,000	25,000	39,720	164,988	39,253	30,500	52,360	4,674	41,116	554,820
Mar. 22	11,500	5,000	71,619	70,000	29,000	36,720	162,434	38,913	31,500	52,360	5,184	45,896	560,126
Eligible paper, required minimum[1]—													
Mar. 1	41,500	258,940	33,320	38,140	33,458	14,111	55,675	24,112	8,246	9,847	20,946	41,004	579,299
Mar. 8	43,500	278,140	33,320	39,640	34,381	15,780	53,635	23,862	9,046	15,343	20,760	41,104	608,511
Mar. 15	43,500	317,140	34,320	39,020	37,181	15,081	53,135	24,882	8,046	15,057	19,883	43,423	650,668
Mar. 22	45,000	332,340	41,920	39,900	35,099	17,081	58,735	24,882	7,446	16,173	18,940	42,384	679,900
Total—													
Mar. 1	90,180	508,724	107,708	122,689	59,346	60,845	207,082	64,116	52,235	65,481	42,102	84,137	1,464,645
Mar. 8	92,101	527,366	108,567	126,208	60,027	60,182	213,109	65,333	52,904	70,887	41,878	86,651	1,505,213
Mar. 15	92,046	526,168	110,900	129,326	62,758	59,504	218,607	66 327	53,807	70,555	41,379	88,919	1,520,296
Mar. 22	93,502	540,854	119,316	134,878	64,528	58,974	221,540	65,959	54,098	71,619	40,925	92,512	1,558,705

[1] For actual amounts see item "Paper delivered to Federal Reserve agent," on p. 350.

MEMBER BANK CONDITION STATEMENT.

Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities, as at close of business on Thursday, Feb. 21, and on Fridays from Mar. 1 to Mar. 15, 1918.

[In thousands of dollars; i. e., 000 omitted.]

