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

TABLE OF CONTENTS.

	Page.
The President on thrift and the purchase of securities.....	483
Review of the month.....	484
Indexes of business conditions.....	491
Class C director named for Federal Reserve Bank of Richmond.....	491
Meeting of Federal Advisory Council.....	491
Banks granted authority to accept up to 100 per cent of capital and surplus.....	492
Fiduciary powers granted to national banks.....	492
Progress in retiring silver certificates.....	493
Work of the Capital Issues Committee.....	494
Special deposits of public moneys.....	494
Operations of the War Finance Corporation.....	495
Additional taxation.....	497
Act authorizing national banks to subscribe to the Red Cross.....	498
Control of coin, bullion, and currency movement.....	499
Deposits, loans, and discounts, and total investments of national banks, 1914-1918.....	502
Chart showing.....	503
Movement of prices, 1914-1918.....	504
Chart showing.....	505
Amounts of money held in the Treasury and the Federal Reserve Banks and amounts held by other banks and the public.....	506
State banks and trust companies admitted to the Federal Reserve system.....	508
The third Liberty loan.....	509
Charters issued to national banks during the month.....	509
Commercial failures reported.....	510
State banks and trust companies entering the Federal Reserve system.....	510
List of Liberty bonds lost or stolen.....	515
Conversion of Liberty bonds.....	517
New issue of Treasury certificates of indebtedness.....	518
Report on revision of law and practice relating to checks, by the Central Executive Council of the International High Commission.....	518
Amounts of paper currency outstanding.....	519
Informal rulings of the Federal Reserve Board.....	520
Law department.....	522
Business conditions throughout the Federal Reserve districts.....	528
Gold settlement fund transactions.....	548
Operation of the check clearing and collection system.....	550
Average rate and maturity of paper discounted by the Federal Reserve Banks each month.....	551
Discount operations of the Federal Reserve Banks.....	552
Resources and liabilities of the Federal Reserve Banks.....	559
Federal Reserve note accounts of Federal Reserve Banks and agents.....	562
Member bank condition statement.....	564
Earnings on investments of Federal Reserve Banks.....	569
Gold imports and exports.....	570
Discount rates.....	570
Digest and index of informal rulings of the Board, Jan., 1917-Apr. 1918.....	571

FEDERAL RESERVE BULLETIN

VOL. 4

JUNE 1, 1918.

No. 6

STATEMENT OF THE PRESIDENT ON THE NEED OF THRIFT AND THE PURCHASE OF SECURITIES.

This war is one of nations—not of armies—and all of our 100,000,000 people must be economically and industrially adjusted to war conditions if this Nation is to play its full part in the conflict. The problem before us is not primarily a financial problem, but rather a problem of increased production of war essentials and the saving of the materials and the labor necessary for the support and equipment of our Army and Navy. Thoughtless expenditure of money for nonessentials uses up the labor of men, the products of the farm, mines, and factories, and overburdens transportation, all of which must be used to the utmost and at their best for war purposes.

The great results which we seek can be obtained only by the participation of every member of the Nation, young and old, in a national concerted thrift movement. I therefore urge that our people everywhere pledge themselves, as suggested by the Secretary of the Treasury, to the practice of thrift; to serve the Government to their utmost in increasing production in all fields necessary to the winning of the war; to conserve food and fuel and useful materials of every kind; to devote their labor only to the most necessary tasks, and to buy only those things which are essential to individual health and efficiency; and that the people, as evidence of their loyalty, invest all that they can save in Liberty bonds and war-savings stamps. The securities issued by the Treasury Department are so many of them within the reach of everyone that the door of opportunity in this matter is wide open to all of us. To practice thrift in peace times is a virtue and brings great benefit to the individual at all times; with the desperate need of the civilized world to-day for materials and labor with which to end the war, the practice of individual thrift is a patriotic duty and a necessity.

I appeal to all who now own either Liberty bonds or war-savings stamps to continue to practice economy and thrift and to appeal to all who do not own Government securities to do likewise and purchase them to the extent of their means. The man who buys Government securities transfers the purchasing power of his money to the United States Government until after this war, and to that same degree does not buy in competition with the Government.

I earnestly appeal to every man, woman, and child to pledge themselves on or before the 28th of June to save constantly and to buy as regularly as possible the securities of the Government, and to do this as far as possible through membership in war-savings societies. The 28th of June ends this special period of enlistment in the great volunteer army of production and saving here at home. May there be none unenlisted on that day.

(Signed) **WOODROW WILSON.**

MAY 29, 1918.

REVIEW OF THE MONTH.

Final figures for subscriptions to the third Liberty loan show an aggregate Success of the third Liberty loan. of \$4,170,019,650, the total number of subscriptions, as already announced, being not far from 17,000,000. This satisfactory result was achieved notwithstanding the fact that the country will have had to meet, since the second Liberty loan and to and including the month of June, income and excess-profits taxes to an estimated amount of approximately \$3,000,000,000, making a total to accrue to the Treasury, from such taxes and from the third Liberty loan, of approximately \$7,000,000,000. In the first campaign, conducted one year ago, bonds were sold to approximately 4,500,000 people; the second Liberty loan was taken by about 9,500,000 people; and these figures are now again increased to 17,000,000. Detailed returns showing the actual subscriptions and the percentage of the quota assigned to each district, that has been taken therein, are as follows:

District.	Quota in millions.	Subscriptions.	Percentage of quota.
Minneapolis.....	105	\$180,826,350	172
Kansas City.....	130	202,301,050	156
St. Louis.....	130	199,085,900	153
Atlanta.....	90	136,653,350	151
Philadelphia.....	250	361,963,500	144
Dallas.....	80	115,395,200	144
Chicago.....	425	608,878,600	143
Richmond.....	130	185,966,950	143
Boston.....	250	354,537,250	142
San Francisco.....	210	286,577,450	136
Cleveland.....	300	404,988,200	135
New York.....	900	1,114,930,700	124
United States Treasury.....		17,915,150	
Total.....	3,000	4,170,019,650	

The foregoing figures are subject to slight modifications upon receipt of final audited figures from the several districts. Any such adjustments will not materially affect the total.

The following figures, also, are interesting as showing the distribution of final allotments by districts, during the three loans, viz:

Federal Reserve Bank.	First loan.	Second loan.	Third loan.	Total.
Boston.....	\$265,473,000	\$407,714,000	\$354,537,250	\$1,027,724,250
New York.....	593,987,000	1,151,185,000	1,114,930,700	2,860,102,700
Philadelphia.....	164,760,000	295,127,000	361,963,500	821,850,500
Cleveland.....	201,977,000	409,787,000	404,988,200	1,016,752,200
Richmond.....	88,594,000	182,582,000	185,966,950	457,142,950
Atlanta.....	46,283,000	82,943,000	136,653,350	265,879,350
Chicago.....	272,702,000	525,956,000	608,878,600	1,407,536,600
St. Louis.....	65,029,000	150,122,000	199,085,900	414,236,900
Minneapolis.....	53,759,000	131,972,000	180,826,350	366,557,350
Kansas City.....	62,183,000	136,549,000	202,301,050	401,033,050
Dallas.....	36,663,000	74,567,000	115,395,200	226,625,200
San Francisco.....	149,045,000	260,262,000	286,577,450	695,884,450
Total.....	2,000,000,000	3,808,766,000	4,170,019,650	9,978,785,650

What is perhaps even more encouraging than the wide distribution and heavy oversubscription shown by the returns of the third Liberty loan is the fact that there has been, so far as present indications go, gratifyingly little use of bank accommodations in the taking of the bonds. Of the entire amount of subscription received, it is estimated that more than 80 per cent is already fully paid. Returns from Federal Reserve Banks embodied in the weekly statement of the Federal Reserve Board bear out the belief that the recourse to the Reserve Banks in connection with the placing of the third Liberty loan has thus far been comparatively slight. Detailed statistics are not yet available to show the amount of bonds that is being carried through the aid of advances from the banks, but informal reports from the various Federal Reserve districts indicate that the reliance upon the Federal Reserve Banks for rediscounts intended to carry Government bonds is smaller than has been supposed and that the various member banks have not been called upon unduly to assist individual subscribers. Taken in conjunction with general and apparently well-founded reports to the effect that the process of paying income and excess-profits taxes will involve much less inconvenience than had been supposed, the bank situation as respects the third Liberty loan is encouraging. There may easily be an increase in the applications for rediscounts, protected by Government obligations, in some Federal Reserve districts, as the pressure upon

the several banks for loan funds increases with the advance of the season. This indeed is already predicted by some careful observers in the several localities. There seems, however, to be little ground for thinking that such applications will be unduly heavy. The whole experience is expected to demonstrate that the process of selling the certificates will have operated to bring in these large sums with a minimum of inconvenience. The certificates have been very widely distributed among the larger taxpayers. The prosperous condition of business in general and the high returns obtained by producers in practically every line of business have enabled the small taxpayers, in a very large percentage of cases, to provide for the payment of their taxes even at this early date, while the larger taxpayers, as already suggested, will be materially assisted by the use of the certificates which they have acquired.

The outcome of the Treasury operations designed to anticipate the proceeds of the third Liberty loan through the issue of certificates of indebtedness has already been described in the issue of the FEDERAL RESERVE BULLETIN for May 1. As there set forth, the total amount of certificates already issued and not liquidated aggregated about \$2,610,000,000. This left, of the proceeds of the third Liberty loan, \$1,560,000,000 available for current uses. Since that date the two issues of certificates of indebtedness maturing on May 9 and 28, amounting to \$500,000,000 each, have been redeemed. On the other hand, the Treasury has placed during the month \$183,767,000 of tax certificates, the issue being closed on May 31. Balances on hand in the several Federal Reserve Banks and in special depositories, as of May 24, amounted to \$1,486,000,000. Inasmuch as the current expenditures of the Government of the United States, as shown by Treasury returns, are now running at the rate of \$1,500,000,000 per month, a resumption of the issue of certificates of indebtedness in the comparatively near future may naturally be expected. Experience is again showing the

desirability of this method of anticipating the proceeds of loans, and suggests that when carefully employed it has the effect of producing a steady flow of available free funds into the hands of the Government, there to be as steadily used and disbursed for current expenses on account of salaries and commodities. Of the old issues of certificates there still remain (on May 31) to be liquidated \$1,624,000,000, while of the proceeds of income and excess-profits taxes available during June and estimated at \$3,000,000,000 to \$4,000,000,000, there have been already paid, through the purchase of the so-called tax certificates issued in anticipation of revenues, approximately \$1,500,000,000.

More and more as the Government's financing proceeds, it becomes evident that success will be best if not only secured through the development of a systematic policy of saving in consumption accompanied by the curtailment of credit to the less essential industries. The Board has, by every means in its power, endeavored to impress upon Federal Reserve Banks and, through them, upon member banks of the system, the desirability of endeavoring, by every conservative and legitimate means, to bring about the reduction of borrowing and of capital investment for businesses which, while entirely desirable and perhaps even beneficial in themselves, are not necessarily connected with or conducive to the success of the war. The matter was thoroughly discussed at the meeting of the Federal Advisory Council on May 20 and 21, and the Board was then advised that decided progress is being made in a number of districts. In other districts there is a less-marked appreciation of the necessity of cooperation. The belief that business may go on as usual still maintains its hold upon many minds, with the result that some establishments are still endeavoring, in not a few parts of the country, to maintain the volume of their sales and to encourage lavish buying on the part of their customers. Manufacturers in many lines are, however, exhibiting an appreciation of the

real necessities of the case and are seeking in numerous instances to convert their plants—at least in part—to the production of articles of an unmistakably essential character, curtailing the output of the luxury trades, while abandoning certain lines altogether. It would now seem that some of the principal obstacles to progress in this important movement are found in the disposition of some, who are employed at higher wages than ever before, to maintain or even to enlarge purchases of luxuries as well as of necessities.

The President, in his statement with reference to thrift, printed on the first page of the present number, has expressed in unmistakable terms the necessity of saving as a means of advancing our war objects. The fundamental basis of the theory which underlies the doctrine of thrift is being better and better understood by the public. Some phases of the situation, however, are still subjects of discussion or not generally admitted. It should be evident, however, that the needs of the Government are reducible to a requirement for present services and commodities, and that it can obtain these only in so far as a surplus of both is produced over and above the amount consumed or required for other purposes. Wide distribution of the third Liberty loan, attained with only a moderate recourse to bank credit, shows that a large proportion of the population is actually cooperating in the task of paying the cost of the war out of current earnings and savings by reducing its consumption of dispensable goods. The requirements of the Government are, however, steadily on the increase, as shown by the fact that estimated expenditures for the coming fiscal year 1918-19 are now about \$24,000,000,000. There is no sound basis for the belief that it is possible to obtain these needed funds through loans placed with banks or through taxation of a character that would result in compelling taxpayers to rely upon banks for the means with which to meet their dues to the Government

without producing undesirable consequences. Creation of additional bank credit, for the purpose of buying bonds or paying taxes by obtaining bank accommodations rather than by saving, results only in a technical increase of purchasing power, since it is not based upon a commensurate increase in the production of goods—in other words, is not offset by genuine savings. The consequence of making such additions to bank credits is necessarily an increased tendency toward the bidding up of prices, and results in the menace called "inflation."

Whenever the volume of current purchasing power, in terms of money, whether in the form of actual currency or in the form of credit, grows or is increased faster than the volume of current and available goods, the resulting situation may be ascribed to the excess of currency or credit, or both, above normal requirements, or, more briefly, to the distention of currency and credit. This alteration of the proportion between existing goods and purchasing power eventually results in increase of prices, not necessarily in the exact degree in which the volume of purchasing power has been increased but in the degree in which it is actively used to effect the purchase and transfer of goods. When loans are made by banks upon the security of bonds or other claims to the product of future industry or its share in fixed capital, the tendency is to advance prices. Funds obtained by the Government, in the form of such credits, result therefore in the bidding up of the prices of commodities, especially of those for which the Government has most need. Such advance in prices, in so far as relates to the necessities of life, almost unavoidably leads to an advance in wages, and when such advances in wages are again used in enlarging consumption, the tendency toward price advances is still further aggravated. Saving, on the other hand, results in placing at the disposal of the Government, either directly or indirectly, the surplus of goods produced over goods consumed and enables the Government to provide

itself with the articles it requires without disturbing the basis of prices.

The necessity of a well-distributed system of taxation, both as a method of obtaining additional revenues and as a measure of preventing inflation and avoiding waste, was set forth by the President in an address to Congress on May 27, from which is here quoted the following paragraph:

Additional revenues must manifestly be provided for. It would be a most unsound policy to raise too large a proportion of them by loans, and it is evident that the four billions now provided for by taxation will not of themselves sustain the greatly enlarged budget to which we must immediately look forward. We can not in fairness wait until the end of the fiscal year is at hand to apprise our people of the taxes they must pay on their earnings of the present calendar year, whose accountings and expenditures will then be closed. We can not get increased taxes unless the country knows what they are to be and practices the necessary economy to make them available. * * * Enormous loans freely spent in the stimulation of industry of almost every sort produce inflations and extravagances which presently make the whole economic structure questionable and insecure and the very basis of credit is cut away. Only fair, equitably distributed taxation of the widest incidence and drawn chiefly from the sources which would be likely to demoralize credit by their very abundance can prevent inflation and keep our industrial system free of speculation and waste. We shall naturally turn, therefore, I suppose, to war profits and incomes and luxuries for the additional taxes.

During May important changes in rates of discount occurred at two banks only—Kansas City and Richmond—the general rate schedule determined upon during April continuing in effect at all others. The question of rates of discount is of primary importance at the present time, but market conditions are anomalous owing to the fact that all changes must be made, upon full consideration of the necessity of facilitating Government financing, so that it is not possible to regulate rates upon a strictly commercial basis. The advances in rates at Kansas City and Richmond were made upon the request of the Federal Reserve Banks of those cities, because of the heavy volume of paper which was steadily offering itself for rediscount at those points. It was the belief of the Board that the applications should be granted

as a caution to member banks, even though the volume of applications for rediscount might not be very materially reduced as far as dependent merely upon seasonal needs and requirements. Under the Federal Reserve system, as has been previously explained, it is the Board's policy to make, so far as practicable, an adjustment of paper among Federal Reserve Banks such as will bring about a relatively uniform reserve condition at all Federal Reserve Banks. The tendency of so doing is to promote greater equalization among the banking reserves of the several Federal Reserve districts. The success of this policy, however, is based upon the adoption of similar standards of rediscounting in each Federal Reserve district, and upon the regulation of rediscount applications in such a way as to prevent applicants in any one district from gaining the advantage of those elsewhere located by reason of access to an undue share of reserve funds. The Federal Reserve system necessarily counts largely upon the cooperation of its member banks to keep rediscount obligations to the minimum that will enable such banks to comply with their ordinary requirements. The raising of rates at Kansas City and Richmond served the purpose of giving notice to the members of this need for cooperation but did not prevent them from getting assistance whenever their condition or legitimate demands called for it.

Material progress has been made, since the adoption of the act providing for the breaking up of the silver dollars held behind silver certificates, in carrying out the operations therein authorized. With a view to being ready for any eventuality growing out of these transactions, orders have been placed for the printing of Federal Reserve bank notes in the \$1 denomination in the amount of \$200,000,000 and in the \$2 denomination in the amount of \$50,000,000. The designs for these notes have been approved and the making of the plates has been practically completed, so that it may be expected that a full supply of \$1 and \$2 bank notes will soon be available to make good any deficiency that may result from the retire-

Rates of discount.

Silver situation.

ment of the old silver certificates. These notes have been allotted to the several Federal Reserve Banks upon a pro rata basis previously determined with respect to the printing of notes of the \$5 denomination. In order further to facilitate the process of withdrawing silver certificates from circulation, the Board moreover suggested to the Federal Reserve Banks the sending out of a letter to member banks, asking that they cooperate with the Government by turning in their present supply of \$5 silver certificates and suggesting that at a later time, when the new \$1 and \$2 notes are available, a similar request would be made with respect to silver certificates of these lower face values. Cooperating still further with the efforts of the Treasury Department in this matter, the Gold Export Committee of the Federal Reserve Board has, moreover, endeavored to induce applicants for permission to carry paper currency out of the country to take United States notes of the \$1 and \$2 denominations, whenever possible, rather than silver certificates, thereby retaining as many of the latter within reach as conditions would permit.

For the four weeks ending May 17 the net outward gold movement totaled \$509,000, as compared with \$987,000 for the preceding five weeks. Gold imports for the four weeks totaling \$2,213,000 came largely from Canada, Mexico, and Colombia, while gold exports totaling \$2,722,000 were consigned chiefly to Mexico, Venezuela, and Canada.

The gain in the country's stock of gold since August 1, 1914, was \$1,046,623,000, as may be seen from the following exhibit:

[000 omitted.]

	Imports.	Exports.	Excess of imports over exports.
Aug. 1 to Dec. 31, 1914.....	\$23,253	\$104,972	¹ \$81,719
Jan. 1 to Dec. 31, 1915.....	451,955	31,426	420,529
Jan. 1 to Dec. 31, 1916.....	685,745	155,793	529,952
Jan. 1 to Dec. 31, 1917.....	553,713	372,171	181,542
Jan. 1 to May 17, 1918.....	12,774	16,407	¹ 3,633
Total.....	1,727,440	680,769	1,046,671

¹ Excess of exports over imports.

During the four weeks between April 26 and May 24 operations of the Federal Reserve Banks continued practically on an even scale, the total earning assets on the last named date 1,277.2 millions being slightly below the corresponding total of 1,286.2 millions shown for the initial date.

On May 10, the Friday following the consummation of the third Liberty loan, total investments reached the record total of 1,373.8 millions, nearly 45 per cent of which was composed of war loan paper, i. e., paper directly traceable to war loan financing operations and comprising member banks' collateral notes and customers' paper, supported by United States war bonds or certificates of indebtedness.

Total discounts on hand rose from 901.7 millions on April 26 to 939 millions on May 10, and stood at 923.3 millions two weeks later. Practically the same development is shown by the New York Reserve Bank, which reports an increase in the holdings of discounted bills from 434.3 millions on April 26 to 450 millions on May 10 and a slight decrease to 442.2 millions on May 24. The largest relative increases in discount operations during the month are shown for the Minneapolis and Kansas City banks, the former increasing its holdings of discounted paper from 14.6 to 24 millions and the latter from 43.9 millions to 71.6 millions. War loan paper, as defined above, constituted about 65 per cent of the total discounts held on May 24, as against over 70 per cent on April 26. At the New York bank this proportion was considerably higher, ranging between 83 per cent on May 10 and 87 per cent on April 26.

Total acceptances on hand likewise show a slight though continuous decrease, all the banks except those at Boston and New York reporting reductions in the amounts of purchased paper held, thus causing a further concentration of this class of paper at the New York bank from about 40 per cent on April 26 to nearly 50 per cent on May 24.

But little change is shown in the total of United States bonds held by the banks, while

the banks' holdings of United States notes and certificates show a reduction from 37.4 to 32.5 millions.

During the period under review the banks' gold reserves increased from 1,827 to 1,898 millions while their net deposits, following practically the same course as the banks' total investments, show about the same figures for the beginning and end of the four-week period, viz, 1,556.3 and 1,557.6 millions. Federal Reserve notes in circulation increased from 1,526.2 to 1,578.6 millions, or by 18.6 millions less than the banks' gold reserves. The result is seen in the rise of the ratio of total reserves to aggregate net deposit and Federal Reserve note liabilities from 61.3 to 62.4 per cent.

In the following table are shown the changes between April 26 and May 24, 1918, in the totals of discounted and purchased bills held by each of the Federal Reserve Banks, also changes between the two dates in the total holdings of other classes of investments:

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

Federal Reserve Bank.	Apr. 26.	May 24.	Net increase.	Net decrease.
Boston.....	70,913	63,591	.....	7,322
New York.....	555,283	581,158	25,875	.....
Philadelphia.....	61,654	64,128	2,474	.....
Cleveland.....	78,840	64,845	.....	13,995
Richmond.....	52,510	48,552	.....	3,958
Atlanta.....	29,403	28,383	.....	1,020
Chicago.....	136,555	121,782	.....	14,773
St. Louis.....	55,037	37,769	.....	17,268
Minneapolis.....	26,137	28,796	2,659	.....
Kansas City.....	51,044	73,023	21,979	.....
Dallas.....	30,722	28,930	.....	1,792
San Francisco.....	56,489	60,563	4,074	.....
Total.....	1,204,587	1,201,520	.....	3,067
United States long-term securities.....	41,446	42,067	621	.....
United States short-term securities.....	37,407	32,476	.....	4,931
Other earning assets.....	2,722	1,151	.....	1,571
Total investments held.....	1,286,162	1,277,214	.....	8,948

Some indication as to the part taken by the banks of the country in the financing of the Government's more recent loan operations, culminating in the third Liberty loan, is afforded by the reports from member banks in about 100 leading cities showing their principal assets and liabilities each week between April 19 and May 17.

Condition of member banks.

Considerable changes are shown in the holdings of United States bonds (other than circulation bonds) and of certificates of indebtedness, the former showing an increase of 294.4 millions and the latter a decrease of 344.6 millions. Circulation bonds show a decrease of about 1 million, while total United States security holdings declined from 2,106.8 to 2,055.5 millions. As against this decrease the banks report an increase of their loans secured by United States war bonds and certificates of indebtedness from 320.2 to 501.6 millions.

Corresponding figures for 120 banks in the three central reserve cities indicate practically no change in their holdings of circulation bonds, a net increase of 164.2 millions in other United States bonds, mainly Liberty bonds, net liquidation of 216.9 millions of certificates of indebtedness and an increase of 124.1 millions in loans secured by United States war obligations. For the member banks in Greater New York increases of 120.4 millions in the holdings of Liberty bonds and of 121.7 millions in loans supported by United States war securities are shown, as against a reduction of over 187 millions in Treasury certificates of indebtedness.

Aggregate holdings of United States securities (exclusive of circulation bonds) and loans supported by such securities show an increase for the four weeks from 2,159.1 to 2,290.3 millions. During the same period member banks in Greater New York show an increase of these items from 1,269.9 to 1,324.9 millions. If it is remembered that the figures of reserve carried by reporting banks constitute about 78 per cent of the total members' reserve deposits shown by the Federal Reserve Banks for corresponding dates, some idea may be had of the amount of war securities and war paper held at present by the banks of the country and the relative share of the New York banks in the total holdings.

Total loans and investments of reporting banks, exclusive of permanent investments, show an increase from 12,412.7 to 12,608.7 millions, while the share of war securities and

loans supported by such securities in the total just given rose from 17.4 to 18.2 per cent. For the Greater New York banks total loans and investments show an increase from 4,979 to 5,048.7 millions, while the proportion of war securities and war paper to total investments of these banks rose from 25.5 to 26.2 per cent.

Immediately following the close of the third Liberty loan a considerable decline in net demand deposits is noted, the May 17 total, 8,922.6 millions, being 324.9 millions below the corresponding April 19 total. For the Greater New York banks the decrease was 118.2 millions and for the member banks in all three central reserve cities, 173.1 millions. Time deposits of all reporting banks show but a slight decline, from 1,397.5 to 1,386.7 millions, the corresponding decrease for central reserve city banks being from 444.3 to 412.4 millions. On the other hand, Government deposits at all reporting banks rose from 633.6 to 1,284.1 millions, at central reserve city banks, from 386.4 to 744.1 millions, and at the New York banks alone, from 329.9 to 593.7 millions.

Reserves of all reporting banks (all with the Federal Reserve Banks) declined from 1,167.2 to 1,148.1 millions, while cash in vault gained slightly from 370.4 to 373.1 millions.

For all reporting banks the ratio of combined vault cash and reserve to total, including Government deposits, works out at 13.6 per cent on April 19, compared with 13.5 per cent for May 17. For the central reserve city banks this ratio shows a decline from 14.8 to 14.2 per cent. Excess reserves, in the calculation of which no account is taken of Government deposits, stood at 61.6 millions on April 19 and after some fluctuations reached a total of 161.5 millions on May 10, when total investments as well as reserves were at their highest. At the end of the following week, as the result mainly of reductions in reserves and cash in vault, excess reserves fell off to 88.3 millions. For the central reserve city banks

similar fluctuations are noted, the maximum of 109.5 millions on May 10 being followed by a decline to 49.2 millions on May 17.

On May 20-21 occurred the regular quarterly meeting of the Federal Advisory Council, all members being present with the exception of Mr. Norwood, the representative of the fifth district. Two joint sessions were held with the Federal Reserve Board and much attention was given to a discussion of the question of the restriction of the less essential credits and the problem of rediscount rates, as well as of general borrowing and financial conditions in the several districts. The Federal Advisory Council also held a joint session with the directors of the new War Finance Corporation. There was agreement throughout these sessions that, while a condition of general activity and full employment existed throughout the country, it would be necessary to press the campaign for restriction of credit and for individual saving to the utmost. The banking situation was pronounced entirely sound, due largely to the hearty response, on the part of the public, to the demands for general absorption of Liberty loan obligations by private purchasers with as little aid from the banks as practicable. An especially interesting feature of the discussion was the review of legislation on banking now pending in both Houses of Congress. The Council expressed the opinion that there was no occasion for the adoption of the proposed measure relating to the guaranty of bank deposits. The Board adheres to the view expressed by it in the past that needed relief against the hardships, which depositors of failed banks now suffer, would be adequately provided if a fund were established to secure the prompt and effective liquidation of the sound assets of failed banks. Such a fund would enable the depositors of failed banks to receive without delay a cash distribution for a substantial proportion of their claims, pending final liquidation.

Indexes of Business Conditions.

Rapid changes are now going on in every department of industry in consequence of the reorganization necessary for war and in preparation for future development of trade. Many of these bid fair to continue after the close of the war itself. There is thus an increasing need for the development of some method of measuring in an authoritative way changes in business conditions, movements of prices, and other alterations in the commercial outlook occurring from time to time, especially in their relation to banking and credit. The Federal Reserve Board, therefore, has in contemplation plans for the extension of its statistical and reporting service, with a view of establishing a series of indexes of industrial, business, and financial conditions. It is desired that these indexes be as nearly scientific and authoritative as they can be made. The Board will endeavor to expand and coordinate the statistical service of the several Federal Reserve Banks in accordance with a general plan on some common basis designed to adapt itself to the special conditions obtaining in each of the several districts. This general statistical or reporting service will be under the direction of the Board in order that uniformity and harmony of results may be obtained. Further details of the plan will be announced at an early date.

Class C Director Named for Richmond Bank.

The Federal Reserve Board on May 24 elected Howard Bruce, of Baltimore, as a class C director of the Federal Reserve Bank of Richmond. Mr. Bruce succeeds Mr. Gouverneur, of North Carolina, resigned.

Mr. Bruce is a native Virginian, a graduate of the Virginia Military Institute. For the past 16 years he has been connected with the Bartlett-Haward Co., of Baltimore, probably the largest employers of labor in Baltimore, and is now president and principal owner of that company. In the third Liberty campaign every employee of this company, numbering over 12,000, were buyers of Liberty bonds.

Meeting of Advisory Council.

The usual quarterly meeting of the Federal Advisory Council was held in Washington on May 20 and 21. A series of topics relating to existing financial and banking conditions was taken up for consideration and, after discussion, opinions were expressed by the Council and formerly reported to the Board. The topics discussed and the conclusions arrived at were as follows, viz:

Topic No. 1.—Curtailement of unnecessary credits.

Recommendation: The Federal Advisory Council concurs in the principle laid down and the recommendations made by the Federal Reserve Board in regard to the conservation of credits, and we urge upon the bankers of the country the great importance of their hearty cooperation in the adoption of the policy as outlined by the Federal Reserve Board in its April Bulletin.

Topic No. 2.—The proper means of extending banking operations in foreign countries. This should involve a discussion of foreign branches of national banks having a million dollars or more of capital and surplus, and banks organized to do a foreign banking business in which national banks are stockholders to an amount not exceeding 10 per cent of their capital and surplus.

Recommendations: The Council believes that member banks and banks authorized to do a foreign business in which member banks are stockholders should be encouraged to take care of the foreign business of the country during the continuance of the war.

The Council reaffirms its statement made on February 19, 1917, as follows: "The Council recommends that the foreign business of the Federal Reserve Banks should for the present be conducted through correspondents, and that neither agencies nor branches should be established in foreign countries by any Federal Reserve Bank until world conditions are more settled and until the efficiency of the service rendered by correspondents be thoroughly tested."

Topic No. 3.—Foreign agencies of Federal Reserve Banks and the proposition to establish a Government foreign exchange bank. On this subject an interesting report has been submitted by a committee of the Chamber of Commerce of the United States, of which I presume you have a copy.

Recommendation: The Council is of the opinion that it would be unwise under present conditions to establish a Government foreign exchange bank or for the Federal Reserve Board to undertake to regulate foreign exchange operations further than it is now doing in connection with the Treasury Department. We unanimously indorse the recommendations of the Federal Reserve Board that Federal charters be granted to banks which are now engaged

in foreign banking business the stock of which is owned by member banks.

Topic No. 4.—Senate bill No. 4426 which the Board understands has been favorably reported by the Senate Committee on Banking and Currency.

Recommendation: We are opposed to the guaranty of bank deposits in any form, believing it to be wrong in principle. Inasmuch as the official report of the Comptroller of the Currency shows the loss to depositors in failed national banks to be less than three one-thousandths of 1 per cent during the last three years and with the Government offering the highest possible security to induce the use of hoarded funds the necessity of such legislation is not apparent. The Council reaffirms its declaration of April 18, which said: "A plan might, however, be devised by the Federal Reserve Board which would provide for prompt relief to be given depositors of failed member banks."

(Passed with one dissenting vote.)

Topic No. 5.—Bankers' acceptances.

Recommendation: This Council is of opinion that the use of bankers' acceptances should be encouraged and developed as it will be of great service to the country in meeting its necessary financial requirements, particularly during the period of the war. In order to accomplish this legislation may be necessary granting the banks greater accepting power. Every effort should be made to encourage and develop a broad open discount market for these acceptances.

Topic No. 6.—Discount rates.

Recommendation: It is the opinion of the Council that in view of the large payments for taxes and Government bonds which will be made shortly it is undesirable at this time to change the discount rates at the Federal Reserve Banks.

Acceptances to 100 Per Cent.

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

First National Bank, Terrell, Tex.
Beacon Trust Co., Boston, Mass.
Hamilton National Bank, Chattanooga, Tenn.

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, administrator, and registrar of stocks and bonds:
Blackstone National Bank, Uxbridge, Mass.

DISTRICT No. 3.

Trustee, executor, and administrator:
Atglen National Bank, Atglen, Pa.
Trustee, executor, administrator, and registrar of stocks and bonds:
South Bethlehem National Bank, South Bethlehem, Pa.

DISTRICT No. 4.

Registrar of stocks and bonds:
Northern National Bank, Toledo, Ohio.

DISTRICT No. 5.

Trustee, executor, and administrator:
First National Bank, Harrisonburg, Va.

DISTRICT No. 7.

Trustee, executor, administrator, and registrar of stocks and bonds:
Farmers National Bank, Edinburg, Ind.
First National Exchange Bank, Port Huron, Mich.

DISTRICT No. 8.

Trustee, executor, and administrator:
First National Bank, Paducah, Ky.

DISTRICT No. 9.

Trustee, executor, and administrator:
First National Bank, Forman, N. Dak.

DISTRICT No. 10.

Trustee, executor, administrator, and registrar of stocks and bonds:
Stock Growers National Bank, Cheyenne, Wyo.

Progress in Retiring Silver Certificates.

Since the adoption of the act of April 23, authorizing the retirement of silver certificates and the breaking up of silver dollars held behind them in order to supply bullion for export, the authorities of the Treasury Department have been making steady progress in the application of the law. In this the Federal Reserve Board has cooperated. Two problems require solution; first, the actual retirement of the silver certificates themselves, and second, the preparation and issuance of Fed-

eral Reserve bank notes to take their place. In connection with the issuance of Federal Reserve bank notes it was necessary to prepare new plates and to determine upon the distribution of the issues upon some pro rata basis between Federal Reserve Banks. It was decided to apportion the notes among the banks upon the same basis as Federal Reserve notes and to enlist the assistance of Federal Reserve and member banks in undertaking the withdrawal of silver certificates, first in the higher denominations and later when the new bills had been prepared in the denominations of one and two dollars.

The following letter, transmitted by Gov. Harding to Federal Reserve Banks on May 24, furnished instructions regarding the first steps in the operation of retiring the old notes and substituting the new ones in their place:

MAY 24, 1918.

DEAR SIR: For your information there is inclosed a copy of a statement issued by the Division of Loans and Currency of the Treasury, showing silver certificates withdrawn from circulation and canceled, and silver dollars melted or broken up during the week ended May 17. You will notice that as a result of these operations the circulating medium has been decreased by \$37,881,374.

In order to avoid any shortage in small bills, the Board is of the opinion that Federal Reserve Banks should, acting together as a system, replace withdrawals of silver dollars and silver certificates by the issue of Federal Reserve bank notes. It is the intention of the Board to keep the Federal Reserve Banks informed each week of the amount of silver and silver certificates withdrawn and to allot to each Federal Reserve Bank its proper proportion of Federal Reserve bank notes as nearly as possible on the basis of distribution outlined in its letter of April 29th, X-917.

It is desirable that Federal Reserve Banks should get their Federal Reserve bank notes as received into circulation before issuing additional Federal Reserve notes. For the present it will not be possible, however, to adhere strictly to the basis of distribution outlined in the letter of April 29, because the amount of Federal Reserve bank notes available in the various districts is not uniform, and three of the Federal Reserve Banks have no bank notes available at all. A statement is inclosed showing the amount of Federal Reserve bank notes available for each bank on May 20.

It has been deemed advisable that Federal Reserve Banks should first deposit their one-year 3 per cent notes as security for their Federal Reserve bank notes and that they give power of attorney to the Federal Reserve Board

to request the Secretary of the Treasury from time to time to deposit with the Treasurer of the United States, through the Comptroller of the Currency for account of the respective banks, such amounts of United States certificates of indebtedness as may be necessary to secure, after all the one-year 3 per cent notes have been deposited, the Federal Reserve bank notes which will be issued in substitution for silver certificates withdrawn. The Treasurer of the United States can thereupon charge the account of each Federal Reserve Bank, as a deposit in his general account, with the amount of the purchase price of the certificates.

In order to carry out this plan the Board requests the Federal Reserve Banks to call for Federal Reserve bank notes in the amounts indicated below and to deposit as security with the Comptroller of the Currency an equivalent amount in one-year 3 per cent Treasury notes:

Philadelphia.....	\$1,000,000
Cleveland.....	2,660,000
Richmond.....	1,000,000
Atlanta.....	1,141,000
Chicago.....	2,962,000
Minneapolis.....	880,000
Kansas City.....	1,374,000
Dallas.....	1,307,000
San Francisco.....	1,500,000

As soon as Federal Reserve bank notes for all of the banks are available the Board will make the proper adjustment between the banks.

Following is a typical letter that is being sent to member banks by Federal Reserve Banks:

To the cashier of the bank addressed:

DEAR SIR: For the purpose of conserving the Nation's gold supply, permitting the settlement in silver, where practicable, of adverse trade balances, providing silver for subsidiary coinage and commercial use, and assisting Allied Governments in the war against Germany, Congress has recently authorized \$350,000,000 of the silver dollars held in the United States Treasury to be broken up and sold as bullion. As most of the silver thus held is represented by silver certificates in circulation, it can only be obtained by the return of silver certificates to the Treasury for cancellation.

The withdrawal of silver certificates from circulation is not intended to be permanent, as the act provides that the Director of the Mint, as soon as practicable after a sale of silver bullion has been made, shall purchase a like quantity of silver to take the place of the bullion sold. To provide temporarily the necessary circulating medium during the interim between the withdrawal of the silver certificates and their subsequent reissue when the silver supply has been replenished by purchases of silver, Federal Reserve Banks will issue Federal Reserve bank notes in denominations of \$1, \$2, \$5, and upward. These notes will be obligations of the Federal Reserve Banks secured by United States certificates of indebtedness or bonds and similar otherwise to national-bank notes.

We ask the banks of this district to cooperate with the Government by furnishing us with their present supply of \$5 silver certificates, which can be replaced in circulation at once by Federal Reserve notes, Federal Reserve bank notes, or United States notes. In a few weeks, when Federal Reserve bank notes of the \$1 and \$2 denominations are ready, a request will also be made that silver certificates in these denominations be sent in.

Will you not, therefore, please sort out of your cash and forward to us, at our expense, all silver certificates of \$5 and upward which you may have on hand or receive from time to time, in return for which we will either—

(a) Furnish you, free of expense, other currency of the same or larger denominations, as you may prefer; or

(b) Place the amount to your credit in this bank, if a member bank, or in any designated bank in this district.

We feel confident that you will be willing to cooperate with the Government in furnishing it the silver it needs for its own requirements and those of the Allies.

Governor.

Work of the Capital Issues Committee.

The following statement was issued on May 22 by the Capital Issues Committee:

Applications for the issue of securities aggregating \$478,458,386 were considered by the Capital Issues Committee of the Federal Reserve Board. The Committee's existence ceased upon the taking of office on May 17 of the Capital Issues Committee created by the War Finance Corporation Act. While it approved three issues during the period January 12 to February 1, the committee was not organized and under way until February 1. Of the total issues considered, the committee approved \$412,766,721, of which \$258,664,496 were for the purpose of refunding obligations previously incurred. New issues approved, therefore, aggregated \$154,102,224. New issues for the same period last year were \$504,211,624, so that a comparative saving has been effected of \$350,109,399. This saving by action of the committee does not include the saving of \$19,865,000 effected through the informal postponement for the period of the war secured through the efforts of the committee or its agencies. In addition, however, there is an immeasurable saving caused by the wide publicity given to the committee's aims and purposes which has discouraged at the very source issues clearly incompatible with the national interest at this time.

The committee attributes this success to the splendid cooperation and loyal support it has received from State and municipal authorities,

departments of the Federal Government, the leading stock exchanges, the American Bankers' Association and the Investment Bankers' Association of America.

Detailed report made by the committee is as follows:

	Municipal.	Public utility.	Industrial.	Total.
Number considered	192	62	107	361
Number approved	140	60	78	278
Number disapproved	34	2	24	60
Number curtailed	18	0	5	23
Amount considered	\$86,878,512	\$172,069,605	\$219,510,269	\$478,458,386
Amount disapproved	19,791,665	6,000,000	39,900,000	65,691,665
Aggregate approved	67,086,847	166,069,605	179,610,269	412,766,721
Less "refunding"	21,392,312	125,860,284	111,411,900	258,664,496
Aggregate new issues	45,694,534	40,209,321	68,198,369	154,102,224
New issues last year, same period	108,952,865	107,504,075	287,754,684	504,211,624
Analysis of new issues approved:				
Amount original applications	65,486,199	46,209,321	108,098,369	219,793,889
Amount approved	45,694,534	40,209,321	68,198,369	154,102,224
Curtaiment effected	19,791,665	6,000,000	30,900,000	65,691,665
Analysis of applications informally discouraged:				
Number	8	3	6	17
Amount	\$8,915,000	\$7,360,000	\$3,590,000	\$19,865,000

Special Deposits of Public Moneys.

The following circular relating to special deposits of public moneys under the act of Congress approved September 24, 1917, as amended by the act of Congress approved April 4, 1918, was issued by the Treasury Department on May 29:

To Federal Reserve Banks and other banks and trust companies incorporated under the laws of the United States or of any State.

Department Circular No. 92, dated October 6, 1917, and the supplement thereto, dated April 10, 1918, in relation to special deposits of Government funds in connection with subscriptions for bonds and certificates of indebtedness of the United States issued under the act of Congress approved September 24, 1917, are hereby further supplemented as follows:

The provisions of the said circular and supplement are extended, subject to the provisions hereof, to deposits of moneys, arising from the payment of income and excess profits taxes, made under the act of Congress approved September 24, 1917, as amended by the act of Congress approved April 4, 1918. Applications hereafter made for deposits of public moneys under said acts should be, and all applications for such deposits made on and after

June 5, 1918, must be, in Form H3 hereto attached, and be accompanied by a certified copy of resolutions duly adopted by the board of directors of the applicant in Form J3 hereto attached.

Depositaries already qualified to a sufficient amount pursuant to Department Circular No. 92, or pursuant to said circular as amended and supplemented under date of April 10, 1918, will not be required to file anew formal applications or resolutions in connection with deposits of moneys arising from the payment of income and excess profits taxes, but, if they desire to receive deposits hereunder must so notify the Federal Reserve Bank of the district in which they are located by letter or telegram; and they will thereby and by the acceptance of such deposits, be conclusively presumed to have assented to all the terms and provisions hereof. The words "qualified depositaries" in this circular refer exclusively to depositaries qualified under Department Circular No. 92 and supplements thereto.

Collateral security pledged or to be pledged by qualified depositaries will be conclusively deemed to be pledged as collateral security for deposits of public moneys made under Department Circular No. 92 and supplements thereto, whether arising from the sale of bonds or certificates of indebtedness of the United States or arising from the payment of income and excess profits taxes.

Payment of income and excess profits taxes can not be made by credit.

It is intended, out of any unexpended cash proceeds arising from the payment of income and excess profits taxes, to make deposits, through the Federal Reserve Banks, under direction of the Secretary of the Treasury, with qualified depositaries throughout the United States, as nearly as may be proportionately, having regard to the following three determining factors: (1) The amount of checks, received by collectors of internal revenue on and after June 10, 1918, and until further notice, drawn upon and paid by such depositaries, respectively, in payment of income and excess profits taxes; (2) the amount of Treasury certificates of indebtedness of all issues maturing June 25, 1918, sold to and through such depositaries, respectively; and (3) the amount for which such depositaries, respectively, shall be qualified in excess of existing deposits. It is the intention that such deposits shall, as nearly as may be, be made simultaneously with the payment of checks drawn upon such depositaries, respectively, in payment of such taxes. Appropriate instructions will be given to collectors of internal revenue and to Federal Reserve Banks.

All deposits will be subject to withdrawal on demand and will bear interest at the rate of 2 per cent per annum, as provided in the above-mentioned circular and supplement. Deposits made hereunder shall be credited to the "War Loan Deposit Account."

A principal object of the issue of the United States Treasury certificates of indebtedness maturing June 25, 1918, was to prevent unnecessary dislocation of funds, and this object would be defeated if such certificates held by

taxpayers were not turned in in payment of their taxes, but were either sold or hypothecated by the taxpayers and in consequence were presented for payment in cash. In view of the fact that the aggregate amount of these certificates now issued exceeds \$1,500,000,000 this is important, and banks and trust companies are required to cooperate by advising their customers to turn in certificates, to the extent that they have taxes to pay, in payment of such taxes. No deposit of moneys arising from the payment of income and excess profits taxes will be made with any depositary which disregards this requirement.

W. G. McADOO,
Secretary of the Treasury.

[Form H3—Public Moneys.]

APPLICATION FOR DEPOSITS.

To the Federal Reserve Bank of....., fiscal agent of the United States:
The undersigned bank or trust company, in accordance with the provisions of Treasury Department Circular No. 92, dated October 6, 1917, as amended and supplemented April 10, 1918, and May 29, 1918, and pursuant to due action of its board of directors, hereby makes application for the deposit of public moneys with it from time to time under the act of Congress approved September 24, 1917, as amended by the act approved April 4, 1918, the aggregate amount of such deposits not to exceed at any one time \$.....; and assigns and agrees to pledge, from time to time, to and with the Federal Reserve Bank of....., as fiscal agent of the United States, as collateral security for such deposits as may be made from time to time pursuant to this application, securities of the character and amount required by said circular.

By.....
President (Vice President).
Street.....
City or town.....
State.....

[Form J3—Public Moneys.]

RESOLUTIONS AUTHORIZING APPLICATION FOR DEPOSITS.

I hereby certify that the following resolutions were duly adopted at a meeting of the board of directors of the below-named bank (trust company), which meeting was duly called and duly held on the day of, 191.., a quorum being present, and that the said resolutions were spread upon the minutes of said meeting:

Resolved, That in accordance with the provisions of Treasury Department Circular No. 92, dated October 6, 1917, as amended and supplemented April 10, 1918, and May 29, 1918, this bank (trust company) makes application for the deposit of public moneys with it from time to time under the act of Congress approved September 24, 1917, as amended by the act approved April 4, 1918, the aggregate amount of such deposits not to exceed at any one time \$.....; and assign and agree to pledge from time to time to and with the Federal Reserve Bank of....., as fiscal agent of the United States, as collateral security for such deposits as may be made from time to time pursuant to such application, securities of the character and amount required by said circular; and

Resolved, That the president, or any vice president, or cashier, or secretary, of the undersigned bank (trust company) is hereby authorized to make application, assignment, and agreement as aforesaid and from time to time to deliver to and pledge with said Federal Reserve Bank, or any custodian or custodians appointed by it, securities of the undersigned bank (trust company) of a character and amount at least sufficient to secure such deposits according to the terms of said Treasury Department circular as amended and supplemented as aforesaid, and from time to time to withdraw securities and to substitute other securities and to pledge and deposit additional securities.

In witness whereof I have hereunto signed my name and affixed the seal of the of

Cashier (Secretary).

Operations of the War Finance Corporation.

The War Finance Corporation, on May 28, authorized the following statement:

In view of the applications for direct advance which have been filed with the War Finance Corporation, the directors wish to point out that an erroneous impression seems to exist in certain quarters that the Corporation is intended primarily to make direct advances to borrowers under the "exceptional cases" clause of the act. This, however, is not the purpose of the act, which was designed primarily to enable credit to be extended by the War Finance Corporation through the banks of the country to "war industries"—that is, to those industries whose operations are necessary or contributory to the war. In other words, the resources of the War Finance Corporation are not intended to be loaned directly to war industries unless in an exceptional case, but only indirectly through the banks. As the Secretary of the Treasury stated before the committees of Congress when the bill was under consideration, "the provision of the bill permitting direct loans by the corporation, in exceptional cases, is intended to provide for those rare instances where it may be made to appear to the Corporation that a meritorious borrower is being unwisely discriminated against by the banks." In the progress of the bill through Congress advances under the exceptional cases clause were further restricted both as to security and as to the amount which could be advanced—thus indicating the intention of Congress that in order to obtain an advance under this clause the borrower must show some exceptional circumstances clearly entitling him to relief.

In no circumstances was it the intention that the War Finance Corporation should make loans except upon adequate security.

It is expected that the greatest usefulness of the War Finance Corporation will be found in its operations through the banks. As the Secretary of the Treasury stated before the Senate Finance Committee, the organization of the War Finance Corporation should be regarded "primarily as a measure to enable the banks, * * * to continue to furnish essential credits for war industries and enterprises which are necessary or contributory to the prosecution of the war. In Europe central banks, which correspond to our Federal Reserve Banks in a sense, are permitted to grant to banks and bankers loans upon stocks and bonds upon certain well-defined terms; but here the Federal

Reserve Banks are not permitted to do that, the Federal Reserve Act having specifically contemplated advances of that character only upon what we call liquid or commercial paper, and therefore the Federal Reserve Banks are not permitted to rediscount any paper for their banks which is secured by fixed investments. The Federal Reserve Act does not provide for this, and the War Finance Corporation is designed as a war emergency to fill this gap."

The Corporation was organized to provide an instrumentality to which the banks of the country could resort to obtain accommodation on advances made by them to war industries upon a character of security not available for rediscount at a Federal Reserve Bank. It is hoped that as need arises the banks of the country will avail themselves of the facilities thus afforded, so that they may be amply able to extend credit to those industries of the country which are necessary or contributory to the prosecution of the war.

From the applications received by the War Finance Corporation there seems to be an impression in certain quarters that the Corporation was specially designed to provide funds for meeting maturing obligations, particularly those of public-utility companies. The law expressly provides that the Corporation shall not make direct advances to provide funds to meet such maturing obligations except possibly in some rare case which could clearly be brought within the "exceptional cases clause." Of course the Corporation will stand ready to lend its assistance to banks and bankers in proper cases where they have themselves made advances to war industries whether for the purpose of meeting maturing obligations or otherwise, and direct advances in deserving cases that come clearly within the provisions of the law.

