

# FEDERAL RESERVE BULLETIN

JUNE 1937



*Recent Banking Developments*

*Condition of All Member Banks*

*Annual Report of Bank for International  
Settlements*



BOARD OF GOVERNORS  
OF THE FEDERAL RESERVE SYSTEM

WASHINGTON

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# FEDERAL RESERVE BULLETIN

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## REVIEW OF THE MONTH

On May 1 the final increase of 14 $\frac{3}{4}$  percent in member bank reserve requirements went into effect, and as a consequence excess reserves declined by about \$700,000,000, although the total volume of member bank reserves at Federal Reserve banks showed little change. In connection with the final increase in requirements there was some shifting of reserves among member banks, effected principally by withdrawals of interbank deposits and in small part by interbank borrowings. Open-market rates on bankers' acceptances and the average rate on weekly sales of Treasury bills declined slightly in May, while other open-market money rates and rates on customers' loans showed little or no change. High-grade bond prices, which declined sharply in March and early April, advanced somewhat in May, while stock prices declined further.

Total deposits at weekly reporting member banks continued to decrease in April and May, reflecting declines in bankers' balances and in United States Government deposits. Other deposits, which had declined somewhat in March, increased slightly in the following weeks. Sales of securities by banks have been the most important factor in accounting for the decrease in deposits in recent months. Member bank holdings of United States Government obligations continued to decline at New York City banks during April and May, but the decline was less rapid than in earlier months, and holdings of other reporting banks showed little change. Commercial loans by banks increased further, although

after the first week of April the rapid growth of previous weeks slackened.

After the May 1 increase in reserve requirements member banks held excess reserves of more than \$900,000,000, or about 16 percent of required reserves. The following table shows the reserve position of the various classes of banks in the week ending May 21 and changes since the last week of January, covering the effects of both the March and May increases in requirements. Fluctuations in excess reserves at the various classes of banks since the beginning of 1934 are shown on the chart on the next page.

### RESERVE POSITION OF MEMBER BANKS

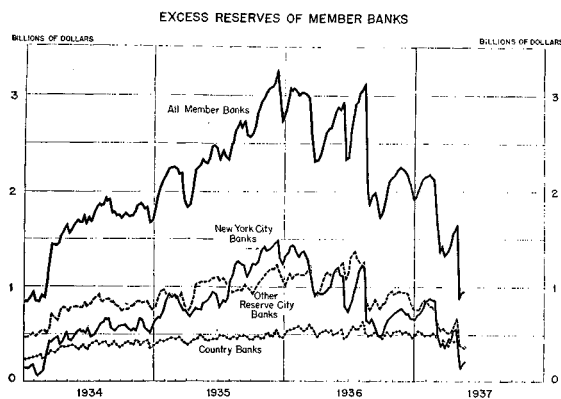
[Amounts in millions of dollars. Averages of daily figures, partly estimated]

Class of bank	Change between weeks ending Jan. 29, and May 21, 1937			Excess reserves week ending May 21	
	Total reserve balances	Required reserves	Excess reserves	Amount	Per cent of required reserves
Central reserve city banks					
New York.....	-107	+523	-630	212	9
Chicago.....	+25	+122	-97	58	11
Reserve city banks.....	+119	+466	-347	317	16
Country banks.....	+144	+279	-135	357	35
All member banks....	+181	+1,390	-1,209	944	16

The increase of approximately \$180,000,000 in total reserve balances from the end of January reflected principally purchases during April of about \$100,000,000 of United States Government securities by the Federal Reserve banks and declines in Treasury and other nonmember deposits at the Reserve banks, offset in part by an increase in money

in circulation. The increase in required reserves was the result of the increased ratios of requirements. As the consequence of this increase, offset in part by the effects of a decrease in the amount of deposits and shifts in their distribution among member banks of the different reserve classifications, the actual addition to required reserves amounted to about \$1,390,000,000 and the decrease in excess reserves to about \$1,210,000,000. During the week ending May 21 member banks still had excess reserves of \$940,000,000.

In the period covered by the table reserve balances increased at reserve city banks and country banks, reflecting in part withdrawals of bankers' balances, while reserves of New York City banks declined and those of Chicago banks showed little change, notwithstanding substantial liquidation of investment holdings by banks in these cities. The ratios of excess reserves to required reserves in the week ending May 21 ranged from 9 percent



at New York City banks to 35 percent at country banks. The amounts of excess reserves held by the various classes of banks in May were closely similar to those held in the early weeks of 1934, as is shown in the chart, but these amounts constituted a much smaller proportion of required reserves, which have increased as the result of a considerable growth in deposits, as well as of the increase in reserve percentages.

Since the beginning of 1937 there has been

some decline in the total amount of member bank deposits, accompanied by important shifts in the distribution of deposits.

