

# FEDERAL RESERVE BULLETIN

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FEDERAL RESERVE BOARD  
AT WASHINGTON

JUNE, 1917



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1917

## FEDERAL RESERVE BOARD.

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The Federal Reserve Bulletin is distributed without charge to member banks of the system and to the officers and directors of Federal Reserve Banks. In sending the Bulletin to others the Board feels that a subscription should be required. It has accordingly fixed a subscription price of \$2 per annum. Single copies will be sold at 20 cents. Foreign postage should be added when it will be required. Remittances should be made to the Federal Reserve Board. Member banks desiring to have the Bulletin supplied to their officers and directors may have it sent to not less than 10 names at a subscription price of \$1 per annum.

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

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# FEDERAL RESERVE BULLETIN

VOL. 3

JUNE 1, 1917.

No. 6

## REVIEW OF THE MONTH.

The Federal Reserve Banks during the month of May have definitely assumed <sup>Floating the</sup> the functions of fiscal agents of <sup>Liberty Loan.</sup> the Government of the United States, acting in accordance with instructions issued by the Secretary of the Treasury under date of May 14 in which he designated them as "fiscal agents of the United States to collate applications and to give notices of the allotments which the Secretary of the Treasury will eventually make to subscribers and to issue interim certificates for payments made on loan subscriptions." The amount of the Liberty Loan offered by the Government of the United States for the conduct of the war with Germany, in which it is now engaged, was fixed in the prospectus issued on May 14 at \$2,000,000,000, the issue to consist of fifteen-thirty year  $3\frac{1}{2}$  per cent gold bonds. Further details of the conditions under which the loan is offered to the public are furnished in the prospectus itself, which is elsewhere reprinted in this issue. The function of fiscal agent in connection with the new loan places upon the Federal Reserve Banks duties of first importance, particularly in view of the conditions by which the Nation is now confronted. The banks have actively entered upon the performance of the functions with which they are thus charged, and in their new undertaking have been effectively assisted by committees of business men and bankers established through the cooperation of the Federal Reserve Banks and of the local financial community in each of the Federal Reserve cities. The effort of these local committees, whose personnel is elsewhere given in detail, has been to bring about a general popular understanding and interest in the new Government loan and to enlist the aid of the various banks, bond distributors, investment houses, and

commercial and industrial concerns in bringing the loan to the attention of the public at large and in inducing and aiding the small investor to subscribe and pay for such amount of new bonds as he is able to absorb. On May 17 a conference of representatives of these several committees was held in Washington and the details relating to the work of the local committees were agreed upon in order that future steps might be taken harmoniously and simultaneously in all of the several districts. Circulars definitely stating the conditions under which subscriptions may be made and the disposition of the proceeds of the loan as well as the conditions governing deposits thereof in banks, were issued by the Treasury Department under date of May 14, and are reprinted elsewhere in this issue.

Prior to the issue of the last Federal Reserve Bulletin an issue of \$250,000,000 of short-term certificates of indebtedness had been placed upon the market by the Treasury Department for the purpose of anticipating the proceeds of the sale of the new bonds under the Liberty Loan. Subsequent issues have since then taken place at varying rates of interest, as follows:

Date.	Subscriptions.	Allotments.
Apr. 25.....	\$251,116,500	\$250,000,000
May 10.....	200,000,000	200,000,000
May 25.....	281,266,000	200,000,000

It is intended to continue the policy thus inaugurated by marketing at approximately biweekly intervals issues somewhat similar in amount.

The proceeds of these issues have been received in current funds and have immediately been applied to the requirements of the new Government financing. Advances to the rep-

representatives of the belligerent nations of Europe with which the United States is now allied have been agreed upon, as follows:

Great Britain.....	\$400,000,000
France.....	100,000,000
Italy.....	100,000,000
Russia.....	100,000,000
Belgium.....	45,000,000

By the adoption of this policy of gradual issue of short-term certificates the Treasury receives a regular flow of funds which are transferred to it from the banks and individuals who take up the certificates, the monies thus coming in being steadily applied to the requirements of the Government in various directions. As the certificates are receivable in payment for subscriptions to the long-term bonds when prepared, it is thus possible to draw off from the market a portion of the available funds, which are then expended and returned to commercial channels practically as received, thereby avoiding considerable withdrawals at any one time and making the loan operation a gradual process of withdrawal of funds which are subsequently funded into the new bonds. Subscriptions for the certificates naturally come primarily from the banks, which are thus given a short-term investment for their spare funds while they are sure of reimbursements out of the proceeds of the long-term securities, within 60 days or less.

The certificates have been freely taken up by institutions throughout the country, which have recognized that the plan not only provided for the immediate needs of the Treasury and for its advances to the allied governments, but was also likely to be far less disturbing to financial conditions in general than any plan of subscription and cash payment, even where the proceeds were to be left on deposit with the institutions from which they were originally drawn. The plan, moreover, makes it possible to obtain interest upon funds subscribed for Government use from the moment when they are actually placed at the disposal of the Treasury, there being no intermediate period of waiting for the issue of long-term bonds. By holding the funds in the banks (appointing

them as depositaries) or immediately disbursing them for expenses, under this plan it has been possible to avoid any disturbance to the money market. Inasmuch as such certificates of indebtedness are payable at any Federal Reserve Bank, the banks and trust companies, acting upon the plan referred to, gradually and without disturbing the money market acquire exchange in the place where subscriptions are to be placed, besides securing, as already noted, an adequate interest return upon their money. This enables them to settle the problem of loss of interest for themselves and their customers to the extent of the certificates of indebtedness acquired by making payment in full for bonds allotted without previous notice if desired.

It has been recognized by the Federal Reserve Board from the outset that the commercial banks of the country in handling this loan ought to act as distributors, following the principles laid down in the Board's statements of November 28, 1916, and March 8, 1917, rather than to absorb and hold the bonds themselves except as a temporary matter and in such moderate and reasonable amounts as may be taken by them as permanent investments. This conclusion, dictated by well known theoretical considerations, has been amply reinforced by the experience of foreign countries in financing the present war, notably by that of Great Britain. The current effort, therefore, is to place as much of the loan as possible in the hands of the ultimate holder, both because of the better influence upon credit conditions produced by this policy and because of the fact that the bonds thus placed would be more firmly held and less likely to come upon the market at an early date. It has been recognized, however, that in this process of selling the bonds to those who must pay for them out of current or existing savings or earnings, it would be necessary to have the assistance of the banks in temporarily financing or carrying the securities. This necessary assistance includes both the requirement of loans to individual customers of banks who require accommodation for a period during which they are engaged in

paying for their bonds and possibly accommodation to these banks through rediscount at Federal Reserve Banks designed to assist such banks to extend aid to their customers. The Board, therefore, recently took under consideration the question of establishing a rate of discount for the short-term notes of member banks secured by Liberty Loan bonds or by short-term certificates as collateral as well as the question of a favorable rate of rediscount for customers' notes collateralized by such bonds or certificates and offered by the member banks to the reserve banks with their own indorsement.

In dealing with this matter the Board first considered the question of the **Preferential** establishment of a preferential rates of discount. rate in favor of the short-term notes of member banks collateralized by Government obligations of the kinds referred to. It adopted the policy of granting a 3 per cent rate upon 15-day notes of this description to all Federal Reserve Banks that requested it, those thus acted upon during the month being Minneapolis, Kansas City, Chicago, and Cleveland, while other banks have the matter under consideration. In some cases, as at Philadelphia, a rate of 3 per cent was fixed for member banks' 15-day notes secured by bonds or certificates as such, while in other cases the 3 per cent rate was made applicable to 15-day notes of all classes. Carrying further the policy thus begun, the Board on May 22 issued to all Federal Reserve Banks a circular letter descriptive of its attitude in regard to the matter and informing them that it would ratify a rate of 3½ per cent, effective at all Federal Reserve Banks that might desire to establish such a rate for the rediscount of customers' loans collateralized by Government bonds or Treasury short-term certificates. This step was taken with a view to facilitating the operations of the member banks in placing the bonds in the hands of actual investors who might not be in possession of the funds necessary to pay their subscriptions in full at the time of receiving the bonds. It was thought that with this rate of rediscount in operation, the com-

mercial banks would feel free to assist would-be bond buyers, knowing that they could protect themselves if necessary by rediscounting the paper with the reserve bank of their district. In explanation of its position on the matter the Board said in the statement of May 22:

"To meet temporary shortages which may arise here and there, however, the Federal Reserve System should freely render assistance as needed, and it is suggested, therefore, that when the time for the payment of the installments draws near Federal Reserve Banks establish or maintain liberal rates of discount at which member banks may, by rediscounting with the Federal Reserve Banks, recoup themselves for any unusual withdrawals they may have to meet.

"The facilities offered by Federal Reserve Banks for the rediscount of 15-day member bank collateral notes, secured by commercial paper or Government securities, should prove of great value in meeting such withdrawals. The rates now established for this class of paper are low, varying between 3 and 3½ per cent in the various districts. Banks should realize that, under present circumstances, it will be their patriotic duty freely to avail themselves of these facilities. They will thus be able to keep money rates easy. Member banks should also be impressed with the importance of making their rediscount arrangements in advance of the dates of payment of the various installments.

"The Board has been advised that many corporations, including savings banks, have agreed to subscribe to substantial amounts of the Liberty Loan, carrying the bonds for their employees subject to payment in small installments. It has been suggested that it would be helpful to the banks in placing the Liberty Loan, and particularly in assisting corporations which make subscriptions of this character, if Federal Reserve Banks were authorized to establish a special Liberty Loan rate of 3½ per cent for notes, drafts, and bills of exchange drawn by customers of the banks, including savings banks, having a maturity not in excess of 90 days, and secured by Liberty Loan bonds or United States Treasury certificates of indebtedness. The Board has given this matter its careful consideration and has determined that it will grant such a rate to any Federal Reserve Banks requesting it, good until countermanded or modified."

Banks and trust companies which are not members of the Federal Reserve System are playing an important part in the flotation of the new loan and must be relied upon to a considerable extent to assist in the placing of the bonds with the ultimate investors, just as is true in the case of member banks. The Federal Reserve Act prohibits member banks from obtaining rediscounts at Federal Reserve Banks for or in behalf of nonmembers unless authorized to do so by the Federal Reserve Board. In order to give them access to the rediscount facilities of the Federal Reserve Banks, the Board, therefore, in the same circular letter to which reference has already been made authorized Federal Reserve Banks to discount paper received from members for a limited time and when secured by Government securities, as stated below, when the latter present it as agents for nonmember institutions. On this subject the Board stated its view as follows:

"While the law provides that member banks may not, except with the special permission of the Board, act as agents in rediscounting for nonmember banks, the Board feels that, in view of the magnitude of the task imposed upon all banks of the country, member banks should be permitted to rediscount for nonmember banks, including the savings banks, whenever the proceeds have been or will be used in meeting demands caused by subscriptions to the Liberty Loan. From June 15 to July 15, 1917, subject to further notice, Federal Reserve Banks are, therefore, authorized, for such purposes, to rediscount such nonmember bank paper, indorsed by member banks and otherwise eligible, without any further permission from this Board. It is left to the discretion of the Federal Reserve Banks to withhold the facilities whenever they believe that assistance is requested for other than the large objects and purposes to be carried out at this time."

The savings banks of the country have a special problem of their own in connection with the flotation of the loan. Some of them, as well as some of the trust companies, are likely to become considerable investors in and holders of the new bonds. As

the loan is, however, taken up by small investors, it is to be expected that the latter will to some extent draw upon their accounts with savings institutions for the purpose of liquidating their subscriptions. It is not desirable that the savings banks should be so heavily drawn upon as to compel them to sell or liquidate considerable amounts of the old securities which they have been holding in order to put themselves into position to meet such demands from their depositors. Were they to do so the effect would be to produce an unwholesome market condition, due to the sudden or enforced sale of the old securities held by the savings banks, or else to place upon the commercial banks of the country the necessity of making advances to the savings institutions, collateraled by the old bonds which constitute the staple of the investments of the latter. For reasons already stated, it is thought desirable that the savings banks should direct their efforts to the work of converting the future savings of their own customers, as rapidly as the latter desire, into bonds. Savings banks, therefore, have been assured by the Board that they will be given access to the rediscount facilities of the Federal Reserve Banks in the way already indicated, and that in return it is hoped they will exert themselves to assist depositors and customers in taking up and paying for bonds to the extent that they may desire to subscribe therefor. Inasmuch as the rate of interest allowed by the savings banks in many parts of the country is  $3\frac{1}{2}$  per cent or 4 per cent, there will be no interest inducement tending to lead depositors at such banks to shift their holdings out of savings accounts and into the new bonds, but such subscriptions as they may make will be the result of desire to assist in the flotation of the loan for patriotic and public reasons.

Further continuing the effort to avoid disturbance of the money market, the Secretary of the Treasury announced on May 16 that banks and trust companies having payments to make on account of subscriptions for \$100,000 or more bonds, and which shall have qualified as depositaries, may make payment upon such subscriptions on June 28

(as to any amounts not paid in Treasury certificates of indebtedness) by credit on their books to the account of the Treasurer of the United States, notice of the amount of such credit to be given in duplicate to the Treasurer and to the Federal Reserve Bank of the district on or before June 28. The amounts so credited are to be withdrawn from time to time when and as required. How long they may be permitted to remain will depend in large measure on the extent to which the privilege of prepayment for the bonds of the Liberty Loan on or before June 28 is availed of. It will be necessary that the early installments paid upon subscriptions to the loan be devoted largely to the payment of the short-term Treasury certificates of indebtedness which have been and will be placed throughout the country chiefly for making loans to Governments engaged in making war against Germany, and in part to meet unusual war expenditures of our own Government. As, however, practically all the proceeds of the Liberty Loan, whether advanced to foreign Governments or expended directly by departments of the United States Government, will be spent in this country in payment of indebtedness heretofore or hereafter incurred, the bank resources of the United States as a whole will not be diminished and the operation involves only a shifting of credits.

Because of the great amount of work involved in passing upon the qualifications and securities of the banks and trust companies which will have payments to make, it has been deemed necessary by the Treasury, until after July 1, to limit to those banks and trust companies having payments to make on subscriptions for \$100,000 or more bonds, the provision for making payment by credit—the object in providing for payment by credit being to avoid any disturbance in the money position which might result from large payments being made from June 28 to Monday, July 2, a period when there is customarily a heavy movement of funds due to corporate interest and other payments. As soon after July 2 as practicable, the qualifications and securities of other banks and trust companies desiring to participate in redeposits will be

passed upon, and after provision has been made for the immediate disbursements which the United States will have to make up to and including July 1, the proceeds of the loan received from time to time, in full or installment payments, will be redeposited with qualified banks and trust companies in a proportion, yet to be determined, based upon the amounts of bonds of the Liberty Loan for which subscriptions are filed by and through them, and upon the amount of Treasury certificates of indebtedness acquired by them and utilized in payment on or before June 28. Such deposits will, of course, be subject to call.

Clearing-house reports received from principal eastern cities during the early part of the month show reductions in reserve which may be traced largely to the Government's loan operations during April and the early part of May. Thus the reserve percentage for the 60 members of the New York Clearing House Association (indicating the ratio of total reserves to net demand deposits) declined from 21.9 on April 21 to 20.4 on May 5. Subsequent foreign Government deposits with the leading New York banks apparently account for the improved reserve situation of the New York banks shown in the May 12 and 19 reports, the reserve percentage for the latter date—22.6 per cent—indicating a return to the relatively favorable condition disclosed by the April 7 report. Computations of the New York State Banking Department disclose a similar decline of the reserve percentage for all trust companies in Greater New York from 25.8 on April 21, to 23.5 on May 5, and a subsequent rise to 25.6 on May 19. The reserve ratio of the State banks in the Greater City likewise shows a decline from 28.1 per cent to 26.1 per cent on May 5 and a rise since that date to 28.5 per cent on the most recent available date. During the week ending May 11 foreign gold amounting to \$48,900,000 was imported.

Average excess reserves of the Boston Clearing House banks show a continuous decline of excess reserves from \$47,646,000 on April 21 to \$28,458,000 on May 12, as the result of reductions in vault reserve and in

amounts due from the Federal Reserve Bank and approved reserve agents. The May 19 statement indicates a gain of about 2.1 millions in excess reserve held in vault and with the Federal Reserve Bank, though a further decline by over \$100,000 in total excess reserves. Philadelphia Clearing House banks and trust companies indicate a steady decline from \$31,186,000 on April 21 to \$17,303,000 on May 12, and an increase to \$19,627,000 at the end of the following week. A similar development is shown for the 12 banks and trust companies constituting the Cleveland Clearing House Association.

Classified figures of earning assets for April 20 and May 18 reflect somewhat the amount of assistance rendered by the Federal Reserve Banks during the four weeks ending May 18 in placing with investors short-term United States certificates of indebtedness. An increase of about 4.8 millions is shown in the total bill holdings, largely in the amounts of acceptances bought in open market. Some of the banks, notably Philadelphia and Richmond, report large increases in the holdings of 15-day paper, chiefly member banks' collateral notes. United States securities on hand show an increase of about 4.8 millions, as the result of temporary investment by some of the reserve banks in 3 per cent certificates of indebtedness. There were practically no additional purchases by the Federal Reserve Banks of municipal warrants.

The following exhibit shows the bill holdings of each Federal Reserve Bank on the two dates above mentioned:

(000's omitted.)

Federal Reserve Bank.	April 20.	May 18.	Net increase.	Net decrease.
Boston.....	\$16,674	\$15,734	.....	\$940
New York.....	16,780	30,968	\$14,188	.....
Philadelphia.....	11,293	21,544	10,251	.....
Cleveland.....	7,378	9,965	2,587	.....
Richmond.....	12,411	15,576	3,165	.....
Atlanta.....	4,690	5,284	594	.....
Chicago.....	6,496	10,877	4,381	.....
St. Louis.....	4,328	7,053	2,725	.....
Minneapolis.....	10,100	9,534	.....	566
Kansas City.....	1,911	4,361	2,450	.....
Dallas.....	3,256	4,062	806	.....
San Francisco.....	7,345	10,065	2,720	.....
Total bills.....	102,662	145,023	42,361	.....
Total municipal warrants.....	15,163	14,639	.....	524
Total United States securities.....	109,575	114,390	4,815	.....
Total investments held.....	227,400	274,052	46,652	.....

For the five weeks ending May 18 the total net inward gold movement was \$19,563,000, gold imports during the period, chiefly from Canada, amounting to \$55,192,000 and gold exports during the same period, mainly to the Far East, to \$35,629,000. The increase of the country's stock of gold through net gold imports since August 1, 1914, is shown in the following exhibit:

Gold imports and exports of the United States from Aug. 1, 1914, to May 18, 1917.

[000 omitted.]

	Imports.	Exports.	Excess 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 May 18, 1917.....	385,304	107,227	278,077
Total.....	1,546,257	399,418	1,146,839

1 Excess of exports over imports.

Favorable action was taken by the House of Representatives on May 5 Amendments to Federal Reserve Act.

with reference to the bill embodying the amendments to the Federal Reserve Act which had been recommended by the Board, and by the Senate in a somewhat different form on May 9. The conferences between the two Houses, intended to reconcile the House and Senate forms of the bill, were in progress during the two weeks ending May 25. The Senate and House bills taken together include practically everything that had been recommended by the Federal Reserve Board, and also add thereto a new feature which had been urged in one form or another both in the House and Senate, but which was not recommended by the Board. This took shape in the so-called "Hardwick amendment" whereby it was originally provided that an exchange charge of not to exceed one-tenth of 1 per cent might be levied upon the aggregate face value of all checks presented at any one time for collection. The exchange provision is the outgrowth of the work done by the "committee of twenty-five" of the American Bankers' Association which has been opposing

the development of the collection system established by the Federal Reserve Board. Except for this addition to the bill, the new legislation is regarded by the Board as strengthening the Federal Reserve Act in ways which are considered to be particularly essential at the present time in view of the necessities of the Government for assistance through large loans. Some important administrative changes and improvements will be rendered possible in consequence of the legislation. The conference committee has not yet reported the result of its work, and the final form of the bill remains, therefore, in doubt.

The movement of State institutions into the Federal Reserve System has continued during the month. **Membership of State banks.** The Commerce Trust Co., of Kansas City, was admitted on May 19, and the Mississippi Valley Trust Co., of St. Louis, on May 10, while arrangements for the admission of several other large banks are in progress and will doubtless be completed as soon as the amendments to the Federal Reserve Act, now pending, are enacted. A number of State institutions are either in process of examination or passing through the preliminary stages of the process of admission to the system. The State banks generally have viewed with approval the amendments to the Federal Reserve Act now pending in Congress, particularly in so far as these have reference to the status of State institutions in the system. The financial conditions growing out of the war have likewise impressed them with their obligations to the general banking organization of the country and have undoubtedly led many to look at the question of membership with a seriousness that they otherwise perhaps would not have felt. In the main, however, the influence operating to extend the membership of the system is the general recognition of the benefits that may be directly derived from it by institutions of all classes. Among the small State banks of the West and Northwest there has been a widespread demand for a modification of the Federal Reserve Act designed to permit the admission of banks with capital smaller than that required

by the National Bank Act for the organization of banks in cities of specified population. Elsewhere a movement toward membership has more largely affected the larger institutions than it has those of smaller capitalization, but the steady growth of membership now appears to be definitely assured, granting satisfactory administration and other reasonably favorable conditions.

On May 16 a party including the Secretary of the Treasury and Governor **"Liberty Loan" trip.** Harding, of the Federal Reserve Board, left Washington for an extended journey in behalf of the Liberty Loan. Visits were made to Chicago, Milwaukee, St. Paul, Minneapolis, Des Moines, Denver, St. Joseph, Omaha, Topeka, Kansas City, Kans., Kansas City, Mo., and Columbus, Ohio. At each point addresses were made by Mr. McAdoo and Mr. Harding, the latter dealing primarily with the banking aspects of the proposed loan and the duties and relationship of the bankers of the country to the undertaking. Great interest and enthusiasm were manifested by the public throughout the entire journey and the heartiest pledges of cooperation and aid were received. In order to further the development of the plans for the placing of the loan a similar trip, beginning on June 4 and lasting for nine days, has been projected. On this it is planned to visit New England and southwestern points, the journey extending as far as New Orleans. Mr. Hamlin will be a member of the party during the visit to New England and Governor Harding will join it during the time spent in the South and West.

#### Rediscount of Notes Secured by Bonds.

On May 22, after consideration of the question how the Federal Reserve Banks could best participate in furthering the progress of the Liberty Loan, the Federal Reserve Board determined upon the establishment of a rate of 3½ per cent for the rediscount of customers' notes of not to exceed 90 days' maturity, secured by Treasury certificates or Liberty Loan

bonds, such rate to be approved for any Federal Reserve Bank which might see fit to establish it. The Board's view of the matter was set forth in a letter addressed to all Federal Reserve Banks, and transmitted under date of May 22, as follows:

The task of developing an organization for the successful flotation of the Liberty Loan through the agency of the Federal Reserve Banks has made satisfactory progress. All districts report that the committees organized by the Federal Reserve Banks are actively at work with very encouraging results.

At its meeting to-day the Federal Reserve Board considered the question how Federal Reserve Banks may use their credit facilities to assist in the placing of the loan, and it was determined that this could be brought about by establishing a special rate for notes secured by Liberty Loan bonds and United States Treasury certificates of indebtedness and by a special ruling applying to facilities to be granted to member banks rediscounting such notes for nonmember banks.

In order that the installments due on the Liberty Loan may be steadily and gradually anticipated, the Board believes that all the banks of the country should cooperate in accumulating United States Treasury certificates of indebtedness. The purchase of these certificates in advance of the dates on which the Liberty Loan installments fall due, combined with the plan of redeposit outlined by the Secretary of the Treasury in Circular No. 79, dated May 16, 1917, will, it is thought, reduce to a minimum any disturbance of the money market that might result from the transfer of the large sums of money employed in paying for the Liberty Loan.

As far as possible all moneys paid in will be returned to the market without delay, in order that there may be no substantial withdrawal of funds from general use. With this policy in operation, it is hoped to avoid any appreciable shortage or contraction of banking funds, even though some time be required for the return of the funds to the usual channels.

To meet temporary shortages which may arise here and there, however, the Federal Reserve System should freely render assistance as needed, and it is suggested, therefore, that when the time for the payment of the installments draws near Federal Reserve Banks establish or maintain liberal rates of discount at which member banks may, by rediscounting with the Federal Reserve Banks, recoup them-

selves for any unusual withdrawals they may have to meet.

The facilities offered by Federal Reserve Banks for the rediscount of 15-day member bank collateral notes, secured by commercial paper or Government securities, should prove of great value in meeting such withdrawals. The rates now established for this class of paper are low, varying between 3 and 3½ per cent in the various districts. Banks should realize that, under present circumstances, it will be their patriotic duty freely to avail themselves of these facilities. They will thus be able to keep money rates easy. Member banks should also be impressed with the importance of making their rediscount arrangements in advance of the dates of payment of the various installments.

The Board has been advised that many corporations, including savings banks, have agreed to subscribe to substantial amounts of the Liberty Loan, carrying the bonds for their employees subject to payment in small installments. It has been suggested that it would be helpful to the banks in placing the Liberty Loan, and particularly in assisting corporations which make subscriptions of this character, if Federal Reserve Banks were authorized to establish a special Liberty Loan rate of 3½ per cent for notes, drafts, and bills of exchange drawn by customers of the banks, including savings banks, having a maturity not in excess of 90 days, and secured by Liberty Loan bonds or United States Treasury certificates of indebtedness. The Board has given this matter its careful consideration and has determined that it will grant such a rate to any Federal Reserve Banks requesting it, good until countermanded or modified.

Consideration has also been given to the needs of nonmember banks under present conditions. While the law provides that member banks may not, except with the special permission of the Board, act as agents in rediscounting for nonmember banks, the Board feels that, in view of the magnitude of the task imposed upon all banks of the country, member banks should be permitted to rediscount for nonmember banks, including the savings banks, whenever the proceeds have been or will be used in meeting demands caused by subscriptions to the Liberty Loan. From June 15 to July 15, 1917, subject to further notice, Federal Reserve Banks are therefore authorized, for such purposes, to rediscount such nonmember bank paper, indorsed by member banks and otherwise eligible, without any further permission

from this Board. It is left to the discretion of the Federal Reserve Banks to withhold the facilities whenever they believe that assistance is requested for other than the large objects and purposes to be carried out at this time.

#### Transactions With Alien Enemies.

The Federal Reserve Board, acting upon advices received from the Department of State, has transmitted to Federal Reserve Banks for retransmission to member and other banks in the several districts for their guidance a letter relating to transactions of American banks which involve dealings with alien enemies. The letter is as follows:

The Board is in receipt of a letter from the Counselor for the Department of State, calling its attention to the desirability of guarding against transfers of banking credits to neutral countries for account of alien enemies, and against the use of domestic credits for similar purposes.

The Board is informed that the State Department is not concerned in the ordinary commercial transactions and routine bank accounts of aliens of whatsoever nationality, resident in the United States, with banks situated therein. It is suggested by the department, however, that each banker doing business in this country should scrutinize with particular care such accounts as may be held by his bank for any resident alien enemy, and in the event any suspicious transactions occur in connection with such accounts, that they be reported immediately to the Board for transmission to the proper department.

#### IMPORTANT TRANSACTIONS.

The transactions which are interesting to the State Department may be divided into three classes:

1. Foreign exchange transactions between banks in this country and banks in neutral countries in Europe;
2. Ordinary banking transactions such as the obtaining of credits by alien enemies resident in the United States;
3. Banking transactions between this country and Mexico, or Central American and South American countries.

The State Department is especially interested in preventing all transfers of money by cable, by draft, or by shipments of currency or

otherwise to neutral countries in Europe for the account of alien enemies.

It is, of course, difficult for a bank to determine offhand whether or not a transfer is for the account of alien enemies, when it is asked by an individual or corporation in this country to make a transfer to a bank in a neutral country.

The Board is advised, however, that the State Department is anxious that bankers throughout the country should be warned that they should scrutinize most carefully every application made to them involving the transfers of funds to neutral European countries, which transfers seem intended to give aid to the enemies of this country, either directly or indirectly.

The Board is further advised that the State Department is interested in banking transactions between this country and Mexico or other Latin-American countries, as there is some evidence in its possession that alien enemies operating either as individuals or through the instrumentality of an American corporation, or otherwise, are desirous of fomenting trouble between this country and other Republics of this hemisphere, and in order to further their plans they must rely upon financial assistance through the form of credits opened in their behalf in this country. It is, of course, true that many accounts held by banks in this country for the benefit of alien enemies resident in countries adjacent to the United States are ordinary commercial accounts, and up to the present time the State Department has disclaimed any disposition to interfere with the free operation of such accounts, being interested only in such transactions as may appear to the bankers who are requested to facilitate the same as being of a suspicious character.

The Board is of the opinion that, in view of your intimate contact with member banks in your district, you are in a position to secure their cooperation in scrutinizing and supervising financial transactions made or attempted to be made for the benefit of alien enemies. Reports of suspicious transactions coming to the notice of banks should be made to the Board by wire, in order that the officials of the proper department may be advised and immediately make investigations.

#### NONMEMBER BANKS.

There are, of course, many trust companies, State banks, and private bankers with which your bank has no intimate relationship. The

Board believes, however, that if an appeal should be made to these banks and bankers they would readily observe such precautionary methods as you may, with the approval of the Board, ask your member banks to comply with. Express companies and telegraph companies doing a banking business in transmitting currency or credits by express or by wire should also be asked to cooperate on the lines suggested above.

The attention of the Comptroller of the Currency has been called to this letter and he has been asked to enlist the cooperation of the large force of national-bank examiners working under his supervision. It is believed that their assistance will be of great value in securing the information desired and in further enlisting the cooperation of the banks with which they come in contact in their work. You are requested to urge the banking departments of the States in your district to cooperate in the same manner through their bank examiners.

It is requested by the Board that a copy of this letter be sent to all banks and trust companies in your district, in order that they may understand that, while innocent transactions of a domestic character with alien enemies are unobjectionable, no business of a nature calculated to give aid or comfort to the enemy directly or indirectly will be countenanced.

MAY 10, 1917.

#### Flotation of Liberty Loan.

Following are the circulars and communications issued by the Treasury Department with respect to the new Liberty Loan. They are reprinted here for convenience of reference and also as a matter of record. Later documents relating to the same matter will be published from time to time in order that the complete series may be available to readers of the FEDERAL RESERVE BULLETIN in consecutive form.

On May 14 a prospectus or general description was sent out as follows:

#### LIBERTY LOAN.

1917.  
Department Circular No. 78.  
(Liberty Loan Circular No. 1.)  
Loans and Currency.

TREASURY DEPARTMENT,  
OFFICE OF THE SECRETARY,  
*Washington, May 14, 1917.*

The Secretary of the Treasury invites subscriptions at par and accrued interest from the

people of the United States of America for \$2,000,000,000 of the 15/30 year 3½ per cent gold bonds of an issue authorized by act of Congress approved April 24, 1917.

#### DESCRIPTION OF BONDS.

Bearer bonds, with interest coupons attached, will be issued in denominations of \$50, \$100, \$500, and \$1,000. Bonds registered as to principal and interest will be issued in denominations of \$100, \$500, \$1,000, \$5,000, \$10,000, \$50,000, and \$100,000. Provision will be made for the interchange of bonds of different denominations and of coupon and registered bonds, upon payment, if the Secretary of the Treasury shall require, of a charge not exceeding \$1 for each new bond issued upon such exchange. Transfers of registered bonds and exchanges of registered and coupon bonds and of bonds of different denominations will not be made until October 1, 1917, or such later date as may be designated by the Secretary of the Treasury.

The bonds will be dated June 15, 1917, and will bear interest at the rate of 3½ per centum per annum from that date, payable semiannually on December 15 and June 15. The bonds will mature June 15, 1947, but the issue may be redeemed on or after June 15, 1932, in whole or in part, at par and accrued interest, on three months' published notice, on any interest day; in case of partial redemption the bonds to be redeemed to be determined by lot by such method as may be prescribed by the Secretary of the Treasury. The principal and interest of the bonds will be payable in United States gold coin of the present standard of value, and the bonds will be exempt, both as to principal and interest, from all taxation, except estate or inheritance taxes, imposed by authority of the United States or its possessions, or by any State or local taxing authorities. The bonds will not bear the circulation privilege, but will be receivable as security for deposits of public money.

If any subsequent series of bonds (not including Treasury certificates of indebtedness and other short-term obligations) shall be issued by the United States at a higher rate of interest than three and one-half per centum per annum before the termination of the war between the United States of America and the Imperial German Government (the date of such termination to be fixed by a proclamation of the President of the United States), the holders of any of the bonds of the present issue shall have the privilege of converting the same, within such period and upon such further terms and condi-

tions covering matters of detail as the Secretary of the Treasury may prescribe, into an equal par amount of bonds bearing such higher rate of interest and substantially identical with the bonds of such new series, except that the bonds issued upon such conversion are to be identical with the bonds of the present series as to maturity of principal and interest and terms of redemption.

#### APPLICATIONS.

The agencies designated by the Secretary of the Treasury to receive applications for the bonds now offered are the Treasury Department in Washington, D. C., and the Federal Reserve Banks in Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta (with branch at New Orleans), Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco. Said banks have been designated also, as fiscal agents of the United States, to collate applications and to give notices of the allotments which the Secretary of the Treasury will eventually make to subscribers and to issue interim certificates for payments made on allotted subscriptions.

Large numbers of National banks, State banks and trust companies, private bankers, express companies, newspapers, department stores, and other private corporations, firms, and organizations, have patriotically offered to receive and transmit applications for the Liberty Loan without expense to the United States or to the applicants. The Secretary of the Treasury, appreciating the value of these offers, will have application blanks widely distributed throughout the country to these private institutions and also to the post offices and sub-treasuries. Individual subscribers may use these conveniences or may send their applications directly to the Treasury Department at Washington and to the Federal Reserve Banks. As the law prohibits the allowance or payment of commissions on subscriptions, all those through whom applications are made render service as a patriotic duty without compensation.

All applications must be in the form prescribed by the Secretary of the Treasury and be accompanied by a payment of 2 per centum of the amount of bonds applied for. Applications must be for \$50 or any multiple thereof, but any application for one \$50 or \$100 bond until further notice may be allotted at once and payment in full accepted against delivery of an interim certificate. Applications must reach the Treasury Department or a Federal Reserve Bank not later than noon, *June 15, 1917*, the right being reserved by the Secretary of the Treasury to close the subscription on any earlier date.

#### ALLOTMENTS.

Allotments will be made as soon after June 15 as possible. The Secretary of the Treasury reserves the right to reject any subscriptions, or to make allotment of part of the amount subscribed for, and to allot in full upon applications for smaller amounts of bonds even though it may be necessary to reduce allotments on applications for larger amounts, should any such action be deemed by him to be in the public interest; and his decision in these respects will be final. In any case of the rejection of an application, the accompanying payment of 2 per centum of the amount applied for will be returned. In case of partial allotment the 2 per centum payment will be retained and any excess applied upon the next installment. Upon allotment of bonds by the Secretary of the Treasury, the subscriber will receive notice thereof signed by or on behalf of the Federal Reserve Bank of his district. Unless and until payment in full has been made, further payments must be made when and as below provided under penalty of forfeiture of any and all installments previously paid and of all right or interest in the bonds allotted.