Holders of maturing obligations, whether of public utilities or of other concerns which may find themselves unable because of temporary conditions to meet their commitments punctually, should consider whether in the public interest as well as their own they should not cooperate by consenting to reasonable renewals. Public-utility companies particularly, in cooperation with the communities in which they operate, should have the opportunity of adjusting themselves to the changed conditions brought about by the war.

No machinery has been specially provided for direct purchases of obligations of the public utilities whether to meet maturities or otherwise, either through the War Finance Corporation or through any other governmental agency. The situation of these public utility companies

is therefore quite different from that of the railroads, where Congress has made specific provision for the purchase of their securities by the Government in certain exigencies, yet even the railroads are expected, wherever possible, to meet their own maturities and to pay what the money is worth to accomplish that end. It must be remembered that the railroads are under Federal operation, and their rates are subject to Federal control, and that the Government is therefore in a position to see to it that their charges shall be sufficient to meet the cost of the service rendered. In the case, however, of the public utilities, neither their operations nor their rates are subject to Federal control. Wherever the charges do not amount to adequate compensation for the services rendered, relief can be had only through the appropriate local authorities, and time is essential to enable the companies and the communities in which they operate to reach a satisfactory solution of this important problem. It is not a problem which can be disposed of by having the Federal Government through the War Finance Corporation assume the burden of financing the operations of these local companies except in exceptional circumstances which may make it a matter of national importance that advances should be made. The local authorities will no doubt respond as promptly as possible in cases where relief is needed because of changed conditions, as it is clear that the soundness and efficiency of public utilities is intimately connected with a vigorous and successful prosecution of the war.

A New Measure of Taxation.

The President, on May 27, delivered before Congress the following address which is reprinted here because of its direct bearing upon general banking and financial conditions:

Gentlemen of the Congress: It is with unaffected reluctance that I come to ask you to prolong your session long enough to provide more adequate resources for the Treasury for the conduct of the war. I have reason to appreciate as fully as you do how arduous the session has been. Your labors have been severe and protracted. You have passed a long series of measures which required the debate of many doubtful questions of judgment and many exceedingly difficult questions of principle as well as of practice. The summer is upon us in which labor and counsel are twice arduous and are constantly apt to be impaired by lassitude and fatigue.

The elections are at hand, and we ought as soon as possible to go and render an intimate account of our trusteeship to the people who delegated us to act for them in the

weighty and anxious matters that crowd upon us in these days of critical choice and action. But we dare not go to the elections until we have done our duty to the full. These are days when duty stands stark and naked, and even with closed eyes we know it is there. Excuses are unavailing. We have either done our duty or we have not. The fact will be as gross and plain as the duty itself. In such a case lassitude and fatigue seem negligible enough. The facts are tonic and suffice to freshen the labor.

And the facts are these: Additional revenues must manifestly be provided for. It would be a most unsound policy to raise too large a proportion of them by loan, and it is evident that the four billions now provided for by taxation will not of themselves sustain the greatly enlarged budget to which we must immediately look forward. We can not in fairness wait until the end of the fiscal year is at hand to apprise our people of the taxes they must pay on their earnings of the present calendar year, whose accountings and expenditures will then be closed. We can not get increased taxes unless the country knows what they are to be and practices the necessary economy to make them available. Definiteness, early definiteness, as to what its tasks are to be is absolutely necessary for the successful administration of the Treasury; it can not frame fair and workable regulations in haste; and it must frame its regulations in haste if it is not to know its exact task until the very eve of its performance. The present tax laws are marred, moreover, by inequities which ought to be remedied. Indisputable facts, every one; and we can not alter or blink them. To state them is argument enough.

And yet perhaps you will permit me to dwell for a moment upon the situation they disclose. Enormous loans freely spent in the stimulation of industry of almost every sort produce inflations and extravagances which presently make the whole economic structure questionable and insecure and the very basis of credit is cut away. Only fair, equitably distributed taxation, of the widest incidence and drawing chiefly from the sources which would be likely to demoralize credit by their very abundance, can prevent inflation and keep our industrial system free of speculation and waste. We shall naturally turn, therefore, I suppose, to war profits and incomes and luxuries for the additional taxes. But the war profits and incomes upon which the increased taxes will be levied will be the profits and incomes of the calendar year 1918. It would be manifestly unfair to wait until the early months of 1919 to say what they are to be. It might be difficult, I should imagine, to run the mill with water that had already gone over the wheel.

Moreover, taxes of that sort will not be paid until the June of next year, and the Treasury must anticipate them. It must use the money they are to produce before it is due. It must sell short-time certificates of indebtedness. In the autumn a much larger sale of long-time bonds must be effected than has yet been attempted. What are the bankers to think of the certificates if they do not certainly

know where the money is to come from which is to take them up? And how are investors to approach the purchase of bonds with any sort of confidence or knowledge of their own affairs if they do not know what taxes they are to pay and what economies and adjustments of their business they must effect? I can not assure the country of a successful administration of the Treasury in 1918 if the question of further taxation is to be left undecided until 1919.

The consideration that dominates every other now, and makes every other seem trivial and negligible, is the winning of the war. We are not only in the midst of the war, we are at the very peak and crisis of it. Hundreds of thousands of our men, carrying our hearts with them and our fortunes, are in the field, and ships are crowding faster and faster to the ports of France and England with regiment after regiment, thousand after thousand, to join them until the enemy shall be beaten and brought to a reckoning with mankind. There can be no pause or intermission. The great enterprise must, on the contrary, be pushed with greater and greater energy. The volume of our might must steadily and rapidly be augmented until there can be no question of resisting it. If that is to be accomplished, gentlemen, money must sustain it to the utmost. Our financial program must no more be left in doubt or suffered to lag than our ordnance program or our ship program or our munitions program or our program for making millions of men ready. These others are not programs, indeed, but mere plans upon paper, unless there is to be an unquestionable supply of money.

That is the situation, and it is the situation which creates the duty, no choice or preference of ours. There is only one way to meet that duty. We must meet it without selfishness or fear of consequences. Politics is adjourned. The elections will go to those who think least of it; to those who go to the constituencies without explanations or excuses, with a plain record of duty faithfully and disinterestedly performed. I, for one, am always confident that the people of this country will give a just verdict upon the service of the men who act for them when the facts are such that no man can disguise or conceal them. There is no danger of deceit now. An intense and pitiless light beats upon every man and every action in this tragic plot of war that is now upon the stage. If lobbyists hurry to Washington to attempt to turn what you do in the matter of taxation to their protection or advantage, the light will beat also upon them. There is abundant fuel for the light in the records of the Treasury with regard to profits of every sort. The profiteering that can not be got at by the restraints of conscience and love of country can be got at by taxation. There is such profiteering now and the information with regard to it is available and indisputable.

I am advising you to act upon this matter of taxation now, gentlemen, not because I do not know that you can see and interpret the facts and the duty they impose, just as well and with as clear a perception of the obligations involved as I can, but because there is a certain solemn satisfaction in sharing with you the responsibilities of such a

time. The world never stood in such case before. Men never before had so clear or so moving a vision of duty. I know that you will begrudge the work to be done here by us no more than the men begrudge us theirs who lie in the trenches and sally forth to their death. There is a stimulating comradeship knitting us all together. And this task to which I invite your immediate consideration will be performed under favorable influences if we will look to what the country is thinking and expecting and care nothing at all for what is being said and believed in the lobbies of Washington hotels, where the atmosphere seems to make it possible to believe what is believed nowhere else.

Have you not felt the spirit of the Nation rise and its thought become a single and common thought since these eventful days came in which we have been sending our boys to the other side? I think you must read that thought as I do, to mean this, that the people of this country are not only united in the resolute purpose to win this war, but are ready and willing to bear any burden and undergo any sacrifice that may be necessary for them to bear in order to win it. We need not be afraid to tax them, if we lay taxes justly. They know that the war must be paid for and that it is they who must pay for it, and if the burden is justly distributed and the sacrifice made a common sacrifice from which none escapes who can bear it at all, they will carry it cheerfully and with a sort of solemn pride. I have always been proud to be an American, and was never more proud than now, when all that we have said and all that we have foreseen about our people is coming true.

The great days have come when the only thing that they ask for or admire is duty greatly and adequately done; when their only wish for America is that she may share the freedom she enjoys; when a great compelling sympathy wells up in their hearts for men everywhere who suffer and are oppressed, and when they see at last the high uses for which their wealth has been piled up and their mighty power accumulated and, counting neither blood nor treasure now that their final day of opportunity has come, re-joice to spend and to be spent through a long night of suffering and terror in order that they and men everywhere may see the dawn of a day of righteousness and justice and peace. Shall we grow weary when they bid us act?

Contributions to the Red Cross.

The act authorizing national banks to contribute to the American Red Cross was signed by the President on May 23. The text of the act follows:

[S. 3911.]

A BILL Authorizing national banks to subscribe to the American National Red Cross.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That during the continuance of the state of war now existing it shall be lawful for any national banking association to con-

tribute to the American National Red Cross, out of any net profits otherwise available under the law for the declaration of dividends, such sum or sums as the directors of said association shall deem expedient. Each association shall report to the Comptroller of the Currency within ten days after the making of any such contribution the amount of such contribution and the amount of net earnings in excess of such contribution. Such report shall be attested by the president or cashier of the association in like manner as the report of the declaration of any dividend.

SEC. 2. That all sums so contributed shall be utilized by the American National Red Cross in furnishing volunteer aid to the sick and wounded of the combatant armies, the voluntary relief of the Army and Navy of the United States, and the relief and mitigation of the suffering caused by the war to the people of the United States and their allied nations.

Control of Coin, Bullion, and Currency Movement.

The work of the Federal Reserve Board in applying the gold embargo provided under the Executive order of September 7, 1917, has resulted, up to the present time, in the examination and consideration of 2,020 applications for licenses to export coin, bullion, and currency out of the country. Some minor modifications of the regulations relating to this phase of the Board's work have in practice become necessary, particularly in the section relating to funds carried by travelers. The Executive order governing the exportation of coin, bullion, and currency is as follows:

EXECUTIVE ORDER.

By virtue of the authority vested in me, I direct that the regulations, orders, limitations, and exceptions prescribed in relation to the exportation of coin, bullion, and currency shall be administered by and under the authority of the Secretary of the Treasury; and upon the recommendation of the Secretary of the Treasury I hereby prescribe the following regulations in relation thereto:

1. Any individual, firm, or corporation desiring to export from the United States or any of its Territorial possessions to any foreign country named in the proclamation dated September 7, 1917, any coin, bullion, or currency, shall first file an application in triplicate with the Federal Reserve Bank of the district in which such individual, firm, or corporation is located, such application to state under oath and in detail the nature of the transaction, the amount involved, the parties directly and indirectly interested, and such other information as may be of assistance to the proper authorities in determining whether the

exportation for which a license is desired will be compatible with the public interest.

2. Each Federal Reserve Bank shall keep a record copy of each application filed with it under the provisions of this regulation and shall forward the original application and a duplicate to the Federal Reserve Board at Washington, together with such information or suggestions as it may believe proper in the circumstances, and shall in addition make a formal recommendation as to whether or not in its opinion the exportation should be permitted.

3. The Federal Reserve Board, subject to the approval of the Secretary of the Treasury, is hereby authorized and empowered upon receipt of such application and the recommendation of the Federal Reserve Bank to make such ruling as it may deem proper in the circumstances and if in its opinion the exportation in question be compatible with the public interest, to permit said exportation to be made; otherwise to refuse it.

WOODROW WILSON.

THE WHITE HOUSE, September 7, 1917.

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA.

A PROCLAMATION.

Whereas Congress has enacted, and the President has on the 15th day of June, 1917, approved a law, which contains the following provisions:

Whenever during the present war the President shall find that the public safety shall so require, and shall make proclamation thereof, it shall be unlawful to export from or ship from or take out of the United States to any country named in such proclamation any article or articles mentioned in such proclamation, except at such time or times, and under such regulations and orders, and subject to such limitations and exceptions as the President shall prescribe, until otherwise ordered by the President or by Congress: *Provided, however,* That no preference shall be given to the ports of one State over those of another.

Any person who shall export, ship, or take out, or deliver or attempt to deliver for export, shipment, or taking out any article in violation of this title, or of any regulation or order made hereunder, shall be fined not more than \$10,000, or, if a natural person, imprisoned for not more than two years, or both; and any article so delivered or exported, shipped, or taken out, or attempted to be so delivered or exported, shipped, or taken out, shall be seized and forfeited to the United States; and any officer, director, or agent of a corporation who participates in any such violation shall be liable to like fine or imprisonment, or both.

Whenever there is reasonable cause to believe that any vessel, domestic or foreign, is about to carry out of the United States any article or articles in violation of the provisions of this title, the collector of customs for the district in which such vessel is located is hereby authorized and empowered, subject to review by the Secretary of Commerce, to refuse clearance to any such vessel, domestic or foreign, for which clearance is required by law, and by formal notice served upon the owners, master, or person or persons in command or charge of any domestic vessel for which clearance is not required by law to forbid the departure of such vessel from the port, and it shall thereupon be unlawful for such vessel to depart. Whoever, in violation of any of the provisions of this section shall take, or attempt to take, or authorize the taking of any such vessel out of port or from the jurisdiction of the United States, shall be fined not more than \$10,000 or imprisoned not more than two years, or both; and, in addition, such vessel, her tackle, apparel, furniture, equipment, and her forbidden cargo shall be forfeited to the United States.

And whereas the President has heretofore by proclamation, under date of the 27th day of August in the year 1917, declared certain exports in time of war unlawful, and the President finds that the public safety requires that such proclamation be amended and supplemented in respect to the articles hereinafter mentioned:

Now, therefore, I Woodrow Wilson, President of the United States of America, do hereby proclaim to all whom it may concern, that the public safety requires that, except at such time or times, and under such regulations and orders, and subject to such limitations and exceptions as the President shall prescribe, until otherwise ordered by the President or by Congress, the following articles, namely: Coin, bullion, and currency shall not, on and after the 10th day of September, in the year 1917, be exported from or shipped from or taken out of the United States or its territorial possessions to Albania, Austria-Hungary, Belgium, Bulgaria, Denmark, her colonies, possessions or protectorates, Germany, her colonies, possessions, or protectorates, Greece, Leichtenstein, Luxembourg, The Kingdom of the Netherlands, Norway, Spain, her colonies, possessions, or protectorates, Sweden, Switzerland or Turkey, Abyssinia, Afghanistan, Argentina, Bolivia, Brazil, China, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Egypt, France, her colonies, possessions, or protectorates, Guatemala, Haiti, Honduras, Italy, her colonies, possessions, or protectorates, Great Britain, her colonies, possessions, or protectorates, Japan, Liberia, Mexico, Monaco, Montenegro, Morocco, Nepal, Nicaragua, the colonies, possessions, or protectorates of The Netherlands, Oman, Panama, Paraguay, Persia, Peru, Portugal, her colonies, possessions, or protectorates, Roumania, Russia, Salvador, San Marino, Serbia, Siam, Uruguay, or Venezuela.

The regulations, orders, limitations, and exceptions prescribed will be administered by and under the authority of the Secretary of the Treasury, from whom licenses in conformity with said regulations, orders, limitations, and exceptions will issue.

Except as hereby amended and supplemented, the above-mentioned proclamation under date of August 27, 1917, shall continue in full force and effect.

In witness whereof I have hereunto set my hand and caused the seal of the United States of America to be affixed.

Done at the city of Washington this 7th day of September, in the year of our Lord 1917, and of the independence of the United States of America the 142d.

WOODROW WILSON.

By the President:
ROBERT LANSING,
Secretary of State.

The administrative procedure under this order is now as follows:

ADMINISTRATIVE PROCEDURE.

METHOD OF MAKING APPLICATION.

Individuals, firms, and corporations desiring to obtain licenses for the exportation of coin, bullion, and currency

must file an application with the Federal Reserve Bank of the district in which the applicant resides or where the transaction requiring the shipment originates. These applications must be made on a standard form, which has been furnished to all Federal Reserve Banks.

EXPORTS OF GOLD.

It will be the general policy of the Board not to authorize the exportation of gold unless the shipment applied for is shown to be connected in a direct and definite way with a corresponding importation of merchandise for consumption in the United States, but in any case authorization will be granted only where the exportation of gold in payment for such merchandise is found to be compatible with the public interest. In reaching its conclusions, however, the Board will consider all attending circumstances in each particular case.

SHIPMENTS OF CANADIAN SILVER COIN AND CURRENCY.

Until further notice the Board will approve all applications for the exportation of Canadian silver coin and currency to Canada, and of Mexican paper currency to Mexico, without limitation. The Treasury Department has instructed collectors of customs to pass such shipments when approved by the Federal Reserve Bank of the district from which the shipments are made. Continuous permits for shipments of Canadian silver coin and currency and of Mexican paper currency, without requiring an application in each case, may be granted by Federal Reserve Banks upon condition that each transaction will be reported to it without delay. The Federal Reserve Banks will transmit to the Board weekly reports of all applications of every kind passed upon by them, showing the amount of each shipment.

EXPORTS OF SILVER BULLION AND SILVER COIN OF FOREIGN MINTAGE.

Applications for the exportation of silver bullion and silver coin of foreign mintage will in general be approved by the Federal Reserve Board upon recommendation of the Federal Reserve Bank with which the application is filed.

UNITED STATES NOTES, NATIONAL BANK NOTES, FEDERAL RESERVE NOTES, AND FEDERAL RESERVE BANK NOTES.

Applications for the exportation of United States notes, national bank notes, Federal Reserve notes, and Federal Reserve Bank notes will as a rule be approved by the Federal Reserve Board, but each application must come before the Board for its determination before shipment is made, unless authority to pass upon such applications locally has been delegated by the Board to the respective Federal Reserve Banks.

TRAVELERS LEAVING THE COUNTRY.

Instructions have been issued by the Treasury Department to collectors of customs to permit travelers leaving the country to carry on their persons or in their baggage:

(a) United States notes, national-bank notes, Federal Reserve notes, or Federal Reserve Bank notes not to exceed \$1,000 for each adult.

(b) Subsidiary silver coins not to exceed \$100 for each adult, such coin to be in lieu of a like amount of notes under (a) above.

Collectors of customs have been informed that in dealing with travelers they may act in accordance with these regulations, without communicating with the Federal Reserve Board or with the Federal Reserve Bank of their district.

Travelers who desire to take with them silver dollars or gold coin, or gold or silver certificates in any amount, must obtain a license from the Federal Reserve Bank of their district, from which application blanks may be obtained. Whenever such licenses are issued, the Federal Reserve Bank will give due notice to the collector of

customs at the port from which the applicant expects to leave the United States, and collectors of customs have been notified that in dealing with travelers to whom such licenses have been issued they may act without communicating with the Federal Reserve Board.

GENERAL.

Shipments of coin or currency which appear to be or are suspected of being for enemy account or for the benefit of the enemy will not be permitted. These regulations are issued subject to change without notice, and no application granted will be regarded as constituting a precedent.

Following is a summarized statement of the shipments of coin, bullion, and currency which the Board has authorized up to the present date:

Amounts of licenses granted by the Federal Reserve Board during the period Sept. 7, 1917, to May 24, 1918, covering exports from the United States of coin, bullion, and currency.

	Gold.	Silver.	Silver and currency.	Currency.	Miscellaneous.	Total.
United Kingdom.....	\$4,655	\$19,561,371		\$202,400		\$19,768,426
France.....		812,500			\$1,725	814,225
Italy.....	200					200
Russia.....	70	1,276,884		44,508		1,321,462
Netherlands.....	300,000					300,000
Sweden.....	2,000,000					2,000,000
Norway.....		11,364		20,000		31,364
Spain.....	\$ 225					225
Switzerland.....		200		8,000		8,200
Canada.....	7,329,290	23,237,020	\$600,111	713,437	\$ 3,000	31,882,858
Newfoundland.....		50				50
Mexico.....	26,706,462	2,331,560	3,349,600	8,105,669	\$ 116,000	40,609,291
Guatemala.....	228			50,000		50,228
Honduras.....			100,000	540,200		700,200
Nicaragua.....				20,500		20,500
Salvador.....				28,000		28,000
Cuba.....	12,999	1,273		18,881,000	\$ 600	18,895,872
Porto Rico.....			980,000	386,200	\$ 36,200	1,402,400
Dominican Republic.....		40,000		200,000		1,182,000
Haiti.....				20,000		20,000
British West Indies.....		38,245	6,342	68,000		112,587
Dutch West Indies.....	20		57	50		127
Panama.....		5,000				5,000
Argentina.....	62,000	7,377	32,000	4,539		105,916
Brazil.....	695			10,000		10,695
Chile.....	10,274,398					10,274,398
Colombia.....	876,165			160,000		1,036,165
Bolivia.....	300,000					300,000
Ecuador.....				72,500		72,500
Peru.....	1,241,090			5,000	\$490,000	1,736,090
Venezuela.....	554,420	12,000				566,420
Uruguay.....	216,000					216,000
British Guiana.....		4,580				4,580
Dutch Guiana.....		1,669				1,669
China.....	2,990,000	26,338,283		2,700		29,330,983
Japan.....	861,615	860,000		48,000		1,489,615
India.....	3,300,000	79,884,819				83,184,819
Dutch East Indies.....	1,538,000	1,100,000				2,638,000
British West Africa.....	500	13,300				13,800
All other.....	151,150	250		50,000		201,400
Total.....	758,740,182	155,237,725	5,328,110	30,382,703	647,525	250,336,245

In the above table amounts of silver stated in terms of Mexican currency were converted to United States equivalents at the rate of 50 cents per peso.

1 Currency, silver, and gold.
 2 Does not include \$1,250,000 gold for which the Board has issued licenses permitting either export or earmarking in trade with Spain.
 3 Gold and silver.
 4 Copper.
 5 Cents and dimes.
 6 Nickel coin.
 7 Exclusive of £600 to the Fanning Islands and £9,000 to Canada.
 8 Exclusive of currency as follows: Russian roubles to Japan, 15,000; to the United Kingdom, 1,600; 4,000 guilders to the Netherlands; 6,000 kroner to Sweden; 5,000 francs to Switzerland.

Deposits, Loans and Discounts, and Total Investments of National Banks, 1914-1918.

Changes in the volume of deposits in connection with the loan and investment operations of the national banks since the outbreak of the war are presented in the following table and accompanying diagram. In the first column are shown figures of gross deposits, including unpaid dividends, Government and so-called "individual" deposits, postal-savings deposits, and gross amount due to banks and bankers (i. e., without deduction of offsetting amounts due from banks and bankers, clearing house exchanges and checks on banks in the same place). In the third column are shown the figures of net deposits, based on the Comptroller's reserve computations. To the amounts shown in the Comptroller's abstracts have been added uniformly amounts of Government deposits, which were disregarded by the Comptroller's office in computing reserve under calls subsequent to the passage of the act of April 24, 1917, which exempted Government deposits from reserve requirements. In column 5 are shown combined figures of gross individual and Government deposits, exclusive of amounts due to banks and bankers.

Because of the much larger balances carried by the banks with approved correspondents prior to the enactment of the June 21, 1917, amendment the figures for the earlier period of

net deposits as shown in column 3 are considerably in excess of the combined gross individual and Government deposits as shown in column 5. The latter indicate a slow, and with few exceptions, steady progress, the June, 1915, showing an increase of 416 millions over those of June, 1914, as against a decrease of 212 millions in the net deposit figures.

Figures of loans and discounts (column 7) on the whole show a fairly parallel movement with those of net deposits, though the depression of 1914-15 is reflected more clearly in the heavy decreases of net deposits than in the reduction of loans and discounts. In column 9 are shown the figures of total investments, exclusive of those of a fixed character. Prior to the entrance of the United States into the war the relative growth of this item differed but little from that shown for loans and investments, as may be seen from a comparison of the corresponding index figures to March 5, 1917. Since then, owing to the considerable investments by banks in Government securities, largely certificates of indebtedness, the rate of growth for aggregate investments has been considerably larger than for loans and discounts.

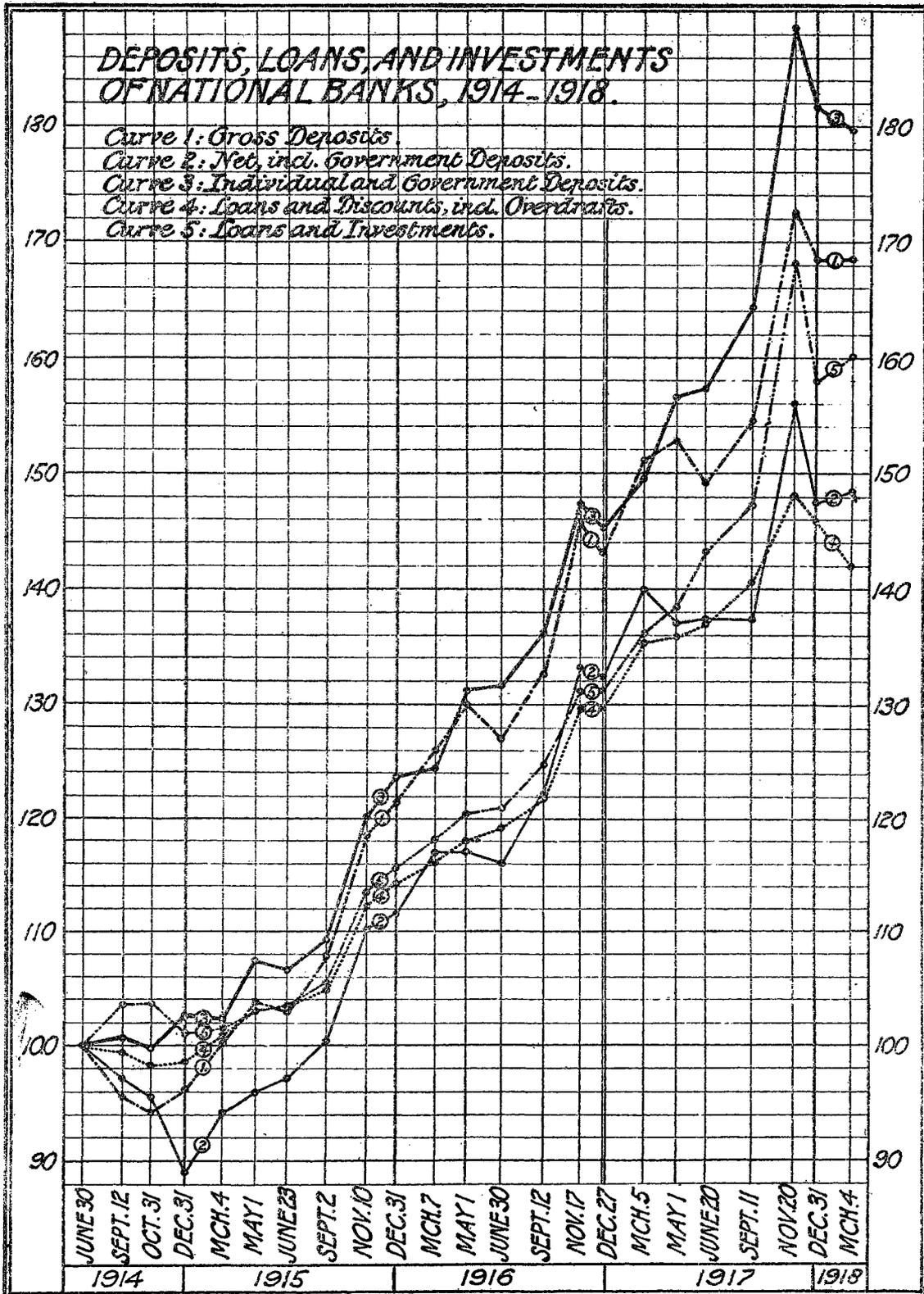
In addition to the absolute figures, percentages are given for each set of items calculated on the amounts reported under the June 30, 1914, call.

Movement of the several classes of deposits, also of loans and investments of national banks, June 30, 1914, to Mar. 4, 1918.

	Gross deposits.		Net, including Government deposits.		Individual and Government deposits.		Loans and discounts, including overdrafts. ¹		Loans and investments. ²	
	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
	Millions of dollars.	Per cent.	Millions of dollars.	Per cent.	Millions of dollars.	Per cent.	Millions of dollars.	Per cent.	Millions of dollars.	Per cent.
June 30, 1914.....	8,564	100.0	7,495	100.0	8,197	100.0	6,446	100.0	8,347	100.0
Sept. 12, 1914.....	8,188	95.6	7,293	97.3	6,238	100.7	6,418	99.6	8,637	103.5
Oct. 31, 1914.....	8,076	94.3	7,167	95.6	6,185	99.8	6,335	98.3	8,635	103.5
Dec. 31, 1914.....	8,235	96.2	6,668	89.0	6,366	102.7	6,363	98.7	8,437	101.1
Mar. 4, 1915.....	8,593	100.3	7,066	94.2	6,350	102.5	6,507	100.9	8,471	101.5
May 1, 1915.....	8,891	103.8	7,198	96.0	6,665	107.5	6,650	103.2	8,600	103.0
June 23, 1915.....	8,821	103.0	7,283	97.2	6,613	106.7	6,665	103.4	8,639	103.5
Sept. 2, 1915.....	9,229	107.8	7,523	100.4	6,763	109.1	6,762	104.9	8,823	105.7
Nov. 10, 1915.....	10,157	118.6	8,257	110.2	7,448	120.2	7,241	112.3	9,471	113.5
Dec. 31, 1915.....	10,402	121.5	8,366	111.6	7,664	123.7	7,364	114.2	9,651	115.6
Mar. 7, 1916.....	10,792	126.0	8,783	117.2	7,718	123.5	7,496	116.3	9,869	118.2
May 1, 1916.....	11,135	130.0	8,782	117.2	8,140	131.3	7,613	118.1	10,046	120.4
June 20, 1916.....	10,877	127.0	8,792	116.1	8,164	131.7	7,685	119.2	10,101	121.0
Sept. 12, 1916.....	11,363	132.7	9,202	122.3	8,447	136.3	7,868	122.1	10,417	124.8
Nov. 17, 1916.....	12,489	145.8	9,977	133.2	9,140	147.5	8,355	129.6	10,958	131.3
Dec. 27, 1916.....	12,266	143.2	9,929	132.5	9,005	145.3	8,351	129.6	10,963	131.3
Mar. 5, 1917.....	12,958	151.3	10,489	140.0	9,275	149.7	8,720	135.3	11,365	136.2
May 1, 1917.....	13,080	152.7	10,283	137.2	9,701	156.5	8,760	135.9	11,550	138.4
June 20, 1917.....	12,772	149.1	10,306	137.5	9,746	157.3	8,828	137.0	11,946	143.1
Sept. 11, 1917.....	13,230	154.5	10,293	137.4	10,185	164.3	9,065	140.6	12,292	147.3
Nov. 20, 1917.....	14,794	172.7	11,701	156.1	11,691	188.7	9,551	148.2	14,029	168.1
Dec. 31, 1917.....	14,442	168.6	11,074	147.7	11,252	181.6	9,406	145.9	13,180	157.9
Mar. 4, 1918.....	14,435	168.6	11,145	148.7	11,137	179.7	9,153	142.0	13,375	160.1

¹ Beginning with Sept. 12, 1916, notes and bills rediscounted are not included among loans and discounts, as was the previous practice.

² Exclusive of fixed investments, i. e., banking house, real estate, furniture and fixtures, also stock of Federal Reserve Banks.



MOVEMENT OF PRICES, 1914-1918.

Changes in the general price level are indicated by the course of index numbers, presented by governmental and other authoritative agencies. In the following tabulation and accompanying diagram the attempt was made to relate the monthly price changes to the price level existing on or about July 1, 1914, when market conditions may be said to have been relatively normal. This was done by shifting the bases used by the original compilers to a uniform base—the beginning of July, 1914. In making this shift the July index number shown by the original compilers was taken as equal to 100, and subsequent index numbers were restated in terms of the new base by dividing these numbers by the original index number for July, 1914. It is realized that the use of this short-cut method does not yield entirely accurate results,¹ but it is believed that the errors in results obtained are not large enough to alter materially the general picture of price development shown in the table and diagram.

It is generally conceded—and this is brought out in the tabulation—that the general rise of prices since July, 1914, has been greater in Great Britain than in this country, and it has been suggested that the shortage of tonnage and the consequent rise of freights is largely responsible for the greater rise of prices since July, 1914, observed in Great Britain than in the United States and Canada since the outbreak of the war.²

Besides the four columns showing the course of wholesale prices in the United States and in Great Britain, there is presented in column 5 the course of relative retail prices of important articles of food as computed by the United States Bureau of Labor Statistics and printed on pages 100-101 of the February, 1918, number of the Bureau's Monthly Review. As in the case of the relative wholesale prices, the figures given in the original compilation have been changed by shifting the base to the July

quotation and recomputing the subsequent numbers on the new basis.

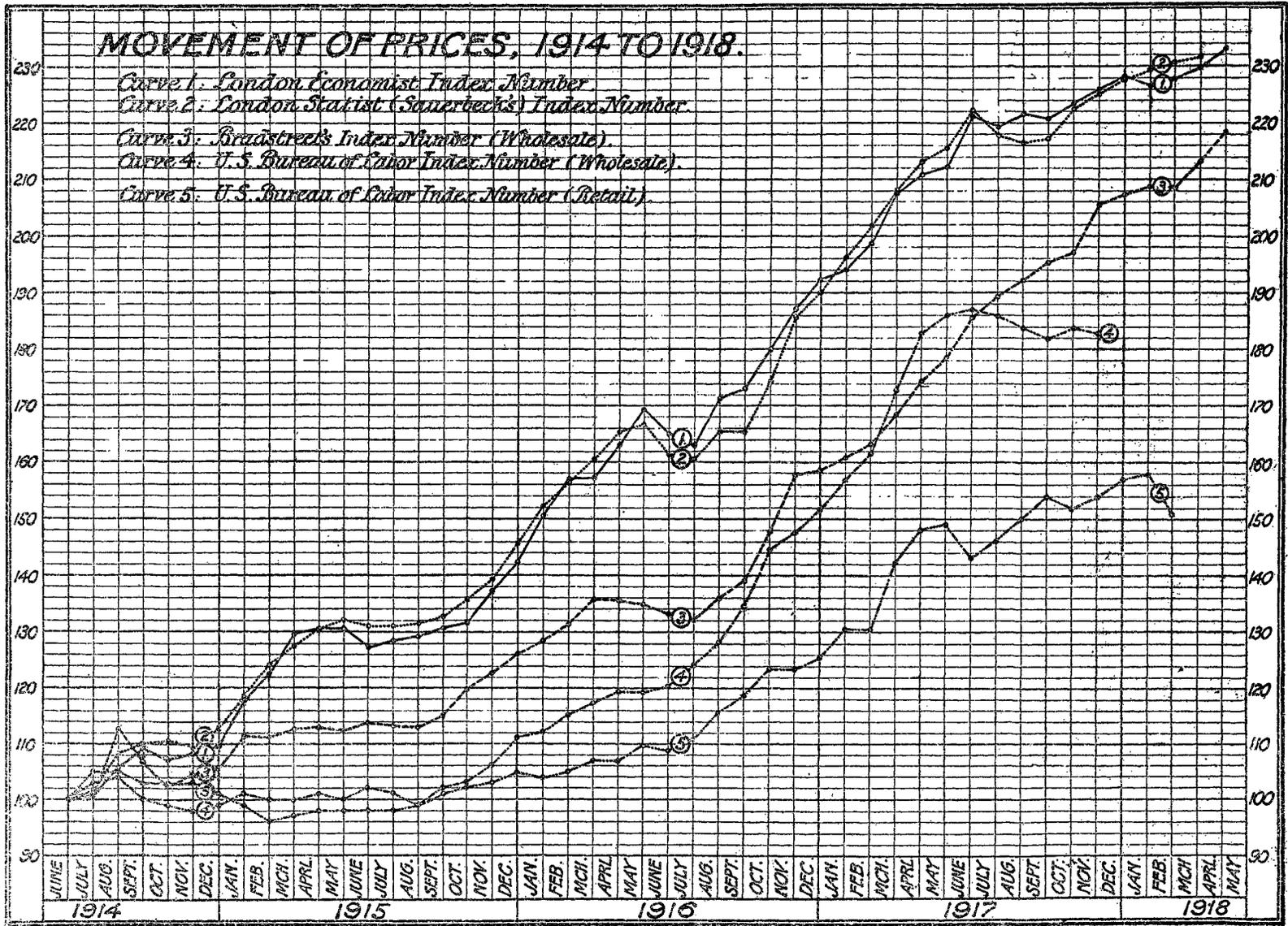
A comparison of the course of wholesale and retail prices shows a considerably smaller rise of retail prices. But it is well to remember that in the tables wholesale prices cover a much wider field than retail prices, which cover merely a certain number of important food articles. It may also be noted that the increase in retail prices indicates the increase in the cost of living only on the assumption that there has been no change in the relative quantities of the several articles used throughout the entire war period, so that the relative weight given to the articles in the construction of the general index number continues to correspond more or less closely to the relative importance of these articles in the typical family budget.

Movement of prices 1914 to 1918.

	1 London Economist index number (whole- sale).	2 London Statist (Sauer- beck's) index number (whole- sale).	3 Brad- street's index number (whole- sale).	4 U. S. Bureau of Labor index number (whole- sale).	5 U. S. Bureau of Labor index number (retail).
July 1, 1914.....	100.0	100.0	100.0		100.0
End of July, 1914.....	100.5	101.5	100.6		
August, 1914.....	105.7	108.2	112.7	103.0	104.9
September, 1914.....	108.9	109.9	106.7	104.0	104.9
October, 1914.....	107.1	110.6	102.3	100.0	102.9
November, 1914.....	108.2	109.4	104.4	99.0	102.9
December, 1914.....	109.8	112.8	105.6	98.0	102.9
January, 1915.....	117.9	118.7	111.6	99.0	101.0
February, 1915.....	122.7	124.2	111.1	101.0	99.0
March, 1915.....	129.5	127.7	112.8	100.0	96.1
April, 1915.....	130.5	130.4	113.1	100.0	97.1
May, 1915.....	130.5	132.0	112.5	101.0	98.0
June, 1915.....	127.3	131.0	113.9	100.0	98.0
July, 1915.....	128.4	131.0	113.4	102.0	98.0
August, 1915.....	129.1	131.7	113.1	101.0	98.0
September, 1915.....	130.7	132.7	115.2	99.0	99.0
October, 1915.....	131.6	135.5	119.8	102.0	101.0
November, 1915.....	137.1	139.3	122.9	103.0	102.0
December, 1915.....	142.3	145.8	126.1	106.1	102.9
January, 1916.....	150.5	152.2	128.6	111.1	104.9
February, 1916.....	157.1	156.4	131.4	112.1	103.9
March, 1916.....	157.2	160.6	135.8	115.2	104.9
April, 1916.....	163.1	165.4	135.6	117.2	106.9
May, 1916.....	169.2	166.7	134.9	119.2	106.9
June, 1916.....	165.1	161.3	133.1	119.2	109.8
July, 1916.....	163.1	160.7	132.2	120.2	108.8
August, 1916.....	171.3	165.6	136.0	124.2	110.8
September, 1916.....	173.2	165.5	139.0	128.3	115.7
October, 1916.....	180.0	174.3	147.8	134.3	118.6
November, 1916.....	187.2	185.7	157.7	144.4	123.5
December, 1916.....	192.2	190.9	158.5	147.5	123.5
January, 1917.....	194.1	196.2	160.9	151.5	125.4
February, 1917.....	198.7	201.9	163.3	156.6	130.4
March, 1917.....	207.7	208.1	168.3	161.6	130.4
April, 1917.....	210.8	213.1	174.6	172.7	142.2
May, 1917.....	212.1	215.5	178.6	182.8	148.0
June, 1917.....	221.2	222.2	185.6	185.9	149.0
July, 1917.....	219.3	217.8	189.4	186.9	143.1
August, 1917.....	221.6	216.4	192.1	185.9	146.1
September, 1917.....	220.8	217.2	195.3	183.8	150.0
End of October, 1917.....	223.3	222.4	197.5	181.8	153.9
November, 1917.....	226.0	225.2	205.6	183.8	152.0
December, 1917.....	228.2	227.9	207.4	182.8	153.9
January, 1918.....	226.6	229.3	208.8		156.9
February, 1918.....	227.9	230.7	208.7		157.8
March, 1918.....	229.8	231.5	213.3		151.0
April, 1918.....	233.1		218.3		

¹ See Wesley C. Mitchell, Index Numbers of Wholesale Prices in the United States and Foreign Countries, in Bulletin of the U. S. Bureau of Labor Statistics No. 173, July, 1915, p. 39 and foll.

² This explanation apparently assumes a general price level equally high in the three countries for the initial period, an assumption which is not proved. If, for argument's sake, it is admitted that the general level of wholesale prices in Great Britain, as reflected in the Economist's and Statist's index numbers, was lower before the war than in this country and in Canada, and that as the result of the elimination of British trade with the greater part of Europe greater reliance had to be placed upon America as a source of supply, it follows that wholesale prices in Great Britain for the more recent period must show a relatively larger advance than in this country and in Canada, even if no account is taken of the large rise in freights. See A. C. Pigou: The proportion of British price changes that is due to local causes, in Economic Journal, December, 1917, p. 491 and foll.



Amounts of Money Held by the Treasury and the Federal Reserve Banks and Amounts Held by Other Banks and the General Public.

As showing the effect of the law of June 20, 1917, upon the monetary situation, especially with regard to the concentration of gold at the Federal Reserve Banks, the following tables have been constructed by combining the figures of the Treasury's monthly circulation statement, beginning with July 1, 1917, with corresponding figures of the various classes of money held by the Federal Reserve Banks and agents. It will be noted that between July 1, 1917, and May 1, 1918, the Federal Reserve system showed a gain of \$424,728,417 in gold coin and of \$104,742,455 in gold certificates. As stated in the footnote to the table, the

totals of gold coin include the amounts standing to the credit of the Federal Reserve Banks and agents in the gold settlement fund, held in the Treasury, the total gains in gold coin fairly corresponding to the growth of the gold settlement fund during the same period. Standard silver dollars and Treasury notes of 1890 are not shown separately in the Federal Reserve Banks' reports. Such amounts as they hold are shown combined with "Subsidiary silver" and "United States notes," respectively.

Some changes from the figures printed in the Treasury's circulation statement are due to the revision of the items by the banks themselves following the dispatch of telegraphic data which are used in the compilation of the Treasury statement.

Estimated general stock of money, money held by the Treasury and by the Federal Reserve system, and all other money in the United States.

	July 1, 1917.				Aug. 1, 1917.			
	General stock of money in the United States.	Held in the United States Treasury as assets of the Government. ^b	Held by or for Federal Reserve Banks and agents.	Held outside the United States Treasury and the Federal Reserve System.	General stock of money in the United States.	Held in the United States Treasury as assets of the Government. ^b	Held by or for Federal Reserve Banks and agents.	Held outside the United States Treasury and the Federal Reserve System.
Gold coin ^a	\$3,090,607,703	\$202,325,168	\$700,280,235	\$593,961,921	\$3,086,218,498	\$188,163,487	\$769,638,709	\$592,897,113
Gold certificates.....			501,128,580	1,092,911,799			518,050,060	1,017,427,129
Standard silver dollars.....	568,270,061	16,962,550	179,078	71,650,883	568,270,061	21,012,643	187,488	71,622,687
Silver certificates.....			8,741,521	468,765,615			14,978,021	458,510,027
Subsidiary silver.....	198,832,389	4,417,735		194,415,104	199,470,157	4,494,741		194,975,416
Treasury notes of 1890.....				1,970,414				1,959,195
United States notes.....	346,681,016	10,429,162	23,313,705	312,938,149	346,681,016	10,546,308	37,332,565	298,802,143
Federal Reserve notes.....	547,407,960	2,658,745	36,671,860	508,077,355	584,169,800	3,002,855	46,334,460	534,832,485
Federal Reserve bank notes.....	12,790,245	90,535	8,991,020	3,708,640	12,699,440	69,710	7,395,100	5,234,630
National bank notes.....	715,420,010	16,787,619	1,574,715	697,057,676	715,783,922	20,978,581	2,024,325	692,781,016
Total.....	5,480,009,884	253,671,614	1,280,880,714	3,945,457,556	5,513,292,894	248,268,325	1,395,982,728	3,869,041,841
Amount per capita outside the United States Treasury and the Federal Reserve System.....				37.88				37.10
	Sept. 1, 1917.				Oct. 1, 1917.			
	General stock of money in the United States.	Held in the United States Treasury as assets of the Government. ^b	Held by or for Federal Reserve Banks and agents.	Held outside the United States Treasury and the Federal Reserve System.	General stock of money in the United States.	Held in the United States Treasury as assets of the Government. ^b	Held by or for Federal Reserve Banks and agents.	Held outside the United States Treasury and the Federal Reserve System.
Gold coin ^a	\$3,062,614,285	\$183,441,694	\$716,260,274	\$624,987,248	\$3,035,390,720	\$196,370,317	\$703,960,384	\$589,734,050
Gold certificates.....			553,680,940	984,244,129			621,226,710	924,099,259
Standard silver dollars.....	568,270,061	21,514,343	153,400	72,355,084	568,269,513	15,381,213	75,360	73,864,790
Silver certificates.....			14,090,470	458,210,298			13,021,515	463,990,324
Subsidiary silver.....	200,837,387	3,761,213		197,076,174	204,044,123	1,982,226		202,061,897
Treasury notes of 1890.....				1,946,466				1,936,311
United States notes.....	346,681,016	6,641,049	38,366,116	301,673,851	346,681,016	5,797,485	35,568,738	305,314,793
Federal Reserve notes.....	644,911,800	2,801,345	46,452,906	595,657,549	758,869,242	5,148,900	52,626,970	701,093,372
Federal Reserve bank notes.....	12,608,890	127,670	3,977,000	8,504,220	12,406,860	73,610	2,000,000	10,333,250
National bank notes.....	717,737,715	21,366,953	1,005,955	695,364,807	716,603,382	17,715,276	942,755	697,945,351
Total.....	5,553,661,154	239,654,267	1,373,987,061	3,940,019,826	5,642,264,856	242,469,027	1,429,422,432	3,970,373,397
Amount per capita outside the United States Treasury and the Federal Reserve System.....				37.73				37.97

^a Includes balances in gold settlement fund standing to the credit of the Federal Reserve Banks and agents.

^b Includes reserve funds against issues of United States notes and Treasury notes of 1890, and redemption funds held against issues of national bank notes, Federal Reserve notes, and Federal Reserve bank notes.

Estimated general stock of money, money held by the Treasury and by the Federal Reserve system, and all other money in the United States—Continued.

	May 1, 1918.			
	General stock of money in the United States.	Held in the United States Treasury as assets of the Government. ^b	Held by or for Federal Reserve Banks and agents.	Held outside the United States Treasury and the Federal Reserve System.
Gold coin ^a	\$3,042,711,222	\$239,947,082	\$1,125,008,652	\$498,299,839
Gold certificates.....	.....	.....	605,871,035	573,584,614
Standard silver dollars.....	538,532,139	16,946,171	802,092	76,846,075
Silver certificates.....	.....	.....	16,434,232	425,635,508
Subsidiary silver.....	228,034,831	12,772,325	.....	215,262,506
Treasury notes of 1890.....	.....	.....	.....	1,868,061
United States notes.....	346,681,016	8,334,715	43,684,494	294,661,807
Federal Reserve notes.....	1,650,964,290	26,480,570	99,128,870	1,525,354,850
Federal Reserve bank notes.....	11,742,955	161,570	2,917,900	8,663,485
National bank notes.....	722,288,177	16,549,875	15,747,399	689,990,903
Total.....	6,540,954,630	321,192,308	1,909,594,674	4,310,167,648
Amount per capita outside the United States Treasury and the Federal Reserve System.....	.....	.....	.....	40.82

^a Includes balances in gold settlement fund standing to the credit of the Federal Reserve Banks and agents.

^b Includes reserve funds against issues of United States notes and Treasury notes of 1890, and redemption funds held against issues of national bank notes, Federal Reserve notes, and Federal Reserve bank notes.

State Banks and Trust Companies Admitted.

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

State banks admitted.

	Capital.	Surplus.	Total resources.
Tillamook County Bank, Tillamook, Oreg.....	\$40,000	\$8,000	\$523,473
Fremont County Bank, Sugar City, Idaho.....	25,000	1,000	172,325
Molson State Bank, Molson, Wash.....	25,000	4,000	228,077
Farmers State Guaranty Bank, Valliant, Okla.....	40,000	11,000	528,992
First State Bank, Grand Prairie, Tex.....	30,000	14,000	250,239
First State Bank of Reagan, Reagan, Tex.....	25,000	7,000	109,183
The Guaranty State Bank, Mount Pleasant, Tex.....	60,000	15,000	577,619
The First State Bank, Paducah, Tex.....	50,000	50,000	452,900
Farmers State Bank, Moro, Oreg.....	25,000	1,250	153,884
State Bank of Geneva, Geneva, Ill.....	50,000	.....	579,230
Stock Growers State Bank, Timber Lake, S. Dak.....	25,000	14,000	210,619
The Minster State Bank, Minster, Ohio.....	25,000	15,000	350,645
Bank of Commerce & Trust Co., Memphis, Tenn.....	1,500,000	1,000,000	20,009,436
Bay City Bank, Bay City, Mich.....	25,000	25,000	4,028,232
The Central State Bank, White Sulphur Springs, Mont.....	60,000	15,000	323,444
Coalgate State Bank, Coalgate, Okla.....	50,000	12,500	553,985
Alto State Bank, Alto, Tex.....	25,000	7,500	219,012
First Guaranty State Bank, Jacksonville, Tex.....	50,000	8,000	526,123
Alpine State Bank, Alpine, Tex.....	30,000	30,000	281,822
Lake Providence Bank, Lake Providence, La.....	25,000	5,000	328,946
Chattanooga Savings Bank, Chattanooga, Tenn.....	750,000	225,000	5,578,959

State banks admitted—Continued.