These changes in deposits had the result of reducing required reserves by more than \$100,000,000 below what they would otherwise have been. The declines occurred principally in deposits of the United States Government and in interbank balances. Adjusted demand deposits, which represent principally deposits of individuals, corporations, local governmental bodies, etc., declined somewhat at New York City and Chicago but showed little change elsewhere, while time deposits and deposits of foreign banks increased. Changes in various types of deposits at reporting member banks in leading cities from the end of December to May 19 are shown in the table and from the beginning of September 1934 in the chart.

CHANGES IN DEPOSITS AT REPORTING MEMBER BANKS IN LEADING CITIES, DEC. 30, 1936, TO MAY 19, 1937

[In millions of dollars]

	All reporting banks	New York City	Chicago	Other cities
Adjusted demand.....	-146	-56	-78	-12
U. S. Government.....	-520	-162	+7	-365
Interbank:				
Domestic.....	-894	-464	-50	-380
Foreign.....	+100	+99	+1	
Time.....	+138	+83	-5	+60
Total.....	-1,322	-500	-125	-697

At country banks, for which call report figures as of March 31 are the latest available by types of deposits, adjusted demand deposits showed little change in the first three months of this year, while United States Government deposits declined by \$120,000,000, and there was a small decline in bankers' balances. Time deposits increased by about \$100,000,000.

Interbank deposits, which had increased considerably from 1933 to 1936, with the large growth in excess reserves held by banks, have been substantially reduced in 1937. Balances of domestic banks at mem-

**Withdrawals of bankers' balances**

ber banks in leading cities amounted to more than \$6,000,000,000 at the end of 1936, as compared with an average of about \$3,000,000,000 held for many years prior to 1933. By May 19, 1937, they had been reduced to about \$5,100,000,000. Much of the previous accumulation of bankers' balances represented the redeposit by banks with their city corre-

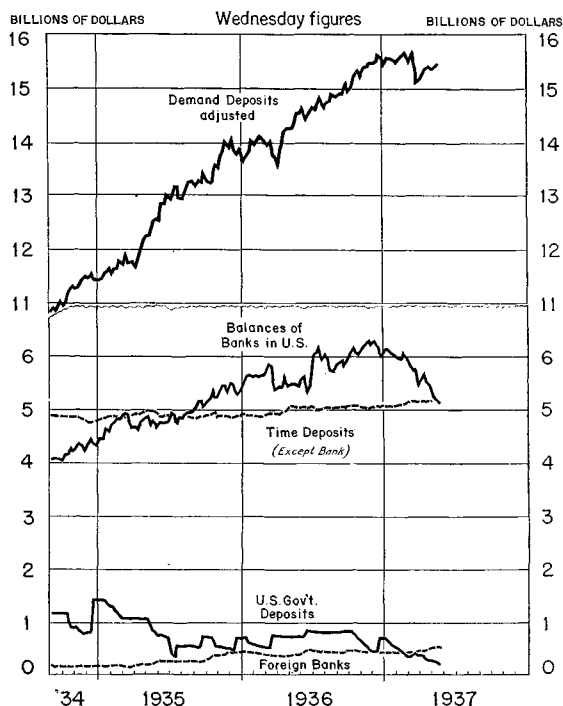
These withdrawals of bankers' balances reflected principally adjustments by member banks to the increased reserve requirements. Country banks in recent years have carried a portion of their idle funds in excess reserves with Federal Reserve banks and a portion on balance with correspondents. Banks having insufficient excess reserves with the Reserve banks to meet the increases in requirements drew upon their balances with other banks. Some banks probably also withdrew balances to meet withdrawals of United States Government deposits in this period. Also in the early spring banks in agricultural sections customarily draw upon their balances to meet payments in urban areas for seed, machinery, and other supplies and equipment required by farmers in that season.

These withdrawals of bankers' balances had the effect of increasing total reserves at country and reserve city banks and of decreasing reserves at central reserve city banks, but at the same time they reduced required reserves at the central reserve city banks and, since balances with correspondents are deductible from gross demand deposits in computing net deposits subject to reserve requirements, they resulted in an increase in required reserves at other banks. At country banks the increase in required reserves resulting from withdrawals of balances from city correspondents largely counteracted a reduction resulting from the loss of Government deposits.

Treasury balances with depositaries other than Federal Reserve banks declined from nearly \$1,000,000,000 at the end of December to about \$200,000,000 on May 19.