#### PAYMENTS.

The dates for payment in installments are as follows:

Two per centum on application;  
Eighteen per centum on June 28, 1917;  
Twenty per centum on July 30, 1917;  
Thirty per centum on August 15, 1917;  
Thirty per centum on August 30, 1917.

It is strongly recommended that subscribers avail themselves of the assistance of their own banks and trust companies. In cases where they do not do so, subscribers should make payment, either in cash to the Treasury Department in Washington or one of the Federal Reserve Banks, or by bank draft, check, post-office money order, or express company money order, made payable to the order of the Treasurer of the United States if the application is filed with the Treasury Department in Washington (thus: "Treasurer of the United States, Liberty Loan Account"), or, if the application is filed elsewhere, made payable to the order of the Federal Reserve Bank of the district in which the application is filed (thus: "Federal Reserve Bank of ———, Liberty Loan Account"). All checks must be certified. United States certificates of indebtedness issued under the act of April 24, 1917, will be received at par and accrued interest to date of settlement in making payment in full or in installments.

Interim certificates for installment payments due on or after June 28 will be issued by or on behalf of the Federal Reserve Banks as fiscal agents of the United States, and delivered as far as practicable in accordance with written instructions given by subscribers. Upon payment of the installment due June 28, the notice of allotment must be surrendered, and upon payment of each subsequent installment the interim certificate must be presented to the Federal Reserve Bank which issued the certificate for notation thereon of the fact of such payment, or for exchange for a new certificate. After full payment such certificates must be surrendered in exchange for the bonds when prepared.

Payments of installments must be made upon the dates above stated until full payment has been made. Payment in full may be made on and after allotment and before August 30, 1917, if two weeks' prior notice in writing of the intention to make such payment, stating the date upon which such payment will be made, shall have been filed with the Federal Reserve Bank of the district in which the subscriber will make payment; but such notice shall not be required in case of any allotment of not exceeding \$10,000 bonds or when payment is to be made in Treasury certificates of indebtedness.

As the bonds will carry six months' interest payable December 15, 1917, interest accruing on the bonds allotted, from June 15, 1917, to the date of full and final payment, must be added to the last payment, credit being given for interest at the like rate upon the several installment payments as follows: As to 2 per centum of the amount of bonds allotted upon application, from June 15, 1917, and, as to subsequent installments duly paid, from the respective dates upon which payment thereof is required to be made as above provided. Tables showing the amount of accrued interest payable on August 30 in case payment is made in installments, and the amount of accrued interest payable upon various dates in case payment is made in full prior to August 30 as herein permitted, will be prepared and furnished through the Treasury Department in Washington and the Federal Reserve Banks.

Within the United States and its Territories and insular possessions, bonds when prepared will be delivered so far as practicable in accordance with the written instructions of the holders of the interim certificates upon surrender to the Treasury Department in Washington, or the Federal Reserve Bank which issued the certificate, of interim certificates

full-paid or accompanied by payment of the final installment. The expense of delivery will be borne by the United States. Delivery of definitive bonds to holders of full-paid interim certificates will commence as soon as practicable after June 28.

Further details may be announced by the Secretary of the Treasury from time to time, information as to which as well as forms for applications may be obtained from the Treasury Department and any Subtreasury or Federal Reserve Bank.

W. G. McADOO,  
*Secretary of the Treasury.*

This was followed on May 16 by a letter or circular relating to the retention of subscriptions in banks as follows:

#### LIBERTY LOAN.

PURCHASE OF TREASURY CERTIFICATES OF INDEBTEDNESS AND DEPOSITS OF GOVERNMENT FUNDS IN CONNECTION WITH THE LIBERTY LOAN.

1917.  
Department Circular No. 79.  
Liberty Loan Circular No. 2.

Division of Public Moneys.

TREASURY DEPARTMENT,  
OFFICE OF THE SECRETARY,  
*Washington, May 16, 1917.*

*To incorporated Banks and Trust Companies in the United States:*

Referring to Treasury Circular No. 78, dated May 14, 1917, inviting subscriptions for bonds of the Liberty Loan:

In order to avoid, even temporarily, a derangement of the money situation, the Secretary of the Treasury earnestly requests that all banks and trust companies, which have or expect to have payments to make for themselves, or others, on account of subscriptions to the loan, acquire, as and when offered from time to time, Treasury certificates of indebtedness, issued under the act approved April 24, 1917, to as large an amount as practicable and at least equal to 50 per cent of the payments which they will have to make from time to time on account of subscriptions, and that they utilize such certificates of indebtedness in making payment. Inasmuch as such certificates of indebtedness are payable at any Federal Reserve Bank, banks and trust companies in acting upon this request will, gradually and without disturbing the money market, acquire exchange payable in the place where subscriptions are to be paid, and meanwhile will secure an adequate interest return

upon their money, and the privilege for themselves and their customers, to the extent of the certificates of indebtedness acquired, of making payment in full for bonds allotted, without previous notice, if desired.

As a further precaution, the Secretary of the Treasury has determined that banks and trust companies having payments to make on account of subscriptions for \$100,000 or more bonds, and which shall have qualified as depositaries, may make payment upon such subscriptions on June 28 (as to any amounts not paid in Treasury certificates of indebtedness) by credit on their books to the account of the Treasurer of the United States, of which credit and of the amount thereof notice shall be given in duplicate to the Treasurer and to the Federal Reserve Bank of the district on or before June 28. The amounts so credited will be withdrawn from time to time when and as required. How long they may be permitted to remain will depend on large measure on the extent to which the privilege of prepayment for the bonds of the Liberty Loan on or before June 28 is availed of. It will be necessary that the early installments paid upon subscriptions to the loan be devoted largely to the payment of the short-term Treasury certificates of indebtedness, which have been and will be placed throughout the country chiefly for making loans to Governments engaged in making war against Germany, and in part to meet unusual war expenditures of our own Government. As, however, practically all the proceeds of the Liberty Loan, whether advanced to foreign Governments or expended directly by departments of the United States, will be spent in this country in payment of indebtedness heretofore or hereafter incurred, the bank resources of the United States as a whole will not be diminished and the operation involves only a shifting of credits.

Because of the great amount of work involved in passing upon the qualifications and securities of the banks and trust companies which will have payments to make, it is deemed necessary, until after July 1, to limit to those banks and trust companies having payments to make on subscriptions for \$100,000 or more bonds, the provision for making payment by credit—the object in providing for payment by credit being to avoid any disturbance in the money position which might result from large payments being made from June 28 to Monday, July 2, a period when there is customarily a heavy movement of funds due to corporate

interest and other payments. As soon after July 2 as practicable the qualifications and securities of other banks and trust companies desiring to participate in redeposits will be passed upon, and after provision has been made for the immediate disbursements which the United States will have to make up to and including July 1, the proceeds of the loan received from time to time, in full or installment payments, will be redeposited with qualified banks and trust companies in a proportion, yet to be determined, based upon the amounts of bonds of the Liberty Loan for which subscriptions are filed by and through them, and upon the amount of Treasury certificates of indebtedness acquired by them and utilized in payment thereupon on or before June 28. Such deposits will, of course, be subject to call.

Interest at the rate of 2 per cent per annum is to be allowed by the banks upon the amounts credited and redisposed from time to time. A statement as to the formalities of qualification for the purpose of making payment by credit, and of receiving redeposit of funds, and of the securities acceptable for such purposes, will be promptly furnished. The furnishing of security for such deposits is required by section 7 of the act approved April 24, 1917, under which the Liberty Loan is issued, and section 5153 of the Revised Statutes and amendments thereto. Each bank or trust company should at the earliest possible date make report to the Federal Reserve Bank of its district of the character and amount of the securities which it will offer as security. These will be reported to the Secretary of the Treasury, and, when his approval shall have been obtained, notification thereof will be made to the banks and trust companies, respectively.

The Secretary feels that he can not too strongly urge upon the banks and trust companies of the country that it is their patriotic duty to prepare for the payments which they will have to make on account of the Liberty Loan, first, by the acquisition of certificates of indebtedness, and, second, by qualifying under the act so as to be in a position to make payment by credit if the subscriptions by and through them are likely to amount to \$100,000 or more bonds. Bearing in mind the enormous amount of work involved on the part of the Treasury Department and Federal Reserve Banks, he particularly urges that action in these matters be taken as promptly as possible by the banks and trust companies, inasmuch as it may be physically impossible to pass upon

the qualifications of late applicants if many applications are long delayed, and the object of permitting payment in certificates of indebtedness—to avoid accumulation of great cash payments within a few days—will in large measure be defeated if such purchases are long postponed.

W. G. McADOO,  
*Secretary of the Treasury.*

The following letter conveying suggestions as to the methods by which organizations and enterprises might work in behalf of the loan was transmitted on May 15, as follows:

#### LIBERTY LOAN.

#### SUGGESTIONS AS TO METHODS OF RECEIVING AND FILING SUBSCRIPTIONS BY ORGANIZA- TIONS OTHER THAN BANKS OR TRUST COM- PANIES.

Treasury Department,  
1917 Liberty Loan.

Circular Letter No. 1.

TREASURY DEPARTMENT,  
OFFICE OF THE SECRETARY,  
*Washington, D. C., May 15, 1917.*

Referring to your highly appreciated offer of services in connection with the distribution of the Liberty Loan, I desire to suggest the method of procedure whereby such services may be rendered with a minimum of effort on the part of your organization and with a maximum of efficiency.

1. The organization solicits subscriptions in its own way from its readers, customers, and the public in general, by methods to be devised by the organization.

2. Subscriptions received should be on Form 1, a copy of which is inclosed herewith, or on a facsimile thereof which you may print yourself, or additional copies can be obtained by application to the Federal Reserve Bank in your district or to the Secretary of the Treasury, Division of Loans and Currency, Washington, D. C.

3. The organization should file from time to time with the Federal Reserve Bank of its district (see map inclosed) each individual application received by it.

4. Checks accompanying the applications should be drawn to the order of "Federal Reserve Bank of (here insert name of city where bank is located), Liberty Loan Account." All checks must be certified. Bank drafts, post-office money orders, or express-company

money orders, drawn to the above order, will be accepted.

5. After this procedure has been followed the organization has no further responsibility, the subscriber having entered into direct relations with the Federal Reserve Bank, and subsequent communications will be with the subscriber direct.

W. G. McADOO,  
*Secretary of the Treasury.*

The following is the form of application for bonds sent out by the Treasury Department for the use of prospective subscribers:

Treasury Department,  
1917 Liberty Loan—Form No. 1.  
Loans and Currency.

#### LIBERTY LOAN.

#### APPLICATION FOR BONDS.

This application should be transmitted through the subscriber's bank, trust company, or other agency acting on his behalf, or it may be filed direct with the Federal Reserve Bank of his district or the Treasury Department at Washington.

Dated \_\_\_\_\_.

To the SECRETARY OF THE TREASURY:

According to the terms of Treasury Department Circular No. 78, dated May 14, 1917, the undersigned hereby apply for \$\_\_\_\_\_ par value of the 15-30 year 3½ per cent gold bonds of the United States, and agree to pay par and accrued interest for any bonds allotted on this application. The sum of \$\_\_\_\_\_ is inclosed, being 2 per cent on the amount of bonds applied for (or payment in full for the one \$50 or the one \$100 bond applied for).

Signature of subscriber, in full, \_\_\_\_\_.  
Address—Number and street, \_\_\_\_\_.  
City or town, \_\_\_\_\_.

County, \_\_\_\_\_ State, \_\_\_\_\_.

NOTE.—It is desirable that the following information be furnished by the applicant:

1. If full payment is to be made before final installment date indicated in the circular, what will be the date of such full payment? \_\_\_\_\_.

2. If it is expected that future payments will be made by check, upon what bank or trust company will such checks probably be drawn?

Name of bank or trust company: \_\_\_\_\_.

Address: \_\_\_\_\_.

3. What, if any, particular denominations of interim certificates are desired? \_\_\_\_\_.

4. Through what, if any, bank or other agency is this application transmitted? \_\_\_\_\_.

By way of illustrating the work that has been done by Federal Reserve Banks in pursuance of their efforts to further the flotation of the loan, there is appended hereto the circular letter on the subject sent out by the Federal Reserve Bank of Chicago. This is

presented merely as an illustration of the material that has been distributed, other Federal Reserve Banks having undertaken the circulation of matter of the same description:

FEDERAL RESERVE BANK,  
OF CHICAGO,  
79 West Monroe Street.

To the Banks and Bankers in the Seventh Federal Reserve District:

The Government of the United States must rely upon you to place successfully the Liberty Loan. Ordinary investors will take care of the first billion. The second billion must come from the wage earner, the farmer, and the merchant.

We have already forwarded to you the official prospectus and a number of official subscription blanks. More of these can be obtained at once by wiring or writing to the Publicity Loan Committee, La Salle and Monroe Streets, Chicago. We will forward to you shortly a sample of a very attractive poster. Additional copies of this poster can be obtained from the same place. Put these in your office, in prominent places in your city, in factories, hotels, and stores.

We offer the following suggestions:

If you have not already done so, call a meeting of your banks at once and organize by counties, for the purpose of promoting the Liberty Loan. Telegraph to the "Liberty Loan Distribution Committee," care of this bank, just as soon as your local committee is organized; tell them what you have done and what you want. They are prepared to furnish sample circulars and other selling data, organizers, and speakers, and will suggest methods to committees already organized.

Second. Go to your local press and solicit their cooperation and support. Get them to put stirring, spicy appeals in their editorial columns, and, if possible, in their advertising columns.

Every movie theater in Chicago is displaying patriotic signs urging subscription to the Liberty Loan, and spicy speeches are being delivered in these places.

Go to your ministers. Ask them to appeal to their parishioners from the pulpit to support the Government in this emergency by subscribing to the bonds.

Call in all employers of labor. Ask them to organize Liberty Loan clubs amongst their employees. Many large employers in Chicago have already done this, subscribing direct for a round amount of bonds and allowing their

employees to pay for them on the installment plan. Arrange yourselves to carry small subscribers on the installment plan, carrying the bonds as collateral until they complete their payments. Ask each employer to stamp in red on his pay envelope: "DO YOUR PATRIOTIC DUTY. SUBSCRIBE FOR A LIBERTY LOAN BOND."

By all means make a personal appeal to the farmer. His cattle, hogs, corn, and wheat have been bringing fabulous prices. He has profited because of the war. Appeal to him to support his Government by contributing a small part of his profits to aid the Government in winning this struggle.

It is suggested that each bank inclose with its June 1st statement envelopes a slip urging each depositor to buy Liberty Loan Bonds, this recommendation to be signed by the president of the bank.

The Government has entered the most gigantic struggle in the world's history. Its motives are unselfish. It is fighting for liberty and for the preservation of human rights. *Put your shoulder to the wheel and help.*

All banks and bankers are authorized to receive subscriptions. Let each appeal include the following: "GO TO YOUR BANK AND SUBSCRIBE."

CHICAGO, May 19, 1917.

#### Personnel of Liberty Loan Committees.

The following Liberty Loan committees have been established in the several Federal Reserve districts:

##### DISTRICT No. 1—BOSTON.

Alfred L. Aiken, chairman; N. Penrose Hallowell, vice chairman; Jacob A. Barbey, Frederic H. Curtiss, Jere A. Downs, John R. Macomber, Henry Parkman, Frank W. Remick, Philip Stockton, Daniel G. Wing.

##### DISTRICT No. 2—NEW YORK.

Benjamin Strong, chairman; Arthur M. Anderson, executive manager; James S. Alexander, George C. Baker, Allen B. Forbes, Gates W. McGarrah, Seward Prosser, Charles H. Sabin, Jacob H. Schiff, Frank A. Vanderlip, Albert H. Wiggin, William Woodward.

*Committee on distribution.*—Allen B. Forbes, chairman; Franklin Q. Brown, James Brown, Clarence Dillon, Plinky Fisk, N. D. Jay, G. H. Kinnicutt, C. E. Mitchell, C. S. Sargent, A. J. Sheldon, Frederick H. Strauss, F. M. Weld.

*Committee on budget.*—Benjamin Strong, George L. Baker, Gates W. McGarrah.

*Committee on bond department.*—William Woodward, chairman.

*Committee on publicity.*—F. A. Vanderlip, chairman.

DISTRICT NO. 3—PHILADELPHIA.

L. L. Rue, E. F. Shanbacker, W. D. Grange, John H. Mason, William P. Gest, George H. Frazier, E. B. Morris, F. T. Chandler, Edward B. Smith, Richard Y. Cook, E. T. Stotesbury, E. W. Clark. Governor of Federal Reserve Bank and Federal Reserve Agent are ex officio members of the committee.

DISTRICT NO. 4—CLEVELAND.

D. C. Wills, chairman, Cleveland, Ohio; E. R. Fancher, Cleveland, Ohio; Geo. D. Bates, Akron, Ohio; Robert C. Dalzell, Wheeling, W. Va.; M. E. Dennison, Youngstown, Ohio; Clarence Kiefer, Dayton, Ohio; H. C. McEldowney, Pittsburgh, Pa.; Chas. Messenkopf, Erie, Pa.; C. A. Paine, Cleveland, Ohio; Henry W. Harter, Canton, Ohio; J. J. Rowe, Cincinnati, Ohio; P. L. Schneider, Columbus, Ohio; H. I. Shepherd, Toledo, Ohio; J. W. Stoll, Lexington, Ky.; Geo. W. Winger, Springfield, Ohio.

*Executive committee.*—E. R. Fancher, chairman; D. C. Wills, C. A. Paine, H. C. McEldowney; L. B. William, executive manager; F. F. Wilkinson, executive secretary.

DISTRICT NO. 5—RICHMOND.

*Executives.*—Richard H. Smith, chairman; H. W. Jackson, vice chairman; E. P. McConnell, secretary; W. T. Dabney, executive manager; E. L. Bemiss, John Kerr Branch, W. M. Addison.

*Other members.*—W. M. Habliston, Fred W. Scott, Julian H. Hill, Oliver J. Sands, L. Z. Morris, John T. Wilson, H. N. Phillips, Charles Hutzler, Oscar E. Parrish, A. L. Adamson, H. R. Pollard, jr., G. W. Call, J. L. Davis, L. M. Williams, F. E. Nolting, Coleman Wortham, Henry L. Cabell, Henry S. Hutzler.

DISTRICT NO. 6—ATLANTA.

Federal Reserve Bank officers and Mell R. Wilkinson, Fred J. Paxon, W. C. Wardlaw, Ivan E. Allen, J. Epps Brown.

DISTRICT NO. 7—CHICAGO.

James B. McDougal, governor Federal Reserve Bank, chairman; W. A. Heath, Federal Reserve Agent; vice chairman; E. K. Boisot, Arthur Reynolds, John E. Blunt, jr., Howard W. Fenton, Charles H. Schweppe, H. L. Stuart.

DISTRICT NO. 8—ST. LOUIS.

Rolla Wells, chairman; W. W. Hoxton, secretary; and 23 members of clearing houses.

DISTRICT NO. 9—MINNEAPOLIS.

John H. Rich, chairman; Curtis L. Mosher, Theodore Wold, Arthur R. Rogers.

In Montana, North and South Dakota, Wisconsin, and northern Michigan the directors of the Federal Reserve Bank have been designated as State chairman.

In Minnesota the State Bankers' Association will constitute the campaign committee, employing its group organizations in various parts of the State.

The clearing houses of Minneapolis, St. Paul, and Duluth have taken charge of their respective cities.

DISTRICT NO. 10—KANSAS CITY.

J. Z. Miller, jr., governor of Federal Reserve Bank, chairman; G. S. Hovey, E. F. Swinney, J. W. Perry, J. F. Downing, George T. Tremble, Thornton Cooke, G. M. Smith, H. L. Jarboe, jr., C. W. Watson, P. E. Goebel.

DISTRICT NO. 11—DALLAS.

K. M. Van Zandt, Fort Worth, Tex.; Alex. Sanger, Dallas, Tex.; J. A. Kemp, Wichita Falls, Tex.; Wm. J. Bayersdorffer, Shreveport, La.; S. H. H. Shear, Waco, Tex.; J. W. Butler, Clifton, Tex.; Edward Rotan, Waco, Tex.; Jake Easton, Antlers, Okla.; Charles O. Austin (State banking commission), Austin, Tex.; Jesse H. Jones, Houston, Tex.; Geo. T. Jester, Corsicana, Tex.; Dr. E. P. Wilmot, Austin, Tex.; F. F. Downs, Temple, Tex.; John Sealy, Galveston, Tex.; Royal A. Ferris, Dallas, Tex.; Louis Lipsitz, Dallas, Tex.; W. R. Brentz, Sherman, Tex.; Henry James, Abilene, Tex.; W. H. Patrick, Clarendon, Tex.; E. O. Tenison, Dallas, Tex.; Gus F. Taylor, Tyler, Tex.; D. C. Giddings, Brenham, Tex.

DISTRICT NO. 12—SAN FRANCISCO.

Archibald Kains, chairman; G. K. Weeks, executive manager; Henry T. Scott, I. W. Hellman, sr., Herbert Fleishhacker, Frank B. Anderson, W. H. Crocker, Rudolph Spreckles, A. P. Gianinni, John S. Drum, George Tourny, R. M. Tobin, John A. Britton.

**Cooperation of American Bankers Association.**

Replying to a resolution adopted by the American Bankers Association offering its services in connection with the Liberty Loan, Secretary McAdoo on May 9 sent the following telegram to Peter W. Goebel, president of the association:

Please assure American Bankers Association of my deep appreciation of the patriotic resolution just adopted and communicated to

me by wire pledging the unqualified and untiring support of the American Bankers Association in any direction where the Government may find such support of value in the great affairs which are engaging the attention of the Nation. I shall avail myself of this support because I know it can be tremendously valuable in the large financial operations in which the Government must engage until this war for liberty has been successfully won. May I at the same time take advantage of this occasion to urge upon the American Bankers Association the superlative importance of still further strengthening the organization of the banking system of the United States by using its great influence to induce the State banks to join the national banks in making the Federal Reserve system an instrument of unquestionable power to meet any emergency with which the Nation may in the future be faced. I regard this as one of the supremely patriotic duties of the hour. The time may come when the financial resources of the country will not be commensurate with the national purpose if the Nation remains half State bank and half national bank in its organization. The State banks will find greater security for themselves if disaster should threaten if they are members of the Federal Reserve system, and the Federal Reserve system itself will be irresistibly strong if the State banks unite with the national banks in making it a supremely useful national instrument. I commend this question to your earnest and patriotic consideration, with the sincere hope that love of our common country may surmount every other consideration and bring about this extremely desirable result.

#### Frank on Correspondence Relating to Bonds.

The following letter, received from the Post Office Department by the Federal Reserve Board, states the position of the department with reference to the use of franked envelopes in correspondence relating to Government loans:

Receipt is acknowledged of your letter of to-day, suggesting that postmasters of the cities in which Federal Reserve Banks are located be authorized to accept from such banks free of postage under the penalty privilege matter mailed by them in connection with the flotation of the Liberty Loan of 1917.

In reply I have to say, as pointed out in previous correspondence, that Federal Reserve Banks are not entitled under the law to use penalty envelopes to send matter in the mails free of postage, and, therefore, this department is without authority to instruct postmasters to accept for mailing free of postage under penalty envelopes matter mailed by such banks.

MAY 8, 1917.

#### Cost of Telegrams Relating to Bond Issue.

The Federal Reserve Board has transmitted to Federal Reserve Banks messages sent to telegraph companies by the Treasury Department relative to charges on messages relating to loan operations as follows:

Secretary of Treasury requests you notify your managers in all Federal Reserve Bank cities—New York, Philadelphia, Richmond, Cleveland, Atlanta, Dallas, St. Louis, Kansas City, Chicago, Minneapolis, and San Francisco—that great many telegrams relating to the forthcoming bond issue will be filed by above-named banks and that such telegrams should be transmitted at Government rates and bills sent to Treasury Department. Banks will be notified to indorse all such messages "Official business—Government rate," charge Treasury Department. Please notify your agents as soon as possible.

Please instruct your representatives in Federal Reserve Bank cities that Treasury Department request of 3rd instant as to charging to this department telegrams relating to the bond issue filed by Federal Reserve Banks is intended to include collect messages from other banks to Federal Reserve Banks or Federal Reserve Agents. Please acknowledge.

#### State Banks Admitted.

The following State institutions were admitted to membership in the Federal Reserve System during the month of May: Mississippi Valley Trust Co., St. Louis, Mo.; Hettinger State Bank, Hettinger, N. Dak.; Commerce Trust Co., Kansas City, Mo.; and the Winchester Trust Co., Winchester, Mass.; the number of State institutions which have now joined the system being 48.

### Plan for Issue of Federal Reserve Drafts.

The following letter was sent to Federal Reserve Banks under date of May 12, 1917:

Referring to my letter of April 25, inclosing uniform plan for the issue of Federal Reserve exchange drafts, to become operative on May 21, you are advised that, in view of the vast amount of detail work imposed upon Federal Reserve Banks in connection with the flotation of the Liberty Loan, the Board has decided that it would be advisable to postpone the date on which this plan is to become effective to June 1, 1917.

### Branch in Baltimore.

The Federal Reserve Board has had under consideration the approval of a plan submitted by the Federal Reserve Bank of Richmond to establish a branch in Baltimore. It has informally reached agreement that it will take favorable action upon the proposal, but has deferred formal decision until such time as it is advised of the action of Congress with reference to the amendments to the Federal Reserve Act now pending before that body, inasmuch as these amendments have a direct bearing upon the case of other cities, the establishment of branches in which is under consideration.

### Use of Coin Counting Machines.

Learning that considerable sums in gold are regularly withdrawn from banks in various places for pay-roll purposes, the Federal Reserve Board on May 15 sent the following letter to all Federal Reserve Agents.

The use of gold coin in machines for counting money has proved that there is quite a serious abrasion of the coin. This draws attention to the fact that in our own country, as well as in Europe, the use of gold coin as currency in the hands of the people is disappearing. The public does not want to carry gold coin, and its use leads to rapid abrasion and consequent loss of value. In the United States it may be truly said that as a practical matter coined gold is only used as security behind gold certificates, or for foreign exchange purposes where nothing else can be used in adjusting international balances.

The manufacturers of coin counting machines will undoubtedly make a strenuous protest

against the enforcement of any order forbidding or discouraging the use of their machines for counting gold coin, but when the matter is explained to them they ought to see the importance of protecting the country's gold supply and discouraging the wasteful use of gold for pay rolls, especially when it is remembered that the recipient of gold coin would in most cases much prefer paper money. Of course, it is unnecessary to say that coin counting machines are very valuable in counting silver money, and their use in this way is in no way objected to, silver coinage being accepted by tale and not by weight.

It is suggested that the banks of your district be invited to point out to corporations or firms of their district using these coin counting machines that they should forego the slightest advantage or greater convenience derived from the use of gold in making up their pay rolls, in view of the loss such use causes to the country by the abrasion involved and by the keeping in circulation of gold which if held by the Federal Reserve Banks would add to the greater credit power of the country.

### 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 May Bulletin:

#### DISTRICT No. 1.

Trustee, executor, and administrator:  
Capital National Bank, Windsor, Vt.

#### DISTRICT No. 4.

Trustee and registrar of stocks and bonds:  
First-Second National Bank, Akron, Ohio.  
First National Bank, Cleveland, Ohio.

#### DISTRICT No. 7.

Trustee, executor, administrator, and registrar of stocks and bonds:  
Citizens National Bank, Crawfordsville, Ind.  
First National Bank, Dubuque, Iowa.  
Emmetsburg National Bank, Emmetsburg, Iowa.

#### DISTRICT No. 8.

Trustee, executor, administrator, and registrar of stocks and bonds:  
First National Bank, Fordyce, Ark.  
National Bank of Commerce in St. Louis, St. Louis, Mo.

#### DISTRICT No. 12.

Registrar of stocks and bonds:  
Boise City National Bank, Boise, Idaho.

**Failures by Federal Reserve Districts.**

The reduction in the country's mortality, which has been a conspicuous feature for many months, continues, 871 commercial failures being reported to R. G. Dun & Co. for three weeks of May, as against 1,015 in the same period of 1916. With only 1,069 defaults, the record for April, the latest month for which complete returns are available, is the best in point of number of any month back to June, 1912, and the liabilities, \$12,587,213, are the smallest since last October and compare with \$18,382,637 in April, 1916. As contrasted with the high point for the period—April, 1915—the numerical decrease is 48 per cent and the contraction in amount over 70 per cent. Excepting the first and twelfth districts, where there were increases of 5 and 4 insolvencies, respectively, and the fourth district, where no change occurred, failures during April were less numerous than last year in every Federal Reserve district and the improvement was marked in nearly all instances. An equally good showing appears in respect to the liabilities, which were smaller in all districts, aside from fourth and twelfth, the expansion in the latter alone being of any size. The figures for two years are compared below:

*Failures during April.*

Districts.	Number.		Liabilities.	
	1917	1916	1917	1916
First.....	122	117	\$1,643,235	\$1,865,357
Second.....	201	243	4,005,018	4,112,886
Third.....	47	97	1,249,883	1,883,363
Fourth.....	90	90	1,180,192	1,145,029
Fifth.....	57	85	553,992	811,502
Sixth.....	74	163	914,200	1,590,744
Seventh.....	159	173	856,910	3,477,658
Eighth.....	54	64	208,428	548,185
Ninth.....	24	56	207,200	408,375
Tenth.....	41	79	260,208	645,268
Eleventh.....	44	80	228,577	1,023,010
Twelfth.....	156	152	1,279,300	865,000
Total.....	1,039	1,399	12,587,213	18,382,637

**Amendments to the Federal Reserve Act.**

The bill carrying amendments to the Federal Reserve Act, which has been for some time past before Congress, was adopted by the House of Representatives on May 5 and by the Senate on May 9. During the week ending May 25 the measure was under consideration

in conference committee, and it had been expected that a definite conclusion would be arrived at for the purpose of reconciling the differences between the Senate and House drafts of the bill. Unexpected delays having occurred, the bill is herewith reprinted in its latest form, with the measure as passed by the House and then stricken out by the Senate first presented, followed by the Senate draft.

[65th Congress, 1st session. H. R. 3673. In the House of Representatives. May 10, 1917. Ordered to be printed with the amendment of the Senate.]

AN ACT To amend the act approved December twenty-third, nineteen hundred and thirteen, known as the Federal reserve act, as amended by the acts of August fourth, nineteen hundred and fourteen, August fifteenth, nineteen hundred and fourteen, March third, nineteen hundred and fifteen, and September seventh, nineteen hundred and sixteen.

**HOUSE BILL.**

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section four of the act approved December twenty-third, nineteen hundred and thirteen, known as the Federal reserve act, be amended in the paragraph relating to the appointment of class C directors and prescribing their duties so as to read as follows:*

“Class C directors shall be appointed by the Federal Reserve Board. They shall have been for at least two years residents of the district for which they are appointed one of whom shall be designated by said board as chairman of the board of directors of the Federal reserve bank and as ‘Federal reserve agent.’ He shall be a person of tested banking experience, and in addition to his duties as chairman of the board of directors of the Federal reserve bank, he shall be required to maintain, under regulations to be established by the Federal Reserve Board, a local office of said board on the premises of the Federal reserve bank. He shall make regular reports to the Federal Reserve Board and shall act as its official representative for the performance of the functions conferred upon it by this act. He shall receive an annual compensation to be fixed by the Federal Reserve Board and paid monthly by the Federal Reserve Board to which he is designated. One of the directors of class C, who shall be a person of tested banking experience, shall be appointed by the Federal Reserve Board as deputy chairman to exercise the powers of the chairman of the board when necessary.

“Subject to the approval of the Federal Reserve Board, the Federal reserve agent shall appoint one or more assistants. Such assistants, who shall be persons of tested banking experience, shall assist the Federal reserve agent in the performance of his duties and shall also have power to act in his name and stead during his absence or disability.

The Federal Reserve Board shall require such bonds of the assistant Federal reserve agents as they may deem necessary for their own protection. Assistants to the Federal reserve agent shall receive an annual compensation, to be fixed and paid in the same manner as that of the Federal reserve agent."

SEC. 2. That the first paragraph of section thirteen be further amended so as to read as follows:

"Any Federal reserve bank may receive from any of its member banks, and from the United States, deposits of current funds in lawful money, national bank notes, Federal reserve notes, or checks and drafts, payable upon presentation, and also for collection, maturing notes and bills; or, solely for purposes of exchange or of collection, may receive from other Federal reserve banks deposits of current funds in lawful money, national bank notes, or checks upon other Federal reserve banks, and checks and drafts, payable upon presentation within its district, and maturing notes and bills payable within its district; or, solely for the purposes of exchange or of collection, may receive from any nonmember bank or trust company deposits of current funds in lawful money, national bank notes, Federal reserve notes, checks and drafts payable upon presentation, or maturing notes and bills: *Provided*, That such nonmember bank or trust company maintains with the Federal reserve bank of its district a balance in an amount to be determined by the Federal Reserve Board under such rules and regulations as it may prescribe."

SEC. 3. That the fifth paragraph of section thirteen be, and is hereby, amended further so as to read as follows:

"Any member bank may accept drafts or bills of exchange drawn upon it having not more than six months sight to run, exclusive of days of grace, which grow out of transactions involving the importation or exportation of goods; or which grow out of transactions involving the domestic shipment of goods provided shipping documents conveying or securing title are attached at the time of acceptance; or which are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples. No member bank shall accept, whether in a foreign or domestic transaction, for any one person, company, firm, or corporation to an amount equal at any time in the aggregate to more than ten per centum of its paid-up and unimpaired capital stock and surplus, unless the bank is secured either by attached documents or by some other actual security growing out of the same transaction as the acceptance; and no bank shall accept such bills to an amount equal at any time in the aggregate to more than one-half of its paid up and unimpaired capital stock and surplus: *Provided, however*, That the Federal Reserve Board, under such general regulations as it may prescribe, which shall apply to all banks alike regardless of the amount of capital stock and surplus, may authorize any member bank to accept such bills to an amount not exceeding at any time in the aggregate one hundred per centum of its paid-up and unimpaired capital stock and

surplus: *Provided, however*, That the aggregate of acceptances growing out of domestic transactions shall in no event exceed fifty per centum of such capital stock and surplus."

SEC. 4. That section seventeen be, and is hereby, amended so as to read as follows:

"SEC. 17. So much of the provisions of section fifty-one hundred and fifty-nine of the Revised Statutes of the United States and section four of the act of June twentieth, eighteen hundred and seventy-four, and section eight of the act of July twelfth, eighteen hundred and eighty-two, and of any other provisions of existing statutes as require that before any national banking association shall be authorized to commence banking business it shall transfer and deliver to the Treasurer of the United States a stated amount of United States registered bonds, and so much of those provisions or of any other provisions of existing statutes as require any national banking association now or hereafter organized to maintain a minimum deposit of such bonds with the Treasurer is hereby repealed."