	Capital.	Surplus.	Total resources.
North-Western Trust & Savings Bank, Chicago, Ill.....	\$500,000	\$250,000	\$7,403,456
First State Bank of Post City, Post City, Tex.....	25,000	.....	63,276
The Commercial Savings Bank & Trust Co., Toledo, Ohio.....	200,000	50,000	4,676,812
The Trust Company of New Jersey, Hoboken, N. J.....	600,000	550,000	24,540,757
The St. Joseph Loan & Trust Co., South Bend, Ind.....	200,000	100,000	3,036,868
The Southern Bank & Trust Co., Miami, Fla.....	100,000	.....	845,895
Bank of Sturgeon Bay, Sturgeon Bay, Wis.....	50,000	10,000	1,298,906
Denison Bank & Trust Co., Denison, Tex.....	100,000	23,000	1,732,622
Drovers State Bank, South St. Paul, Minn.....	100,000	50,000	898,862
Blackfoot City Bank, Blackfoot, Idaho.....	50,000	10,000	663,707
The Alpena County Savings Bank, Alpena, Mich.....	100,000	125,000	3,268,260
The Exchange Bank of Tallahassee, Fla.....	50,000	2,500	260,772
Valley Bank, Phoenix, Ariz.....	500,000	.....	4,265,975
Bank of Commerce, Sinton, Tex.....	25,000	7,000	161,663
Genesee County Savings Bank, Flint, Mich.....	500,000	300,000	8,541,690
The First State Bank, Hillsboro, Tex.....	150,000	15,000	766,303
The Hillsboro State Bank, Plant City, Fla.....	50,000	50,000	552,653
Security Trust Co., Lexington, Ky.....	500,000	150,000	1,927,766
Bank of Stanwood, Stanwood, Wash.....	25,000	10,000	561,026
The Farmers and Merchants State Bank, Hecla, S. Dak.....	25,000	5,000	266,824
The Citizens State Bank, Frost, Tex.....	25,000	25,000	240,557
The Scandinavian American Bank, Seattle, Wash.....	1,000,000	500,000	16,123,767

Changes of names.—State institutions, members of the Federal Reserve System, have changed their names as follows:

German Savings Institution, St. Louis, Mo., to Liberty Bank.
 German-American Bank, St. Louis, Mo., to United States Bank.
 German Insurance Bank, Louisville, Ky., to Liberty Insurance Bank.

Four hundred and eighty-six State institutions are now members of the system, having a total capital of \$272,422,800, total surplus of \$348,100,495, and total resources of \$5,988,031,582.

The Third Liberty Loan.

Secretary McAdoo on May 18 issued the following statement:

In response to the Treasury's invitation for subscriptions to \$3,000,000,000 United States of America 4½ per cent gold bonds of 1928 of the third Liberty loan there have been received subscriptions to the amount of \$4,170,019,650 from about 17,000,000 subscribers. This is the most successful loan the United States has offered both in number of subscribers and in the amount realized. Every subscription was made with full knowledge that allotment in full was to be expected, unlike the first loan, when allotments were limited to \$2,000,000,000, and the second loan, when allotments were limited to one-half the oversubscription.

LOAN AND TAXES TOTAL \$7,000,000,000.

This great result was achieved, notwithstanding the fact that the country has been called upon to pay since the second Liberty loan and to and including the month of June income and excess-profits taxes to the amount of approximately \$3,000,000,000, which will make a total amount turned into the Treasury of the United States from such taxes and the third Liberty loan of about \$7,000,000,000.

In the first campaign, which started just one year ago, bonds were sold to approximately 4,500,000 people, and the country was amazed at this wonderful evidence of public interest. In October about 9,500,000 people bought Liberty bonds, and now, with an even more effective organization and an intense spirit of patriotism throughout the country, approximately 17,000,000 people purchased bonds of the third Liberty loan. This equals approximately one-sixth of our total population.

REPORT BY DISTRICTS.

The report by districts, arranged in order of their percentage of oversubscriptions, is as follows:

District.	Quota in millions.	Subscriptions.	Percentage of quota.
Minneapolis.....	165	\$180,826,350	172
Kansas City.....	130	202,301,050	156
St. Louis.....	130	199,085,900	153
Atlanta.....	90	136,653,350	151
Philadelphia.....	250	361,963,500	144
Dallas.....	80	115,395,200	144
Chicago.....	425	608,878,600	143
Richmond.....	130	185,966,950	143
Boston.....	250	354,537,250	142
San Francisco.....	210	286,577,450	136
Cleveland.....	300	404,988,200	135
New York.....	900	1,114,930,700	124
United States Treasury.....		17,915,150	
Total.....	3,000	4,170,019,650	

The foregoing figures are subject to slight modifications upon receipt of final audited figures from the several districts. Any such adjustment will not materially affect the total.

I congratulate the country on this wonderful result which is irrefutable evidence of the strength, patriotism, and determination of the American people.

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 27, 1918, to May 31, 1918, inclusive:

	Banks.	
New charters issued to.....	15	
With capital of.....		\$640,000
Increase of capital approved for.....	15	
With new capital of.....		1,020,000
Aggregate number of new charters and banks increasing capital.....	30	
With aggregate of new capital authorized.....		1,660,000
Number of banks liquidating (other than those consolidating with other national banks).....	3	
Capital of same banks.....		680,000
Number of banks reducing capital.....	0	
Reduction of capital.....	0	
Total number of banks going into liquidation or reducing capital (other than those consolidating with other national banks).....	3	
Aggregate capital reduction.....		680,000

The foregoing statement shows the aggregate of increased capital for the period of the banks embraced in statements as was..... 1,660,000

Against this there was a reduction of capital owing to liquidation (other than for consolidation with other national banks) and reductions of capital of.....	\$680,000
Net increase.....	980,000

Commercial Failures Reported.

That the economic readjustments occasioned by war conditions have caused no general or conspicuous disturbance in business is demonstrated by the continued reduction in the country's commercial mortality, only 604 failures, exclusive of banking and other fiduciary suspensions, being reported to R. G. Dun & Co. in three weeks of May, as against 871 in the corresponding period of last year. The returns for April, the latest month for which complete statistics are available, disclose 905 defaults for \$14,271,849, in comparison with 1,069 insolvencies in April, 1917, for \$12,587,213. While the April liabilities are 13.4 per cent in excess of the April, 1917, total, they are the lightest for the month, with the exception noted, in over a decade, and the number is not only less than in any month since September, 1911, but is also the smallest for April back to 1907. Separated according to Federal Reserve districts, the April statement shows fewer failures than last year in all of the 12 districts, aside from the first, ninth, and tenth, whereas the indebtedness is larger in all instances, except in the first, third, fifth, and sixth districts.

Failures during April.

District.	Number.		Liabilities.	
	1918	1917	1918	1917
No. 1—Boston.....	136	122	\$1,405,975	\$1,643,235
No. 2—New York.....	172	201	4,610,726	4,005,078
No. 3—Philadelphia.....	29	47	535,628	1,249,883
No. 4—Cleveland.....	87	90	1,460,787	1,180,192
No. 5—Richmond.....	54	57	368,829	553,992
No. 6—Atlanta.....	44	74	271,667	914,200
No. 7—Chicago.....	129	159	1,597,477	856,910
No. 8—St. Louis.....	39	54	447,362	208,438
No. 9—Minneapolis.....	43	24	268,785	207,200
No. 10—Kansas City.....	49	41	392,835	260,208
No. 11—Dallas.....	32	44	251,858	228,577
No. 12—San Francisco.....	91	156	2,659,920	1,279,300
Total.....	905	1,069	14,271,849	12,587,213

State Banks and Trust Companies Entering the Federal Reserve System.¹

By BRECKINRIDGE JONES.

When Congress, at the recommendation of the Federal Reserve Board, on June 21, 1917, passed amendments to the Federal Reserve act, it was done with the hope that thereby all reasonable objections the State banks and trust companies had to entering the system would be removed.

When I had the honor of addressing your convention in April, 1915, I attempted to set out clearly what those objections were. At Atlantic City, last September, in a paper read before the Trust Company Section of the American Bankers' Association, an effort was made to show how those amendments had met those objections, with the single exception of not remedying the defects of section 22 of the Federal Reserve act. I say this single exception, because, as I see it, the two or three other objections that are urged are not to radical defects in the Federal Reserve act itself, but rather to (1) a misapprehension of how a State institution would be affected, if it were to come into the system, and (2) objections that can and will be remedied by the Federal Reserve Board.

MINOR OBJECTIONS.

After quite extensive correspondence with State institutions that have not entered the system, I find that the objections are reduced to a few oft-repeated points.

OBJECTION OF LOSS OF INTEREST ON RESERVE ACCOUNTS.

First, and oftener than all the others, is the objection that a State institution would lose interest on balances that it might transfer from its present correspondents to the Federal Reserve Bank. As an abstract proposition, that objection is well taken, but the results of such loss of interest, I think, are fully offset and are not so serious as is so often asserted. Many State bankers think that Federal Reserve Banks should allow interest on reserve accounts. That conclusion is inconsistent with the very nature of the Federal Reserve Banks. Those banks are reserve banks, established not primarily for money-making purposes, but for the protection

¹ Part of an address delivered before the convention of the State Bankers of Kansas, at Topeka, Kans., May 7, 1918.

of the country at large. If they paid interest on their reserves, then they would have to make those reserves profitable by lending them out and not having them as a means of accommodating member banks, and, moreover, bringing these large Government instrumentalities in direct and hurtful competition with the member banks, for whose aid and not for whose injury, in part, the Federal Reserve Banks were established. Moreover, while a member bank receives no interest on its reserves with the Federal Reserve Bank, yet through the recognized right of prompt rediscount which the member bank has with the Federal Reserve Bank, the member bank is enabled to greatly reduce the reserves which it had been enforced to carry before it entered the system. A member bank can get along with much less actual cash in its own office, and with less balances with its correspondents in reserve and central reserve cities. I know this not only theoretically, but as a matter of practical experience in the institution with which I am connected, as well as from numerous statements to this effect from other State institutions which have become member banks. Yesterday I received from a country banker, and will read to you, a letter that expresses well the present trend of thought:

THE MONTICELLO BANKING CO.,
Monticello, Ky., May 4, 1918.

Mr. BRECKINRIDGE JONES,

President Mississippi Valley Trust Co., St. Louis, Mo.

MY DEAR SIR: On the 22d ult. I wrote you in regard to the controlling factors which have kept us out of the Federal Reserve system. Since that time I have figured a little more closely and I find that the argument I made in my letter to you was considerably one-sided in that it did not contemplate the full use of the system.

I find on going further into the matter that instead of operating under the system at a loss of enough to declare a 3½ or 4 per cent dividend as I stated in my letter, we can, by using a part of the reserve we now carry, make enough to offset the loss mentioned and in addition make for our stockholders 7 or 8 per cent.

It has been our policy to carry a very heavy reserve, averaging a little over 40 per cent. I find that, without abandoning this policy entirely, we can reduce this reserve one-half and invest it in good commercial paper or bank acceptances, using this class of paper as a secondary reserve, it being readily discountable at the Federal Reserve Bank on short notice and agreeable terms, makes it a very nice secondary reserve in case of need. The extra earnings from this source would make us the per cent of profit mentioned above.

Of course, our small capital and comparatively large deposits makes this possible for us when it would not be so to such an extent with many other banks.

I have argued the matter before a recent meeting of our board of directors and I find after presenting it in this way

they are very favorably impressed with it and I believe they will soon join the Federal Reserve system. There was some prejudice but no argument against it and it was admitted by them that it would pay.

Yours, very truly,

L. D. JONES,
Assistant Cashier.

ADVANTAGE OF CENTRALIZING RESERVES IN FEDERAL RESERVE BANK.

It is frequently urged that the reserves that would be carried in the Federal Reserve Bank would have to be withdrawn from present balances with some member bank, so the question is asked what is to be gained by making the transfer? The answer is, first, the balance now kept with the member bank correspondent is in the reserves of that correspondent as a unit, where it can be applied only for the uses of that unit, and may remain dormant if that unit has no direct need for it, whereas if the balance were in the Federal Reserve Bank it would be in the general reservoir that is ready to go to the aid of any district in need and be readily changed from time to time, as the needs of the several districts change—and, second, this balance with the city correspondent may be performing no public service, whereas if the balance were in the Federal Reserve Bank it might be, with only 40 per cent gold reserve, the basis for issue by the Federal Reserve Bank of two and one-half times the amount in Federal Reserve notes. If you will consider the large aggregate of the balances of the eligible State banks and trust companies, and the great demand that may be put upon the Federal Reserve Banks as the result of war conditions, the importance of cooperation of the eligible State banks and trust companies is evident.

ELIGIBLE BANKS IN KANSAS AND IN UNITED STATES.

In Kansas there are 313 eligible State banks and trust companies with a capital of \$13,381,000, surplus \$5,900,000, and total resources of \$156,182,000, while in the United States at large there are approximately 8,000 eligible State banks and trust companies, not including those that have already joined. The aggregate capital of these nonmember banks and trust companies is approximately \$695,000,000, surplus \$425,000,000, and total resources \$7,596,000,000.

PRESENT NUMBER OF STATE MEMBER BANKS.

On April 30 there were 444 State institutions that were members, with an approximate aggregate capital of \$266,000,000, surplus \$345,000,000, and total resources of \$5,883,000,000.

Moreover, there are various means by which a member bank can adequately compensate itself for this loss of interest on the reserves kept with the Federal Reserve Bank. I have yet to hear any complaint on this score from a single member bank that has had experience in the system.

LOSS OF INTEREST ON RESERVES UNIMPORTANT WHEN COMPARED TO SACRIFICES MADE BY OTHERS.

And again, even if there were some small loss to the State institutions on this account, can that small loss be urged as of deciding importance in these war times? We are giving the lives of our boys, and let every man here who has a heart or a soul relize what that means, without further elaboration. The railroads have not been left to discuss whether some little thing would take something from their profits, but the Government has taken over all the operations of railroads as a war measure. Within the week the Steel Corporation offered the use of all its manufacturing resources, giving priority in its manufacture to the needs of the Government, to the exclusion of its profits on private contracts, and its president, the president of the Associated Steel Industries of the United States, requested all that association's 1,500 members, by formal resolution, to do likewise; yet, within a few days thereafter, the Government commandeered for Government uses, to such an extent as needed, the entire output of all the iron and steel industries in the United States. The people of the United States, in every State and in every town, have joined in subscribing for billions and billions of Government bonds, at 3½, 4, and 4½ per cent interest, when all of these subscribers could readily have invested their money at a much higher rate. Appeals for the Red Cross, Young Men's Christian Association, and Knights of Columbus have met with the response of tens of millions of dollars from patriotic, open-hearted American citizens. Shall it be left only to the State banks and trust companies throughout this fair land, in its year of distress and trial, to put forward the slacker excuse—they will not join in meeting the direct and urgent appeal of the President of the United

States that they join the system—I say, to put forward the slacker excuse that they will not cooperate in this respect because of some fancied, or even if it were an actual, loss of 2 or 2½ or possibly 3 per cent or not to exceed, in any case, 15 per cent of their deposits?

OBJECTION OF LOSS OF COLLECTION INCOME.

The same line of thought might apply to the objection, frequently urged, that if a State bank or trust company should join the system it would lose some of its collection income. This subject has had so much discussion from time to time that I will not make any elaboration of it here, merely suggesting that most State banks and trust companies have as competitors national banks in their communities.

These national banks are living and prospering under the Federal Reserve system and not making complaint on this score. The feared loss of income from this source, if a State bank should come into the system, is more imaginary than real, and I think we might as well reconcile ourselves to the system because it is within the power of the Federal Reserve Board to make regulations that would take care of this matter so as to put us on the same basis as the national banks, and it will be the duty of the Federal Reserve Board to make such regulations, if the State banks and trust companies are arbitrary on this question and remain out of the system on that account.

OBJECTION THAT SO FEW INSTITUTIONS ARE MEMBERS.

By correspondence with some of the eligible banks, it develops that a number of them remain out just because they *are* out and have not taken the pains to look closely into the matter and say, "Well, so long as out of the thousands of eligible State banks and trust companies less than 500 have come in, those that stay out must have some good reason for it, and we will just wait and see what happens." That is the argument of the sluggard and of the man who has not the spirit nor the force to be an independent factor in dealing with the great national questions immediately incident to his own business—a business in which the people in his community recognize him as a leader. Instead of being impressed with the number of State banks and trust companies that have not come in, might it not be more reasonable for him to look to the character of those that have come in and their experience since they have come in?

OBJECTION OF NECESSITY OF ADDITIONAL STATEMENTS.

A number of State institutions still say that they do not wish to be bothered with the enormous and intricate statements that have to be made out by national banks, forgetting that under the amendments to the Federal Reserve Act, passed last June, they reserve all of their powers under their State charters, and remain under the bank commissioner of their own State, and are in no sense under the Comptroller of the Currency at Washington.

A number say they can not serve two masters and do not wish to be subject to dual control, also forgetting the point just mentioned, and not realizing the fact that no member bank has experienced any difficulty in this regard.

THE SOLUTION OF THE DIFFICULTY.

As to these various objections, let me suggest that the State banker study the question, confer with the Federal Reserve agent of his district, and correspond with the State institutions that have joined the system, and he will find that he will get rid of a great many of his cobwebs.

I felt an obligation to accept the invitation of your committee and come and talk to you on this subject, because when I spoke to you three years ago, I centered my thought on the objections to the Federal Reserve system. When I found that Congress was about to pass the amendments that would remove all of my objections, save the one connected with section 22, the institution of which I am president joined the system I am now speaking after a year's actual experience in the system. I say to you frankly that if we were not now in, we could not adequately meet the demands that now come on us, either in the way of facilitating the governmental matters that come up, or in accommodating our customers. We would not for a moment consider going out.

ABILITY OF THE MEMBER BANK TO MEET UNUSUAL REQUIREMENTS.

One special point I should like to make. Would you, as a nonmember bank, consider keeping all of your reserves with nonmember banks and expect to depend entirely on such nonmember correspondents in time of stress? Would you feel that you had the right to hold a large part of the deposits of the people of your community and not be as well protected in taking care of them as is your competitor

member bank across the street? I asked myself these questions and was bound to answer *No*. Then I asked myself are not my customers as wise and as careful as I am? *Yes*. Then how can I expect them to continue to do what I would not be willing to do myself? We joined the system.

PRINCIPAL OBJECTION, SECTION 22.

Now, referring back to section 22 of the Federal Reserve Act, I think there is in the law as it now stands a serious objection; but this objection, I trust, will soon be remedied, and I ask your careful consideration of what is said on that subject in the hope that this convention will pass a resolution and communicate with your Senators, by wire, asking them to cooperate in securing the passage of that part of House bill 11283 that proposes to amend section 22 of the Federal Reserve Act. I would like to discuss that question in rather close detail, because of its importance.

The Federal Reserve Act was passed in December, 1913. In discussing it in May, 1914, before the Alabama Bankers' Convention, I made certain comments as to section 22, and these comments were repeated as still holding good when I addressed you a year later. They were brought to the attention of the Federal Reserve Board. I refer to them here to preserve the continuity of thought, and to let them be the basis for a further discussion and an appeal to you to help make them effective.

I believe that if Congress will reasonably amend this section 22 they will have removed the last fundamental objection to the form of the Federal Reserve Act that can be urged at this time by the State banks and trust companies.

SECTION 22 AS ORIGINALLY ENACTED.

Now, what are the facts about section 22? As originally enacted, that paragraph that is objectionable was as follows:

Other than the usual salary or directors' fee paid to any officer, director, or employee of a member bank, and other than a reasonable fee paid by such 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 other consideration for or in connection with any transaction or business of the bank. * * * Any person violating any provision of this section shall be punished by fine of not exceeding \$5,000 or by imprisonment of not exceeding one year, or both.

In a published memorandum of the Federal Reserve Board, under date of April 26, 1915, they said, "No ruling or interpretation by the Federal Reserve Board would afford any protection to a person subsequently indicted by a Federal grand jury for any such violation" of this section. Therefore, only a court could make a final determination on the meaning of that section. As yet, no court has construed it. Therefore, as any violation of the provisions of section 22 by officers, directors, employees, or attorneys of a member bank constitutes a crime, punishable by fine and imprisonment, it becomes important to see just what that section means.

PRINCIPLES OF LAW APPLYING TO BANK DIRECTOR.

It is important to inquire what are the fundamental principles that apply to a director of a bank—this independent of any statute provision. We can then see what the evils were that were to be remedied; then, as no court has construed this section, see what construction the courts have given to other acts of practically the same purport; then see what amendments Congress is now proposing to this section.

* * * * *

It is important to have in mind that in the event a question came up between a trustee and a beneficiary of a trust, it was the option of the beneficiary whether to raise the question of setting the transaction aside; so with the director of a bank, where the question was that the director had made unfair use of his position, it was at the option of the bank or its stockholders, or any third party in interest, to raise the question. The contract was not void absolutely, but was voidable at the instance of the injured party. But, as a practical matter, it was found that directors many times did take unfair advantage of their position and no one raised the question in a public way.

WAYS IN WHICH A DIRECTOR MISUSED HIS POSITION.

As to the kinds of transactions that were most frequently mentioned:

(1) Out through the rural districts, it was claimed that when an application was made to a bank for a loan, some director would charge a commission, getting the bank to make the loan; or, a farmer would go to one of the

directors of a bank and talk to him about a loan on a farm. The director of the bank would arrange to lend the farmer at from 8 to 10 per cent interest and then take the loan over to the bank and get the money at, say, 6 per cent, the bank furnishing all the money that went to the farmer, the director making the difference in interest.

(2) In the cities especially it had been claimed that a director of a bank would use his position as a director to make the bank take participations in the purchase of large underwritings of bonds, or buy other securities or property in the sale of which the director was interested and had a personal profit, or

(3) A director would use his position as director of the bank to buy, at a lower price than others could buy from the bank, securities or other property owned by the bank; and

(4) It was urged when the Comptroller and bank examiner or stockholders found that a director was thus making a misuse of his position as a director, there was no direct statute making the director personally liable and no way to protect stockholders and depositors without going into the merits of the divers individual transactions and attacking the director in court, and generally the grasping director was of such high position and influence in the community that the ordinary man hesitated to raise the question.

So Congress passed this section 22, providing that other than the usual salary or directors' fee, and pay for services rendered, no officer, director, employee, or attorney in any bank shall be the 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, and providing fine and imprisonment for violation. To say that he should not directly or indirectly be the beneficiary, etc., of any consideration arising out of any business of the bank is just as broad as saying that he should not be directly or indirectly interested in any business of the bank.

* * * * *

Frequently when the Comptroller, or a bank commissioner, or a clearing-house examiner finds a bank in bad condition he calls the directors together and arranges with them to buy from the bank certain bad or questionable assets, and yet, under this section 22, if the directors did so come to the relief of the bank, they would be subject to fine and imprisonment.

Banks usually try to have as their directors men of large means and varied interests and

put them on their boards so that they can have the influence and business of such men for the bank. If section 22 remains as it is, the tendency will be to drive from the board of directors of the State banks and trust companies such active successful men, the very men whose experience, familiarity with current affairs and natural strength make them most valuable as directors, and put in their places men of less value, or probably dummies. It is evident that if this section 22 remains unamended there is in it a fundamental objection to State banks and trust companies becoming member banks and thereby making its provisions applicable to them.

PROPOSED AMENDMENTS NOW BEFORE SENATE.

But the Federal Reserve Board, thoroughly awake to the objections to section 22, even as amended above, after the fullest consideration, has recommended to Congress an amendment to section 22, this amendment now being a part of House bill 11283, passed by the House of Representatives at Washington on April 24, and now before the Banking and Currency Committee in the Senate.

* * * * *

As indicated above, I trust that this convention will indorse this amendment and request your Senators to see that it becomes law. Prompt action is required, as the Senate committee is liable at any time to report the bill.

With that one remaining primal objection to the Federal Reserve Act removed, as I sincerely hope it soon will be, then it will be left to be said that the State banks and trust companies are the most sluggish of all institutions in America in arising to the performance of a patriotic duty. I am sure it will not be left to be so said in Kansas, a State of historic loyalty—a State that has so cordially responded to every other appeal to stand by our beloved country in these fateful times of war.

PRESIDENT WILSON'S APPEAL.

I can close this talk, already too long, in no more fitting way than to quote the following words taken from a formal public appeal made by President Wilson last October:

May I not, therefore, urge upon the officers and directors of all nonmember State banks and trust companies which

have the required amount of capital and surplus to make them eligible for membership to unite with the Federal Reserve system now and thereby contribute their share to the consolidated gold reserves of the country? I feel sure that as member banks they will aid to a greater degree than is possible otherwise in promoting the national welfare, and at the same time, by securing for themselves the advantages offered by the Federal Reserve system, they will best serve their own interest and the interest of their customers. I believe that cooperation on the part of the banks is a patriotic duty at this time, and that membership in the Federal Reserve system is a distinct and significant evidence of patriotism.

RESOLUTION PASSED BY CONVENTION.

After the reading of the paper the convention unanimously passed the following resolution:

Whereas section 22 of the Federal Reserve Act, as now existing, is unreasonably drastic and stands as a serious objection on the part of the State banks and trust companies against their entering the Federal Reserve system, and

Whereas there is now pending in the United States Senate House bill 11283, which, as passed in the House of Representatives, amends section 22 so as to make it reasonably free from objection, yet effective to remedy the evils aimed at: Therefore be it

Resolved, That the Senators from Kansas be, and they are hereby, urged to use their best endeavors to have become a law, unchanged as it came from the House, that part of House bill 11283 relating to said section 22 of the Federal Reserve Act; and

Resolved further, That the president of this convention forward this preamble and resolution, by wire, to our Senators.

Liberty Bonds Lost or Stolen.

The Federal Reserve Board has been advised of more or less extensive losses or thefts of Liberty bonds, occurring at various banks throughout the country, and has undertaken, on behalf of the Protective Department of the American Bankers Association, to print monthly a list showing the numbers and values of the bonds referred to. Banks to which any of these bonds, or coupons belonging to them, are presented, are requested to write, telephone, or telegraph to L. W. Gammon, Manager, Protective Department, American Bankers' Association, 5 Nassau Street, New York City.

The first list of bonds, supplied by Mr. Gammon, is as follows:

FIRST 3½ PER CENT BONDS, DUE 1947

Number.	Amount.	Number.	Amount.	Number.	Amount.
140086	\$50	140114	\$50	65547	\$100
140087	50	140115	50	19070	500
140095	50	140116	50	19071	500
140096	50	1031339	50	19072	500
140097	50	1031347	50	19073	500
140098	50	1031355	50	19074	500
140099	50	1031356	50	19075	500
140100	50	65533	100	19076	500
140101	50	65534	100	19077	500
140102	50	65535	100	19078	500
140103	50	65536	100	134655	500
140104	50	65537	100	223003	1,000
140105	50	65538	100	223004	1,000
140106	50	65539	100	223005	1,000
140107	50	65540	100	223006	1,000
140108	50	65541	100	223007	1,000
140109	50	65542	100	223008	1,000
140110	50	65543	100	223009	1,000
140111	50	65544	100	223010	1,000
140112	50	65545	100	223011	1,000
140113	50	65546	100	223012	1,000

FIRST 4 PER CENT CONVERTED, DUE 1947.

Number.	Amount.	Number.	Amount.	Number.	Amount.
540340	\$50	540346	\$50	99192	\$500
540341	50	540347	50	99193	500
540342	50	540348	50	99194	500
540343	50	540349	50	99195	500
540344	50	586570	100		
540345	50	586571	100		

SECOND 4 PER CENT BONDS, DUE 1942.

Number.	Amount.	Number.	Amount.	Number.	Amount.
477236	\$50	6955074	50	6955123	50
679526	50	6955075	50	6955124	50
679596	50	6955076	50	6955125	50
1493898	50	6955077	50	6955126	50
1493899	50	6955078	50	6955127	50
1493900	50	6955079	50	6955128	50
1493901	50	6955080	50	6955129	50
1493902	50	6955081	50	6955130	50
1493903	50	6955082	50	6955131	50
1493904	50	6955083	50	6955132	50
1493905	50	6955084	50	888801	100
1493906	50	6955085	50	888802	100
1493907	50	6955086	50	888803	100
1493908	50	6955087	50	888804	100
1493909	50	6955088	50	888805	100
3269978	50	6955089	50	888806	100
3269979	50	6955090	50	888807	100
3494044	50	6955091	50	888808	100
3665957	50	6955092	50	888809	100
3665980	50	6955093	50	888810	100
4419625	50	6955094	50	888811	100
5446705	50	6955095	50	888812	100
5446706	50	6955096	50	888813	100
5446707	50	6955097	50	888814	100
5446708	50	6955098	50	888815	100
5446709	50	6955099	50	888816	100
5446710	50	6955100	50	888817	100
5446711	50	6955101	50	888818	100
5446712	50	6955102	50	888819	100
5446713	50	6955103	50	888820	100
5446714	50	6955104	50	888821	100
5446715	50	6955105	50	888822	100
5446716	50	6955106	50	888823	100
5446717	50	6955107	50	888824	100
5446718	50	6955108	50	888825	100
5446719	50	6955109	50	888826	100
5446720	50	6955110	50	888827	100
5446721	50	6955111	50	888828	100
5446722	50	6955112	50	888829	100
5446723	50	6955113	50	888830	100
5446724	50	6955114	50	888831	100
5446725	50	6955115	50	888832	100
6955067	50	6955116	50	888833	100
6955068	50	6955117	50	888834	100
6955069	50	6955118	50	888835	100
6955070	50	6955119	50	888836	100
6955071	50	6955120	50	888837	100
6955072	50	6955121	50	888838	100
6955073	50	6955122	50	888839	100

SECOND 4 PER CENT BONDS, DUE 1942—Continued.

Number.	Amount.	Number.	Amount.	Number.	Amount.
888840	\$100	2327985	\$100	4585464	\$100
888841	100	2327986	100	4585465	100
888842	100	2327987	100	4585466	100
888843	100	2327988	100	4585467	100
888844	100	3262431	100	4585468	100
888845	100	3262435	100	4585469	100
888846	100	3262437	100	4585470	100
888847	100	3265438	100	4585471	100
888848	100	4585384	100	4585472	100
888849	100	4585385	100	4585473	100
888850	100	4585386	100	4585474	100
888851	100	4585387	100	4585475	100
888852	100	4585388	100	149664	500
888853	100	4585389	100	149665	500
888854	100	4585390	100	149666	500
888855	100	4585391	100	149667	500
888856	100	4585392	100	149668	500
888857	100	4585393	100	149669	500
888858	100	4585394	100	149670	500
888859	100	4585395	100	168511	500
888860	100	4585396	100	168512	500
888861	100	4585397	100	168513	500
888862	100	4585398	100	168514	500
888863	100	4585399	100	178282	500
888864	100	4585400	100	206571	500
888865	100	4585401	100	206572	500
888866	100	4585402	100	206573	500
888867	100	4585403	100	206574	500
888868	100	4585404	100	283350	500
888869	100	4585405	100	327153	500
888870	100	4585406	100	327154	500
888871	100	4585407	100	327155	500
888872	100	4585408	100	327156	500
888873	100	4585409	100	327157	500
888874	100	4585410	100	327158	500
888875	100	4585411	100	352814	500
888876	100	4585412	100	352838	500
888877	100	4585413	100	352839	500
888878	100	4585414	100	352840	500
888879	100	4585415	100	352841	500
888880	100	4585416	100	352842	500
888881	100	4585417	100	352843	500
888882	100	4585418	100	352844	500
888883	100	4585419	100	352845	500
888884	100	4585420	100	352846	500
888885	100	4585421	100	352847	500
888886	100	4585422	100	352848	500
888887	100	4585423	100	352849	500
888888	100	4585424	100	352850	500
888889	100	4585425	100	637936	500
888890	100	4585426	100	637937	500
888891	100	4585427	100	637938	500
888892	100	4585428	100	637940	500
888893	100	4585429	100	637941	500
888894	100	4585430	100	637942	500
888895	100	4585431	100	637943	500
888896	100	4585432	100	637944	500
888897	100	4585433	100	637945	500
888898	100	4585434	100	637946	500
888899	100	4585435	100	637947	500
888900	100	4585436	100	637948	500
993419	100	4585437	100	637949	500
993420	100	4585438	100	663204	500
993421	100	4585439	100	663205	500
993422	100	4585440	100	663206	500
993423	100	4585441	100	663207	500
993424	100	4585442	100	663208	500
993425	100	4585443	100	663209	500
993426	100	4585444	100	663210	500
993427	100	4585445	100	663211	500
993428	100	4585446	100	663212	500
993429	100	4585447	100	663215	500
993430	100	4585448	100	663216	500
993431	100	4585449	100	663217	500
993432	100	4585450	100	663218	500
2038879	100	4585451	100	663219	500
2086701	100	4585452	100	7837	1,000
2086702	100	4585453	100	7838	1,000
2086703	100	4585454	100	158527	1,000
2086704	100	4585455	100	158528	1,000
2086739	100	4585456	100	158529	1,000
2086747	100	4585457	100	158530	1,000
2086748	100	4585458	100	158531	1,000
2086749	100	4585459	100	158532	1,000
2086750	100	4585460	100	158533	1,000
2086751	100	4585461	100	158534	1,000
2236081	100	4585462	100	158535	1,000
2327984	100	4585463	100	158536	1,000

SECOND 4 PER CENT BONDS, DUE 1942—Continued.					
Number.	Amount.	Number.	Amount.	Number.	Amount.
158537.....	\$1,000	412152.....	\$1,000	1609475.....	\$1,000
395982.....	1,000	1608469.....	1,000	1609476.....	1,000
395983.....	1,000	1608470.....	1,000	1609477.....	1,000
396235.....	1,000	1608471.....	1,000	1628865.....	1,000
396236.....	1,000	1608472.....	1,000	1628866.....	1,000
396237.....	1,000	1609473.....	1,000		
412151.....	1,000	1609474.....	1,000		

THIRD 4½ PER CENT BONDS, DUE 1928.					
Number.	Amount.	Number.	Amount.	Number.	Amount.
705896.....	\$50	385330.....	\$100	385369.....	\$100
705949.....	50	385331.....	100	385373.....	100
705950.....	50	385353.....	100	4620.....	500

Conversion of Liberty Bonds.

Secretary McAdoo on May 10, 1918, authorized the following announcement:

Three and one-half per cent bonds of the first Liberty loan, 4 per cent bonds of the first Liberty loan converted, and 4 per cent bonds of the second Liberty loan may be converted into 4½ per cent bonds during the six months' period beginning May 9 and ending November 9, 1918.

It will not be practicable to make deliveries prior to July 1, 1918, of 4½ per cent conversion bonds, and as under the act approved April 4, 1918, holders of 4 per cent bonds of the first Liberty loan converted and of 4 per cent bonds of the second Liberty loan presenting their bonds for conversion after July 1 but not after November 9, 1918, will be entitled to the benefit of the increased interest rate from June 15 and May 15, respectively, without adjustment of interest, it is hoped that holders of such bonds will not present their bonds for conversion until after July 1, 1918. In the case, however, of holders of such bonds who prefer to present their bonds for conversion on or before July 1, 1918, an adjustment of interest will be made. This interest adjustment in the case of bonds of the first Liberty loan converted will be in favor of the bondholder if such bonds are presented for conversion before June 15, 1918, and will be in favor of the United States if such bonds are presented for conversion after June 15 and on or before July 1, 1918. In the case of bonds of the second Liberty loan this interest adjustment will be in favor of the bondholder if such bonds are presented for conversion before May 15, 1918, and will be in favor of the United States if such bonds are presented for conversion after May 15 and on or before

July 1, 1918. Bonds presented for conversion on or before July 1 will be retained and a non-negotiable receipt will be issued therefor, and adjustment of interest will be completed at the time of delivery of conversion bonds. After November 9 no further rights of conversion will attach or accrue to 4 per cent bonds of the first Liberty loan converted or to 4 per cent bonds of the second Liberty loan, and after that date 3½ per cent bonds of the first Liberty loan will have no further conversion rights with respect to the conversion privilege now arising, but any unconverted 3½ per cent bonds will have a recurrent right of conversion in the event of any further bond issue at a higher rate than 3½ per cent before the termination of the war. All 4½ per cent bonds, including bonds issued upon conversions, are non-convertible.

Bonds may be presented and surrendered for conversion at any Federal Reserve Bank or at the Treasury Department. Registered bonds presented for conversion must be assigned to the Secretary of the Treasury for conversion. Such assignments, however, need not be witnessed. On conversion of registered bonds, registered bonds only will be delivered, neither change of ownership nor delivery of coupon bonds on conversion of registered bonds being permitted. Registered bonds, however, may be delivered upon conversion of coupon bonds if request therefor is submitted. Coupon bonds presented for conversion must have May 15 or June 15 coupons detached and coupons maturing November 15 or December 15 and all subsequent coupons attached. Interest on registered bonds will be paid on May 15 or June 15 without regard to conversion. The coupon bonds issued upon conversion will have four interest coupons attached, and on and after the final interest payment date covered thereby such bonds must be exchanged for new bonds with all subsequent interest coupons attached.

Bonds issued upon conversion of 3½ per cent bonds and of 4 per cent bonds of the first Liberty loan converted will be dated May 9 and will carry interest at 4½ per cent from June 15. Bonds issued upon conversion of 4 per cent bonds of the second Liberty loan will be dated May 9, and will carry interest at 4½ per cent from May 15.

The registered and coupon bonds issued upon conversions will be issued in the same denominations as the bonds of the third Liberty loan and, except for the dates of maturity of prin-

cipal, the dates for payment of interest and the terms of redemption, which will remain the same as for the original issues, the terms of such 4½ per cent issued upon conversion will be identical with the bonds of the third Liberty loan, including tax exemptions, nonconvertibility, receivability for Federal inheritance taxes. They will not carry the circulation privilege, they will be receivable as security for public deposits, and may participate in the benefit of the bond-purchase fund.

Certificates of Indebtedness.

The Treasury Department, on May 14, issued the following statement:

United States Treasury certificates of indebtedness dated May 15, 1918, maturing June 25, 1918, acceptable in payment of income and excess-profits taxes, bearing interest at the rate of 4 per cent per annum, and in all respects identical with the certificates dated April 15, 1918, except as to the date of issue and from which they bear interest, will be made available promptly. In the meanwhile Federal Reserve Banks are authorized to issue interim receipts calling for definitive Treasury certificates dated May 15 as above instead of certificates dated April 15. This will relieve subscribers for certificates of this character of the necessity of paying so much on account of accrued interest. Subscriptions for these certificates at par and accrued interest will be received by Federal Reserve Banks and they are authorized until further notice to make allotment in full and receive payment with the subscription. More than \$70,000,000 of the certificates dated April 15 have been sold to date, making the total amount of certificates maturing June 25, 1918, to date about \$1,430,000,000.

Press Statement.

The following statement for the press was issued by the Treasury Department on May 12:

The Central Executive Council of the International High Commission, of which Secretary McAdoo is chairman, has, during recent months, been devoting special attention to securing greater uniformity in the commercial legislation of the Republics of America. Recent effort has been concentrated on the law relating to notes and bills of exchange concerning which an extensive report was published a short time ago. This report is now being made the basis for concrete legislative effort by the several national sections of the International High Commission.

A further step in the same direction has now been taken by the Central Executive Council in the publication of a report on the law and practice relating to checks. Owing to the wide diversity of practice in different sections of the continent, the difficulty of securing uniformity of legislation relating to checks is considerably greater than in the matter of notes and bills of exchange. The report just issued by the Central Executive Council of the International High Commission is the first step in the difficult process of securing greater uniformity of law and practice.

After a careful analysis of existing legislation and study of the development of the proposed Hague Rules on Checks (1912), the Council has come to the conclusion that of all the instrumentalities of international commerce the legislation in regard to checks stands in greatest need of a revision toward greater uniformity amongst the American Republics.

The report, which is issued in the Spanish language, deals with the following topics:

- I. The theory of the check.
- II. Material concerning the history and present importance of the check.
- III. The check at The Hague Conference on Bills of Exchange.
- IV. The questionnaire circulated by the Government of the Netherlands concerning the check (1912.)
- V. The discussions of the Central Committee of The Hague Conference upon the Rules to Govern the Check.
- VI. The preliminary resolutions of The Hague Conference on the Law of Checks (1912).
- VII. The check in the legislation of American Republics.
- VIII. Appendix:
 - A. The Principles of Check Legislation, by Dr. Octavio Morato.
 - B. Project of a Uniform Law on Checks, prepared by Dr. Octavio Morato.

An elementary and detailed examination of the history, kinds, and present uses of checks was felt to be desirable in Latin America, in view of the slight acquaintance with this negotiable instrument outside of one or two large commercial countries.

The studies by Dr. Morato, who is professor at the University of Montevideo and an active member of the commission, were especially prepared for the Council.

The uniformity of law and practice with reference to checks is one of the important questions in the program of the International High Commission, and it is confidently expected that it will soon be possible to record further definite steps toward the attainment of this purpose.

Paper Currency Outstanding.

Statement issued by the Treasury Department showing the amount of paper currency of each denomination outstanding Apr. 30, 1918.

Denominations.	United States notes.	Treasury notes of 1890.	Federal Reserve notes.	Federal reserve bank notes.	National-bank notes.	Gold certificates.	Silver certificates.	Total.
One dollar.....	\$25,329,845	\$332,321	.....	.....	\$342,072	.....	\$225,271,052	\$251,275,290
Two dollars.....	26,447,823	207,596	.....	.....	163,392	.....	56,505,310	83,324,121
Five dollars.....	217,819,260	459,643	\$227,251,160	\$3,252,725	111,399,260	.....	136,856,152	697,038,200
Ten dollars.....	53,139,971	488,940	567,833,000	4,665,890	297,503,210	\$352,591,845	14,525,301	1,290,748,157
Twenty dollars.....	10,914,042	220,650	596,174,930	3,824,340	248,385,960	283,394,894	14,724,230	1,157,639,046
Fifty dollars.....	1,246,275	9,250	114,155,100	.....	30,400,900	74,611,030	7,703,435	228,125,990
One hundred dollars.....	2,011,800	90,600	145,554,100	.....	34,905,900	104,654,900	271,020	287,488,320
Five hundred dollars.....	1,540,000	.....	.....	.....	88,000	27,759,500	15,500	29,403,000
One thousand dollars.....	9,222,000	64,000	.....	.....	21,000	133,359,500	16,000	142,682,500
Five thousand dollars.....	.....	.....	.....	.....	.....	142,660,000	.....	142,660,000
Ten thousand dollars.....	10,000	.....	.....	.....	.....	758,290,000	.....	758,300,000
Fractional parts.....	.....	.....	.....	.....	57,438	.....	.....	57,438
Total.....	347,681,016	1,873,000	1,650,968,290	11,742,955	723,267,132	1,877,321,669	455,888,000	5,068,742,062
Deduct:								
Unknown, destroyed.....	1,000,000	.....	.....	.....	.....	.....	.....	1,000,000
Held in Treasury.....	8,334,715	4,939	26,480,570	161,570	16,549,875	697,866,020	13,818,260	763,215,949
Held by Federal Reserve Banks and Federal Reserve agents:								
Redeemed but not assorted by denominations.....	.....	.....	100,259,965	.....	.....	241,869,780	.....	342,129,745
Net.....	338,346,301	1,868,061	1,524,227,755	11,581,385	705,738,302	937,585,869	442,069,740	3,961,417,413

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:

Rediscount of Paper Indorsed by Nonmember Bank.

(To a Federal Reserve Bank.)

Receipt is acknowledged of your letter of the 26th ultimo in further reference to the rediscount by a Federal Reserve Bank for a member bank of eligible paper bearing the indorsement of the Bank of _____.

It appears from your letter that the Bank of _____ is not a member bank. You ask whether this fact would alter the ruling of the Federal Reserve Board contained in letter to you dated April 24.

In reply you are advised that in the opinion of the Board the limitations contained in section 13 of the Federal Reserve Act on the rediscount of paper bearing the signature or indorsement of any one borrower should not be held to refer to the indorsement of a nonmember bank on paper rediscounted with a member bank.

It is true that in such case the nonmember bank is contingently liable if the paper is not paid at maturity, but the Board is inclined to the view that this language refers to paper bearing the signature or indorsement of borrowers or customers of the member bank and not to the indorsement of other banks. A nonmember bank could not, of course, obtain indirect accommodation from the Federal Reserve Bank through the medium or agency of a member bank except with the permission of the Federal Reserve Board, but if a member bank had acquired eligible paper in due course by rediscount from a nonmember bank the member bank should hardly be precluded from rediscounting this paper with the Federal Reserve Bank because it bears the indorsement of the nonmember bank.

The fact that this inquiry is submitted by the Bank of _____, a nonmember bank, may

indicate a desire on its part to obtain accommodation from the Federal Reserve Bank through one of its correspondent member banks. This being true, it may be well to call its attention to the fact that if this is its purpose it will be necessary to obtain the consent of the Federal Reserve Board.

MAY 1, 1918.

Acceptance of Drafts Against Sugar in Bond.

(To a Federal Reserve Bank.)

Your telegram. It is the understanding of this office that sugar referred to is placed in bond under transit entry and warehouse receipt issued by collector in negotiable form, but sugar can not be withdrawn for domestic sale or consumption without special permission of Treasury Department. Board is of opinion that member banks may legally accept drafts drawn against security of such warehouse receipt properly assigned.

MAY 7, 1918.

Bills Payable Elsewhere Than in the United States.

(To a Federal Reserve Bank.)

I have received your letter of May 8, 1918, asking whether or not Federal Reserve Banks are authorized to purchase bankers' acceptances payable elsewhere than in the United States.

You are advised that under the regulations of the Federal Reserve Board defining bankers' acceptances, any bill which is payable elsewhere than in the United States would not be eligible for purchase as a bankers' acceptance, under the provisions of regulations A and B, series of 1917, even though eligible in all other respects.

The acceptance to which you refer, however, might properly be purchased as a bill of exchange payable in a foreign country in accordance with the provisions of Special Instructions No. 2 of 1916, subsection (b), printed on page 529 and 530 of the October, 1916, Bulletin.

MAY 11, 1918.

Discount of Acceptances Not Paid at Federal Reserve Bank.

(To Federal Reserve Banks.)

The discount committee of the Federal Reserve Board has reported that, in its opinion, "Federal Reserve Banks should insist that acceptances when due should be paid by checks on the local Federal Reserve Bank, in order that they may be charged to the account of the acceptor on the day of maturity, or else that acceptances should be paid by checks through the clearings. If an arrangement on these lines can not be perfected, Federal Reserve Banks ought to be required to add one day to the actual number of days the acceptance has to run when bought, so as to make up for the loss of interest incurred in collecting in this manner."

This report has been agreed to by the Board, and your bank is requested, in buying acceptances, to charge discount for one additional day, except in cases where satisfactory arrangements are made to make actual cash payment at the Federal Reserve Bank on the day of maturity.

MAY 7, 1918.

Date for Payment of Dividend.

(To Federal Reserve Banks.)

The Board ruled some time ago that the books of Federal Reserve Banks could be closed for the purpose of paying dividends on the last business day of June and December of each year. Section 7 of the act provides that "after all necessary expenses of a bank have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of 6 per cent on the paid-in capital stock, which dividend shall be cumulative." Dividends are permitted to be paid at this rate semiannually for the greater convenience of the member banks, and the Board holds that this does not require that payment to the Government be made at the semiannual dividend periods.

Therefore, in making your dividend distributions, either current or cumulative, on June

30, no addition should be made to the surplus of your bank and no return need be made to the Government. These matters can be adjusted on the last business day of December, at which time all depreciation can be provided for and the proper amounts carried to the surplus fund and paid over to the Government. It is, of course, understood that at your semiannual dividend period in June you should charge off the expense account as shown by your books, as well as any ascertained losses, in order that no dividends may be paid which have not actually been earned.

MAY 1, 1918.

Use of the Word "Reserve."

(To a Federal Reserve Bank.)

Your letter of the 10th instant, asking whether the Board would approve a change of the name of the American Savings Bank and Trust Company of _____ to "The American Reserve Bank," has been duly considered by the Board.

You are requested to call the attention of this bank to the informal ruling of the Board on a similar question which involved the use of the word "Federal" as part of the name of a bank not a Federal Reserve Bank, under date of July 21, 1917 (vol. 3, p. 615, Federal Reserve Bulletin), in which it was stated that "it is decidedly against the policy of the Federal Reserve Board to encourage the use of the word 'Federal' as part of the title of member banks."

The Board is of the opinion that there is just as much objection to the use of the term "Reserve," especially when coupled with the term "American" so as to read "American Reserve Bank," as there is to the term "Federal" as part of the title of an ordinary bank. You are therefore requested to advise the bank that the Board would not approve a change of its name to "The American Reserve Bank."

MAY 18, 1918.

LAW DEPARTMENT.

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

Membership of Branch of State Bank.

Where a branch of a State bank becoming a member of the Federal Reserve system is located in a different district from its parent bank, it is not necessary for the branch bank to become a member of the Federal Reserve Bank of the district where it is located; since the operations of the branch are the operations of the parent bank, and the branch and parent banks are not separate entities.

APRIL 24, 1918.

SIR: From the accompanying letter of the chairman of the board of a Federal Reserve Bank, it appears that a State bank recently admitted to membership in a Federal Reserve Bank has a branch in another city, which is located in a different Federal Reserve district.

The question is raised whether this branch shall be treated as a separate entity and be required to carry a deposit with the Federal Reserve Bank of the district where it is located, or whether all of its operations shall be conducted through the Federal Reserve Bank of which the parent bank is a member.