Deposits paid out by the Treasury were redeposited at banks by the recipients so that there would have been an increase in other deposits, had this increase not been offset through purchases by depositors of securities sold by banks. The reduction in bank deposits, therefore, corresponded to decreases in bank holdings of United States

DEPOSITS AT MEMBER BANKS IN LEADING CITIES



spondents of funds received on deposit from other banks. In previous years there had been at banks in leading cities outside New York large increases in balances due from banks as well as in balances due to banks, and this year there were decreases in both. Reporting member banks in leading cities reported balances with other banks of less than \$1,800,000,000 on May 19, a decline of \$560,000,000 since the end of December. It would appear that in this period nonreporting banks withdrew on balance more than \$300,000,000 of their deposits from city correspondents.

Government obligations. Holdings of United States Government obligations by reporting member banks showed a decline of \$930,000,000 between December 30 and May 19. Since the volume of outstanding United States obligations increased during the period, it is apparent that purchases of United States obligations by non-banking investors increased substantially. Most of the purchases of securities by investors were probably made with funds that had been held idle, so that these transactions did not result in a decrease in the volume of active deposits.

The member bank call report for March 31, which has recently become available, gives information on changes in the various types of United States Government securities

#### Shifts in holdings of Government securities

held by all classes of member banks. For the first quarter of the year total holdings of all member banks decreased by about \$800,000,000, following a reduction of somewhat more than \$100,000,000 in the last half of 1936. While the decline last year was entirely at banks in New York, the decline this year was at banks in Chicago and the other reserve cities as well. A part of the decline shown at Chicago banks on March 31 was temporary, reflecting sales to customers over a tax period. The following table shows holdings on March 31, 1937, of different types of Government securities by the various classes of member banks and by Federal Reserve banks, compared with the total outstanding amount of the kinds of debt that banks customarily purchase, together with changes during the first quarter of this year.

Holdings of Treasury bonds by member banks decreased by about \$150,000,000, holdings of notes by \$500,000,000, and of bills by \$130,000,000. Sales of bonds by banks in this period were larger than the decrease shown as many banks exchanged notes for bonds in March when notes were refunded into bonds. Of the net reduction of \$128,000,000 in holdings of bonds by New York

#### BANK HOLDINGS OF DIRECT OBLIGATIONS OF THE UNITED STATES GOVERNMENT

[In millions of dollars]

	Total holdings Mar. 31 1937	Change from Dec. 31, 1936			
		Total	Bonds	Notes	Bills
Member banks:					
Central reserve city banks:					
New York.....	3,356	-383	-128	-175	-80
Chicago.....	853	-254	-20	-73	<sup>2</sup> -161
Reserve city banks.....	4,250	-176	-3	-268	+95
Country banks.....	2,397	+29	-3	+18	+14
Total.....	10,856	-783	<sup>1</sup> -154	-497	-132
Federal Reserve banks.....	2,430	-----	+146	-122	-24
Total "open - market" public debt outstanding <sup>3</sup> .....	32,000	-22	+484	-506	-----

<sup>1</sup> Includes a small amount of U. S. Savings bonds purchased.

<sup>2</sup> The decline in Chicago banks' holdings of bills is largely due to temporary sales to customers over a tax period.

<sup>3</sup> United States Government interest-bearing debt excluding U. S. Savings bonds, Postal Savings bonds, and other special issues not generally purchased by banks.

banks, \$107,000,000 consisted of bonds maturing after December 31, 1949, holdings of which had increased in the last half of 1936. The decline in holdings of Treasury notes may be largely accounted for by the March refunding, which reduced the amount of notes outstanding, although banks as a group, including Federal Reserve banks, also sold notes from their portfolios. The decline in Treasury bill holdings is largely explained by the sale of bills by Chicago banks to their customers prior to the April 1 tax date. The New York banks also reduced their holdings of bills, while reserve city banks increased their holdings. Changes in holdings of Government securities at country banks were small.

The increase in the public debt outstanding during the first quarter of 1937 was in United States Savings bonds and various special issues; obligations usually purchased by banks showed no increase until April. The amount of Treasury bonds outstanding increased by about \$500,000,000, while notes decreased by a similar amount. Since bank holdings decreased during the period, it appears that other investors substantially increased their holdings of Government obligations, especially of bonds.

Increased borrowing at banks by commerce and industry, which became substantial in 1936, continued during the early months of 1937. Most of the increase in member bank loans during the first quarter of 1937, as shown by the call report for March 31, was in loans to customers for commercial, industrial, and agricultural purposes and in holdings of acceptances and commercial paper bought in the open market. There was also a small increase in real estate loans, mostly at country banks. Loans to brokers and dealers in securities have shown a rising tendency since last autumn, according to weekly figures, but were about the same at the end of March as at the end of December.

Commercial loans to customers, as measured by loans other than those on securities or on real estate, have shown substantial increases at member banks in the central reserve and reserve cities for the past year or more. The following table gives the changes in such loans by classes of banks during the first quarter of 1937 and in the period since March 4, 1936, the date of the spring call of last year made about the time commercial loans at member banks were beginning to expand.