1. TOTAL FOR ALL REPORTING BANKS.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Number of banks reporting:													
Feb. 21	38	98	47	79	68	39	95	32	34	69	41	46	686
Mar. 1	38	98	47	79	65	37	93	31	33	69	40	46	676
Mar. 8	38	98	47	79	67	39	94	32	32	69	41	46	682
Mar. 15	38	98	47	78	65	39	94	32	34	69	41	47	682
United States bonds to secure circulation:													
Feb. 21	14,621	50,607	12,933	42,553	23,072	15,200	19,331	17,370	6,010	....	17,750	35,399	254,846
Mar. 1	14,621	50,885	12,934	42,772	22,076	15,430	19,043	17,380	5,770	13,838	17,414	35,399	265,562
Mar. 8	14,621	50,476	12,928	42,912	24,754	15,147	19,367	17,369	5,507	13,939	17,569	35,469	270,058
Mar. 15	14,622	50,201	12,981	42,342	23,775	15,150	19,567	17,369	5,932	13,938	17,569	35,399	268,845
Other United States bonds, including Liberty bonds:													
Feb. 21	10,701	180,656	14,131	42,551	18,899	14,384	43,012	10,992	5,777	....	10,217	16,679	367,999
Mar. 1	10,744	182,921	11,950	42,712	17,420	13,547	41,624	12,165	6,140	10,965	9,842	15,338	375,368
Mar. 8	10,496	182,787	11,191	37,711	19,250	13,462	41,384	11,229	6,052	10,947	9,857	17,334	371,700
Mar. 15	10,899	178,800	11,082	37,262	19,756	13,206	39,935	11,395	8,315	11,298	10,132	15,047	367,127
United States certificates of indebtedness:													
Feb. 21	19,500	691,591	26,826	56,786	7,356	9,909	43,603	15,688	10,339	....	6,653	16,380	904,631
Mar. 1	28,328	786,998	37,291	46,726	11,260	12,710	53,388	24,146	11,475	21,405	9,929	24,281	1,067,937
Mar. 8	20,325	729,243	40,176	46,805	12,783	14,894	53,231	24,811	11,917	23,494	10,519	24,738	1,012,936
Mar. 15	18,493	723,242	36,178	46,198	12,868	14,804	52,348	24,121	13,159	22,758	10,548	25,114	999,831
Total United States securities owned:													
Feb. 21	44,822	922,854	53,890	141,890	49,327	39,493	105,946	44,050	22,226	40,255	34,620	68,458	1,567,731
Mar. 1	53,693	1,020,804	62,175	132,210	50,756	39,687	114,055	53,691	23,385	46,208	37,185	75,018	1,708,867
Mar. 8	45,442	962,506	64,295	127,428	56,787	43,503	113,982	53,409	23,476	48,380	37,945	77,541	1,654,694
Mar. 15	44,014	952,243	60,241	125,802	56,399	43,160	111,850	52,885	27,406	47,994	38,249	75,560	1,635,803
Loans secured by United States bonds and certificates:													
Feb. 21	31,903	193,797	22,527	20,393	12,742	2,657	32,950	10,326	2,896	2,839	3,425	5,260	341,715
Mar. 1	31,583	194,611	22,359	21,095	12,875	2,390	35,673	10,306	2,688	2,730	3,569	5,107	344,986
Mar. 8	31,348	179,349	22,799	20,924	13,675	2,863	33,108	9,579	2,649	3,209	3,384	5,247	328,134
Mar. 15	31,196	163,880	22,098	20,179	13,786	2,686	26,293	8,722	2,724	3,290	3,042	4,812	302,768
All other loans and investments:													
Feb. 21	710,431	4,042,932	603,004	906,965	327,796	288,570	1,333,939	372,730	246,186	452,328	190,593	476,026	9,951,500