In the opinion of this office, the operations of the branch are the operations of the parent bank. The reserve to be maintained by the parent bank with the Federal Reserve Bank of which it is a member should, therefore, be based upon the aggregate deposits of the parent bank and the branch. If it becomes necessary to do so, there would seem to be no objection to having the branch send items for collection through the Federal Reserve Bank of the district where it is located for credit to the account of the member bank with the Federal Reserve Bank of which the parent bank is a member; but there is not, in the opinion of this office, any justification for

treating the branch and the parent bank as separate entities.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To HON. W. P. G. HARDING,

Governor, Federal Reserve Board.

Decision of Supreme Court of Illinois in the Case of The People ex rel. First National Bank of Joliet v. Andrew Russell, Auditor of Public Accounts.

In a former proceeding before the Illinois Supreme Court, the First National Bank of Joliet petitioned the Supreme Court of Illinois for a mandamus to require the auditor of public accounts to issue to it a license under the State law, authorizing it to exercise trust powers.

This petition was refused by the court, which held that the exercise of trust powers would contravene the laws of Illinois and that the act of Congress vesting these powers in national banks was unconstitutional. The same question was involved in a suit instituted in the State of Michigan, in which case the Supreme Court of that State held the act of Congress to be unconstitutional. This case was appealed to the Supreme Court of the United States, which reversed the Supreme Court of Michigan and sustained the constitutionality of the act.

The present proceedings against the auditor of public accounts were instituted in the Supreme Court of Illinois after the Supreme Court of the United States had sustained the constitutionality of the act. In the present case, the Illinois Supreme Court, in referring to its previous decision refusing the writ of mandamus applied for, says:

Under the decisions of the Supreme Court of the United States, our judgment was erroneous, but the conclusiveness of a judgment upon the parties to it, does not depend upon

whether it is erroneous. (*Case v. Beauregard*, 101 U. S. 688.) Although it may be based upon unsound principles, it is binding on the parties and on the court rendering it unless reversed or set aside, and it is unaffected by the fact that in another case another court has rendered a different judgment upon the same issues of law or fact. We do not understand that we have the power to entertain, hear, and determine this case so long as our judgment in the same case rendered at a former term is in full force and effect.

The petition of the First National Bank of Joliet was accordingly denied.

The full text of the opinion is as follows:

Mr. Justice Farmer delivered the opinion of the court:

This is an original petition filed in this court, on the relation of the First National Bank of Joliet, for a peremptory writ of mandamus against the State auditor of public accounts, commanding him to forthwith issue to relator a certificate of qualification under the trust act of Illinois, whereby it might lawfully act as trustee, executor, administrator, or registrar of stocks and bonds and in such other trust capacities as provided by the trust act.

Relator alleges it is a national banking association incorporated under an act of Congress; that pursuant to regulations prescribed by the Reserve Bank Organization Committee created by act of Congress entitled "An act to provide for the establishment of Federal Reserve Banks," etc., commonly called the Federal Reserve Act, the relator became a member of the Federal Reserve Bank of Chicago and still continues to be such member; that said Federal Reserve Act provides that the Federal Reserve Board created by the act may grant special permits to national banks applying therefor, when not in contravention of State or local law, to act as trustees, executors, administrators, or registrars of stocks and bonds, under such rules and regulations as said board might prescribe. The petition alleges that upon its application to the Federal Reserve Board said board granted relator permission to act as trustee, executor, administrator, or registrar of stocks and bonds; that thereafter relator applied to the auditor of public accounts of the State of Illinois for a certificate of authority, stating therein that relator had complied with the Illinois act entitled "An act to provide for and regulate the administration of trusts and trust companies," approved June 15, 1887, and subsequent amendatory and supplementary acts. The petition alleges that at the time of making said application to the auditor, relator offered to comply with all the requirements of the Illinois act, but the auditor refused to issue said certificate of qualification, whereby relator has been and is prevented from exercising the rights, privileges and franchises conferred by the Trust Act of the State of Illinois.

At a former term of this court this same relator filed a precisely similar petition praying the same relief. The only difference is that then James J. Brady was the incumbent in the office of auditor of public accounts while now Andrew J. Russell is the incumbent. Three issues of

law were raised by demurrer to the former petition, which we considered on their merits in an opinion filed at the December term, 1915, denying the writ (*People v. Brady*, 271 Ill., 100). One question was the contention of the Attorney General that section 11k of the Federal Reserve Act is a delegation of legislative power by Congress to the Federal Reserve Board, in violation of the Constitution of the United States. We did not sustain that contention. The second and third questions were (2) if it be held section 11k is not a delegation of legislative power but is a general grant by Congress to national banks of power to act as trustees, executors, administrators, or registrars of stocks and bonds, it is void for want of power in Congress to grant such a franchise to a national bank; and (3) that to permit national banks to act as trustees, executors, administrators, or registrars of stocks and bonds in Illinois would be in contravention of the laws of Illinois. Upon the second question we expressed our understanding of the decisions of the Supreme Court of the United States, especially *McCulloch v. State of Maryland*, 4 Wheat. 316, and *Osborn v. United States Bank*, 9 id. 738, to be as follows:

"The basis upon which the authorities rest that Congress has power to create a banking corporation and authorize it to carry on a general banking business is that such institutions are necessary and appropriate agencies for the carrying out of certain governmental functions, and while they are authorized to engage in a general banking business (U. S. Rev. Stat., sec. 5136) such authority is necessary to their continued existence and the exercise of such power is necessary to enable the corporations to serve the purpose of their creation. The power to create them was never sustained on the ground that Congress had the right to charter a corporation for the purpose, alone, of engaging in the private trade of banking, but the power of such corporation to engage in such trade or business was sustained as necessary to perpetuate the life of the corporation created as an instrument or agent for carrying out the objects and purposes of the Government."

We further were of opinion that as Congress had no express authority to create a corporation for the purpose of engaging in the business of acting as trustee, executor of wills, or administrator of estates, it had no implied power to authorize a national banking corporation to act in those capacities, because in our view such powers could not be made useful instrumentalities in carrying out governmental functions and their exercise is not necessary to the life or existence of the bank. We further were of opinion the business of acting as trustee, executor, and administrator appertains to private-property rights under the laws of the several States, their devolution, descent, and distribution, and therefore subjects of regulation by the States. Upon the third question we were of opinion, from an examination of the large powers conferred by the Illinois statute upon the auditor of public accounts of examination, regulation, and control of corporations authorized to administer trusts in this State, that the Federal Reserve Act in this respect, or section 11k, is "in contravention of State or local law." No

appeal was prosecuted or writ of error sued out to reverse that judgment, rendered more than two years before this petition was filed, and it still remains in full force and effect. Now, the same relator files a precisely similar petition against the same public officer, asking the same relief upon the same grounds as in the former case. There is identity in the thing sued for, the cause of action, parties to the action, and quality in the person for and against whom the claim is made. This court had jurisdiction of the subject matter and of the parties, and the decision, whether erroneous or not, was based on the merits of the case. The judgment of a court of competent jurisdiction, although it may be erroneous, is binding upon the parties until reversed and can not be collaterally assailed. It is a complete bar to a subsequent suit between the same parties on the same demand or cause of action. *Johnson Co. v. Wharton*, 152 U. S., 252; *Smyth v. Neff*, 123 Ill., 310; *Baum v. Hartmann*, 238 id., 519; 3 Cyc, 493; 15 R. C. L., 959.

The reason given by the relator for bringing the same suit again is, that since our decision in the case when it was before us the first time the Supreme Court of the United States has considered the same question on writ of error to the Supreme Court of Michigan (*National Bank of Bay City v. Fellows*, 37 Sup. Ct. Rep., 734), and in an opinion filed June 11, 1917, sustained the validity of section 11k of the Federal Reserve Act and the power of the Federal Reserve Board under said act to clothe a national bank with authority to act as trustee, executor, or administrator, and it is, in substance, contended that we should disregard or ignore our former judgment in this case and award the peremptory writ. We willingly and cheerfully yield obedience to the authority of decisions of the United States Supreme Court when we have any liberty of choice in the matter, but we do not understand that in this case we have the power to adopt the view of the United States Supreme Court and render a judgment granting the relief prayed. If that court had been asked to review our decision, it would have had the power to reverse and set it aside, but we do not understand the reversal of the judgment of the Supreme Court of Michigan in any way disturbed or affected the conclusiveness of the judgment of this court as a bar to a second suit between the same parties on the same cause of action. Under the decisions of the Supreme Court of the United States our judgment was erroneous, but the conclusiveness of a judgment upon the parties to it does not depend upon whether it is erroneous. (*Case v. Beauregard*, 101 U. S., 688.) Although it may be based upon unsound principles, it is binding on the parties and on the court rendering it unless reversed or set aside, and it is unaffected by the fact that in another case another court has rendered a different judgment upon the same issues of law or fact. We do not understand that we have the power to entertain, hear, and determine this case so long as our judgment in the same case rendered at a former term is in

full force and effect. For these reasons we feel compelled to deny the writ.

(Writ denied.)

The Board has been unofficially advised that, in view of the foregoing opinion of the Supreme court of Illinois, the auditor of public accounts will grant to national banks holding permits of the Federal Reserve Board the necessary license to exercise trust powers in Illinois.

Amendments to New York Banking Laws.

The definition of "reserves on deposit" in section 3 of the New York banking law was amended by the 1918 legislature (Laws of 1918, chap. 92) so as to exclude from the meaning of the term deposits maintained with a Federal Reserve Bank located in the State. The definition now reads as follows:

Reserves on deposit. The term, "Reserves on deposit," when used in this chapter, means the reserves against deposits maintained by any individual or corporation pursuant to this chapter in reserve depositories, other than a Federal Reserve Bank located in this State, and not in excess of the amount authorized by this chapter.

Section 112, relating to the reserves of banks, and section 197, relating to the reserves of trust companies, were amended (Laws of 1918, chap. 92) so as to permit banks and trust companies becoming members of a Federal Reserve Bank to carry or deposit with that Federal Reserve Bank such portion of their total reserves as is required of members, as reserves on hand instead of reserves on deposit. In addition, the requirement that member banks, located in New York City, must carry the remainder of their total reserves as reserves on hand was omitted from section 112 as so amended.

Section 112 now reads as follows:

Reserves against deposits. Every bank shall maintain total reserves against its aggregate demand deposits as follows:

1. Eighteen per centum of such deposits if such bank has an office in a borough having a population of two millions or over; and at least twelve per centum of such deposits shall be maintained as reserves on hand, except as otherwise provided in this section.

2. Fifteen per centum of such deposits, if such bank is located in a borough having a population of one million or over and less than two millions, and has not an office in a borough specified in subdivision one of this section; and at least ten per centum of such deposits shall be maintained as reserves on hand.

3. Twelve per centum of such deposits if such bank is located elsewhere in the State; and at least four per centum of such deposits shall be maintained as reserves on hand.

Any part of the reserves on hand in excess of four per centum of such deposits may be deposited, subject to call, with a Federal Reserve Bank in the district in which such bank is located, and the reserves on hand not so deposited shall consist of gold, gold bullion, gold coin, United States gold certificates, United States notes or any form of currency authorized by the laws of the United States; but, if any bank shall have become a member of a Federal Reserve Bank, it may maintain as reserves on hand with such Federal Reserve Bank such portion of its total reserves as shall be required of members of such Federal Reserve Bank.

If any bank shall fail to maintain its total reserves in the manner authorized by this section, it shall be liable to, and shall pay the assessment or assessments provided for in section thirty of this chapter.

Sections 108 and 190, restricting loans and investments by banks and trust companies, respectively, were amended (Laws of 1918, ch. 94) by adding to each a new subdivision reading as follows:

None of the limitations or restrictions contained in the previous subdivisions of this section shall apply to loans, discounts or other extensions of credit secured by Liberty bonds or by other bonds or securities issued by the United States Government for war purposes, if the market value of such Liberty bonds or other securities exceeds by ten per centum the amount of any such loan, discount or other extension of credit.

Section 238 relating to the powers of savings banks was amended (Laws of 1918, ch. 176) so as to authorize savings banks to receive deposits of Liberty bonds for safe-keeping. A new subdivision is added, which reads as follows:

8. To receive as depository, or as bailee for safe-keeping and storage, Liberty bonds or other bonds or securities issued by the United States Government for war purposes or otherwise.

Section 239 was amended (Laws of 1918, ch. 270) so as to enable savings banks to invest their deposits and guaranty funds in

bankers' acceptances and bills of exchange, subject to certain restrictions. The following subdivision was added to the list of securities in which savings banks might invest such funds:

11. Bankers' acceptances and bills of exchange of the kind and maturities made eligible by law for rediscount with Federal Reserve Banks, provided the same are accepted by a bank, national banking association or trust company, incorporated under the laws of the State of New York or under the laws of the United States and having its principal place of business in the State of New York. Not more than twenty per centum of the assets of any savings bank less the amount of the available fund held pursuant to the provisions of section two hundred fifty-one of this chapter, shall be invested in such acceptances. The aggregate amount of the liability of any bank, national banking association or trust company to any savings bank for acceptances held by such savings bank and deposits made with it shall not exceed twenty-five per centum of the paid-up capital and surplus of such bank, national banking association or trust company and not more than five per centum of the aggregate amount credited to the depositors of any savings bank shall be invested in the acceptances of or deposited with a bank, national banking association or trust company of which a trustee of such savings bank is a director.

Subdivision 5 of the same section, relating to investments by savings banks of their deposits and guaranty funds in stocks or bonds of incorporated cities, counties, villages or towns located in adjoining States, was also amended (Laws of 1918, ch. 96); and two paragraphs authorizing savings banks to invest such funds in promissory notes secured by first mortgages on New York real estate or by pledges of pass books of New York savings banks were added to subdivision 8 (Laws of 1918, ch. 95).

Subdivision 5 of section 106 was amended (Laws of 1918, chap. 98) so as to enable banks to own, to an amount not exceeding 10 per cent of their own capital and surplus, the capital stock of any investment company qualified to accept drafts, issue letters of credit and discount commercial paper, and the capital stock of any foreign banking corporation licensed to do business in the State.

Subdivision 10 of section 190 was amended (Laws of 1918, chap. 98) so as to remove from the restrictions on the amount of stock of other

corporations which might be owned by trust companies the ownership of stock in investment companies qualified to accept drafts, issue letters of credit and discount commercial paper, and the capital stock of foreign banking corporations licensed to do business in the State.

The following sections were also amended:

Section 109, subdivision 5, and section 194, subdivision 5, relating to accounts of court funds on deposit to be kept by banks and trust companies, respectively (Laws of 1918, chap. 93).

Section 454, subdivision 7, relating to loans by credit unions to their members (Laws of 1918, chap. 97).

Section 293, subdivision 3, relating to deposits of securities by investment companies receiving deposits (Laws of 1918, chap. 98).

Section 294, subdivision 1, restricting the powers of investment companies (Laws of 1918, chap. 98).

Penal Law, section 1293, relating to obtaining money by fraudulent order (Laws of 1918, chap. 314).

And a new section, 1292a, was added to the Penal Law, providing a penalty for issuing fraudulent checks, drafts, or orders (Laws of 1918, chap. 314).

Amendments to Kentucky Banking Laws.

In addition to the amendments noted on page 315 of the April Bulletin, the Kentucky Legislature recently amended certain other sections of the banking laws of that State so as to authorize State banks and trust companies

to accept bills of exchange and issue letters of credit, and to provide that the discount and purchase of certain commercial paper should not be considered as borrowed money within the meaning of the limitation on loans to one person, firm, or corporation.

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

Any bank or trust company may accept for payment at a future date drafts or bills of exchange drawn upon it by its customers and issue letters of credit authorizing the holders thereof to draw drafts upon it or its correspondents at sight or on time, not exceeding one year, and may also accept drafts or bills of exchange drawn upon it, having not more than six months sight to run, growing out of transactions involving the importation and exportation of goods; and any bank or trust company may discount acceptances which are based upon the importation or exportation of goods and which have a maturity at time of discount of not more than three months and are endorsed by at least one other bank or trust company; but no bank or trust company shall accept such drafts or bills of exchange 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, except by authority of the banking commissioner under such general regulations as said commissioner may prescribe, and in no event to an amount exceeding the capital stock and surplus of such bank or trust company; and such regulations shall apply to all banks and trust companies alike regardless of the amount of capital stock and surplus.

Section 583 was amended by adding to it the following provision:

Provided, that the discount of bills of exchange drawn against actually existing value and the purchase or discounting 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 in fixing the limit of indebtedness of any person, firm, or corporation, selling or negotiating said paper to the bank.

SUMMARY OF BUSINESS CONDITIONS, MAY 23, 1918.

JUNE 1, 1918.

FEDERAL RESERVE BULLETIN.

District.	General business.	Crop condition.	Industries of the district.	Construction, building, and engineering.	Foreign trade.	Money rates.	Railroad, post office, and other receipts.	Labor conditions.
No. 1—Boston	Good	Normal	Busy	Inactive		Slight decrease	Mixed	Well employed; wages high.
No. 2—New York	Active	Favorable; planting well advanced.	Very active	Extremely light, except ship building and factory construction for Government work.	Imports much restricted; exports other than Government material light, but aggregate very heavy.	Firm; no material change.	Increase in post office receipts 20.66 per cent over last year; street railroad receipts lower than last year; steam railroads show increase over last year.	In great demand; much shifting.
No. 3—Philadelphia	Good	Good	Very busy	Very little	Still large	Very firm	Increasing	Inadequate supply of competent labor.
No. 4—Cleveland	Satisfactory	Good	Very busy	Dull		Very firm	Increase	Scarce; wages increased.
No. 5—Richmond	Satisfactory	Satisfactory and promising.	Active; profitably employed.	Private building negligible; Government work active.	Restricted by lack of tonnage.	Good demand; 6 per cent; increasing.	Railroad, irregular; post office, volume large; reflect increased rates.	Inadequate and unsatisfactory.
No. 6—Atlanta	Good	Good	Active	Very inactive	Unsatisfactory	Steady	Stationary	Scarce and well paid.
No. 7—Chicago	Good	Excellent	Generally at capacity.	Inactive		Firm	Increase	Generally good.
No. 8—St. Louis	Good	Good	Generally active	Quiet		Firm	Increase in postal receipts.	Improving.
No. 9—Minneapolis	Good	Good	Active	Slow		Firm	Good	Fair.
No. 10—Kansas City	Good	Much improved	Active	Improving, but below normal.		Increasing	Substantial increase	Settled.
No. 11—Dallas	Satisfactory	Fair to good	Active	Building fairly active, though not as heavy as last year.	Only fair	Unchanged; firm to steady.	Railroad, increase; post office, 60.1 per cent increase for April at larger cities.	Unsatisfactory; scarcity in all branches.
No. 12—San Francisco	Active	Good	Very active	Decreasing	Large volume	Firm	Increasing	More settled.

GENERAL BUSINESS CONDITIONS.

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

DISTRICT NO. 1—BOSTON.

Conditions in similar lines of business vary widely in different parts of the district, due to local factors, but on the whole general business, while good, is following the same trend that has been apparent for several months and is settling down to a war basis.

All business, no matter what its nature, has encountered new and in most cases unprecedented conditions. The manufacturers of products required by the Government are delaying distant future commitments for civilian purposes until war needs are provided for. The demand for labor for war requisites has forced up wages to a point where overhead costs make it more and more unprofitable for some dealers and manufacturers to continue business.

On the other hand, an excellent demand for clothing and dry goods of the better grades is being made by employees earning larger wages. There is a decrease in the inquiry for cheaper goods ordinarily purchased by this same class.

In some sections wage earners are said to be spending their money as fast as received, while in others savings deposits are showing satisfactory increases. Nevertheless, a large number have become Liberty bond owners who, up to a few months ago, did not know what a security was and had never saved. Deposits in savings banks have been very little affected and much less than in past Liberty loans by the third campaign, and the large number of individual subscriptions for small amounts indicate that many bonds are being paid for out of earnings.

The Capital Issues Committee has been effective in its influence in cutting down unnecessary expenditures, both by municipalities and industries, and this has resulted in the release of much labor and raw material in addition to the capital saved.

Boot and shoe manufacturers are finding collections good. The early warm weather has advanced the season for summer shoes, with a consequent large retail demand, especially in women's lines. Retailers are not carrying large stocks and are therefore able to meet maturing obligations promptly. Many manufacturers have enough civilian orders, taken in conjunction with Government contracts, to keep them busy until fall.

The Government regulation of the wool trade practically prohibits dealers from doing business. The entire crop has been taken over by the Government, dealers having been asked to handle, on a percentage basis, that part which is to be allotted for civilian needs. Some of the larger dealers estimate that by doing this they will be able to keep their organizations in good form until after the war, but that it will leave no profit after overhead expenses. The National Association of Wool Manufacturers report, under date of May 16, indicates that all but a very small percentage of machinery is in use and that approximately 50 per cent of the spinning spindles in this district are employed on American war orders.

Cotton mills producing fine goods have had a considerable demand in the last week or two, but are unwilling to accept new business until at least a part of that already booked is finished. Mills find that with Government business and shortage of labor, they will be unable to make deliveries until a month or two later than originally planned and this extends some commitments into the late fall. The prices for print cloth have developed some strength with the demand good. Wages in New Bedford mills have been increased 72 per cent in the last two and one-half years, but

in spite of this employees are again threatening to strike unless granted a further increase. This, in addition to the increase that is anticipated in taxes, is causing mill owners considerable apprehension as to future net earnings.

The United States Department of Agriculture estimates that about the average amount of plowing and planting was finished May 1. The spring has been favorable for farm work, the season being about normal. While labor has been hard to obtain, the farmers are doing their utmost, and a good crop is expected.

The money market is very quiet, with tone easier than last month. No large demand for loans to pay taxes has become evident and as the due date approaches less uneasiness is apparent. Banks, however, are not anxious to loan for long maturities and credits are being closely scanned. There is only a limited market for outside paper, but banks are in a position to meet comfortably the demands of their customers which are apparently less in volume owing to Government payments being more prompt. The sales of commercial paper being made are out-of-town and mostly at 6 per cent. Call money, 5 to 5½ per cent; time money, 5½ to 6 per cent, with exceptions at 5¾ per cent, but only for short maturities.

The exchanges of the Boston Clearing House for the week ending May 18, 1918, were \$317,154,349, compared with \$228,733,906 for the corresponding week last year and \$307,496,431 for the week ending May 11, 1918.

Building and engineering operations in New England from January 1 to May 16, 1918, amounted to \$55,198,000, as compared with \$69,073,000 for the corresponding period of 1917.

The receipts of the Boston post office for April, 1918, show an increase of \$113,612.09, or about 15 per cent more than April, 1917. For the first 15 days of May, 1918, receipts were about 11 per cent, or \$41,192.53 more than for the corresponding period of last year.

The Boston & Maine Railroad reports net operating income, after taxes, for March, 1918,

of \$17,456, as compared with \$215,588 for the corresponding month of 1917.

For March, 1918, the New York, New Haven & Hartford Railroad reports operating income, after taxes, of \$1,153,488, compared with \$1,647,490 for March, 1917. For the first three months of this year operating income, after taxes, of the four principal New England roads was \$229,518, as compared with \$6,932,622 for last year.

Loans and discounts of the Boston Clearing House banks on May, 1918, amounted to \$503,733,000, as compared with \$491,471,000 last month and \$457,051,000 on May 19, 1917. Demand deposits on May 18, 1918, amounted to \$464,336,000, as compared with \$430,780,000 on April 20, 1918, and \$351,006,000 on May 19, 1917. Time deposits on May 18, 1918, totaled \$16,179,000, as compared with \$19,755,000 on April 20, 1918, and \$33,750,000 on May 19, 1917. The amount "due to banks" on May 18, 1918, was \$129,078,000, as compared with \$140,747,000 on April 20, 1918.

DISTRICT NO. 2—NEW YORK.

Business and industry continue very active in this district. Manufacturers of chemicals, potteries, lead, paper, tableware, sewing machines, silks, and knit goods report good business. Dealers in building materials report business as only a fraction of the usual volume. Heavy orders recently placed by the Government are causing shoe factories to run at maximum capacity. The copper industry is exceedingly active, with approximately 90 to 95 per cent of the entire production being manufactured into articles required by our Government and its Allies. Smelting companies report that the value of copper and other metals in transit between western smelters and eastern refineries is about one-third of what it was in the middle of March. Factories producing electrical machinery are working at maximum capacity. Shirt and collar manufactures show decided falling off in production. Glove manufacturers, though hampered by shortage of skins, are maintaining a volume of business

about equal to that of last year. Contracts for 30,000 steel cars, to cost \$80,000,000, and 1,025 locomotives, to cost \$60,000,000, have been let by the Railroad Administration.

The adaptation of factories of various kinds to Government work is the most notable feature of the industrial situation. An example of the changes going on is the recent utilization of 50 per cent of the capacity of a phonograph factory in this way. A company which before the war made auto parts, motor-truck frames, and sporting rifles and pistols is now making machine guns and light ordnance, has 5,000 employees, as compared with 1,500 in 1915, and a volume of business over eight times that of 1915. Demand for sporting ammunition is much smaller than before the war. A storage-battery plant is devoting 85 per cent of its capacity to Government work.

Department stores and retailers report good business in medium-priced furniture, kitchen ware, cotton piece goods, ready-to-wear garments, men's furnishings, shoes, hosiery and knit underwear, gloves, millinery, handkerchiefs, notions and ribbons, food and tobacco, but reports indicate a decrease in sales of high-grade silks, woolen dress goods, laces and embroidery, high-grade furniture, jewelry, and other less essential goods. Collections are good.

Labor, both skilled and unskilled, is in strong demand at advancing wages. Factories in the State of New York report 1.2 per cent more employees and 19.9 per cent larger wage volume in March, 1918, than in March, 1917, and 12 per cent more employees and 50 per cent larger wage volume than in March, 1916. Wage payments in the metal goods and chemical industries, both of which include the manufacture of munitions, as well as in printing, textiles, clothing, and food manufacturing, are larger than ever before. War conditions have caused a shortage of needle-trade workers, as it is estimated that an average of 10 to 15 per cent leave the trade yearly to engage in other pursuits, and the loss has not, as in normal times, been made good by immigration.

Because of the large demand for summer furs, workers in this trade now find employment the entire year, where formerly their dull season extended from January until July. New York and St. Louis are said to have displaced London, for the time being, at least, as the world's largest fur market.

Improvement in freight conditions in the eastern territory is indicated by figures made public by the Regional Director of Railroads. The accumulation of export freight in carload lots on the eastern seaboard was as follows:

	Jan. 1, 1918.	May 1, 1918.
In cars.....	11,092	9,042
On piers and warehouses.....	7,659	6,290
Unloaded on ground.....	22,451	13,256
Total.....	41,202	a 28,588

a Includes 24,189 cars of export freight for our Government and its Allies.

Exclusive of grain and coal, 28,600 cars of export freight arrived at north Atlantic ports and 27,890 cars were delivered to steamers during the month of April. The estimated export tonnage represented by these cars for April was 17.8 per cent greater than that handled during March, and exceeded the export volume in the same months of previous years by the following percentages: 1913, 111.6 per cent; 1914, 139.3 per cent; 1915, 65.1 per cent; 1916, 14.8 per cent. In the eastern territory there were 34,791 cars in transit May 9 above normal traffic conditions, as compared with 160,904 on February 6, at the time of the most severe freight congestion.

The New York State barge canal was officially opened May 15, after 13 years in building, the total cost having been \$233,695,350. The work consisted of the enlargement of the Erie and three other existing canals, and changing portions of the Mohawk and other rivers into navigable canals. The entire system covers a distance of 352 miles, and connects New York Harbor by water with the Great Lakes. The canal will be controlled by the Government Railroad Administration. Fifteen tugs have been employed for towing purposes, 165

old barges have been leased, and orders placed for 75 new barges, deliveries to commence in two months.

The crop outlook for the district is favorable, with planting well advanced on large acreage. The use of farm tractors is in some measure making up for shortage of farm labor. Demand for fertilizers during the past three years has increased considerably because of high prices of farm products and abnormal export demand for food crops. In the potato-growing sections demand for fertilizers is somewhat decreased because of low price of potatoes caused by the heavy production in 1917. Reports received by the New York State Department of Agriculture indicate some reduction in potato acreage and some increase in the acreages of corn and tomatoes. Lower prices have stimulated consumption of milk, the supply having been greater than the demand because of the season and limited facilities for the export of condensed milk. Between low price of milk and high cost of feed the dairymen have had very narrow profits and many have actually run behind.

Recent weeks have seen a striking advance in bond and stock prices, rails and industrials being alike affected. Activity was greatest in the week ending May 18, when stock sales exceeded 7,000,000 shares, more than 1,750,000 being sold in one day alone. The level of stock prices on that date was about 14 points above that of the low point in December, and average bond prices are over 3 points above the same low point. Money rates continue firm, commercial paper selling at 6 per cent, with some sales at $5\frac{3}{4}$ per cent. Call money fluctuated considerably, touching 6 per cent occasionally, with the average at about 5 per cent.

DISTRICT NO. 3—PHILADELPHIA.

The industries of the district are adjusting themselves to meet the war requirements of the Nation, the output in many lines being almost entirely devoted to filling Government orders. The concentration of all the energies of the

business life on the problems of the war is gradually resulting in a more smoothly running machine of production.

Retail trade is reported to be about 40 per cent ahead of last year in volume of business, wage earners on account of their very large earnings being large consumers of goods. Seasonable lines are in particularly good demand.

Manufacturers, as a rule, are extremely busy, but considerable embarrassment is being caused by the scarcity of many kinds of raw materials and the inadequate supply of competent labor.

The transportation situation has shown great improvement. Railroad freight car movements over the Pennsylvania Railroad at Lewistown Junction for April totaled 188,000 cars, compared to 176,000 in March and 185,000 in April, 1917. The necessity for equipment of all kinds, however, is very urgent. Motor trucks as a means of transportation are coming more and more into use, and shipments are being made on regular schedules between Philadelphia, New York, Baltimore, and other cities.

Little change is noted in the iron and steel situation, Government requirements being paramount and increasing in volume. Some mills are reported as running at 95 per cent of capacity. Orders have been placed which will keep them busy for months to come. Material for civilian use is hard to obtain and demands upon manufacturers are most urgent. Shipyards are taking the largest percentage of output, and manufacturers of locomotives are calling for large amounts, while considerable material is going to Europe. The coke situation is reported somewhat improved.

The Anthracite Bureau of Information estimates shipments of anthracite coal during April at 6,368,372 tons. This compares with 7,276,777 in March, which was the record month, and 5,592,299 tons in April, 1917. Bituminous coal production is steadily increasing, due to a better supply of cars and more favorable operating conditions.

The huge Government demand for cotton goods has displaced other orders in many lines, and it will be some time before any large

amount of goods of certain kinds can go to civilian consumers. Manufacturers of cotton yarns and textiles are working at full blast.

It is reported that of 34 breweries in Philadelphia, all but 7 show a decrease in output as compared with last year. Owing to the restriction of materials used, output for the current year is estimated at 40 per cent less than last year.

Business failures are at a very low ebb, while the record totals of bank clearings for this period of the year reflect unusual business activity.

A firm money market prevailed during the past month, 6 per cent being asked on both call and time loans. Commercial paper ranged from 5½ to 6 per cent, with but little paper selling under the higher rate.

While loan and investment operations of the Federal Reserve Bank averaged about \$2,000,000 per day during April, and more than \$2,500,000 during the first three weeks of May, borrowings by member banks have not been as heavy as had been anticipated, and it is apparent that the third Liberty loan has been floated thus far without any undue strain on the money market. The bulk of the discounting has been in the form of notes secured by Government obligations. Such loans amounted to \$35,100,000 in April, compared with \$21,100,000 in March, and \$40,500,000 from May 1 to May 21, inclusive.

DISTRICT NO. 4.—CLEVELAND.

The restrictions placed upon nonessential industries are reducing the output very decidedly. The situation is accepted for the most part with cheerful acquiescence, and the energies of the industries affected are turned to lines more needful under the circumstances. Generally throughout the district business is in a healthy condition.

Manufacturing.—The manufacture of steel approaches closely, if it does not equal, its high record, and Government orders are said to be in such volume that few domestic orders are taken and in consequence small manu-

facturers have difficulty in securing a supply. The pig-iron output, while greatly increased during the past month and comparing favorably with other active periods, is not equal to the demands, and investigations are in progress on the theory that considerable basic iron is being devoted to the manufacture of non-essential products.

Tin-plate mills are running at maximum capacity to meet the expected demand during the canning season for food containers.

Face-brick manufacturers report that there has been little change in the line in the last 30 days. Production is being adjusted to the curtailment of 50 per cent of the average of the years 1915, 1916, and 1917.

Unusual sales of draitile for use in draining swamp lands is reported. Very little change is noted in production by glass plants. Restrictions keep the output of this line in much the same condition as heretofore. Dullness in the building trades is also a drawback, and curtailment in these quarters is to be expected.

Owing to the heavy demand for coal for domestic use, occasioned by last year's shortage, the general demand is stronger than usual for this season. In some quarters the volume of production is discouraging, and some complaint is made of miners disregarding their agreements. However, it is believed that coal production for the district is equal to the same period of last year.

Agriculture.—In the northern part of the district, in localities where last month the condition of wheat was reported not up to the average, this month, owing to favorable weather and rain, the condition is reported as very materially improved. In the "blue grass" section this crop is said to be in better condition than ever in its history at this time of year, and generally throughout the district the acreage is large and a good yield is expected.

In many parts the areas being planted in corn is larger than ever before. In some localities planting in the lowlands has been delayed on account of wet weather, but, generally speaking, it is progressing favorably.

The burley tobacco growers report an abundance of plants in beds to be transplanted within the next few days. Last year's crop having been sold at such attractive prices, it is expected that the acreage will be increased.

The number of war gardens over last year is very much increased, and in one large center it is estimated that fully 2,000 acres are being cultivated, exclusive of those in the adjoining suburbs. It is thought that last year's experience will be a great benefit and that increased yields will result.

Labor.—Farmers still complain of serious labor shortage, but this apparently has not resulted in curtailing their operations. The inadequate supply of farm labor is being met by the use of tractors. Already over 600 tractors of an inexpensive type are in use in the State of Ohio.

A shortage is reported from all manufacturing centers, but here again there appears to be no definite curtailment of output in consequence. Many lines of labor are receiving the maximum prices. The small manufacturing centers appear to be suffering more than larger ones from an insufficient supply. Nonessential industries which have been closed for a short time find it very difficult to obtain a new force.

While labor is exacting in its terms, and apprehension for the future is apparent, yet there is a general feeling that labor will to the extent of its power meet the demands laid upon it.

Mercantile lines.—Complaint is still made by the mercantile trade of delayed delivery of stocks of merchandise owing to delayed freight shipments. It is generally reported by the jobbing trade that business for the past month has been in large volume and in excess of expectations, which gives evidence that merchants have confidence in the future. In the retail line in some quarters it is reported that this is the first month since the beginning of the war that business has not increased, but even these authorities say that business has equalled the same period last year and that the lack of increase is probably due to weather

conditions and to the increased interest of the wage earner in the Liberty loan campaign.

Merchants say that the volume of business in dollars is satisfactory, but that the amount of merchandise delivered is smaller in comparison with the same period last year. It is thought that the increased prices for merchandise affect to some extent the purchasing power of the public.

Collections.—Collections continue good, and while in some quarters recessions are reported yet in others increased cash sales are said to offset any deficiencies. It is believed that the wide distribution of the third Liberty loan among wage earners has affected collections somewhat, but in general the credit conditions are good.

Transportation.—Transportation facilities are thought to be generally improving, although they are still unable to do all that is required of them. However, the complaints in this regard have considerably lessened and acquiescence in the situation is shown. It is believed that the improvement has been such that almost every line of industry is being taken care of to a fair extent. Shortage of labor and equipment still continues to handicap the traffic situation.

Money and investments.—The demand for money still continues very active. Since the initial payments on the third Liberty loan bank balances are building up and in some quarters marked recovery is noted. While an increased demand for funds is expected during the coming month, little trouble is anticipated in fully meeting the situation.

Building.—The building trade shows little change from its previous condition and, for other than Government work, is almost at a standstill. In several quarters rents are being increased, and in districts where new plants are being located the housing problem is a matter of concern.

DISTRICT NO. 5—RICHMOND.

The third Liberty loan has been the all-absorbing point of interest recently. With

our increasing war activities, the public has become more widely impressed with the necessities of the case and has rallied with increasing enthusiasm to the support of the cause. When the campaign closed on May 4 it was found that subscriptions had reached \$186,000,000, which is \$56,000,000 over the quota of \$130,000,000 allotted to this district. The result speaks for itself and there has been a widespread feeling of gratification throughout the district.

The bond campaign has been followed by a week's campaign for the Red Cross, which promises to result in an overwhelming success, as was the case with the campaign for the Liberty bonds.

Aside from these matters, no others of great importance have transpired since our last report, and changes have been so slight that a report of them constitutes rather a monotonous repetition.

The readjustment of the railroad situation of the country, regulation of food and coal supplies, and efforts by State and National Government to relieve the labor situation hold conspicuous attention in the public eye.

There has been some unfavorable weather, crop reports generally are favorable, and the condition of winter wheat is said to be above the average. The acreage in summer crops is not expected to exceed, if it equals, that of last year. Cotton, corn, and rice reports, on the whole, are favorable. Every effort is being made to secure maximum results, as these are most important factors in backing our own men and our allies in achieving victory as early as possible.

Foodstuffs are in demand. Retail trade is fair in goods of all kinds, including clothing, shoes, and other articles.

Government requirements in all lines are the most important factor, particularly as regards lumber, metals, wagons, and all manufactured products of the district.

Notwithstanding the reduction in private building to a negligible quantity and disturbing limitations placed on many lines of busi-

ness, there is a decided tone of cheerfulness and even optimism in all circles.

Continued cooperation with the Capital Issues Committee in the conservative limitation of new issues and elimination of unnecessary expenditures is helping to limit capital demands without serious interference with trade activities.

A 40 per cent increase in clearings over last year reflects a growing volume of business, resulting, however, largely from exceedingly high prices. The credit demands naturally attendant on Government financing, coupled with the more than normal seasonal demands, are due particularly to the high prices and are making unprecedented calls on bank resources. Bank rates are firm at 6 per cent, and some of the larger banks particularly report that they are overloaned on United States securities and facing strong demands from regular customers. The supply of outside liquid paper accumulated during the winter, when funds were plentiful, has been pretty freely collected or rediscounted. These conditions have been reflected by unusually heavy offerings at the Federal Reserve Bank, and while conditions are sound, indeed unusually prosperous, further demands must be met before permanent relief can naturally be expected from the harvesting and marketing of the growing crops.

Some holders of cotton who have apparently overstayed the high market and suffered from the recent decline are hardly entitled to much sympathy. The marketing of the remainder of the present crop and clearing decks for the coming one would apparently be wise.

There is a cheerful acceptance of and adaptation to the requirements of present conditions, and an earnest determination to overcome successfully all difficulties, local and national, without any other thought than the winning of the present struggle.

DISTRICT NO. 6—ATLANTA.

Business activities were somewhat displaced by the all-absorbing interest centered in the third Liberty loan campaign during the past

month. The campaign started with bright prospects, and though daily results lagged during the middle, the final outcome was in excess of the most optimistic expectations, the subscriptions totaling \$137,649,450, against an allotment of \$90,000,000. Only a limited number of large subscriptions were received, the great majority being from wage earners, salaried people, and farmers; the most striking factor in the campaign being the large subscriptions received from the smaller towns and rural communities. In the first and second Liberty loans some difficulty was experienced in selling to farmers, but in the campaign just closed this class of citizens fully subscribed its share.

Current reports from throughout the district indicate that business generally has not been materially affected by the Liberty loan campaigns; though when installments begin to fall due on monthly payments on subscriptions to the third Liberty loan personal economy will play a stronger part, especially in retail lines. Conditions in dry goods continue brisk, with a good sprinkling of fill-in orders. Early fall orders have been coming in steadily. Jobbers and retailers report especially good business for this season of the year, with indications that the public is beginning to economize in purchases—more noticeably in the high-class trade.

Clearings continue to show a monthly increase and deposits are increasing. Deposits in the five larger banks of Birmingham show an increase of approximately \$3,500,000 during the past two months. Reports of the Birmingham clearing house for the year ending April 30, 1918, show an increase of \$43,526,287 over previous year; and, while allowances must be made for extremely high prices, these increases and clearings reflect the continued business activity in this section.

The cool weather prevailing during the first half of the month was followed by more seasonable temperatures, and agricultural conditions are very promising. Acreage in cotton

as well as foodstuffs has been largely increased over previous years. The season is about two weeks later than last year, and while farmers are fairly well up with their work the labor test will come in the crop-gathering season. There has been a considerable increase in the sale of mules and farm implements. Most of the farmers are able to take care of their own requirements, but with money easily obtainable the merchants are willing to provide for those who need help.

A good stand of cotton is reported throughout the district, and if cultivation of the crop continues as at present there is not much likelihood that there will have to be much replanting. Practically all the cotton in the south half of the district has been sided up and chopped out, and a good deal of the acreage is being plowed the second time. Male labor is very scarce in some cottonfields, and it is not uncommon to see women plowing and children hoeing. The final outcome of the crop value depends largely on the solution of the labor situation.

About 3 per cent of the Alabama acreage sown to wheat last fall will not be harvested mainly on account of winter killing. This leaves approximately 140,000 acres to be harvested in grain as compared with 93,000 acres cut last year. Wheat in Georgia, in spite of the winter killing, will be equal to last year's production. In Tennessee the abandoned acreage will be about 32 per cent, compared with 35 per cent last year. The State's estimated production of grain is 10,192,000 bushels, compared with 4,830,000 last year.

Last year's production of hay in the sixth district was the largest on record, and there is an unusually large hay reserve, partially caused by the increased production of peanut hay and velvet beans. It is too early to predict this year's hay crop, but indications point to a slight increase.

There will be a decided increase in the citrus-fruit acreage on account of the large number of young trees coming into bearing. Several

hundred cars of peaches have already been shipped from Georgia points to markets of the North and East. The Mayflower peaches have never been placed on the eastern markets at an earlier date, and the crop of this particular variety is far the largest this State has ever known. Revised estimates of the total peach crop for the year now place the number of cars at 7,300.

The public in endeavoring to prevent a recurrence of the coal famine is beginning to store coal, which is creating a demand on the output, notwithstanding new mines are being opened from time to time. A new deposit of zinc sulphide has been discovered in Hancock County, Tenn. The field covers approximately 10,000 acres, largely controlled by one corporation which is at present on the field preparing for the mining of this ore.

The industrial situation continues satisfactory, the only difficulty being the result of labor conditions, and especially the inefficiency due to the scarcity of labor. Negro inefficiency is increasing, due to the growing independence brought about by high wages and corresponding tendency to "lay off a few days," thereby decreasing production in some industrial lines. Industrial leaders look forward to a mighty boom for this section after the war. Many industries heretofore unknown in this part of the Nation are being built up and plans for expansion and larger operations are being considered by almost every industry.

The Federal Reserve Bank of Atlanta has had under consideration the applications of the cities of Birmingham, Jacksonville, and Nashville for the establishment of branch banks in those centers. The matter was referred to the Federal Reserve Board, at which place a hearing was held on May 18.

DISTRICT NO. 7—CHICAGO.

The third Liberty loan has been successfully placed. The banks, though prepared to subscribe to a far greater extent, were not called upon to do so, and the resulting reserve position is a promising augury of their ability to

finance business and to assist in the flotation of future loans.

While there has been some reduction in deposits in this district on account of the loan, this has not resulted in seriously crippling the banks, as many had anticipated withdrawals and had kept their assets in liquid condition. Owing to the intense pace of industry, money will rapidly find its way back to the usual channels, though, of course, the rapidity with which this operation will take place in a given locality is dependent upon the character of its industries.

Though complete figures are not yet available, it is generally understood that the farming communities have figured prominently as subscribers to the last loan. In this connection, several references are made to the strong cash position of farmers on account of the unprecedented prices they have received for their products. We are told that comparatively few new farm loans are being placed and that maturities are being met in an unusual number of cases.

Belief in a growing conservatism among business men finds foundation in the exhibit of total commercial failures reported to R. G. Dun & Co. Throughout the United States for the four weeks ending May 16, failures numbered 810, while for the same period in 1917 the total was 1,154. In the West, covering the district of the Chicago Federal Reserve Bank, 1918 figures were 217 for the four weeks ending May 16 as compared with 259 for a like period in 1917. This reduction in failures for the entire country of practically 30 per cent and for the West of over 16 per cent is a satisfactory showing.

Labor is quite scarce in most lines. Wages and salaries paid are said to be the highest in history. There are only isolated cases of labor unrest. Notwithstanding, however, the general full employment, the situation of building trades employees is said to be serious on account of the marked cessation of building and construction. Authorities stated a few weeks ago that there were in the neighborhood of 50,000 men idle in these trades in Chicago.

Prices continue to advance in practically all lines. Price regulation has been extended to the leather industry. Textiles are being eagerly bought on an ever-advancing market with the scarcity of manufactured articles for civilian consumption becoming more acute. There is considerable buying for future needs against further advances and greater scarcity.

Money rates are hard but banks are accommodating their deserving customers. Distant maturities are not in favor, six months paper being about the limit on which banks are willing to loan even their best customers.

Nothing has occurred to mar the brilliant prospects for a large crop of wheat. Michigan alone reports unfavorably in this connection, hard freezes during the winter causing considerable damage to the wheat. There is a large acreage of spring wheat which is coming along in fine shape. Corn is practically all in the ground and under continued favorable weather conditions should be a fair crop. There is much speculation as to the germination of seed corn, of which there was an acute scarcity in the desirable grades, and the farmers are awaiting with some concern the quality of the stand. Oats acreage is large and, like wheat, has had a very auspicious start.

The investment market has somewhat revived. Miscellaneous securities are in small supply and strong demand. Brokers look for a good resumption of business if certain approaching maturities are refunded in the usual market. We find investment bankers hopeful for a fair business in three to five year industrials at attractive rates. There is some interest on the part of investors in longer term bonds.

Agricultural implement manufacturers are able to dispose of all the products they can turn out under the existing conditions of scarcity of labor, material, and transportation. Orders are far in excess of their ability to supply.

Manufacturers of passenger automobiles now working under a voluntary curtailment of output to the extent of 30 per cent are said to be facing a curtailment of 75 per cent based on the

steel requirements of the United States and her Allies. Production of 2,000,000 cars during 1918 as proposed by manufacturers is said to represent sufficient steel to build 9,000,000 dead weight tons of shipping. What is to be the decision of the Government is not yet known, but reliable opinion seems to be that nothing will be done that will operate to the permanent serious injury of the industry.

Comparative figures of building permits granted in April, 1918, and their value, with those granted in April, 1917, reveal a marked contrast. In April of this year Chicago permits numbered 396, valued at \$2,767,900, while in April of last year permits numbered 652, valued at \$9,524,450. This reveals a percentage loss of 70 per cent. Fifteen of the largest cities in the district including Chicago report a falling off of 65 per cent in valuation of buildings for which permits were granted. Total values involved were for April, 1918, \$6,733,149, for April, 1917, \$19,755,583. Only two cities in the entire district report an increase in building operations. This may be attributed to excessive cost of materials, and scarcity of the same, together with unwillingness of individuals to tie up their resources in capital expenditures at this time and a like indisposition on the part of banks to finance such investments.

Mines are employed at capacity due to domestic demands, despite the fact that railroads have not yet made contracts for their yearly supply of coal. Coal miners expect a larger production during May than in April.

Distillers are feeling a good demand for bonded whiskys which will continue until exhaustion of stocks on hand. Certain distilleries are availing themselves of the adaptability of their plants to corn drying and milling of cattle feed. Maltsters report grave difficulty in securing the necessary labor to carry on their business. Large orders contracted during the embargo period are being filled with great effort necessitating day and night labor.

There is no recession in the demand for dry goods. The market is still soaring. Probably due to the Liberty Loan, retail business was

retarded somewhat during April, but May promises much activity. Stocks in jobbers' hands are lower both in money value and actual merchandise, while retailers have been pretty well stocked up. Possible Government action in the way of requisition and regulation is ground for much uncertainty. Collections have been excellent.

Furniture manufacturers report increases in volume over past periods, part of which are due to higher prices and part to the anxiety of retailers as to ability to secure stock in the future. Collections are good and transportation facilities more satisfactory.

Excellent credit condition is an outstanding feature of the grocery business. Correspondents say collections are better than pre-war period. Conservation is being practiced and the distribution of goods is carefully made. Volume is good, despite restrictions on flour and sugar, and light movement of canned goods.

Hardware dealers face a scarcity of goods on account of pledge to the Government by steel mills of 100 per cent of their product. Building hardware reflects the slump in building operations while other departments show a healthy increase in volume. A very satisfactory credit condition exists.

Maximum prices have been established in the leather industry on the price of raw hides, skins, and leathers. There has been increased activity in the leather market in the last few weeks on account of civilian, Government, and Allied demands. Dealers are naturally not desirous of selling under the Government maximum prices and in view of present volume quotations will hover quite close to if they do not reach the maximum. Collections are good.

Receipts of beef cattle have fallen off and authorities anticipate short runs for some time to come. Other live stock are coming to market in normal volume. Incoming stock is said to be of excellent quality. Poor pasturage is apprehended as forecasting light receipts during the summer. Comparative receipts of live stock at Chicago for the four weeks ending May 18, 1918, and a corresponding period in 1917:

	Cattle.	Calves.	Hogs.	Sheep.
1918.....	228,259	84,783	615,374	214,971
1917.....	202,812	70,800	545,982	202,403

There is nothing approaching general activity in the lumber business. A volume reaching 50 per cent of normal is exceptional. Very few dwellings are being built. The bulk of the trade comes from rebuilding and repairing requirements. Collections are fair.

Except in foodstuffs and products containing sugar, mail-order houses continue to record increased sales over last year. Educational measures designed to promote conservation have effected noticeable reductions in the items mentioned. Collections are good.

Pianos, player pianos, and talking machines are reported in unusual demand by retailers, owing to the recent publicity given the statement that manufacturers would voluntarily curtail output. The latter are far behind in filling orders and freely exercise their prerogative of choosing whom they shall sell, on the basis of past credit experience. Collections continue very good.