COMMERCIAL, INDUSTRIAL, AND AGRICULTURAL LOANS TO CUSTOMERS BY MEMBER BANKS

[Amounts in millions of dollars]

	Amount outstanding Mar. 31, 1937	Increase since Dec. 31, 1936		Increase since Mar. 4, 1936	
		Amount	Per cent	Amount	Per cent
Central reserve city banks:					
New York.....	1,600	73	5	488	44
Chicago.....	407	5	1	155	62
Reserve city banks.....	2,276	45	2	471	26
Country banks.....	1,937	56	3	147	8
All member banks.....	6,220	179	3	1,260	25

NOTE.—Includes all loans other than loans on securities and on real estate and loans to banks, acceptances and commercial paper bought, foreign bills and own acceptances held by reporting banks.

At all member banks commercial, industrial, and agricultural loans increased by

about \$180,000,000 in the first quarter of 1937, and from March 31 to May 19 there has been a further increase of about \$140,000,000 at weekly reporting member banks. A large part of this growth was at New York City banks. The largest percentage increases in these loans at reserve city banks in the quarter were in the Cleveland, New York, and Chicago districts, while decreases occurred in the Dallas and Minneapolis districts. As compared with March 1936 there were substantial increases in New York City and Chicago, and in the reserve cities of each district except in the Minneapolis district.

At country banks the growth in commercial, industrial, and agricultural loans, as measured by so-called "other" loans, amounted to over \$50,000,000 in the first quarter of 1937. The increase since March of last year was much smaller at country banks than at reserve city banks, both in dollar volume and on a percentage basis. During the year, however, country banks in most districts increased their loans on real estate and their holdings of open-market paper, in addition to their other loans to customers. From March 4, 1936, to March 31, 1937, total loans of country banks increased by about \$300,000,000 or by nearly 8 per cent. Loans on securities declined by about \$30,000,000, while loans on real estate increased by over \$100,000,000, most of which was on urban property, other loans to customers increased by nearly \$150,000,000, and holdings of open-market paper increased by \$70,000,000.

The largest increases in loans at country banks during the first quarter of this year were in the Federal Reserve districts of Boston, New York, Chicago, and Dallas. Increases also occurred in all other districts except San Francisco. From March 4, 1936, to March 31, 1937, there were substantial increases in loans at country banks in all Federal Reserve districts except the three Northeastern districts and the Minneapolis district.

The amount of money in circulation has continued to increase this year, reflecting in large part increased demands for trade and for payrolls. The amount of growth from the seasonal low point on January 27 to May 19—about \$80,000,000—was somewhat less than in the corresponding period of 1935 and 1936, but larger than was customary in that period in pre-depression years. One factor accounting for a smaller increase this year was a decline in vault cash holdings of banks, which had increased slightly in the same period of 1935 and 1936. Reporting member banks in leading cities showed a decline in vault cash of \$60,000,000 from January 27 to May 19. In this period currency outside reporting member banks increased by about \$140,000,000, compared with an increase of nearly \$190,000,000 in the same period of 1936 and one of \$120,000,000 in 1935.

Banks have held larger amounts of currency in recent years than was formerly customary because with abundant excess reserves they had less incentive to return unneeded currency promptly to the Reserve banks. The recent increases in reserve requirements have been responsible for the reduction in vault cash this year.

The principal increase in currency in circulation this year, as shown in the following

table giving end-of-month figures, was in coin and paper currency in denominations of \$20 and less, which are largely used for payrolls and in retail trade. Currency of denominations of \$50 and \$100 decreased this year, compared with increases in 1935 and 1936, and the largest denominations showed a smaller increase than in those years.

CHANGES IN MONEY IN CIRCULATION, BY DENOMINATIONS, JANUARY 30-APRIL 30

[In millions of dollars]

Denominations	1934	1935	1936	1937
\$20 and under.....	+98	+60	+113	+89
\$50 and \$100.....	-20	+13	+21	-27
\$500 and over.....	+1	+22	+15	+10
Total <sup>1</sup> .....	+79	+98	+149	+77

<sup>1</sup> Total excludes unassorted amounts held in Treasury and Federal Reserve banks and \$1,000,000 of unknown denominations reported by the Treasury as destroyed, which are included in the figures by denominations.

Appointment of Chairman and Federal Reserve Agent and of Deputy Chairman of the Federal Reserve Bank of Atlanta

Effective May 27, 1937, Mr. William H. Kettig was designated as Chairman and Federal Reserve Agent at the Federal Reserve Bank of Atlanta for the period ending December 31, 1937.

Effective May 27, 1937, Mr. F. H. Neely was appointed as Deputy Chairman of the board of directors of the Federal Reserve Bank of Atlanta for the remainder of the current year.