Mar. 1	691,976	4,124,021	594,200	907,421	308,385	261,280	1,327,122	372,370	244,248	452,720	184,061	473,527	9,941,331
Mar. 8	712,572	4,008,702	597,347	918,959	344,287	291,027	1,354,827	382,545	231,066	452,304	180,846	471,062	9,945,544
Mar. 15	722,943	4,015,493	596,346	914,466	341,155	292,336	1,358,537	382,800	243,783	456,015	184,098	478,359	9,986,331
Reserve with Federal Reserve Banks:													
Feb. 21	61,417	615,351	58,607	86,806	27,240	24,921	137,117	36,275	19,433	42,218	17,185	44,167	1,170,737
Mar. 1	58,993	556,722	51,102	83,888	55,583	22,598	135,633	35,495	18,876	41,435	17,488	41,339	1,089,152
Mar. 8	59,039	600,600	64,116	82,527	29,217	26,432	139,757	36,531	18,937	45,569	18,857	43,308	1,164,890
Mar. 15	61,305	587,284	58,058	81,060	28,871	26,014	144,465	35,911	19,946	45,067	18,632	45,692	1,152,305
Cash in vault:													
Feb. 21	23,466	123,599	21,974	36,384	15,710	16,652	59,051	12,784	8,831	15,913	12,309	21,739	368,413
Mar. 1	23,236	119,489	20,872	35,989	14,806	13,876	60,128	11,651	9,014	16,696	12,226	20,959	358,942
Mar. 8	22,746	121,936	19,424	35,993	16,251	14,042	63,148	13,235	8,532	16,813	11,843	20,211	364,174
Mar. 15	22,650	119,923	19,659	34,106	15,570	14,318	63,847	12,793	8,987	16,269	12,202	20,277	360,601
Net demand deposits on which reserve is computed:													
Feb. 21	606,494	4,320,311	569,913	715,494	257,698	207,551	1,036,781	272,199	179,436	398,747	172,782	358,140	9,095,546
Mar. 1	602,747	4,288,632	571,755	690,339	242,500	187,571	1,011,509	270,406	179,718	400,694	168,003	354,664	8,968,138
Mar. 8	593,488	4,243,281	578,497	694,835	273,358	213,945	1,014,072	281,961	176,746	403,755	170,037	354,117	8,998,092
Mar. 15	605,882	4,294,804	576,268	699,445	268,095	215,921	1,049,607	287,492	189,161	404,872	160,930	366,458	9,118,935
Time deposits:													
Feb. 21	81,546	307,705	15,876	217,119	47,554	74,631	343,440	83,081	51,640	55,676	24,563	102,051	1,404,882
Mar. 1	80,960	303,193	15,056	217,757	45,500	77,287	336,237	73,424	50,037	50,806	22,254	102,555	1,375,066
Mar. 8	80,684	298,223	14,963	217,337	45,853	78,817	355,289	77,126	45,270	55,570	24,170	102,365	1,395,667
Mar. 15	80,202	293,630	15,225	211,635	48,200	80,218	355,781	77,224	51,310	51,460	22,116	106,179	1,393,180
Government deposits:													
Feb. 21	35,704	512,563	40,099	36,143	....	8,711	51,066	19,588	14,140	14,300	10,311	....	742,625
Mar. 1	45,104	498,780	39,184	43,966	10,581	8,539	61,986	28,194	14,796	14,814	10,300	....	776,244
Mar. 8	42,241	499,853	38,594	50,823	10,711	10,360	69,500	28,928	16,770	17,342	11,733	....	796,855
Mar. 15	37,055	278,318	29,257	39,914	9,119	12,195	51,385	22,953	13,800	14,577	9,972	....	518,545

Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities, as at close of business on Thursday, Feb. 21, and on Fridays from Mar. 1 to Mar. 15, 1918—Continued.