SEC. 5. That section nineteen be further amended and reenacted so as to read as follows:

"SEC. 19. Demand deposits within the meaning of this act shall comprise all deposits payable within thirty days, and time deposits shall comprise all deposits payable after thirty days, all savings accounts and certificates of deposit which are subject to not less than thirty days' notice before payment, and all postal savings deposits.

"Every bank, banking association, or trust company which is or which becomes a member of any Federal reserve bank shall establish and maintain reserve balances with its Federal reserve bank as follows:

"(a) If not in a reserve or central reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district an actual net balance equal to not less than seven per centum of the aggregate amount of its demand deposits and three per centum of its time deposits.

"(b) If in a reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district an actual net balance equal to not less than ten per centum of the aggregate amount of its demand deposits and three per centum of its time deposits.

"(c) If in a central reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district an actual net balance equal to not less than thirteen per centum of the aggregate amount of its demand deposits and three per centum of its time deposits.

"No member bank shall keep on deposit with any nonmember bank a sum in excess of ten per centum of its own paid up capital and surplus. No member bank shall act as the medium or agent of a nonmember bank in applying for or receiving discounts from a Federal reserve bank under the provisions of this act, except by permission of the Federal Reserve Board.

"The required balance carried by a member bank with a Federal reserve bank may, under the regulations and

subject to such penalties as may be prescribed by the Federal Reserve Board, be checked against and withdrawn by such member bank for the purpose of meeting existing liabilities: *Provided, however,* That no bank shall at any time make new loans or shall pay any dividends unless and until the total balance required by law is fully restored.

"In estimating the balances required by this act, the net difference of amounts due to and from other banks shall be taken as the basis for ascertaining the deposits against which required balances with Federal reserve banks shall be determined.

"National banks, or banks organized under local laws, located in Alaska or in a dependency or insular possession or any part of the United States outside the continental United States may remain nonmember banks, and shall in that event maintain reserves and comply with all the conditions now provided by law regulating them; or said banks may, with the consent of the Reserve Board, become member banks of any one of the reserve districts, and shall in that event take stock, maintain reserves, and be subject to all the other provisions of this Act."

SEC. 6. That that part of section twenty-two which reads as follows: "Other than the usual salary or director's fees paid to any officer, director, or employee of a member bank and other than a reasonable fee paid by said bank to such officer, director, or employee for services rendered to such bank no officer, director, employee, or attorney of a member bank shall be a beneficiary of or receive, directly or indirectly, any fee, commission, gift, or business of the bank," be, and hereby is, amended and reenacted so as to read as follows:

"Other than the usual salary or fee paid to any officer, director, employee, or attorney of a member bank, and other than a reasonable fee paid by said bank to such officer, director, employee, or attorney for services rendered to such bank, no officer, director, employee, or attorney of a member bank shall be a beneficiary of or receive, directly or indirectly, any fee, commission, gift, or other consideration for or in connection with any transaction or business of the bank: *Provided, however,* That nothing in this act contained shall be construed to prohibit a director, officer, or employee from receiving the same rate of interest paid to other depositors for similar deposits made with such bank: *And provided further,* That notes, drafts, bills of exchange, or other evidences of debt executed or indorsed by directors of a member bank may be discounted with such member bank on the same terms and conditions as other notes, drafts, bills of exchange, or evidences of debt upon the affirmative vote or written assent of a majority of the board of directors of such member bank."

SEC. 7. That section three of the act be amended and reenacted so as to read as follows:

"SEC. 3. The Federal Reserve Board may permit or require any Federal reserve bank to establish branch banks

within the Federal reserve district in which it is located or within the district of any Federal reserve bank which may have been suspended. Such branches, subject to such rules and regulations as the Federal Reserve Board may prescribe, shall be operated under the supervision of a board of directors to consist of not more than seven nor less than three directors, of whom a majority of one shall be appointed by the Federal reserve bank of the district, and the remaining directors by the Federal Reserve Board. Directors of branch banks shall hold office during the pleasure of the Federal Reserve Board."

SEC. 8. That section fourteen, subsection (c), of the act be amended and reenacted so as to read as follows:

(e) "To establish accounts with other Federal reserve banks for exchange purposes and, with the consent or upon the order and direction of the Federal Reserve Board and under regulations to be prescribed by said board, to open and maintain accounts in foreign countries, appoint correspondents, and establish agencies in such countries wheresoever it may be deemed best for the purpose of purchasing, selling, and collecting bills of exchange, and to buy, and sell, with or without its indorsement, through such correspondents or agencies, bills of exchange (or acceptances) arising out of actual commercial transactions which have not more than ninety days to run, exclusive of days of grace, and which bear the signature of two or more responsible parties, and, with the consent of the Federal Reserve Board, to open and maintain banking accounts for such foreign correspondents or agencies. Whenever any such account has been opened or agency or correspondent has been appointed by a Federal reserve bank, with the consent of or under the order and direction of the Federal Reserve Board, any other Federal reserve bank may, with the consent and approval of the Federal Reserve Board, be permitted to carry on or conduct, through the Federal reserve bank opening such account or appointing such agency or correspondent, any transaction authorized by this section under rules and regulations to be prescribed by the board."

SEC. 9. That section nine of the Federal reserve act be amended to read as follows:

"SEC. 9. Any bank incorporated by special law of any State, or organized under the general laws of any State or of the United States, desiring to become a member of the Federal Reserve System, may make application to the Federal Reserve Board for the right to subscribe to the stock of the Federal reserve bank organized within the district in which the applying bank is located. Such application shall be for the same amount of stock that the applying bank would be required to subscribe to as a national bank. The Federal Reserve Board, in accordance with such rules and regulations, and subject to such conditions as it may prescribe, may permit the applying bank to become a stockholder of such Federal reserve bank.

"In acting upon such applications the Federal Reserve Board shall consider the financial condition of the apply-

ing bank, the general character of its management, and whether or not the corporate powers exercised are consistent with the purposes of this act.

"Whenever the Federal Reserve Board shall permit the applying bank to become a stockholder in the Federal reserve bank of the district its stock subscription shall be payable on call of the Federal Reserve Board, and stock issued to it shall be held subject to the provisions of this act.

"All banks admitted to membership under authority of this section shall be required to comply with the reserve and capital requirements of this act and to conform to those provisions of law imposed on national banks which prohibit such banks from lending on or purchasing their own stock, which relate to the withdrawal or impairment of their capital stock, and which relate to the payment of unearned dividends. Such banks and the officers, agents, and employees thereof shall also be subject to the provisions of and to the penalties prescribed by section fifty-two hundred and nine of the Revised Statutes, and shall be required to make reports of condition and of the payment of dividends to the Federal reserve bank of which they become a member. Not less than three of such reports shall be made annually on call of the Federal reserve bank on dates to be fixed by the Federal Reserve Board. Failure to make such reports within ten days after the date they are called for shall subject the offending bank to a penalty of \$100 a day for each day that it fails to transmit such report; such penalty to be collected by the Federal reserve bank by suit or otherwise.

"As a condition of membership such banks shall likewise be subject to examinations made by direction of the Federal Reserve Board or of the Federal reserve bank by examiners selected or approved by the Federal Reserve Board.

"Whenever the directors of the Federal reserve bank shall approve the examinations made by the State authorities, such examinations and the reports thereof may be accepted in lieu of examinations made by examiners selected or approved by the Federal Reserve Board: *Provided, however,* That when it deems it necessary the board may order special examinations by examiners of its own selection and shall in all cases approve the form of the report. The expenses of all examinations, other than those made by State authorities, shall be assessed against and paid by the banks examined in the same manner and at the same rate that national banks are assessed for such expenses.

"If at any time it shall appear to the Federal Reserve Board that a member bank has failed to comply with the provisions of this section or the regulations of the Federal Reserve Board made pursuant thereto, it shall be within the power of the board after hearing to require such bank to surrender its stock in the Federal reserve bank and to forfeit all rights and privileges of membership. The Federal Reserve Board may restore membership upon due proof of compliance with the conditions imposed by this section.

"Any State bank or trust company desiring to withdraw from membership in a Federal reserve bank may do so, after six months' written notice shall have been filed with the Federal Reserve Board, upon the surrender and cancellation of all of its holdings of capital stock in the Federal reserve bank: *Provided, however,* That no Federal reserve bank shall, except under express authority of the Federal Reserve Board, cancel within the same calendar year more than ten per centum of its capital stock for the purpose of effecting voluntary withdrawals during that year. All such applications shall be dealt with in the order in which they are filed with the board. Whenever a member bank shall surrender its stock holdings in a Federal reserve bank, or shall be ordered to do so by the Federal Reserve Board, under authority of law, all of its rights and privileges as a member bank shall thereupon cease and determine, and after due provision has been made for any indebtedness due or to become due to the Federal reserve bank it shall be entitled to a refund of its cash paid subscription with interest at the rate of one-half of one per centum per month from date of last dividend, if earned, the amount refunded in no event to exceed the book value of the stock at that time, and shall likewise be entitled to repayment of deposits and of any other balance due from the Federal reserve bank.

"No applying bank shall be admitted to membership in a Federal reserve bank unless it possesses a paid up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated under the provisions of the national bank Act.

"Banks becoming members of the Federal reserve system under authority of this section shall be subject to the provisions of this section and to those of this act which relate specifically to member banks, but shall not be subject to examination under the provisions of the first two paragraphs of section fifty-two hundred and forty of the Revised Statutes as amended by section twenty-one of this act. Subject to the provisions of this act and to the regulations of the board made pursuant thereto, any bank becoming a member of the Federal Reserve System shall retain its full charter and statutory rights as a State bank or trust company, and may continue to exercise all corporate powers granted it by the State in which it was created, and shall be entitled to all privileges of member banks: *Provided, however,* That no Federal reserve bank shall be permitted to discount for any State bank or trust company notes, drafts, or bills of exchange of any one borrower who is liable for borrowed money to such State bank or trust company in an amount greater than ten per centum of the capital and surplus of such State bank or trust company, but the discount of bills of exchange drawn against actually existing value shall not be considered as borrowed money within the meaning of this section. The Federal reserve bank, as a condition of the discount of notes, drafts, and bills of exchange for such State bank or trust company shall require a certificate or guarantee to the effect that the borrower is not liable to such bank in excess of the amount provided by this section, and will not be permitted to

become liable in excess of this amount while such notes, drafts, or bills of exchange are under discount with the Federal reserve bank.

"It shall be unlawful for any officer, clerk, or agent of any bank admitted to membership under authority of this section to certify any check drawn upon such bank unless the person or company drawing the check has on deposit therewith at the time such check is certified an amount of money equal to the amount specified in such check. Any check so certified by duly authorized officers shall be a good and valid obligation against such bank, but the act of any such officer, clerk, or agent in violation of this section may subject such bank to a forfeiture of its membership in the Federal Reserve System upon hearing by the Federal Reserve Board."

#### SENATE BILL.

That section four of the act approved December twenty-third, nineteen hundred and thirteen, known as the Federal reserve act, be amended by striking out the sentence reading as follows: "One of the directors of class C, who shall be a person of tested banking experience, shall be appointed by the Federal Reserve Board as deputy chairman and deputy Federal reserve agent, to exercise the powers of the chairman of the board and Federal reserve agent in case of absence or disability of his principal," and by adding in place thereof the following:

"Subject to the approval of the Federal Reserve Board, the Federal reserve agent shall appoint one or more assistants. Such assistants, who shall be persons of tested banking experience, shall assist the Federal reserve agent in the performance of his duties and shall also have power to act in his name and stead during his absence or disability. The Federal reserve agent may require such bonds of his assistants as he may deem necessary for his own protection. Assistants to the Federal reserve agent shall receive an annual compensation to be fixed and paid in the same manner as that of the Federal reserve agent. One of the directors of class C shall be appointed by the Federal Reserve Board as vice chairman to exercise the powers of the chairman of the board in case of the absence or disability of the Federal reserve agent; in case of the absence of the chairman and vice chairman, the third class C director shall preside at meetings of the board."

SEC. 2. That section nine of the Federal reserve act be amended to read as follows:

"SEC. 9. Any bank incorporated by special law of any State, or organized under the general laws of any State or of the United States, desiring to become a member of the Federal Reserve System, may make application to the Federal Reserve Board under such rules and regulations as it may prescribe for the right to subscribe to the stock of the Federal reserve bank organized within the district in which the applying bank is located. Such application shall be for the same amount of stock that the applying bank would be required to subscribe to as a national bank. The Federal Reserve Board, subject to such conditions as

it may prescribe, may permit the applying bank to become a stockholder of such Federal reserve bank.

"In acting upon such applications the Federal Reserve Board shall consider the financial condition of the applying bank, the general character of its management, and whether or not the corporate powers exercised are consistent with the purposes of this act.

"Whenever the Federal Reserve Board shall permit the applying bank to become a stockholder in the Federal reserve bank of the district its stock subscription shall be payable on call of the Federal Reserve Board, and stock issued to it shall be held subject to the provisions of this act.

"All banks admitted to membership under authority of this section shall be required to comply with the reserve and capital requirements of this act and to conform to those provisions of law imposed on national banks which prohibit such banks from lending on or purchasing their own stock, which relate to the withdrawal or impairment of their capital stock, and which relate to the payment of unearned dividends. Such banks and the officers, agents, and employees thereof shall also be subject to the provisions of and to the penalties prescribed by section fifty-two hundred and nine of the Revised Statutes, and shall be required to make reports of condition and of the payment of dividends to the Federal reserve bank of which they become a member. Not less than three of such reports shall be made annually on call of the Federal reserve bank on dates to be fixed by the Federal Reserve Board. Failure to make such reports within ten days after the date they are called for shall subject the offending bank to a penalty of \$100 a day for each day that it fails to transmit such report; such penalty to be collected by the Federal reserve bank by suit or otherwise.

"As a condition of membership such banks shall likewise be subject to examinations made by direction of the Federal Reserve Board or of the Federal reserve bank by examiners selected or approved by the Federal Reserve Board.

"Whenever the directors of the Federal reserve bank shall approve the examinations made by the State authorities, such examinations and the reports thereof may be accepted in lieu of examinations made by examiners selected or approved by the Federal Reserve Board: *Provided, however,* That when it deems it necessary the board may order special examinations by examiners of its own selection and shall in all cases approve the form of the report. The expenses of all examinations, other than those made by State authorities, shall be assessed against and paid by the banks examined.

"If at any time it shall appear to the Federal Reserve Board that a member bank has failed to comply with the provisions of this section or the regulations of the Federal Reserve Board made pursuant thereto, it shall be within the power of the board after hearing to require such bank to surrender its stock in the Federal reserve bank and to forfeit all rights and privileges of membership. The Federal Reserve Board may restore membership upon due

proof of compliance with the conditions imposed by this section.

"Any State bank or trust company desiring to withdraw from membership in a Federal reserve bank may do so, after six months' written notice shall have been filed with the Federal Reserve Board, upon the surrender and cancellation of all of its holdings of capital stock in the Federal reserve bank: *Provided, however,* That no Federal reserve bank shall, except under express authority of the Federal Reserve Board, cancel within the same calendar year more than twenty-five per centum of its capital stock for the purpose of effecting voluntary withdrawals during that year. All such applications shall be dealt with in the order in which they are filed with the board. Whenever a member bank shall surrender its stock holdings in a Federal reserve bank, or shall be ordered to do so by the Federal Reserve Board, under authority of law, all of its rights and privileges as a member bank shall thereupon cease and determine, and after due provision has been made for any indebtedness due or to become due to the Federal reserve bank it shall be entitled to a refund of its cash paid subscription with interest at the rate of one-half of one per centum per month from date of last dividend, if earned, the amount refunded in no event to exceed the book value of the stock at that time, and shall likewise be entitled to repayment of deposits and of any other balance due from the Federal reserve bank.

"No applying bank shall be admitted to membership in a Federal reserve bank unless it possesses a paid-up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated under the provisions of the national bank act.

"Banks becoming members of the Federal reserve system under authority of this section shall be subject to the provisions of this section and to those of this act which relate specifically to member banks, but shall not be subject to examination under the provisions of the first two paragraphs of section fifty-two hundred and forty of the Revised Statutes as amended by section twenty-one of this act. Subject to the provisions of this act and to the regulations of the board made pursuant thereto, any bank becoming a member of the Federal Reserve System shall retain its full charter and statutory rights as a State bank or trust company, and may continue to exercise all corporate powers granted it by the State in which it was created, and shall be entitled to all privileges of member banks: *Provided, however,* That no Federal reserve bank shall be permitted to discount for any State bank or trust company notes, drafts, or bills of exchange of any one borrower who is liable for borrowed money to such State bank or trust company in an amount greater than ten per centum of the capital and surplus of such State bank or trust company, but the discount of bills of exchange drawn against actually existing value and the discount of commercial or business paper actually owned by the person negotiating the same shall not be considered as borrowed money within the meaning of this section. The

Federal reserve bank, as a condition of the discount of notes, drafts, and bills of exchange for such State bank or trust company, shall require a certificate or guarantee to the effect that the borrower is not liable to such bank in excess of the amount provided by this section, and will not be permitted to become liable in excess of this amount while such notes, drafts, or bills of exchange are under discount with the Federal reserve bank.

"It shall be unlawful for any officer, clerk, or agent of any bank admitted to membership under authority of this section to certify any check drawn upon such bank unless the person or company drawing the check has on deposit therewith at the time such check is certified an amount of money equal to the amount specified in such check. Any check so certified by duly authorized officers shall be a good and valid obligation against such bank, but the act of any such officer, clerk, or agent in violation of this section may subject such bank to a forfeiture of its membership in the Federal Reserve System upon hearing by the Federal Reserve Board."

SEC. 3. That the first paragraph of section thirteen be amended so as to read as follows:

"Any Federal reserve bank may receive from any of its member banks, and from the United States, deposits of current funds in lawful money, national-bank notes, Federal reserve notes, or checks and drafts payable upon presentation, and also, for collection, maturing notes and bills; or, solely for purposes of exchange or of collection, may receive from other Federal reserve banks deposits of current funds in lawful money, national-bank notes, or checks upon other Federal reserve banks, and checks and drafts payable upon presentation within its district, and maturing notes and bills payable within its district; or, solely for the purposes of exchange or of collection, may receive from any nonmember bank or trust company deposits of current funds in lawful money, national-bank notes, Federal reserve notes, checks and drafts payable upon presentation, or maturing notes and bills: *Provided,* Such nonmember bank or trust company maintains with the Federal reserve bank of its district a balance sufficient to offset the items in transit held for its account by the Federal reserve bank: *Provided further,* That nothing in this or any other section of this act shall be construed as prohibiting a member or nonmember bank from making reasonable charges, in no case to exceed 10 cents per \$100 or fraction thereof, based on the total of checks and drafts presented at any one time, for collection or payment of checks and drafts and remission therefor by exchange or otherwise."

SEC. 4. That the fifth paragraph of section thirteen be, and is hereby, amended so as to read as follows:

"Any member bank may accept drafts or bills of exchange drawn upon it having not more than six months' sight to run, exclusive of days of grace, which grow out of transactions involving the importation or exportation of goods; or which grow out of transactions involving the domestic shipment of goods provided shipping documents

conveying or securing title are attached at the time of acceptance; or which are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples. No member bank shall accept, whether in a foreign or domestic transaction, for any one person, company, firm, or corporation to an amount equal at any time in the aggregate to more than ten per centum of its paid-up and unimpaired capital stock and surplus, unless the bank is secured either by attached documents or by some other actual security growing out of the same transaction as the acceptance; and no bank shall accept such bills to an amount equal at any time in the aggregate to more than one-half of its paid-up and unimpaired capital stock and surplus: *Provided, however,* That the Federal Reserve Board, under such general regulations as it may prescribe, which shall apply to all banks alike regardless of the amount of capital stock and surplus, may authorize any member bank to accept such bills to an amount not exceeding at any time in the aggregate one hundred per centum of its paid-up and unimpaired capital stock and surplus: *Provided further,* That in no event shall a bank accept for any one person, company, firm, or corporation to an amount equal at any time in the aggregate to more than twenty per centum of its paid-up and unimpaired capital stock and surplus."

SEC. 5. That section sixteen, paragraphs two, three, four, five, six, and seven, be further amended and re-enacted so as to read as follows:

"Any Federal reserve bank may make application to the local Federal reserve agent for such amount of the Federal reserve notes hereinbefore provided for as it may require. Such application shall be accompanied with a tender to the local Federal reserve agent of collateral in amount equal to the sum of the Federal reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes, drafts, bills of exchange, or acceptances acquired under the provisions of section thirteen of this act, or bills of exchange indorsed by a member bank of any Federal reserve district and purchased under the provisions of section fourteen of this act, or bankers' acceptances purchased under the provisions of said section fourteen, or gold or gold certificates; but in no event shall such collateral security, whether gold, gold certificates, or eligible paper, be less than the amount of Federal reserve notes applied for. The Federal reserve agent shall each day notify the Federal Reserve Board of all issues and withdrawals of Federal reserve notes to and by the Federal reserve bank to which he is accredited. The said Federal Reserve Board may at any time call upon a Federal reserve bank for additional security to protect the Federal reserve notes issued to it.

"Every Federal reserve bank shall maintain reserves in gold or lawful money of not less than thirty-five per centum against its deposits and reserves in gold of not less than forty per centum against its Federal reserve notes in actual circulation: *Provided, however,* That when the Federal

reserve agent holds gold or gold certificates as collateral for Federal reserve notes issued to the bank such gold or gold certificates shall be counted as part of the gold reserve which such bank is required to maintain against its Federal reserve notes in actual circulation. Notes so paid out shall bear upon their faces a distinctive letter and serial number, which shall be assigned by the Federal Reserve Board to each Federal reserve bank. Whenever Federal reserve notes issued through one Federal reserve bank shall be received by another Federal reserve bank, they shall be promptly returned for credit or redemption to the Federal reserve bank through which they were originally issued or, upon direction of such Federal reserve bank, they shall be forwarded direct to the Treasurer of the United States to be retired. No Federal reserve bank shall pay out notes issued through another under penalty of a tax of ten per centum upon the face value of notes so paid out. Notes presented for redemption at the Treasury of the United States shall be paid out of the redemption fund and returned to the Federal reserve banks through which they were originally issued, and thereupon such Federal reserve bank shall, upon demand of the Secretary of the Treasury, reimburse such redemption fund in lawful money or, if such Federal reserve notes have been redeemed by the Treasurer in gold or gold certificates, then such funds shall be reimbursed to the extent deemed necessary by the Secretary of the Treasury in gold or gold certificates, and such Federal reserve bank shall, so long as any of its Federal reserve notes remain outstanding, maintain with the Treasurer in gold an amount sufficient in the judgment of the Secretary to provide for all redemptions to be made by the Treasurer. Federal reserve notes received by the Treasurer otherwise than for redemption may be exchanged for gold out of the redemption fund hereinafter provided and returned to the reserve bank through which they were originally issued, or they may be returned to such bank for the credit of the United States. Federal reserve notes unfit for circulation shall be returned by the Federal reserve agents to the Comptroller of the Currency for cancellation and destruction.

"The Federal Reserve Board shall require each Federal reserve bank to maintain on deposit in the Treasury of the United States a sum in gold sufficient in the judgment of the Secretary of the Treasury for the redemption of the Federal reserve notes issued to such bank, but in no event less than five per centum of the total amount of notes issued less the amount of gold or gold certificates held by the Federal reserve agent as collateral security; but such deposit of gold shall be counted and included as part of the forty per centum reserve hereinbefore required. The board shall have the right, acting through the Federal reserve agent, to grant, in whole or in part, or to reject entirely the application of any Federal reserve bank for Federal reserve notes; but to the extent that such application may be granted the Federal Reserve Board shall, through its local Federal reserve agent, supply Federal reserve notes to the banks so applying, and such bank shall be charged with

the amount of notes issued to it and shall pay such rate of interest as may be established by the Federal Reserve Board on only that amount of such notes which equals the total amount of its outstanding Federal reserve notes less the amount of gold or gold certificates held by the Federal reserve agent as collateral security. Federal reserve notes issued to any such bank shall, upon delivery, together with such notes of such Federal reserve bank as may be issued under section eighteen of this act upon security of United States two per centum Government bonds, become a first and paramount lien on all the assets of such bank.

"Any Federal reserve bank may at any time reduce its liability for outstanding Federal reserve notes by depositing with the Federal reserve agent its Federal reserve notes, gold, gold certificates, or lawful money of the United States. Federal reserve notes so deposited shall not be reissued, except upon compliance with the conditions of an original issue.

"The Federal reserve agent shall hold such gold, gold certificates or lawful money available exclusively for exchange for the outstanding Federal reserve notes when offered by the reserve bank of which he is a director. Upon the request of the Secretary of the Treasury the Federal Reserve Board shall require the Federal reserve agent to transmit to the Treasurer of the United States so much of the gold held by him as collateral security for Federal reserve notes as may be required for the exclusive purpose of the redemption of such Federal reserve notes, but such gold when deposited with the Treasurer shall be counted and considered as if collateral security on deposit with the Federal reserve agent.

"Any Federal reserve bank may at its discretion withdraw collateral deposited with the local Federal reserve agent for the protection of its Federal reserve notes issued to it and shall at the same time substitute therefor other collateral of equal amount with the approval of the Federal reserve agent under regulations to be prescribed by the Federal Reserve Board. Any Federal reserve bank may retire any of its Federal reserve notes by depositing them with the Federal reserve agent or with the Treasurer of the United States, and such Federal reserve bank shall thereupon be entitled to receive back the collateral deposited with the Federal reserve agent for the security of such notes. Federal reserve banks shall not be required to maintain the reserve or the redemption fund heretofore provided for against Federal reserve notes which have been retired. Federal reserve notes so deposited shall not be reissued except upon compliance with the conditions of an original issue."

All Federal reserve notes and all gold, gold certificates, and lawful money issued to or deposited with any Federal reserve agent under the provisions of the Federal reserve act shall hereafter be held for such agent, under such rules and regulations as the Federal Reserve Board may prescribe, in the joint custody of himself and the Federal reserve bank to which he is accredited. Such agent and such Federal reserve bank shall be jointly liable for the

safe-keeping of such Federal reserve notes, gold, gold certificates, and lawful money. Nothing herein contained, however, shall be construed to prohibit a Federal reserve agent from depositing gold or gold certificates with the Federal Reserve Board, to be held by such board subject to his order, or with the Treasurer of the United States for the purposes authorized by law.

SEC. 6. That section sixteen be further amended by adding at the end of the section the following:

"That the Secretary of the Treasury is hereby authorized and directed to receive deposits of gold coin or of gold certificates with the Treasurer or any assistant treasurer of the United States when tendered by any Federal reserve bank or Federal reserve agent for credit to its or his account with the Federal Reserve Board. The Secretary shall prescribe by regulation the form or receipt to be issued by the Treasurer or Assistant Treasurer to the Federal reserve bank or Federal reserve agent making the deposit, and a duplicate of such receipt shall be delivered to the Federal Reserve Board by the Treasurer at Washington upon proper advices from any assistant treasurer that such deposit has been made. Deposits so made shall be held subject to the orders of the Federal Reserve Board and shall be payable in gold coin or gold certificates on the order of the Federal Reserve Board to any Federal reserve bank or Federal reserve agent at the Treasury or at the Subtreasury of the United States nearest the place of business of such Federal reserve bank or such Federal reserve agent: *Provided, however,* That any expense incurred in shipping gold to or from the Treasury or Subtreasuries in order to make such payments, or as a result of making such payments, shall be paid by the Federal Reserve Board and assessed against the Federal reserve banks. The order used by the Federal Reserve Board in making such payments shall be signed by the governor or vice governor, or such other officers or members as the board may by regulation prescribe. The form of such order shall be approved by the Secretary of the Treasury.

"The expenses necessarily incurred in carrying out these provisions, including the cost of the certificates or receipts issued for deposits received, and all expenses incident to the handling of such deposits shall be paid by the Federal Reserve Board and included in its assessments against the several Federal reserve banks.

"Gold deposits standing to the credit of any Federal reserve bank with the Federal Reserve Board shall, at the option of said bank, be counted as part of the lawful reserve which it is required to maintain against outstanding Federal reserve notes, or as a part of the reserve it is required to maintain against deposits.

"Nothing in this section shall be construed as amending section six of the act of March fourteenth, nineteen hundred, as amended by the acts of March fourth, nineteen hundred and seven, March second, nineteen hundred and eleven, and June twelfth, nineteen hundred and sixteen, nor shall the provisions of this section be construed to apply to the deposits made or to the receipts or certificates issued under those acts."

**SEC. 7.** That section seventeen be, and is hereby, amended so as to read as follows:

"**SEC. 17.** So much of the provisions of section fifty-one hundred and fifty-nine of the Revised Statutes of the United States, and section four of the act of June twentieth, eighteen hundred and seventy-four, and section eight of the act of July twelfth, eighteen hundred and eighty-two, and of any other provisions of existing statutes as require that before any national banking association shall be authorized to commence banking business it shall transfer and deliver to the Treasurer of the United States a stated amount of United States registered bonds, and so much of those provisions or of any other provisions of existing statutes as require any national banking association now or hereafter organized to maintain a minimum deposit of such bonds with the Treasurer is hereby repealed."

**SEC. 8.** That section nineteen be amended and reenacted so as to read as follows:

"**SEC. 19.** Demand deposits within the meaning of this act shall comprise all deposits payable within thirty days, and time deposits shall comprise all deposits payable after thirty days, all savings accounts and certificates of deposit which are subject to not less than thirty days' notice before payment, and all postal savings deposits.

"Every bank, banking association, or trust company which is or which becomes a member of any Federal reserve bank shall establish and maintain with its Federal reserve bank reserves as follows:

"(a) If not in a reserve or central reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district actual net reserves equal to not less than six per centum of the aggregate amount of its demand deposits and three per centum of its time deposits.

"(b) If in a reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district actual net reserves equal to not less than ten per centum of the aggregate amount of its demand deposits and three per centum of its time deposits.

"(c) If in a central reserve city, as now or hereafter defined, it shall hold and maintain with the Federal reserve bank of its district an actual net reserve equal to not less than thirteen per centum of the aggregate amount of its demand deposits and three per centum of its time deposits.

"Every member bank shall maintain in its own vaults an amount of specie or currency equal to at least four per centum of its demand deposits less the amount of those reserves with the Federal reserve bank which are in excess of the minimum reserves required by this section.

"No member bank shall keep on deposit with any nonmember bank a sum in excess of ten per centum of its own paid-up capital and surplus. No member bank shall act as the medium or agent of a nonmember bank in applying for or receiving discounts from a Federal reserve bank under the provisions of this Act except by permission of the Federal Reserve Board.

"The required balance carried by a member bank with a Federal reserve bank may, under the regulations and

subject to such penalties as may be prescribed by the Federal Reserve Board, be checked against and withdrawn by such member bank for the purpose of meeting existing liabilities: *Provided, however,* That no bank shall at any time make new loans or shall pay any dividends unless and until the total reserve required by law is fully restored.

"In estimating the reserves and the cash in vault required by this act, the net balance of amounts due to and from other banks shall be taken as the basis for ascertaining the bank deposits against which reserves with Federal reserve banks and cash in vault shall be determined.

"National banks or banks organized under local laws located in Alaska or in a dependency or insular possession or any part of the United States outside the continental United States may remain nonmember banks, and shall in that event maintain reserves and comply with all the conditions now provided by law regulating them; or said banks except in the Philippine Islands may, with the consent of the Federal Reserve Board, become member banks of any one of the reserve districts, and shall, in that event, take stock, maintain reserves, and be subject to all the other provisions of this act."

**SEC. 9.** That that part of section twenty-two which reads as follows: "Other than the usual salary or director's fees paid to any officer, director, or employee of a member bank and other than a reasonable fee paid by said bank to such officer, director, or employee for service rendered to such bank, no officer, director, employee, or attorney of a member bank shall be a beneficiary of or receive, directly or indirectly, any fee, commission, gift, or other consideration for or in connection with any transaction or business of the bank," be, and hereby is, amended and reenacted so as to read as follows:

"Other than the usual salary or director's fee paid to any officer, director, employee, or attorney of a member bank, and other than a reasonable fee paid by said bank to such officer, director, employee, or attorney for services rendered to such bank, no officer, director, employee, or attorney of a member bank shall be a beneficiary of or receive, directly or indirectly, any fee, commission, gift, or other consideration for or in connection with any transaction or business of the bank: *Provided, however,* That nothing in this act contained shall be construed to prohibit a director, officer, employee, or attorney from receiving the same rate of interest paid to other depositors for similar deposits made with such bank: *And provided further,* That notes, drafts, bills of exchange, or other evidences of debt executed or indorsed by directors or attorneys of a member bank may be discounted with such member bank on the same terms and conditions as other notes, drafts, bills of exchange, or evidences of debt upon the affirmative vote or written assent of at least three-fourths of the members of the board of directors of such member bank."

Passed the House of Representatives May 5, 1917.

Passed the Senate with an amendment May 9, 1917.

**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 April 21, 1917, to May 25, 1917, inclusive:

	Banks.	
New charters issued to.....	24	
With capital of.....		\$1,095,000
Increase of capital approved for.....	17	
With new capital of.....		2,565,000
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Aggregate number of new charters and banks increasing capital.....	41	
With aggregate of new capital authorized.....		3,660,000
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Number of banks liquidating (other than those consolidating with other national banks).....	10	
Capital of same banks.....		680,000
Number of banks reducing capital.....	0	
Reduction of capital.....		0
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Total number of banks going into liquidation or reducing capital (other than those consolidating with other national banks).....	10	
Aggregate capital reduction.....		680,000
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The foregoing statement shows the aggregate of increased capital for the period of the banks embraced in statement was.....		3,660,000
Against this there was a reduction of capital owing to liquidations (other than for consolidation with other national banks) and reductions of capital of.....		680,000
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Net increase.....		2,980,000

**Foreign Trade Banks.**

In view of the demand for legislation authorizing the granting of Federal charters to banks organized for the purpose of engaging in foreign trade and intending to exercise the functions already provided in the existing legislation, the Federal Reserve Board has renewed an earlier recommendation to Congress for the adoption of an act authorizing the granting of such charters. The bill as transmitted to the Banking and Currency Committees of the two Houses with the approval of the Board is as follows:

[A bill to amend the act approved Dec. 23, 1913, known as the Federal Reserve Act.]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Act approved December 23, 1913, known as the Federal Reserve Act, be amended by adding a new section as follows:

**BANKING CORPORATIONS AUTHORIZED TO DO FOREIGN BANKING BUSINESS.**

SECTION 25 (a). That banking corporations for carrying on the business of international banking and banking in foreign countries and (or) in the dependencies and (or) insular possessions of the United States, and in aid of commerce between the United States, its dependencies, insular possessions, and foreign countries, and to act when required as fiscal agents of the United States, may be formed by any number, not less than three, of persons, firms, companies, or corporations; for which purpose they shall enter into articles of association, in such form and containing such rules and regulations with respect to and governing the conduct of the business of the proposed corporation as may be prescribed by the Federal Reserve Board. Such articles of association shall, in general terms, specify the objects for which the banking corporation is formed, and may contain any other provisions for the regulation and conduct of the business and affairs of the corporation not inconsistent with the provisions of this act or with any other law of the United States which may be deemed proper. Such articles of association shall be signed by all of the persons, firms, companies, or corporations intending to participate in the organization of the said banking corporation and, thereafter, shall be forwarded to the Federal Reserve Board and shall be filed and preserved in its office.