NATIONAL SUMMARY OF BUSINESS CONDITIONS

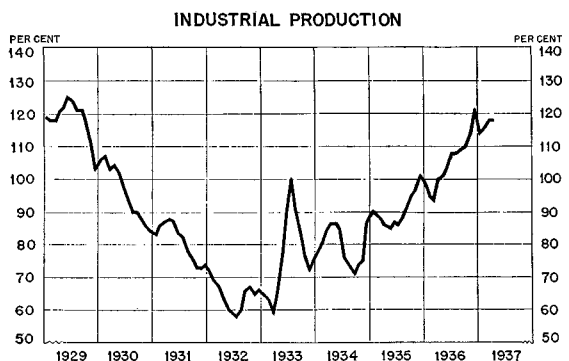
[Compiled May 25 and released for publication May 27]

Industrial activity in April and the first half of May was maintained at the relatively high level of recent months. The general level of wholesale commodity prices declined somewhat, reflecting considerable reductions in prices of many raw materials and semi-finished products.

**Production, employment, and trade.**—The Board's seasonally adjusted index of industrial production in April continued at 118 percent of the 1923-1925 average. Manufacturing production rose further, reflecting increased output of durable goods. Activity at steel mills was at a rate slightly higher than in March and about equal to that in the peak

and of other privately-financed work. Contracts awarded for publicly-financed construction have been considerably smaller in the first four months of this year than in the corresponding period of 1936.

Employment rose further between the middle of March and the middle of April. There was a considerable growth in the number of persons employed in manufacturing and on the railroads, little change in those employed in the public utility industries and in trade, and a decline at bituminous coal mines. At factories the principal increases in employ-

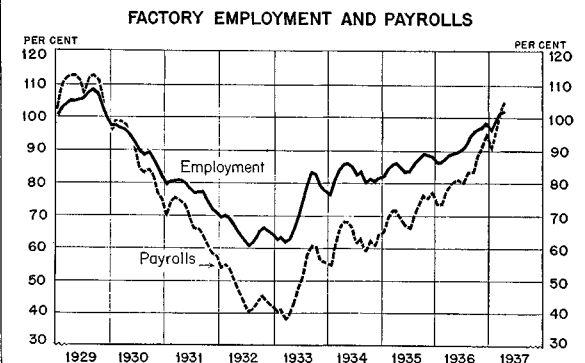


Monthly index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100.

month of 1929. Automobile production continued to expand. In the first three weeks of May output in these industries was maintained at the levels reached at the close of April. Increases in output in April were also reported for lumber and plate glass. At textile mills where output has been at a high level in recent months there was a slight reduction in activity.

At bituminous coal mines output declined sharply following an increase in March, when consumers accumulated stocks of coal in anticipation of a strike. Crude petroleum output, which had risen sharply from November to March, showed further growth in April. Production of most metals also increased.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, increased more than seasonally from March to April and continued higher than a year ago, reflecting, as in earlier months of the year, a larger volume of residential building



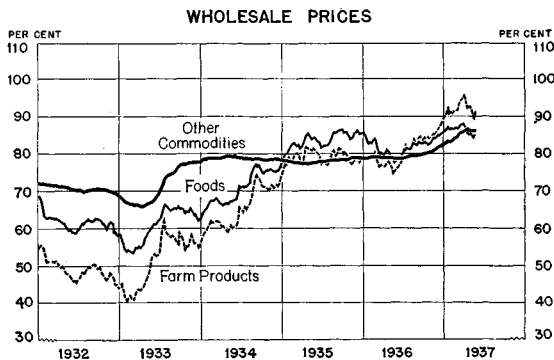
Monthly indexes of number employed and payrolls at factories, unadjusted for seasonal variation, 1923-1925 = 100.

ment were reported by the steel, machinery, and automobile industries, while the number employed in the clothing industry declined. Working forces at textile mills were maintained, although a decrease is usual at this season. Factory payrolls increased more than employment, reflecting chiefly further increases in wage rates.

In April sales at department stores showed little change and mail order sales were also maintained at the March level, while sales at variety stores declined.

**Commodity prices.**—The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, declined from 88.3 percent of the 1926 average at the beginning of April to 86.9 in the middle of May. Prices of nonferrous metals, steel scrap, cotton, and rubber declined considerably and there were also decreases in the prices of grains, cotton goods, silk, hides, and chemicals, while prices of shoes and clothing showed further small advances. Since the middle of May prices of hogs and pork

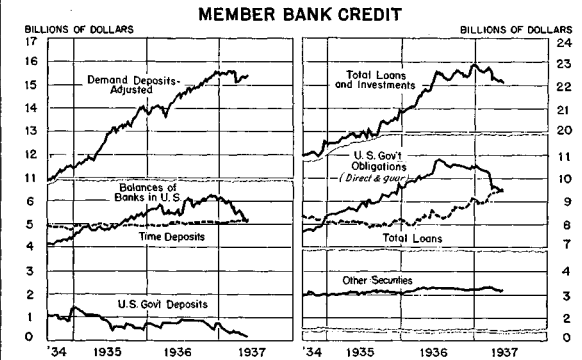
have advanced sharply and grain prices have also risen.