[In thousands of dollars; i. e., 000 omitted.]

2. MEMBER BANKS IN CENTRAL RESERVE CITIES.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
CENTRAL RESERVE CITIES.													
Number of banks reporting:													
Feb. 21		58					40	14					112
Mar. 1		58					40	14					112
Mar. 8		58					40	14					112
Mar. 15		58					40	14					112
United States bonds to secure circulation:													
Feb. 21		35,693					1,393	10,370					47,376
Mar. 1		35,957					1,393	10,370					47,720
Mar. 8		35,563					1,393	10,369					47,325
Mar. 15		35,287					1,393	10,369					47,049
Other U. S. bonds, including Liberty bonds:													
Feb. 21		162,168					15,102	6,444					183,714
Mar. 1		164,533					14,906	7,211					186,650
Mar. 8		162,955					13,800	6,962					183,717
Mar. 15		160,975					13,983	6,980					181,938
United States certificates of indebtedness:													
Feb. 21		681,068					26,125	12,664					719,857
Mar. 1		770,688					32,587	19,469					822,744
Mar. 8		711,185					31,300	19,220					761,705
Mar. 15		706,589					30,292	18,882					755,703
Total United States securities owned:													
Feb. 21		878,929					42,620	29,478					950,947
Mar. 1		971,178					48,886	37,050					1,057,114
Mar. 8		909,703					46,493	36,551					992,747
Mar. 15		902,851					45,668	36,171					984,690
Loans secured by United States bonds and certificates:													
Feb. 21		171,693					19,154	7,793					198,640
Mar. 1		170,840					21,595	8,788					201,223
Mar. 8		155,326					17,380	7,941					180,647
Mar. 15		140,610					12,942	7,117					160,669
All other loans and investments:													
Feb. 21		3,621,616					828,553	273,114					4,723,283
Mar. 1		3,698,762					818,208	270,461					4,787,431
Mar. 8		3,584,334					825,346	272,971					4,682,651
Mar. 15		3,583,566					819,651	273,472					4,676,689
Reserve with Federal Reserve Bank:													
Feb. 21		580,000					96,322	27,652					703,974
Mar. 1		517,168					97,437	27,663					642,268
Mar. 8		560,675					97,223	28,130					686,028
Mar. 15		550,365					100,498	27,155					678,018
Cash in vault:													
Feb. 21		108,359					37,816	7,261					153,436
Mar. 1		104,809					37,652	6,863					149,324
Mar. 8		106,058					39,145	7,676					152,879
Mar. 15		104,713					38,191	7,427					150,331
Net demand deposits on which reserve is computed:													
Feb. 21		3,938,037					717,560	194,224					4,849,821
Mar. 1		3,895,742					690,472	199,266					4,785,480
Mar. 8		3,859,439					686,505	199,787					4,745,731
Mar. 15		3,902,899					701,131	205,045					4,809,075
Time deposits:													
Feb. 21		259,869					137,422	63,510					460,801
Mar. 1		256,160					138,112	57,030					451,302
Mar. 8		244,485					138,688	57,137					440,310
Mar. 15		247,245					138,708	57,243					443,196
Government deposits:													
Feb. 21		495,053					37,422	16,504					548,979
Mar. 1		486,067					48,044	24,051					558,162
Mar. 8		471,704					53,891	24,618					549,343
Mar. 15		266,559					38,600	19,519					324,678

Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities, as at close of business on Thursday, Feb. 21, and on Fridays from Mar. 1 to Mar. 15, 1918—Continued.

[In thousands of dollars; i. e., 000 omitted.]