Shipbuilders are, of course, pushed to capacity by the Government needs for ships and are being assisted at every hand to obtain necessary material and labor. Steel business is in the same situation, with Government requirements gradually crowding from consideration the demand for domestic consumption.

Though commonplace on account of frequent repetition, the continuance of the urgent demand for watches and chronometers of every description compels capacity operation of watch factories. Retailers attribute large sales gains to purchases of precious stones and watches.

Wool markets are featureless. While consignments find their way to central markets, Government prohibition prevents their sale. Committees on valuation will soon be established, when available stocks will be distributed and military needs first met.

Clearings in Chicago for the first 17 business days of May were \$1,459,000,000, being \$42,-

000,000 less than for the corresponding 17 business days in May, 1917. Clearings reported by 22 cities in the district outside of Chicago amounted to \$322,000,000 for the first 15 days of May, 1918, as compared with \$313,000,000 for the first 15 days of May, 1917. Deposits in the 12 central reserve city member banks in Chicago were \$878,000,000 at the close of business May 20, 1918, and loans were \$584,000,000. Deposits show an increase of approximately \$14,000,000 over last month, and loans an increase of approximately \$5,000,000.

DISTRICT NO. 8—ST. LOUIS.

The outlook in this district is greatly strengthened by the favorable crop conditions. From reports received throughout the district, it appears that the crops generally are in good condition. On May 1 the condition of the winter wheat in the States included in this district was estimated by the Government to be 94.7 per cent, which is 10 per cent better than the 10-year average. The acreage in winter wheat is also considerably more than last year, and a large output is anticipated. The oats, rye, hay, and alfalfa crops are also reported to be progressing satisfactorily. The planting of corn has been retarded by the recent rains, and in some sections it will be late. However, the indications point to a good crop. The cotton and tobacco crops are also somewhat behind, but they are said to be improving. The fruit has been damaged in some portions of the district, and our correspondents state that there will be very few peaches. There seems to be an increased diversification of crops in this district and a general tendency to produce an abundance of food.

Business in this district continues active, especially in those lines contributing articles necessary for the prosecution of the war. Manufacturers are more and more engaging in Government work, and some are now doing practically nothing else. Iron and steel manufacturers report increased activity, and manu-

facturers of boots and shoes, clothing, etc., are also busy. Packers report a large increase in business over this time last year. Some decline in the electrical line is noted, due to the fact that very little building or extensions by public utilities is going on. Flour mills also report a dull business, on account of their inability to get a sufficient supply of wheat.

Wholesalers and jobbers of dry goods report a good business, as do also department stores and retail merchants generally. The grocery trade is said to be steady, but the demand for many articles is falling off on account of the numerous gardens. Dealers in jewelry report a decline in their business in some directions, while in other directions it is holding its own. The demand for jewelry is said to come largely from those who, by reason of a change in fortune, find themselves short of jewels and long in cash. The reports state, as a rule, that collections are good, and some indicate that cash transactions are increasing.

During the past month a fur sale was held in St. Louis, the total sales amounting to \$6,250,000. It is said that in quantity of furs presented, in the number of active buyers, and in the actual cash returns this was the largest fur sale ever held.

The scarcity of materials for civilian use is affecting practically all lines, and is causing many buyers to place orders for future delivery, believing that they will be unable to get the goods at all later or else at higher prices. Some concerns are restricting sales for future delivery. Government needs are receiving first consideration, and there is a growing sense of responsibility among business men to cooperate to win the war.

The transportation situation continues to improve, but complaints are still heard on account of delays in shipments of goods, which is having a deterrent effect on business.

Outside of St. Louis there is very little disturbance in the labor situation in this district. In St. Louis the situation is improving, and with the aid of Government mediators, it is anticipated that practically all strikes will be

settled in the near future. Labor is well employed, and there is a good demand for both skilled and unskilled workmen.

According to the report of the St. Louis National Stock Yards, there was a decided falling off in the receipts and shipments of horses and mules during April. The receipts and shipments of hogs and sheep were also less than the previous month. However, there were substantial increases both in the receipts and shipments of cattle. In comparison with April of last year, the report also shows increases in the receipts and shipments of cattle, and increases in the receipts of hogs and the sales of horses and mules, but decreases in the receipts of sheep, horses, and mules and in the sales of hogs and sheep.

Reports from the leading cities in this district for the month of April indicate a slight increase in building operations over the previous month, but perceptible decreases in comparison with April of last year. Little building is going on in this district except that which is absolutely necessary.

Postal receipts in St. Louis, Louisville, Memphis, and Little Rock, during April, all show decreases in comparison with the previous month, but in comparison with April of last year, substantial increases are shown.

The demand for money in this district has continued good during the past month. The bank rate to customers is still 6 per cent in the large centers and slightly higher in the outlying districts.

Very few of the banks in the large centers are in the market for commercial paper, though there is a fair demand from the country banks. The commercial paper rate, as a rule, is 6 per cent for all maturities. Brokers report that the demand is mostly for short-term paper, which is readily available for rediscount at the Federal Reserve Bank.

Bankers and business men are now making arrangements to meet the payment of the excess-profits tax, which is due June 15. The burden on the banks is expected to be greatly relieved by the fact that many individuals

and concerns have purchased United States Treasury certificates with which to pay this tax.

DISTRICT NO. 9—MINNEAPOLIS.

With a favorable season crop production in the Ninth District should reach record figures. A very large acreage of all small grains and especially wheat has been planted, and all crops have obtained an excellent start. Corn and flax acreages will be less than a year ago, and farmers have wisely devoted a part of the usual corn ground, which they were not able to plant because of the shortage of good seed, to the equally important item of wheat. This in part explains a very substantial increase over the normal wheat planting.

Moisture conditions from the beginning of the season have been entirely satisfactory, especially in western North Dakota and Montana, where the crop a year ago was a failure. A large amount of new land has been put under plow in that portion of the district.

The very favorable crop outlook and the fact that the moisture now in the ground is sufficient to carry the crop well into June has had a favorable influence upon all lines of business, and trade at local points is good.

Banking conditions show little change. The demand is active and rates are firm without much fluctuation from the conditions a month ago.

No serious shortage of labor has yet developed, although good labor is scarce and most large employers are having some difficulty in meeting their demands. There is a prospect that as the season advances there will be difficulty in supplying labor both for commercial and agricultural activities.

The soundness of underlying conditions throughout the district was well demonstrated by the extremely liberal response of all classes of labor to the third Liberty loan, resulting in a very heavy oversubscription and in the oversubscription by each one of the more than 300 different counties in this district.

DISTRICT NO. 10—KANSAS CITY.

Agriculture.—The present agricultural outlook is very promising. General weather conditions in this district continue favorable for the development of crops. There has been ample rain for the immediate needs of the wheat sections, and these States report that winter wheat has made an excellent growth during the past month, and the condition has improved steadily. The old wheat supplies will be more thoroughly cleaned up than ever before, and a determined effort is being made by the Food Administration to use every available bushel, so that the new crop season will begin with empty bins. The season has started favorably for spring sown crops, though cool weather has made corn development a little backward.

Practically all the mills in this region continue to operate on Government orders either for the Army or for export, and have therefore produced little flour available for domestic use. The people, however, have willingly used substitutes, and this unusual shortage in the domestic supply has caused remarkably little comment or complaint. Mills are grinding wheat as fast as they can secure it, but reports from 67 in this district showed they were running at only 40 per cent of capacity during April as against 80 per cent a year ago, with a resultant decrease of nearly one-half in the flour output. Wheat stocks on the four principal grain markets decreased 72 per cent during the past month. Local market receipts were less than one-eighth and shipments less than one-fourteenth of those last year.

The marketing of corn and oats continues larger than usual for this season of the year. Receipts of corn on the local market for the past month increased two-thirds over the corresponding period last year and shipments were nearly three times as great. The demand for corn as a wheat substitute has been sufficiently heavy to maintain extraordinary high prices considering the volume of supplies. The prices on oats, however, have declined moderately

owing to liberal receipts and the promising start of the new crop. The visible supplies of corn on the four chief markets decreased about one-tenth during April.

The Government is now contracting for the balance of the pinto bean crop, and when this movement is over fully 50,000,000 pounds of pintos will have been shipped to eastern markets. It is estimated that 400,000 acres of these beans will be planted in Colorado alone this spring, and indications are that the pinto will prove a valued asset to the whole Southwest.

Live stock.—The remarkable and record-breaking advance in prices for beef steers, which began with the opening of the month and continued until almost the close, is mainly responsible for the large movement of cattle to market. When the prices for all classes of fat cattle reached these new high levels, shippers sent in all stock they could secure to meet the strong demand, and a large part of the corn-fed cattle were marketed. Accordingly, stocks of meat have so materially increased that with incoming supplies they will amply cover the demand until the incoming of grass-fed cattle in July. Since the cattle movement from Texas north is about completed, the demand for loans to finance cattle for grazing and fattening purposes is not so strong.

The hog market continues at a high record level for this time of year. Receipts at the seven district markets increased 30 per cent over April, 1917. The general quality of offerings was good and the weight of hogs on five markets averaged 218 pounds, as compared with 203 pounds last year. Slaughtering were 7 per cent in excess of those a year ago.

Prices on sheep and lambs during the past month on the local market reached record heights. Feeding and breeding stocks were in strong favor, with but a very limited supply. Spring lambs were exceedingly scarce, while the receipts of sheep have been below the demand. Conditions were generally favorable and up to the close of the month the prevailing

tone of the market was strong. Sheep receipts for the seven chief centers were reported 11 per cent greater than those a year ago.

Mining.—Conditions in the metal mining industry of Colorado have changed very little during the past month. The increased price of silver, brought about by the passage of the silver bill providing for the melting of 350,000,000 silver dollars now in the Treasury, has resulted in renewed inquiry for silver properties, and some stimulation of this industry is expected. It is reported that shipments of manganese ores, used in the manufacture of paint, glass, and chemical products, have increased and will continue to gain steadily throughout the summer, if prices remain high. Inquiries are being made in this State regarding deposits and production of chrome and pyrite, both iron products for use in connection with the war.

The month of April showed a distinct slowing down in the mining industry of the Missouri-Kansas-Oklahoma district. The average price on all grades of zinc blende dropped from \$45 per ton, as quoted in March, to \$42. This decrease in zinc ore prices contributed largely to a curtailment of producing operations, and also to an increase in surplus stocks. Government cooperation has encouraged the operators to some extent. A price of \$75 per ton has been set for the high grade ores, thus assuring producers a fair profit. Government and allied contracts will probably be placed in the near future. The production of the district for the first four months of this year as compared with the corresponding period last year decreased nearly 14 per cent and the value of this output decreased over 40 per cent.

The lead ore market has also shown some decline, opening at \$85 per ton and closing by the end of the month at \$80. Surplus stocks decreased slightly during April. The total output of lead gained 9 per cent for the first four months this year over the same period in 1917, but the value decreased about 18 per cent.

Oil.—There were 122 more wells completed in Kansas during April than in the previous month. Because of the fact that no so-called "freak" wells—that is, wells with 10,000 or 15,000 barrels initial production—were brought in, a falling off in new production was shown, the decrease being 44 per cent from March. However, the month proved good from the standpoint that the wells completed should be longer and better producing ones than those of freak character. High prices of crude have caused renewed activity and interest in the old fields. The estimated total production of the State was 84 per cent greater than that of April, 1917.

Oklahoma completions during the month of April numbered 784, an increase of 75 over March. The new production, however, made a slight decrease of less than 1,000 barrels, or 3 per cent. Gushers were not plentiful and there were but few wells that started better than 1,000 barrels a day. The total estimated production of the State was larger than that of the previous month, but still continues slightly under last year. Stocks of crude petroleum in the Oklahoma-Kansas field at the end of March were about 500,000 barrels less than in February and have decreased nearly 7,000,000 barrels, or 6 per cent, since March, 1917.

A severe storm curtailed nearly all field operations in Wyoming. But 12 wells were completed during the month, with a new daily production of 795 barrels, as against 17 completions in March with production of 1,000 barrels per day. It is reported that large companies have become interested in the Wyoming fields and are investing great sums of money to develop the deposits. An increased future production is looked for in that State.

Lumber and construction.—Conditions are very uncertain in the lumber market at present, but there is a steady and strong demand for all kinds of lumber, which is not noticeably retarded by the high prices. It is reported that from the standpoint of wholesale dealers

conditions were never more favorable. They advise that the bulk of orders are from the country yards, and as crop conditions have greatly improved, the demand from the rural districts is expected to be heavy. Shipments from the mills continue quite slow and uncertain, although the car situation is greatly improved. This is attributed to the facts that the mills are still running on reduced operations and that long-standing orders from eastern points are being filled. Reports indicate that most of the retail dealers are carrying normal stocks.

Building permits issued in the 10 largest cities of this district for April were nearly one-fourth less in volume than those issued during the same month last year. The estimated cost of such proposed constructions was about \$2,500,000, an increase over the preceding month but a decrease of 35 per cent from April, 1917. Only 3 cities showed a gain in this month's building valuations as compared with those of the corresponding month a year ago.

Labor.—Labor conditions have been very quiet and settled. But a few small strikes were reported during the past month. Government cooperation has been extended to the State free employment bureaus. Although the demand for farm labor is steady and insistent, it is predicted that all needed hands will be secured. However, Kansas alone is reported in need of 85,000 men for farm work in the harvest season. All cities in that State are to be requested to furnish a census of their man power and its availability for a farm draft. In Nebraska, under a new law, all men over 16 years of age must register the first week in June and become liable to farm labor.

Mercantile.—General merchandise activities for the year ending April 1, 1918, compared very favorably with the annual period ending April 1, 1917. The seven States (wholly or partially within this district) show an average increase of over 2 per cent in purchases, a small decrease in indebtedness, and a gain in payment activity averaging 3.2 per cent.

The Government now plans to take over the implement control, and all dealers will go under license June 20. General reports indicate that except for harvesting machinery the present demand for farm implements is exceptionally light.

Manufacturing is active. Jobbers in all lines advise that trade is very good with a steady call for seasonable goods, greatly stimulated by warm weather. Merchants are purchasing goods for future delivery from the wholesalers. Sales of shoes are large, with higher prices predicted for next fall. Trade in groceries and drugs is normal and orders continue in good volume. Failures are few and collections fair to good.

Financial.—Receipts at the post offices in 11 of the largest cities in the district for the month of April as compared with the corresponding month last year showed a substantial increase of 28 per cent.

Bank clearings as reported in the 17 principal cities for the past month gained 47 per cent over April, 1917. The clearings at Omaha were 81.2 per cent in excess of those a year ago, the second largest increase in the entire United States.

The third Liberty loan was a great success, with a subscription of over \$4,000,000,000 from 17,000,000 persons. The Kansas City district, with a quota of \$130,000,000, subscribed over \$200,000,000, or 156 per cent of its quota, and was credited second among the 12 Federal Reserve districts.

Demands for money continue strong. Rates of discount have advanced and a new schedule with increased rates went into effect May 20.

DISTRICT NO. 11—DALLAS.

The generally favorable features which for some time past have characterized the commercial situation in this district still obtain, and with few exceptions our correspondents are optimistic concerning the business outlook in the immediate future. Farming conditions show a further improvement in the past 30 days, the result of good rains over practically all of

the agricultural belt, and the drought seems to have been broken over a large portion of the territory which has suffered for many months past. Reports as to lack of sufficient moisture are the exception at this time, rather than the rule. Farmers have planted seed and cotton and are getting fairly good stands. Corn and other feed crops are, for the most part, in good condition. The season is late on account of dry weather and the fact that the month of April was unseasonably cold. The small-grain crop shows great improvement with the fine rains, and while actual figures as to the condition of this crop at this time, as compared with 30 days ago are not at hand, we believe that the improvement will make the yield fully up to, if not exceeding, expectations.

From the rice-growing belt of south Texas our correspondents advise that the planting season has been ideal, and with anything like normal conditions the yield of rice will be unusually heavy.

Onion shipments from the Laredo section have so far aggregated about 1,200 cars. Last year's shipments amounted to about 1,800 cars. Recent rains there have damaged the crop remaining unshipped and a great many of the shipments are going to market in bad condition. The cost of production this year has been heavier than formerly, and but few of the growers will make money; many of them will sustain large losses.

Our correspondent at Nogales reports that the first shipments of chick peas (garbanzo) have arrived at that interior port, and as this is the money crop of the west coast of Mexico, and most of the growers carry their accounts with banks in that section, it will mean a considerable activity in business there. The crop of chick peas this year will be unusually large, and it is expected will be sold at satisfactory prices.

The first warm weather of the season has obtained during this month, and as the result retailers of summer merchandise have enjoyed a good business. Retail trade in other lines is also in good volume, and fully up to expecta-

tions. Wholesale lines, such as dry goods and notions, are in good demand, and wholesalers and jobbers have all the orders they can conveniently handle. In seasonal lines, such as seeds, farm implements, harvest supplies, etc., trade is unusually brisk. Activities with all manufacturing industries are well maintained, and their operations are restricted only by the continued scarcity of labor and uncertainty in delivery of raw materials. Collections are fair to good.

Subscriptions to the third Liberty loan will run slightly more than \$115,000,000. The banking institutions of this district have demonstrated their patriotism in this great movement, and notwithstanding that we are approaching the borrowing season, they have responded unselfishly to the war demands.

An early analysis of the reports of conditions from the comptroller's call of May 10 shows a decrease of deposits and increase in loans. Demand with this bank continues unusually heavy, our loans showing an increase of some \$3,000,000 in the past 30 days. Interest rates are steady to firm. Within the past 30 days a large portion of the \$5,000,000 special Government fund for drought-relief purposes has been distributed in the west and southwestern portions, and the deposits have been of great relief to the banking institutions there. The demand with banks in the west and southwest, where the drought was so serious, already heavy, has been further increased by the good rains over that territory and the necessity of financing farmers and stock men to get a new start.

The Red Cross campaign is now actively under way and we confidently believe the quota of this district will be fully raised, if not largely oversubscribed. This statement is based on the previous unselfish and patriotic response of banking institutions, firms, and individuals in this district to the Government's program.

At the risk, probably, of repetition, it may be stated that the building industry is generally inactive and below normal, a decrease in val-

uation of 29 per cent in permits issued being shown at the principal cities in the month of April. Construction of ships at Orange and Beaumont, however, has made an unusual activity at these places, and business in all lines there is at capacity, reports indicating that it is difficult to provide proper housing facilities for the influx of workmen and their families.

Reports from New Mexico indicate that cattle and sheep are in poor condition, and there will be a small crop of calves and lambs. Practically all of the range country in Texas has had good rains and the present outlook in the cattle industry in such sections is more encouraging than for some time past. Large sales of steers have been made in Arizona for June and July delivery, and with the reduction in the amount of feed necessary, the result of good rains, cattle men are more optimistic concerning the immediate future in the industry.

Post-office receipts at the principal cities of the district show an increase of 60.1 per cent for the month of April over the same month last year. This is the largest increase reported in several months.

The recent rains have created an active demand for farm labor and the shortage which has existed for several months past has grown more acute. There is no material change in the situation as regards skilled lines. There is also a fairly good demand for carpenters and other building mechanics. The general situation as regards labor in this district is indeed serious. Practically every line of business is suffering from the shortage of help, and as the harvest season approaches the situation will be intensified.

Our correspondent at Tucson reports that producers of copper in that section of Arizona are complaining on account of the maximum price of 23½ cents per pound which has been set on that metal. Owing to the increased cost of production, they claim this price leaves them no profit.

Trade with Mexico is improving, and were export and passport regulations not so rigid business would be much better. Merchants at border points are handicapped by these export regulations. This has had a tendency to reduce their volume of business, on account of the difficulty experienced in securing export licenses.

Texas lumber manufacturers report that conditions at the sawmills are such that they are able to produce only about 50 or 60 per cent of their normal capacity. Cars are in fairly good supply and very little complaint is being made on account of lack of equipment. The demand for lumber is largely in excess of production and has been for some weeks. Excepting for the scarcity of labor essential to the output of the mills, the situation in Texas lumber trade is in fairly good condition. The lumber mills of New Mexico are working to their full capacity and have more orders than they can fill.

DISTRICT NO. 12—SAN FRANCISCO.

The condition of grain in all parts of the district, except in California, is good. A larger acreage was seeded, and the increase in production will be considerable. On May 1 the condition of winter wheat in Washington, Oregon, and Idaho was better than the average for the past five years. In California wheat acreage on May 1 was 416,000, with an estimated production of 7,076,000 bushels, or 349,000 bushels less than last year. The decrease being due to lack of spring rains. In the Imperial Valley harvesting of wheat and barley has started, 100,000 tons of barley and 10,000 tons of wheat being the estimated production. Recent rains in Oregon, Washington, and Idaho have greatly improved the condition of all grains. The winter wheat acreage is estimated at 1,850,000 in Washington and 553,000 in Oregon. About 50,000 acres are planted to rye in Washington, Oregon, and Idaho, from which 896,000 bushels are expected. Hay acreage is about the same as last year and the condition is normal.

Ranges in the Pacific Northwest are in good condition, but in California, Arizona, and Nevada are rapidly drying.

Almonds, peaches, and apricots were damaged by frost in some localities, but a yield of deciduous fruit better than the average is expected. In Washington apples are in good condition, a heavy crop of most varieties being indicated. The navel orange season just closed in California was the lightest in several years, only 10,727 cars having been shipped from November 1, 1917, to April 29, 1918. Valencias are now being shipped. The crop is about three-quarters normal, and it is estimated that 12,000 cars will be shipped by October 31, 1918, bringing total shipments of citrus fruits for the season to 27,000 cars compared to 50,077 cars last season. The orange groves now have a very heavy bloom, and with favorable weather next season's crop is expected to equal if not exceed the 1916-17 bumper crop.

It is estimated that 120,000 acres will be sown to rice in California this year, compared to 90,000 acres in 1917.

Reports indicate that there will be little if any shortage of water for irrigation during the summer.

The wool markets of the district have been very unsettled, due to the uncertainty of the Government's action. The situation has cleared since May 1, through the announcement that the Government would take the entire clip at the prices prevailing in the Boston wool market last July. This will net growers from 45 to 60 cents per pound, according to the quality. The absence of speculators and buyers from the market during the past winter placed the whole burden of financing woolgrowers upon the banks, who, fortunately, through the facilities for rediscount afforded by the Federal Reserve Bank, were able to care for their requirements. The growers generally are satisfied with the prices, and wool is beginning to move in considerable quantities. The flocks came through the winter in excellent shape and a high percentage of lambs was saved. The Government report of January 1,

1918, showed an increase in flocks in Oregon, Idaho, and Washington of 2½ per cent during 1917.

Alaska salmon packers expect a normal pack of about 6,000,000 cases. The pack of red salmon on Puget Sound, Columbia River, and in British Columbia is expected to be less than 1,000,000 cases.

Conditions in the lumber industry have improved. The car supply at present is adequate, but lumbermen anticipate another car shortage in July. Two months of operation under the eight-hour law have shown 9.81 per cent decrease in output and 25 per cent increase in cost of production. The placing of 10,000 soldiers in various Oregon and Washington lumber camps had a very stabilizing influence. Agitators are not so much in evidence, and the attitude of the laborers is said to be more favorable to increased production. The placing of the Government's order for 100,000 box cars, 3,000 of which will be built in Oregon and Washington, will utilize considerable lumber from this district.

The control exercised by the United States Shipping Board over the movements of vessels and Government requisition have swept the ports of the district practically clear of vessels available for charter. The agreement with Japan whereby the Government obtains 250,000 tons of ships in exchange for an equal tonnage of ship steel will create a shortage of tonnage for oriental trade, as most of the Japanese ships will go to the Atlantic to carry men and supplies to Europe.

Steel and wooden shipbuilding continues to lead all other industries in the district. Launchings are of almost weekly occurrence, and several shipbuilding records have been broken recently. Such achievements, apart from their importance in aiding the early increase in available tonnage, illustrate the improved spirit of the workmen in the shipyards, for it is on their efforts that the shipbuilding program depends for results.

The concrete steamer *Faith* had a successful ocean trial trip on May 15 and will go to sea

loaded about May 20. The large production of cement on the Pacific coast, the California production in 1916 being 5,299,507 barrels, and the location of steel mills in each of the coast States for rolling the necessary reinforcing material make possible the economical construction of concrete ships on a large scale on this coast.

Petroleum production in California during April was 8,294,137 barrels, an increase over March of 262,260 barrels. April consumption was 8,623,006 barrels. Storage stocks decreased 328,869 barrels to 30,502,447 barrels.

The successful development of a process for extracting potash from the brine of Searles Lake, San Bernardino County, is claimed and a large plant has been erected. The previous dependence of America on Germany for this salt is shown by the following figures of imports: 1913, 267,970 tons, average price, \$38 per ton; 1916, 10,628 tons, average price, \$400 per ton.

American production in 1916 was 9,720 tons. Other sources of potash in California

are Owens Lake, Inyo County, and extensive beds of kelp off the southern California coast.

April bank clearings for 20 principal cities of the district increased 21.9 per cent over the corresponding month of 1917. The greatest gain was shown by Tacoma with 71.1 per cent, followed by Seattle with 64.2 per cent, and Portland with 41.4 per cent.

Building permits for the same cities declined 22.3 per cent.

The district's quota for the third Liberty loan was \$210,000,000, which was oversubscribed nearly 40 per cent. The total number of subscribers was far in excess of previous loans, showing a wide distribution of the bonds, and demonstrating that the people of the district are loyally supporting the conduct of the war. The position of the banks is strengthened by the heavy disbursements of the Shipping Board and other Government departments in the district, which amount to nearly \$50,000,000 per month.

The situation throughout the district is one of great industrial and agricultural activity.

GOLD SETTLEMENT FUND.

Operations through the gold settlement fund for the four-week period from April 18 to May 16, 1918, were the heaviest of any period during the current year, due largely to Government fiscal operations, including transfers of funds largely for the payment of the second issue of certificates of indebtedness maturing on May 9, and also to payment in New York exchange for Liberty loan bonds. Combined clearings and transfers for the four-week period amounted to \$3,785,405,000, averaging \$946,351,250 per week, compared with a like average of \$846,448,000 for the preceding four weeks, an increase of 11.8 per cent in the volume of average weekly transactions. Transfers of funds between the banks amounted to \$443,300,000, 67 per cent of the total representing transfers to the account of the New York bank, mainly for the credit of the Government, while transfers from New York comprised about 24 per cent of the total transfers made. Of the aggregate transfer transactions about 91 per cent affect New York's account.

Changes in the ownership of gold in the banks' fund through transfers and settlement during the four-week period amounted to 1.45 per cent of the total obligations settled, as against 3.08 per cent for the preceding four-week period. Net changes in the ownership of gold since the commencement of the operation of the fund May 20, 1915, to May 16, 1918, amount to 1.22 of the total obligations settled during the period. St. Louis and Cleveland show the largest gains through the shifting of credits in the fund, while New York and Atlanta show large decreases.

Total deposits of gold in the two funds from April 18 to May 16, principally by the Chicago and San Francisco banks and the Federal Reserve agent at Boston, amounted to \$69,668,700 against total withdrawals of gold of \$7,640,600, resulting in a net gain of \$62,028,100 in the combined funds. The combined banks' and agents' balances crossed the billion dollar mark on May 3, aggregate holdings at the close of business on that day amounting to \$1,004,331,200. On May 16 the total of the two funds was \$1,036,495,500, an increase of 28.2 per cent since January 1, 1918.

Below are given figures showing changes in the fund between April 19 and May 16, both inclusive.

Amounts of clearings and transfers through the gold settlement fund by Federal Reserve Banks from Apr. 19 to May 16, 1918, both inclusive.

[In thousands of dollars.]

	Total clearings.	Balances adjusted.	Transfers.
Settlement of—			
Apr. 25.....	897,166	74,319	75,000
May 2.....	769,773	65,998	136,000
May 9.....	819,746	64,189	81,600
May 16.....	855,420	63,530	150,700
Total.....	3,342,105	268,036	443,300
Previously reported for 1918.....	11,021,954	849,263	1,161,595
Total since Jan. 1, 1918.....	14,364,059	1,117,299	1,604,895
Total for 1917.....	24,319,200	2,154,721	2,835,504.5
			Clearings and transfers.
Total for 1918 to date.....			15,968,954
Total for 1917.....			27,154,704.5
Total for 1916.....			5,533,966
Total for 1915.....			1,052,649
Total clearings and transfers from May 20, 1915, to May 16, 1918.....			49,710,273.5

Changes in ownership of gold.

[In thousands of dollars.]

Federal Reserve Bank.	Total to Apr. 18, 1918.		From Apr. 19, 1918, to May 16, 1918, both inclusive.				Total changes from May 20, 1915, to May 16, 1918.	
	Decrease.	Increase.	Balance to credit Apr. 18, 1918, plus net deposits of gold since that date.	Balance May 16, 1918.	Decrease.	Increase.	Decrease.	Increase.
Boston.....		58,463	61,348	63,885		2,537		61,000
New York.....	570,487		53,025	22,336	30,689		601,176	
Philadelphia.....		90,258	60,802	55,729	5,073			85,185
Cleveland.....		105,657	44,444.7	60,754.7		16,310		121,967
Richmond.....	4,388		9,107.4	6,850.4	2,257		6,645	
Atlanta.....		48,979	17,679	8,993	8,686			40,283
Chicago.....		73,251	86,322	81,739	4,583			68,668
St. Louis.....		25,602	18,212	37,421		19,209		44,811
Minneapolis.....		17,122	12,180	18,572		6,392		23,514
Kansas City.....		51,259.5	39,619.2	35,848.2	3,771			47,488.5
Dallas.....		16,382.5	1,924.9	7,397.9		5,473		21,855.5
San Francisco.....		87,901	15,950	21,088		5,138		93,039
Total.....	574,875	574,875	420,614.2	420,614.2	55,059	55,059	607,821	607,821

Gold settlement fund—Summary of transactions from Apr. 19, 1918, to May 16, 1918, both inclusive.

[In thousands of dollars.]

Federal Reserve Bank of—	Balance last statement, Apr. 18, 1918.	Gold with-drawals.	Gold deposits.	Aggregate with-drawals and transfers to agent's fund.	Aggregate deposits and transfers from agent's fund.	Transfers.		Weekly settlements, Apr. 25 to May 16, 1918, both inclusive.				Balance in fund at close of business May 16, 1918.
						Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston.....	66,900		4,358	10,000	4,358	12,000	10,475	276,873	267,410	1,012	63,885	
New York.....	88,670		4,355	40,000	4,355	104,800	297,000	222,889	1,141,629	918,740	22,336	
Philadelphia.....	51,164	500	5,753	2,500	12,138	18,000	12,000	12,912	375,352	376,279	55,729	
Cleveland.....	41,289.5	1,227.3	4,382.5	1,227.3	4,382.5	62,000			234,755	313,065	60,754.7	
Richmond.....	7,501.9	2.5	4,108	2,502.5	4,108	27,000	10,000		154,495	169,238	14,743	
Atlanta.....	12,635	100	1,894	9,350	14,394	500		10,267	122,143	113,957	8,993	
Chicago.....	59,093	100	15,907	15,640	42,869	112,000	50,000		424,826	482,243	81,739	
St. Louis.....	18,368.4	994.2	1,028	8,994.2	8,337.8	13,300	6,797		218,759	224,668	37,421	
Minneapolis.....	7,480		700		4,700	1,000		4,696	107,535	110,927	18,572	
Kansas City.....	29,975.8		1,643.4		9,643.4	51,000			122,950	170,179	35,848.2	
Dallas.....	6,918.7	516.6	522.8	5,516.6	5,222.8	7,000	4,000		58,220	66,693	7,397.9	
San Francisco.....	15,533		15,017	15,000	15,417	60,000	41,000		104,568	128,706	21,088	
Total.....	405,619.3	3,440.6	59,668.7	110,730.6	125,725.5	443,300	443,300	268,036	3,342,105	3,342,105	420,614.2	

Federal Reserve agents' fund—Summary of transactions from April 19, 1918, to May 16, 1918, both inclusive.

[In thousands of dollars.]

Federal Reserve agent at—	Balance last statement, Apr. 18, 1918.	Gold with-drawals.	Gold deposits.	With-drawals for transfer to bank.	Deposits through transfers from bank.	Total with-drawals.	Total deposits.	Balance at close of business May 16, 1918.
Boston.....	11,500		10,000		10,000		20,000	31,500
New York.....	25,000				40,000		40,000	65,000
Philadelphia.....	80,619	500		6,385	2,000	6,885	2,000	75,734
Cleveland.....	70,000							70,000
Richmond.....	27,000				2,500		2,500	29,500
Atlanta.....	37,670	1,000		12,500	9,250	13,500	9,250	33,420
Chicago.....	160,315.5	500		26,962	15,540	27,462	15,540	148,393.5
St. Louis.....	34,903.6			7,809.8	8,000	7,809.8	8,000	35,093.8
Minneapolis.....	24,500	1,000		4,000		5,000		19,500
Kansas City.....	42,360			8,000		8,000		34,360
Dallas.....	584				5,000		5,000	5,584
San Francisco.....	54,396	1,200		400	15,000	1,600	15,000	67,796
Total.....	568,848.1	4,200	10,000	66,056.8	107,290	70,256.8	117,290	615,881.3

OPERATION OF THE FEDERAL RESERVE CLEARING SYSTEM, APRIL 16 TO MAY 15, 1918.

	Items drawn on banks in Federal Reserve city (daily average).		Items drawn on banks in district outside Federal Reserve city (daily average).		Items drawn on banks in other districts (daily average).	
	Number.	Amount.	Number.	Amount.	Number.	Amount.
Boston.....	5,214	\$17,029,311	42,795	\$6,165,182	4,710	\$7,795,226
New York.....	7,850	77,676,088	50,353	40,995,148	26,704	16,349,400
Philadelphia.....	13,631	20,779,211	24,702	3,759,149	11,845	12,356,958
Cleveland.....	2,021	5,074,976	27,358	19,592,562	2,294	4,281,935
Richmond.....	1,524	4,866,762	26,260	7,179,808	2,439	4,739,295
Atlanta.....	1,899	3,060,882	13,069	2,931,285	1,807	3,719,786
Chicago.....	8,533	23,131,000	24,362	6,916,000	2,131	924,000
St. Louis.....	2,055	7,576,754	16,605	5,192,516	176	1,421,098
Minneapolis.....	2,422	6,974,504	13,203	1,429,761	916	1,299,722
Kansas City.....	2,084	7,751,273	17,432	9,629,021	841	3,414,888
Dallas.....	1,050	1,326,810	13,184	4,893,863	507	892,401
San Francisco.....	1,371	3,124,814	17,738	5,410,225	518	1,228,654
Totals:						
Apr. 16 to May 15, 1918.....	49,569	178,372,385	287,061	114,099,520	54,888	58,513,363
Mar. 16 to Apr. 15, 1918.....	55,034	159,441,188	271,506	98,201,962	53,725	53,391,691
Feb. 16 to Mar. 15, 1918.....	51,408	153,701,375	259,531	113,134,162	51,259	48,556,709
Jan. 16 to Feb. 15, 1918.....	46,207	153,847,568	227,312	80,248,466	44,654	42,852,372
Dec. 16, 1917, to Jan. 15, 1918.....	48,549	148,033,108	253,458	89,065,135	49,342	52,175,578
Nov. 16 to Dec. 15, 1917.....	47,678	171,723,439	240,756	84,440,761	46,353	58,458,952
Oct. 16 to Nov. 15, 1917.....	47,574	166,552,773	232,723	64,296,210	45,393	53,089,827
Sept. 16 to Oct. 15, 1917.....	40,591	128,271,466	212,935	47,476,204	40,216	44,984,581
Aug. 16 to Sept. 15, 1917.....	36,306	100,331,694	182,191	41,323,621	32,564	40,648,168
July 16 to Aug. 15, 1917.....	36,727	98,075,919	175,625	40,353,278	31,273	37,981,022
June 16 to July 15, 1917.....	38,476	109,722,256	182,622	41,004,720	33,941	46,782,698
May 16 to June 15, 1917.....	37,898	97,322,883	179,193	38,599,461	33,150	38,314,393
Apr. 16 to May 15, 1917.....	33,767	87,370,859	171,093	36,473,163	33,428	36,836,934
Mar. 16 to Apr. 15, 1917.....	31,162	60,288,002	163,607	32,666,959	32,008	34,693,542

	Items handled by both bank and branches (daily average).		Total (exclusive of items drawn on Treasurer of United States) (daily average).		Items drawn on Treasurer of United States (daily average).		Number of member banks in district.	Number of nonmember banks on par list.
	Number.	Amount.	Number.	Amount.	Number.	Amount.		
Boston.....			52,719	\$30,989,719	4,855	\$2,729,112	414	249
New York.....			34,907	135,020,636	31,418	12,547,349	634	395
Philadelphia.....			50,178	36,895,318	4,500	1,848,904	627	319
Cleveland.....	1,214	\$7,927,197	32,837	36,876,670	1,029	858,082	775	628
Richmond.....	429	1,524,419	30,652	18,310,284	1,136	351,544	540	287
Atlanta.....	289	174,229	16,974	9,886,182	2,240	2,408,636	397	320
Chicago.....	160	348,000	35,191	31,319,000	5,952	2,320,000	1,156	2,284
St. Louis.....	228	409,213	19,064	14,599,581	4,027	757,370	484	1,002
Minneapolis.....			16,541	9,703,987	407	84,942	808	1,070
Kansas City.....	3,240	3,675,041	23,597	24,470,223	2,588	430,470	987	1,559
Dallas.....			14,741	7,208,074	1,131	288,811	675	269
San Francisco.....	2,734	1,083,505	22,361	10,847,198	1,488	6,302,965	536	1,123
Totals:								
Apr. 16 to May 15, 1918.....	8,294	15,141,604	399,812	366,126,872	60,771	30,928,185	8,113	9,475
Mar. 16 to Apr. 15, 1918.....	7,793	8,942,976	388,058	319,977,817	59,228	31,563,675	8,059	9,450
Feb. 16 to Mar. 15, 1918.....	7,700	6,413,071	369,898	321,805,317	58,991	25,827,757	8,013	9,425
Jan. 16 to Feb. 15, 1918.....	7,128	5,836,958	325,301	282,785,364	48,224	21,316,033	7,972	9,319
Dec. 16, 1917, to Jan. 15, 1918.....	7,718	3,402,035	359,087	292,585,856	38,130	21,116,293	7,909	9,268
Nov. 16 to Dec. 15, 1917.....			334,787	314,623,152	33,806	27,179,053	7,823	9,321
Oct. 16 to Nov. 15, 1917.....			325,690	283,938,810	30,426	17,496,974	7,826	9,210
Sept. 16 to Oct. 15, 1917.....			293,742	220,732,251	26,797	13,518,566	7,747	9,052
Aug. 16 to Sept. 15, 1917.....			251,061	182,305,488	23,492	11,006,515	7,718	8,934
July 16 to Aug. 15, 1917.....			243,625	176,410,219	19,533	9,701,569	7,693	8,837
June 16 to July 15, 1917.....			255,039	197,489,674	19,100	11,657,899	7,666	8,805
May 16 to June 15, 1917.....			250,241	174,236,737	16,344	4,414,508	7,651	8,789
Apr. 16 to May 15, 1917.....			238,288	160,680,956	15,925	3,597,865	7,634	8,926
Mar. 16 to Apr. 15, 1917.....			231,777	127,648,508	12,652	2,643,408	7,625	8,607

DISCOUNT OPERATIONS OF THE FEDERAL RESERVE BANKS.

Discount operations at the Federal Reserve Banks for the month of April totaled \$2,178,410,479, compared with \$759,112,515 for March and \$2,681,165,854 for October, 1917, the month preceding the closing of the second Liberty loan. Of the total discounts for the month under review, \$1,811,419,864, or 83.2 per cent, was represented by war paper, including members' collateral notes and customers' paper secured by Government war obligations, or considerably less than the corresponding amount in October of 1917. Of the total amount of war paper discounted by the banks 75 per cent is reported by the New York bank.

Discounts of member banks' notes secured by eligible paper totaled \$34,233,979, the Federal Reserve Banks at Chicago and Kansas City accounting for \$29,052,395, or about 85 per cent, of the total shown. Trade acceptances discounted during the month aggregated \$10,171,425, nearly all in the domestic trade, reported by 11 banks. Other discounts not secured by Government obligations totaled \$323,359,411, the New York and Richmond banks reporting about 54 per cent of the total. Fifteen-day paper, i. e., paper maturing within 15 days from date of discount with the Federal Reserve Bank, aggregated \$2,027,048,792, or about 93 per cent of the total discounts for the month.

By far the greater portion of the paper, namely, 86.8 per cent, was discounted at 4 per cent, which was the uniform rate charged by all the banks during the month on 15-day war paper, while the calculated average rate on paper discounted during the month by all Federal Reserve Banks was 4.23 per cent, the lowest average rate, 4.05 per cent, working out for the New York bank and the highest rate, 4.88 per cent, for the Minneapolis bank. Owing largely to the short average

maturity of the paper discounted by the New York bank, 7.22 days, the like average for all the banks works out at 11.25 days only, the Minneapolis bank, as in the case of the average discount rate, showing the highest average under this head. Further particulars along these lines, also discussion of method used in computing these averages, are found on p. 553 of this BULLETIN.

On the last Friday of the month the banks held a total of 901.7 millions of discounted paper, as against an aggregate of 583.2 millions held on the last Friday in March and of 35 millions held on the corresponding date in 1917. Of the total discounts on hand the share of war paper, i. e., member banks' collateral notes and customers' paper secured by United States war obligations, was 70.8 per cent. At the Boston bank this share was about 82 per cent and at the New York bank as high as 87.5 per cent. In addition to the discounted war paper, four banks report also about 4.2 millions of certificates of indebtedness and Liberty bonds held under 15-day repurchase agreements with nonmember institutions and included with other holdings of United States securities.

Trade acceptances on hand about the end of April show the record total of 19.2 millions, of which about 1.5 millions represent the holdings of discounted foreign-trade acceptances. All the banks except Dallas report holdings of domestic trade acceptances, the Cleveland and St. Louis banks leading in the amounts held. Agricultural paper of all maturities totaled about 9.4 millions, or about 1 per cent of the total discounts held, while live-stock paper aggregated 30.1 millions, over one-half of this amount being reported by the Kansas City bank.

Bills discounted during April, 1918, distributed by classes.

Federal Reserve Banks.	Customers' paper secured by Liberty bonds or United States certificates of indebtedness.	Member banks' collateral notes.		Trade acceptances.	All other discounts.	Total.
		Secured by Liberty bonds or United States certificates of indebtedness.	Otherwise secured.			
Boston.....	\$3,746,698	\$16,372,800	\$1,523,850	\$287,007	\$8,563,599	\$30,493,954
New York.....	11,237,688	1,355,966,810	825,000	12,696,793	89,955,026	1,460,681,317
Philadelphia.....	1,886,401	28,176,700	.....	762,997	11,556,490	42,382,588
Cleveland.....	4,704,362	54,229,800	485,000	1,890,014	28,970,605	90,279,781
Richmond.....	15,472,498	32,804,243	1,634,500	1,063,149	84,081,663	185,056,053
Atlanta.....	29,847	20,192,300	51,000	436,300	13,159,086	33,868,533
Chicago.....	743,493	83,077,500	25,902,310	314,103	15,645,774	125,683,180
St. Louis.....	180,034	37,593,791	.....	1,630,990	23,588,072	62,992,887
Minneapolis.....	8,141	9,751,600	400,234	28,039	7,695,738	17,883,752
Kansas City.....	133,516	35,695,725	3,150,085	683,886	15,111,288	54,774,500
Dallas.....	357,989	29,286,550	262,000	.....	6,464,010	36,370,549
San Francisco.....	76,078	19,695,300	.....	378,147	17,793,860	37,943,385
Total.....	38,576,745	2,172,343,119	34,233,979	10,171,425	322,585,211	2,178,410,479

¹ Including \$221,104 in the foreign trade. ² Includes \$771,700 rediscounted for nonmember banks. ³ Includes \$1,554,459 of bankers' acceptances.

Amounts of discounted paper, including member banks' collateral notes, held by each Federal Reserve Bank on the last Friday in April, 1918, distributed by classes.

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

Banks.	Agricultural paper.	Live-stock paper.	Customers' paper secured by Liberty bonds or United States certificates of indebtedness.	Member banks' collateral notes.		Trade acceptances.	All other discounts.	Total.
				Secured by Liberty bonds or United States certificates of indebtedness.	Otherwise secured.			
Boston.....	.....	.....	34,462	10,133	500	¹ 1,284	7,928	54,307
New York.....	.....	.....	81,914	297,933	154	² 3,324	50,931	434,256
Philadelphia.....	64	.....	12,177	15,629	.....	1,363	6,118	35,351
Cleveland.....	23	68	6,726	21,802	95	4,050	25,448	58,212
Richmond.....	953	25	3,490	21,430	494	1,772	19,169	47,333
Atlanta.....	210	189	54	10,223	20	873	8,837	20,406
Chicago.....	3,261	427	5,924	47,598	15,954	610	14,779	88,553
St. Louis.....	90	96	1,772	22,924	.....	2,974	15,800	43,656
Minneapolis.....	1,188	3,064	143	4,867	.....	71	5,258	14,591
Kansas City.....	624	15,355	239	14,745	2,319	2,154	8,476	43,912
Dallas.....	1,530	5,347	415	13,033	105	.....	5,737	26,167
San Francisco.....	1,436	5,577	315	10,904	.....	696	16,071	34,999
Total.....	9,379	30,148	147,631	491,221	19,641	19,171	184,552	901,743
Per cent.....	1.0	3.3	16.4	54.5	2.2	2.1	20.5	100.0

¹ Includes \$287,000 in the foreign trade.

² Includes \$1,220,000 in the foreign trade.

During the month, largely as the result of accession to membership of State banks and trust companies, the number of member banks increased from 8,083 to 8,149. The total number of member banks accommodated through discounts during April was 2,100, or 25.8 per cent of the total number of members reported at the end of the month. The following exhibit gives the number of member banks by Federal Reserve districts at the end of April and the number of discounting members for the same month:

Federal reserve district.	Number of member banks on Apr. 30.	Number of banks discounting during April.
Boston.....	416	138
New York.....	684	278
Philadelphia.....	647	135
Cleveland.....	773	118
Richmond.....	542	181
Atlanta.....	400	112
Chicago.....	1,157	237
St. Louis.....	488	112
Minneapolis.....	810	174
Kansas City.....	974	221
Dallas.....	673	234
San Francisco.....	585	160
Total.....	8,149	2,100

AVERAGE RATE AND MATURITY OF PAPER DISCOUNTED BY THE RESERVE BANKS.

Following the installation of tabulating machines, the Board is able for the first time to show average maturities and average discount rates of bills discounted during the month at all Federal Reserve Banks. For the purpose of calculating these averages the total discounts for the month were arranged into eight groups, according to rates of discount charged, and in each group the amounts of paper discounted and the corresponding unearned discount were shown. For any such group the total unearned discount multiplied by the number of days in the year (365 in the case of the New York and Boston banks and 360 in the case of the other banks), divided by the rate gives the equivalent amount, which discounted at the specified rate for one day, yields the given discount. Having found for each rate group the equivalent amount when discounted for one day, the sum of these respective amounts is the like equivalent of the total discounts at each bank and the system. Dividing this sum by the total paper discounted

the average maturity in days is obtained. The average rate is calculated by means of the formula:

$$\frac{\text{Amount} \times \text{rate} \times \text{maturity (in days)}}{\text{days in year}} = \text{discount}$$

whence,

$$\text{rate (average)} = \frac{\text{discount} \times \text{days in year}}{\text{amount} \times \text{maturity (in days)}}$$

Recalling that the amount discounted multiplied by the average maturity equals the equivalent amount discounted for one day, the formula becomes:

$$\text{rate (average)} = \frac{\text{discount} \times \text{days in year}}{\text{equivalent amount discounted for one day}}$$

In case the average maturity of the discounts included in any discount rate group is desired, it may evidently be derived by dividing the equivalent amount, which discounted at the given rate for one day yields the discount for that group, by the corresponding total discount, the result being the average maturity in days.

Bills discounted by each Federal Reserve Bank during April, 1918, distributed by rates of discount; also average maturity and rate of bills discounted by each bank during the month.