Indexes compiled by United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1932 to May 22, 1937.

**Bank credit.**—Following upon the final increase in reserve requirements, which became effective on May 1, excess reserves of member banks declined from \$1,600,000,000 to about \$900,000,000, and in the first three weeks of May fluctuated around the new level. Adjustments by banks to the new requirements were reflected in a decrease in interbank balances and in a small increase in borrowings. The Federal Reserve System in April purchased \$96,000,000 of United States Government securities, for the purpose of easing the adjustment to the new requirements and preserving orderly conditions in the money market.

Total loans and investments of reporting member banks showed a small decline from the middle of April through May 19. Hold-



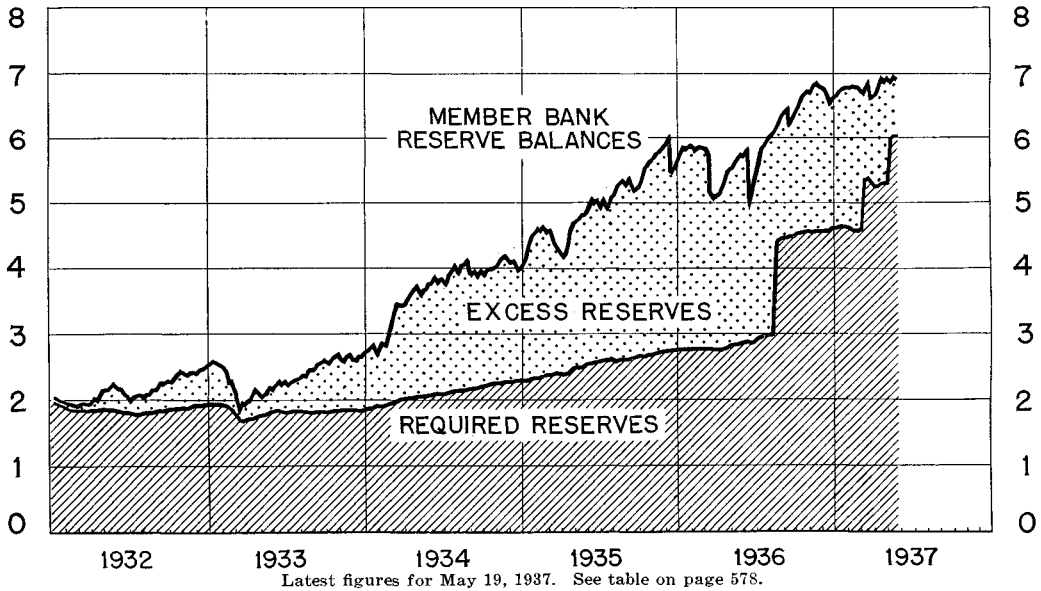
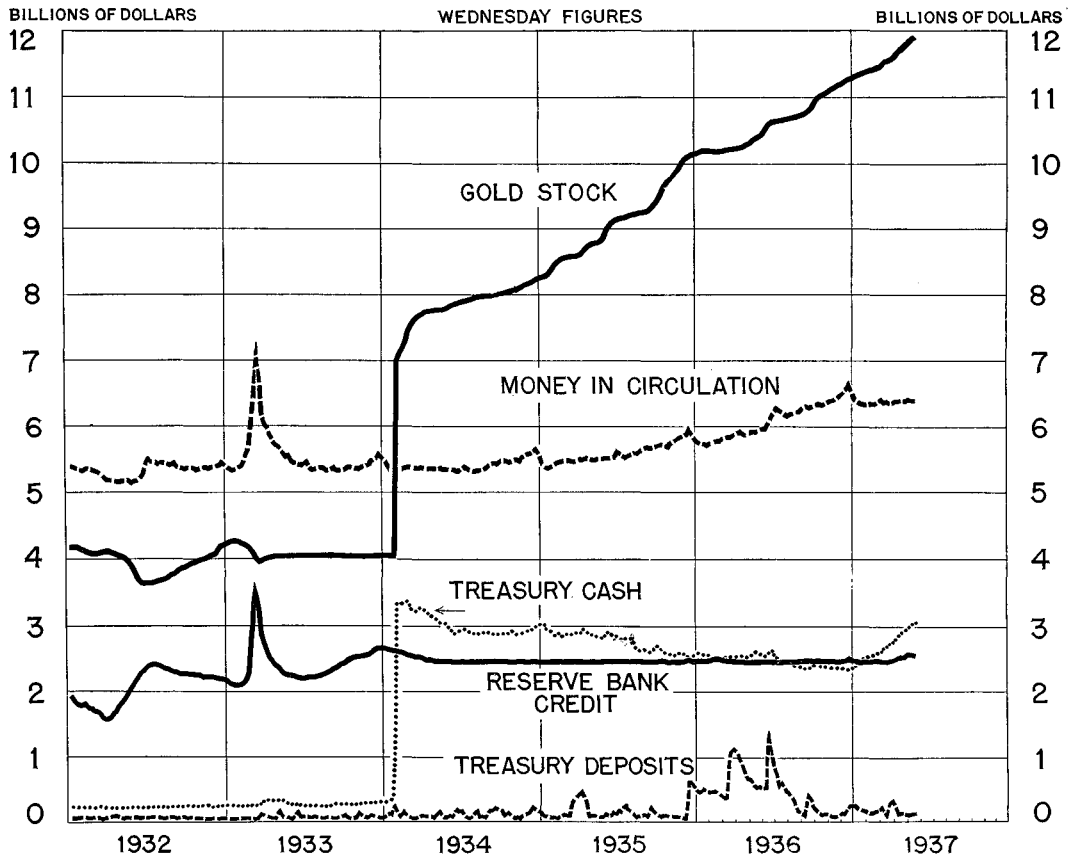
Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, to May 19, 1937. Loans on real estate, loans to banks, and acceptances and commercial paper bought included in total loans and investments but not shown separately.