3. MEMBER BANKS IN RESERVE CITIES.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
OTHER RESERVE CITIES.													
Number of banks reporting:													
Feb. 21	17	16	35	58	40	30	50	12	15	69	33	46	421
Mar. 1	17	16	35	58	42	29	48	11	15	69	32	46	418
Mar. 8	17	16	35	58	40	30	49	12	15	69	33	46	420
Mar. 15	17	16	35	58	40	30	49	12	15	69	33	47	421
United States bonds to secure circulation:													
Feb. 21	4,498	8,366	8,923	35,139	13,086	11,970	17,268	5,330	3,115	....	15,347	35,399	158,441
Mar. 1	4,498	8,366	8,923	35,208	13,664	10,400	16,900	5,340	3,125	13,838	15,011	35,399	170,671
Mar. 8	4,498	8,366	8,917	35,348	13,955	11,920	17,224	5,330	3,125	13,939	15,166	35,469	173,257
Mar. 15	4,499	8,366	8,970	35,278	13,955	11,920	17,424	5,330	3,125	13,938	15,166	35,399	173,370
Other U. S. bonds, including Liberty bonds:													
Feb. 21	6,115	10,459	11,473	39,410	12,602	12,786	26,618	3,518	4,113	....	8,714	16,679	152,487
Mar. 1	6,050	10,416	9,424	39,921	12,410	12,152	25,434	3,841	4,459	10,965	8,628	15,338	159,038
Mar. 8	5,911	12,226	8,684	34,981	12,775	12,078	26,043	3,106	4,223	10,947	8,434	17,334	156,742
Mar. 15	5,886	10,280	8,589	34,768	12,690	11,837	24,421	3,291	6,363	11,298	8,625	15,047	153,095
United States certificates of indebtedness:													
Feb. 21	15,403	8,363	24,999	53,949	6,087	9,028	17,238	2,363	8,471	....	6,003	16,380	168,284
Mar. 1	23,518	12,896	34,536	42,924	9,205	10,916	20,511	3,302	8,825	21,405	8,818	24,281	221,137
Mar. 8	15,048	13,646	37,251	42,584	10,139	12,664	21,611	4,003	9,707	23,494	9,284	24,738	224,169
Mar. 15	13,970	12,216	33,689	42,562	10,050	12,624	21,730	3,686	9,637	22,758	9,390	25,114	217,426
Total United States securities owned:													
Feb. 21	26,016	27,188	45,395	128,498	31,775	33,784	61,124	11,211	15,699	40,255	30,064	68,458	519,467
Mar. 1	34,066	31,678	52,883	118,053	35,279	33,468	62,845	12,483	16,409	46,208	32,457	75,018	550,847
Mar. 8	25,457	34,238	54,852	112,913	36,869	36,662	64,878	12,439	17,055	48,380	32,884	77,541	554,168
Mar. 15	24,355	30,862	51,248	112,608	36,695	36,381	63,575	12,307	19,125	47,994	33,181	75,560	543,891
Loans secured by United States bonds and certificates:													
Feb. 21	26,193	12,276	21,846	19,677	10,706	2,383	13,341	2,140	2,713	2,839	3,339	5,260	122,713
Mar. 1	25,838	13,961	21,693	20,353	10,944	2,130	13,635	1,173	2,533	2,730	3,483	5,107	123,580
Mar. 8	25,493	13,637	22,136	20,269	11,486	2,608	15,280	1,295	2,529	3,209	3,297	5,247	126,486
Mar. 15	25,455	13,237	21,542	19,418	11,807	2,419	12,914	1,265	2,541	3,290	2,943	4,812	121,643
All other loans and investments:													
Feb. 21	531,482	257,139	542,273	833,485	228,418	251,076	493,758	78,053	180,182	452,328	160,686	476,026	4,484,906
Mar. 1	513,279	260,643	534,015	836,485	231,377	225,624	497,451	77,524	181,197	452,720	155,229	473,527	4,439,071
Mar. 8	534,174	257,782	537,313	845,464	243,010	253,043	518,333	84,694	180,655	452,304	153,182	471,062	4,531,016
Mar. 15	542,935	256,571	536,048	849,382	245,627	254,490	527,597	84,082	178,242	456,015	156,511	478,359	4,565,859
Reserve with Federal Reserve Bank:													
Feb. 21	51,126	23,874	54,214	80,480	20,767	22,136	39,988	6,965	15,529	42,218	15,206	44,167	416,670
Mar. 1	48,389	26,410	46,575	78,666	20,663	19,982	37,361	6,357	15,098	41,435	15,342	41,339	397,617
Mar. 8	48,536	28,166	59,539	76,818	22,461	23,781	41,693	6,731	15,710	45,569	16,941	43,308	429,253
Mar. 15	50,774	25,497	53,616	76,125	22,441	23,352	43,127	7,202	15,843	45,067	16,416	45,692	425,152
Cash in vault:													
Feb. 21	16,814	8,358	19,451	32,330	11,646	14,579	20,732	4,431	5,844	15,913	10,587	21,739	182,424
Mar. 1	16,844	8,304	18,229	31,589	11,882	11,906	22,010	3,735	5,882	16,696	10,363	20,959	178,399
Mar. 8	16,558	8,574	16,956	32,138	12,241	11,902	23,553	4,349	5,973	16,813	9,989	20,211	179,257
Mar. 15	16,614	8,690	16,709	30,481	11,641	12,443	25,238	4,216	5,929	16,269	10,463	20,277	178,970
Net demand deposits on which reserve is computed:													
Feb. 21	479,147	227,368	512,024	651,927	181,897	181,717	310,386	60,063	134,521	398,747	147,829	358,140	3,643,766
Mar. 1	475,168	235,426	514,205	626,275	182,918	162,715	311,976	53,687	136,341	400,694	143,102	354,664	3,597,171
Mar. 8	467,790	234,579	520,775	631,490	192,842	187,212	318,567	64,022	139,920	403,755	145,128	354,117	3,660,197
Mar. 15	482,664	233,868	518,915	639,376	199,731	189,467	339,272	64,842	142,343	404,872	140,297	366,458	3,722,105
Time deposits:													
Feb. 21	31,810	30,462	9,848	200,123	34,137	60,188	201,397	13,760	27,155	55,676	19,286	102,051	785,893
Mar. 1	31,386	28,210	8,961	200,693	32,366	64,009	193,502	10,408	26,870	50,806	17,432	102,555	767,198
Mar. 8	31,035	28,417	8,836	200,418	31,894	64,625	212,150	14,153	27,029	55,570	19,383	102,365	795,875
Mar. 15	30,580	28,341	9,098	198,910	34,338	65,887	212,639	14,031	27,017	51,460	19,359	106,179	797,839
Government deposits:													
Feb. 21	31,166	9,740	38,764	35,573	....	8,149	13,464	2,267	12,460	14,300	10,026	....	175,909
Mar. 1	39,600	4,115	37,246	43,428	8,167	7,839	13,796	3,161	12,156	14,814	9,732	....	194,054
Mar. 8	36,297	19,170	36,613	50,208	8,241	9,220	16,349	3,116	15,075	17,342	11,028	....	222,659
Mar. 15	31,815	3,987	27,560	39,193	7,016	7,488	12,687	2,444	11,638	14,577	9,373	....	167,778

Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities, as at close of business on Thursday, Feb. 21, and on Fridays from Mar. 1 to Mar. 15, 1918—Continued.

[In thousands of dollars; i. e., 000 omitted.]

4. MEMBER BANKS OUTSIDE RESERVE CITIES.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
COUNTRY BANKS.													
Number of banks reporting:													
Feb. 21	21	24	12	21	28	9	5	6	19	....	8	....	153
March 1	21	24	12	21	23	8	5	6	18	....	8	....	146
March 8	21	24	12	21	27	9	5	6	17	....	8	....	150
March 15	21	24	12	20	25	9	5	6	19	....	8	....	149
United States bonds to secure circulation:													
Feb. 21	10,123	6,548	4,010	7,414	9,986	3,230	750	1,670	2,895	....	2,403	....	49,029
Mar. 1	10,123	6,562	4,011	7,564	8,412	3,030	750	1,670	2,645	....	2,403	....	47,170
Mar. 8	10,123	6,547	4,011	7,564	10,799	3,227	750	1,670	2,382	....	2,403	....	49,476
Mar. 15	10,123	6,548	4,011	7,064	9,820	3,230	750	1,670	2,807	....	2,403	....	48,426
Other U. S. bonds, including Liberty bonds:													
Feb. 21	4,586	8,029	2,658	3,141	6,297	1,598	1,292	1,030	1,664	....	1,503	....	31,798
Mar. 1	4,694	7,972	2,526	2,791	5,010	1,395	1,284	1,113	1,681	....	1,214	....	29,680
Mar. 8	4,585	7,606	2,507	2,730	6,475	1,384	1,541	1,161	1,829	....	1,423	....	31,241
Mar. 15	5,013	7,545	2,493	2,494	7,066	1,369	1,531	1,124	1,952	....	1,507	....	32,094
United States certificates of indebtedness:													
Feb. 21	4,097	2,160	1,827	2,837	1,269	881	240	661	1,868	....	650	....	16,490
Mar. 1	4,810	3,414	2,755	3,802	2,055	1,794	290	1,375	2,650	....	1,111	....	24,056
Mar. 8	5,277	4,412	2,925	4,221	2,644	2,230	320	1,588	2,210	....	1,235	....	27,062
Mar. 15	4,523	4,437	2,489	3,636	2,818	2,180	326	1,613	3,522	....	1,158	....	26,702
Total United States securities owned:													
Feb. 21	18,806	16,737	8,495	13,392	17,552	5,709	2,282	3,361	6,427	....	4,556	....	97,317
Mar. 1	19,627	17,948	9,292	14,157	15,477	6,219	2,324	4,158	6,976	....	4,728	....	100,906
Mar. 8	19,985	18,565	9,443	14,515	19,918	6,841	2,611	4,419	6,421	....	5,061	....	107,779
Mar. 15	19,659	18,530	8,993	13,194	19,704	6,779	2,607	4,407	8,281	....	5,068	....	107,177
Loans secured by United States bonds and certificates:													
Feb. 21	5,710	9,828	681	716	2,036	274	455	393	183	....	86	....	20,362
Mar. 1	5,745	9,810	666	742	1,931	260	443	345	155	....	86	....	20,183
Mar. 8	5,855	10,386	663	655	2,189	255	448	343	120	....	87	....	21,001
Mar. 15	5,741	10,033	556	761	1,979	267	437	340	183	....	99	....	20,396
All other loans and investments:													
Feb. 21	178,949	164,177	60,731	73,480	99,378	37,494	11,628	21,563	66,004	....	29,907	....	743,311
Mar. 1	178,697	164,616	60,185	70,936	77,008	35,656	11,463	24,385	63,051	....	28,832	....	714,829
Mar. 8	178,398	166,586	60,034	73,495	101,277	37,984	11,148	24,880	50,411	....	27,664	....	731,877
Mar. 15	180,008	175,356	60,298	65,084	95,528	37,846	11,289	25,246	65,541	....	27,587	....	743,783
Reserve with Federal Reserve Bank:													
Feb. 21	10,291	11,477	4,393	6,326	6,473	2,785	807	1,658	3,904	....	1,979	....	50,093
Mar. 1	10,604	13,144	4,527	5,222	4,920	2,616	835	1,475	3,778	....	2,146	....	49,267
Mar. 8	10,503	11,759	4,577	5,709	6,756	2,651	841	1,670	3,227	....	1,916	....	49,609
Mar. 15	10,531	11,422	4,442	4,935	6,430	2,662	840	1,554	4,103	....	2,216	....	49,135
Cash in vault:													
Feb. 21	6,652	6,882	2,523	4,054	4,064	2,073	503	1,093	2,987	....	1,722	....	32,553
Mar. 1	6,392	6,376	2,643	4,400	2,924	1,970	466	1,053	3,132	....	1,863	....	31,219
Mar. 8	6,188	7,304	2,468	3,855	4,010	2,140	450	1,210	2,559	....	1,854	....	32,038
Mar. 15	6,036	6,520	2,950	3,625	3,929	1,875	418	1,150	3,058	....	1,739	....	31,300
Net demand deposits on which reserve is computed:													
Feb. 21	127,347	154,906	57,889	63,567	75,801	25,834	8,835	17,912	44,915	....	24,953	....	601,959
Mar. 1	127,579	157,464	57,550	64,064	59,182	24,856	9,061	17,453	43,377	....	24,901	....	585,487
Mar. 8	125,698	149,263	57,722	63,345	80,516	26,733	9,000	18,152	36,826	....	24,909	....	592,164
Mar. 15	123,218	158,037	57,353	60,069	68,364	26,454	9,204	17,605	46,818	....	20,633	....	587,755
Time deposits:													
Feb. 21	49,736	17,374	6,028	16,996	13,417	14,443	4,621	5,811	24,485	....	5,277	....	158,188
Mar. 1	49,574	18,823	6,095	17,064	13,134	13,278	4,623	5,986	23,167	....	4,822	....	156,566
Mar. 8	49,649	25,321	6,127	16,919	13,959	14,192	4,451	5,836	18,241	....	4,787	....	159,482
Mar. 15	49,622	18,044	6,127	12,725	13,862	14,331	4,434	5,950	24,293	....	2,757	....	152,145
Government deposits:													
Feb. 21	4,538	7,770	1,335	570	....	562	180	817	1,680	....	285	....	17,737
Mar. 1	5,504	8,598	1,938	538	2,414	700	146	982	2,640	....	568	....	24,028
Mar. 8	5,944	8,979	1,981	615	2,470	1,140	130	1,194	1,695	....	705	....	24,853
Mar. 15	5,240	7,772	1,697	721	2,103	4,707	98	990	2,162	....	599	....	26,089

EARNINGS ON INVESTMENTS OF FEDERAL RESERVE BANKS.