The persons, firms, companies, or corporations signing the said articles of association shall also make an organization certificate which shall specify—

First. The name assumed by such corporation, which shall be subject to the approval of the Federal Reserve Board.

Second. The foreign country, countries, and (or) the dependency, dependencies, colony, or colonies thereof, and (or) the dependency or dependencies, insular possession or insular possessions of the United States where its operations are to be carried on.

Third. The place in the United States where its home office is to be located.

Fourth. The amount of its capital stock and the number of shares into which the same shall be divided.

Fifth. The name and place of business of each person, firm, company, or corporation executing such certificate, and the number of shares which each has subscribed or agreed to take.

Sixth. A declaration that said certificate is made to enable the persons, firms, companies, and corporations subscribing the same, and all other persons, firms, companies, and corporations, who or which may thereafter subscribe to or purchase shares of the capital stock of such corporation, to avail themselves of the advantages of this section.

#### CREATION OF CORPORATION.

The persons, firms, companies, and corporations, respectively, signing the said organization certificate shall duly acknowledge the execution thereof before a judge of some court of record or notary public, who shall certify there-to under the seal of such court or notary, and thereafter the certificate shall be forwarded to the Federal Reserve Board to be filed and preserved in its office. From the date of the filing of the organization certificate the corporation therein mentioned shall become and be a body corporate, and as such, and in the name designated therein, shall have power to adopt and use a corporate seal, which may be changed at the pleasure of its board of directors; to have succession for a period of twenty years, unless sooner dissolved by an act of Congress or unless its franchises become forfeited by some violation of law; to make contracts; to sue and be sued, complain and defend in any court of law or equity; to elect or appoint directors, a majority of whom shall be citizens of the United States; and, through its board of directors, to appoint such officers and employees as may be deemed proper, define their authority and duties, require security for the faithful performance of their duties from such thereof and in such amounts as may be deemed proper, dismiss them, or any thereof, at pleasure, and appoint others to fill their places; to prescribe, by its board of directors, by-laws not inconsistent with law or with the regulations of the Federal Reserve Board, specifying the manner in which its stock shall be transferred, its directors chosen, its officers and employees selected, its property transferred, its general business conducted, and its privileges exercised and enjoyed.

#### POWERS GRANTED.

Each corporation so organized shall also have power:

(a) To purchase, sell, discount, and negotiate notes, drafts, checks, bills of exchange, acceptances, including bankers' acceptances, and other evidences of indebtedness; to purchase and sell securities, including the obligations of the United States or of any State thereof; to accept bills or drafts drawn upon it; to issue letters of credit, to purchase and sell exchange, coin, and bullion; to borrow money, to lend money on real or personal security or without security; to receive deposits; and generally to exercise such powers and to do such things as are incidental to the banking business or as may be usual in connection therewith, as the same may be conducted in the country or countries, colonies, dependencies, or possessions in which it shall transact business.

(b) To establish and maintain branches or agencies in foreign countries, their dependencies or colonies, and in the dependencies or insular possessions of the United States, at such places as may be approved by the Federal Reserve Board and under such rules and regulations as it may prescribe; and the number of places where branches or agencies may be established and maintained may, from time to time, with the consent of the Federal Reserve Board, and under such rules and regulations as it may prescribe, be increased or decreased.

(c) To purchase and hold stock or other certificates of interest or ownership in any other banking corporation or association organized under the provisions of this section, or under the laws of any foreign country or a colony or dependency thereof, or under the laws of any State, dependency, or insular possession of the United States, which banking corporation, or association, shall not be transacting business in the United States, except to such extent as may be incidental to its international or foreign business: *Provided, however,* That without the consent of the Federal Reserve Board no corporation organized hereunder shall invest in any one banking corporation an amount in excess of twenty per centum of its own capital and surplus: *And provided further,* That, without the consent of the Federal Reserve Board, no corporation organized hereunder shall purchase stock in any other corporation organized under the provisions of this section or under the laws of any State of the United States or of any dependency or possession

thereof. So much of section 7 of the act approved October 15, 1914, entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," as may be in conflict with the provisions of this paragraph, is hereby amended in such manner that the provisions thereof shall not apply to a corporation organized hereunder.

(d) To exercise, through its board of directors or duly constituted officers or agents, all powers not herein expressly granted, which shall be incidental to such expressly granted powers and which shall be necessary for the purpose of carrying on the business of banking authorized by law: *Provided, however,* That no corporation organized under this section shall carry on any part of its business in the United States except such as, in the judgment of the Federal Reserve Board, shall be incidental to its international or foreign business: *And provided further,* That except such as is incidental and preliminary to its organization no such corporation shall transact any business until it has been duly authorized by the Federal Reserve Board to commence business as a corporation organized under the provisions of this section.

No corporation shall be organized under the provisions of this section with a capital stock of less than \$1,000,000, one quarter of which must be paid in before the corporation may be authorized to begin business. The capital stock of any such corporation may be increased at any time, with the approval of the Federal Reserve Board, by a vote of two-thirds of its shareholders, or by unanimous consent in writing of the shareholders without a meeting and without a formal vote; and may be reduced in like manner, provided that, in no event, shall it be less than \$1,000,000.

#### OWNERSHIP OF SHARES.

A majority of the shares of the capital stock of any such corporation shall be held and owned by citizens of the United States, by corporations chartered under the laws of the United States or of a State of the United States or by firms or companies, the controlling interest in which is owned by citizens of the United States or of a State thereof. The provisions of section eight of the act approved October 15, 1914, entitled "An act to supplement existing laws against unlawful restraints and monopolies, and for other purposes," shall not be construed to apply to the directors, other officers, agents, or employees of corporations organized under the provisions of this section.

No national bank or other member of a Federal Reserve Bank shall subscribe for or hold stock in banking corporations organized under the provisions of this section aggregating more than ten per centum of the paid-in capital and surplus of the subscribing bank.

Shareholders in such corporations shall not be liable for the contracts, debts, and engagements of such corporations except to the extent of their unpaid stock subscriptions.

Any member bank may act as agent for any corporation organized under the provisions of this section for the purpose of dealing with any Federal Reserve Bank and the Federal Reserve Board shall establish and promulgate rules and regulations defining and governing transactions which corporations organized hereunder may have with Federal Reserve Banks, either directly or through the agency of a member bank. No corporation organized hereunder shall, however, become a member of any Federal Reserve Bank.

Every corporation organized hereunder shall hold a meeting of its stockholders annually upon a date fixed in its by-laws, at which directors, or such number thereof as the by-laws may require, shall be elected to serve until their successors are elected and qualified, which meetings shall be held at its home office in the United States. At every meeting of stockholders, each shareholder shall be entitled to cast, in person or by proxy, one vote for each share held. Every such corporation shall keep at its home office books containing the names of all stockholders thereof, and the names and addresses of the members of its board of directors, together with copies of all reports made by it to the Federal Reserve Board; and each such corporation shall make reports to the Federal Reserve Board at such times and in such form as it may require; and shall be subject to examinations whenever deemed necessary by the Federal Reserve Board which examinations shall be conducted by examiners appointed by the Federal Reserve Board, the cost of such examinations, including the compensation of the examiners, to be fixed by the Federal Reserve Board and to be paid by the corporation examined.

Should any corporation organized hereunder fail to comply with any of the provisions of the laws of the United States, all of its rights, privileges, and franchises derived herefrom may thereby be forfeited. Before any such corporation shall be declared dissolved, or its rights, privileges, and franchises forfeited, any noncompliance with, or violation of such laws shall, however, be determined and adjudged by

a court of the United States of competent jurisdiction, in a suit brought for that purpose in the district or territory in which the home office of such corporation is located, which suit shall be brought by the United States at the instance of the Federal Reserve Board. Upon adjudication of such noncompliance or violation, each director and officer who participated in, or assented to, the illegal act or acts, shall be liable in his personal or individual capacity for all damages which the said corporation shall have sustained in consequence thereof. No dissolution shall take away or impair any remedy against the corporation, its stockholders, or officers for any liability or penalty previously incurred.

Any such corporation may go into voluntary liquidation and be closed and wound up by a vote of its shareholders holding two-thirds of its stock.

Whenever the Federal Reserve Board shall become satisfied of the insolvency of any such corporation it may appoint a receiver thereof, who shall take possession of all of the property and assets of the corporation and exercise the same rights, privileges, powers, and authority with respect thereto as are now exercised by receivers of national banks appointed by the Comptroller of the Currency of the United States; provided, however, that the assets of the corporation subject to the laws of other countries or jurisdictions shall be dealt with in accordance with such laws.

**GOLD SETTLEMENT FUND.**

Since the last published statement of the fund, in the Bulletin of May 1, each weekly settlement has produced increased totals, exceeding in each week the previous high record of \$338,894,000, the total of the obligations liquidated in the settlement of April 19. The settlement of May 17 showed totals liquidated of \$412,103,000, the largest amount for any one week in the history of the fund.

Transfers between Federal Reserve Banks through the fund were also large, amounting during the four weeks beginning April 20, to \$282,009,000. These transfers represent, in the main, the shifting of credits of the Treasurer of the United States with the various Federal Reserve Banks to the Federal Reserve Bank of New York. These new credits were brought about through the subscriptions by the banks to the recently issued United States certificates of indebtedness, and were transferred from the other Federal Reserve Banks to that of New York in order that the Treasurer might have funds in New York which he could use in making large payments due from the United States Government.

Below are given the figures covering the transactions which took place in the fund between the settlements of April 19 and May 17. Total obligations settled, including the four weekly settlements and ordinary transfers between banks, amounted to \$1,837,019,000, an increase of \$622,124,500 over the totals of the previous four weeks. Changes in ownership in the fund amounted to only 2.01 per cent of the obligations settled. New York, San Francisco, and Boston show the only increases.

*Amount of clearings and transfers, Federal Reserve Banks, from Apr. 20, 1917, to May 17, 1917, inclusive.*

[000 omitted.]

	Total clearings.	Balances adjusted.	Transfers.
Settlement of—			
Apr. 28, 1917.....	\$370,440	\$20,763	\$65,731
May 3, 1917.....	404,804	64,554	17,000
May 10, 1917.....	367,667	18,878	89,938
May 17, 1917.....	412,103	53,684	108,740
Total.....	1,555,014	157,879	282,009
Previously reported for 1917.....	4,408,740	250,986	98,604.5
Total since Jan. 1, 1917.....	5,963,754	408,865	380,613.5
Total transfers Jan. 1, 1917, to date.....	380,613.5		
Total for 1916, including transfers.....	5,633,966		
Total for 1915, including transfers.....	1,052,649		
Total clearings and transfers, May 20, 1915, to May 17, 1917.....	13,030,982.5		

*Changes in ownership of gold.*

[000 omitted.]

Federal Reserve Bank of—	Total to Apr. 19, 1917.		From Apr. 20, 1917, to May 17, 1917, inclusive. <sup>1</sup>				Total changes from Apr. 20, 1917, to May 17, 1917. <sup>2</sup>	
	Decrease.	Increase.	Balance to credit Apr. 19, 1917, plus net deposits of gold since that date.	Balance May 17, 1917.	Decrease.	Increase.	Decrease.	Increase.
Boston.....		\$41,380	\$16,552	\$22,316		\$5,704		\$47,144
New York.....	\$407,986		16,992	37,809		20,817	\$387,169	
Philadelphia.....		31,600	18,451	4,854	\$13,597			68,063
Cleveland.....		44,618	27,453	19,296	8,157			36,461
Richmond.....		19,907	19,055	13,655	5,400			14,507
Atlanta.....		23,897	5,961	4,973	988			22,909
Chicago.....		38,134	33,212	30,208	3,004			35,130
St. Louis.....		8,917	9,773	7,242	2,531			6,386
Minneapolis.....		10,724	8,551	7,923	628			10,096
Kansas City.....		55,125.5	24,508	22,233	2,275			52,850.5
Dallas.....		29,926.5	7,575	7,175	400			29,526.5
San Francisco.....		53,697	1,777	12,176		10,399		64,096
Total.....	407,986	407,986	189,860	189,860	36,980	36,980	387,169	387,169

<sup>1</sup> Changes in ownership of gold during period Apr. 20, 1917, to May 17, 1917, equal 2.01 per cent of obligations settled.

<sup>2</sup> Total changes in ownership of gold since May 20, 1915, equal 2.97 per cent of total obligations settled.

Gold settlement fund—Summary of transactions from Apr. 20, 1917, to May 17, 1917, inclusive.

[000 omitted.]

Federal Reserve Bank of—	Balance last statement, Apr. 19, 1917.	Gold.		Transfers.		Weekly settlements from Apr. 20, 1917, to May 17, 1917.				May 17, 1917, balance in fund after clearing.
		With-drawn.	De-posit-ed.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston.....	\$20,552	\$4,000		\$33,500	\$870	\$1,639	\$100,830	\$139,224	\$40,033	\$22,316
New York.....	21,922	25,000	\$20,000	58,613	218,850	139,420	512,893	373,473		37,809
Philadelphia.....	18,071	4,120	4,500	26,300		2,919	199,413	212,116	15,622	4,854
Cleveland.....	30,753	3,300		33,170			99,632	124,645	25,013	19,296
Richmond.....	15,325	1,750	5,480	10,625		685	80,570	85,795	5,910	13,055
Atlanta.....	5,631	450	780	10,000	9,013	5,629	49,568	49,567	5,628	4,973
Chicago.....	41,752	10,700	2,160	58,200	40,000	1,925	189,182	204,378	17,121	30,208
St. Louis.....	5,973	200	4,000	15,000	5,050		127,261	134,680	7,419	7,242
Minneapolis.....	6,351		2,200	3,600	3,000	1,933	34,709	34,681	1,905	7,923
Kansas City.....	25,258	750		17,500	1	333	77,510	92,734	15,607	22,233
Dallas.....	5,345	410	2,640	9,001			33,026	41,027	8,601	7,175
San Francisco.....	10,227	8,500	50	6,500	5,225	3,346	50,420	62,094	15,020	12,176
Total.....	207,230	59,180	41,810	282,009	282,009	157,879	1,555,014	1,555,014	157,879	189,860

Federal Reserve Agents' fund—Summary of transactions, Apr. 20, 1917, to May 17, 1917, inclusive.

[000 omitted.]

Federal Reserve Agent at—	Balance to credit Apr. 19, 1917.	With-drawn.	De-posit-ed.	Balance May 17, 1917.	Federal Reserve Agent at—	Balance to credit Apr. 19, 1917.	With-drawn.	De-posit-ed.	Balance May 17, 1917.
Philadelphia.....	\$20,590	\$400	\$4,120	\$24,310	Minneapolis.....	\$5,720	\$2,500		\$3,220
Cleveland.....	9,500		3,000	12,500	Kansas City.....	20,360	500	\$700	20,560
Richmond.....	8,100	3,600	1,500	6,000	Dallas.....	8,360	2,720		5,640
Atlanta.....	13,030		450	13,480	San Francisco.....	18,110		3,000	21,110
Chicago.....	37,770	160	10,700	48,310	Total.....	147,810	9,880	23,470	161,400
St. Louis.....	6,270			6,270					

Operations of the Federal Reserve clearing system Apr. 16, to May 15, 1917.

	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).		Total (exclusive of items drawn on Treasurer of United States) (daily average).		Items drawn on Treasurer of United States (daily average).		Member banks in district.	Non-member banks from which checks are collected at par.
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount.		
Boston.....	1,852	\$8,560,546	36,824	\$3,975,994	2,883	\$5,213,161	41,559	\$17,749,701	970	\$176,295	392	248
New York.....	4,465	31,130,454	22,504	6,334,361	16,448	9,863,679	43,417	50,328,494	7,352	1,536,436	624	1,425
Philadelphia.....	11,093	11,215,899	15,364	2,338,016	6,728	8,166,939	33,185	21,720,854	950	157,804	632	242
Cleveland.....	1,114	2,604,931	15,582	6,700,710	1,023	1,222,683	17,719	10,528,324	205	24,918	754	542
Richmond.....	1,107	2,486,723	13,763	3,879,170	1,602	2,843,000	16,472	9,208,893	196	23,508	521	270
Atlanta.....	1,209	1,162,922	10,309	1,896,109	1,555	1,707,116	13,073	4,766,147	547	54,794	382	887
Chicago.....	5,273	11,570,270	12,860	2,745,966	1,375	684,632	19,508	15,000,868	2,225	323,552	1,044	1,901
St. Louis.....	1,673	5,008,976	8,495	1,727,835	169	1,977,438	10,337	8,713,749	2,242	318,699	469	863
Minneapolis.....	2,220	4,258,335	10,742	897,275	629	820,559	13,591	5,986,169	173	19,309	721	1,028
Kansas City.....	1,955	3,800,394	9,700	1,674,881	593	3,592,025	12,248	9,067,300	814	58,547	941	1,510
Dallas.....	981	1,108,054	9,787	3,392,202	318	703,674	11,036	5,203,930	14	323	625	221
San Francisco.....	825	1,463,355	5,163	911,144	105	32,028	6,093	2,406,527	237	903,675	526	1,289
Total:												
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	3,507,865	7,634	8,926
Mar. 16 to Apr. 15, 1917.....							231,777	127,648,503			7,625	8,607
Feb. 16 to Mar. 15, 1917.....							234,475	116,404,430			7,630	8,607
Jan. 16 to Feb. 15, 1917.....							220,421	110,188,028			7,630	8,086
Dec. 16, 1916, to Jan. 15, 1917.....							241,933	121,814,589			7,622	8,130
Nov. 16 to Dec. 15, 1916.....							236,038	125,603,732			7,627	8,065
Oct. 16 to Nov. 15, 1916.....							227,489	115,061,224			7,623	8,659
Sept. 16 to Oct. 15, 1916.....							204,891	97,663,107			7,618	7,459
Aug. 16 to Sept. 15, 1916.....							177,397	78,559,704			7,618	7,449
July 15 to Aug. 15, 1916.....							133,113	59,301,696			7,624	7,032

1 Including banks from which collections are made through express companies.

## 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:

### Paper Secured by Warehouse Receipts.

(To a Member of Congress.)

Your letter of April 26, inclosing letter from \_\_\_\_\_, president of the Equity Cooperative Association of \_\_\_\_\_, has been received.

It is not entirely clear from Mr. \_\_\_\_\_'s letter for just what purpose it is desired to use the proceeds of the loans he has in mind.

Where the proceeds of loans made by member banks are used for any industrial, agricultural, or commercial purpose the notes, drafts, and bills of exchange evidencing such loans are eligible for rediscount with a Federal Reserve Bank. Where the proceeds are used merely for speculative purposes such notes are not eligible. A member bank may, of course, discount the note of a farmer whether secured or unsecured. Under the terms of the act the nature of the collateral security accepted is not the determining factor in reaching a conclusion as to whether or not the note is eligible.

If the members of his association intend to use the proceeds of loans secured by warehouse receipts for agricultural, industrial, or commercial purposes, there would seem to be no difficulty about such notes being rediscounted with a Federal Reserve Bank if they comply with the regulations of the Federal Reserve Board. If, however, they are used for the purpose of purchasing grain, with the view of holding it for a higher price, merely as a matter of speculation, the Federal Reserve Banks would not be authorized to rediscount such notes.

For your information I beg to advise that the regulations of the Board which deal with this subject are as follows:

"The Federal Reserve Board, exercising its statutory rights to define the character of a note, draft, or bill of exchange eligible for rediscount at a Federal Reserve Bank, has determined that—

"(a) It must be a note, draft, or bill of exchange the proceeds of which have been used or are to be used in producing, purchasing, carrying, or marketing goods in one or more of the steps of the process of production, manufacture, or distribution.

"(b) It must not be a note, draft, or bill of exchange, the proceeds of which have been used

or are to be used for permanent or fixed investments of any kind, such as land, buildings, or machinery.

"(c) It must not be a note, draft, or bill of exchange the proceeds of which have been used or are to be used for investments of a purely speculative character.

"(d) It may be secured by the pledge of goods or collateral, provided it is otherwise eligible."

APRIL 28, 1917.

### Bonds Secured by Real Estate.

(To a Federal Reserve Bank.)

Your letter of April 24 was duly received, and inasmuch as the matter referred to therein is one which would properly come under the jurisdiction of the Comptroller of the Currency, the question was referred to that office. I now quote below for your information a memorandum received by the Board from the Deputy Comptroller of the Currency on the subject:

"The bonds referred to in the attached correspondence aggregate \$1,200,000 and are issued on three buildings made up of a hotel, apartment house, and stores, valued by the advertiser at \$2,100,000. The owner of the property values it at \$2,500,000. These bonds are issued by an individual on the security of this real estate, and are therefore real estate loans, subject to the provisions of section 24 of the Federal Reserve Act and to the limit prescribed by section 5200, Revised Statutes. If the owner's valuation of his property is correct, the bonds would come within the 50 per cent requirement, but if the company advertising them for sale is correct, the total issue of bonds exceed 50 per cent of the value of the property and they would be unlawful investments for a national bank.

"It is also noted that the bonds are dated January 1, 1917, and that the first maturity date is January 1, 1919, the maturities of portions of the issue running up to 1923. At this time, therefore, none of the bonds would be lawful investments, as they all run for more than one year and are secured by city property.

"In cases of this kind this office would advise the bank that the bonds are loans subject to section 24 of the Federal Reserve Act and also section 5200, Revised Statutes, and as none of them conform to section 24, relative to time for which they may run, they would constitute illegal investments and should not be taken."

MAY 10, 1917.

**Surrender of Stock by Liquidated Bank.**

(To a Federal Reserve Bank.)

In reply to your letter of May 12, 1917, I wish to advise you that the Board has ruled on several occasions that the adjustment of accounts incident to the repayment of stock subscriptions to a member bank which has either liquidated or gone into the hands of a receiver must be as of the date on which the bank went into liquidation or was declared insolvent and a receiver appointed.

The Federal Reserve Act provides that when a member bank voluntarily liquidates, or when it is declared insolvent and a receiver appointed, the stock held by it in the Federal Reserve Bank must be surrendered for cancellation. A failure to comply with this provision of the law can not give to a member bank any rights greater than those which would inure to its benefit had it complied with the terms of the law.

MAY 14, 1917.

**Discount of Farmers' Paper.**

(To a Member of Congress.)

I have your letter of the 2d instant inclosing telegram from Mr. \_\_\_\_\_, which I have noted and return to you herewith.

I presume that Mr. \_\_\_\_\_ is anxious to perfect some arrangement by which the Federal Reserve Banks can discount notes for farmers direct, without the intermediation of member banks. The Federal Reserve Banks are authorized, under section 14 of the Federal Reserve Act, "under rules and regulations prescribed by the Federal Reserve Board, to purchase and sell in the open market, at home or abroad, either from or to domestic or foreign banks, firms, corporations, or individuals, cable transfers and bankers' acceptances and bills of exchange of the kinds and maturities by this act made eligible for rediscount, with or without the indorsement of a member bank."

No power is given, however, to the Board to compel such operations on the part of Federal Reserve Banks, which are allowed to exercise their discretion.

MAY 3, 1917.

**Indorsement on Bill of Exchange.**

(To a Federal Reserve Bank.)

Referring to your letter of May 1, 1917, the Federal Reserve Board is of the opinion that an indorsement on a bill of exchange which expressly exempts the indorser from any responsibility for the validity or genuineness of an accompanying bill of lading or other paper or

for the quality, quantity, or delivery of goods covered thereby, does not render the bill non-negotiable or ineligible for purchase by a Federal Reserve Bank.

An indorsement of this character is not a restrictive or qualified indorsement within the meaning of the negotiable instruments law. It passes complete legal title and makes indorser liable on the instrument, just as if there were no qualifications relative to accompanying papers. In other words, the Board believes that the provision in question is nothing but an independent collateral statement denying liability on another separate and distinct contract and in no way relates to or affects the nature of the indorsement or the indorser's liability on the contract contained in the bill of exchange.

It is suggested, however, that even though the provision in question does not affect the validity of the bill of exchange it is superfluous in view of the provisions of section 36 of the uniform bills of lading act passed by Congress and approved by the President on August 29, 1916, which provides:

"That a mortgagee or pledgee or other holder of a bill for security who in good faith demands or receives payment of the debt for which such bill is security, whether from a party to a draft drawn for such debt or from any other person, shall not be deemed by so doing to represent or warrant the genuineness of such bill or the quantity or quality of the goods therein described."

MAY 16, 1917.

**Treasury Certificates and Bonds as Security for Rediscount.**

(To an individual.)

Your letter of April 28, asking to be informed if the Treasury certificates of indebtedness and the bonds about to be issued by the Government will be accepted as security for rediscount in the Federal Reserve Banks, is received. The question of the eligibility of obligations of the United States for rediscount at Federal Reserve Banks is covered by an amendment to the Federal Reserve Act, approved September 7, 1916, as follows:

"Any Federal Reserve Bank may make advances to its member banks on their promissory notes for a period not exceeding 15 days at rates to be established by such Federal Reserve Banks, subject to the review and determination of the Federal Reserve Board, provided such promissory notes are secured by \* \* \* the deposit or pledge of bonds or notes of the United States."

APRIL 30, 1917.

## LAW DEPARTMENT.

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

### Reserves Against Government Deposits.

Under the provisions of section 7 of the act approved April 24, 1917, national banks and member banks are not required to maintain reserves against Government deposits regardless of the source of the funds deposited. This section, however, does not apply to Federal Reserve Banks.

MAY 5, 1917.

SIR: Section 7 of the act approved April 24, 1917, which is 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," contains the following proviso:

*Provided further,* 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 depositories.

You have asked whether, in the opinion of this office, this proviso is intended to apply only to deposits of funds realized from the sale of bonds authorized by this act or to all Government deposits. There does not appear to be any ambiguity in the language used, which in effect repeals all statutes which refer to reserves required to be maintained by national banking associations and other member banks of the Federal Reserve System in so far as such statutes relate to deposits of public moneys by the United States in designated depositories. In the opinion of this office, therefore, national banks and member banks, under existing laws, are not required to maintain reserves against any deposits made by the United States in designated depositories, regardless of the source of the funds deposited. I understand that the Comptroller of the Currency has already advised national banks to this effect.

It is not entirely clear from the letter of the governor of the Federal Reserve Bank who

raises this question whether Federal Reserve Banks are included in the inquiry submitted. The act, however, specifically refers to national banks and member banks and could not reasonably be construed to repeal any of the provisions of the Federal Reserve Act, which require Federal Reserve Banks to maintain reserves against deposits.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. W. P. G. HARDING,  
*Governor Federal Reserve Board.*

### Eligible Paper Secured by Real Estate Mortgage.

A note, draft, or bill of exchange drawn for commercial purposes and otherwise eligible for rediscount under the provisions of section 13 of the Federal Reserve Act is not rendered ineligible merely because it is secured by a mortgage on real estate.

MAY 3, 1917.

SIR: The question has been raised whether a note, draft, or bill of exchange secured by a mortgage on real estate is eligible for rediscount by a Federal Reserve Bank.

Section 13 of the Federal Reserve Act authorizes any Federal Reserve Bank to rediscount for its member banks notes, drafts, or bills of exchange drawn for agricultural, industrial, or commercial purposes. If, therefore, a note, draft, or bill of exchange is tendered by a member bank for rediscount with its Federal Reserve Bank, and it appears that its proceeds have been or are to be used for one of the purposes above specified, it should be considered as eligible, provided it conforms to the other provisions of law and the regulations of the Board. The fact that such a note, draft, or bill of exchange is secured by a mortgage on real estate does not of itself affect its eligibility.

This office has previously advised the Board that, in its opinion, a note or bill which conforms to the requirements of the law relating to eligible commercial paper is not rendered ineligible merely because it is secured by stocks or bonds. The same principle applies to the case under consideration.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. W. P. G. HARDING,  
*Governor Federal Reserve Board.*

**Notes and Bills Drawn for the Purpose of Carrying or Trading in Government Obligations.**

Notes, drafts, and bills of exchange drawn for the purpose of carrying or trading in bonds or notes of the United States and rediscounted under the provisions of section 13 are eligible as collateral security for the issue of Federal Reserve notes.

MAY 31, 1917.

SIR: Section 16 of the Federal Reserve Act provides that the collateral offered by Federal Reserve Banks as security for the issue of Federal Reserve notes shall be "notes, drafts, bills of exchange, or acceptances rediscounted under the provisions of section 13 of this act," etc.

If, therefore, a Federal Reserve Bank rediscounts for any member bank, as it is authorized to do under the provisions of section 13, any notes, drafts, or bills of exchange drawn for the purpose of carrying or trading in bonds or notes of the United States, such notes, drafts, or bills of exchange are clearly eligible as collateral security for Federal Reserve notes.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. W. P. G. HARDING,  
*Governor Federal Reserve Board.*

**Taxability of Income from Investments in Liberty Bonds.**

The following ruling has been made by the Acting Commissioner of Internal Revenue to the effect that the income from investments in Liberty Bonds is exempt from the income tax and from the excess-profits tax:

TREASURY DEPARTMENT,  
*Washington, May 26, 1917.*

SIR: This office is in receipt of your letter of the 9th instant, in which you submit for consideration and ruling the following inquiry:

"If a national bank invests \$200,000 in 3½ per cent bonds issued as part of the Liberty Loan authorized by the recent act of Congress, would it be exempt (a) from income tax on the \$7,000 derived from its investment in the Liberty Loan; (b) from excess-profits tax on the \$7,000?"

In reply, you are informed that in view of the following specific provision of the act under

which these bonds are issued, namely, the act approved April 24, 1917:

"The principal and interest thereof shall be payable in United States gold coin of the present standard of value and shall be exempt both as to principal and interest from all taxation, except estate and inheritance taxes, imposed by authority of the United States or its possessions, or by any State or local taxing authority."

This office holds that the income derived by way of interest on the Liberty Loan bonds is exempt from the tax imposed by the income-tax law (Title I of the act of Sept. 8, 1916) and the excess-profits tax law (Title II of the act of Mar. 3, 1917).

Section 4 of Title I of the act of September 8, 1916, specifically exempts from liability to the tax thereby imposed:

"interest upon the obligations of a State or any political subdivision thereof or upon the obligations of the United States or its possessions."

Section 203 of the excess-profits tax law provides:

"that the tax herein imposed on corporations and partnerships shall be computed upon the basis of net income shown by their income tax returns," etc.

The income from United States bonds being excluded from "the net income as shown by their income-tax returns" it necessarily follows that this income is excluded from the income for the purpose of excess-profits tax. These bonds, being obligations of the United States, the income derived therefrom is exempt from both forms of taxation hereinbefore referred to, while under the act authorizing the issuing of these bonds, they are exempt as to both principal and interest from "all taxation except estate or inheritance taxes."

Therefore, this office holds that in the case you submit, the \$7,000 derived from an investment of \$200,000 in Liberty Loan bonds would be exempt from both the income and excess profits tax.

Respectfully,

DAVID A. GATES,  
*Acting Commissioner.*

## SUMMARY OF BUSINESS CONDITIONS MAY 23, 1917.

	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.....	Hesitating.....	Active.....	Good.....	Steady.....	Conditions sound..	Good.
Crops:						
Condition.....	Much planting....	Late season.....	Fair.....	Improved.....	Season little late..	Do.
Outlook.....		Larger acreage..	Good.....	Good.....	Normal.....	Encouraging.
Industries of the district.	Busy.....	Active.....	Very busy.....	Active in all lines..	Active; labor in continued demand.	Operating full time.
Construction, building, and engineering.	Good, but not as large as last year.	Building activity decreasing.	Decrease compared with year ago.	Retarded by unseasonable weather.	Building restricted by high cost of labor and supplies.	Slow.
Foreign trade.....	Small change.....	Slightly below last month.	Very large.....		Exports in excess of last year.	Small.
Bank clearings.....	Increased.....	Steady at figure much over last year.	Decrease compared with previous month; increase over last year.	Increased.....	Increase.....	Increasing.
Money rates.....	Increasing.....	Firm; slight easing tendency.	Increasing.....	Firm and higher..	5 to 6 per cent....	Slight increase.
Railroad, post office, and other receipts.	Conflicting.....	Railroad, heavy; postal, increased.	Decreasing compared with previous month.	Increased.....	Normal; railroad expenses show increase.	Good.
Labor conditions.....	Very well employed.	Good; labor scarce.	Labor well employed.	Fair.....	Negro laborers leaving for higher wages elsewhere.	Growing worse.
Outlook.....	Uncertain.....	Good.....	Favorable.....	Favorable.....	Encouraging.....	Bright.
Remarks.....				Some uncertainty and hesitancy in big business as to operations of draft and war revenue measures.	Some irregularity, owing to specific conditions; generally satisfactory.	
	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.....	Fairly active.....	Good.....	Good.....	Good.....	Satisfactory.....	Active.
Crops:						
Condition.....	Winter wheat poor	Fair.....	do.....	Improved.....	Generally good....	Good.
Outlook.....	Good for spring grains.	Improved.....	Favorable.....	Increased acreage.	Promising.....	
Industries of the district.	Operating satisfactorily.	Conservatively active.	Active.....	Running full time.	Unusually active..	Very active.
Construction, building and engineering.	Decrease.....	Slight decrease....	Somewhat retarded by prices of material and labor.	Slackening apparent.	Building operations active.	Increase.
Foreign trade.....						Do.
Bank clearings.....	Increasing.....	Increase.....	Increased.....	Increase.....	Increase.....	Do.
Money rates.....	Strong.....	do.....	Slight hardening..	Stiffening.....	No change in rates; easy.	Firmer.
Railroad, post office, and other receipts.	Decrease.....	Somewhat smaller	Increased.....	Good volume.....	Increase.....	Increasing.
Labor conditions.....	Shortage of labor..	Satisfactory.....	Fair.....	High prices causing unrest; general shortage.	Conditions satisfactory.	Fully employed; some shortage.
Outlook.....	Satisfactory.....	Good.....	Good.....	Promising.....	Promising.....	Favorable.
Remarks.....	Waiting attitude in many lines; underlying conditions sound.	Crops, except wheat, good. Business more conservative.		Will be some uncertainty in business until Government plans are fully known.		Great activity and high prices seem in prospect.

## GENERAL BUSINESS CONDITIONS.

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

### DISTRICT NO. 1—BOSTON.

So many conflicting factors are entering into the situation that business men are uncertain as to their proper course. Raw material prices are high and in many cases are increasing each week. Wages have risen, labor is scarce, and it is expected that the operation of the selective draft will cause an even greater scarcity, although women are already being used in some places to take the place of men.