ings of United States Government obligations and other securities showed some decline, which was offset in part by increases in loans.

While domestic interbank and United States Government deposits declined further, balances of foreign banks and other demand and time deposits at reporting member banks increased.

**Money rates.**—The open-market rate on 90-day bankers' acceptances, which between January and the latter part of March had advanced from  $\frac{3}{16}$  to  $\frac{9}{16}$  percent, was reduced to  $\frac{1}{2}$  percent on May 7, and the rate on nine-months Treasury bills declined to .62 percent on May 24 compared with a high point of .74 percent on May 3. Other short-term rates have shown little change in recent weeks. Yields on long-term Treasury and other high-grade bonds have declined somewhat.

### MEMBER BANK RESERVES AND RELATED ITEMS



## SUMMARY OF FINANCIAL AND BUSINESS STATISTICS

	1937			1936			Annual averages					
	Apr.	Mar.	Feb.	Apr.	Mar.	Feb.	1936	1935	1934	1933	1932	1929
<b>RESERVE BANK CREDIT, MEMBER BANK RESERVES, AND RELATED ITEMS</b>												
<i>Averages of daily figures; in millions of dollars</i>												
Reserve bank credit—total.....	2,522	2,472	2,475	2,480	2,484	2,493	2,481	2,475	2,502	2,429	2,077	1,459
Bills discounted.....	10	6	3	6	6	8	6	7	36	283	521	952
Bills bought.....	4	3	3	5	5	5	4	5	25	83	71	241
U. S. Government securities.....	2,480	2,432	2,431	2,430	2,430	2,430	2,430	2,431	2,432	2,052	1,461	208
Monetary gold stock.....	11,686	11,503	11,399	10,202	10,172	10,163	10,578	9,059	7,512	4,059	3,952	3,996
Treasury currency.....	2,541	2,537	2,531	2,503	2,502	2,495	2,503	2,478	2,381	2,271	2,096	2,015
Money in circulation.....	6,397	6,391	6,369	5,892	5,857	5,779	6,101	5,585	5,403	5,576	5,328	4,476
Treasury cash.....	2,863	2,682	2,569	2,540	2,518	2,515	2,474	2,791	2,798	288	236	207
Treasury deposits with F. R. banks.....	159	205	167	845	760	466	446	128	81	55	39	22
Nonmember deposits and other accounts.....	506	530	554	608	603	584	551	507	438	497	407	406
Member bank reserve balances:												
Total.....	6,824	6,704	6,747	5,300	5,420	5,808	5,989	5,001	3,676	2,343	2,114	2,358
Excess.....	1,552	1,371	2,152	2,653	3,038	2,510	2,512	2,469	1,564	528	256	43
<b>REPORTING MEMBER BANKS</b>												
<i>Averages of Wednesday figures; in millions of dollars</i>												
Total loans and investments.....	22,280	22,610	22,600	21,745	21,449	21,053	22,064	19,997	18,672	17,505	19,080	22,599
Loans to brokers and dealers in New York City.....	1,055	1,078	982	1,008	995	901	969	820	815	591	337	1,405
Other loans on securities.....	2,267	2,270	2,256	2,292	2,274	2,230	2,267	2,301	2,711	3,343	4,608	6,251
All other loans.....	6,077	5,938	5,744	5,061	4,957	4,850	5,226	4,907	4,965	5,222	6,578	9,231
U. S. Government obligations:												
Direct.....	8,447	8,802	9,118	8,767	8,737	8,708	9,080	7,989	6,856	5,228	4,413	2,865
Fully guaranteed.....	1,181	1,206	1,212	1,273	1,248	1,194	1,250	928	*325			
Other securities.....	3,253	3,316	3,283	3,344	3,238	3,170	3,272	3,053	*3,000	3,121	3,245	2,847