Federal Reserve Bank.	3½ per cent.		4 per cent.		4¼ per cent.		4½ per cent.		4¾ per cent.	
	Amount.	Discount.	Amount.	Discount.	Amount.	Discount.	Amount.	Discount.	Amount.	Discount.
Boston.....	\$2,692,000	\$3,993.33	\$20,599,223	\$35,053.48	\$2,508,591	\$19,068.87	\$296,807	\$2,252.61	\$3,582,581	\$30,053.13
New York.....	49,175,918	66,914.18	1,393,836,866	963,091.20	4,413,015	40,713.94	2,739,292	17,391.50	10,455,707	72,699.66
Philadelphia.....	2,442,400	3,541.55	36,418,786	51,294.47	555,281	4,941.31	1,120,515	9,042.70	1,843,152	9,100.64
Cleveland.....	3,037,500	4,267.63	60,729,862	79,153.81	12,441,985	24,935.32	6,259,884	48,274.30	7,762,755	66,088.97
Richmond.....	16,296,150	11,978.83	112,416,982	61,713.25	41,687,665	26,026.89	2,541,263	19,523.25	11,882,050	79,383.92
Atlanta.....	1,837,162	2,663.41	28,241,776	45,522.95	27,748	130.69	1,328,295	7,219.59	2,242,613	14,794.45
Chicago.....	5,866,079	7,903.29	105,670,485	167,007.71	631,292	4,889.64	1,639,393	9,614.99	7,836,235	40,572.72
St. Louis.....	4,289,000	6,819.70	47,850,033	76,493.75	133,034	1,103.58	3,136,196	19,259.83	7,149,644	42,385.64
Minneapolis.....	289,000	230.88	10,887,102	16,580.33	8,141	87.46	1,386,406	7,723.06	2,421,655	14,376.23
Kansas City.....	4,886,253	7,061.72	34,957,739	50,692.49	28,000	149.69	3,417,735	20,910.74	6,521,991	52,422.90
Dallas.....	12,101,000	17,410.84	17,915,144	28,009.06	101,541	1,078.33	2,624,875	20,050.08	846,668	4,476.50
San Francisco.....	5,018,000	7,157.42	22,145,206	36,073.16	.....	.....	1,780,251	14,266.17	7,866,978	59,406.38
Total.....	108,324,462	139,942.78	1,891,669,204	1,610,685.66	62,536,293	123,125.72	28,270,913	195,528.82	69,912,029	485,761.14

Federal Reserve Bank.	5 per cent.		5½ per cent.		5¾ per cent.		Total.		Average maturity in days.	Average rate (per cent).
	Amount.	Discount.	Amount.	Discount.	Amount.	Discount.	Amount.	Discount.		
Boston.....	\$814,752	\$7,374.89	.....	.....	.....	.....	\$30,493,954	\$97,796.31	27.16	4.31
New York.....	60,519	1,838.98	.....	.....	.....	.....	1,460,681,317	1,162,644.46	7.22	4.05
Philadelphia.....	2,454	53.41	.....	.....	.....	.....	42,382,588	77,974.08	16.08	4.12
Cleveland.....	13,761	204.39	\$34,034	\$637.33	.....	.....	90,279,781	223,551.75	20.61	4.33
Richmond.....	231,943	5,285.87	.....	.....	.....	.....	185,056,053	203,912.01	9.12	4.33
Atlanta.....	190,939	4,125.31	.....	.....	.....	.....	33,868,533	74,456.40	18.83	4.20
Chicago.....	3,582,178	37,926.19	.....	.....	\$457,518	\$3,946.58	125,685,180	276,861.12	18.63	4.26
St. Louis.....	.....	.....	.....	.....	40,980	890.16	62,992,887	146,952.66	19.83	4.24
Minneapolis.....	1,311,420	13,557.99	.....	.....	1,580,028	39,577.45	17,885,752	92,133.40	38.01	4.88
Kansas City.....	4,962,781	103,613.21	.....	.....	.....	.....	54,774,500	234,850.75	33.01	4.59
Dallas.....	2,190,182	30,425.01	.....	.....	.....	.....	36,370,549	114,650.87	24.73	4.39
San Francisco.....	.....	.....	3,150	84.22	591,139	13,201.05	37,943,385	153,553.73	31.69	4.60
Total.....	13,360,929	204,400.25	37,184	721.55	4,299,465	99,181.62	2,178,410,479	2,859,347.54	11.25	4.23

¹ Average discount rate on all paper discounted works out at 4.20 per cent, if calculated on a uniform 360-day basis, and at 4.26, if calculated on a uniform 365-day basis.

Acceptances bought in open market and held by Federal Reserve Banks as per schedules on file with the Federal Reserve Board, or as reported by the Federal Reserve Banks on dates specified, distributed by classes of accepting institutions.

Date.	Bankers' acceptances.						Trade acceptances bought in open market.	Total acceptances.
	Member banks.	Nonmember trust companies.	Nonmember State banks.	Private banks.	Foreign bank branches and agencies.	Total.		
1915.								
Feb. 22.....	\$93,000					\$93,000		\$93,000
Apr. 5.....	3,653,000	\$7,820,000	\$10,000	\$110,000		11,593,000		11,593,000
July 3.....	4,342,000	5,267,000		161,000		9,770,000		9,770,000
Oct. 4.....	9,000,000	4,898,000	132,000	343,000		14,373,000		14,373,000
1916.								
Jan. 3.....	15,494,000	7,160,000	362,000	822,000		23,838,000		23,838,000
Apr. 3.....	21,000,000	13,572,000	473,000	3,262,000		38,308,000	\$722,000	39,030,000
July 3.....	32,989,000	18,921,000	471,000	11,830,000		64,211,000	3,422,000	67,633,000
Oct. 2.....	37,798,000	21,782,000	712,000	9,944,000		70,236,000	2,306,000	72,542,000
1917.								
Jan. 1.....	66,803,000	34,625,000	1,502,000	18,224,000		121,154,000	4,585,000	125,739,000
Apr. 2.....	43,979,000	20,328,000	689,000	16,830,000	\$200,000	82,026,000	1,144,000	83,170,000
July 14-16.....	108,597,000	30,390,000	3,333,000	38,082,000	3,805,000	184,785,000	4,660,000	189,445,000
Sept. 29.....	131,997,000	14,987,000	2,193,000	21,708,000	2,286,000	173,171,000	6,942,000	180,113,000
Dec. 31.....	227,717,000	8,163,000	3,179,000	20,137,000	7,657,000	266,853,000	6,383,000	273,236,000
1918.								
Jan. 31.....	240,259,000	5,547,000	3,522,000	22,099,000	6,947,000	278,374,000	6,363,000	284,737,000
Feb. 28.....	252,747,000	1,648,000	3,856,000	28,419,000	7,097,000	293,767,000	5,456,000	299,223,000
Mar. 31.....	275,144,000	1,360,000	1,884,000	31,779,000	8,562,000	318,729,000	8,015,000	326,744,000
Apr. 30.....	248,390,000	654,000	2,907,000	25,921,000	10,304,000	288,176,000	19,279,000	297,455,000

¹ Includes \$123,000 of acceptances in the domestic trade.

Acceptances bought in open market and held by each Federal Reserve Bank on Apr. 30, 1918, distributed by classes of accepting institutions.

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

Federal reserve bank.	Member banks.	Nonmember trust companies.	Nonmember State banks.	Private banks.	Foreign banks, branches, and agencies.	Total.	Trade acceptances bought in open market.			Total acceptances.
							Domestic.	Foreign.	Total.	
Boston.....	14,203	30		1,834	575	16,732		844	844	17,576
New York.....	89,775	156	2,028	19,780	8,716	120,455		1,476	1,476	121,931
Philadelphia.....	23,936	50	346	670	315	25,317	52	27	79	25,396
Cleveland.....	18,025	200		700	480	19,405	76	177	253	19,658
Richmond.....	4,933					4,933				4,933
Atlanta.....	8,112		25	261		8,398				8,398
Chicago.....	46,177	200	50	1,211		47,638				47,638
St. Louis.....	10,697		373	299		11,371				11,371
Minneapolis.....	10,995	10		47		11,052				11,052
Kansas City.....	5,140					5,140				5,140
Dallas.....	4,455					4,455				4,455
San Francisco.....	11,852	8	83	1,119	218	13,280		6,627	6,627	19,907
Total.....	248,390	654	2,907	25,921	10,304	288,176	128	9,151	9,279	297,455

Amounts of bills discounted and acceptances and warrants bought by each Federal Reserve Bank during April, 1918, distributed by maturities.

	15-day maturities.				30-day maturities.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston.....	\$22,463,915	\$399,472	.....	\$22,863,387	\$1,679,924	\$396,690	.....	\$2,076,614
New York.....	1,435,115,707	1,336,022	.....	1,436,451,729	3,508,531	3,735,003	.....	7,243,534
Philadelphia.....	38,470,531	.....	.....	38,470,531	1,169,662	1,050,000	.....	2,219,662
Cleveland.....	65,175,448	62,247	.....	65,237,695	2,418,578	209,086	.....	2,627,664
Richmond.....	169,529,130	200,000	.....	169,729,130	2,797,187	1,495,207	.....	4,292,394
Atlanta.....	29,866,109	200,000	.....	30,066,109	1,001,917	130,000	\$32,270	1,164,187
Chicago.....	111,405,740	510,000	.....	111,915,740	2,649,097	971,500	.....	3,620,597
St. Louis.....	52,177,346	25,049	.....	52,202,395	3,702,334	293,281	.....	3,995,615
Minneapolis.....	11,170,601	.....	.....	11,170,601	669,191	417,254	.....	1,086,445
Kansas City.....	39,610,458	.....	.....	39,610,458	1,713,413	.....	.....	1,713,413
Dallas.....	29,774,697	150,000	.....	29,924,697	655,946	285,000	.....	940,946
San Francisco.....	28,114,110	.....	.....	28,114,110	518,980	1,470,252	.....	1,989,232
Total.....	2,032,873,792	2,882,790	.....	2,035,756,582	22,484,760	10,453,273	32,270	32,970,303

	60-day maturities.				90-day maturities.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston.....	\$1,805,733	\$3,888,423	.....	\$5,694,156	\$3,977,320	\$3,699,479	.....	\$7,676,799
New York.....	8,996,623	9,688,863	.....	18,685,486	12,997,341	43,192,866	.....	56,190,207
Philadelphia.....	999,088	5,231,332	.....	6,230,420	1,660,853	4,096,995	.....	5,757,848
Cleveland.....	5,304,905	779,533	.....	6,084,438	17,001,927	2,483,023	.....	19,484,950
Richmond.....	7,074,651	3,339,849	.....	10,414,500	5,320,471	3,302,269	.....	8,622,740
Atlanta.....	1,655,560	1,744,451	.....	3,400,011	1,154,876	1,341,198	\$26,000	2,522,074
Chicago.....	7,123,084	1,098,500	.....	8,221,584	4,045,741	4,505,164	.....	8,550,905
St. Louis.....	3,772,113	628,866	.....	4,400,979	3,299,648	811,794	.....	4,051,442
Minneapolis.....	3,121,582	1,090,293	.....	4,211,875	1,328,863	485,000	.....	1,813,863
Kansas City.....	3,921,187	.....	.....	3,921,187	4,587,988	100,000	.....	4,687,988
Dallas.....	1,883,212	1,475,000	.....	3,358,212	2,922,394	1,370,000	.....	4,292,394
San Francisco.....	1,886,004	2,551,610	.....	4,437,614	5,791,342	3,562,650	.....	9,353,992
Total.....	47,345,742	31,516,720	.....	78,862,462	64,008,674	68,950,438	26,000	132,985,112

	Over 90-day maturities.				Total.				Per cent.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston.....	\$567,062	\$555,000	.....	\$1,122,062	\$30,493,954	\$8,939,064	.....	\$39,433,018	77.3	22.7	.....	100
New York.....	63,115	.....	.....	63,115	1,490,681,317	57,952,754	.....	1,518,634,071	96.2	3.8	.....	100
Philadelphia.....	82,454	443,000	.....	525,454	42,382,588	10,821,327	.....	53,203,915	79.7	20.3	.....	100
Cleveland.....	378,923	30,309	.....	409,232	90,279,781	3,564,198	.....	93,843,979	96.2	3.8	.....	100
Richmond.....	334,614	697,500	.....	1,032,114	185,056,053	9,004,825	.....	194,060,878	95.4	4.6	.....	100
Atlanta.....	190,071	243,075	.....	433,146	33,868,538	3,658,724	\$58,270	37,526,527	90.1	9.7	.....	100
Chicago.....	457,513	1,600,000	.....	2,057,513	125,683,180	8,685,164	.....	134,368,344	93.5	6.5	.....	100
St. Louis.....	101,448	22,265	.....	123,713	62,892,887	1,781,255	.....	64,774,142	97.3	2.7	.....	100
Minneapolis.....	1,593,515	.....	.....	1,593,515	17,883,752	1,992,547	.....	19,876,299	90.0	10.0	.....	100
Kansas City.....	4,961,454	150,000	.....	5,111,454	54,774,500	250,000	.....	55,024,500	99.5	0.5	.....	100
Dallas.....	1,334,390	.....	.....	1,334,390	36,370,549	3,280,000	.....	39,650,549	91.7	8.3	.....	100
San Francisco.....	1,632,949	.....	.....	1,632,949	37,943,385	7,534,512	.....	45,527,897	83.3	16.7	.....	100
Total.....	11,697,511	3,711,149	.....	15,408,660	2,178,410,479	117,514,370	58,270	2,295,983,119	94.9	5.1	.....	100

Liberty loan bonds and United States certificates of indebtedness purchased under repurchase agreements during the month of April, 1918.

[Figures included with United States securities in table showing total investment operations.]

	New York.	Phila- delphia.	Cleveland.	Atlanta.	Chicago.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
Liberty bonds.....		\$245,000		\$1,844,800						\$2,089,800
Certificates of indebtedness	\$232,020,000	4,573,000	\$6,724,000	2,205,100	\$25,733,200	\$2,131,000	\$17,000	\$763,000	\$62,500	\$274,228,800
Total.....	232,020,000	4,818,000	6,724,000	4,049,900	25,733,200	2,131,000	17,000	763,000	62,500	276,318,600

¹ Includes Liberty bonds purchased by the Chicago bank under repurchase agreements.

Total investment operations of each Federal Reserve Bank during the month of April, 1918 and 1917.

Federal Reserve Bank.	Bills discount- ed for members and Federal Reserve Banks.	Bills bought in open market.			Municipal warrants.			
		Bankers' acceptances.	Trade accept- ances.	Total.	City.	State.	All other.	Total.
Boston.....	\$30,493,954	\$8,939,064		\$8,939,064				
New York.....	1,460,681,317	57,209,781	\$742,973	57,952,754				
Philadelphia.....	42,382,588	10,742,322	179,005	10,921,327				
Cleveland.....	90,279,781	3,384,061	² 180,137	3,564,198				
Richmond.....	185,056,053	9,004,825		9,004,825				
Atlanta.....	33,868,533	3,658,724		3,658,724	\$32,270		\$26,000	\$58,270
Chicago.....	125,683,180	8,685,164		8,685,164				
St. Louis.....	62,992,887	1,781,255		1,781,255				
Minneapolis.....	17,883,752	1,992,547		1,992,547				
Kansas City.....	54,774,500	250,000		250,000				
Dallas.....	36,370,549	3,280,000		3,280,000				
San Francisco.....	37,943,385	4,604,045	2,980,467	7,584,512				
Total, April, 1918.....	2,178,410,479	113,531,788	3,982,582	117,514,370	32,270		26,000	58,270
Total, April, 1917.....	50,055,801	41,019,251	293,440	41,312,691	266,433		13,853	280,286

Federal Reserve Bank.	United States securities.							Total investment opera- tions.	
	2 per cent.	3 per cent.	3½ per cent.	4 per cent.	1-year Treasury notes.	United States certificates of indebtedness.	Total.	April, 1918.	April, 1917. ³
Boston.....								\$39,433,018	\$11,194,509
New York.....						\$232,088,000	\$232,088,000	1,750,722,071	12,126,638
Philadelphia.....				\$245,000		7,712,500	7,957,500	61,161,415	7,789,935
Cleveland.....						9,214,500	9,214,500	103,058,479	12,397,954
Richmond.....								194,060,878	17,850,227
Atlanta.....			\$467,000	1,577,900		2,205,100	4,250,000	41,835,527	3,638,069
Chicago.....						\$25,888,200	\$25,888,200	160,253,544	6,113,932
St. Louis.....								64,774,142	6,188,527
Minneapolis.....			272,850	671,150		32,976,000	33,920,000	53,796,209	10,177,577
Kansas City.....						1,334,500	1,334,500	56,359,000	1,089,700
Dallas.....						973,000	973,000	40,623,549	2,333,321
San Francisco.....			5,250	400		3,019,500	3,025,150	48,553,047	4,877,429
Total, 1918.....			745,100	2,494,450		315,411,300	318,650,850	2,614,633,969	
Total, 1917.....	\$2,867,040	\$3,000			\$1,220,000		4,090,040		\$ 95,738,818

¹ \$51,824 in the domestic trade.
² \$109,345 in the domestic trade.

³ Exclusive of purchases of United States certificates of indebtedness.
⁴ Includes United States bonds purchased under repurchase agreements.

United States securities held by each Federal Reserve Bank on Apr. 30, 1918, distributed by maturities.

Federal Reserve Banks.	United States bonds with circulation privilege.				Other United States securities including 1 year Treasury Notes and Treasury Certificates of Indebtedness available as security for Federal Reserve bank notes under Silver Act of April 23, 1918.						Total.
	2 per cent consols of 1930.	2 per cent Panamas of 1936-1938.	3 per cent loan of 1918.	4 per cent loan of 1925.	3 per cent conversion bonds of 1946-47.	3 per cent 1-year Treasury notes.	3 per cent loan of 1961.	3½ per cent Liberty loan of 1947.	4 per cent Liberty loan of 1942-1947.	Treasury certificates of indebtedness.	
Boston.....	\$750				\$529,000	\$1,416,000		\$60,000	\$141,450	\$5,000	\$2,152,200
New York.....	50		\$50,000		1,255,400	2,226,000		268,250	15,003	63,000	3,807,700
Philadelphia.....		\$100			549,200	1,537,000		11,850	1,419,250	2,397,500	5,814,900
Cleveland.....			2,659,660	\$2,378,200	414,800	2,660,000		1,966,900	374,550	8,444,000	18,892,110
Richmond.....	915,100	237,000			10,300	1,513,000		42,850	37,750	10,000	2,755,700
Atlanta.....	440,600	21,000			835,500	1,141,000		13,650	241,750	85,000	1,953,300
Chicago.....	1,892,500	367,300	2,581,000	1,768,000	427,490	2,962,000	\$400		83,050	1,799,000	11,850,650
St. Louis.....	100		1,080,000		1,153,300	511,000					2,744,400
Minneapolis.....	304,300	16,260	1,199,180	209,250	114,800	880,000	500	109,500	45,550	646,500	3,522,840
Kansas City.....	7,155,850	22,240		825,000	835,500	1,374,000		7,500	13,100	3,276,000	13,512,190
Dallas.....	2,450,900	281,500			1,233,600	1,430,000		1,100	2,500	1,202,000	6,601,600
San Francisco.....	2,428,750					1,500,000		21,500	10,850	473,000	4,434,100
Total.....	15,558,900	945,400	7,563,840	5,177,450	6,526,300	19,150,000	900	2,501,100	2,384,800	18,431,000	78,241,690

¹ Includes United States bonds purchased from banks under 15-day repurchase agreements. Total United States bonds with circulation privilege, \$29,245,590. Other United States securities, \$43,996,100.

Number of banks and of other subscribers, also amounts subscribed, to the 6 issues of certificates of indebtedness preceding the third Liberty loan.

Federal Reserve Bank.	National banks.			State banks.			Trust companies.			Other banks.		
	Number subscribing.	Per cent of total in district.	Amount.	Number subscribing.	Per cent of total in district.	Amount.	Number subscribing.	Per cent of total in district.	Amount.	Number subscribing.	Per cent of total in district.	Amount.
Boston.....	350	88.16	\$136,172,500				193	75.40	\$72,472,500	70	17.16	\$5,709,000
New York.....	579	92.94	723,314,500	208	90.83	\$90,233,000	182	91.92	407,380,000	71	39.66	10,660,000
Philadelphia.....	578	90.31	123,319,500				200	68.26	61,990,000	113	45.56	8,685,000
Cleveland.....	737	98.53	139,810,500	787	94.36	36,204,000	219	94.80	60,636,500			
Richmond.....	342	64.04	43,115,000	448	54.57	15,521,000	71	36.41	17,058,000			
Atlanta.....	332	87.36	44,019,000	843	52.43	34,502,000	7	70.00	713,500			
Chicago.....	914	77.85	159,931,000				3,627	84.17	159,875,000			
St. Louis.....	458	97.03	64,025,500	1,623	74.04	46,194,000	176	78.22	20,281,500	119	50.85	2,566,500
Minneapolis.....	469	60.91	54,223,500	1,178	40.55	32,468,000						
Kansas City.....	838	89.53	80,274,500	2,066	67.63	33,781,500	52	61.90	8,593,000			
Dallas.....			55,964,000						122,790,500			2,740,500
San Francisco.....	497	92.72	93,969,500	823	67.96	50,566,500	72	77.42	23,145,000			
Total.....			1,718,139,000			339,470,000			854,935,500			30,361,000

Federal Reserve Bank.	Individuals, corporations, etc.		Total.			
	Number subscribing.	Amount.	Number of banks subscribing.	Per cent of total.	Number of individuals, corporations, etc., subscribing.	Amount.
Boston.....	12	\$63,000	613	57.77	12	\$214,417,000
New York.....	170	23,720,500	1,040	84.63	170	1,255,308,000
Philadelphia.....	148	2,505,500	896	75.17	148	196,500,000
Cleveland.....	49	1,382,500	1,743	96.14	49	238,033,500
Richmond.....	8	135,500	861	40.52	8	75,829,500
Atlanta.....	14	338,500	1,182	82.43	14	79,573,000
Chicago.....	189	5,549,000	4,541	82.82	189	325,355,000
St. Louis.....	18	517,000	2,376	76.07	18	133,584,500
Minneapolis.....	164	2,498,000	1,647	44.83	164	289,350,000
Kansas City.....	502	5,875,500	2,956	72.53	502	128,524,500
Dallas.....		9,430,000				90,925,000
San Francisco.....	228	5,109,500	1,392	75.65	228	172,790,500
Total.....		57,124,500				3,000,190,500

¹ Include figures for State banks.

² Includes \$160,500 purchased by the Federal Reserve Bank of Minneapolis.

NOTE.—Figures by the several classes of banks are only approximately correct, since in some States no distinction is made between the several classes of banks operating under State laws.

RESOURCES AND LIABILITIES OF FEDERAL RESERVE BANKS.

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve system at close of business on Fridays, May 3 to 24, 1918.

RESOURCES.

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

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	At- lanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Franc- isco.	Total.
Gold coin and certifi- cates in vault:													
May 3.....	9,688	345,677	9,176	26,547	6,369	6,490	30,053	1,604	14,027	358	5,063	27,780	482,832
May 10.....	10,393	345,459	9,255	23,050	6,417	6,604	30,622	2,019	11,857	337	5,153	29,384	480,580
May 17.....	5,276	343,267	9,190	24,645	6,336	6,615	23,873	2,212	10,738	554	5,205	31,613	479,529
May 24.....	2,879	351,319	9,167	25,633	6,369	6,633	23,276	1,906	8,371	390	5,405	32,142	478,460
Gold settlement fund, Federal Reserve Board:													
May 3.....	60,554	78,084	53,022	51,805	9,388	13,903	81,512	18,537	11,184	32,730	6,135	20,917	437,771
May 10.....	61,046	68,797	57,572	49,274	14,710	11,162	61,036	23,118	14,098	45,793	7,054	23,784	437,444
May 17.....	60,985	39,336	52,729	60,844	18,710	10,068	80,016	32,421	18,572	21,371	7,397	15,888	418,337
May 24.....	60,927	39,583	40,537	54,544	23,224	15,224	81,869	23,784	18,520	23,344	8,438	17,773	407,767
Gold with foreign agencies:													
May 3.....	3,675	18,112	3,675	4,725	1,837	1,575	7,350	2,100	2,100	2,625	1,838	2,888	52,500
May 10.....	3,675	18,112	3,675	4,725	1,837	1,575	7,350	2,100	2,100	2,625	1,838	2,888	52,500
May 17.....	3,675	18,112	3,675	4,725	1,837	1,575	7,350	2,100	2,100	2,625	1,838	2,888	52,500
May 24.....	3,675	18,112	3,675	4,725	1,837	1,575	7,350	2,100	2,100	2,625	1,838	2,888	52,500
Gold with Federal Reserve agents:													
May 3.....	48,166	238,514	82,702	95,940	31,321	31,369	141,601	29,734	35,007	45,126	14,248	68,568	862,296
May 10.....	48,116	248,154	83,735	100,073	31,200	33,354	146,376	29,037	34,875	37,032	19,220	73,955	885,027
May 17.....	63,213	247,839	82,796	98,204	31,096	37,345	148,713	42,003	34,804	36,979	19,193	73,351	915,337
May 24.....	63,163	247,502	83,661	107,630	32,957	37,838	152,251	41,131	34,672	36,936	19,163	73,277	930,181
Gold redemption fund:													
May 3.....	2,000	9,945	2,500	553	996	1,543	1,665	1,537	1,702	808	1,263	29	24,541
May 10.....	2,000	12,500	2,500	695	917	1,635	1,768	1,529	1,773	788	1,262	167	27,584
May 17.....	2,000	12,500	3,000	836	855	1,648	1,986	1,722	1,902	777	1,260	16	28,502
May 24.....	2,000	12,500	3,000	1,177	755	1,799	2,090	1,715	1,984	758	1,259	78	29,115
Total gold reserves:													
May 3.....	124,083	690,332	151,075	179,570	49,911	54,880	262,181	53,512	64,020	81,647	28,547	120,182	1,859,940
May 10.....	125,230	693,022	156,767	177,817	55,081	54,330	247,152	57,303	64,703	86,575	34,527	130,078	1,883,135
May 17.....	135,149	666,054	151,390	189,254	58,834	57,251	266,943	80,458	68,116	62,306	34,893	123,756	1,894,404
May 24.....	132,644	669,016	140,040	193,709	65,142	63,069	271,836	70,636	65,647	64,023	36,103	126,158	1,898,023
Legal tender notes, silver, etc.:													
May 3.....	2,067	44,796	1,585	500	374	863	4,485	1,853	70	347	2,797	306	60,043
May 10.....	2,484	42,881	1,469	549	398	802	5,572	1,835	105	296	2,778	196	59,365
May 17.....	2,561	42,865	1,324	629	426	717	4,627	1,692	67	294	2,850	363	58,308
May 24.....	2,709	41,658	1,291	482	441	942	4,980	1,771	133	415	2,909	302	58,033
Total cash reserves:													
May 3.....	126,150	735,128	152,660	180,070	50,285	55,743	266,656	55,365	64,090	81,994	31,344	120,488	1,919,983
May 10.....	127,714	735,903	158,236	178,366	55,479	55,182	252,724	59,638	64,808	86,871	37,305	130,274	1,942,500
May 17.....	137,710	708,919	152,714	189,893	59,260	57,968	271,463	82,150	68,183	62,600	37,743	124,119	1,952,712
May 24.....	135,353	710,674	141,331	194,191	65,583	64,011	276,816	72,407	65,780	64,438	39,012	126,460	1,956,056
Bills discounted for members and Fed- eral Reserve Banks:													
May 3.....	52,082	401,092	39,308	54,888	51,201	24,194	83,868	40,245	17,058	46,404	26,518	36,584	873,442
May 10.....	50,265	450,024	38,429	55,149	51,637	24,073	87,882	43,852	20,910	51,325	27,705	37,790	939,041
May 17.....	36,049	368,714	36,276	64,104	46,333	21,303	83,989	29,150	22,024	69,067	27,133	38,123	842,265
May 24.....	41,277	442,175	40,690	54,018	46,058	23,814	80,771	30,814	24,051	71,577	28,160	39,894	923,299
Bills bought in open market:													
May 3.....	18,618	124,463	23,933	18,022	5,020	8,027	47,356	10,944	10,684	3,507	4,960	21,495	297,029
May 10.....	18,862	126,650	25,727	14,417	5,695	6,885	45,665	8,999	10,128	2,604	1,555	18,849	286,036
May 17.....	21,037	130,439	26,956	13,480	1,893	5,567	42,627	7,697	7,116	2,041	845	20,188	279,866
May 24.....	22,314	138,983	23,438	10,827	2,494	4,569	41,011	6,955	4,745	1,446	770	20,669	278,221
United States Gov- ernment long-term securities:													
May 3.....	731	1,586	1,905	7,788	1,233	727	7,691	2,233	1,996	8,863	3,969	2,461	41,183
May 10.....	616	1,577	1,347	7,800	1,234	926	7,161	2,233	1,915	8,865	3,981	2,461	40,116
May 17.....	616	1,575	1,347	7,800	1,234	726	7,335	2,233	1,869	8,864	3,981	3,461	41,041
May 24.....	616	2,756	1,347	7,800	1,234	730	7,200	2,233	1,845	8,864	3,981	3,461	42,067
United States Gov- ernment short-term securities:													
May 3.....	1,421	2,519	3,409	11,211	1,523	1,314	3,638	511	1,496	4,644	2,632	2,060	36,378
May 10.....	1,421	77,335	2,390	9,337	1,523	1,324	3,517	511	1,217	4,571	1,896	1,720	106,762
May 17.....	1,421	43,475	2,330	9,387	1,523	1,205	3,165	511	1,430	4,433	1,936	2,227	73,043
May 24.....	1,421	3,475	2,321	9,822	1,523	1,205	3,189	511	1,314	4,398	1,750	1,547	32,476

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve system at close of business on Fridays, May 3 to 24, 1918—Continued.

RESOURCES—Continued.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
All other earning assets:													
May 3.....						83	246	425	218	72	1,432	61	2,537
May 10.....						55	231	201	152	35	1,135	35	1,844
May 17.....						53		124	122	23	1,131	39	1,492
May 24.....						53	90	58	84	23	823	20	1,151
Total earning assets:													
May 3.....	72,852	529,660	68,555	91,909	58,977	34,345	142,799	54,358	31,452	63,490	39,511	62,661	1,250,569
May 10.....	71,164	655,586	67,893	86,703	60,089	33,263	144,456	55,796	34,322	67,400	36,272	60,855	1,373,799
May 17.....	59,123	544,203	66,909	94,771	50,983	28,854	137,116	39,715	32,561	84,428	35,026	64,038	1,237,727
May 24.....	65,628	587,389	67,796	82,467	51,309	30,371	132,261	40,571	32,039	86,308	35,484	65,591	1,277,214
Due from other Federal Reserve Banks, net:													
May 3.....	621				1,683		4,403	4,130	3,767	7,280			23,080
May 10.....	1,698			8,202		8,816	21,599	8,496	6,281	7,972			6,494
May 17.....		427	1,856			10,159	7,870		4,032	6,420		283	11,882
May 24.....	3,746		10,484				12,897	5,959	2,263	1,570			14,033
Uncollected items:													
May 3.....	26,526	85,105	48,278	33,397	27,955	27,247	51,027	36,078	10,392	19,276	16,761	17,643	399,585
May 10.....	23,216	77,358	42,860	49,701	41,194	29,175	50,307	49,643	14,638	38,104	18,072	27,952	462,220
May 17.....	33,843	73,208	40,818	37,171	27,884	21,201	45,854	43,383	8,423	16,728	15,915	19,963	384,391
May 24.....	22,506	69,355	42,869	42,338	26,186	23,558	41,269	30,190	9,599	22,218	17,864	17,488	365,440
Total deductions from gross deposits:													
May 3.....	27,147	85,105	48,278	33,397	29,638	27,247	55,430	40,208	14,159	26,556	16,761	17,643	376,605
May 10.....	24,914	77,358	42,860	57,903	41,194	37,991	71,906	58,139	20,919	46,076	18,072	27,952	455,726
May 17.....	33,843	73,635	42,674	37,171	27,884	31,360	53,724	43,383	12,455	23,148	15,915	20,246	382,509
May 24.....	26,252	69,355	53,353	42,338	26,186	23,558	54,166	36,149	11,862	23,788	17,864	17,488	351,407
5 per cent redemption fund against Federal Reserve bank notes:													
May 3.....										400	137		537
May 10.....										267	137		404
May 17.....										393	137		530
May 24.....										400	137		537
All other resources:													
May 3.....			318			11							329
May 10.....			65			1							66
May 17.....			77										77
May 24.....			89										89
Total resources:													
May 3.....	226,149	1,349,893	269,811	305,376	138,900	117,346	464,895	149,931	109,701	172,440	87,753	200,792	3,548,023
May 10.....	223,792	1,468,847	269,054	322,972	156,762	126,437	469,086	173,573	120,049	200,614	91,785	219,081	3,772,495
May 17.....	230,676	1,326,757	262,374	321,825	138,127	118,182	462,393	165,248	113,199	170,569	88,821	208,403	3,573,555
May 24.....	227,233	1,367,418	262,569	318,996	143,078	117,940	463,243	149,127	109,681	174,934	92,497	209,539	3,585,303

¹ Difference between net amounts due from and net amounts due to other Federal Reserve Banks = net amount 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, May 3 to 24, 1918—Continued.

LIABILITIES.

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

	Boston.	New York.	Phila- delphia.	Cleve- land.	Rich- mond.	At- lanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
Capital paid in:													
May 3.....	6,458	19,698	6,909	8,504	3,801	2,965	9,715	3,520	2,771	3,472	2,928	4,308	75,049
May 10.....	6,460	19,736	6,909	8,508	3,803	2,977	9,707	3,524	2,773	3,471	2,938	4,312	75,118
May 17.....	6,460	19,754	6,938	8,536	3,811	3,016	9,730	3,523	2,777	3,490	2,950	4,330	75,315
May 24.....	6,466	19,754	6,938	8,536	3,811	3,019	9,737	3,623	2,782	3,500	2,967	4,332	75,465
Surplus:													
May 3.....	75	649	.....	.....	116	40	216	.....	38	.....	.....	.....	1,134
May 10.....	75	649	.....	.....	116	40	216	.....	38	.....	.....	.....	1,134
May 17.....	75	649	.....	.....	116	40	216	.....	38	.....	.....	.....	1,134
May 24.....	75	649	.....	.....	116	40	216	.....	38	.....	.....	.....	1,134
Government deposits:													
May 3.....	3,877	7,496	12,415	8,525	4,212	5,050	8,715	5,877	5,105	3,786	3,516	5,314	73,888
May 10.....	1,661	33,028	1,945	27,778	9,436	4,470	8,250	20,670	3,544	6,807	1,834	14,056	138,529
May 17.....	2,230	2,074	1,428	9,581	224	4,519	4,460	4,369	8,886	3,674	2,294	5,014	48,753
May 24.....	11,728	12,142	10,696	19,194	4,247	4,892	9,498	12,615	9,879	9,818	7,717	9,924	122,350
Due to members—re- serve account:													
May 3.....	94,399	639,907	87,598	108,305	44,723	37,369	189,007	51,148	41,648	72,552	37,745	70,117	1,474,518
May 10.....	94,501	675,135	109,784	117,703	44,413	40,386	192,555	49,660	42,706	64,637	41,164	75,493	1,548,137
May 17.....	92,892	625,718	95,986	113,581	43,323	38,428	184,337	49,339	39,503	67,676	38,657	71,698	1,461,138
May 24.....	87,830	628,517	88,711	108,184	42,248	37,398	185,287	47,684	38,614	66,701	36,876	68,284	1,436,284
Collection items:													
May 3.....	17,972	61,047	38,520	24,234	19,376	12,471	24,920	24,705	5,062	13,208	5,496	10,582	257,598
May 10.....	18,129	57,052	23,183	22,990	31,789	21,069	23,546	34,913	11,177	45,223	6,963	13,739	309,773
May 17.....	22,434	59,039	31,332	31,003	20,715	14,211	26,265	33,977	7,414	14,593	5,373	15,119	282,475
May 24.....	17,734	54,145	27,810	28,728	17,362	14,377	22,563	21,374	4,094	13,644	7,394	13,263	242,488
Due to other Federal Reserve Banks, not:													
May 3.....	.....	22,091	285	13,540	.....	1,669	.....	.....	.....	.....	2,592	4,787	.....
May 10.....	.....	62,457	1,992	.....	391	.....	.....	.....	.....	.....	.....	763	.....
May 17.....	3,278	.....	.....	15,260	1,657	.....	.....	8,625	.....	.....	4,109	.....	.....
May 24.....	.....	37,552	.....	2,349	6,892	412	.....	.....	.....	.....	3,679	68	.....
Other deposits, includ- ing foreign govern- ment credits:													
May 3.....	.....	85,627	.....	259	.....	177	1,808	30	14	.....	.....	3,663	31,563
May 10.....	.....	102,566	.....	266	.....	5	3,214	61	40	.....	.....	4,459	110,611
May 17.....	.....	104,137	.....	244	.....	16	5,336	469	17	.....	.....	4,377	114,596
May 24.....	.....	100,312	.....	174	.....	17	3,154	35	19	.....	.....	4,192	107,903
Total gross deposits:													
May 3.....	116,248	816,168	138,818	154,863	68,311	56,736	224,445	81,750	51,829	80,546	49,349	94,463	1,897,562
May 10.....	114,291	930,238	136,904	168,737	86,079	65,930	227,565	105,304	62,467	116,667	53,916	108,510	2,107,050
May 17.....	120,834	790,968	128,746	169,669	65,919	57,174	220,398	96,779	55,820	85,943	51,433	96,208	1,906,962
May 24.....	117,292	832,668	127,217	158,629	70,749	57,096	220,502	81,708	52,606	90,163	55,666	95,681	1,909,025
Federal Reserve notes in actual circulation:													
May 3.....	102,547	508,560	124,084	141,306	66,558	57,605	229,526	64,124	54,779	70,531	35,207	101,833	1,556,660
May 10.....	102,484	511,004	125,241	145,092	66,658	57,490	230,506	64,198	54,440	71,741	34,740	106,024	1,569,613
May 17.....	102,818	507,826	126,690	142,917	67,981	57,952	230,818	64,446	54,213	72,112	34,131	107,541	1,569,445
May 24.....	102,898	506,342	128,414	150,987	68,281	57,780	231,690	63,276	53,887	72,299	33,557	109,210	1,578,621
Federal Reserve bank notes in circulation— net liability:													
May 3.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	7,980	.....	.....	7,980
May 10.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	7,878	.....	.....	7,878
May 17.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	7,878	.....	.....	7,878
May 24.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	7,764	.....	.....	7,764
All other liabilities:													
May 3.....	821	4,818	.....	703	114	.....	993	537	284	911	269	188	9,638
May 10.....	482	7,220	.....	635	106	.....	1,092	547	331	857	192	235	11,697
May 17.....	489	7,560	.....	703	300	.....	1,141	500	351	1,146	307	324	12,821
May 24.....	502	8,005	.....	844	121	5	1,098	520	368	1,208	307	316	13,294
Total liabilities:													
May 3.....	226,149	1,349,893	269,811	305,376	138,900	117,346	464,895	149,931	109,701	172,440	87,753	200,792	3,548,023
May 10.....	223,792	1,468,847	269,054	322,972	156,762	126,437	469,086	173,573	120,049	200,614	91,786	219,081	3,772,495
May 17.....	230,676	1,326,757	262,374	321,825	138,127	118,182	462,303	165,243	113,199	170,569	85,821	208,403	3,573,555
May 24.....	227,233	1,367,418	262,569	313,996	143,078	117,940	463,243	149,127	109,681	174,934	92,497	209,539	3,585,303

FEDERAL RESERVE NOTES.

Federal Reserve note account of each Federal Reserve Bank at close of business on Fridays, May 3 to 24, 1918.

[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 Fran- cisco.	Total.
Federal Reserve notes received from agent— net:													
May 3.....	106,166	553,988	129,422	149,740	77,635	59,610	245,776	67,826	55,853	76,914	35,686	112,552	1,671,168
May 10.....	107,556	569,048	137,855	153,173	77,480	59,446	250,551	67,129	56,021	77,862	35,462	115,939	1,707,522
May 17.....	107,863	565,212	136,916	152,804	78,674	60,007	252,888	69,435	56,150	77,921	34,675	117,695	1,710,240
May 24.....	107,813	566,156	138,281	159,250	79,868	59,719	256,426	68,563	56,018	77,964	33,806	120,821	1,724,685
Federal Reserve notes held by banks:													
May 3.....	3,619	45,428	5,338	8,434	11,077	2,005	16,250	3,702	1,074	6,383	479	10,719	114,508
May 10.....	5,072	58,044	12,614	8,081	10,822	1,956	20,045	2,931	1,581	6,121	722	9,915	137,904
May 17.....	5,045	57,386	10,226	9,887	10,693	2,055	22,070	4,989	1,937	5,809	544	10,154	140,795
May 24.....	4,915	59,814	9,867	8,263	11,587	1,989	24,736	5,287	2,131	5,665	249	11,611	146,064
Federal Reserve notes in actual circulation:													
May 3.....	102,547	508,560	124,084	141,306	66,558	57,605	229,526	64,124	54,779	70,531	35,207	101,833	1,556,660
May 10.....	102,484	511,004	125,241	145,092	66,658	57,490	230,506	64,198	54,440	71,741	34,740	106,024	1,569,618
May 17.....	102,318	507,826	126,690	142,917	67,981	57,952	230,818	64,446	54,213	72,112	34,131	107,541	1,569,445
May 24.....	102,898	506,342	128,414	150,987	68,281	57,780	231,690	63,276	53,887	72,299	33,557	109,210	1,578,621
Gold deposited with or to credit of Fed- eral Reserve agent:													
May 3.....	48,166	238,514	82,702	95,940	31,321	31,369	141,601	29,734	35,007	45,126	14,248	68,568	862,296
May 10.....	48,116	248,154	83,735	100,073	31,200	33,354	146,376	29,037	34,875	37,032	19,220	73,855	885,027
May 17.....	63,213	247,839	82,796	98,204	31,096	37,345	148,713	42,003	34,804	36,979	19,193	73,351	915,536
May 24.....	63,163	247,502	83,661	107,630	32,957	37,838	152,251	41,131	34,672	36,936	19,163	73,277	930,181
Paper delivered to Federal Reserve agent:													
May 3.....	70,700	525,555	60,240	72,910	55,055	28,679	120,460	46,232	26,383	34,763	31,478	45,554	1,118,009
May 10.....	69,127	576,674	58,406	69,556	57,051	26,533	124,237	44,670	27,752	49,170	29,260	45,620	1,178,056
May 17.....	57,086	499,153	56,411	77,584	45,479	22,746	121,289	30,827	27,992	66,263	27,978	48,287	1,081,095
May 24.....	63,591	581,158	58,959	64,845	47,867	22,675	114,040	29,424	25,385	68,476	28,930	50,527	1,155,877

Federal Reserve note account of each Federal Reserve agent at close of business on Fridays, May 3 to 24, 1918.

[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 Francisco.	Total.
FEDERAL RESERVE NOTES.													
Received from Comptroller:													
May 3.....	149,560	841,480	184,200	181,560	102,800	91,620	304,920	88,900	73,980	100,700	68,500	121,280	2,309,560
May 10.....	149,560	853,080	184,200	183,960	103,060	91,620	312,320	88,600	73,980	101,700	68,500	124,880	2,335,760
May 17.....	149,560	866,280	190,200	186,160	105,060	92,020	313,320	88,900	73,980	101,700	68,500	127,140	2,362,820
May 24.....	152,580	866,280	190,200	189,760	106,860	92,740	317,520	92,200	73,980	101,700	68,500	130,340	2,382,660
Returned to Comptroller:													
May 3.....	26,474	177,292	27,838	14,180	19,575	15,315	14,584	12,444	12,632	16,026	15,014	8,728	360,102
May 10.....	27,084	181,832	28,805	14,547	19,870	15,629	15,289	13,141	12,764	16,328	15,238	8,941	369,468
May 17.....	27,777	185,668	29,744	14,916	20,186	15,888	15,953	13,175	12,835	16,469	15,325	9,445	377,381
May 24.....	28,827	189,924	30,879	15,490	20,792	16,896	16,974	14,047	13,307	17,026	15,394	9,519	389,075
Chargeable to Federal Reserve agent:													
May 3.....	123,086	664,188	156,362	167,380	83,285	76,305	290,336	76,456	61,348	84,674	53,486	112,552	1,949,458
May 10.....	122,476	671,248	155,395	169,413	83,190	75,991	297,031	75,759	61,216	85,372	53,262	115,939	1,966,292
May 17.....	121,783	680,612	160,456	171,244	84,874	76,132	297,367	75,725	61,145	85,231	53,175	117,695	1,985,439
May 24.....	123,753	676,356	159,321	174,270	86,068	75,844	300,546	78,153	60,673	84,674	53,106	120,821	1,993,585
In hands of Federal Reserve agent:													
May 3.....	16,920	110,200	26,940	17,640	5,650	16,695	44,560	8,630	5,495	7,760	17,800	.....	278,260
May 10.....	14,920	102,200	17,540	16,240	5,710	16,545	46,480	8,630	5,195	7,510	17,800	.....	238,770
May 17.....	13,920	115,400	23,540	18,440	6,200	16,125	44,479	6,290	4,995	7,310	18,500	.....	275,199
May 24.....	15,940	110,200	21,040	15,020	6,200	16,125	44,120	9,590	4,655	6,710	19,300	.....	268,900
Issued to Federal Reserve Bank, less amount returned to Federal Reserve agent for redemption:													
May 3.....	106,166	553,988	129,422	149,740	77,635	59,610	245,776	67,826	55,853	76,914	35,686	112,552	1,671,168
May 10.....	107,556	569,048	137,855	153,173	77,480	59,446	250,551	67,129	56,021	77,862	35,462	115,939	1,707,522
May 17.....	107,863	565,212	136,916	152,804	78,674	60,007	252,888	69,435	56,150	77,921	34,675	117,695	1,710,240
May 24.....	107,813	566,156	138,281	159,250	79,868	59,719	256,426	68,563	56,018	77,964	33,806	120,821	1,724,685
Collateral held as security for outstanding notes:													
Gold coin and certificates on hand—													
May 3.....	31,000	173,251	.....	18,518	.....	2,503	.....	.....	13,102	.....	11,581	.....	249,955
May 10.....	31,000	173,248	.....	22,018	.....	2,503	.....	.....	13,102	.....	11,581	.....	253,452
May 17.....	16,000	173,247	.....	20,517	.....	2,503	.....	.....	13,102	.....	11,581	.....	236,950
May 24.....	12,000	169,745	.....	19,518	.....	2,503	.....	.....	13,102	.....	11,581	.....	228,449
In gold redemption fund—													
May 3.....	5,666	10,263	6,743	7,422	1,821	1,996	248	1,976	2,405	2,766	2,083	5,672	49,061
May 10.....	5,616	9,906	6,646	8,055	1,700	1,681	548	1,943	2,273	2,672	2,055	5,459	48,554
May 17.....	5,713	9,592	7,062	7,687	1,596	2,422	319	1,909	2,202	2,619	2,028	6,855	50,004
May 24.....	5,663	12,767	6,957	8,112	1,457	2,415	112	2,182	2,070	2,576	1,998	6,781	53,080
Gold settlement fund, Federal Reserve Board—													
May 3.....	11,500	55,000	75,959	70,000	29,500	26,870	141,353	27,758	19,500	42,360	584	62,896	563,280
May 10.....	11,500	65,000	77,089	70,000	29,500	29,170	145,828	27,094	19,500	34,360	5,584	68,396	583,021
May 17.....	41,500	65,000	75,734	70,000	29,500	32,420	148,394	40,094	19,500	34,360	5,584	66,496	628,582
May 24.....	45,500	65,000	76,704	80,000	31,500	32,920	152,139	38,949	19,500	34,360	5,584	66,496	648,652
Eligible paper, minimum required—													
May 3.....	58,000	315,474	46,720	53,800	46,314	28,241	104,175	38,092	20,846	31,788	21,438	43,984	808,372
May 10.....	59,440	320,894	54,120	53,100	46,280	26,092	104,175	38,092	21,146	40,830	16,242	42,084	822,495
May 17.....	44,650	317,373	54,120	54,600	47,578	22,662	104,175	27,432	21,346	40,942	15,482	44,344	794,704
May 24.....	44,650	318,654	54,620	51,620	46,911	21,881	104,175	27,432	21,346	41,028	14,643	47,544	794,504
Total:													
May 3.....	106,166	553,988	129,422	149,740	77,635	59,610	245,776	67,826	55,853	76,914	35,686	112,552	1,671,168
May 10.....	107,556	569,048	137,855	153,173	77,480	59,446	250,551	67,129	56,021	77,862	35,462	115,939	1,707,522
May 17.....	107,863	565,212	136,916	152,804	78,674	60,007	252,888	69,435	56,150	77,921	34,675	117,695	1,710,240
May 24.....	107,813	566,156	138,281	159,250	79,868	59,719	256,426	68,563	56,018	77,964	33,806	120,821	1,724,685

¹ For actual amounts see item "Paper delivered to Federal Reserve agent," on p. 562.

MEMBER BANK CONDITION STATEMENT.

Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities, as at close of business on Fridays from Apr. 26 to May 17, 1918.