A wave of economy has caused consumers to retrench, at least until something more definite as to the future course of wages and commodity prices is disclosed. In addition, it is thought many are economizing to invest in the Liberty Loan or to pay for supplies of one kind or another which they are hoarding. The season has been late and continued cold weather has caused a postponement of spring buying. How long this period of hesitation will last it is impossible to estimate.

The coal situation is very bad, both in anthracite and bituminous. The anthracite shortage is caused by a lack of supply, while in bituminous it is due to the largely increased demands of mills and factories. Any exportation of bituminous coal and reduction of the New England supply would cause a very serious situation. Manufacturers in their anxiety to be sure of a supply have bid prices up, and these in comparison with former years are now very high.

Prices for wool continue to increase, and it is felt that unless the English Government releases some wool from Australia the supply for domestic and Government needs will not be sufficient. Negotiations for a release of Aus-

tralian wool have been in progress for some time past, but lack of shipping facilities will be a serious problem to the importer. Woolen and worsted mills, especially the former, continue very busy. Domestic business is being "sidetracked" as far as possible in order that Government orders may be given the preference.

The boot and shoe industry is feeling the effects of the large business of last year. At that time retailers bought very heavily, anticipating rising prices and a large demand. Many dealers have found it hard to carry a large stock with their limited capital. With the present economy movement, they are more inclined to reduce their stock, as they can do at a good profit, than to place additional orders. For this reason manufacturers are finding new business rather unsatisfactory. Business in leather has been very quiet, although prices have remained firm, and with Government orders to be placed these will probably continue so.

The dry goods business has been adversely affected by the late spring, continued cold weather, and the unsettlement caused by our entering the war. However, it is expected that with the coming of more seasonable weather the demand for summer merchandise will be good.

Fine cotton cloth mills are feeling a reaction, and the demand for goods for future delivery is light. Manufacturers have plenty of advance orders and expect good business again before they reach the end of those now in hand, although possibly the need of economy may restrict business in high-priced goods turning it toward the cheaper lines. Mills are running as nearly full as they can with the supply of labor, and the news from Washington that the first draft of men for the Army would not come until September was very welcome. The Government orders placed in Fall River for low-count cloths has caused activity and strength in that market with a slight advance in prices.

Money is much firmer than a month ago with banks restricting their business to a large ex-

tent to their own people, although during the past few days the tone has been easier. Call money is  $4\frac{1}{2}$  per cent, with exceptions at 5 per cent. Time money 5 per cent for practically all dates, with the best grade of commercial paper quoted at that rate; town notes,  $4\frac{3}{8}$  per cent upward for fall maturities; bankers' acceptances,  $3\frac{3}{8}$  per cent upward.

Loans and discounts on May 19, 1917, amounted to \$457,051,000, as compared with \$463,184,000 last month and \$416,934,000 on May 20, 1916. Deposits on May 19, 1917, totaled \$351,006,000, as compared with \$364,406,000 on April 14, 1917, and \$339,196,000 on May 20, 1916. The amount "Due to banks" on May 19 was \$137,273,000, as compared with \$147,630,000 on April 14. The excess reserve of these banks decreased from \$40,428,000 on April 14 to \$22,662,000 on May 19.

Exchanges of the Boston Clearing House for the week ending May 19, 1917, were \$228,733,906, compared with \$210,413,870 for the corresponding week last year, and \$227,048,842 for the week ending April 14, 1917.

Building and engineering operations in New England from January 1 to May 16, 1917, amounted to \$69,073,000, as compared with \$72,393,000 for the corresponding period of 1916, the highest previous year recorded.

Imports to the port of Boston for April, 1917, amounted to \$23,864,180, as compared with \$24,816,006 for March, 1917, and \$23,683,251 for April, 1916.

The receipts of the Boston post office for April, 1917, show an increase of \$35,143.13, or about 5 per cent more than April, 1916. For the first 15 days of May, 1917, receipts were about 4 per cent, or \$16,561.20 more than for the corresponding period last year.

Boston & Maine Railroad reports net operating income, after taxes, for March, 1917, as \$724,514, as compared with \$1,089,104 for the corresponding month of 1916. New York, New Haven & Hartford Railroad reports net operating income, after taxes, for March, 1917, as \$1,647,490, as compared with \$1,338,120 for the same month last year.

#### DISTRICT NO. 2—NEW YORK.

The aggregate of business activity in this district continues at a high level. Readjustments incident to the transition to war footing are stimulating activity and production in staple and basic lines, but have curtailed to a marked extent the retail sales of commodities not the object of pressing day-to-day demand. The public's purchases of clothing, dry goods, silks, jewelry, and articles of like nature have decreased very materially since the declaration of war, due primarily to the practice of economy, although the lateness of the season has been a contributing factor. Business in men's and women's clothing and dry goods is perhaps as much disturbed as in any line, being hampered by uncertainties as to the course of styles, supply and price of goods, and probable buying demand during the next few months, as well as by rising prices and Government demand.

Though manufacturers in the textile industries report slightly decreased sales to the trade, orders are in most cases being received as fast as they can be handled. Woolen mills have heavy demand for fall goods and are running to capacity, Government orders making up an important part of the business. Cotton mills have sold their product for several months ahead and have received large Government orders for duck, khaki, and heavy cotton goods. Demand for burlaps and jute is active with prices firm, difficulties of ocean transportation hindering the importation of material from India and Great Britain.

The volume of business in the hide and leather trade has decreased slightly, some hesitation being observed in buying demand. Boots and shoes are selling in slightly smaller volume, apparently because of high prices, but manufacturers have orders covering their output into the early winter.

Drugs and chemicals have commanded increasing prices, and though sales to retailers have been slightly reduced, the total volume of business done has increased. Conditions in the dyestuffs industry have improved both as to

quantity and quality of output. Manufacturers of rubber tires and other rubber products report continued heavy buying demand and higher manufacturing costs due to increased cost of labor, cotton fabrics and chemicals.

The volume of business done by manufacturers of machinery represents maximum capacity of output with prices rising. Buying is very largely intended to provide equipment for turning out supplies for the Government. Sales of pleasure automobiles have decreased, but the demand for motor trucks continues normal. Orders for cars and other railway equipment have been small. The volume of business in general railway supplies, such as castings, forgings, bar iron, wheels, and other articles for repairs, is fair.

Buying demand for metals such as lead, brass, zinc, and copper has been slightly less active, a larger proportion of the output going to domestic buyers. The production of zinc or spelter is near the highest point in the history of the industry and prices are now much lower than during 1916, though still about 50 per cent above those ruling before the war.

Great activity in the steel trade is reflected by pig-iron prices now about twice those of a year ago, and by the increase of 471,439 tons in unfilled orders of the United States Steel Corporation, between March 31 and April 30, the amount on the latter date being 12,183,083 tons, or about 80 per cent of the total annual capacity of the plants. Pig-iron production for April was greater than in any previous month except October, 1916.

Activity in building trades, hampered by scarcity and high prices of labor and materials, is declining. Building permits in greater New York for April were only \$8,036,709, as compared with \$14,786,078 a year ago.

Collections continue good for the most part, but reports indicate that there are now several lines in which they are not as good as a month ago.

Merchandise imports at New York for April were approximately \$21,000,000 less than those for March, though still over \$11,000,000 greater than those for April, 1916. Some exporters

report a decrease in business for April, due to decreased demand by foreign customers, to difficulties in obtaining goods for export, and to lack of ocean tonnage and to high rates for freight and insurance, but total exports through the port were slightly greater than those for March.

Provisions have continued to increase in price, though somewhat less rapidly than immediately following the declaration of war. Wholesale grocers are doing a larger volume of business than last year, but are seeking to dissuade patrons from buying more than actual immediate requirements, the demand being mostly for staples such as sugar, flour, cereals, dried and canned vegetables, and dried and canned fruit. Coal dealers have orders larger than are usual at this season, and have had to pay premiums for prompt delivery.

Letters received from bankers in all parts of the district show the existence of keen and active interest in the problem of increasing production of food crops, and indicate that despite shortage of labor and high price of seed the acreage of land planted is much larger than last year. Cool, damp weather prevailed up to the middle of May and delayed planting in some sections, but warmer weather has come and the delay was not great enough to be dangerous.

The freight traffic situation has continued to improve, and reports of freight movements indicate effective use of railway equipment. That the situation is still serious, however, is shown by increase in net shortage of freight cars from 130,082 on March 1 to 143,059 on April 1, and by the continuance of embargoes on shipments.

Borrowing operations of American industrial and railroad corporations for April show a heavy decrease, the total being \$130,141,500 as compared with \$312,115,800 for March and with \$221,598,500 for April last year.

The market for stocks and bonds during the last week of April and early part of May was weak, due apparently to preparations for subscriptions to forthcoming issues of Government bonds, and sales were lighter than for the same

period a year ago. Prices showed a marked downward trend, reaching the level of October, 1915, but reacted about the middle of May on the announcement of the Government's advance of \$100,000,000 to the Russian Government. There has been a distinct strengthening of security prices on the London Stock Exchange.

Call money on April 25, the date of the Government's issue of 3 per cent Treasury certificates, touched 4 per cent, dropping back next day. Again, from May 1 to May 7, the ruling rate was from 3 to 4 per cent with a high of 4½ per cent on May 3. Imports of gold and disbursements by the Government have since brought about an easing tendency, and rates have been steady at moderate levels, the Government's arrangements for redepositing with banks funds received on account of loans preventing undue or serious disturbance.

Excess reserves of New York Clearing House banks fell from \$111,642,220 on April 28 to \$90,478,070 on May 5, but rose again to \$147,199,000 on May 12, and on May 17 stood at \$146,754,420.

#### DISTRICT NO. 3—PHILADELPHIA.

Manufacturing plants in this district have continued to operate as nearly to capacity as the supply of labor and materials would permit since the entrance of the United States into the war. A slowing down is noticeable, however, in retail trade and among the jobbers of wearing apparel of all kinds, due to extremely high prices, unseasonable weather, the economy campaign, and the fact that most consumers are pretty well supplied. Some of the department stores have been compelled to reduce their staffs of employees because of curtailed sales.

Business men are not greatly perturbed over the war situation, although they fully realize its seriousness. Demand for iron and steel, arms and munitions, food and clothing, ships, and other products necessary for the maintenance of armies and the transportation of supplies must continue. When domestic demand becomes lighter in such lines as wearing apparel,

it is more than offset by the Government requirements. The mills are kept running and labor remains fully employed. The sufferers from the change are the wholesale and retail distributing houses.

*Cotton.*—Cotton trade has been quiet during the past month, due to the economy movement and the high prices of cotton goods. Jobbers and retailers are just now beginning to feel the full effect of high-priced cotton. The rise has practically all been within the past year, and until recently goods still in the process of manufacture and distribution were made from lower-priced yarns, of which some manufacturers had considerable quantities on hand at the time the rise began. Practically all of those stocks have now been consumed, so the manufacturer is now offering to the retailer and jobber goods for fall delivery at prices based on the present yarn values. It is doubtful whether the retailer will buy in any quantity at such prices, and if he does, it is doubtful whether the goods can be passed on to the consumer, whose purchasing power has been curtailed by the high prices of foodstuffs. Local dealers regard the situation with confidence, however, and believe that the manufacturer who is not buying needed yarns now will pay even a higher price for them at a later date.

*Crops.*—The increase of our food supply continues to be a most important question throughout the district. Unseasonable weather has retarded the farmer in his spring work and has checked the growth of crops. Weather conditions are better now than they were during the early spring. The Pennsylvania State Department of Agriculture estimated the condition of winter wheat to be 90 per cent of normal on April 1, and rye 92 per cent. It is estimated that the potato acreage in Pennsylvania is 108 per cent in comparison to the acreage last year. In New Jersey, also, a large acreage of potatoes has been planted. Efforts are being made to furnish the farmer with the labor necessary to obtain maximum production. Schools and colleges are dismissing students who agree to work on the farms. Local committees in many places are working to see that every available acre

is used for some productive purpose. Such efforts will undoubtedly be helpful as a means of bringing production as nearly to normal as possible. It is too late to result in increased acreage in wheat, grains, and other staple products, but the acreage planted will receive better care and will yield more because of the extra help placed on the farms. More vegetables will be raised also, and fruit orchards, which have been neglected by many farmers in the past, will now be well cared for; all of which is commendable as a tendency toward intensive farming.

*Groceries.*—Business is good in the wholesale grocery trade; there is a good demand from the retailer for goods to satisfy the abnormal demands of the consumers who are storing groceries. There is a scarcity in canned goods and some other staples, but for the most part there would be plenty of goods to go around if buying were restricted to real needs. There is fear among some of the local houses that heavy losses will be sustained on goods furnished the Government. They have been notified to deliver certain goods at prices later to be determined and if the Government bases its prices on original production costs instead of the cost to the wholesaler when he bought the goods, heavy losses will result.

*Leather.*—Vast quantities of sole leather are being purchased by the Government and requirements promise to continue large. There is considerable export demand but it is not an important factor in the business just now. Domestic trade in belting leather is very good but demand from shoe manufacturers is very light. The economy movement has particularly affected manufacturers of high grade women's and misses' shoes. They have very little to do at present; the retailers are well stocked and the goods are not moving from the shelves as fast as they should.

*Paper.*—The outlook for dealers in paper is disquieting because of difficulty in obtaining raw materials. The small cut of wood in Canada last winter, due to scarcity of labor and severe weather, can not be corrected until next winter, and it is the opinion of large dealers

that there will be a paper shortage by midsummer. Advancing prices are expected. The margin of profit has been dwindling because of increased expenses in all directions.

*Textiles.*—Manufacturers of hosiery, underwear, and men's wear of all kinds are busy on Government orders. In other branches of the textile trade, business is quiet. Manufacturers of carpets, towels, lace curtains, and tapestries do not have enough orders to warrant more than 50 per cent operation. Underwear and hosiery manufacturers are well sold up on domestic and Government business. Stocks in the jobbers' hands are very low, but it is thought that the retailers have larger supplies on hand than is usual at this time of the year. Cool weather is retarding the movement of seasonable goods to the consumer. Silk manufacturers are busy filling orders but they are not now receiving many new orders from jobbers and retailers whose trade has been hurt by the advocacy of economy.

*Tobacco.*—Cold weather is seriously retarding the Lancaster County tobacco crop. The seed beds were planted two weeks later than usual and the crop can not be planted now before the middle of June. Growers are not contracting this year's crop but they expect the buying to begin around 15 or 16 cents, the prices at which most of last year's crop was sold.

*Wool.*—Trading in wool is largely of a speculative nature, prices being bid up at a very rapid rate. Some manufacturers who must have wool to fill present needs are in the market and have to buy regardless of price, but they are not buying ahead at the prevailing figures. Supplies of wool are very light, considering the needs of the Government for clothing, blankets, etc. Manufacturers of all kinds of woolen goods are very busy. Government business is of course given precedence and has caused either the cancellation or long postponement of deliveries of domestic orders in many cases.

*Money.*—Deposits of Philadelphia banks have declined approximately \$30,000,000 during the past month while surplus reserves have decreased \$20,000,000. Money rates have stif-

fened considerably, call money advancing from 3½ to 4 per cent. Commercial paper is not now being bought below 5 per cent. Considerable rediscounting with the Federal Reserve Bank is being done, especially by the Philadelphia banks.

*Financial indicators.*

	May 15, 1917.	Per cent increase or decrease compared with—	
		Previous month.	Year ago.
Philadelphia banks:			
Loans.....	\$566,933,000	+ 2.9	+ 10.7
Deposits.....	658,866,000	- 4.3	+ 6.8
Surplus reserve.....	17,303,000	- 53	- 51
Federal Reserve Bank:			
Discounts and collateral loans.....	8,637,000	+688	+1,200
Per cent cash reserve.....	51	- 22	- 8
90-day discount rate, per cent.....	4	(1)	(1)
Commercial paper..... per cent.....	5	2 4½	2 3½
	April, 1917.	Previous month.	Year ago.
Bank clearings:			
in Philadelphia.....	\$1,410,313,000	- 3.0	+41
Elsewhere in district.....	101,560,000	+ 4.4	+12.8
Total.....	1,511,873,000	- 3.4	+38.5
Port of Philadelphia:			
Exports.....	39,889,000	+ 3	+13
Imports.....	11,103,000	+43	- 2
Building permits in Philadelphia.....	5,010,000	+44.2	-19.3
Post-office receipts in Philadelphia.....	846,000	- 7.2	+ 8.5
Commercial failures in district (per Bradstreet's).....	56	- 8	-16

<sup>1</sup> No change.

<sup>2</sup> Actual.

**DISTRICT NO. 4—CLEVELAND.**

General conditions in this district, as reported for the preceding month, are favorable in most lines of activity. There have been no unusual developments tending to make an unfavorable impression. In some branches hesitancy and uncertainty continue to some extent, due largely to local problems, the outcome of the present high rate of production and activity in industry, which have been present for some time. The transportation situation has somewhat improved.

*Liberty Loan.*—That this district will exceed its share in subscribing for the Liberty Loan is now apparent. The organization of the campaign for publicity and distribution is already far enough advanced to indicate a widespread general response by the people. Much educa-

tional work is, of course, necessary; but the many men who make up the volunteer organization are fully alive to the magnitude of the task, and we feel most hopeful of the necessary public response.

*Agriculture.*—The various organizations advocating increased food production and economies in the utilization of foodstuffs have done excellent work, and results are noticeable. The reports indicate that there is approximately 25 to 30 per cent more plowed area in the country districts than at any previous time; and, with a number of agencies providing men for farm work, the production of staple articles will be very much increased in this district, provided, of course, seasonable weather obtains. The long, cold winter was not broken until a week ago, but with only one week of spring the conditions have greatly improved and the prospects are much better.

The movement for city gardening has had a decided effect, and all of the cities, towns, and villages report a great number of garden plots. It is, of course, to be expected that the results obtained will not be proportionate to the work and material employed, and that, to a large extent, the inexperienced and inefficient laborer will not produce crops commensurate with his outlay; but there can be no question that the large amount of work being expended will later result in a very considerably lessened demand for vegetables and other foodstuffs in the cities.

One important farming region reports that farm lands are now selling higher than ever known, and that farmers have been able to liquidate materially owing to good prices for stock and farm products during the past eight months.

*Industries.*—Practically all plants and factories report "business as usual." In the iron and steel trade, demand and prices are maintained at the highest point ever reached. Lack of available transportation, both for raw materials and finished products (although this condition is now improved), is curtailing operations to some extent and in some localities inadequacy of labor has a detrimental effect.

Improvements are noted in methods of production, which offset largely the labor shortage, and the reports indicate proposed plant extensions, especially for plates for shipbuilding.

Ice in the upper lake regions has retarded the movement of ore and coal, but the reports show that this avenue of transportation is beginning to be used, and another record season is anticipated.

In the brick, fireproofing, clay products, and pottery lines there is some hesitancy, and perhaps a falling off in business, due largely to the labor situation and greatly increased cost to the consumer, which causes a lessened demand.

The rubber industry is working to full capacity, with every indication of continued activity.

Automobile factories producing both pleasure cars and trucks are giving renewed effort to the manufacturing of trucks, and there has been a general tendency to substantial increases in price of cars by reason of increased cost of materials and fabrication.

There can be no question that the industrial situation generally in this district is strong and that the outlook is as good as could well be expected.

*Building.*—There are inadequate housing facilities in all of the larger cities and industrial centers. Efforts are being made to improve the situation, but the high cost of labor and material is a very deterrent factor. The decrease in number of permits and valuations in all of the cities except two, as indicated in the following table, is due to the late spring:

	Permits issued.		Valuations.		Increase or decrease.	Per cent increase or decrease.
	April, 1917.	April, 1916.	April, 1917.	April, 1916.		
Akron, Ohio.....	885	499	\$2,431,213	\$1,340,859	\$1,090,354	81.3
Cincinnati, Ohio...	1,280	1,709	1,039,780	1,156,165	116,385	10.1
Cleveland, Ohio....	1,303	1,533	2,441,500	2,625,055	183,555	6.7
Dayton, Ohio.....	184	147	215,204	259,370	44,166	17.0
Columbus, Ohio....	324	333	532,000	1,136,840	604,840	54.4
Erie, Pa.....	290	200	639,069	282,429	356,640	125.9
Pittsburgh, Pa.....	419	482	1,094,108	1,250,762	156,654	12.5
Toledo, Ohio.....	506	611	1,176,969	1,188,467	11,498	1.0
Youngstown, Ohio..	183	172	349,675	373,001	23,326	6.3
Total.....	5,308	5,746	9,969,549	9,642,948	326,600	3.5

<sup>1</sup> Decrease.

*Banking and investments.*—Banking conditions are excellent. There has been an increased demand in the country for implements and planting, and the cities have also experienced some increased demand, though, in general, the market is easy. Investment conditions are entirely in a waiting attitude, and the markets are quiet. Money rates are firm to higher, time commercial paper now being offered at  $\frac{1}{2}$  per cent to 1 per cent advance. So-called "call loans" in some parts of this district are being discouraged by bankers, and speculative commitments have been largely avoided.

The following table indicates increases in bank clearings over the corresponding period of the preceding year in nine of the principal cities:

	April 16 to May 15, inclusive.		Increase.	Per cent increase.
	1917	1916		
Akron, Ohio.....	\$23,046,000	\$15,316,000	\$7,730,000	50.5
Cincinnati, Ohio..	166,942,492	134,781,390	32,161,102	23.9
Cleveland, Ohio...	294,297,527	162,698,522	131,599,006	80.8
Dayton, Ohio.....	3,912,391	3,503,919	408,472	11.7
Columbus, Ohio...	43,560,400	37,066,400	6,494,000	17.5
Erie, Pa.....	7,915,301	5,823,813	2,091,487	35.9
Pittsburgh, Pa....	333,273,297	272,054,897	61,218,401	22.5
Toledo, Ohio.....	48,520,795	38,054,668	10,466,127	27.5
Youngstown, Ohio	13,733,934	10,390,343	3,343,591	32.2
Total.....	935,202,137	679,089,847	256,112,290	37.6

The following table indicates the comparison of the post-office receipts in the nine principal cities for April:

	April, 1917.	April, 1916.	Increase or decrease.	Per cent increase or decrease.
Akron, Ohio.....	\$85,271	\$62,624	\$22,648	36.3
Cincinnati, Ohio..	278,176	267,608	10,568	3.9
Cleveland, Ohio....	355,899	332,915	22,984	6.9
Dayton, Ohio.....	60,243	65,676	5,433	8.3
Columbus, Ohio....	116,661	110,991	5,670	5.1
Erie, Pa.....	24,111	22,891	1,220	5.3
Pittsburgh, Pa....	348,219	364,744	16,525	4.5
Toledo, Ohio.....	106,681	94,850	11,830	12.5
Youngstown, Ohio..	26,679	26,569	110	.4
Total.....	1,401,940	1,348,868	53,072	3.9

<sup>1</sup> Decrease.

*Mercantile lines.*—The demand throughout this district for nonessential articles has noticeably decreased, and the activities of the wholesaler and retailer both have been lessened to a

marked extent. Whether this condition is due to unseasonable weather or to the practice of economy is not established. The movement of necessities is at its highest, and the increased cost probably continues the total of values of trade at high points.

The percentage of slow accounts has increased during the period covered by this report and collections generally are not as good as a month ago.

*Labor.*—Labor conditions continue as good as could be expected in general, although in some locations there have been evidences of unrest, and it is apparent that the selective service act will further deplete the supply. Voluntary increases of salaries and wages by employers have extended to practically all forces except clerical, and even in the clerical lines the supply is inadequate for the needs of the district at advanced salaries.

#### DISTRICT NO. 5—RICHMOND.

*Liberty Loan.*—Our financial preparation for war, including the assistance to be extended directly to our allies, has naturally been the overshadowing factor during the past month. The uncertainties naturally attending this unexpected situation have produced some hesitancy in every business and vocation.

This district has for years been steadily growing in wealth and prosperity, particularly in recent years, but the field of development has been so wide and the demand so great that its resources have gone back to the soil—have gone into agricultural improvements, or additions to manufacturing and other plants. The result has been that while the aggregate of increasing wealth has been steady and rapid, the demand for capital has taxed the resources of its banks and drawn largely upon wealthier sections of the country. The liquid wealth of the district is therefore relatively limited. There is a widespread and patriotic effort and desire in the district to meet liberally the national call for financing. The district is being organized in every direction.

*General conditions.*—General business conditions are regarded as sound, but there is some slowing up.

Jobbers in some lines report that purchases are not being freely made, and there is some complaint of slow collections. Furniture and hardware dealers, including general dealers in building supplies, report less activity. Dealers in tobacco report a good volume of trade.

Lumber has improved considerably in price, but this is offset by the reduced output, which is curtailed by labor and shipping conditions. Transportation difficulties, both in securing materials and moving manufactured products, and the difficulty many manufacturing plants are encountering in securing an adequate supply of coal even at present high prices, are important factors in the situation. One jobber calls attention to the fact that his tonnage was 25 to 33½ per cent less a year ago, but high prices have increased his capital requirements and his risks, resulting in a decreased percentage of profits.

*Banking.*—Unusual demands in increasing volume are coming from farmers for agricultural purposes, owing to universal efforts for a maximum production, accelerated by the high cost of supplies, fertilizers, labor, and general expenses. Although there has been considerable shrinkage in deposits and an average increase in rates of at least 1 per cent in the larger centers of the district, all reasonable demands are being promptly met by the banks, either from their own resources or through rediscounts principally with the Federal Reserve Bank.

*Clearings, exports, postal receipts and railroads.*—Bank clearings show an increase of 16 per cent. Exports continue to show an increase notwithstanding freight embargoes. Postal receipts show a slight increase. Railroad receipts show an increase in gross, but are seriously affected by the increased cost of operation. The situation of the railroads is regarded by many as perhaps the most serious domestic question confronting us. Railroad borrowings have about reached the limits of credit from every point of view, there is general complaint with regard to transportation conditions, and business which the roads are unable to handle is knocking at their doors. It would seem a self-evident proposition that the roads

can only meet this situation and render the efficient service, which is imperatively demanded by shippers and our people generally, by an allowance of increased rates. Inquiry in the district indicates a recognition of this necessity and a willingness on the part of manufacturers and others to an increase in rates, in order that they may secure efficient shipping facilities. It is recognized that the ultimate consumer "pays the freight," and that reasonable prosperity can only be attained and maintained by a maximum production, the prompt transportation of which from the producer and manufacturer to the consumer is an essential function. There is a widespread demand for the necessary increase of rates and the prompt solution of the transportation question.

*Farming.*—The season generally is backward, and in striking contrast with the wet season of last year, there has been some lack of moisture. Strenuous efforts are being made to get a full crop, food products receiving more widespread attention, and the yield of garden products promises to be beyond anything ever before attained. Grain, while more widely planted, is below the average condition; the same may be said of cotton, the acreage of which is estimated to be about the same as last year. Reports as to acreage in tobacco vary, but the average would probably be about the same as last season. Agricultural implements are scarce and deliveries are behind. The peanut crop of the past season was very profitable. The farmers' supply has been disposed of, leaving only limited stocks in the hands of cleaners and jobbers. Fruit prospects, including berries and peaches, are favorable. The production of truck crops along the seaboard, particularly potatoes, has been unusually heavy and profitable. Many banks are advertising to help especially those who are planting food crops. Increased facilities for canning excess vegetable crops are quite extensive and are an important step in food conservation.

*Milling.*—Cotton mills continue to operate on full time, are paying increased wages, offering bonuses for efficiency, and continuing to obtain good profits. Woolen mills, on the contrary,

report business somewhat slow and conditions unsatisfactory.

*Labor.*—There has been some disorganization on account of volunteering for Government service and widespread deportation of negro laborers from the district, induced to leave by high wages in the northern States, it being estimated that as many as 75,000 to 100,000 have left the district in the last few months. The high price of food has borne heavily on the poorer classes and has been an important factor in this situation.

#### DISTRICT NO. 6—ATLANTA.

Business conditions in the Sixth Federal Reserve District were not as good in May as during the months of March and April. The high prices of food and the agitation in connection with the war had a weakening effect.

Interest in the Liberty bond issue is growing more earnest. The Federal Reserve Bank of Atlanta has inaugurated a campaign of subscription and education with a central Liberty Loan Committee composed of the officers of the bank and a number of business men of exceptional ability. Each State in the district is in charge of a local State chairman with a compact organization extending into every line of commercial, agricultural, and industrial fields. Five hundred of the most prominent men of the city of Atlanta attended the first public meeting. Bankers, bond houses, large corporations, and many individuals have volunteered their services in connection with the sale of Liberty bonds, and are devoting their advertising space to the cause. The Southern Bell Telephone & Telegraph Co. have placed at the disposal of the Liberty Loan Committee their contracted advertising space in 60 daily newspapers in 26 cities in the district without cost. With a clearer understanding of the advantages of owning a Liberty Loan bond, it is thought that the number of individual subscribers will be large.

The general agricultural conditions are very encouraging, and this is especially true of food-stuffs. With reasonably favorable seasons, the corn crop will be the largest ever produced and

reports indicate an increase of from 100 per cent to 300 per cent in general foodstuffs, such as potatoes, peanuts, velvet beans, soy beans, peas, sweet potatoes, etc. Also there is a decided increase in sorghum for sirup making and large increases in all forage and feed crops. Care is being taken to conserve breeding animals, especially cattle and hogs, though in a few localities high prices have resulted in the farmer selling animals that should have been retained as breeders. There will be an exceedingly large production of garden truck and movements are on foot all over the district to conserve the supply. In almost every county there is an organization preparing to take care of the marketing of and canning of foodstuffs. In numerous places civic organizations have guaranteed the farmer a minimum price for his products and are making arrangements for sales warehouses for the disposal of his products. In this connection the Southern Railway and other railways in the district are making a special effort to collect information as to the products and bring the seller and producer in close touch. They are doing this through personal representatives, public meetings, and bulletins, and in addition are conducting an intensive campaign on the best methods of soil preparation, planting, and cultivation of food crops.

The Florida Citrus Fruit Exchange, having a large and complete selling force in the North, has offered its services to the Government for the handling of food products, and has just notified its four or five thousand members in Florida that they are prepared to handle their vegetables and all other produce shipments. The purpose of this activity is to keep down speculation.

The shortage of cans is still serious, and no great improvement is looked for. In view of this, the agricultural departments of the various States and the various organizations cooperating in the increased food production campaign are drawing attention to practical methods of fruit and vegetable drying. Large quantities of fruit that drop and rot under the

trees can also be saved in this way, and many vegetables left on the vine to dry. In addition to the saving of sugar and labor, the drying method will aid materially in relieving the can shortage.

Cotton is late. The dry weather in April resulted in seeding under unfavorable conditions with insufficient moisture for rapid germination. In the northern part of the district there has been little, if any, decrease in cotton acreage, and southeast Georgia has planted heavily. In southwest Georgia and southern Alabama there has been a large decrease in cotton acreage owing to the boll weevil. In Georgia it is estimated the crop will be from 10 per cent to 15 per cent less than last year; in Alabama probably 30 per cent; in Mississippi, 20 per cent; in Louisiana, 10 per cent; and Tennessee and Florida, light cotton-raising States, about normal. The general decrease in cotton acreage will probably be augmented by a smaller production due to shortage in negro labor.

The labor situation continues to grow worse. There is a scarcity of unskilled labor around the coal mines, ore mines and furnaces, and while plants in the district, in general, are operating full time, unless some means are found to retain labor, production will be largely curtailed; and this will likewise be true in the harvest and cotton-picking season.

The shortage of cars continues, and this has caused some few plants to operate on short time for a period of several days. This condition has especially affected the lumber business. Lumber dealers state the section of the country between the Mississippi River and a line drawn north through Atlanta from the Gulf seems to be in worse condition, so far as car supply is concerned, than any other section of the country. Lumber prices are firm and on new high levels, with the demand very heavy.

There is an increased activity in shipbuilding, though handicapped somewhat by lack of ship carpenters, ship joiners, boiler makers, and machinists. Steel ships as well as wooden ships are being built.

The unseasonably cool weather in connection with scarcity of labor on turpentine farms is seriously interfering with naval stores productions, and receipts at the ports show a decrease as compared with the same period last year. Foreign demand is much less than a year ago, but the movement to domestic consumers has been excellent.

Phosphate mines in the district are working only about 50 per cent of capacity, owing to inability to get box cars for loading to interior points. Operators claim to be receiving only about 20 per cent of requirements. Fertilizer plants are anxious for phosphate rock, but railroads can not furnish equipment. One company states that they were short 300 cars for loading in the second week of May and would require 600 cars for the third week loading.

Bank deposits continue to show large increases.

#### DISTRICT NO. 7—CHICAGO.

Business conditions in the Seventh Federal Reserve Bank District are, on the whole, satisfactory, although there is considerable evidence of a waiting attitude among business men in certain lines. The call for personal economy is having its effect upon those retailers who handle other than the necessities of life, and many are waiting to see the results of the Government's taxation policy and its effect upon their individual incomes. Manufacturing establishments report a good volume of trade, with the labor question growing more serious and the car situation somewhat alleviated. In the banking field there is but little activity; deposits are holding up well, and discount rates are firm. Financial institutions as well as the bond houses are working for the success of the Liberty Loan, and an active campaign toward this end is being conducted throughout this district. Since the money to be derived from the sale of these bonds will be spent almost entirely in the purchase of supplies in this country, there can hardly fail to be great business activity, accompanied by some shifting in bank deposits without any decrease in their aggregate.

Crop prospects are unsatisfactory, and with but a small winter-wheat crop it is difficult to believe that even favorable weather conditions will produce crops of spring wheat, oats, and corn sufficient to meet the requirements of this country, when it is taken into consideration that Europe will call upon us for wheat alone to an amount estimated at 250,000,000 bushels. Foreign Governments are reported to have been heavy buyers of futures in wheat, in order to protect their requirements. Weather conditions during the past month have been reasonably satisfactory, although cold weather has retarded the growth of all small grains. A large acreage of corn and oats is indicated by the reports up to date.

*Agricultural implements.*—Manufacturers report a satisfactory volume of orders and difficulty in securing the necessary material and labor; also a lack of railroad equipment with which to make deliveries of farm machinery.

*Automobiles.*—Concerns in this line are experiencing a decrease in shipments and, in some cases, have curtailed production and decreased working forces. The increased cost of construction has reduced profits and, according to some authorities, retarded sales. This industry is seriously disturbed over the prospects of an excess-profits tax. Collections are somewhat slower. Trucks are reported in good demand.

*Building and building materials.*—Building enterprises have been uniformly curtailed, due to the future uncertainties and the high cost of all structural materials. April showed a decrease in building and it is believed that May will show a still greater decline. The cement-business was good up to a short time ago, but the difficulty in securing shipments of stone, gravel, brick, sand, etc., will seriously affect sales in this line. Collections are good. The brick business is not as active as during the same period last year, and the principal difficulty seems to be a shortage of freight cars.

*Coal.*—There is an insistent demand from all quarters for coal with consumption a little in excess of production. Public retail orders at this time are being accepted subject to delivery

within the course of the next few months, and present shipments are being distributed with a view to placing the available tonnage over as wide a territory as possible.