Average amounts of earning assets held by each Federal Reserve Bank during February, 1918, earnings from each class of earning assets, and annual rates of earnings on basis of February, 1918, returns.

Banks.	Average balances for the month of the several classes of earning assets.				
	Bills discounted for members and Federal Reserve Banks.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.
Boston	$53,712,747	$14,551,394	$3,310,893		$71,575,034
New York	180,063,642	171,032,882	72,079,388	$273,590	423,449,502
Philadelphia	26,462,460	16,792,076	10,311,798	10,000	53,576,334
Cleveland	39,598,731	10,631,834	35,525,442		85,756,007
Richmond	32,757,638	8,561,241	3,257,284		44,576,163
Atlanta	9,940,007	6,660,365	6,677,614	140,533	23,418,519
Chicago	84,923,160	12,438,155	12,277,779		109,639,094
St. Louis	27,395,180	5,835,624	3,677,400		36,908,204
Minneapolis	11,348,000	1,420,000	8,697,000		21,465,000
Kansas City	24,350,246	757,905	13,971,993		39,080,144
Dallas	9,425,212	11,064,860	6,786,414	400,600	27,677,086
San Francisco	31,564,310	29,325,210	3,943,000		64,832,520
Total	531,541,333	289,071,546	180,516,005	824,723	1,001,953,607

Banks.	Earnings from—					Calculated annual rates of earnings from—				
	Bills discounted for members and Federal Reserve Banks.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.	Bills discounted for members and Federal Reserve Banks.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.
						Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
Boston	$163,349	$45,726	$8,150		$217,225	3.96	4.14	3.21		3.77
New York	522,075	494,616	175,472	$686	1,192,849	3.77	3.76	3.17	3.26	3.67
Philadelphia	81,895	46,913	29,600	35	158,443	4.03	3.64	3.74	4.56	3.85
Cleveland	122,986	32,591	98,623		254,200	4.28	3.70	3.62		3.86
Richmond	101,902	18,253	6,775		126,930	4.00	2.81	2.70		3.71
Atlanta	32,423	19,934	17,165	394	69,916	4.25	3.90	3.35	3.65	3.89
Chicago	263,322	37,259	31,069		331,650	4.04	3.90	3.30		3.94
St. Louis	88,926	17,958	7,769		114,653	4.23	4.01	2.75		4.08
Minneapolis	41,897	4,317	22,522		68,736	4.81	3.96	3.37		4.17
Kansas City	82,897	2,339	30,013		115,249	4.43	4.02	2.80		3.84
Dallas	30,760	31,995	14,739	1,247	78,741	3.91	3.47	2.61	3.73	3.41
San Francisco	106,014	89,358	7,949		203,321	4.38	3.97	2.41		4.06
Total	1,638,446	841,259	449,846	2,362	2,931,913	4.02	3.79	3.25	3.73	3.81

GOLD IMPORTS AND EXPORTS.

Gold imports and exports into and from the United States.

[In thousands of dollars; i. e., 000 omitted.]

	Week ending— Feb. 22, 1918.	Week ending— Mar. 1, 1918.	Week ending— Mar. 8, 1918.	Week ending— Mar. 15, 1918.	Total since Jan. 1, 1918.	Total for corresponding period during 1917.
IMPORTS.						
Ore and base bullion	221	143	118	346	2,039	2,952
United States mint or assay office bars						6
Bullion refined	679	406	351	167	3,377	143,219
United States coin	88		3		2,449	51,006
Foreign coin	7		10	98	132	50,858
Total	995	549	482	611	7,997	248,041
EXPORTS.						
Domestic:						
Ore and base bullion		1	4		16	52
United States mint or assay office bars						3,238
Bullion refined	64	2,982	25	169	3,253	1,194
Coin	282	434	776	641	6,690	42,519
Total	346	3,417	805	810	9,959	47,003
Foreign:						
Bullion refined						31
Coin	2	1			175	3,823
Total	2	1			175	3,854
Total exports	348	3,418	805	810	10,134	50,857

DISCOUNT RATES.

Discount rates of each Federal Reserve Bank in effect Mar. 30, 1918.