1. TOTAL FOR ALL REPORTING BANKS.

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

	Boston.	New York.	Philadel- phia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
Number of reporting banks:													
Apr. 26.....	39	98	49	79	64	36	94	32	32	70	41	47	681
May 3.....	41	98	49	80	66	35	96	32	32	70	40	47	686
May 10.....	40	98	49	80	73	36	95	32	31	71	40	48	693
May 17.....	42	98	49	81	64	37	95	32	30	72	41	47	688
United States bonds to secure circulation:													
Apr. 26.....	14,621	50,667	12,976	42,519	22,876	14,700	19,241	17,374	5,747	14,012	17,561	35,399	267,693
May 3.....	14,621	50,809	12,975	42,907	21,978	13,545	19,642	17,392	5,747	14,012	17,312	35,299	266,232
May 10.....	14,121	50,817	12,975	42,887	23,818	14,695	19,642	17,393	5,744	14,012	16,979	35,399	268,482
May 17.....	14,621	50,917	12,978	43,016	21,599	14,785	19,142	17,437	5,642	14,014	17,559	35,055	266,765
Other United States bonds, including Liberty bonds:													
Apr. 26.....	13,135	167,335	13,805	39,124	18,891	15,692	36,603	12,985	7,617	10,646	10,461	15,896	362,190
May 3.....	16,376	166,024	14,056	38,703	18,729	18,026	36,610	14,402	8,916	10,636	9,527	15,473	368,078
May 10.....	18,939	317,294	31,475	70,050	25,173	25,622	83,973	24,833	10,280	20,980	16,591	22,880	677,090
May 17.....	17,644	304,658	23,758	73,719	22,891	22,465	81,226	21,692	9,499	19,940	16,998	21,241	635,731
United States certificates of indebtedness:													
Apr. 26.....	49,273	1,023,646	69,853	79,447	22,812	27,686	102,967	41,753	19,139	38,489	20,308	52,996	1,548,369
May 3.....	44,868	1,011,648	66,742	81,827	23,466	25,224	100,265	38,470	18,560	42,166	20,579	52,514	1,528,329
May 10.....	24,859	822,386	46,530	39,146	18,971	22,218	56,721	32,685	12,833	30,159	17,589	41,170	1,165,267
May 17.....	29,089	814,876	45,478	37,826	16,334	22,853	55,152	32,622	11,721	27,920	18,857	40,320	1,153,048
Total United States securities owned:													
Apr. 26.....	77,029	1,241,648	96,634	161,090	64,579	58,078	158,811	72,112	32,503	63,147	48,330	104,291	2,178,252
May 3.....	75,865	1,229,081	93,773	163,437	64,173	56,795	156,517	70,264	33,223	66,814	47,418	103,286	2,160,646
May 10.....	57,919	1,190,497	90,980	161,083	67,962	62,535	160,336	74,911	28,857	65,151	51,159	99,449	2,110,839
May 17.....	61,354	1,170,451	82,214	154,561	60,824	60,103	155,520	71,751	26,862	61,874	53,414	96,616	2,055,544
Loans secured by United States bonds and certificates:													
Apr. 26.....	31,919	153,160	21,213	37,203	12,412	5,176	33,577	8,393	2,316	3,007	3,609	4,367	316,352
May 3.....	33,582	148,207	27,653	37,867	12,273	6,516	23,240	8,377	2,627	3,252	3,895	4,448	311,937
May 10.....	56,492	264,809	30,376	42,697	15,824	6,416	27,771	12,558	3,179	3,997	5,226	8,391	483,736
May 17.....	60,223	290,334	34,795	44,166	15,551	6,403	26,857	14,108	3,461	4,332	5,088	6,244	501,556
Other loans and investments:													
Apr. 26.....	722,222	4,006,751	611,090	923,808	335,995	271,042	1,331,674	365,392	228,945	450,967	176,254	483,381	9,907,521
May 3.....	772,229	4,001,301	614,794	928,965	324,372	251,564	1,351,613	371,982	233,888	455,188	171,802	482,565	9,959,763
May 10.....	775,529	4,051,094	622,068	928,100	349,106	267,004	1,357,373	370,135	233,988	454,161	169,243	487,434	10,065,235
Apr. 17.....	792,325	4,024,953	627,410	937,115	324,293	271,680	1,346,945	375,443	230,591	462,436	173,426	484,511	10,051,628
Total loans and investments:													
Apr. 26.....	831,170	5,401,559	728,937	1,122,101	412,986	334,296	1,524,062	445,897	263,764	517,121	228,193	592,039	12,402,125
May 3.....	881,676	5,378,589	736,220	1,130,289	400,818	314,875	1,531,370	450,623	269,238	525,254	223,115	590,299	12,432,346
May 10.....	889,940	5,506,400	749,424	1,131,880	432,892	335,955	1,545,480	457,604	266,024	523,309	225,628	595,274	12,659,810
May 17.....	914,402	5,475,738	744,419	1,135,842	400,668	338,186	1,529,322	461,297	260,914	528,641	231,928	587,371	12,608,728
Reserve with Federal Reserve Banks:													
Apr. 26.....	62,851	631,551	57,349	80,335	27,071	25,107	142,995	33,477	19,073	42,011	16,382	42,625	1,180,827
May 3.....	66,720	599,641	55,040	84,354	26,778	23,528	145,081	35,526	19,502	44,054	16,782	45,515	1,162,521
May 10.....	65,643	650,252	68,131	81,129	27,214	27,545	143,464	33,349	20,242	44,460	17,705	43,993	1,223,127
May 17.....	66,564	595,479	62,794	81,416	25,581	25,081	139,171	32,241	17,401	39,744	15,911	46,728	1,148,111
Cash in vault:													
Apr. 26.....	26,069	130,245	20,419	29,633	15,484	13,669	61,574	13,555	10,125	16,977	11,107	20,477	369,334
May 3.....	27,782	127,320	20,230	35,764	15,029	13,224	64,157	14,663	9,691	17,034	11,090	19,662	375,646
May 10.....	28,446	130,375	20,319	31,457	15,568	14,812	64,121	14,754	9,488	17,031	11,774	21,268	379,413
May 17.....	27,909	126,896	20,727	35,622	14,845	14,628	63,937	13,403	8,943	15,546	11,460	19,219	373,135
Net demand deposits on which reserve is computed:													
Apr. 26.....	638,079	4,331,488	587,163	995,666	263,760	204,201	1,053,322	240,125	183,402	384,545	153,511	374,827	9,100,088
May 3.....	662,882	4,426,836	584,884	709,801	256,037	186,741	1,050,156	272,869	185,881	399,653	151,595	382,290	9,269,625
May 10.....	629,429	4,245,365	592,722	673,313	267,650	192,606	1,024,429	252,270	171,088	375,147	140,773	370,780	8,935,572
May 17.....	666,122	4,271,156	588,079	670,096	243,175	194,964	998,254	251,343	162,583	356,247	141,965	378,627	8,922,611
Time deposits:													
Apr. 26.....	79,216	320,821	14,965	222,649	45,519	79,868	349,264	75,548	47,058	58,606	24,541	103,845	1,421,900
May 3.....	98,879	284,790	15,490	228,335	43,337	74,253	368,869	75,659	46,350	56,799	24,090	102,205	1,419,066
May 10.....	95,600	277,896	14,426	227,748	44,669	81,868	347,103	74,634	45,040	62,606	23,175	103,499	1,398,264
May 17.....	97,017	270,524	13,908	277,753	39,136	81,902	347,362	74,610	44,936	62,433	24,840	102,282	1,386,698

Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities, as at close of business on Fridays from Apr. 26 to May 17, 1918—Continued.

1. TOTAL FOR ALL REPORTING BANKS—Continued.

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

	Boston.	New York.	Philadel- phia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
Total net deposits on which reserve is computed:													
Apr. 26.....	668,169	4,411,780	592,452	764,551	279,293	229,954	1,149,056	259,642	200,367	402,127	161,499	405,980	9,524,870
May 3.....	701,609	4,438,589	590,325	780,402	270,898	210,329	1,152,105	292,490	202,579	416,693	159,371	412,951	9,688,242
May 10.....	666,862	4,315,876	597,851	743,699	282,942	219,005	1,120,057	271,621	187,277	393,929	148,338	401,830	9,349,287
May 17.....	704,338	4,340,047	592,972	740,484	256,261	221,313	1,095,941	270,684	178,744	374,977	150,037	409,311	9,383,109
Government deposits:													
Apr. 26.....	39,777	407,993	43,756	56,341	5,595	13,864	45,443	24,393	11,298	10,918	7,379	2,595	669,352
May 3.....	45,342	342,067	43,372	56,690	10,358	11,360	42,785	23,831	11,862	10,067	6,647	3,639	606,020
May 10.....	113,562	379,927	37,729	68,531	24,092	32,425	47,474	52,538	20,378	29,896	7,017	12,520	826,989
May 17.....	114,355	650,035	83,851	104,044	20,629	29,759	119,260	65,904	25,976	30,202	18,898	21,168	1,284,061

2. MEMBER BANKS IN CENTRAL RESERVE CITIES.

CENTRAL RESERVE CITIES.													
Number of reporting banks:													
Apr. 26.....		66					40	14					120
May 3.....		66					40	14					120
May 10.....		66					40	14					120
May 17.....		66					40	14					120
United States bonds to secure circulation:													
Apr. 26.....		36,323					1,442	10,374					48,139
May 3.....		36,465					1,443	10,392					48,300
May 10.....		36,473					1,443	10,393					48,309
May 17.....		36,573					1,443	10,392					48,408
Other United States bonds including Liberty bonds:													
Apr. 26.....		151,687					15,615	8,649					175,951
May 3.....		148,690					15,491	10,016					174,197
May 10.....		275,527					52,371	18,450					346,345
May 17.....		268,676					50,875	14,802					334,353
United States certificates of indebtedness:													
Apr. 26.....		1,000,768					65,045	34,392					1,100,205
May 3.....		988,990					62,470	31,847					1,083,307
May 10.....		805,879					29,707	28,123					863,709
May 17.....		798,990					30,006	28,350					857,346
Total United States securities owned:													
Apr. 26.....		1,188,778					82,102	53,415					1,324,295
May 3.....		1,174,145					79,404	52,255					1,305,804
May 10.....		1,117,879					83,521	56,966					1,258,366
May 17.....		1,104,239					82,324	53,544					1,240,107
Loans secured by United States bonds and certificates:													
Apr. 26.....		135,271					22,772	6,692					164,735
May 3.....		130,549					12,145	6,473					149,167
May 10.....		242,321					15,713	10,097					268,131
May 17.....		257,273					15,671	11,199					284,143
Other loans and investments:													
Apr. 26.....		3,671,200					815,898	259,208					4,746,306
May 3.....		3,671,101					815,348	263,694					4,750,143
May 10.....		3,700,416					820,741	264,760					4,785,917
May 17.....		3,687,226					821,154	269,025					4,777,405
Total loans and investments:													
Apr. 26.....		4,995,249					920,772	319,315					6,235,336
May 3.....		4,975,795					906,879	322,422					6,205,114
May 10.....		5,060,616					919,975	331,823					6,312,414
May 17.....		5,048,738					919,149	333,768					6,301,665
Reserve with Federal Reserve Banks:													
Apr. 26.....		604,353					99,435	25,747					729,535
May 3.....		571,677					101,588	27,334					700,599
May 10.....		623,574					101,742	24,820					750,136
May 17.....		567,161					96,322	24,686					688,169

Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities, as at close of business on Fridays from Apr. 26 to May 17, 1918—Continued.

2. MEMBER BANKS IN CENTRAL RESERVE CITIES—Continued.

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

	Boston.	New York.	Philadel- phia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
CENTRAL RESERVE CITIES—contd.													
Cash in vault:													
Apr. 26.....		118,130					38,229	7,490					163,849
May 3.....		114,908					38,911	7,592					161,411
May 10.....		116,927					39,184	8,288					164,399
May 17.....		113,430					37,650	7,663					158,743
Net demand deposits on which reserve is computed:													
Apr. 26.....		4,045,438					707,196	161,103					4,913,737
May 3.....		4,121,824					717,866	193,920					5,033,610
May 10.....		3,960,888					689,451	180,871					4,831,210
May 17.....		3,968,140					668,880	182,857					4,819,877
Time deposits:													
Apr. 26.....		277,779					135,095	56,528					469,342
May 3.....		243,395					133,372	55,466					432,233
May 10.....		234,825					130,630	54,724					420,179
May 17.....		226,747					130,899	54,712					412,358
Total net deposits on which reserve is computed:													
Apr. 26.....		4,109,541					738,358	174,148					5,022,047
May 3.....		4,177,992					748,644	206,720					5,133,356
May 10.....		4,015,078					719,596	193,500					4,928,174
May 17.....		4,020,466					699,087	195,483					4,915,036
Government deposits:													
Apr. 26.....		392,820					33,371	20,646					446,837
May 3.....		326,006					32,115	19,904					378,025
May 10.....		352,707					36,082	41,691					430,480
May 17.....		593,741					96,221	54,184					744,146

3. MEMBER BANKS IN RESERVE CITIES.

RESERVE CITIES.													
Number of reporting banks:													
Apr. 26.....	18	7	36	58	40	29	51	12	15	70	33	47	416
May 3.....	18	7	36	59	42	28	51	12	15	70	33	47	418
May 10.....	18	7	36	59	43	28	50	12	15	71	32	48	419
May 17.....	19	7	36	60	42	30	50	12	14	72	33	47	422
United States bonds to secure circulation:													
Apr. 26.....	4,498	7,796	8,965	34,863	13,694	12,170	17,449	5,330	3,290	14,012	15,133	35,399	172,599
May 3.....	4,498	7,796	8,965	35,230	13,694	11,065	17,449	5,330	3,290	14,012	15,126	35,239	171,754
May 10.....	4,498	7,796	8,965	35,230	13,694	11,865	17,449	5,330	3,290	14,012	14,526	35,399	172,054
May 17.....	4,498	7,796	8,968	35,359	13,684	12,255	16,949	5,330	3,240	14,014	15,106	35,055	172,254
Other United States bonds, including Liberty bonds:													
Apr. 26.....	8,396	7,132	10,770	36,381	13,263	14,205	20,267	3,302	5,981	10,646	8,738	15,896	154,977
May 3.....	10,916	8,860	10,958	36,140	13,322	16,685	19,421	3,145	7,259	10,635	8,625	15,473	161,441
May 10.....	13,663	25,506	27,231	74,684	15,536	22,410	29,813	4,461	7,781	20,990	14,206	22,880	279,211
May 17.....	11,795	21,448	20,049	69,324	15,170	19,275	28,352	4,361	7,143	19,940	14,984	21,241	253,082
United States certificates of indebtedness:													
Apr. 26.....	33,863	11,284	63,632	72,861	18,477	23,008	37,448	5,943	13,644	38,489	17,678	52,996	394,303
May 3.....	32,736	11,239	60,436	75,332	19,036	22,018	36,991	5,325	13,152	42,166	17,955	52,514	388,900
May 10.....	18,156	7,604	41,756	35,137	15,358	18,077	26,384	3,234	9,763	30,159	15,437	41,170	262,235
May 17.....	21,040	7,454	40,859	33,362	14,263	18,962	24,756	3,146	8,902	27,920	16,809	40,320	258,293
Total United States securities owned:													
Apr. 26.....	51,757	26,192	83,367	144,105	45,434	49,383	75,164	14,575	22,915	63,147	41,549	104,291	721,879
May 3.....	48,150	27,895	80,359	146,702	46,052	49,768	73,861	13,801	23,701	66,814	41,706	103,286	722,095
May 10.....	36,317	40,966	77,952	145,051	44,588	52,352	73,646	13,025	20,834	65,151	44,169	99,449	713,500
May 17.....	37,333	36,698	69,876	138,545	43,117	50,492	70,057	12,837	19,285	61,874	46,899	96,616	683,529
Loans secured by United States bonds and certificates:													
Apr. 26.....	26,195	8,858	20,444	36,391	10,363	4,845	10,566	1,299	2,191	3,007	3,440	4,367	131,966
May 3.....	26,320	8,874	26,631	37,059	10,243	6,247	10,643	1,463	2,501	3,252	3,727	4,448	141,408
May 10.....	47,023	10,593	34,454	41,798	13,414	5,912	11,497	1,892	3,004	3,997	5,056	8,391	187,031
May 17.....	50,627	11,361	32,897	43,264	13,774	5,952	10,545	1,870	3,175	4,331	4,928	6,244	188,968

Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities, as at close of business on Fridays from Apr. 26 to May 17, 1918—Continued.

3. MEMBER BANKS IN RESERVE CITIES—Continued.

(In thousands of dollars; i. e., 000 omitted.)

	Boston.	New York.	Philadelp- hia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
RESERVE CITIES—con.													
Other loans and investments:													
Apr. 26.....	543,586	146,487	542,726	851,122	244,061	239,818	511,249	82,905	171,749	450,967	149,220	483,381	4,417,271
May 3.....	545,382	142,789	545,949	857,134	246,575	228,625	525,598	85,424	176,698	455,188	147,635	482,565	4,430,562
May 10.....	556,551	146,309	552,799	856,107	250,320	234,111	525,540	83,195	179,524	454,161	142,095	487,434	4,468,146
May 17.....	567,102	146,196	559,583	865,126	247,721	240,903	514,781	83,212	175,266	462,436	147,165	484,511	4,494,002
Total loans and investments:													
Apr. 26.....	621,538	181,537	646,537	1,031,618	299,858	294,046	596,979	98,779	196,855	517,121	194,209	592,039	5,271,116
May 3.....	619,852	179,558	652,939	1,040,895	302,870	284,640	610,102	100,688	202,900	525,254	193,068	590,299	5,303,065
May 10.....	639,891	197,868	665,205	1,042,956	308,322	292,375	610,683	98,112	203,362	523,309	191,320	595,274	5,368,577
May 17.....	655,062	194,255	662,356	1,046,935	304,612	297,347	595,383	97,919	197,726	528,641	198,992	587,371	5,366,699
Reserve with Federal Reserve Banks:													
Apr. 26.....	52,088	13,900	51,722	75,158	21,288	23,282	43,171	6,313	15,430	42,011	14,528	42,625	401,516
May 3.....	53,617	15,063	49,739	79,151	21,811	21,998	42,675	6,906	15,893	44,054	14,873	45,515	411,295
May 10.....	52,255	14,182	62,195	75,738	21,205	25,475	40,870	7,340	16,841	44,460	15,842	43,993	420,896
May 17.....	52,779	15,910	57,039	76,774	20,876	23,103	41,969	5,942	14,010	39,744	13,942	46,728	408,316
Cash in vault:													
Apr. 26.....	19,153	4,836	17,184	26,001	11,753	12,040	23,137	5,041	6,763	16,977	9,640	20,477	173,002
May 3.....	19,052	4,927	16,291	31,454	11,540	11,878	24,701	5,627	6,319	17,034	9,672	19,662	178,157
May 10.....	19,570	5,544	16,834	27,261	11,307	13,228	24,429	5,213	6,303	17,031	10,029	21,268	178,017
May 17.....	18,777	5,850	16,512	31,130	11,843	13,302	25,769	4,426	6,051	15,546	9,958	19,219	178,383
Net demand deposits on which reserve is computed:													
Apr. 26.....	508,426	130,917	517,814	632,792	194,631	182,358	342,513	62,371	142,131	384,545	131,356	374,827	3,604,681
May 3.....	505,057	128,824	513,894	646,792	196,717	170,339	323,720	62,355	144,710	399,653	131,219	382,290	3,605,620
May 10.....	477,089	115,908	525,886	613,217	193,948	170,696	325,859	55,748	134,231	375,147	119,918	370,780	3,478,427
May 17.....	504,506	129,943	519,592	608,668	187,024	174,987	320,200	54,574	126,191	356,247	120,955	378,627	3,481,514
Time deposits:													
Apr. 26.....	30,017	17,562	8,747	208,393	30,922	65,924	211,867	13,063	24,912	58,606	19,677	103,845	791,635
May 3.....	28,389	16,772	9,311	212,002	28,860	64,045	231,439	14,251	24,629	56,799	19,821	102,205	808,523
May 10.....	27,525	16,632	8,350	211,708	29,958	67,573	212,258	14,083	24,220	62,606	18,407	103,499	796,819
May 17.....	26,146	17,086	8,289	211,716	28,674	68,073	212,259	14,096	24,084	62,433	20,020	102,282	795,158
Total net deposits on which reserve is computed:													
Apr. 26.....	517,431	136,186	520,438	694,710	203,908	202,135	406,073	66,290	149,605	402,127	137,259	405,980	3,842,142
May 3.....	513,574	133,856	516,687	710,393	205,375	189,602	393,152	66,630	152,099	416,683	131,219	382,290	3,848,177
May 10.....	485,347	120,898	528,391	676,729	202,935	190,968	389,536	59,973	141,497	393,929	125,440	401,830	3,717,473
May 17.....	512,349	135,069	522,079	672,188	195,626	195,409	383,878	58,803	133,416	374,977	126,961	409,311	3,720,061
Government deposits:													
Apr. 26.....	34,950	6,286	41,729	55,449	4,584	11,933	11,823	3,083	10,575	10,918	6,712	2,695	200,687
May 3.....	36,660	7,462	41,347	55,908	8,223	9,076	10,381	3,286	10,301	10,067	6,083	3,639	202,493
May 10.....	97,773	9,420	36,129	67,135	16,247	28,319	11,100	3,157	18,432	29,896	7,499	13,520	342,627
May 17.....	98,274	28,498	79,323	102,593	14,933	25,571	22,643	3,889	23,749	30,202	17,178	21,168	473,021

4. MEMBER BANKS OUTSIDE RESERVE CITIES.

COUNTRY BANKS.													
Number of reporting banks:													
Apr. 26.....	21	25	13	21	24	7	3	6	17	-----	8	-----	145
May 3.....	23	25	13	21	24	7	5	6	17	-----	7	-----	148
May 10.....	22	25	13	21	30	8	5	6	16	-----	8	-----	154
May 17.....	23	25	13	21	22	7	5	6	16	-----	8	-----	146
United States bonds to secure circulation:													
Apr. 26.....	10,123	6,548	4,011	7,656	9,182	2,530	350	1,670	2,457	-----	2,428	-----	46,955
May 3.....	10,123	6,548	4,010	7,677	8,284	2,480	750	1,670	2,457	-----	2,186	-----	46,185
May 10.....	9,623	6,548	4,010	7,657	10,124	2,830	750	1,670	2,454	-----	2,453	-----	48,119
May 17.....	10,123	6,548	4,010	7,657	7,915	2,530	750	1,715	2,402	-----	2,453	-----	46,103
Other United States bonds including Liberty bonds:													
Apr. 26.....	4,739	8,516	3,095	2,743	5,628	1,487	721	1,034	1,636	-----	1,723	-----	31,262
May 3.....	5,460	9,074	3,098	2,563	5,407	1,341	1,698	1,240	1,657	-----	962	-----	32,440
May 10.....	5,276	16,201	4,244	4,366	9,637	3,212	1,789	1,922	2,499	-----	2,385	-----	51,531
May 17.....	5,849	14,534	3,709	4,395	7,721	3,190	1,999	2,529	2,356	-----	2,014	-----	43,296

Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities, as at close of business on Fridays from Apr. 26 to May 17, 1918—Continued.

4. MEMBER BANKS OUTSIDE RESERVE CITIES—Continued.

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

	Boston.	New York.	Philadel- phia.	Cleve- land.	Rich- mond.	Atlanta.	Chicago.	St. Louis.	Minne- apolis.	Kansas City.	Dallas.	San Fran- cisco.	Total.
COUNTRY BANKS— continued.													
United States certi- ficates of indebted- ness:													
Apr. 26.....	10,410	11,614	6,221	6,586	4,355	4,678	474	1,418	5,495	.....	2,630	.....	53,861
May 3.....	12,132	11,419	6,206	6,495	4,430	3,206	804	1,298	5,408	.....	2,624	.....	54,122
May 10.....	6,703	8,903	4,774	4,009	3,613	4,141	630	1,328	3,070	.....	2,152	.....	39,323
May 17.....	8,049	8,432	4,619	3,964	2,071	3,891	390	1,126	2,819	.....	2,048	.....	37,409
Total United States securities owned:													
Apr. 26.....	25,272	26,678	13,267	16,985	19,145	8,695	1,545	4,122	9,588	.....	6,781	.....	132,078
May 3.....	27,715	27,041	13,414	16,735	18,121	7,027	3,252	4,208	9,522	.....	5,712	.....	132,747
May 10.....	21,602	31,652	13,028	16,032	23,374	10,183	3,169	4,920	8,023	.....	6,990	.....	138,973
May 17.....	24,021	29,514	12,338	16,016	17,707	9,611	3,139	5,370	7,577	.....	6,515	.....	131,808
Loans secured by United States bonds and certificates:													
Apr. 26.....	5,724	9,031	769	812	2,049	331	239	402	125	.....	169	.....	19,651
May 3.....	7,262	8,784	1,022	808	2,030	269	452	441	126	.....	168	.....	21,362
May 10.....	9,469	11,895	1,922	899	2,410	504	561	569	175	.....	170	.....	28,574
May 17.....	9,596	11,700	1,898	902	1,777	451	641	1,034	286	.....	160	.....	28,445
Other loans and in- vestments:													
Apr. 26.....	178,636	189,064	68,364	72,686	91,934	31,224	4,527	23,279	57,196	.....	27,034	.....	743,944
May 3.....	226,847	187,411	68,845	71,831	77,797	22,939	10,667	22,864	56,690	.....	24,167	.....	770,058
May 10.....	218,978	204,369	69,269	71,993	98,786	32,893	11,092	22,180	54,464	.....	27,148	.....	811,172
May 17.....	225,723	191,531	67,827	71,989	76,572	30,777	11,010	23,206	55,325	.....	26,261	.....	780,221
Total loans and invest- ments:													
Apr. 26.....	209,632	224,773	82,400	90,483	113,128	40,250	6,311	27,803	66,909	.....	33,984	.....	895,673
May 3.....	261,824	223,236	83,281	89,374	97,948	30,235	14,371	27,513	66,338	.....	30,047	.....	924,167
May 10.....	250,049	247,916	84,219	88,924	124,570	43,580	14,822	27,669	62,662	.....	34,308	.....	978,719
May 17.....	259,340	232,745	82,063	88,907	96,056	40,839	14,790	29,610	63,188	.....	32,936	.....	940,474
Reserve with Federal Reserve Bank:													
Apr. 26.....	10,763	13,298	5,627	5,177	5,783	1,825	389	1,417	3,643	.....	1,854	.....	49,776
May 3.....	13,103	12,901	5,301	5,203	4,967	1,530	818	1,286	3,609	.....	1,909	.....	50,627
May 10.....	13,388	12,496	5,936	5,391	6,009	2,070	852	1,189	3,401	.....	1,863	.....	52,595
May 17.....	13,785	12,408	5,755	4,642	4,705	1,978	880	1,613	3,391	.....	1,969	.....	51,126
Cash in vault:													
Apr. 26.....	6,916	7,279	3,235	3,632	3,731	1,629	208	1,024	3,362	.....	1,467	.....	32,483
May 3.....	8,730	7,485	3,939	4,310	3,489	1,346	545	1,444	3,372	.....	1,418	.....	36,078
May 10.....	8,876	7,904	3,485	4,196	4,261	1,584	508	1,253	3,185	.....	1,745	.....	36,997
May 17.....	9,132	7,616	4,215	4,492	3,002	1,326	518	1,314	2,892	.....	1,502	.....	36,009
Net demand deposits on which reserve is computed:													
Apr. 26.....	129,653	155,133	69,349	62,874	69,129	21,843	3,613	16,651	41,271	.....	22,155	.....	591,671
May 3.....	157,825	176,188	70,990	63,009	59,320	16,352	8,570	16,594	41,171	.....	20,376	.....	630,395
May 10.....	152,340	168,569	66,836	60,096	73,702	21,910	9,119	15,651	36,857	.....	20,855	.....	625,935
May 17.....	161,616	173,073	68,487	61,428	56,151	19,977	9,174	13,912	36,392	.....	21,010	.....	621,220
Time deposits:													
Apr. 26.....	49,199	25,480	6,218	16,256	14,597	13,944	2,362	5,957	22,146	.....	4,864	.....	161,023
May 3.....	70,490	24,623	6,179	16,333	14,477	10,208	4,058	5,942	21,721	.....	4,289	.....	178,300
May 10.....	68,075	26,439	6,076	16,040	14,711	14,295	4,215	5,827	20,820	.....	4,768	.....	181,266
May 17.....	70,871	26,691	5,014	16,037	10,462	13,829	4,204	5,802	20,852	.....	4,820	.....	179,182
Total net deposits on w h i c h reserve is computed:													
Apr. 26.....	150,738	166,053	72,014	69,841	75,385	27,819	4,625	19,204	50,762	.....	24,240	.....	660,651
May 3.....	188,085	186,741	73,638	70,009	68,524	20,727	10,309	19,140	50,480	.....	22,206	.....	706,809
May 10.....	181,515	179,900	69,440	66,970	80,007	28,037	10,925	18,148	45,780	.....	22,898	.....	703,620
May 17.....	191,989	184,512	70,893	68,301	60,635	25,904	10,976	16,398	45,328	.....	23,076	.....	698,012
Government deposits:													
Apr. 26.....	4,827	8,887	2,027	892	1,011	1,881	249	664	723	.....	667	.....	21,828
May 3.....	6,682	8,599	2,025	722	2,135	2,284	289	641	1,561	.....	564	.....	25,502
May 10.....	15,789	17,800	1,600	1,396	7,845	4,106	292	2,690	1,946	.....	418	.....	53,882
May 17.....	16,081	27,796	4,528	1,451	5,696	4,188	396	2,831	2,227	.....	1,720	.....	66,914

EARNINGS ON INVESTMENTS OF FEDERAL RESERVE BANKS.

Average amount of earning assets held by each Federal Reserve Bank during April, 1918, earnings from each class of earning assets, and annual rates of earnings on basis of April, 1918, returns.

Banks.	Average balances for the month of the several classes of earning assets.				
	Bills dis- counted for members and Federal Reserve Banks.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.
Boston.....	\$55,877,376	\$14,283,035	\$2,403,195	.....	\$72,563,606
New York.....	357,051,485	121,813,274	68,287,272	.....	547,152,031
Philadelphia.....	29,444,642	23,873,444	10,362,697	.....	63,680,783
Cleveland.....	50,381,548	24,537,826	22,519,327	.....	97,438,701
Richmond.....	40,138,106	8,838,033	2,782,000	.....	51,758,139
Atlanta.....	16,953,525	9,600,674	4,974,927	\$49,298	31,578,424
Chicago.....	75,494,942	45,687,505	10,293,383	.....	131,475,830
St. Louis.....	38,715,606	11,571,591	2,744,400	.....	53,031,597
Minneapolis.....	10,180,000	11,257,000	5,693,000	.....	27,130,000
Kansas City.....	38,747,575	10,946,378	12,981,640	.....	62,675,593
Dallas.....	23,958,330	5,178,892	7,005,113	486,402	36,628,737
San Francisco.....	32,318,052	24,396,553	5,541,533	.....	62,256,138
Total.....	769,259,187	311,984,205	155,588,487	535,700	1,237,367,579

Banks.	Earnings from--					Calculated annual rates of earnings from--				
	Bills dis- counted for members and Federal Reserve Banks.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.	Bills dis- counted for members and Federal Reserve Banks.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.
Boston.....	\$194,203	\$49,232	\$6,547	.....	\$249,982	Per cent. 4.09	Per cent. 4.06	Per cent. 3.21	Per cent.	Per cent. 3.85
New York.....	1,166,930	409,805	219,547	.....	1,796,282	3.97	4.09	3.91	.....	3.99
Philadelphia.....	98,800	80,109	33,531	.....	212,440	4.08	4.08	3.93	.....	4.05
Cleveland.....	175,702	83,523	65,952	.....	325,177	4.24	4.14	3.56	.....	4.06
Richmond.....	136,546	31,122	5,979	.....	173,647	4.14	4.28	2.61	.....	4.08
Atlanta.....	60,225	33,107	14,899	\$194	108,425	4.18	4.06	3.53	4.62	4.04
Chicago.....	266,082	171,329	24,812	.....	462,223	4.15	4.41	2.84	.....	4.14
St. Louis.....	131,023	37,951	5,945	.....	174,919	4.12	3.99	2.64	.....	4.01
Minneapolis.....	39,422	38,191	15,730	.....	93,343	4.71	4.13	3.36	.....	4.19
Kansas City.....	147,338	37,472	33,988	.....	218,798	4.63	4.06	3.19	.....	4.23
Dallas.....	81,920	18,413	16,358	1,621	118,312	4.16	4.32	2.84	4.06	3.93
San Francisco.....	117,488	80,978	12,240	.....	210,706	4.42	4.04	2.65	.....	4.12
Total.....	2,615,679	1,071,232	455,528	1,815	4,144,254	4.14	4.18	3.56	4.12	4.07

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, 1918.	Total for corresponding period in 1917.
	Apr. 26, 1918.	May 3, 1918.	May 10, 1918.	May 17, 1918.		
IMPORTS.						
Ore and base bullion.....	100	177	109	137	4,023	5,754
United States mint or assay office bars.....						9
Bullion refined.....	576	628	234	241	6,118	250,554
United States coin.....				1	2,491	52,077
Foreign coin.....	10				142	76,910
Total.....	686	805	343	379	12,774	385,804
EXPORTS.						
Domestic:						
Ore and base bullion.....		6		10	42	99
United States mint or assay office bars.....			30	121	151	14,096
Bullion refined.....		100	4		3,374	1,549
Coin.....	590	928	368	562	12,533	86,612
Total.....	590	1,034	402	693	16,100	102,356
Foreign:						
Bullion refined.....						31
Coin.....	1	1	1		307	4,840
Total.....	1	1	1		307	4,871
Total exports.....	591	1,035	403	693	16,407	107,227

Excess of gold exports over imports since Jan. 1, 1918, \$3,633; excess of gold imports over exports since Aug. 1, 1914, \$1,046,671.

DISCOUNT RATES.

Discount rates of each Federal reserve bank approved by the Federal Reserve Board up to May 31, 1918.

Federal reserve bank.	Maturities.							Trade acceptances.		
	Discounts.								1 to 60 days, inclusive.	61 to 90 days, inclusive.
	Within 15 days, including member banks' collateral notes.	16 to 60 days.	61 to 90 days.	Agricultural and live-stock paper over 90 days.	Secured by U. S. certificates of indebtedness or Liberty loan bonds.		1 to 60 days, inclusive.	61 to 90 days, inclusive.		
					Within 15 days, including member banks' collateral notes.	16 to 90 days.				
Boston.....	4	4 $\frac{3}{4}$	4 $\frac{3}{4}$	5	4	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	
New York ¹	4	4 $\frac{3}{4}$	4 $\frac{3}{4}$	5	4	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	
Philadelphia.....	4	4 $\frac{3}{4}$	4 $\frac{3}{4}$	5	4	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	
Cleveland.....	4 $\frac{1}{2}$	4 $\frac{3}{4}$	4 $\frac{3}{4}$	5 $\frac{1}{2}$	4	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	
Richmond.....	4 $\frac{1}{2}$	5	5	5 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	
Atlanta.....	4	4 $\frac{3}{4}$	4 $\frac{3}{4}$	5	4	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	
Chicago.....	4	4 $\frac{3}{4}$	4 $\frac{3}{4}$	5 $\frac{1}{2}$	4	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	
St. Louis.....	4	4 $\frac{3}{4}$	4 $\frac{3}{4}$	5 $\frac{1}{2}$	4	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	
Minneapolis.....	4	4 $\frac{3}{4}$	4 $\frac{3}{4}$	5 $\frac{1}{2}$	4	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	
Kansas City.....	4 $\frac{1}{2}$	5 $\frac{1}{2}$	5 $\frac{1}{2}$	5 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	
Dallas.....	4	4 $\frac{3}{4}$	4 $\frac{3}{4}$	5 $\frac{1}{2}$	4	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	
San Francisco.....	4	4 $\frac{3}{4}$	4 $\frac{3}{4}$	5 $\frac{1}{2}$	4	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	4 $\frac{1}{2}$	

¹ Rate of 3 to 4 $\frac{1}{2}$ per cent for 1-day discounts in connection with the loan operations of the Government.

NOTE 1.—Acceptances purchased in open market, minimum rate 4 per cent.

NOTE 2.—Rates for commodity paper have been merged with those for commercial paper of corresponding maturities.

NOTE 3.—In case the 60-day trade acceptance rate is higher than the 15-day discount rate, trade acceptances maturing within 15 days will be taken at the lower rate.

NOTE 4.—Whenever application is made by member banks for renewal of 15-day paper, the Federal reserve banks may charge a rate not exceeding that for 90-day paper of the same class.

DIGEST AND INDEX.

In 1917 the Federal Reserve Board published a "Digest and Index of Opinions of Counsel, Informal Rulings of the Federal Reserve Board, and Matter Relating Thereto." This was compiled from the Federal Reserve Bulletin and covered the opinions and rulings for the year 1915-16. There is herewith presented a similar digest for the year 1917 and the year 1918 to and including April, 1918. The matter has been arranged under the same topics as were employed in the original Digest and Index.

ACCEPTANCES.

OPINIONS OF COUNSEL.

Acceptances, Where Payable.

An acceptance to pay at a particular place different from the residence of the acceptor is a general acceptance, unless it expressly states that the bill is to be paid there and not elsewhere, and does not render the bill nonnegotiable. (Page 289, April, 1917, Bulletin.)

Acceptances by Correspondents—When a Direct Liability.

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

(Page 311, April, 1918, Bulletin.)

Bankers' "Dollar Exchange" Acceptances.

The 50 per cent limit imposed upon the amount of drafts which a member bank may accept for the purpose of furnishing dollar exchange is separate and distinct from and not included in the limits imposed by section 13 upon the amount of drafts or bills of exchange drawn against the shipment of goods or against warehouse receipts covering readily marketable staples, which a member bank may accept.

(Page 528, July, 1917, Bulletin.)

Bankers' Acceptances Without Documents, as "Accommodation."

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

(Page 311, April, 1918, Bulletin.)

Bankers' Domestic Acceptances, Eligibility of.

A draft drawn by the purchaser of goods against a national bank is not eligible for acceptance by that bank under the provisions of section 13 of the Federal Reserve Act merely because it is secured by a bill of lading covering the goods bought. (Page 380, May, 1917, Bulletin.)

Bankers' Export Acceptances Defined.

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

(Page 314, April, 1918, Bulletin.)

Bills, Demand and Sight, When to be Presented.

Demand and sight bills of exchange must be presented for payment by the holder within a reasonable time. Demand and sight bills become due and payable on the date on which they are presented for acceptance.

If a member bank holds demand and sight drafts for more than a reasonable time after acceptance, they must be classed as overdue paper and considered in substance as promissory notes of the acceptor subject to the limitations imposed by section 5200.

(Page 31, Jan., 1917, Bulletin.)

Bills Drawn Against Actually Existing Value.

A bill of exchange discounted before acceptance may be said to be drawn against actually existing value, within the meaning of section 13 of the Federal Reserve Act, when and only when it is accompanied by shipping documents, warehouse receipts, or other papers securing title to the goods sold. An accepted bill of exchange, unaccompanied by shipping documents or other such papers, may be considered as drawn against actually existing value if drawn against the drawee at the time of, or within a reasonable time after, the shipment or delivery of the goods sold. In this latter case there must be reasonable grounds to believe that the goods are in existence in the hands of the drawee either in their original form or in the shape of the proceeds of their sale.

(Page 195, Mar., 1917, Bulletin.)

Bills Payable to the Order of the Drawee.

A bill made payable to the order of the drawee is not negotiable until the drawee as payee has indorsed it. When it has been accepted and indorsed by the drawee it is a valid negotiable instrument in the hands of a third party, and the drawer is not released, since the terms of his order have been specifically complied with.

(Page 110, Feb., 1918, Bulletin.)

Drafts with Documents Attached—Conveyance of Title.

Under the provision of section 13, which authorizes any member bank to accept drafts based upon domestic shipment of goods, provided shipping documents conveying or securing title are attached, such documents must be made out or indorsed so as to convey or secure title to the accepting bank.

(Page 198, Mar., 1918, Bulletin.)

Drafts, Interest on.

A provision in a draft or bill of exchange that it is payable "with interest at the rate of — per cent per annum after maturity if payment is delayed" does not affect the negotiability of the instrument.

(Page 200, Mar., 1917, Bulletin.)

Drafts Payable on or Before Certain Date.

Drafts payable "ninety days from date or before on five days after demand (i. e., on five days' notice) by the holder hereof" are negotiable and eligible for discount with a Federal Reserve Bank.

(Page 291, Apr., 1917, Bulletin.)

Drafts to Finance Sales to the United States Government.

Drafts drawn in connection with sales to the United States Government of lumber or other material can not be treated as bills of exchange drawn against actually existing value and are subject to the limitations of section 5200, Revised Statutes, when discounted by national banks. Such drafts do not conform to the requirements of commodity paper as defined by the Federal Reserve Board and should not be discounted at the rate prescribed for such paper.

(Page 32, Jan., 1918, Bulletin.)

Drafts Drawn on Sales Corporations.

A draft drawn by a lumber corporation upon a sales corporation which it and a number of other lumber concerns have organized will, when accepted, become a trade acceptance, even though the selling corporation is a stockholder of the sales corporation, provided the latter is organized in good faith and not merely to act as an agent for the purpose of evading the law.

(Page 33, Jan., 1918, Bulletin.)

Drafts with Documents Attached—Definition.

A provision of section 13 which authorizes any member bank to accept drafts based upon the domestic shipment of goods, provided shipping documents are "attached," should not be construed so as to require that the documents be physically fastened to the draft. It is sufficient if the accepting bank has possession of the documents at the time of acceptance. (Page 765, Oct., 1917, Bulletin.)

Member Banks' Acceptances, Status of.

An acceptance which has been purchased by the accepting bank and subsequently rediscounted with its Federal Reserve Bank is not subject to the limitations of section 5200 of the Revised Statutes.

(Page 696, Sept., 1917, Bulletin.)

Trade Acceptances Based on Advertising Space.

The Federal Reserve Board may properly rule that a draft or bill of exchange drawn by the seller on the purchaser of advertising space and accepted by such purchaser is a trade acceptance. (Page 116, Feb., 1917, Bulletin.)

Trade Acceptance Providing for Discount if Paid at Maturity.

A trade acceptance which consists of an order to pay a certain amount, which is the amount of the debt minus a discount for prompt payment at maturity, or, if not paid at maturity, to pay a greater amount, which is the amount of the debt without any discount, is an order to pay a sum certain and is negotiable.

(Page 200, Mar., 1918, Bulletin.)

Trust Receipts as Actual Security for Acceptance Transactions.

If an acceptance is secured by shipping documents which are surrendered by the acceptor for a trust receipt which permits the purchaser of the goods to retain control of the goods, the accepting bank can not be said to be secured "by some other actual security" as provided in section 13 of the Federal Reserve Act. A trust receipt, however, which does not permit the purchaser to procure control of the goods, may properly be said to be actual security within the meaning of the act.

(Page 881, Nov., 1917, Bulletin.)

INFORMAL RULINGS.**Acceptance Given by Acceptance House or Broker.**

The note of an acceptance house or broker could not be said to have been used for an industrial, agricultural, or commercial purpose, since the business of such acceptance house or broker is not such as to come within any of these classifications. The fact that the note is secured by eligible paper is immaterial if the proceeds are not used for one of the purposes mentioned.

(Page 108, Feb., 1918, Bulletin.)

Acceptances—Exports Defined.

Clean drafts drawn by an exporter in Chile for the purpose of providing funds with which to purchase beans, peas, etc., from farmers in Chile, are ineligible unless the Chilean exporter is under contract to ship the peas, beans, etc., purchased from the farmers in that country, to some other country, and the member bank has a guarantee to this effect.

(Page 378, May, 1917, Bulletin.)

Bankers' Acceptances Drawn Against Future Importations.

A national bank may properly accept a draft drawn for the purpose of importing goods whether or not the sale of the goods under consideration has actually been consummated at the time of the acceptance of the draft.

(Page 527, July, 1917, Bulletin.)

Bankers' Acceptances—When Drawn Against Exports.

No national bank can legally accept a draft drawn upon it by an acceptance house which pledges as collateral security for the bill an acceptance based upon a transaction involving the importation or exportation of goods.

(Page 28, Jan., 1917, Bulletin.)

Bankers' Acceptances Drawn Against Shipment of Goods from a Corporation to its Agent.

A member bank may properly accept a draft drawn against the shipment of goods from a corporation to its agent or branch even though no sale of the goods is involved in the transaction. (Page 690, Sept., 1917, Bulletin.)

Bankers' Acceptances Against Bullion.

Gold bars may be properly considered as goods, and accordingly 60-day bills when accepted by banks and bankers against such a shipment would be eligible for purchase by Federal Reserve Banks as based upon or involving the exportation of goods.

(Page 29, Jan., 1917, Bulletin.)

Bankers' Acceptances—Security Therefor.

There is no objection to permitting the mills to substitute other warehouse receipts for cotton receipts during the life of the acceptance. In purchasing or discounting bankers' acceptances or other bills which are secured by warehouse receipts, etc., Federal Reserve Banks should make sure that the receipt is issued by a warehouse which is independent of the borrower. If the credit were granted before the importation took place, there would be no objection to continuing or renewing the acceptance while the goods are on the docks.

(Page 30, Jan., 1917, Bulletin.)

Bank's Own Acceptances, Purchase of.

A member bank's own acceptances purchased by it must be treated as loans and as such are subject to the 10 per cent limitation. (Page 28, Jan., 1917, Bulletin.)

The right of the bank to resell or reissue such acceptances is, in the opinion of counsel, fully recognized by the authorities, and where this is done they may be treated as acceptances outstanding and not as loans.

(Page 691, Sept., 1917, Bulletin.)

Bills Drawn Against Coin.

Gold coin is "goods" within the meaning of section 13 of the Federal Reserve Act, and therefore a bill of exchange drawn to finance a shipment of gold coin from this country either to Europe or to Canada is eligible for purchase by a Federal Reserve Bank if otherwise in conformity with the provisions of law and the regulations of the Federal Reserve Board.

(Page 29, Jan., 1917, Bulletin.)

Differential as to Acceptances.

There is no objection to a moderate differential, say one-fourth of 1 per cent, to apply between member-bank acceptances and the acceptances of large nonmember institutions well known throughout the country and whose acceptances necessarily have a broad market.

(Page 28, Jan., 1917, Bulletin.)

Drafts Drawn to Finance Sale of Goods to Allied Purchasing Commissions.

Even if this transaction did not involve the exportation of goods a member bank might accept a draft drawn for the purpose of financing it if it involved a domestic shipment of goods and if the shipping documents are attached at the time of acceptance. An acceptance of that character would seem to be permissible in any case where the goods are shipped from the interior to the seaboard preparatory to exportation.

(Page 878, Nov., 1917, Bulletin.)

Drafts Drawn "On or Before 90 Days After Sight."

Bills drawn "on or before 90 days after sight" should not be encouraged or countenanced.

(Page 949, Dec., 1917, Bulletin.)

Draft, Form of.

A draft made payable at sight and accepted by the drawee is negotiable even if it contains the following provision: "With interest at the rate of 6 per cent per annum if payment is delayed."

(Page 109, Feb., 1918, Bulletin.)

Limitations Under Section 5200 R. S.

Where a national bank has already loaned 10 per cent of its capital and surplus to a certain company, it may, while the loan is still outstanding, obligate itself as acceptor on a draft drawn by that same company. The limitations of section 5200 on the amount of money which may be borrowed from a member bank are separate and distinct from and in no way restrict the limitations of section 13 of the Federal Reserve Act on the amount of drafts which a member bank might accept for any one firm or corporation.

(Page 197, Mar., 1918, Bulletin.)

Limitations Imposed by Section 13 of Act.

In any case where shipping documents or warehouse receipts are held by the acceptor the 10 per cent limit does not apply; so also in any case where the acceptor holds a trust receipt which does not enable the borrower to obtain the goods for his own use, the 10 per cent limit does not apply; but in any case where the bank holds merely the ordinary trust receipt which gives it only a lien on the goods in the hands of the purchaser or on their proceeds, the 10 per cent limit should apply.

(Page 286, Apr., 1917, Bulletin.)

Syndicate Acceptance Credits.

The Board has authorized expression of its views in accordance with the principles outlined in a memorandum attached. The banks of New York may, during a period which can be declared ended at any time, proceed upon the basis of this memorandum. The essential principles may be summed up as follows:

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

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

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

(4) Whenever syndicates are formed for the purpose of granting acceptance credits for more than moderate

amounts, Federal Reserve Banks should be consulted with regard to the transaction. The question of eligibility, both from the standpoint of the character of the bill and of the amount involved, will be passed upon by the Federal Reserve Bank subject to the approval in each case of the Federal Reserve Board.

(Page 257, Apr., 1918, Bulletin.)

Trade Acceptances Defined.

Only those trade acceptances which are drawn at the time of, or within a reasonable time after, the shipment or delivery of goods sold can be treated as bills of exchange drawn against actually existing value.

(Page 287, Apr., 1917, Bulletin.)

Trade Acceptances for Advertising.

A draft or bill of exchange drawn by a publisher, or other advertising agency, on the purchaser of advertising space and accepted by such purchaser shall be considered a trade acceptance, provided the advertisement on which the draft or bill is based is for the purpose of promoting or facilitating the production, manufacture, distribution, or sale of goods, wares, merchandise, or agricultural products, including live stock; and provided further that such advertisement is not illegal and is not for the purpose of promoting or facilitating any transaction which is prohibited by the laws of the State in which it is to be consummated.

(Page 114, Feb., 1917, Bulletin.)

Trade Acceptance, Where Payable.

If the terms of the original draft make it payable at the banking house of the drawee the drawee may nevertheless accept it payable elsewhere—as, for example, at a Federal Reserve Bank—provided the acceptance does not stipulate in terms that it is payable only at the Federal Reserve Bank and not elsewhere.

(Page 379, May, 1917, Bulletin.)

Trade Acceptances of Retailers.

A bill of exchange drawn by the seller of goods and accepted by the purchaser of those goods is a trade acceptance, regardless of whether or not the purchaser intends to resell the goods or to use them for his own purpose.

(Page 30, Jan., 1918, Bulletin.)

Trade Acceptance Against Costs of Installation.

It is customary for the seller of certain goods to contract for their installation and to include the cost of installation in the selling price. In the opinion of the Board an acceptance drawn for the purchase price, including cost of installation, would come within the Board's definition of a trade acceptance.

(Page 310, Apr., 1918, Bulletin.)

Trade Acceptances, Eligibility of, for Rediscount.

The trade acceptance is an instrument which carries upon its face the evidence of the commercial character of the transaction which gave it birth.

(Page 109, Feb., 1918, Bulletin.)

Insurance Premium—Trade Acceptance Against Insurance.

A draft drawn by a casualty company against a policy holder for premiums could hardly be said to be a draft by the seller on the purchaser of goods sold and would not, in the opinion of the Board, come within the Board's present definition of a trade acceptance.

(Page 309, Apr., 1918, Bulletin.)

Trade Acceptances, Conference on.

On March 9 the National Credit Men's Association held a conference on trade acceptances at the Hotel Astor, in New York City, at which the trade acceptance question was discussed from a variety of angles. Extracts from the addresses of some of the speakers are presented.

(Page 243, Apr., 1917, Bulletin.)

Warehouse Receipts.

Warehouse receipts offered as security for bills accepted by member banks under authority of section 13 of the Federal Reserve Act must be issued by warehouses which are independent of the borrower. The corporation issuing such receipt must be organized in good faith as an independent corporation, and its affairs must be administered by duly authorized officers and agents independent of the borrower in order to comply with the rulings of the Board referred to.

(Page 31, Jan., 1918, Bulletin.)

ACCOUNTING.

Accounts, Uniformity of.

A tentative proposal submitted by the Federal Reserve Board for the consideration of banks, bankers, and banking associations; of merchants, manufacturers, and associations of manufacturers; and of auditors, accountants, and associations. The problem naturally subdivides itself into two parts. (1) The improvement in standardization of the forms of statements; (2) the adoption of methods which will insure greater care in compiling the statements and the proper verification thereof.