*Distilling and brewing.*—Distilleries are operating only part time, in view of the movement toward prohibition, but the sale of whiskies is reported exceptionally good, caused partly by the fact that many States will prohibit the sale of liquor after July 1. Withdrawals from the bonded warehouses for the fiscal year 1917 are expected to be heavy. Breweries have experienced a quiet business owing to the cold weather, and this, together with the increased cost of material and prospective taxes, makes for a poor showing in earnings.

*Dry goods.*—Immediate business has suffered during the past few weeks, due to the high cost of food and provisions, unseasonable weather, and the tendency toward economy. Collections are fairly good. Orders for fall are satisfactory, but the retail merchants seem to have heavy stocks of goods which it will be necessary for them to dispose of, and until this is accomplished their purchases will probably be of the hand-to-mouth variety. Wholesalers do not care to quote prices for next year, owing to the difficulty in forecasting the situation.

*Furniture.*—Orders are scarce, and one report states that the unfilled orders on hand with members of the Furniture Association are the lowest they have been for the past year.

*Grain.*—The grain exchanges are in considerably better shape than before regulations went into effect which stopped speculative accumulation.

*Groceries.*—Sales, measured both in quantity of merchandise and money, show a substantial increase over previous figures. Collections are good and being followed closely by the wholesalers on account of the high cost of goods, which necessitates the use of a larger capital than ever before to finance even a small business. The present volume is attributed to speculative purchases on the part of the public, and a decrease in business with recession of prices is looked upon as a probability after the present movement subsides.

*Hardware.*—There is some indication of a slowing up in business, but on the whole conditions are satisfactory, and the high cost of goods has not materially affected the demand. In a number of lines goods are difficult to secure and prices continue to advance without any prospect of a change as long as the war lasts. Collections are fair.

*Leather.*—There is very little activity in the shoe and leather trade and many customers are restricting their purchases to immediate needs. Labor is scarce, and some large concerns are forced to curtail their production. The prospects are for quiet business for the next few months.

*Live stock and packing.*—Live-stock receipts are running about normal and prices are strong. This condition is bringing to market a good supply of cattle, and those who wish to secure cattle to put on pasture are experiencing some difficulty. The immediate demand for packers' products is light, due to the stocked-up condition of the trade and the present wave of economy. The foreign demand is strong. By-products are in good demand with the exception of glue, sheepskin, and leather.

*Lumber.*—The decrease in building operations has had its effect upon this line, but prices are strong. On the whole, a satisfactory condition seems to exist in this territory, and, while a temporary easing up is apparent, the prospects are favorable.

*Mail orders.*—Sales in this district continue to show an increase.

*Pianos.*—Sales have dropped off considerably, due to the prospects of taxation and the economy propaganda. Materials and labor are scarce, and collections normal.

*Shipbuilding.*—This line is very active, with capacity bookings for this year and through 1918. The principal difficulty is encountered in securing the necessary labor and materials.

*Steel.*—The domestic demand for steel continues active with prices strong. Mills are pushed to capacity and Government orders are being given preference. This may delay shipments to some of the regular customers who will not get their allotments as promptly as desired.

*Watches and jewelry.*—Sales are reported considerably ahead of last year, and manufacturers and importers find difficulty in keeping up with their sales. There is a satisfactory volume of business in sight but there is considerable question as to the profit, owing to taxes and increased overhead expenses.

*Wool and woolens.*—There appears to be a shortage in raw wool, and this, together with the heavy demands for military purposes, has created an active market at extremely high prices. Mills are busy, and Government requirements have forced the cancellation of many trade orders. Labor shortage and decreasing wool supplies are interfering with the knit goods manufacturers.

Clearings in Chicago for the first 21 days of May were \$1,583,000,000, being \$385,000,000 more than for the corresponding 21 days in May, 1916. Clearings reported by 18 cities in the district outside of Chicago amounted to \$304,000,000 for the first 15 days of May, 1917, as compared with \$223,000,000 for the first 15 days of May, 1916. Deposits in the eight central reserve city member banks in Chicago were \$728,000,000 at the close of business May 21, 1917, and loans were \$496,000,000. Deposits show a decrease of approximately \$12,000,000 over last month and loans a decrease of approximately \$4,000,000.

#### DISTRICT NO. 8—ST. LOUIS.

Business interests in this district have held their own in the face of the preparations for our active participation in the war. Reports from all lines of business, other than those directly connected with war munitions, indicate a somewhat quieter condition than has been reported for the past few months. Reports all indicate a very healthy condition, and there is a remarkable feeling of confidence in the future, but at the same time war preparations have had a sobering effect. Business men are operating on a somewhat more conservative basis.

The certificates of indebtedness which were subscribed for by member and nonmember banks in this district have been to a very large

extent distributed to the general public and should materially assist in floating the Liberty Loan.

Details of the Liberty Loan were announced a few days previous to this writing. The organization of the banking interests of the district has now been completed; the necessary steps have been taken to organize other interests throughout the district, and a campaign for the success of the loan, under the motto, "A Liberty Bond in Every Home," which originated in St. Louis, is well under way. One month ago mention was made of various campaigns then being conducted with a view to larger production of foodstuffs, and it is felt that considerable progress has been made. Other campaigns have now been inaugurated for the conservation of food supplies. Meatless days have been introduced in the restaurants and hotels of St. Louis, and there has been a general appeal to the public for elimination of waste.

The volume of sales in all wholesale lines continues to be very large, but increases noted this month are smaller than those reported for a number of months past. This is attributed, in the lines supplying what may be called the necessities of life, to a general feeling of conservatism and in part to the cold and rainy weather which was prevalent throughout the district up to the middle of May. Dry goods jobbers report that the demand for merchandise is not so insistent as it has been for months past. Wholesale millinery houses have been affected by the cold, wet spring. Manufacturers of women's and men's ready-to-wear garments have had a very satisfactory season, but the distribution of this merchandise to the general public has been delayed. The hardware interests report a strong and active trade. Retail merchants in all lines seem to have been affected by unseasonable weather up to the middle of May, but business since that date is reported to be extremely satisfactory, and sales for May will show increases over a year ago. The gains in dollars now reported seem to be entirely due to the increased cost of merchandise and not to an increase in the quantity

shipped. The buying power of the general public continues at a high level, but high prices are beginning to have their effect on sales, particularly on articles that the public can conveniently do without.

To sum up, it may be said that there has been a slight slackening in general business, due in part to the unseasonable weather, in part to the increased cost of merchandise, and in part to the campaign for economy. Index figures on the cost of living again show an advance.

Reports from Louisville indicate that the lumber trade has been somewhat handicapped by high prices, but manufacturers of ax handles, etc., report heavy orders on hand, although this is usually their dull season.

The temperature for the last half of April and the first half of May was below the normal throughout the entire district. The rainfall during this same period, generally speaking, was above the normal. The agricultural development has accordingly been somewhat retarded, but rain was needed for sufficient subsoil moisture and with favorable weather conditions from now on it is believed that the agricultural outlook will improve.

On May 8 the Government issued its report of condition of crops as of May 1. The wheat report showed an unusually large percentage of acreage abandoned and an unusually low percentage of condition for the country at large. The reports on the wheat crop in the States wholly or in part within this district were somewhat more encouraging than the reports from other sections of the country. The percentage of acreage abandoned in the large wheat-producing sections of the district was on the average smaller than in other sections of the country; the percentage of condition showed an improvement as compared to the April 1 report; and the forecast for the 1917 harvest from the May 1 condition was larger than the final estimate for 1916. It can not be said that the condition of the wheat crop is satisfactory in this district; at the same time it is believed that the prospects are better than have been hitherto supposed.

Favorable reports are received from the tobacco districts of Kentucky and Tennessee.

The cotton crop in the belt is undoubtedly two or three weeks later than usual. Cultivation has been retarded. In some sections replanting is necessary and the high cost of seed makes this a hardship. In an effort to overcome the ravages of the boll weevil, farmers have endeavored to plant a large percentage of their acreage in early maturing varieties. The high cost of provisions and the scarcity of labor will undoubtedly increase the cost of production of the 1917 crop, and this may be a factor affecting the acreage planted, although present prices are very tempting to planters. Reports on business in general in the cotton belt are satisfactory, one correspondent writing as follows: "We are glad to report that our farmers are planting a good part of their land in grain, and, notwithstanding the abnormal conditions which confront us, we feel safe in giving liberal credit to our customers, as we have done in former years." The stock of cotton on hand in Memphis on May 18 is still unusually large for this time of the year. The stock on this date amounts to 297,000 bales as compared to 136,000 on the same date in 1916, 120,000 in 1915, and 60,000 in 1914.

The May 1 condition of rye as reported in the Government crop report of May 8, is satisfactory. The acreage planted this year in the States within this district is generally larger than that harvested in 1916; the percentage of condition is fairly satisfactory, showing an improvement as compared to April 1.

Spring plowing and spring planting is well advanced, the percentages for the States within this district being generally above the 10-year average.

Reports indicate that the corn crop is developing satisfactorily. South of the Missouri River considerable corn is up, and in some sections fields have been once worked over. The cold, wet weather, which was prevalent up to a few days ago, has retarded the growth. Some counties report that corn had rotted in the ground and replanting was necessary. In an

effort to increase the production of foodstuffs, the growing of alfalfa on cut-over stump land in Arkansas is being introduced with considerable success.

A large acreage of potatoes has been planted and the crop is coming up well. Truck gardens are not so far advanced as is usual at this time of the year. With seasonable weather from now on they should develop rapidly. The movement of the strawberry crop is now in full swing. Shipments from the Arkansas district are very large and shipments from Tennessee, Kentucky, and the southern sections of Missouri are now beginning to appear in volume. Lettuce, cabbages, onions, and other truck-farm products are being shipped from the southern portions of the district. The outlook for the small-fruit crops is generally good, the apple outlook being particularly bright.

The St. Louis National Stock Yards reports an increase in the receipts of cattle and hogs for the month of April and a decrease in the receipts of sheep and horses and mules. For the first time in several months the price of hogs has not shown a material increase.

Building permits in Louisville, Little Rock, and Memphis show a decrease for the month of April as compared with April, 1916, while St. Louis shows an increase for the same month. The high cost of building materials is having a deterrent effect on building activity, and that in turn has affected the business of those supplying building materials.

Postal receipts in the four large cities of the district confirm the general slacking up of business, Little Rock, Louisville, and St. Louis showing a decrease as compared to a year ago and Memphis showing a slight increase.

Compilations of gross and net railroad earnings which are now available again show the discrepancy between the increase of gross and net earnings. The increased cost of material and labor is affecting the net earning of many of the railroads. Railroads in this district have joined in the national movement to conserve their resources and equipment for Government purposes. Rules and regulations with that object in view are now being put into effect.

The bond market is very quiet. Investors as well as bankers have practically withdrawn from the market. Bond houses in the district have offered their services to the Government and the efforts of these organizations are being expended on the Liberty Loan. Commercial-paper rates have advanced again. Best names are now quoted at 5 per cent and other names at  $5\frac{1}{2}$ , as compared to  $4\frac{1}{4}$  to  $4\frac{3}{4}$  a month ago. There is a fair supply of paper on the market, and in fact the supply seems to exceed the demand. Although a large amount of commercial paper will have to be refinanced within the next 30 days, brokers generally report a quiet business. City banks are not buying, and country banks are buying only in small quantities. Bank deposits have fallen off somewhat in the past 30 days, and banks generally seem to be husbanding their resources in an effort to aid the Government by liberally subscribing to the various issues of temporary Treasury certificates and by their desire to help place the Liberty Loan. Bank rates to customers have accordingly advanced, prime demand loans in St. Louis now being quoted at approximately 5 per cent with rates in other smaller centers in the district somewhat higher.

#### DISTRICT NO. 9.—MINNEAPOLIS.

The appeal to the farmers of the Ninth Federal Reserve District to plant heavily and secure a record-breaking acreage this year met with a prompt and effective response. Seeding during the last half of April was interfered with by bad weather and was somewhat delayed; during the first half of May conditions were very favorable, and the farmers were able to accomplish a very large amount of work. Reports now coming in indicate that wheat acreage of Minnesota, North and South Dakota, and Montana will be very close to normal in spite of severe damage from hail, rust, and hot weather last year.

Organized work to encourage heavy planting was especially successful in North Dakota. Banks everywhere throughout the district have been very liberal with farmers and active in encouraging them to take a personal interest in increased crop production.

There will be a large increase in barley and oats, and it is probable that the final reports on flax will show an increased acreage. Corn planting is actively in progress in Minnesota and South Dakota, and an increase of 20 per cent to 30 per cent in acreage is predicted. Winter rye is in fine condition. Wheat is obtaining a very favorable start, and although the cool nights have retarded the germination of the seed to some extent conditions have been right to give the plant a good start, and the roots have gone deep into the ground instead of spreading along the surface.

Planting in southern Minnesota and South Dakota is from a week to 10 days late, but throughout the remainder of Minnesota and North Dakota and Montana grain has gone into the ground at about the same season as in previous years. The crop outlook is generally favorable, and with satisfactory weather conditions large yields should be obtained this year.

Business conditions the district over have been generally satisfactory. There has been some hardening of rates, and country banks have been experiencing quite a heavy demand as a result of the appeal to plant larger acreages. This demand has reflected itself on city institutions, but funds have been promptly provided where needed and farmers have had liberal support from their banks.

The business outlook is favorable, and although construction has been somewhat retarded by the high price of materials the general opinion is that prosperity will continue and that the district will enjoy a good year.

#### DISTRICT NO. 10—KANSAS CITY.

*Agriculture.*—The labors of the various State committees for the conservation of agricultural products are meeting with enthusiastic response from all quarters. Publicity bureaus in charge of experts are reaching all classes through the press and by direct propaganda. The past month has been abnormally cold and wet, retarding farm work, but some improvement in growing crops is noted. Brief reviews from various States wholly or partly within this district follow:

*Colorado.*—Winter wheat is generally good and recent moisture has benefited all crops. A materially increased acreage is being cultivated. Sugar beet planting is well under way and conditions are favorable.

*Kansas.*—April rainfall was almost as much as during the five previous months combined, causing a general improvement in all crops. State and Government estimates on this year's wheat production agree upon approximately 40,000,000 bushels. The highest estimate received is 60,000,000 as against last year's final estimate of 97,500,000. Sunshine and warmth are the greatest needs at the present time. Alfalfa is looking well in the eastern half of the State and getting started in the western. Authorities claim that there is a good supply of seed for this season. The gardening area is said to have been doubled.

*Missouri.*—The abandoned wheat acreage will probably amount to between 15 and 20 per cent, while indications are that the corn acreage being planted is 40 per cent above the average, being approximately 7,368,000, an area greater than the whole of Belgium. The wheat forecast on May 1 exceeded last year's final estimate by approximately 3,000,000 bushels.

*Nebraska.*—Winter wheat has improved. Reliable estimates are that not to exceed 50 per cent has been killed, whereas earlier estimates ran as high as 75 per cent. In many localities tractors are being operated 24 hours a day by two or three shifts. The acreage of spring crops has been increased from 15 to 20 per cent over all past seasons.

*New Mexico.*—The commissioner of public lands has granted a permit to every holder of a lease of State lands for grazing purposes to use such lands for general farming without increase in rental during the period of the war, covering roughly the right to farm 7,000,000 acres of land, a large portion of which is adapted to some form of cultivation. Liberal permits have also been granted for the farming of tracts in the United States timber reserves.

*Oklahoma.*—Only 15 per cent of the wheat acreage has been abandoned, and there has

been material improvement in the crop remaining to be harvested, the growing condition of which, on May 1, was 71 per cent, or 7 points lower than at the same time last year. Indications are, however, that Oklahoma will produce 31,800,000 bushels of wheat this year as against 29,585,000 last year.

*Wyoming.*—The supply of snow remaining in the mountains at the close of April was unusually large, the depth averaging 42.6 inches, or 75 per cent greater than a year ago, assuring an abundant flow of irrigation water if weather conditions for early summer are normal. There is an improved prospect in winter wheat, and it is now estimated that only 10 or 15 per cent of the crop will be plowed up.

*Live stock.*—The general trend of prices for all classes has been upward, the highest level ever known prevailing. The movement to the markets increased materially and will unquestionably be reflected in smaller receipts later in the season. Unseasonable weather has caused a severe lamb loss in Wyoming, while many of those surviving are in poor condition. Wool brought the highest price ever paid, from 45 to 50 cents a pound. There has been noticeable betterment in grazing conditions. Local supplies of cut meats on May 1 showed a decrease from 50,000,000 pounds on May 1, 1916, to 46,500,000 pounds. Practically every packing center shows a decrease in hog packing for the past two months as compared with the same period last year.

*Mining.*—Colorado mines producing base metals made a record production during the month of April, gold and tungsten showing some falling off, owing to the increasing cost of production. In the Missouri-Kansas-Oklahoma field operators are claiming that unless materially advanced prices occur soon, there will be many shutdowns because of the increasing prices of everything that enters into production. However, if the remaining eight months prove as productive as the first four, all records will be broken in the production and valuation of zinc, lead, and calamine ores in this field for the current year.

*Oil.*—Contrary to predictions, the price of crude oil in the mid-continent field remains unchanged, while the shortage of casing and scarcity of rigs has reached an acute stage, causing a number of shutdowns. Both Kansas and Oklahoma reported increases in completed wells in April over March, but a net loss in new production. Rapid development in Wyoming continues.

*Lumber and construction.*—Lumbermen are predicting a shortage for the retail trade, due to the great demand of the Government for building material for ships and Army barracks, but some insist that there is plenty of lumber at producing points and that the supply will continue adequate regardless of the Government's requirements, the real problem being the question of transportation. There is a healthy and insistent demand for yard stock for general building purposes. Many large firms have withdrawn from the market because they can not furnish the stock. Order files are the largest ever known, and until most of these book orders are filled but little new business can be handled. Local sash and door factories are running full force, but orders are not quite so heavy as they were 30 days ago. Seven of the twelve important cities reporting show slight decreases in valuation of building permits for April, as compared with the same month last year. However, the six cities showing increases, in some cases important, comprise the largest cities in the district. Unquestionably, general building operations are not so active, due to the scarcity of material.

*Labor.*—In spite of the fact that the past month has witnessed an unusual number of voluntary wage increases and bonuses in various lines of industry, there have been increasing demands on the part of labor, by reason of the increasing cost of necessities, with a number of strikes and rumors of others. The disturbances reported, however, are scattered and do not affect any considerable number of men in any instance. The shortage of labor is becoming more and more apparent and the

farm labor problem particularly is receiving much attention. It is estimated that 20,000 harvest hands will soon be needed for Kansas and Oklahoma.

*Wholesale and retail.*—Flour mills are in active operation and current shipments of products in April were far above normal for the season, the activity being due to excessive buying of flour by housewives, which has now fallen off to some extent by reason of high prices and the fact that millers are discouraging new buying as much as possible.

Local distributors of automobiles report that from many quarters dealers have been taking more cars than called for by their contracts, in spite of the diminished crop prospects and the fact that practically all cars represented in this territory have raised their prices, some of them two or three times in the past year.

The widespread economy propaganda has undoubtedly had its effect upon dealers in dry goods, while unseasonable weather has had a further depressing tendency. Wholesalers report a good increase in orders for fall delivery.

A well-organized movement to increase the cultivated area, together with the abandonment of considerable wheat acreage, has resulted in the greatest demand for corn-tillage tools ever experienced, with a decided shortage quite apparent. Many houses report having shipped out as much or more of second order goods as they did upon the original contracts.

General April purchasing activities are reported as practically stationary with April of last year, with a slight decrease from March of this year, while collections continue satisfactory.

*Financial.*—While reports indicate a most satisfactory increase in the gross earnings of railways, the effect of rising expenses is revealed in decreases in net earnings in several instances.

Well-maintained business activity is reflected by the largest total clearings ever recorded for April, with gains of from 10.2 to 178.6 per cent, the average for the 15 most important

centers being 50.2 per cent, the greatest gains occurring in Oklahoma. Post-office receipts are reported in satisfactory volume. Bank deposits show a healthy gain over the same period a year ago, while the largest city banks show something of a decrease in deposits and an increase in loans since March 5, as is usual in the spring of the year. Desirable loans continue in demand throughout the district, but there is evidence of a stiffening in discount rates.

*General.*—The claim of a shortage of foodstuffs and the efforts put forth to induce economy are said by many to have been carried to extremes, and critics of this policy, believing that legitimate business has been unfavorably affected, are urging the plan of "Business as usual." There has been no discernible abatement in the volume of general business, as indicated by bank clearings and other business barometers, and the attitude of commercial interests is by no means one of apprehension. Government purchases in various directions are adding materially to the normal consumption.

#### DISTRICT NO. 11—DALLAS.

Since our April letter there has been a considerable change in business conditions throughout the district, and while not particularly serious the situation is materially affected by the war. All sections report the growth of conservatism. The uncertainty of conditions very far ahead has promoted economy among the people. The extraordinarily high prices of practically every commodity, especially foodstuffs, have caused many people to restrict their purchases, and in the main expenditures are being confined to the necessities of life, rather than luxuries. Summed up, therefore, general business conditions are less favorable than a month ago. For at least a month after war was declared "business as usual" seemed to be the prevailing principle. The latter part of May has shown a slowing down in many lines.

Unseasonable weather the early part of the month has caused a curtailment of retail trade,

and it is below normal. Retailers are hopeful that with warm weather the trade will again become active.

The wheat belt of the district was benefitted by a heavy snow and good rains on May 6. Unusually cold weather prevailed, but the moisture materially helped grain. According to reports, the condition of the wheat and oat crop has materially improved within the last two weeks, and at this time prospects are excellent for a good yield. In our April letter we estimated that Texas would produce 20,000,000 bushels of wheat; 25,000,000 bushels of oats, and 150,000,000 bushels of corn. After carefully analyzing the reports received we believe these figures conservative.

Cotton has been retarded by the cold, backward spring and cold nights. As it is particularly a hot-weather plant the condition of the crop at the present time is not especially encouraging. Our advices are that much of the staple has died because of unfavorable weather, and that replanting has been necessary in many sections, especially Oklahoma. There is an increased acreage in cotton over 1916, but with the heavy acreage planted this season in diversified crops and foodstuffs farmers will be more self-supporting than in many years past, and be less dependent upon returns from cotton.

The markets of the district are well supplied with vegetables, for which there is an excellent demand at good prices. The effects of the home gardening campaign are now being felt, and the producer is getting good returns from his efforts in this direction.

Uncertainty as to war conditions is affecting wholesale lines. There is a tendency to buy very conservatively, and high prices prevent any buying of unusually large stocks. The volume of trade, according to reports, is about equal to last year. There is some slowing up in collections in the trade.

Government financing has taken precedence over other matters in banking circles in the past 30 days, and the flotation of Liberty bonds, and the distribution of the Treasury

certificates of indebtedness, have been of first importance in finance. The banks and individuals are responding to the call of the Government in the present situation, and all seem disposed to do their best in making the bond issue a success. Demand with member banks is rather active, and their loan account shows a steady increase. The seasonal slump in deposits is at hand, and a corresponding decrease in reserves is noted. Notwithstanding the active demand for money, there is no evidence of any stiffening of rates, and they remain easy. The sale of the Government's bonds has had the effect of causing inactivity in other bond offerings, and dealers report few inquiries and little trading.

Demand with this bank is increasing daily, and within the past month our loans show an increase of some \$800,000. The larger part of the paper offered consists of notes of farmers', fall maturity, and live stock paper. Bank clearings for April show an increase of 36 per cent over the same month last year, and continue at record figures. The totals for April at the principal cities were, 1916, \$134,601,572; 1917, \$182,257,831.

Lumber continues in good demand, at advanced prices. The car situation, already serious for several months past, shows no improvement. Building operations, as reported by the principal cities of the district, for April show a decrease in number, but an increase of 36 per cent in the valuation of permits issued.

The most unfavorable feature in the oil industry at this time is the high price and scarcity of materials necessary in production. The declaration of war had the effect of temporarily suspending export shipments from Gulf ports, but this has practically all been made up by heavier shipments later. Loadings of refinery products by the Gulf Refining Co. alone, in the first half of April, amounted to 992,384 barrels; a gain of 344,789 barrels over the company's deliveries from its refinery to vessels in the corresponding period in March. A great deal of the oil was for export. Operations in the Petrolia and Holiday fields are

curtailed to a very great extent by the shortage of water.

There is no evidence of any unemployment of labor. The high cost of living, and the advanced prices of all necessities has been generally recognized by employers throughout this section. With the harvesting season near at hand, and the unusual demand for men for that work, there should be no unemployment in the near future.

#### DISTRICT NO. 12—SAN FRANCISCO.

The offering of \$2,000,000,000 Liberty Loan bonds has commanded chief attention in the past month. If each person in the United States made equal subscription, the share of each man, woman, and child would be \$20, or, on the average, \$100 for each family. If apportioned according to the amount of deposits in banks, each bank would sell to its customers an amount approximately equal to 10 per cent of its deposits (excluding deposits from banks). This would aggregate \$42,000,000 for San Francisco, \$18,200,000 for Los Angeles, \$8,000,000 for Seattle, \$6,000,000 for Portland, \$3,300,000 for Spokane, \$2,200,000 for Tacoma, and a total of \$166,000,000 for the Twelfth Federal Reserve District.

Apprehension that bank deposits will shrink as a result of such financing seems ill founded. Bonds will be paid for chiefly by checks on banks, being a transfer of balances now at the credit of individuals to the credit of the Government. When disbursed by the Government for services and materials the amounts will reappear as deposits of individuals. Such a process will inevitably increase, not diminish, the total of bank deposits. No export of gold is involved. That payment for bonds may be a mere transfer of bank balances from one account to another and not a transaction in actual money is well illustrated by the fact that when the Federal Reserve Bank of San Francisco recently received payment from banks and individuals of \$20,000,000 for Treasury certificates sold them, the reserve bank had \$600,000 less gold at the close of business that

day than before the \$20,000,000 was paid to it, payments having been made in eastern exchange.

Our hazard would appear to be not that bank deposits may diminish under war financing but that they may expand too greatly, enhancing the difficulty of readjustment after the war. If, for illustration, we assume that our total expenditures last year were \$25,000,000,000, and the Government now is to spend \$10,000,000,000 this year for war, this latter sum could be supplied either by curtailing our expenditures to three-fifths those of last year, viz, to \$15,000,000,000, and giving two-fifths, viz, \$10,000,000,000, to the Government, leaving the combined Government and private expenditures the same as last year; or, we could avoid curtailment and lend the Government \$10,000,000,000, bringing the combined Government and private expenditures up to \$35,000,000,000. This latter course would mean that we would this year pay \$35,000,000,000 for the total products of all the labor of the country which were paid for with \$25,000,000,000 last year, the total products probably varying but little in quantity. In other words, this would advance prices on the average 40 per cent. To curtail two-fifths would be a tax equal to 40 per cent of all expenditures, but the price level would not be advanced and there would be no Government debt. To increase the price level 40 per cent by disbursement of Government borrowings with undiminished private expenditure would likewise impose a tax of two-fifths, since as a consequence a dollar would on the average buy only 60 per cent as much as before. Besides this the resulting Government debt would entail years of heavy taxation to pay interest and principal, and the higher price level would intensify the difficulties of the period of contraction and readjustment inevitably to follow the expansion.

A middle course has been chosen, providing war funds partly by taxation and partly by bond issues.

"Business as usual" would aggravate every evil growing out of a period of expansion,

causing the Government to receive least value for its expenditures and hampering it at every point in the conduct of the war. Every economy in the use of the product of labor and every increase in the efficiency and output of labor can not fail to be directly helpful to the Government in its war efforts and will render easier the industrial and commercial readjustment after the war. There is no danger of unemployment but it is inevitable that the diversion of effort from channels of peace to those of war will occasion individual hardships.

Credit is easy and conditions are generally favorable for the flotation of this district's share of Government loans. With such huge financing, temporary dislocations of funds can hardly fail to appear here and there, but the Secretary of the Treasury will deposit in member and nonmember banks the proceeds of payments on Liberty Loan bonds, withdrawing the funds as needed. Banks generally have exceptionally heavy reserves, but rediscounting with the Federal Reserve Bank should unhesitatingly be availed of when required.

Both to extend its service and as a safeguard, it has been determined to establish branches of the Federal Reserve Bank at Seattle, Portland, and Spokane. Plans for the branch at Spokane are well forward. The eligible State banks of that city have given assurance of their intention to make application for membership and the clearing-house banks have offered to employ the branch to conduct the examinations hitherto conducted by the clearing house examiner, paying the branch for this service an amount equal to the present cost of conducting such examinations, it being assumed that the clearing house examiner will be appointed branch manager. It is anticipated that Seattle and Portland will offer similar cooperation.

The May 1 Government report estimates the winter wheat crop for this district at 39,250,000 bushels, against 53,330,000 last year and a five year average of 62,235,000. According to reports from the Spokane section last fall was unfavorable for planting winter wheat and this

spring has been so cold and backward that it has prevented planting a full acreage of spring wheat. Private estimates indicate a total crop perhaps 30 per cent below normal in amount.

The acreage in beans has been increased about 50 per cent over last year, that in California alone being estimated at 400,000 acres. Last year over 260,000 acres were in sugar beets. The acreage this year has been largely increased in Idaho and Utah. Last year Oregon and Washington produced about 10,000,000 bushels of corn. This year 190,000 acres have been planted as compared with 121,000 last year. A recent survey in California shows the wheat crop about 90 per cent of normal, pasture grasses 75 per cent, rice 130 per cent, and potatoes about normal.

A report from Idaho estimates that 120,000 acres in that State are planted in fruit, 115,000 acres being in apples. Prospects for deciduous fruits are for only moderate crops. Apricots and almonds have suffered from frost. Generally speaking, the increase of new acreage coming into bearing will to a considerable extent offset losses by frost.

Railroads are preparing to provide cars for large shipments of fruit from California, 15,000 to 18,000 being the estimate for deciduous fruit, 14,000 to 15,000 for Valencia oranges (2,000 more than in any previous year), besides 10,000 for cantaloupes.

A large salmon catch is anticipated this year because of the quadrennial run of the sockeye and the biennial run of humpback varieties.

It is said that 315,000 head of sheep are grazing on the Humboldt National Forest in Nevada, the largest number on any single national forest, while the largest number of cattle, 76,000 head, is found on the Tonto in Arizona. Both cattle and sheep are commanding extraordinary prices, and wool contracts have been made at 50 to 52½ cents.

Potash, formerly obtained from Germany, is now being obtained from the kelp along the California coast, and while this means a much higher cost, the availability commercially has been demonstrated.

In California \$2,000,000 worth of quicksilver was produced in 1916.

A Los Angeles shipyard has received an order for eight steel vessels of 8,800 tons each.

The lumber output of this district during the past year has amounted to 9,070,000,000 feet, about 1,500,000,000 more than last year.

Production of petroleum in California in April amounted to 269,085 barrels daily, shipments being 309,001 barrels. On April 30, 1917, stored stocks were 39,976,386 barrels compared with 60,820,315 barrels on April 30, 1915.

Pacific coast banks, particularly those of San Francisco, are steadily expanding their acceptance business. From April 1 to May 15 the

Federal Reserve Bank bought their acceptances covering the following importations: Rice from China and South America; beans, raw silk, pongee, curios, surgical instruments, and buttons from Japan; rubber from Java; cocoanut oil, hemp, buttons, hats, and cigars from the Philippines; tea, cotton goods, toys, walnuts, carpets, and peanuts from China.

Loans and deposits of member banks in reserve cities in this district each expanded more than 25 per cent from May 1, 1916, to May 1, 1917.

The prospects at this time are for maximum industrial activity, but for only moderate crops, with generally high prices.

**ACTUAL AND REQUIRED RESERVES OF NATIONAL BANKS, 1915 TO 1917.**

The tables below and accompanying diagrams are based upon data shown in the Comptroller's abstracts of condition of national banks beginning with December 31, 1914, the date of call following the opening of the Federal Reserve Banks. As is known, the Federal Reserve Act prescribed certain minimum percentages of reserve which member banks were required to keep in vault and with the Federal Reserve Banks, varying according to whether the banks were located in central reserve cities (New York, Chicago, and St. Louis), reserve cities (present number fifty-two), or in places not so designated. Between November 16, 1914, and November 16, 1916, the percentages of reserve which member banks outside of central reserve cities had to maintain at the Federal Reserve Banks were increased three times. Since September, 1916, member banks have been permitted to carry in the Federal Reserve Banks any portion of their reserve formerly required to be held in their own vaults. These provisions, in combination with the considerable growth of net deposits, account for the almost continuous increases shown in the amounts due from the Federal Reserve Banks to all three groups of national banks. These amounts have more than doubled in the case of central reserve city banks, and have nearly quadrupled in the case of national banks outside these cities.

Vault reserves show considerable increases only in the case of central reserve city banks, national banks in reserve cities reporting practically no changes in their vault reserves, and country banks a practically stationary condition during 1915 and but slight increases since. The effect of the transfers of reserves is reflected also through the changes in the amounts due from approved reserve agents, which show large

reductions on December 31, 1915, June 30, 1916, and December 27, 1916, the dates of the Comptroller's calls following the transfers of reserves to the Federal Reserve Banks.

Figures of required reserve are based entirely upon the amounts of net deposits carried by the banks and indicate, therefore, most clearly the degree of expansion of the several groups of banks during the period under consideration. On the whole, the progress of expansion is shown to have been most pronounced for the central reserve city banks, their required reserves being 78 per cent larger on March 5, 1917, than at the close of 1914, while in the case of the reserve city banks the increase in required reserve is 64 per cent and in the case of country banks only 42 per cent for the same period. A comparison of the aggregate figures of required reserve with the combined amounts of vault reserve and reserve deposits with the Federal Reserve Banks held on the several dates indicates that except during the middle of 1916 these amounts were but slightly below the amounts of total reserve required, and for the most recent dates even in excess of these amounts. This favorable situation was due, however, to the fact that the central reserve city banks have been and are at present maintaining vault reserves as well as reserve deposits with their Federal Reserve Banks largely in excess of reserve requirements.

It is evident, however, that in case the present law is changed and a greater centralization of reserves at the Federal Reserve Banks is ordered, the banks outside the central reserve cities will be able to effect transfers of reserves to the Federal Reserve Banks without reducing materially their deposits with correspondents at the central reserve cities.

Gold and total vault reserves, amounts due from Federal Reserve Banks and from approved reserve agents; also required reserves, by classes of national banks, 1915 to 1917.

[From Comptroller's abstracts of reports of condition of national banks. Figures expressed in millions of dollars.]