Federal Reserve Bank.	Maturities. Discounts. Within 15 days, including member banks' collateral notes.	Discounts. 16 to 60 days.	Discounts. 61 to 90 days.	Discounts. Agricultural and live-stock paper over 90 days.	Discounts. Secured by U. S. certificates of indebtedness or Liberty loan bonds. Within 15 days, including member banks' collateral notes.	Discounts. Secured by U. S. certificates of indebtedness or Liberty loan bonds. 16 to 90 days.	Trade acceptances. 1 to 60 days, inclusive.	Trade acceptances. 61 to 90 days, inclusive.
Boston	4	5	5	5	3½	4	4½	4½
New York [1]	3½	4½	4½	5	3½	4	4	4
Philadelphia	4	4½	4½	5	3½	4	4	4
Cleveland	4	4½	4½	5	3½	4	4	4
Richmond	4	4½	4½	4½	3½	4	4	4
Atlanta	4	4½	4½	5	3½	4	4	4
Chicago	4	4½	5	5½	3½	4	3½	4
St. Louis	4	4½	4½	5½	3½	4	4	4
Minneapolis	4	4½	5	5½	3½	4	3½	4
Kansas City	4	4½	4½	5	3½	4	4	4
Dallas	4	4½	4½	5	3½	4	3½	4
San Francisco	4	4½	4½	5½	3½	4	4	4

[1] Rate of 3 to 4½ per cent for 1-day discounts in connection with the loan operations of the Government.

NOTE 1.—Rate for acceptances purchased in open market, 3 to 4½ per cent, except for Boston, Chicago, and Minneapolis, whose rates range from 3 to 5 per cent.

NOTE 2.—In case the 60-day trade acceptance rate is higher than the 15-day discount rate trade acceptances maturing within 15 days will be taken at the lower rate.

FOREIGN EXCHANGE RATES.

Monthly ranges of exchange rates on leading foreign money centers, quoted in New York during the three months ending March, 1918.

[In continuation of figures published in the January, 1918, Federal Reserve Bulletin.]

	Exchange at par.	January.		February.		March.	
		Low.	High.	Low.	High.	Low.	High.
London:							
60-day bankers' bills..........dolls. for £1..	4.8665	4.7125	4.71625	4.715	4.71625	4.7150	4.72125
Sight drafts..........do....	4.8665	4.7520	4.7535	4.7530	4.7535	4.7535	4.7535
Paris..........francs for 100 dolls..	518.1347	573.75	570.25	572.50	571	572.75	572.25
Berlin..........dolls. for 400 marks..	23.82	....	....	....	....	....	....
Petrograd..........dolls. for 100 rubles..	51.46	12.75	13.125	13	13.75	13.25	13.50
Vienna..........dolls. for 100 kronen..	20.26	....	....	....	....	....	....
Milan..........lire for 100 dolls..	518.1347	859.50	831.50	878.50	850	892.50	835
Madrid..........dolls. for 100 pesos..	518.1347	24	24.40	24	25.25	24.30	25.625
Amsterdam..........dolls. for 100 florins..	40.20	43	44.25	44	45.50	44.75	46.75
Stockholm..........dolls. for 100 krones..	26.80	32.50	34.25	32.25	33.50	31.75	34
Copenhagen..........do....	26.80	30.25	31.75	30.50	31	30	31.75
Zurich..........francs for 100 dolls..	518.1347	450	435	451.50	446	448	431.50
Buenos Aires [1]..........dolls. for 100 paper pesos..	[2] 96.48	44	45.977	43.737	44.044	43.868	44.436
Rio de Janeiro [1]..........dolls. for 100 paper milreis..	[3] 54.62	26.577	27.137	25.773	26.666	25.77	26.42
Valparaiso [1]..........dolls. for 100 pesos..	[2] 36.50	26.88	28.01	26.312	27.322	27.32	30.30
Yokohama..........dolls. for 100 yen..	49.85	50.65	51.875	51.50	51.65	51.65	51.75
Hongkong..........dolls. for 100 Hongkong dolls..	....	71	75	70.75	73	70.75	77
Shanghai..........dolls. for 100 Shanghai taels..	....	105	114	103	108	103	111
London price of silver at nominal rate of £=$4.8665 [4]..........	....	94.809	98.919	93.165	94.809	93.165	100.837
New York price of silver [5]..........	....	86.625	91.25	85.125	86.625	85.125	92.875

[1] Cable rates on New York.
[2] Rate for a gold peso.
[3] Rate for a gold milreis.
[4] Average for January, 97.222; for February, 93.825; and for March, 95.795.
[5] Average for January 88.702; for February, 85.716; and for March, 88.082.

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