(Page 270, Apr., 1917, Bulletin.)

Basis for Figuring Interest for Rediscount Transactions.

In connection with rediscounts with Federal Reserve Banks, the point has been raised by one bank that it is its habit to figure discounts on a basis of 360 days to the year. It has been decided that for rediscounts on transactions between Federal Reserve Banks the basis of 365 days to the year should be applied.

(Page 109, Feb., 1918, Bulletin.)

Discount, Method of Computing.

Aside from the fact that New York and Boston Federal Reserve Banks figure discount on a 365-day basis while all the other Federal Reserve Banks use 360 days, the methods used by the Federal Reserve Banks do not vary. Discount is computed on the actual number of days the paper has to run, the date of payment of course varying in different States in accordance with the laws regarding holidays in force in the different jurisdictions.

(Page 951, Dec., 1917, Bulletin.)

ADVISORY COUNCIL, MEETINGS OF.

- Meeting of Federal Advisory Council, Apr. 16, 1917.
(Page 340, May, 1917, Bulletin.)
- Meeting of Federal Advisory Council, Nov. 19, 1917.
(Page 921, Dec., 1917, Bulletin.)
- Meeting of Federal Advisory Council, Feb. 18, 1918.
(Page 160, Mar., 1918, Bulletin.)

AMENDMENTS TO THE FEDERAL RESERVE ACT.

- Text of amendments to Federal Reserve Act as introduced in Congress, 1917, and statements relating thereto.
(Page 98, Feb., 1917, Bulletin.)
- Text of a memorandum transmitted to it by Mr. James B. Forgan, president of the Federal Advisory Council, expressing the views of that body with reference to the proposed amendments to the Federal Reserve Act, 1917.
(Page 106, Feb., 1917, Bulletin.)
- Comparative Senate and House bills amending Federal Reserve Act, 1917. (Page 177, Mar., 1917, Bulletin.)
- Senate report on amendments, 1917.
(Page 188, Mar., 1917, Bulletin.)
- House report on amendments, 1917.
(Page 191, Mar., 1917, Bulletin.)
- Bill authorizing the granting of Federal charters to banks organized for the purpose of engaging in foreign trade.
(Page 450, June, 1917, Bulletin.)
- Amendments as passed by House and stricken out in Senate.
(Page 441, June, 1917, Bulletin.)
- Synopsis of amendments to Federal Reserve Act as approved June 21, 1917.
(Page 509, July, 1917, Bulletin.)
- Text of amendments to Federal Reserve Act as approved June 21, 1917. (Page 511, July, 1917, Bulletin.)

BRANCH BANKS AND AGENCIES.

- Bank of England appointed as foreign agent.
(Page 5, Jan., 1917, Bulletin.)
- Bank of France as foreign agent.
(Page 175, Mar., 1917, Bulletin.)
- Philippine National Bank as foreign agent.
(Page 239, Apr., 1917, Bulletin.)
- Branches of Federal Reserve Banks at New Orleans, Seattle, Portland, Spokane, Louisville, Cincinnati, Pittsburgh, Detroit, and Baltimore.
(Page 10, Jan., 1918, Bulletin.)
- By-laws for use in branch banks.
(Page 586, Aug., 1917, Bulletin; page 934, Dec., 1917, Bulletin.)

CHECK CLEARING AND COLLECTION.**Advertisements of "Clearing Members."**

A bank, in advertising, should be careful to avoid giving a wrong impression, but there is no objection, legally or morally, to its stating facts. The law authorizes nonmem-

ber banks to carry accounts with Federal Reserve Banks for clearing or collection purposes.
(Page 879, Nov., 1917, Bulletin.)

Bill of Lading Drafts.

Undertaken by several of the Federal Reserve Banks as a collection transaction. The drafts are credited upon receipt and when paid the sending bank is charged interest at the published rate for the time the draft is outstanding plus the actual cost of collection.
(Page 114, Feb., 1917, Bulletin.)

Checks Payable in Exchange.

Federal Reserve Banks directed not to handle checks which are drawn payable in exchange at current rates or in any other way than an absolute and unconditional order to pay in money. If any individual or any bank sees fit to receive a check which is nothing more than an order for exchange, he does so with his eyes open and with the full knowledge that an exchange charge will be imposed.
(Page 763, Oct., 1917, Bulletin.)

Immediate Availability of Drafts.

Board suggests that all member banks be permitted to participate in the arrangement, with a limitation of \$10,000 per day as the total that may be drawn by any one bank.
(Page 78, Feb., 1917, Bulletin.)

Federal Reserve Drafts.

Forms of special drafts on Federal Reserve Banks prepared and sent to the 12 Federal Reserve Banks, with the necessary suggestions as to their use.
(Page 347, May, 1917, Bulletin.)

Other Citations on Collections.

- Development of the collection system.
(Page 660, Sept., 1917, Bulletin.)
- Collection of notes and bills in New York.
(Page 743, Oct., 1917, Bulletin.)

CLAYTON ACT.**Advisory Committee of Member Banks.**

The members of an advisory committee of a national bank are not necessarily officers, directors, or employees of such bank within the meaning of section 8 of the Clayton Antitrust Act. They can not be directors unless elected by the shareholders; and whether they are officers or employees depends entirely on the scope of the rights and duties assigned to them by the board of directors.
(Page 118, Feb., 1917, Bulletin.)

Duration of Permits.

Where the Federal Reserve Board has once granted permission to a person to serve at the same time as a director of two or more institutions under the provisions of the Kern amendment to section 8 of the Clayton Act, that permission is continuing and good until revoked by the Federal Reserve Board.
(Page 763, Oct., 1917, Bulletin.)

Morris Plan Bank.

Ruled that a Morris plan bank is a "bank" within the meaning of section 8 of the Clayton Antitrust Act and that word as used in that part of section 4 of the Federal Reserve Act which reads as follows:

"No director of class C shall be an officer, director, or employee, or stockholder of any bank" must be construed to include a Morris plan bank.

(Page 527, July, 1917, Bulletin.)

"Substantial Competition" Within the Meaning of the Clayton Act.

A director of a national bank now serving with a trust company would not be required to resign in case the trust company should become the purchaser of bankers' acceptances or of first-class commercial paper, but did not otherwise come into competition with the national bank.

(Page 878, Nov., 1917, Bulletin.)

Status of State Banks Under Clayton Act—Opinion of Attorney General.

State banks or trust companies may have common officers and directors with other State banks and trust companies whether or not any of such banks or trust companies are members of the Federal Reserve System. National banks, however, and banks and trust companies doing business in the District of Columbia, can not have as officers or directors, officers or directors of any other bank or trust company which is located in the same city of more than 200,000 inhabitants, or which has deposits, capital, surplus and undivided profits aggregating more than \$5,000,000, regardless of its location (unless permission so granted by the Federal Reserve Board, under authority if the Kern amendment to section 8 of the Clayton Act). This is true whether or not such a State bank or trust company is a member of the Federal Reserve System.

(Page 744, Oct., 1917, Bulletin.)

DIRECTORS, ELECTION OF.

Directors of branches of Federal Reserve Banks should be elected annually. (Page 31, Jan., 1918, Bulletin.)

Class C directors appointed for 1917.

(Page 7, Jan., 1917, Bulletin.)

Class A and B directors elected for 1917.

(Page 7, Jan., 1917, Bulletin.)

List of directors whose terms expire in 1917, and instructions for election.

(Page 743, Oct., 1917, Bulletin.)

Class C directors appointed for 1918.

(Page 13, Jan., 1918, Bulletin.)

Class A and B directors elected for 1918.

(Page 14, Jan., 1918, Bulletin.)

Directors of branch banks named.

(Page 14, Jan., 1918, Bulletin.)

Holding Over of Federal Reserve Bank Directors.

A director of a Federal Reserve Bank has no authority to continue to serve as such after the expiration of his term even though his successor has not been elected.

(Page 290, Apr., 1917, Bulletin.)

DISCOUNT RATES.**Readjustment of Discount Rates.**

New schedule of discount rates developed, as follows:

1. Paper maturing within 15 days, including member banks' collateral notes.

2. Paper maturing within 16 to 60 days.

3. Paper maturing within 61 to 90 days.

4. Trade acceptances maturing within 60 days.

5. Trade acceptances maturing within 61 to 90 days.

6. Bankers' acceptances maturing within 90 days.

7. Commodity paper maturing within 90 days.

8. Agricultural and live stock paper maturing within 90 to 180 days.

(Page 241, Apr., 1917, Bulletin.)

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.

(Page 429, June, 1917, Bulletin.)

DIVIDENDS, EARNINGS, AND EXPENSES OF FEDERAL RESERVE BANKS.

Dividends declared by Federal Reserve Banks.

(Page 4, Jan., 1917, Bulletin; page 507, July, 1917, Bulletin; page 5, Jan., 1918, Bulletin.)

Earnings and expenses of the Federal Reserve Banks for the year 1916. (Page 89, Feb., 1917, Bulletin.)

Earnings and expenses of the Federal Reserve Banks for the six months ending June 30, 1917.

(Page 605, Aug., 1917, Bulletin.)

Earnings and expenses of the Federal Reserve Banks for the year 1917. (Page 99, Feb., 1918, Bulletin.)

Rights of Liquidating National Bank to Accrued Dividends.

Any national bank which liquidates and reorganizes as a State bank forfeits its rights to accrued dividends from its Federal Reserve Bank. Such rights do not survive in favor of such State bank, even though it immediately becomes a member bank.

(Page 117, Feb., 1917, Bulletin.)

EXPENSES OF FEDERAL RESERVE BOARD.

Assessment by the Federal Reserve Board for expenses from January 1 to June 30, 1917.

(Page 23, Jan., 1917, Bulletin.)

Receipts and disbursements, Federal Reserve Board, 1916.

(Page 87, Feb., 1917, Bulletin.)

Assessment by the Federal Reserve Board for expenses from July 1 to December 31, 1917.

(Page 525, July, 1917, Bulletin.)

Assessment by Federal Reserve Board for expenses from January 1 to June 30, 1918.

(Page 24, Jan., 1918, Bulletin.)

FEDERAL RESERVE AGENTS, MEETINGS OF.

Meeting of Federal Reserve agents in Washington, December 4, 1917. (Page 4, Jan., 1917, Bulletin.)

Meeting of Federal Reserve agents in Washington, February 26, 1918. (Page 160, Mar., 1918, Bulletin.)

FEDERAL RESERVE NOTES.

Custody of Gold, Lawful Money, and Federal Reserve Notes.

These funds should be kept in safes, preferably with two locks, each with a different combination, one in the control of the Federal Reserve Agent and his representative and the other in the control of the officers of the bank. As the Federal Reserve Bank is jointly liable for the safe-keeping of funds, a joint record should be kept of all transactions. (Page 691, Sept., 1917, Bulletin.)

Redemption of Federal Reserve Notes.

Federal Reserve Banks should ask their member banks to continue to pay out Federal Reserve notes as long as they are reasonably fit for use, and to refrain from sending notes to Washington for redemption unless they are so worn or soiled as to be actually unfit for circulation. (Page 310, Apr., 1918, Bulletin.)

Shipment of Unfit Notes.

The Federal Reserve Board and the Treasury Department have agreed upon a plan whereby Federal Reserve Banks may forward unfit Federal Reserve notes of other Federal Reserve Banks directly to Washington for redemption. (Page 82, Feb., 1917, Bulletin.)

It has been decided that in the case of shipments of unfit notes to Washington, Federal Reserve notes should be included with classes of currency on which the transportation charges should be assessed against the sender. Hitherto charges have been paid by the Government on unfit national bank notes, Federal Reserve notes, and Federal Reserve bank notes when shipped in "collect." A change in this plan has now been authorized by the Treasury Department.

(Page 242, Apr., 1917, Bulletin.)

Substitution of Collateral.

For the assistance of Federal Reserve Agents in making substitutions of paper or deposits of gold or lawful money when the original pledge is collectible, the Federal Reserve Board on April 12 sent out a letter providing for substitution of securities. (Page 351, May, 1917, Bulletin.)

Use of Note Emblem.

The act of March 4, 1909, provides in part that whoever shall print, photograph, or in any other manner make or execute any engraving, photograph, print, or impression in the likeness of any such obligation or other security, or any part thereof, except by direction of some proper officer of the United States, shall be fined not more than \$5,000, or imprisoned not more than 15 years, or both.

(Page 194, Mar., 1917, Bulletin.)

FIDELITY BONDS.

Bonds of Federal Reserve Agents.

In view of joint custody and control on the part of Federal Reserve agents and Federal Reserve Banks over unissued Federal Reserve notes, and certain funds as provided by the Federal Reserve Act as amended June 21, 1917, the Federal Reserve Board has decided that it will not require bonds of Federal Reserve agents and assistant Federal Reserve agents in as large amounts as heretofore. It has prescribed as minimum bonds: For Federal Reserve agents, \$100,000; for assistant Federal Reserve agents, \$50,000. Should the directors of any Federal Reserve Bank deem it desirable to require larger bonds, no objection will be made by the Board to such action.

(Page 615, Aug., 1917, Bulletin.)

FIDUCIARY POWERS.

Litigation Involving Constitutionality of Section 11 (k).

The case of Grant Fellows, attorney general of Michigan, ex rel. The Union Trust Company et al. v. The First National Bank of Bay City, Mich., instituted in the Supreme Court of the State of Michigan, discussed.

(Page 32, Jan., 1917, Bulletin.)

Decision of United States Supreme Court in case brought to test the constitutionality of section 11 (k) of the Federal Reserve Act. (Page 534, July, 1917, Bulletin.)

Delaware—Fiduciary Authority of National Banks.

Bill passed by the Delaware Legislature authorizing national banks to act as trustee, executor, administrator, and registrar of stocks and bonds.

(Page 528, July, 1917, Bulletin.)

Georgia Law as to Fiduciary Powers.

Bill passed by the Georgia Legislature authorizing national banks located in Georgia to act as trustee, executor, administrator, and registrar of stocks and bonds.

(Page 767, Oct., 1917, Bulletin.)

Washington Laws Authorizing National Banks to Act as Trustees.

Act of the Legislature of the State of Washington, approved March 10, 1917, permitting national banks located in Washington to exercise the powers of a trust company.

(Page 697, Sept., 1917, Bulletin.)

GOLD SETTLEMENT FUND.**Change in Operation of Fund.**

Important changes in the operation of the gold settlement fund were made possible by the approval on June 21, 1917, of the amendments to the Federal Reserve Act. Section 16 of the amendments was recommended to Congress for the purpose of simplifying the operation of the fund, which has grown to such proportions as to make the handling of the gold certificates evidencing the deposits of Federal Reserve Banks and Federal Reserve Agents a heavy responsibility. The fund has grown from about \$20,000,000, when its operation began in May, 1915, to \$523,410,000. (Page 521, July, 1917, Bulletin.)

GOVERNORS, MEETINGS OF.

Meeting of Governors of Federal Reserve Banks in Washington, December 11, 1916.

(Page 7, Jan., 1917, Bulletin.)

Meeting of Governors of Federal Reserve Banks in Washington, April 4, 1917.

(Page 347, May, 1917, Bulletin.)

Meeting of Governors of Federal Reserve Banks in Washington, November 8, 1917.

(Page 921, Dec., 1917, Bulletin.)

Meeting of Governors of Federal Reserve Banks in Washington, March 22, 1918.

(Page 256, Apr., 1918, Bulletin.)

NATIONAL BANKS.**Usurious Charges by National Banks.**

Where a national bank, in addition to charging interest at the highest legal rate, requires a borrower to give an additional note, accept a certificate of deposit for a like amount, and put up such certificate as additional collateral to his entire loan the transaction appears to be usurious.

(Page 292, Apr., 1917, Bulletin.)

Government Financing, Duty of National Banks.

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

(Page 313, Apr., 1918, Bulletin.)

Banks as Insurance Agents.

Regulations under which national banks may act as insurance agents and as brokers or agents in making or procuring loans on real estate under the amendment covering such action passed by Congress in 1916, issued from the office of the Comptroller of the Currency. No such bank shall in any case guarantee either the principal or interest of any such loans or assume or guarantee the payment of any premium on insurance policies issued through its agency by its principal or guarantee the truth of any statement made by an assured in filing his application for insurance. (Page 164, Mar., 1917, Bulletin.)

National-Bank Examinations.

The Comptroller of the Currency instructs national-bank examiners to leave with each national bank upon the completion of its examination, a bill covering its assessment for the examination, with instructions that the national banks deposit with the Federal Reserve Bank of their district, in the name of the Comptroller of the Currency, to the credit of the Treasurer of the United States, the amount of the bill.

(Page 374, May, 1917, Bulletin.)

One hundred largest national banks in the United States.

(Page 19, Jan., 1917, Bulletin.)

The Comptroller of the Currency announces that in future calls for reports of condition, national banks will not be required to make detailed statements of the various classes of money in their vaults according to the schedules heretofore used.

(Page 604, Aug., 1917, Bulletin.)

Statement of the Comptroller of the Currency regarding bank failures.

(Page 939, Dec., 1917, Bulletin.)

OFFICERS AND EMPLOYEES OF BANKS.**Exemption from Military Service.**

Exemption for its own employees and those of Federal Reserve Banks from military service will not be generally asked by the Federal Reserve Board.

(Page 591, Aug., 1917, Bulletin.)

Group Insurance.

There is no objection to the taking out of group insurance covering the employees of Federal Reserve Banks.

(Page 28, Jan., 1917, Bulletin.)

OPEN-MARKET TRANSACTIONS.**Member Banks, Purchase of Warrants from.**

The fact that Paragraph VII of Regulation E, series of 1916, authorizes any Federal Reserve Bank to purchase warrants which comply with only Paragraphs I and III of Regulation E, from any of its members, provided that they are indorsed by the member bank and do not exceed 10 per cent of its capital and surplus, does not of itself prohibit a Federal Reserve Bank from purchasing warrants from a member bank in excess of that 10 per cent limit if they comply with all the other provisions of Regulation E.

(Page 29, Jan., 1917, Bulletin.)

Nonnegotiable Warrants, Purchase of.

The Board has consistently adhered to its policy of not undertaking to pass upon the legality of issue of any municipal securities. The Board is further of the opinion that a Federal Reserve Bank should not buy a nonnegotiable warrant, and it would suggest further that in considering the purchase of warrants issued by a municipality it would be well to ascertain what the sinking fund requirements are with reference to bonded obligations of the municipality and whether or not these requirements are being complied with. (Page 193, Mar., 1917, Bulletin.)

Warrants, Eligibility of.

The Federal Reserve Board may, under the provisions of Regulation E, series of 1916, authorize Federal Reserve Banks to purchase warrants which are issued in anticipation of the collection of taxes and which mature after the date on which such taxes are due but before the penalty attaches for their nonpayment, if experience has demonstrated that the due date produces sufficient taxes to pay the warrants at maturity.

(Page 32, Jan., 1917, Bulletin.)

PAPER ELIGIBLE FOR REDISCOUNT.**Bonds or Notes of the United States as Security for Rediscounted Paper.**

Any member bank may rediscount with its Federal Reserve Bank a note, draft, or bill drawn for the purpose of carrying or trading in bonds or notes of the United States, and may also procure advances from its Federal Reserve Bank on its own promissory note secured by a deposit of or pledge of bonds or notes of the United States.

(Page 158, Mar., 1917, Bulletin.)

Demand Notes.

A note made payable "on demand, and if no demand is made, then on ———," is eligible for rediscount by a Federal Reserve Bank, provided the date to be filled in is not more than 90 days from the date of discount, and provided further it conforms to the other provisions of law and the regulations of the Board.

(Page 527, July, 1917, Bulletin.)

Demand Paper Not Eligible for Rediscount.

The board has ruled that a demand note or bill is not eligible under the provisions of the act, since it is not in terms payable within the prescribed 90 days, but, at the option of the holder, may not be presented for payment until after that time. (Page 378, May, 1917, Bulletin.)

Exchange and Collection Charges, Bills Payable with, Not Negotiable.

A bill made payable with "collection charges" is not a negotiable instrument, though the Negotiable Instruments Law provides that an instrument payable "with exchange" does not lose its negotiability.

(Page 880, Nov., 1917, Bulletin.)

Finance or Credit Companies, Notes of.

The note of a finance or credit company which is drawn either directly or indirectly to finance some industrial or commercial concern in the transaction of its business is not eligible for rediscount, even though it may be secured by paper which is itself eligible for rediscount.

(Page 197, Mar., 1918, Bulletin.)

Government Obligations, Notes and Bills Drawn for Trading in.

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. (Page 459, June, 1917, Bulletin.)

Indorsement on Bill of Exchange.

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. (Page 457, June, 1917, Bulletin.)

Public-Service Corporation Paper.

Notes given in payment of material or supplies which are necessary to enable the public-service corporation to furnish goods (light, heat, or power) which it sells the public, and for which the public will pay at the end of 30 or 60 day periods, might be regarded as eligible, provided the statement of the corporation shows a satisfactory proportion of cash and accounts receivable against current liabilities.

(Page 949, Dec., 1917, Bulletin.)

Real Estate Mortgage, Eligible Paper Secured by.

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. (Page 458, June, 1917, Bulletin.)

Rediscount of Participation Certificate.

There is no provision in the Federal Reserve Act which authorizes a Federal Reserve Bank to rediscount a certificate of participation in a note, because even though the original note is eligible for rediscount, a participation certificate nevertheless is nothing more than the evidence of an equitable interest in that original note, and does not in any way represent a legal claim against the maker of the note. (Page 949, Dec., 1917, Bulletin.)

Renewal of Short-Term Paper.

While the Board does not wish to prohibit the renewal of a 15-day note, it feels that the renewal should be an exception rather than the rule.

(Page 879, Nov., 1917, Bulletin.)

Short-Time Commercial Paper.

Short-time commercial paper to run not longer than four instead of six months was advocated by the Federal Reserve Board in a letter sent to Federal Reserve Banks on September 17, 1917.

(Page 739, Oct., 1917, Bulletin.)

Treasury Certificates and Bonds as Security for Rediscount.

The question of the eligibility of obligations of the United States for rediscount at Federal Reserve Banks

is covered by the amendment to the Federal Reserve Act, approved September 7, 1916.

(Page 457, June, 1917, Bulletin.)

Warehouse Receipts, Paper Secured by.

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.

(Page 456, June, 1917, Bulletin.)

Waterworks Company, Paper of.

If the proceeds of the paper have been or are to be used to provide funds for pay roll, purchases of coal, etc., and if the paper is otherwise in conformity with the law and the provisions of the Board's regulations, it is eligible for rediscount by the Federal Reserve Bank.

(Page 527, July, 1917, Bulletin.)

AGRICULTURAL PAPER.

Live-Stock Paper.

The bill or note of a packing company, the proceeds of which are used for the purchase of live stock which is slaughtered upon purchase, is not "based on live stock" within the meaning of section 13, and is, therefore, not eligible for rediscount if it has a maturity in excess of 90 days.

(Page 616, Aug., 1917, Bulletin.)

Cattle Paper.

A loan made by a member bank in good faith to a farmer, for the purpose of assisting him to produce a crop, or to fatten his cattle, would be eligible for discount by a Federal Reserve Bank whether secured by a mortgage or not, but most of the farmers' notes which have been discounted with Federal Reserve Banks for member banks are secured by chattel mortgages.

(Page 378, May, 1917, Bulletin.)

Cattle as Readily Marketable Commodity.

National banks are not authorized to accept bills secured by chattel mortgages on cattle, and Federal Reserve Banks should consider as ineligible bills drawn against the security of such chattel mortgages, whether accepted by member or nonmember banks.

(Page 309, Apr., 1918, Bulletin.)

Commodities Used for Agricultural Purpose—Note for Purchase Price.

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

(Page 312, Apr., 1918, Bulletin.)

Classification of Discounted Paper.

It is the desire of the Board that the Federal Reserve Banks ascertain in all cases whether the original loan has been obtained from the rediscounting member bank for agricultural, industrial, or commercial purposes so that all discount items of the Federal Reserve Banks may be reported to the Board properly classified.

(Page 114, Feb., 1917, Bulletin.)

Compulsory Loans.

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

(Page 457, June, 1917, Bulletin.)

Direct Loans.

Federal Reserve Banks do not make loans direct to individuals, but merely rediscount notes for member banks.

(Page 763, Oct., 1917, Bulletin.)

Paper Secured by Chattel Mortgage.

Any member bank could discount a promissory note secured by collateral notes, in turn secured by chattel mortgages on cattle. Such a note, however, would not be eligible for rediscount by a Federal Reserve Bank because of the fact that it is not drawn for an agricultural, industrial or commercial purpose, within the meaning of section 13, of the Federal Reserve Act.

(Page 690, Sept., 1917, Bulletin.)

Notes of Farmers for Commodities Used in Farming.

Where a farmer makes his note payable to the seller of a commodity and actually uses the commodity for agricultural purposes, such a note may be treated as agricultural paper, whether discounted with the member bank by the farmer as the maker or by the seller as the indorser.

(Page 310, Apr., 1918, Bulletin.)

Tractor Work.

Where tractors are used to supplement the work of horses or mules or are used altogether instead of these animals, notes given by farmers for the purchase price of tractors, and maturing within six months, should be admitted to discount as agricultural paper.

(Page 309, Apr., 1918, Bulletin.)

COMMODITY PAPER.

Commodity Rate Suspended.

Staple perishable food products, such as butter, cheese, eggs, poultry, frozen fish, etc., carried for seasonal periods in cold storage under negotiable warehouse receipts, may be eligible for rediscount with Federal Reserve Banks. In view of the fact, however, that the present time and present circumstances do not warrant preferential rates in favor of such paper, the commodity rate has been abolished for the time being and has been merged with the general commercial rate.

(Page 30, Jan., 1918, Bulletin.)

Potatoes as Security—Superseding Ruling of November 10, 1915.

Potatoes, properly graded and packed and stored in a weatherproof and responsible warehouse, as evidenced by its receipt, would undoubtedly constitute a readily marketable, nonperishable staple within the meaning of the regulation. The member bank making loans against warehouse receipts for potatoes properly insured would, of course, have to satisfy itself as to the margin of its security and the conditions of warehousing, but after having done so, and making the loan, it could rediscount such paper with the Federal Reserve Bank for periods not longer than 90 days.

(Page 614, Aug., 1917, Bulletin.)

REAL ESTATE LOANS.

Bonds Secured by Real Estate.

Bonds issued by an individual on the security of real estate are real estate loans and are therefore subject to section 24 of the Federal Reserve Act and also section 5200, Revised Statutes, and as the bonds in question do not conform to section 24, relative to time for which they may run, they would constitute illegal investments for national banks and should not be taken.

(Page 456, June, 1917, Bulletin.)

Loans on Real Estate.

National banks are subject to the limitations imposed by section 24 of the Federal Reserve Act, and can not make loans on real estate except under authority of this act, which limits the amount to an aggregate sum equal to 25 per cent of its capital and surplus or to one-third of its time deposits. If one-third of its time deposits exceed 25 per cent of the capital and surplus, banks are given the benefit of this alternative maximum.

(Page 691, Sept., 1917, Bulletin.)

Loans on City Real Estate.

If the security for a trust company certificate is another note which in turn is secured by real estate, then, under the decisions of the Supreme Court, the loan is authorized by law, on the ground that it is a loan on personal security, and not a loan upon the security of real estate.

(Page 30, Jan., 1918, Bulletin.)

Loans on Improved Farm Lands.

Section 24 authorizes any national bank to loan on unencumbered and improved farm land up to 50 per cent of its actual value. What proportion of the land used as security must be improved or cultivated must necessarily depend upon the facts of each case.

(Page 618, Aug., 1917, Bulletin.)

Real Estate Loans by Foreign Branches.

A branch bank of a national bank established in a foreign country, under authority of section 25, may make loans on real estate located within 100 miles of the branch, pro-

vided such loans conform in all other respects to the provisions of section 24. (Page 952, Dec., 1917, Bulletin.)

PAPER OTHER THAN AGRICULTURAL OR COM-MODITY.

Paper of Equity Exchange.

Paper of equity exchanges, if first discounted by a member bank, would be in form eligible for rediscount at the Federal Reserve Bank, provided its maturity at the time of discount does not exceed 90 days. Their paper must, however, first have been discounted with a member bank and the member bank alone would have the right to rediscount this paper with the Federal Reserve Bank.

(Page 379, May, 1917, Bulletin.)

Rediscount of Bank's Note Given for Funds to Replace Deposits Withdrawn to Purchase Liberty Bonds.

A note executed by Bank "A" and discounted by Bank "B," the proceeds of which were used to replace funds withdrawn by customers to purchase Liberty bonds, is not eligible for rediscount by a Federal Reserve Bank, since the proceeds were not used for an agricultural, industrial, or commercial purpose, or for the purchase of notes or bonds of the United States.

(Page 954, Dec., 1917, Bulletin.)

Renewal of 15-Day Notes of Member Banks.

A Federal Reserve Bank may properly renew the 15-day notes of its member banks if properly secured, provided that the Federal Reserve Bank does not obligate itself in advance to make any such renewal.

(Page 765, Oct., 1917, Bulletin.)

Sunday or Legal Holidays, Maturity of Notes Due on.

In discounting any paper regardless of maturity a reserve bank should first consult the calendar and time its actual maturity. For instance, if it should on January 26 discount a note running for 90 days, it should, as far as notes payable in Alabama, Georgia, and Florida are concerned, mature this paper on April 27, as April 26 is a legal holiday in these States, and it should figure discount for 91 days instead of 90. If the paper is payable in Mississippi, it would legally mature on April 25, and it should figure discount for 89 days. In the other States of your district April 26 is not a legal holiday, and it should therefore mature such paper in those States on April 26 and figure discount for 90 days. As far as 15-day notes are concerned, it should, in the case of a note payable in Mississippi, falling due on Sunday, mature it as of Saturday and charge 14 days' interest. In the case of a 15-day note payable in Georgia, it should mature it if due on Sunday as of Monday and charge 16 days' interest, and in Alabama, Tennessee, and other States which have the negotiable instruments law it should mature 15-day notes payable in those States and falling due on Saturday or Sunday, as of Monday, charging 16 or 17 days' interest, as the case may be.

(Page 108, Feb., 1918, Bulletin.)

War Department Obligations.

Member banks in giving accommodation to holders of Government claims as evidenced by vouchers, could take the note of the firm or contractor with the voucher attached as collateral security. The Board holds that such notes will be eligible for rediscount by Federal Reserve Banks at the 15-day rate, or at the regular commercial paper rates according to maturities. Under the present circumstances Government officers will seek to protect the banks which extend these accommodations to those having contracts with the Government.

(Page 288, Apr., 1917, Bulletin.)

RESERVES.**Computation of Reserves.**

Under section 19 as amended banks are permitted to count as reserve only actual balances carried with a Federal Reserve Bank. In estimating the amount against which reserve must be carried they are permitted to deduct balances due from banks from balances due to banks and to carry reserve only against the net balance due to banks and against other deposit liabilities.

(Page 614, Aug., 1917, Bulletin.)

Government Deposits, Reserves Against.

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.

(Page 458, June, 1917, Bulletin.)

Reserves, Deductions in Determining.

Member banks in determining the amount against which reserves must be carried, may deduct all Government deposits, except postal savings deposits, from the amount of gross demand deposits, and may deduct from the amount of balances *due to* other banks the amount of balances *due from* other banks, and may include in the amount *due from* banks checks drawn on banks located in the same place and exchanges for clearing houses. The law, however, does not permit member banks to deduct checks on other banks located in the same place or exchanges for clearing houses from gross demand deposits; nor does it permit cash on hand to be deducted from gross demand deposits.

(Page 692, Sept., 1917, Bulletin.)

Reserve Requirements Under the New Amendments.

Letter to all Federal Reserve Banks announcing that the bill amending the Federal Reserve Act had become law and explaining the conditions under which the new reserve requirements would be made effective.

(Page 508, July, 1917, Bulletin.)

Reserves of National Banks, Method of Computing.

Reserves of national banks and the manner in which they should be computed (letter by Comptroller of the Currency to all national banks).

(Page 602, Aug., 1917, Bulletin.)

Shipments of Currency to Cover Reserves.

In cases of any remittance of currency or specie in excess of the amount due to the Federal Reserve Bank and not offset by other items the expense of shipment of such excess should be borne by the member bank. In order that the expense to be assumed by the Federal Reserve Bank may not be unnecessarily increased, member banks, except when shipping gold, should remit currency rather than specie wherever this is practicable.

(Page 615, Aug., 1917, Bulletin.)

Synopsis of State laws relating to bank reserves.

(Page 767, Oct., 1917, Bulletin.)

RESERVE CITIES.

The Board designates as reserve cities Buffalo, N. Y., Toledo, Ohio, Memphis, Tenn., Peoria, Ill., Grand Rapids, Mich., and Oakland, Cal., thus making banks in those places subject to the reserve requirement of 10 per cent against demand deposits and 3 per cent against time deposits.

(Page 921, Dec., 1917, Bulletin.)

STATE BANKS.**Applications for Membership by State Banks Before Commencing Business.**

A State bank may make application for membership in the Federal Reserve System as soon as it has been granted a charter and is authorized to commence business.

(Page 953, Dec., 1917, Bulletin.)

Conversion of a State Bank into a National Bank.

In view of the fact that the conversion of a State into a national bank does not destroy the corporate identity of the bank, it is hardly necessary for the State bank to file an application for the surrender of its stock or for the national bank to file an application for new stock.

(Page 690, Sept., 1917, Bulletin.)

Eligibility of Mutual Savings Bank.

A mutual savings bank without capital stock or stockholders is not eligible under the law for membership in the Federal Reserve System.

(Page 950, Dec., 1917, Bulletin.)

Examination Forms.

A suggestion has been made by one of the Federal Reserve agents that an effort should be made to induce the banking departments of the various States to adopt for use of examiners in making reports of examination a form used by the Federal Reserve Boards' Division of Audit

and Examination. The Board has never communicated with any of the bank commissioners regarding this matter, but would be pleased if each Federal Reserve agent would ascertain the views upon this subject of the bank commissioners or superintendents of the States in his own district. (Page 310, Apr., 1918, Bulletin.)

Limitations Under Section 5200, R. S.

Under section 9 of the Federal Reserve Act as amended, State banks and trust companies becoming members of the Federal Reserve System are not subject to the limitations of section 5200, but are subject only to such limitations as are imposed by State laws. Such banks may, therefore, make loans to the same person, firm, or corporation in any amounts permitted by the State laws. Loans to one person in excess of 10 per cent are, however, not eligible for rediscount with a Federal Reserve Bank.

(Page 879, Nov., 1917, Bulletin.)

Powers of State Banks Which Become Members.

A State bank which becomes a member of the Federal Reserve System may continue to make loans to one customer in excess of 10 per cent of its capital and surplus, provided it is authorized to do so under the laws of the State in which it is located. The obligations of any one customer to whom the bank has loaned more than 10 per cent of its capital and surplus would not, however, be eligible for rediscount with the Federal Reserve Bank.

(Page 696, Sept., 1917, Bulletin.)

Private Bankers as Members.

The Federal Reserve Act does not permit a private banker to become a member bank, nor does it permit Federal Reserve Banks to extend clearing privileges to such a banker. (Page 693, Sept., 1917, Bulletin.)

State Bank Membership.

If a State bank is authorized by law to invest in real estate mortgages, the fact that it has large investments of this kind would not bar the bank from membership in the Federal Reserve System.

(Page 950, Dec., 1917, Bulletin.)

Other References to State Banks.

Abstract of State laws relating to the right of banks created and organized under the laws of the several States to accept drafts and bills of exchange.

(Page 529, July, 1917, Bulletin.)

Experience of State banks in the Federal Reserve system.

(Page 355, May, 1917, Bulletin.)

Digest of the procedure to be followed by Federal Reserve agents in connection with the applications of institutions which desire to be considered for membership.

(Page 592, Aug., 1917, Bulletin.)

President's statement re membership of State institutions in the Federal Reserve system.

(Page 827, Nov., 1917, Bulletin.)

Act permitting State institutions in Pennsylvania to become members of the Federal Reserve System.

(Page 666, Sept., 1917, Bulletin.)

Law authorizing State banks and trust companies in Mississippi to become member banks.

(Page 315, Apr., 1918, Bulletin.)

Amendment of the banking laws of Kentucky.

(Page 315, Apr., 1918, Bulletin.)

STOCK IN FEDERAL RESERVE BANKS.

Calculation of Dividends on Surrendered Stock.

When a national bank going into voluntary liquidation fails to promptly apply for surrender and cancellation of its stock in the Federal Reserve Bank, it is within the province of the Federal Reserve Board to allow the Federal Reserve Bank to pay dividends on such stock up to the date when such application was actually made, if, in the opinion of the Board, the liquidating bank did not unreasonably delay filing such application.

(Page 201, Mar., 1918, Bulletin.)

Deduction of Federal Reserve Bank Stock From Tax Assessments Levied on Shareholders of National Banks.

An opinion rendered by Judge Sater, of the United States District Court, Southern District of Ohio, Western Division, holds that Federal Reserve Bank stock which is held by a national bank can not be deducted by such national bank in making a return of the value of its own stock for the purpose of taxation.

(Page 955, Dec., 1917, Bulletin.)

Stock Subscriptions.

It would not be consistent with regulations or with the more conservative business principles to treat applicants for membership in the Federal Reserve System as members until their applications have been formally approved by the Board.

(Page 287, Apr., 1917, Bulletin.)

Surrender of Stock by Liquidated Bank.

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.

(Page 457, June, 1917, Bulletin.)

Transfer of Federal Reserve Bank Stock.

A national bank acquiring assets of another national bank in liquidation is not entitled to have transferred to it the Federal Reserve Bank stock held by the liquidating bank.

(Page 199, Mar., 1917, Bulletin.)

TIME DEPOSITS AND SAVINGS ACCOUNTS.**Deposits by Nonmember Banks in Federal Reserve Banks.**

That part of section 13 as amended by the act approved June 21, 1917, which authorizes Federal Reserve Banks to receive deposits from nonmember banks is merely permissive and not mandatory, and in accepting any deposit authorized by that section a Federal Reserve Bank may properly require the depositing bank to maintain a balance sufficient to cover checks drawn against the depositing bank as well as items received from that bank.

(Page 617, Aug., 1917, Bulletin.)

Deposits with Nonmember Banks.

No member bank shall keep on deposit with any State bank or trust company which is not a member bank a sum in excess of 10 per cent of its own paid-up capital stock and surplus. This applies also to State members.

(Page 951, Dec., 1917, Bulletin.)

Farm Loan Bank Deposits.

Federal Reserve Banks are not authorized by the Federal Reserve Act to receive deposits except from the United States Government and from member banks. There is no provision in the farm loan act authorizing farm loan banks to make deposits in Federal Reserve Banks.

(Page 379, May, 1917, Bulletin.)

Federal Farm Land Bank Deposits with Federal Reserve Banks.

Federal Reserve Banks may properly receive deposits from the various Farm Land Banks for the purpose of exchange or of collection or for the purpose of paying farm loan bond coupons.

(Page 881, Nov., 1917, Bulletin.)

Interest on Bank Deposits.

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

(Page 285, Apr., 1918, Bulletin.)

Board's policy as to interest on deposits.

(Page 160, Mar., 1918, Bulletin.)

Savings Accounts as Time Deposits.

Savings accounts opened under regulations which do not specifically reserve to the bank the right to require 30 days' notice before a withdrawal are not savings accounts within the definition of that term in Regulation D, series of 1917; even though the regulations contain a provision that they may be amended by notices posted in the

bank and that such amendments shall be binding on depositors.

(Page 199, Mar., 1918, Bulletin.)

UNITED STATES BONDS.**Coupons from United States Bonds.**

Instructions for the handling of coupons from United States bonds: Coupons from United States bonds are actually payable only on presentation to the Treasurer of the United States, to an Assistant Treasurer of the United States, or to a Federal Reserve Bank or branch thereof. When so paid they should be canceled by punching a hole one-fourth inch in diameter in the middle of the coupon and near the top thereof through the words "United States" or immediately thereunder.

(Page 938, Dec., 1917, Bulletin.)

Income from Liberty Bonds Exempt from Tax.

The income from not to exceed \$5,000 face value of Liberty bonds, Treasury certificates of indebtedness, and war savings certificates authorized by the act of October 3, 1917, is exempt from all income and war excess profits taxes.

(Page 930, Dec., 1917, Bulletin.)

Loans on United States Bonds or Notes.

Letter advising Federal Reserve Banks as to the methods by which they may make advances to member banks for the purpose of enabling them or their customers to carry or trade in bonds or notes of the United States.

(Page 158, Mar., 1917, Bulletin.)

Purchase of United States Bonds.

Resolution of Board regarding purchase of United States 2 per cent bonds.

(Page 5, Jan., 1917, Bulletin.)

The Board will not require Federal Reserve Banks to purchase during the year 1917 more than \$15,000,000 of United States bonds offered for sale by member banks through the Treasurer of the United States.

(Page 240, Apr., 1917, Bulletin.)

Offerings of 2 per cent United States bonds to June 30, 1917.

(Page 507, July, 1917, Bulletin.)

The Board will not, under existing circumstances, require the Federal Reserve Banks to make further purchases of United States 2 per cent bonds.

(Page 879, Nov., 1917, Bulletin.)

MISCELLANEOUS.**Alien Enemies, Transactions With.**

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.

(Page 431, June, 1917, Bulletin.)

Compensation of Member Bank Officers.

The Federal Reserve Board has consistently maintained the position that it should not make rulings on specific or concrete cases arising under section 22 of the Federal Reserve Act, because of the fact that, it being a penal statute, no ruling by the Board would afford any protection to a person subsequently indicted for a violation of its provisions. (Page 30, Jan., 1917, Bulletin.)

Curtailement of Unnecessary Credits.

Policy of Board. (Page 260, Apr., 1918, Bulletin.)

Exports of Coin, Bullion, and Currency—Embargo System.

Regulations governing the exportation of coin, bullion, and currency. (Page 736, Oct., 1917, Bulletin.)

Farm Loan Bonds.

Farm loan bonds are issued by Federal farm land banks incorporated under Federal law, and are not obligations of the United States, so that they are not eligible as collateral for promissory notes of member banks.

(Page 32, Jan., 1918, Bulletin.)

Foreign Exchange Instructions.

Instructions to dealers as defined under Executive order of the President of the United States, dated January 26, 1918, made public by the Federal Reserve Board on February 3.

(Page 185, Mar., 1918, Bulletin.)

Loans to Directors.

Assent of a board of directors to a loan under section 22 of the Federal Reserve Act may be given by a resolution of the board of directors fixing a specific amount, but all loans made under such authority should be reported to and ratified at a subsequent meeting of the board.

(Page 614, Aug., 1917, Bulletin.)

Officers of the Federal Reserve Board.

Governor and vice-governor redesignated for 1917-18.

(Page 657, Sept., 1917, Bulletin.)

Priorities in Capital Issues.

Statement giving details of the Board's organization for the oversight of capital issues.

(Page 77, Feb., 1918, Bulletin.)

Formation of 12 local committees of Capital Issues Committee.

(Page 166, Mar., 1918, Bulletin.)

Regulation of Foreign Exchange.

Text of an Executive order signed by the President on January 26, 1918, prescribing rules and regulations under section 5 of the trading-with-the-enemy act and supplementing rules and regulations heretofore prescribed under title 7 of the espionage act.

(Page 81, Feb., 1918, Bulletin.)

Revenue Stamps on Time Drafts.

Banks should have their customers draw such drafts simply as demand drafts which are not subject to a stamp

tax. There does not seem to be anything to prevent a bank from giving in its letter of transmittal such instructions as it may see fit as to the presentation or holding of the draft.

(Page 31, Jan., 1918, Bulletin.)

Section 22, Federal Reserve Act, Violation of.

Any violation of the provisions of section 22 of the Federal Reserve Act by officers, directors, or employees of a member bank constitutes a crime, punishable by fine or imprisonment. No ruling or interpretation by the Federal Reserve Board would afford any protection to a person subsequently indicted by a Federal grand jury for any such violation, it not being within the province of the Federal Reserve Board to make an official ruling on the provisions of this section.

(Page 694, Sept., 1917, Bulletin.)

Stamp Tax on Acceptances.

Acceptances originating outside but payable inside this country as well as acceptances originating inside but payable outside are subject to stamp taxes.

(Page 950, Dec., 1917, Bulletin.)

Tax on Promissory Notes.

In December, 1914, Hon. Wm. H. Osborne, who was then the Commissioner of Internal Revenue, advised the Board that the following rulings had been made by his bureau.

"The rediscount of a note by a bank does not involve any tax liability.

"A promissory note payable on demand is not held to be renewed and subject to tax under the provisions of the internal revenue act of October 22, 1914, when accrued interest thereon is paid.

"A promissory note may have interest payments indorsed thereon without becoming subject to tax if the life of the note is not contingent upon payment of the interest and is not extended to a certain future date.

"A promissory note given for a fixed period which, when due, is allowed to run without suit, is not held to be renewed upon payment of interest. This is looked upon as a forbearance and not as a renewal; the holder not relinquishing his right for any stated period, and, therefore, no stamp is required in such cases."

(Page 950, Dec., 1917, Bulletin.)

Use of Coin Counting Machines.

Statement of Board discouraging the practice of using coin-counting machines.

(Page 440, June, 1917, Bulletin.)

Use of the Word "Federal."

It is decidedly against the policy of the Federal Reserve Board to encourage the use of the word "Federal" as part of the title of member banks.

(Page 615, Aug., 1917, Bulletin.)

Taxability of Income from Investments in Liberty Bonds.

A ruling 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.

(Page 459, June, 1917, Bulletin.)

War Savings Certificates as Christmas Gifts.

The attention of bankers, employers of labor, and of individuals should be directed to the new war savings

certificate plan as being an entirely suitable and patriotic method of handling the matter.

(Page 951, Dec., 1917, Bulletin.)

War Stamp Taxes.

Reprint of Treasury decision (T. D. 2682) relating to war stamp taxes on negotiable instruments.

(Page 316, Apr., 1918, Bulletin.)

INDEX.

	Page.		Page.
Acceptances:		Informal rulings of the Federal Reserve Board—Continued.	
Banks granted authority to accept up to 100 per cent of capital and surplus.....	492	Date for payment of dividend.....	521
Distribution of, statement showing.....	554	Use of the word "reserve".....	521
Act authorizing national banks to contribute to the Red Cross.....	498	International High Commission, report of, on uniformity of law and practice with reference to checks.....	518
Average rate and maturity of paper discounted by the Federal Reserve Banks each month.....	551	Jones, Breckinridge, address of, on State banks entering the Federal Reserve system.....	510
Business conditions throughout the Federal Reserve districts.....	527-547	Law department:	
Capital Issues Committee, work of.....	494	Membership of branch of State bank.....	522
Charters issued to national banks during the month.	509	Decision of Supreme Court of Illinois in fiduciary case.....	522
Charts:		Amendments to New York and Kentucky banking laws.....	524-526
Deposits, loans, and investments of national banks, 1914-1918.....	503	Liberty bonds:	
Movement of prices, 1914-1918.....	505	Conversion of the different issues of.....	517
Check clearing and collection system, operation of.	550	List of, lost or stolen.....	515-517
Checks, report on law and practice relating to, by central executive council of the International High Commission.....	518	Liberty loan, success of.....	484, 509
Coin, bullion, and currency movement, control of..	499	Member banks, statement showing condition of....	564
Commercial failures reported.....	510	Money, amount of, held by the Treasury, the Federal Reserve Banks, and the public.....	506-508
Currency, paper, outstanding.....	519	National banks, charters issued to, during the month.....	509
Deposits of public moneys.....	464	President of the United States:	
Deposits, loans, and investments of national banks, 1914-1918.....	502	Address of, before Congress, on taxation measure.	497
Chart showing.....	503	Statement of, on thrift and purchase of securities	483
Digest of informal rulings of the Board, January, 1917, to April, 1918.....	571-586	Prices, monthly changes in, 1914-1918.....	504
Director, class C, named for Federal Reserve Bank of Richmond.....	491	Chart showing.....	505
Discount operations of the Federal Reserve Banks.	552	Red Cross, act authorizing national banks to subscribe to.....	498
Discount rates in effect.....	570	Regulations governing the exportation of coin, bullion, and currency, revision of.....	499
Earnings on investments of Federal Reserve Banks.	569	Resources and liabilities of Federal Reserve Banks.	559
Exports of coin, bullion, and currency, licenses covering, September 7, 1917, to May 24, 1918....	501	Review of the month:	
Federal Advisory Council, meeting of.....	490, 491	Success of the third Liberty loan.....	484
Federal Reserve agents' fund, transactions through.	549	Use of certificates of indebtedness.....	485
Federal Reserve Banks:		The question of saving.....	485
Earnings on investments of.....	569	Prices, credit, and currency.....	486
Resources and liabilities of.....	559	Rates of discount.....	487
Federal Reserve note account of Federal Reserve Banks and agents.....	562	Silver situation.....	487
Fiduciary powers granted to national banks.....	492	Movement of gold.....	488
Gold export, control of.....	499	Operations of the Federal Reserve Banks.....	488
Gold imports and exports.....	570	Condition of member banks.....	489
Gold settlement fund, transactions through.....	548	Meeting of Federal Advisory Council.....	490
Indexes of business conditions.....	491	Silver certificates, progress in retiring of.....	493-495
Informal rulings of the Federal Reserve Board:		State banks:	
Rediscount of paper indorsed by nonmember bank.....	520	Address of Breckenridge Jones regarding membership of.....	510
Acceptance of draft against sugar in bond.....	520	List of, admitted to system during the month..	508
Bills payable elsewhere than in the United States.....	520	Treasury certificates of indebtedness:	
Discount of acceptances not paid at Federal Reserve Bank.....	521	Issue of.....	518
		Number of subscribers and amounts subscribed to the six issues preceding the third Liberty loan.....	558
		War Finance Corporation, operations of.....	495-497