	1				2				3				4			
	Gold reserve.				Other vault reserve.				Total vault reserve (1+2).				Due from Federal Reserve Banks.			
	Banks in central reserve cities.	Banks in reserve cities.	Country banks.	Total.	Banks in central reserve cities.	Banks in reserve cities.	Country banks.	Total.	Banks in central reserve cities.	Banks in reserve cities.	Country banks.	Total.	Banks in central reserve cities.	Banks in reserve cities.	Country banks.	Total.
Dec. 31, 1914.....	131	111	127	369	125	68	100	293	256	179	227	662	133	60	68	261
Mar. 4, 1915.....	173	115	125	413	145	65	95	305	318	180	220	718	154	66	70	290
May 1, 1915.....	213	110	123	446	144	62	83	289	357	172	206	735	154	65	71	290
June 23, 1915.....	260	117	126	503	124	67	95	286	384	184	221	789	173	68	72	313
Sept. 2, 1915.....	209	114	128	541	146	62	93	301	445	176	221	842	174	68	73	315
Nov. 10, 1915.....	315	115	134	564	121	65	96	282	436	180	230	846	212	73	81	366
Dec. 31, 1915.....	275	111	132	518	128	66	94	288	403	177	226	806	202	94	108	404
Mar. 7, 1916.....	280	120	138	538	134	66	95	295	414	186	233	833	218	101	112	431
May 1, 1916.....	236	113	140	489	129	65	93	287	365	178	233	776	213	99	116	428
June 30, 1916.....	228	113	140	481	122	61	93	276	350	174	233	757	203	123	150	476
Sept. 12, 1916.....	220	126	152	498	106	64	99	269	326	190	251	767	216	150	165	531
Nov. 17, 1916.....	244	134	150	528	107	59	94	260	351	193	244	788	234	195	220	649
Dec. 27, 1916.....	230	122	153	505	111	63	105	279	341	185	258	784	243	231	234	708
Mar. 5, 1917.....	272	131	152	555	103	59	96	258	375	190	248	813	271	232	247	750

  

	5				6				7				8			
	Total (3+4).				Due from approved reserve agents.				Total (3+4+6).				Reserve required.			
	Banks in central reserve cities.	Banks in reserve cities.	Country banks.	Total.	Banks in central reserve cities.	Banks in reserve cities.	Country banks.	Total.	Banks in central reserve cities.	Banks in reserve cities.	Country banks.	Total.	Banks in central reserve cities.	Banks in reserve cities.	Country banks.	Total.
Dec. 31, 1914.....	389	239	295	923	.....	185	397	582	389	424	692	1,505	306	281	371	958
Mar. 4, 1915.....	472	246	290	1,008	.....	281	466	747	472	527	756	1,755	345	298	379	1,022
May 1, 1915.....	511	237	277	1,025	.....	292	456	748	511	529	733	1,773	366	305	375	1,046
June 23, 1915.....	557	252	293	1,102	.....	301	436	737	557	553	729	1,839	377	309	375	1,061
Sept. 2, 1915.....	619	244	294	1,157	.....	334	475	809	619	578	769	1,966	404	315	381	1,100
Nov. 10, 1915.....	648	253	311	1,212	.....	372	522	894	648	625	833	2,106	473	342	401	1,216
Dec. 31, 1915.....	605	271	334	1,210	.....	305	528	833	605	576	862	2,043	470	345	408	1,232
Mar. 7, 1916.....	632	287	345	1,264	.....	406	615	1,021	632	693	960	2,285	497	374	423	1,294
May 1, 1916.....	578	277	349	1,204	.....	351	603	954	578	628	952	2,158	487	375	429	1,291
June 30, 1916.....	553	297	383	1,233	.....	299	543	842	553	596	926	2,075	467	376	431	1,274
Sept. 12, 1916.....	542	339	416	1,297	.....	320	616	936	542	659	1,032	2,233	479	399	465	1,343
Nov. 17, 1916.....	585	388	464	1,437	.....	338	666	1,034	585	726	1,160	2,471	513	437	505	1,455
Dec. 27, 1916.....	594	416	492	1,492	.....	267	678	945	594	683	1,170	2,437	495	437	511	1,443
Mar. 5, 1917.....	646	422	495	1,563	.....	328	748	1,076	646	750	1,243	2,639	546	460	526	1,532

## DISCOUNT OPERATIONS OF THE FEDERAL RESERVE BANKS.

Discount operations of the Federal Reserve Banks during April totaled \$50,055,801, compared with a monthly average of \$22,480,385 discounted during the first quarter of the year, and \$11,521,500 discounted during April, 1916. Of the total discounts for the month, \$19,883,579 was in the form of member banks' collateral notes, as against a monthly average of \$10,425,973 for the first quarter of the present year. Nearly one-quarter of the discounts for the month is reported by the Richmond Bank, about 20 per cent by the Boston bank, and about 14 per cent by the Cleveland bank. Fifteen-day paper constitutes over 75 per cent of the Richmond bank's, about 92 per cent of the Boston bank's, and about 96 per cent of the Cleveland bank's discounts for the month, the greater part of the short-term paper being in the shape of member banks' collateral notes discounted for the larger member banks in the respective Federal Reserve cities.

Aggregate discounts for the month include \$678,022 of trade acceptances (two-name paper) discounted by eight reserve banks, and \$856,805 of commodity paper, practically all based on cotton, discounted by three reserve banks. Over three-fourths of the trade acceptances and nearly all the commodity paper are reported by the Richmond and Atlanta banks.

The total number of bills discounted during April, exclusive of 115 collateral notes, was 6,202, averaging in size \$4,865, compared with about \$3,800 in March, 1917, and \$1,640 in April, 1916, indicating a relatively large increase in the amount of the larger-size bills discounted during the month. As a matter of fact, over 55 per cent of the paper rediscounted (i. e., exclusive of collateral notes discounted with the Federal Reserve Banks) during April was paper in denominations of over \$10,000, chiefly 15-day paper, presented by the larger banks with the view of securing additional funds to subscribe to Government securities.

Medium-size bills (i. e., in denominations of \$1,000 to \$5,000) constituted about 24 per cent of the paper rediscounted during the month, compared with about 50 per cent in April, 1916. Small bills (in amounts up to \$250) constituted about 22 per cent of the number, though only about one-half of 1 per cent of the total amount of paper rediscounted during the month, Philadelphia reporting the largest number of these small bills, largely trade acceptances.

About 70 per cent of all the paper, including collateral notes, discounted during April, was 15-day paper (i. e., maturing within 15 days from the date of discount with the Federal Reserve Bank); less than 8 per cent was 30-day paper; nearly 15 per cent, 60-day paper; and less than 6 per cent, 90-day paper. Agricultural and live-stock paper maturing after 90 days from date of rediscount with the Federal Reserve Bank (six-month paper) figures to the extent of \$996,804, or less than 2 per cent, in the total discounts for the month. During the four months ending April of the present year the Federal Reserve Banks discounted a total of about \$2,592,000 of six-month paper, compared with \$5,491,800 and \$4,320,400 of this class of paper discounted during the same period in 1916 and 1915.

On the last Friday in April the banks held a total of \$35,042,056 of discounted paper, compared with \$20,106,182 about the end of March, and \$21,448,000 on the corresponding date in 1916. Of the total held about the close of the month under review, \$3,135,751 was agricultural paper, \$2,194,217 live-stock paper, \$21,805,509 industrial and commercial paper, and \$7,906,579 member banks' collateral notes. Over 60 per cent of the agricultural paper of all maturities was held by the Richmond, Chicago, and Dallas banks, and about 60 per cent of the live-stock paper by the Dallas bank.

Of the 7,634 member banks reported at the end of the month, only 384, or slightly over 5

per cent, availed themselves of their discount privileges during the month. The number of member banks in the three southern Federal Reserve Districts rediscounting during April

was 184, as against 312 in April, 1916. Boston, New York, Cleveland, and San Francisco are the only banks which report larger numbers of discounting members than for April, 1916.

*Bills discounted by each Federal Reserve Bank during April, 1917, distributed by sizes.*

NUMBER OF PIECES AND AMOUNTS.

Banks.	To \$100.		Over \$100 to \$250.		Over \$250 to \$500.		Over \$500 to \$1,000.		Over \$1,000 to \$2,500.		Over \$2,500 to \$5,000.		Over \$5,000 to \$10,000.		Over \$10,000.		Total.		Per cent.
	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	Number of pieces.	Amount.	
Boston.....	2	\$200	1	\$228	7	\$3,275	21	\$18,894	31	\$57,534	157	\$757,730	97	\$928,530	74	\$6,159,031	390	\$7,925,422	26.3
New York.....	8	645	39	7,453	57	22,335	35	24,352	24	43,219	62	307,200	18	162,281	14	844,738	257	1,412,223	4.7
Philadelphia.....	377	17,192	115	18,952	52	18,261	36	27,124	64	132,919	87	371,559	27	248,274	12	243,140	770	1,077,721	3.6
Cleveland.....	26	1,755	25	4,144	23	8,821	5	6,921	27	51,492	73	348,286	49	431,552	48	2,008,441	275	2,801,412	9.5
Richmond.....	72	5,161	147	26,532	244	99,363	279	233,958	241	410,771	194	803,048	100	870,499	36	779,177	1,322	3,228,509	10.7
Atlanta.....	68	4,554	192	30,686	101	36,605	61	47,240	111	197,681	84	332,157	43	311,950	18	271,949	678	1,232,822	4.1
Chicago.....	1	100	21	4,095	77	30,069	71	51,435	70	122,896	98	452,880	38	324,956	52	2,190,000	428	3,176,431	10.5
St. Louis.....	5	475	10	2,055	84	31,369	60	44,157	46	79,277	168	817,613	57	559,942	22	1,020,588	452	2,555,476	8.5
Minneapolis.....	1	100	9	1,591	39	13,573	66	51,600	105	186,095	141	630,317	76	669,495	94	2,409,736	530	3,962,497	13.1
Kansas City.....	1	100	35	6,515	68	25,721	71	49,024	30	46,267	18	67,019	9	63,055	6	86,694	238	344,395	1.1
Dallas.....	35	2,870	159	27,264	114	39,510	115	82,610	109	181,509	119	483,186	45	291,859	26	587,619	722	1,696,427	5.6
San Francisco.....			3	668	14	6,231	16	11,248	29	54,100	48	219,765	22	191,323	8	215,552	140	698,887	2.3
Total.....	595	33,052	756	130,183	879	335,133	836	648,653	887	1,563,760	1,249	5,591,060	590	5,053,716	410	16,816,665	6,202	30,172,222	.....
Per cent.....		0.1		0.4		1.1		2.2		5.2		18.5		16.8		55.7		100.0	100.0
Member banks' collateral notes.....										5	22,700	12	110,879	98	19,750,000	115	19,883,579	.....	

*Bills discounted during the month of April, 1917, and 1916, and the four months ending April, 1917, and 1916, distributed by classes.*

Banks.	Col-lateral notes.	Trade accept-ances.	Com-mo-dity paper.	All other dis-counts.	Total.	Banks.	Col-lateral notes.	Trade accept-ances.	Com-mo-dity paper.	All other dis-counts.	Total.
Boston.....	\$2,024,000	\$69,926		\$7,855,496	\$9,949,422	Dallas.....	\$170,000			\$1,696,427	\$1,866,427
New York.....	1,027,000	10,452		1,401,771	2,439,223	San Francisco.....	6,000	\$5,197	\$1,363	692,327	704,887
Philadelphia.....	1,307,706	24,199		1,053,522	2,385,421	Total April, 1917.....	19,883,579	678,022	856,805	28,637,395	50,055,801
Cleveland.....	4,110,000	823		2,860,589	6,971,412	Total April, 1916.....		240,000	1,370,700	9,910,800	11,521,500
Richmond.....	8,936,000	323,779	\$611,609	2,293,121	12,664,509	Total Jan.-Apr., 1917.....	51,161,499	2,847,910	4,115,317	59,372,231	117,496,967
Atlanta.....	735,000	195,600	243,833	793,359	1,967,822	Total Jan.-Apr., 1916.....		1,229,233	6,747,963	31,711,204	39,688,400
Chicago.....	50,000			3,176,431	3,226,431						
St. Louis.....	1,377,879	48,046		2,507,430	3,933,355						
Minneapolis.....	140,000			3,962,497	4,102,497						
Kansas City.....				344,395	344,395						

1 All cotton paper.

*Amounts of discounted paper, including member banks' collateral notes, held by each Federal Reserve Bank on the last Friday in April, 1917, distributed by classes.*

Banks.	Agricul-tural paper.	Live-stock paper.	Commer-cial and industrial paper.	Member banks' collateral notes.	Total.	Banks.	Agricul-tural paper.	Live-stock paper.	Commer-cial and industrial paper.	Member banks' collateral notes.	Total.
Boston.....			\$4,499,472	\$1,589,000	\$6,088,472	Minneapolis.....	\$296,378	\$330,359	\$3,033,281	\$90,000	\$3,750,018
New York.....	\$53,694	\$7,016	469,757	210,000	740,467	Kansas City.....	173,554	322,269	71,110		566,933
Philadelphia.....	93,189		636,611	802,700	1,532,500	Dallas.....	410,126	1,298,520	1,045,566	90,000	2,844,212
Cleveland.....	21,200	12,836	1,756,138	1,230,000	3,020,174	San Francisco.....	101,676	22,892	592,162		716,730
Richmond.....	854,657		3,724,905	2,777,000	7,356,562	Total.....	3,135,751	2,194,217	21,805,509	7,906,579	35,042,056
Atlanta.....	310,633	116,044	1,542,082	350,000	2,318,809	Per cent.....	8.9	6.3	62.2	22.6	100.0
Chicago.....	671,611	2,662	2,066,460	50,000	2,790,733						
St. Louis.....	148,983	81,619	2,367,965	717,879	3,316,446						

Distribution, by sizes, of bills bought in open market by all Federal Reserve Banks during April, 1917, and the four months ending April, 1917, and 1916.

Acceptances bought in open market.	To \$5,000.		To \$10,000.		To \$25,000.		To \$50,000.		To \$100,000.		Over \$100,000.		Total.		Per cent.
	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	Pieces.	Amount.	
Bankers' acceptances.....	732	\$1,546,440	255	\$2,038,377	639	\$13,123,188	256	\$10,969,233	87	\$7,155,097	38	\$6,186,816	2,007	\$41,019,151	90.3
Trade acceptances.....	16	42,646	15	109,003	8	107,904	1	33,887					40	293,440	.7
<b>Total, April, 1917.....</b>	<b>748</b>	<b>1,589,086</b>	<b>270</b>	<b>2,147,380</b>	<b>647</b>	<b>13,231,092</b>	<b>257</b>	<b>11,003,120</b>	<b>87</b>	<b>7,155,097</b>	<b>38</b>	<b>6,186,816</b>	<b>2,047</b>	<b>41,312,591</b>	<b>100.0</b>
Per cent.....		3.9		5.2		32.0		26.6		17.3		15.0			
March, 1917.....	389	876,506	175	1,381,029	363	6,976,406	171	7,185,125	86	6,801,012	25	4,930,660	1,209	28,151,638	
February, 1917.....	819	2,175,639	777	6,324,018	1,248	22,367,962	401	16,483,974	180	15,273,481	49	8,012,105	3,474	70,637,179	
January, 1917.....	390	1,023,210	483	1,706,069	300	5,238,206	152	6,898,412	48	3,891,515	11	1,859,768	1,384	20,617,180	
<b>Total, 4 months ending April, 1917.....</b>	<b>2,346</b>	<b>5,664,441</b>	<b>1,705</b>	<b>11,558,496</b>	<b>2,558</b>	<b>47,813,666</b>	<b>981</b>	<b>41,570,631</b>	<b>401</b>	<b>33,122,005</b>	<b>123</b>	<b>20,989,349</b>	<b>8,114</b>	<b>160,718,588</b>	
<b>Total, 4 months ending April, 1916.....</b>	<b>1,018</b>	<b>3,125,898</b>	<b>894</b>	<b>7,317,582</b>	<b>1,082</b>	<b>19,660,600</b>	<b>299</b>	<b>12,124,183</b>	<b>132</b>	<b>10,769,804</b>	<b>48</b>	<b>10,438,448</b>	<b>3,473</b>	<b>63,436,510</b>	

<sup>1</sup> Of the above amount, bankers' acceptances totaling \$31,873,550 were based on imports and exports and \$9,145,601 on domestic trade transactions.  
<sup>2</sup> Of the above amount, trade acceptances totaling \$290,440 were drawn abroad on importers in the United States and \$3,000 were based on domestic trade transactions.

Acceptances bought in open market and held by Federal Reserve Banks as per schedules on file with the Federal Reserve Board 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.		
<b>1915.</b>								
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
May 3.....	5,038,000	8,189,000	10,000	110,000		13,347,000		13,347,000
June 7.....	5,242,000	4,516,000	10,000	192,000		9,960,000		9,960,000
July 3.....	4,342,000	5,267,000		161,000		9,770,000		9,770,000
Aug. 2.....	5,350,000	5,407,000	20,000	352,000		11,129,000		11,129,000
Sept. 6.....	6,087,000	6,305,000	20,000	472,000		12,884,000		12,884,000
Oct. 4.....	9,000,000	4,898,000	132,000	343,000		14,373,000		14,373,000
Nov. 1.....	8,477,000	4,331,000	253,000	204,000		13,265,000		13,265,000
Dec. 6.....	12,311,000	5,172,000	275,000	396,000		18,154,000		18,154,000
<b>1916.</b>								
Jan. 3.....	15,494,000	7,160,000	302,000	822,000		23,838,000		23,838,000
Feb. 7.....	15,681,000	7,876,000	336,000	1,456,000		25,349,000	\$489,000	25,838,000
Mar. 6.....	17,182,000	8,670,000	408,000	1,781,000		28,041,000	462,000	28,503,000
Apr. 3.....	21,000,000	13,573,000	473,000	3,262,000		38,308,000	722,000	39,030,000
May 1.....	24,875,000	15,400,000	585,000	3,430,000		44,290,000	1,477,000	45,767,000
June 5.....	24,680,000	17,029,000	644,000	7,007,000		49,360,000	2,208,000	51,568,000
July 3.....	32,989,000	18,921,000	471,000	11,830,000		64,211,000	3,422,000	67,633,000
Aug. 7.....	39,695,000	19,060,000	738,000	13,940,000		73,433,000	4,225,000	77,658,000
Sept. 4.....	41,413,000	20,356,000	726,000	12,491,000		74,986,000	3,673,000	78,659,000
Oct. 2.....	37,798,000	21,782,000	712,000	9,944,000		70,236,000	2,306,000	72,542,000
Nov. 6.....	37,770,000	29,474,000	1,014,000	12,147,000		80,405,000	2,378,000	82,783,000
Dec. 4.....	47,748,000	33,232,000	1,630,000	16,069,000		98,679,000	4,487,000	103,166,000
<b>1917.</b>								
Jan. 1.....	66,803,000	34,625,000	1,502,000	18,224,000		121,154,000	4,585,000	125,739,000
Jan. 8.....	60,066,000	32,407,000	1,325,000	16,915,000		110,713,000	4,249,000	114,962,000
Jan. 15.....	59,710,000	30,691,000	1,245,000	15,802,000		107,508,000	4,386,000	111,894,000
Jan. 22.....	56,334,000	26,286,000	1,146,000	14,119,000		97,885,000	4,102,000	101,987,000
Jan. 29.....	52,439,000	22,744,000	1,054,000	12,949,000		89,186,000	4,041,000	93,227,000
Feb. 5.....	50,301,000	23,511,000	972,000	13,775,000	\$140,000	88,759,000	4,041,000	92,800,000
Feb. 12.....	54,945,000	33,473,000	1,205,000	17,952,000	608,000	108,303,000	4,896,000	113,199,000
Feb. 19.....	59,165,000	35,745,000	1,268,000	21,842,000	677,000	118,697,000	4,982,000	123,679,000
Feb. 26.....	59,498,000	35,478,000	1,094,000	20,389,000	677,000	118,136,000	5,068,000	123,204,000
Mar. 5.....	53,288,000	32,518,000	1,090,000	20,581,000	254,000	107,832,000	2,535,000	110,367,000
Mar. 12.....	50,130,000	28,709,000	815,000	19,503,000	295,000	99,543,000	2,359,000	101,902,000
Mar. 19.....	46,171,000	24,175,000	735,000	17,607,000	228,000	88,916,000	1,908,000	90,824,000
Mar. 26.....	43,471,000	22,525,000	645,000	17,515,000	167,000	84,323,000	1,295,000	85,618,000
Apr. 2.....	43,979,000	20,328,000	689,000	16,830,000	200,000	82,026,000	1,144,000	83,170,000
Apr. 9.....	42,204,000	19,424,000	681,000	15,427,000	200,000	77,996,000	1,344,000	79,340,000
Apr. 16.....	38,805,000	15,708,000	638,000	14,470,000	200,000	69,881,000	1,316,000	71,197,000
Apr. 23.....	31,093,000	13,473,000	496,000	13,502,000	200,000	70,764,000	1,461,000	72,225,000
Apr. 30.....	45,247,000	13,531,000	327,000	17,096,000	344,000	76,545,000	1,371,000	77,916,000
May 7.....	49,192,000	19,650,000	236,000	19,177,000	94,000	88,349,000	1,679,000	90,028,000
May 14.....	56,294,000	24,383,000	385,000	18,917,000	117,000	100,096,000	1,986,000	102,082,000
May 21.....	59,105,000	23,316,000	320,000	19,822,000	136,000	102,699,000	3,027,000	105,726,000

Amounts of bills discounted and acceptances and warrants bought by each Federal Reserve Bank during April, 1917, distributed by maturities.

Banks.	15-day maturities.				30-day maturities.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston.....	\$9,118,269			\$9,118,269	\$180,269	\$34,635		\$214,904
New York.....	2,316,507	\$1,023,023		3,339,530	30,753	1,767,097		1,797,850
Philadelphia.....	2,164,269	43,873		2,208,142	137,441	737,158		874,599
Cleveland.....	6,730,998			6,730,998	125,824		\$2,563	128,387
Richmond.....	9,250,442	131,667		9,382,109	509,808	2,672,852		3,182,660
Atlanta.....	833,649	30,000		863,649	211,296	413,510	5,200	630,006
Chicago.....	1,207,981			1,207,981	451,247	138,905		590,152
St. Louis.....	2,713,018			2,713,018	724,023	215,572		939,595
Minneapolis.....	252,628	555,000		807,628	982,267	2,179,500		3,161,767
Kansas City.....	29,510	4,303		33,813	88,985	84,525		173,510
Dallas.....	224,414			224,414	178,608			178,608
San Francisco.....	126,302			126,302	200,577	91,268		291,845
Total.....	34,967,987	1,787,866		36,755,853	3,821,098	8,335,022	7,763	12,163,883
Per cent.....				40.1				13.2

Banks.	60-day maturities.				90-day maturities.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston.....	\$454,771	\$775,395		\$1,230,166	\$196,113	\$435,057		\$631,170
New York.....	39,924	3,198,013		3,237,937	52,039	3,680,262		3,732,301
Philadelphia.....	53,762	857,957		911,719	26,477	3,629,819		3,656,296
Cleveland.....	67,466	956,385		1,023,851	37,016	1,705,125	\$5,119	1,747,260
Richmond.....	1,393,348	1,867,210		3,260,558	927,872	513,989		1,441,861
Atlanta.....	420,936	456,742		877,678	370,824	257,795	2,000	630,619
Chicago.....	1,408,387	730,578		2,138,965	92,881	2,018,018		2,110,899
St. Louis.....	188,549	479,675		668,224	266,051	948,768		1,214,819
Minneapolis.....	2,406,583	2,163,150		4,569,733	258,107	666,430		924,537
Kansas City.....	20,137	165,107		185,244	98,146	400,251		558,397
Dallas.....	745,610	142,422	\$103,766	991,798	388,719	220,706		609,425
San Francisco.....	216,366	2,161,325	25,249	2,402,940	139,828	1,819,600		1,959,428
Total.....	7,415,839	13,953,959	129,015	21,498,813	2,854,073	16,355,820	7,119	19,217,012
Per cent.....				23.6				20.9

Banks.	Over 90-day maturities.				Total.				Per cent.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston.....				\$9,949,422	\$1,245,087			\$11,194,509	88.9	11.1		100.0
New York.....		\$19,020		2,439,223	9,687,415			12,126,638	20.1	79.9		100.0
Philadelphia.....	\$3,472		\$126,667	130,139	2,385,421	5,268,807	\$126,667	7,780,895	30.7	67.7	1.6	100.0
Cleveland.....	10,108	227,128	9,722	246,958	6,971,412	2,888,638	17,404	9,877,454	70.5	29.3	0.2	100.0
Richmond.....	83,039	500,000		583,039	12,164,509	5,683,718		17,850,227	68.1	31.9		100.0
Atlanta.....	131,117			131,117	1,967,822	1,158,047	7,200	3,133,069	62.8	36.9	0.3	100.0
Chicago.....	65,935			65,935	3,226,431	2,887,501		6,113,932	52.7	47.3		100.0
St. Louis.....	41,714	27,657		69,371	3,933,355	1,671,672		5,605,027	70.2	29.8		100.0
Minneapolis.....	202,912			202,912	4,102,497	5,564,080		9,666,577	42.4	57.6		100.0
Kansas City.....	107,617	31,119		138,736	344,395	745,305		1,089,700	31.6	68.4		100.0
Dallas.....	329,076			329,076	1,866,427	363,128	103,766	2,333,321	80.0	15.5	4.5	100.0
San Francisco.....	21,814	75,000		96,814	704,887	4,147,193	25,249	4,877,329	14.4	85.0	0.6	100.0
Total.....	996,804	879,924	136,389	2,013,117	50,055,801	41,312,591	280,286	91,648,678	54.6	45.0	0.4	100.0
Per cent.....				2.2				100.0				

*Maturities of discounts, acceptances, and municipal warrants held by the Federal Reserve Banks on Friday, Apr. 27, 1917.*

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

Banks.	1 to 15 days.				16 to 30 days.			
	Bills dis- counted.	Accept- ances bought.	Municipal warrants.	Total.	Bills dis- counted.	Accept- ances bought.	Municipal warrants.	Total.
Boston.....	4,964	1,898	6	6,868	544	1,762		2,306
New York.....	445	5,106	175	5,726	136	4,570		4,706
Philadelphia.....	1,334	1,948	53	3,335	104	1,481		1,585
Cleveland.....	2,872	1,078	69	4,019	36	840	2	878
Richmond.....	3,981	2,645		6,626	953	1,688		2,641
Atlanta.....	872	703	8	1,583	291	991		1,282
Chicago.....	595	985	31	1,611	521	1,067		1,588
St. Louis.....	2,132	894	25	3,051	635	542		1,177
Minneapolis.....	866	2,408		3,274	764	2,093		2,857
Kansas City.....	85	510	25	620	56	423		479
Dallas.....	498	423		921	424	209	52	685
San Francisco.....	225	555		780	122	599		721
Total.....	18,869	19,153	392	38,414	4,586	16,265	54	20,905
Per cent.....				31.6				17.2

Banks.	31 to 60 days.				61 to 90 days.			
	Bills dis- counted.	Accept- ances bought.	Municipal warrants.	Total.	Bills dis- counted.	Accept- ances bought.	Municipal warrants.	Total.
Boston.....	416	2,428	127	2,971	164	652		816
New York.....	119	3,492	4,663	8,274	40	3,427	255	3,722
Philadelphia.....	79	4,007	1,267	5,353	10	3,276		3,286
Cleveland.....	65	1,305	1,627	2,997	39	1,416		1,455
Richmond.....	1,720	1,391		3,111	582	1,050		1,632
Atlanta.....	669	792	4	1,465	327	246		573
Chicago.....	1,435	1,960	2,034	5,429	143	1,543		1,686
St. Louis.....	232	657	832	1,721	268	688	100	1,056
Minneapolis.....	1,678	1,365	177	3,220	227	305		532
Kansas City.....	113	225	380	718	159	226		385
Dallas.....	1,123	124	488	1,735	472	68		540
San Francisco.....	280	3,994	608	4,882	60	1,345		1,405
Total.....	7,929	21,740	12,207	41,876	2,491	14,242	355	17,088
Per cent.....				34.5				14.1

Banks.	Over 90 days.				Total.			Percentages.					
	Bills dis- counted.	Accept- ances bought.	Municipal war- rants.	Total.	Bills dis- counted.	Accept- ances bought.	Municipal war- rants.	Total.		Bills dis- counted.	Accept- ances bought.	Municipal war- rants.	Total.
								Amount.	Per cent.				
Boston.....					6,088	6,740	133	12,961	10.7	47.0	52.0	1.0	100.0
New York.....			61	61	740	16,595	5,154	22,489	18.5	3.3	73.8	22.9	100.0
Philadelphia.....	5		129	134	1,532	10,712	1,449	13,693	11.3	11.2	78.2	10.6	100.0
Cleveland.....	9		1,248	1,257	3,021	4,639	2,946	10,606	8.7	28.5	43.7	27.8	100.0
Richmond.....	121		15	136	7,357	6,774	15	14,146	11.6	52.0	47.9	.1	100.0
Atlanta.....	160			160	2,319	2,732	12	5,063	4.2	45.8	54.0	.2	100.0
Chicago.....	97		152	249	2,791	5,555	2,217	10,563	8.7	26.4	52.6	21.0	100.0
St. Louis.....	49		112	161	3,316	2,781	1,009	7,166	5.9	46.3	38.8	14.9	100.0
Minneapolis.....	215			215	3,750	6,171	177	10,098	8.3	37.1	61.1	1.8	100.0
Kansas City.....	154		51	205	567	1,384	456	2,407	2.0	23.6	57.5	18.9	100.0
Dallas.....	327		20	347	2,844	824	560	4,228	3.5	67.3	19.5	13.2	100.0
San Francisco.....	30		203	233	717	6,493	811	8,021	6.6	8.9	81.0	10.1	100.0
Total.....	1,167		1,991	3,158	35,042	71,400	14,999	121,441	100.0	28.9	58.8	12.3	100.0
Per cent.....				2.6				100.0					

Total investment operations exclusive of purchases of 3 per cent United States certificates of indebtedness of each Federal Reserve Bank during the months of April, 1917, and 1916, and the four months ending April, 1917, and 1916.

Federal Reserve Banks.	Bills discounted for member banks.	Bills bought in open market.			Municipal warrants bought.			
		Bankers' acceptances.	Trade acceptances.	Total.	City.	State.	All other.	Total.
Boston.....	\$9,949,422	\$1,245,087		\$1,245,087				
New York.....	2,439,223	9,673,181	\$14,234	9,687,415				
Philadelphia.....	2,385,421	5,268,807		5,268,807	\$126,667			\$126,667
Cleveland.....	6,971,412	2,888,638		2,888,638	10,751		\$6,653	17,404
Richmond.....	12,164,509	5,685,718		5,685,718				
Atlanta (including New Orleans branch).....	1,967,822	1,155,047	3,000	1,158,047			7,200	7,200
Chicago.....	3,226,431	2,887,501		2,887,501				
St. Louis.....	3,933,855	1,671,672		1,671,672				
Minneapolis.....	4,102,497	5,564,080		5,564,080				
Kansas City.....	344,395	745,305		745,305				
Dallas.....	1,866,427	363,128		363,128	103,766			103,766
San Francisco.....	704,887	3,870,987	276,206	4,147,193	25,249			25,249
Total, April, 1917.....	50,055,801	41,019,151	293,440	41,312,591	266,433		13,853	280,286
Total, April, 1916.....	11,521,500	17,565,600	933,500	18,499,100	11,113,200	\$197,300	50,600	10,361,100
Total, 4 months ending April, 1917.....	117,496,957	157,860,802	2,857,785	160,718,587	14,288,401	2,040	604,030	14,894,471
Total, 4 months ending April, 1916.....	39,688,400	61,308,000	2,128,500	63,436,500	40,448,200	462,900	133,000	41,044,100

Federal Reserve Banks.	United States bonds and Treasury notes.					Total investment operations.			
	2 per cent.	3 per cent.	4 per cent.	1-year notes.	Total.	April, 1917.	April, 1916.	April, 1917.	April, 1916.
Boston.....						11,194,509	\$4,511,200	<i>Per ct.</i> 11.7	<i>Per ct.</i> 8.9
New York.....						12,126,638	13,344,600	12.6	26.2
Philadelphia.....	\$40				40	7,780,935	5,296,500	8.2	10.4
Cleveland.....	1,270,500			\$1,220,000	2,490,500	12,367,954	4,628,600	13.0	9.1
Richmond.....						17,850,227	3,936,900	18.6	7.7
Atlanta (including New Orleans branch).....	502,000	\$3,000			505,000	3,638,069	2,702,800	6.8	5.3
Chicago.....						6,113,932	6,197,100	3.3	12.2
St. Louis.....	583,500				583,500	6,188,527	1,019,800	6.5	2.0
Minneapolis.....	511,000				511,000	10,177,577	1,354,300	10.6	2.7
Kansas City.....						1,089,700	2,263,300	1.2	4.4
Dallas.....						2,333,321	3,389,900	2.4	6.7
San Francisco.....						4,877,329	2,216,300	5.1	4.4
Total, April, 1917.....	2,867,040	3,000		1,220,000	4,090,040	95,738,718		100.0	100.0
Total, April, 1916.....	9,436,100	53,500	\$940,000	50,000	10,479,600		50,861,300		
Total, 4 months ending April, 1917.....	13,947,200	114,440	25,250	3,558,000	17,644,890	310,754,905			
Total, 4 months ending April, 1916.....	28,013,000	2,962,380	3,828,000	50,000	34,853,380		179,022,380		

United States bonds, notes, and certificates of indebtedness held by all Federal Reserve Banks on Apr. 30, 1917, distributed by maturities.

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 1936-38.	3 per cent loan of 1918.	4 per cent loan of 1925.	Certificates of indebtedness.		3 per cent conversion bonds of 1946-47.	3 per cent 1-year notes.		3 per cent loan of 1961.
					2 per cent.	3 per cent.				
Boston.....	\$750				\$3,000,000		\$529,000	\$2,194,000	\$5,723,750	
New York.....	50		\$50,000		20,000,000		1,255,500	2,788,000	24,093,550	
Philadelphia.....		\$100			3,500,000		549,200	2,548,000	6,597,300	
Cleveland.....	6,400	467,300	2,586,500	\$2,369,200	3,500,000	\$2,870,000	414,800	1,865,000	14,079,160	
Richmond.....	915,100	237,000			2,000,000			1,969,000	5,121,100	
Atlanta.....	640,600	21,000			1,500,000	1,091,500	10,400	1,491,000	4,754,500	
Chicago.....	1,862,500	367,300	2,581,000	1,768,000	5,000,000	635,000	427,400	2,985,000	15,626,600	
St. Louis.....	100		1,080,000		2,500,000	785,000	1,153,300	1,444,000	6,962,400	
Minneapolis.....	323,050	16,280	1,194,180	206,250	2,000,000		114,800	1,340,000	5,195,040	
Kansas City.....	7,105,850	22,240		825,000	2,500,000		533,500	1,784,000	13,075,590	
Dallas.....	2,450,900	281,500			2,000,000	900,000	1,233,600	1,450,000	8,296,000	
San Francisco.....	2,428,750				2,500,000	2,690,000		1,500,000	9,118,750	
Total.....	15,734,050	1,412,600	7,491,740	5,168,450	50,000,000	8,971,500	6,526,500	23,338,000	900	

Total United States bonds with circulation privilege..... \$29,806,840 Total United States securities without circulation privilege.. \$88,836,900

RESOURCES AND LIABILITIES.

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve System at close of business on Fridays, Apr. 27 to May 25, 1917.

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

RESOURCES.

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Francisco.	Total.
<b>Gold coin and certifi- cates in vault:</b>													
Apr. 27.....	13,665	155,072	24,580	18,558	6,466	6,092	34,107	8,899	12,055	7,891	8,420	15,993	311,708
May 4.....	14,282	183,376	20,995	18,692	6,674	6,134	34,370	9,893	12,011	7,993	8,476	13,310	336,118
May 11.....	14,605	178,416	22,127	19,396	6,762	6,153	34,243	12,718	12,110	7,951	7,755	14,603	336,851
May 18.....	13,126	189,625	23,752	19,844	6,872	5,647	34,948	12,437	12,122	7,978	7,841	14,677	350,269
May 25.....	15,619	168,255	24,875	20,610	6,979	6,108	35,889	11,755	12,213	8,016	8,109	15,828	334,265
<b>Gold settlement fund:</b>													
Apr. 27.....	13,184	75,767	3,872	22,845	16,200	7,115	21,947	2,025	4,988	26,133	0,463	4,381	207,920
May 4.....	30,046	27,345	14,992	27,630	20,686	7,927	24,445	5,410	5,256	34,812	9,786	11,175	218,910
May 11.....	17,967	71,493	12,240	23,139	12,513	4,311	25,081	9,704	6,118	24,929	5,266	9,058	221,759
May 18.....	22,421	37,809	4,854	18,041	13,099	4,973	29,208	7,462	7,923	22,233	7,145	12,810	187,969
May 25.....	7,069	95,376	2,217	23,041	9,102	1,775	16,182	1,994	4,868	15,380	1,833	4,753	188,590
<b>Gold redemption fund:</b>													
Apr. 27.....	50	250	250	55	608	386	204	85	350	157	80	43	2,518
May 4.....	50	250	250	50	644	401	267	167	349	155	101	45	2,669
May 11.....	48	250	250	46	700	448	206	226	252	150	97	19	2,687
May 18.....	50	250	250	37	694	442	214	278	250	144	125	20	2,734
May 25.....	50	250	250	34	688	503	214	259	353	142	123	39	2,905
<b>Legal tender notes, silver, etc.:</b>													
Apr. 27.....	512	23,871	556	112	136	883	1,347	1,430	295	38	1,064	96	30,340
May 4.....	442	33,178	593	102	128	934	1,325	1,273	241	13	1,098	88	39,418
May 11.....	334	29,155	430	147	138	944	1,818	1,332	270	14	1,278	89	36,159
May 18.....	418	20,419	375	137	172	997	2,033	1,234	244	15	1,278	100	27,842
May 25.....	514	30,078	445	149	179	896	1,575	1,396	285	12	1,273	92	30,892
<b>Total reserve:</b>													
Apr. 27.....	27,411	254,960	29,258	41,570	23,410	14,476	57,605	12,439	17,638	34,219	19,027	20,513	552,576
May 4.....	44,820	244,149	36,830	46,474	27,532	15,396	60,347	16,745	17,857	42,883	19,461	24,618	597,112
May 11.....	33,094	279,314	35,047	42,728	20,113	11,851	61,348	23,980	18,750	33,044	14,396	23,771	397,436
May 18.....	38,015	248,103	29,231	38,059	20,828	12,059	66,423	21,411	20,539	30,370	16,889	27,007	368,434
May 25.....	23,252	233,957	27,787	43,843	16,948	9,382	53,860	15,404	17,719	23,550	11,338	20,712	557,652
<b>Five per cent redemp- tion fund against Federal Reserve Bank notes:</b>													
Apr. 27.....										300	106		400
May 4.....										300	106		400
May 11.....										300	106		400
May 18.....										300	106		400
May 25.....										300	100		400
<b>Bills discounted mem- bers:</b>													
Apr. 27.....	6,089	740	1,533	3,020	7,356	2,319	2,791	3,817	3,750	567	2,844	717	35,043
May 4.....	3,763	3,576	2,158	2,219	7,528	2,414	2,745	2,792	4,229	545	3,174	773	35,916
May 11.....	2,803	3,021	5,790	1,751	7,424	2,420	3,025	2,876	5,272	1,278	3,021	853	30,534
May 18.....	4,058	1,940	8,921	1,367	9,515	2,860	2,716	2,488	5,663	1,448	3,064	306	44,846
May 25.....	3,463	651	8,296	3,049	8,772	3,328	3,235	3,803	5,617	2,907	3,568	839	47,587
<b>Bills bought in open market:</b>													
Apr. 27.....	6,740	16,595	10,711	4,639	6,775	2,732	5,555	2,781	6,171	1,384	824	6,493	71,400
May 4.....	7,530	24,135	11,369	5,883	6,590	2,825	6,219	3,234	5,473	1,718	963	7,934	83,871
May 11.....	11,506	27,757	12,843	7,885	6,033	2,077	7,788	4,415	4,830	2,271	934	8,216	97,155
May 18.....	11,676	29,028	12,623	8,598	6,061	2,424	8,161	4,565	3,871	2,913	998	9,250	100,177
May 25.....	12,014	34,780	12,814	10,294	5,622	2,105	9,129	5,102	2,276	3,085	880	9,216	107,377
<b>United States bonds:</b>													
Apr. 27.....	530	1,306	549	5,844	1,152	672	7,007	2,233	1,743	8,792	3,966	2,429	36,223
May 4.....	530	1,306	549	5,844	1,152	672	7,006	2,233	1,743	8,792	3,966	2,429	36,222
May 11.....	530	1,306	549	5,844	1,152	672	7,006	2,233	1,743	8,792	3,966	2,429	36,222
May 18.....	530	1,303	549	5,844	1,152	672	7,007	2,233	1,857	8,842	3,966	2,429	36,856
May 25.....	530	1,307	549	5,844	1,152	672	7,007	2,233	1,982	8,842	3,966	2,429	36,513
<b>1-year Treasury notes:</b>													
Apr. 27.....	2,194	2,788	2,548	1,865	1,969	1,491	2,985	1,444	1,452	1,784	1,430	1,500	23,450
May 4.....	2,194	2,788	2,548	1,865	1,969	1,491	2,985	1,444	1,452	1,784	1,430	1,500	23,450
May 11.....	2,194	2,788	2,548	1,865	1,969	1,491	2,985	1,444	1,452	1,784	1,430	1,500	23,450
May 18.....	2,194	2,788	2,548	1,865	1,969	1,491	2,985	1,444	1,440	1,784	1,430	1,500	23,338
May 25.....	2,194	2,788	2,548	1,865	1,969	1,491	2,985	1,444	1,340	1,784	1,430	1,500	23,338
<b>United States certifi- cates of indebted- ness:</b>													
Apr. 27.....	3,000	20,000	3,500	4,940	2,080	2,382	5,680	3,235	2,000	2,933	2,900	5,495	58,145
May 4.....	3,000	27,270	3,500	5,485	2,000	2,567	5,005	3,205	2,000	2,500	2,900	5,165	64,597
May 11.....	3,000	20,002	3,500	4,955	2,000	2,810	6,261	2,714	2,000	2,906	2,918	5,023	58,089
May 18.....	3,000	20,090	3,500	3,710	2,000	2,810	5,253	2,505	2,000	2,510	2,905	4,473	54,666
May 25.....	3,000	20,906	3,500	3,551	2,000	2,693	7,308	2,500	2,000	2,780	2,910	4,650	57,807

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve System at close of business on Fridays,  
Apr. 27 to May 25, 1917—Continued.

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

RESOURCES—Continued.

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
<b>Municipal warrants:</b>													
Apr. 27.....	133	5,154	1,449	2,947	15	12	2,217	1,068	177	456	560	.811	14,999
May 4.....	127	5,079	1,422	2,893	13	11	2,186	1,043	177	431	560	.811	14,755
May 11.....	127	5,029	1,422	2,883	15	4	2,186	1,043	177	431	560	.811	14,688
May 18.....	127	5,029	1,422	2,885	15	5	2,186	1,043	177	431	508	.811	14,639
May 25.....	127	5,029	1,422	2,855	15	31	2,186	1,043	177	431	508	.811	14,675
<b>Federal Reserve notes—net:</b>													
Apr. 27.....	2,772	10,974		1,397			4,061			320		1,008	20,622
May 4.....	2,432	13,622		1,177			4,238			303			1,789
May 11.....	2,280	14,798		1,390			4,561						1,651
May 18.....	1,913	15,781		1,628			5,435						1,691
May 25.....	2,051	17,225		1,639			5,425						2,010
<b>Due from other Federal Reserve Banks—net:</b>													
Apr. 27.....	6,732		6,559	4,468	2,085	2,895	7,575			6,982		5,949	1,132
May 4.....	4,138		209	1,935	860	4,398	2,158	71	2,887	880			2,094
May 11.....	2,348			9,591	2,339	3,088	13,485	921	3,022	2,711	975		2,905
May 18.....			3,958	3,305		1,345	5,349			2,633			2,523
May 25.....	269	4,031			1,552	809	211	3,472		2,138			1,062
<b>Due from depository banks—Fiscal Agent account:</b>													
May 18.....		83,361					1,100						84,461
May 25.....		122,249					100						122,349
<b>Uncollected items:</b>													
Apr. 27.....	16,652	50,554	24,957	13,504	9,338	10,169	31,439	13,127	4,962	10,454	6,236	14,050	204,842
May 4.....	12,040	40,502	22,639	13,689	9,606	8,400	34,004	10,642	5,071	8,667	6,262	12,117	184,639
May 11.....	22,194	144,413	30,546	11,589	10,580	8,994	37,332	9,456	5,806	11,549	7,722	10,504	310,685
May 18.....	16,147	43,445	24,515	16,473	9,856	9,385	29,575	10,597	6,518	11,192	6,023	9,104	192,830
May 25.....	29,615	150,535	28,195	15,170	11,414	9,781	39,156	5,302	7,117	14,889	7,871	9,734	328,779
<b>All other resources:</b>													
Apr. 27.....	39	854	497	216	120	1,138	797	497	117	174	1,172	136	5,757
May 4.....	51	1,237	574	100	82	1,001	656	460	116	176	757	202	5,412
May 11.....	28	1,341	588	209	61	1,034	789	639	85	306	845	153	6,078
May 18.....	22	1,332	1,422	311	73	740	512	407	97	161	646	258	5,981
May 25.....	27	1,475	919	172	72	791	721	687	93	197	843	427	6,424
<b>Total resources:</b>													
Apr. 27.....	72,292	363,925	89,961	84,410	54,300	38,236	127,712	40,141	38,660	68,365	39,659	59,191	1,023,589
May 4.....	80,625	363,664	81,798	87,564	57,334	39,173	129,449	41,869	41,005	68,988	33,673	59,432	1,075,178
May 11.....	80,104	499,769	92,833	90,090	51,686	35,041	146,766	49,721	43,137	63,372	36,867	57,214	1,209,162
May 18.....	77,682	432,112	88,689	84,055	51,469	33,791	136,702	46,693	42,062	62,554	36,029	59,881	1,155,673
May 25.....	76,542	654,933	86,030	88,382	49,516	31,043	131,323	40,993	38,321	60,963	33,419	53,390	1,341,952

LIABILITIES.

<b>Capital paid in:</b>													
Apr. 27.....	5,050	11,883	5,253	6,240	3,431	2,418	7,002	2,945	2,431	3,089	2,723	3,635	56,409
May 4.....	5,074	12,073	5,233	6,236	3,438	2,393	7,057	3,140	2,432	3,081	2,744	3,935	56,859
May 11.....	5,074	12,075	5,233	6,240	3,438	2,388	7,057	3,139	2,432	3,081	2,747	3,935	56,850
May 18.....	5,082	12,039	5,263	6,243	3,440	2,388	7,057	3,139	2,434	3,081	2,748	3,934	56,868
May 25.....	5,090	12,060	5,265	6,250	3,436	2,388	7,057	3,139	2,467	3,150	2,754	3,935	56,991
<b>Government deposits:</b>													
Apr. 27.....	7,917	18,211	6,504	3,357	7,546	10,988	8,014	1,795	3,849	10,726	8,926	11,856	90,689
May 4.....	14,695	7,779	9,224	8,780	8,365	12,594	7,895	1,821	4,147	10,876	9,014	12,678	107,868
May 11.....	18,688	105,532	15,156	18,247	4,548	8,568	30,076	7,643	6,008	10,436	6,623	10,896	242,421
May 18.....	10,646	111,493	10,050	4,150	3,236	6,053	14,244	2,579	4,314	2,600	4,642	13,120	187,127
Apr. 25.....	9,414	140,431	8,121	4,810	2,316	4,404	12,897	2,711	2,414	2,272	2,282	6,301	198,463
<b>Due to members—reserve account:</b>													
Apr. 27.....	49,115	262,369	43,532	61,296	25,652	18,574	97,116	25,793	27,843	46,926	22,527	39,042	719,785
May 4.....	50,840	274,673	44,916	60,332	26,464	17,907	99,970	28,269	28,745	48,196	23,395	39,436	743,143
May 11.....	44,290	295,148	47,215	54,583	25,092	17,869	96,876	26,619	27,938	43,762	22,376	38,058	749,726
May 18.....	49,277	287,071	48,402	58,677	25,563	18,443	96,871	27,966	27,340	47,083	22,382	38,524	748,499
May 25.....	44,137	350,645	47,634	62,175	24,155	17,661	95,101	26,426	27,084	47,427	22,763	39,008	813,326
<b>Collection items:</b>													
Apr. 27.....	10,128	29,524	22,753	13,517	7,890	4,520	15,580	7,499	2,606	7,624	3,179	4,212	129,032
May 4.....	9,891	28,986	20,621	12,213	8,268	4,890	14,527	7,161	3,063	6,335	3,050	3,256	122,761
May 11.....	11,894	37,075	22,011	11,620	8,655	4,908	12,757	8,618	2,787	7,749	3,080	3,293	131,447
May 18.....	11,924	26,914	22,681	14,985	8,911	5,490	18,530	8,502	2,888	8,113	3,641	4,171	136,750
May 25.....	17,724	66,529	21,805	14,516	9,193	4,821	16,298	3,018	2,833	7,181	2,875	3,836	170,151
<b>Federal reserve notes—net:</b>													
Apr. 27.....			2,786		9,811	1,786		1,557	1,182		1,104		18,226
May 4.....			1,654		10,790	1,389		1,478	2,618		1,045		18,974
May 11.....			2,682		9,935	1,308		3,702	3,963		2,041		23,975
May 18.....			2,102		9,940	1,417		4,356	4,091		777		24,648
May 25.....			2,181		10,394	1,769		5,699	3,186		933		26,201

<sup>1</sup> 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, Apr. 27 to May 25, 1917—Continued.*

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

LIABILITIES—Continued.

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Franc- isco.	Total.
<b>Due to other Federal Reserve Banks—net:</b>													
Apr. 27.....		41,812						552	149		600		
May 4.....		14,971									425		
May 11.....		39,713	325										
May 18.....	592	13,342			347			151	963		651		
May 25.....			814	631					752		705		
<b>All other liabilities, including foreign Government credits:</b>													
Apr. 27.....	73	126	133									116	448
May 4.....	125	25,182	130		9							127	25,573
May 11.....	158	10,226	191		18				9			132	19,734
May 18.....	161	1,233	191		32				32			132	1,781
May 25.....	157	76,268	210		20				35			130	76,820
<b>Total liabilities:</b>													
Apr. 27.....	72,292	363,925	30,961	84,410	54,300	38,286	127,712	40,141	38,060	68,365	39,059	59,191	1,023,589
May 4.....	80,623	363,664	81,798	87,564	57,334	39,173	129,449	41,869	41,005	68,988	39,673	59,432	1,075,178
May 11.....	80,104	499,769	92,833	90,690	51,686	35,041	146,766	49,721	43,137	65,372	36,867	57,214	1,209,162
May 18.....	77,682	452,112	88,689	84,055	51,469	33,791	136,702	46,693	42,062	62,554	36,029	59,881	1,155,673
May 25.....	76,542	654,933	86,030	88,882	49,516	31,043	131,323	40,993	38,321	60,963	33,419	53,390	1,341,952

FEDERAL RESERVE NOTES.

*Federal Reserve note account of each Federal Reserve Bank at close of business on Fridays, Apr. 27, to May 25, 1917.*

[In thousands of dollars; i. e. 000 omitted.]

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Franc- isco.	Total.
<b>Federal Reserve notes received from agent—net:</b>													
Apr. 27.....	21,383	193,594	30,433	21,919	16,522	19,836	40,303	15,482	22,563	24,992	20,563	18,954	446,544
May 4.....	21,363	198,163	31,383	22,227	16,770	19,686	44,133	15,682	23,145	24,977	20,393	20,952	458,874
May 11.....	21,930	201,640	31,680	23,981	17,059	19,573	48,945	15,619	23,520	25,369	20,175	20,910	470,401
May 18.....	21,912	205,229	32,630	24,882	16,908	19,635	51,205	15,727	23,486	25,268	20,135	21,889	478,966
May 25.....	22,640	208,620	33,373	27,334	17,014	19,130	52,476	16,403	23,365	25,955	19,919	21,854	488,083
<b>Federal Reserve notes held by bank:</b>													
Apr. 27.....	2,772	10,974	1,364	1,397	776	785	4,061	490	828	1,266	224	1,098	28,035
May 4.....	2,432	13,622	1,736	1,177	604	732	5,238	309	992	983	268	1,789	30,372
May 11.....	2,280	14,798	1,098	1,390	854	813	7,021	685	1,147	786	260	1,051	32,183
May 18.....	1,913	15,781	898	1,638	746	854	6,715	551	1,019	353	336	1,691	32,405
May 25.....	2,051	17,225	729	1,699	965	502	5,425	928	974	932	246	2,010	33,636
<b>Federal Reserve notes in circulation:</b>													
Apr. 27.....	18,611	182,620	23,069	20,522	15,746	19,051	36,242	14,992	21,735	23,726	20,339	17,856	420,509
May 4.....	18,931	184,541	23,657	21,050	16,166	18,954	38,895	14,873	22,153	23,994	20,125	19,163	428,592
May 11.....	19,650	186,842	30,582	22,591	16,205	18,760	41,924	14,934	22,373	24,583	19,915	19,859	438,213
May 18.....	19,999	189,448	31,822	23,244	16,162	18,781	44,490	15,176	22,467	24,915	19,799	20,198	446,501
May 25.....	20,539	191,395	32,614	25,635	16,049	18,628	47,051	15,480	22,391	25,023	19,673	19,844	454,402
<b>Gold and lawful money deposited with or to credit of Federal Reserve Agent:</b>													
Apr. 27.....	21,583	193,594	23,283	21,919	5,925	17,265	40,303	13,435	20,553	24,016	19,235	18,954	422,905
May 4.....	21,363	198,163	23,903	22,227	5,376	17,565	43,133	13,395	19,525	24,297	19,080	20,952	433,059
May 11.....	21,930	201,640	27,900	23,981	6,270	17,452	46,485	11,232	18,410	24,239	17,874	20,910	438,323
May 18.....	21,912	205,229	29,720	24,882	6,222	17,364	49,925	10,820	18,376	24,138	17,834	21,839	448,311
May 25.....	22,640	208,620	30,463	27,334	5,655	16,859	52,476	9,781	19,205	24,090	17,634	21,851	456,611
<b>Commercial paper delivered to Federal Reserve Agent:</b>													
Apr. 27.....			4,136		11,285	2,575		2,053	2,010	1,114	2,758		25,981
May 4.....			3,390		11,629	2,125	1,013	2,295	3,610	784	2,497		27,343
May 11.....			3,790		11,157	2,125	2,461	4,393	5,110	1,194	2,546		32,776
May 18.....			2,917		12,124	2,278	1,301	4,922	5,110	1,130	2,639		32,421
May 25.....			2,917		11,987	2,279		6,635	4,160	1,892	2,815		32,685

Federal Reserve note account of each Federal Reserve Agent at close of business on Fridays, April 27 to May 25, 1917.

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

	Bos- ton.	New York.	Phila- del- phia.	Cleve- land.	Rich- mond.	At- lanta.	Chi- cago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Franc- isco.	Total.
<b>FEDERAL RESERVE NOTES.</b>													
<b>Received from Comptroller:</b>													
Apr. 27.....	39,680	333,280	43,440	32,200	29,500	36,380	51,080	24,940	34,000	40,720	36,920	22,060	724,200
May 4.....	39,680	339,280	52,140	22,200	29,500	36,380	57,120	24,940	34,640	40,720	36,920	24,000	747,580
May 11.....	39,680	345,920	52,140	35,600	29,500	36,380	60,560	24,940	34,640	40,720	36,920	24,000	761,060
May 18.....	39,680	358,240	52,140	35,600	30,100	36,380	64,020	24,940	34,640	40,720	36,920	25,000	778,440
May 25.....	39,680	383,440	57,340	35,600	30,100	36,380	65,060	25,740	34,640	40,720	36,920	25,000	810,680
<b>Returned to Comptroller:</b>													
Apr. 27.....	9,547	71,786	8,167	5,241	9,778	5,589	2,077	4,518	4,987	4,058	7,871	3,106	137,725
May 4.....	9,567	72,017	8,217	5,433	9,880	5,739	2,087	4,558	5,005	5,073	8,041	3,108	139,323
May 11.....	10,000	72,400	8,320	5,479	10,056	5,852	2,095	4,621	5,130	6,161	8,259	3,150	141,523
May 18.....	10,018	72,611	8,370	5,578	10,207	5,940	2,115	5,033	5,314	6,282	8,299	3,171	142,918
May 25.....	10,290	72,820	8,627	5,626	10,406	6,045	2,244	5,072	5,435	6,425	8,515	3,206	144,711
<b>Chargeable to Federal Reserve Agent:</b>													
Apr. 27.....	30,133	261,494	35,273	26,859	19,722	30,791	40,003	20,422	29,013	35,762	29,049	18,954	586,475
May 4.....	30,113	267,263	43,023	26,767	19,620	30,641	55,093	20,382	29,635	35,047	28,379	20,952	608,255
May 11.....	29,689	277,520	42,820	30,121	19,444	30,528	58,465	20,319	29,510	34,359	28,631	20,910	619,577
May 18.....	29,662	285,629	43,770	30,022	19,893	30,440	61,905	19,907	29,328	34,458	28,621	21,889	635,522
May 25.....	29,390	310,620	48,713	29,974	19,694	30,335	62,816	20,668	29,205	34,295	28,405	21,854	665,869
<b>In hands of Federal Reserve Agent:</b>													
Apr. 27.....	8,750	67,900	4,840	4,940	3,209	10,955	8,700	4,940	6,450	10,770	8,486	.....	139,931
May 4.....	8,750	69,100	12,540	4,540	2,850	10,955	10,900	4,700	6,490	10,076	8,486	.....	149,281
May 11.....	7,750	71,830	12,140	6,140	2,385	10,955	9,520	4,700	5,060	9,180	8,486	.....	149,156
May 18.....	7,750	80,400	11,140	5,140	2,985	10,805	10,700	4,180	5,340	9,190	8,486	.....	156,616
May 25.....	6,750	102,000	15,340	2,640	2,680	11,205	10,340	4,260	5,840	8,340	8,486	.....	177,881
<b>Issued to Federal Reserve Bank less amount returned to Federal Reserve Agent for redemption:</b>													
Apr. 27.....	21,383	193,594	30,433	21,919	16,522	19,836	40,203	15,482	22,563	24,992	20,563	18,954	446,544
May 4.....	21,363	198,163	31,333	22,227	16,770	19,686	44,133	15,682	23,145	24,977	20,393	20,952	458,674
May 11.....	21,930	201,640	31,080	23,981	17,059	19,573	48,945	15,619	23,520	25,369	20,175	20,910	470,401
May 18.....	21,912	205,229	32,630	24,882	16,908	19,635	51,205	15,727	23,486	25,268	20,135	21,889	478,906
May 25.....	22,640	208,620	33,373	27,334	17,014	19,130	52,476	16,408	23,365	25,955	19,919	21,854	488,088
<b>Amount held by Federal Reserve Agent:</b>													
<b>In reduction of liability on outstanding notes—</b>													
<b>Gold coin and certificates on hand—</b>													
Apr. 27.....	20,260	183,881	3,730	10,313	.....	2,897	.....	6,465	13,918	2,370	10,110	.....	253,944
May 4.....	20,260	188,678	3,730	10,457	.....	2,897	.....	6,465	13,918	2,370	10,110	.....	258,885
May 11.....	20,860	191,638	3,730	10,238	.....	2,897	.....	4,364	13,918	2,370	11,110	.....	261,025
May 18.....	20,880	195,338	3,730	10,048	.....	2,897	.....	4,364	13,918	2,370	11,110	.....	264,635
May 25.....	19,310	197,938	3,730	9,830	.....	2,897	.....	3,365	13,918	2,370	11,110	.....	264,468
<b>Credit balances—</b>													
<b>In gold redemption fund—</b>													
Apr. 27.....	1,123	9,713	1,483	1,106	435	1,338	653	700	915	1,416	1,205	844	20,931
May 4.....	1,103	9,485	1,633	1,270	376	1,188	642	660	897	1,357	1,170	842	20,634
May 11.....	1,070	10,102	1,530	1,243	270	1,075	635	598	1,272	1,369	1,124	800	21,028
May 18.....	1,052	9,891	1,680	1,334	222	987	615	506	1,238	1,208	1,084	779	20,596
May 25.....	1,390	10,682	1,623	1,504	655	1,882	486	666	1,117	1,160	1,034	1,094	23,233
<b>With Federal Reserve Board—</b>													
Apr. 27.....	.....	.....	21,070	10,500	5,500	13,030	39,650	6,270	5,720	20,290	7,920	18,110	148,030
May 4.....	.....	.....	22,640	10,500	5,000	13,480	42,490	6,270	4,720	20,560	7,800	20,110	158,570
May 11.....	.....	.....	22,640	12,500	6,000	13,480	45,850	6,270	3,220	20,560	5,640	20,110	159,270
May 18.....	.....	.....	24,310	13,500	6,000	13,480	49,210	5,950	3,220	20,560	5,640	21,110	163,080
May 25.....	2,000	.....	25,110	16,000	5,000	12,080	51,990	5,750	4,170	20,560	5,490	20,760	163,010
<b>As security for outstanding notes—</b>													
<b>Commercial paper—</b>													
Apr. 27.....	.....	.....	4,150	.....	10,587	2,571	.....	2,047	2,010	946	1,328	.....	23,639
May 4.....	.....	.....	3,380	.....	11,394	2,121	1,030	2,287	3,610	680	1,313	.....	23,785
May 11.....	.....	.....	3,780	.....	10,789	2,121	2,460	4,387	5,110	1,130	2,301	.....	32,078
May 18.....	.....	.....	2,910	.....	10,686	2,271	1,280	4,907	5,110	1,130	2,301	.....	30,595
May 25.....	.....	.....	2,910	.....	11,359	2,271	.....	6,627	4,169	1,865	2,285	.....	31,477
<b>Total—</b>													
Apr. 27.....	21,383	193,594	30,433	21,919	16,522	19,836	40,303	15,482	22,563	24,992	20,563	18,954	446,544
May 4.....	21,363	198,163	31,333	22,227	16,770	19,686	44,133	15,682	23,145	24,977	20,393	20,952	458,674
May 11.....	21,930	201,640	31,080	23,981	17,059	19,573	48,945	15,619	23,520	25,369	20,175	20,910	470,401
May 18.....	21,912	205,229	32,630	24,882	16,908	19,635	51,205	15,727	23,486	25,268	20,135	21,889	478,906
May 25.....	22,640	208,620	33,373	27,334	17,014	19,130	52,476	16,408	23,365	25,955	19,919	21,854	488,088

**EARNINGS ON INVESTMENTS OF FEDERAL RESERVE BANKS.**

*Average amounts of earning assets held by each Federal Reserve Bank during April, 1917, earnings from each class of earning assets, and annual rates of earnings on the basis of April, 1917, returns.*

Banks.	Average balances for the month of the several classes of earning assets.				
	Bills dis- counted, members.	Bills bought in open market.	United States bonds and Treasury notes.	Municipal warrants.	Total.
Boston.....	\$4,067,006	\$10,366,068	\$5,723,750	\$186,678	\$20,343,502
New York.....	1,033,473	17,273,051	24,098,550	5,150,844	47,555,918
Philadelphia.....	1,212,746	11,013,096	6,597,280	1,497,732	20,325,854
Cleveland.....	2,513,798	6,024,941	11,426,547	2,987,348	21,957,634
Richmond.....	5,017,197	6,626,711	5,141,000	15,000	16,799,908
Atlanta.....	2,169,949	3,052,556	3,555,367	10,467	8,788,339
Chicago.....	1,354,108	3,846,811	13,260,833	2,209,349	25,671,101
St. Louis.....	1,783,253	3,384,044	6,330,233	1,068,465	12,566,025
Minneapolis.....	2,522,500	6,387,300	5,138,600	176,700	18,275,100
Kansas City.....	633,503	1,740,938	13,123,156	459,139	15,961,736
Dallas.....	2,127,217	7,041,662	7,376,000	547,857	11,292,736
San Francisco.....	462,517	7,049,525	7,002,917	802,856	15,318,115
<b>Total.....</b>	<b>24,902,567</b>	<b>78,811,703</b>	<b>111,029,233</b>	<b>15,112,465</b>	<b>229,855,968</b>

Banks.	Earnings from—					Calculated annual rates of earnings from—				
	Bills dis- counted, mem- bers.	Bills bought in open market.	United States bonds and Treasury notes.	Municip- pal war- rants.	Total.	Bills dis- counted, mem- bers.	Bills bought in open market.	United States securi- ties.	Municip- pal war- rants.	Total.
Boston.....	\$12,120	\$23,996	\$12,120	\$442	\$51,678	<i>Per cent.</i> 3.63	<i>Per cent.</i> 3.17	<i>Per cent.</i> 2.58	<i>Per cent.</i> 2.87	<i>Per cent.</i> 3.06
New York.....	3,013	45,479	43,468	12,664	104,629	3.55	3.20	2.19	2.99	2.61
Philadelphia.....	3,095	27,794	13,473	3,602	48,569	3.76	3.06	2.48	2.92	2.90
Cleveland.....	7,533	12,774	22,495	7,881	50,738	3.67	3.09	2.48	3.21	2.81
Richmond.....	15,884	16,576	10,162	43	42,665	3.85	3.04	2.40	3.53	3.09
Atlanta.....	7,031	8,132	7,331	40	22,534	3.94	3.24	2.51	4.65	3.12
Chicago.....	4,676	16,457	30,432	5,755	57,320	4.20	2.92	2.43	3.17	2.72
St. Louis.....	5,627	8,989	12,750	2,637	30,033	3.84	3.24	2.45	3.03	2.91
Minneapolis.....	8,565	13,404	10,143	392	32,504	4.13	3.03	2.38	2.70	2.98
Kansas City.....	2,550	4,472	24,551	1,125	32,698	4.90	3.12	2.28	2.91	2.49
Dallas.....	7,860	2,808	14,550	1,409	26,627	4.49	3.23	2.31	3.08	3.50
San Francisco.....	1,578	16,798	13,585	1,935	33,896	4.15	2.90	2.33	2.93	2.69
<b>Total.....</b>	<b>80,192</b>	<b>200,683</b>	<b>215,065</b>	<b>37,945</b>	<b>533,891</b>	<b>3.92</b>	<b>3.10</b>	<b>2.36</b>	<b>3.05</b>	<b>2.83</b>

## DISCOUNT RATES.

Discount rates of each Federal Reserve Bank in effect May 31, 1917.

	Maturities.							Commod- ity paper maturing within 90 days.
	Discounts.					Trade acceptances.		
	Within 15 days, in- cluding member banks' collateral notes.	16 to 60 days, in- clusive.	61 to 90 days, in- clusive.	Secured by U. S. certificates of in- debtedness or Liberty Loan Bonds. Within 90 days.	Agricul- tural and live- stock paper over 90 days.	To 60 days, in- clusive.	61 to 90 days, in- clusive.	
Boston.....	3½	4	4	.....	5	3½	3½	4
New York.....	3	4	4	3½	5	3½	3½	4
Philadelphia.....	3	4	4	.....	4½	3½	3½	3½
Cleveland.....	2 3½	4	4½	.....	5	3½	3½	4
Richmond.....	3½	4	4	3½	4½	3½	3½	3½
Atlanta.....	3½	4	4½	3½	5	3½	3½	3½
Chicago.....	2 3½	4	4½	3½	5	3½	3½	3½
St. Louis.....	3½	4	4½	3½	5	3½	3½	3½
Minneapolis.....	3½	4	4½	.....	5	3½	3½	4
Kansas City.....	4	4½	4½	3½	5	4	4	4
Dallas.....	3½	4	4½	3½	5	3½	3½	3½
San Francisco.....	3½	4	4½	3½	5½	3½	3½	3½

NOTE.—Rate for bankers' acceptances, 2½ to 4 per cent.

¹ Rate of 2 to 4 per cent on member banks' 1-day collateral notes in connection with the loan operations of the Government.

² 3 per cent for member banks' collateral notes if secured by United States certificates of indebtedness.

³ 3 per cent for member banks' collateral notes if secured by United States bonds, notes, or certificates of indebtedness.

## GOLD IMPORTS AND EXPORTS.

Gold imports and exports into and from the United States.

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

	Week ending—					Total since Jan. 1, 1917.	Total for correspond- ing period during 1916.
	Apr. 20, 1917.	Apr. 27, 1917.	May 4, 1917.	May 11, 1917.	May 18, 1917.		
IMPORTS.							
Ore and base bullion.....	606	200	285	213	266	5,754	4,749
United States mint or assay office bars.....	.....	.....	2	.....	.....	9	1,330
Bullion, refined.....	347	426	322	30,250	237	250,551	18,715
United States coin.....	.....	922	1	.....	125	52,077	1,970
Foreign coin.....	.....	2,433	.....	18,462	30	76,910	26,358
Total.....	953	3,991	615	43,925	708	385,304	53,122
EXPORTS.							
Domestic:							
Ore and base bullion.....	.....	.....	11	16	.....	90	147
United States mint or assay office bars.....	.....	2	1,670	2,493	5	14,036	4,378
Bullion, refined.....	16	36	126	57	41	1,549	4,236
Coin.....	4,015	942	8,815	8,256	8,790	86,612	22,933
Total.....	4,031	980	10,622	10,822	8,836	102,356	31,694
Foreign:							
Bullion, refined.....	.....	.....	.....	.....	.....	31	1,438
Coin.....	5	332	.....	.....	1	4,840	17,025
Total.....	5	332	.....	.....	1	4,871	18,463
Total exports.....	4,036	1,312	10,622	10,822	8,837	107,227	50,157

Excess of gold imports over exports since Jan. 1, 1917..... 278,077

Excess of gold imports over exports since Aug. 1, 1914..... 1,146,839

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