Reserve with Federal Reserve banks.....	5,340	5,205	5,326	4,180	4,361	4,782	4,799	4,024	2,875	1,822	1,673	1,725
Cash in vault.....	346	359	387	370	365	356	383	326	271	240	214	248
Balances with domestic banks.....	1,967	1,998	2,252	2,262	2,334	2,335	2,112	1,688	1,322	1,250	1,142	1,142
Demand deposits—adjusted.....	15,283	15,429	15,572	13,982	13,882	14,064	14,619	12,729	(1)	(1)	(1)	(1)
Time deposits (excluding interbank) <sup>2</sup> .....	5,145	5,142	5,094	4,971	4,923	4,893	4,999	4,883	4,937	4,946	5,666	6,788
Deposits of domestic banks <sup>3</sup> .....	5,544	5,679	5,988	5,484	5,650	5,647	5,810	4,938	3,814	2,822	2,772	2,787
Borrowings.....	3	3	1	7	13	2	5	6	8	115	228	674
<b>MONEY RATES AND BOND YIELDS</b>												
<i>Averages of weekly figures; percent per annum</i>												
Commercial paper.....	1.00	.88	.75	.75	.75	.75	.75	.76	1.02	1.72	2.73	5.85
Stock exchange call loans.....	1.00	1.00	1.00	.75	.75	.75	.91	.56	1.00	1.16	2.05	7.61
U. S. Treasury bills.....	.70	.58	.38	.10	.11	.08	.14	.26	.52	.88		
U. S. Treasury bonds, long term.....	2.74	2.50	2.31	2.51	2.54	2.62	2.47	2.70	3.10	3.31	3.65	3.60
Corporate high grade bonds (Moody's Aaa).....	3.42	3.32	3.22	3.29	3.29	3.32	3.24	3.60	4.00	4.49	5.01	4.73
<b>CAPITAL ISSUES</b>												
<i>Amounts per month; in millions of dollars</i>												
All issues—total.....	272	382	497	986	763	303	518	392	180	89	146	959
New.....	152	185	168	176	128	107	164	121	116	60	100	841
Refunding.....	121	197	329	810	635	196	354	270	64	29	46	118
Domestic corporate issues—total.....	172	319	354	658	595	195	352	189	41	32	54	781
New.....	85	138	130	128	59	13	99	34	15	13	27	667
Refunding.....	87	181	225	530	536	181	252	155	26	18	27	115
<b>PRICES</b>												
<i>Index numbers</i>												
Common stocks (1926=100).....	125	130	130	109	109	106	111	78	72	63	48	190
Wholesale commodity prices (1926=100):												
All commodities.....	88	88	86	80	80	81	81	80	75	66	65	95
Farm products.....	92	94	91	77	77	80	81	79	65	51	48	105
Foods.....	86	88	87	80	80	83	82	84	71	61	61	100
Other commodities.....	87	86	84	79	79	79	80	78	78	71	70	92
Retail food prices (1923-25=100).....	86	85	85	80	80	81	82	80	74	66	68	105
<b>BUSINESS INDEXES</b>												
<i>Index numbers, adjusted for seasonal variation, 1923-25=100</i>												
Industrial production.....	p118	118	116	101	93	94	105	90	79	76	64	119
Manufactures.....	p118	117	116	100	93	92	105	90	78	75	63	119
Minerals.....	p114	128	115	106	97	111	104	91	86	82	71	115
Construction—total.....	p56	56	62	47	47	52	55	37	32	25	28	117
Residential.....	p48	45	47	30	26	25	37	21	12	11	13	87
All other.....	p62	64	75	60	63	75	70	50	48	37	40	142
Factory employment.....	p102	101	100	89	88	87	92	86	83	72	66	105
Factory payrolls (unadjusted).....	p105	101	96	79	78	74	82	71	63	49	46	109
Freight-car loadings <sup>4</sup> .....	84	83	82	71	66	71	75	64	62	58	55	107
Department store sales.....	93	93	95	84	84	83	88	79	75	67	69	111
<b>MERCHANDISE EXPORTS AND IMPORTS</b>												
<i>Amounts per month; in millions of dollars</i>												
Exports, including re-exports.....	p269	256	233	193	195	182	205	190	178	140	134	437
General imports.....	p287	308	278	203	199	193	202	171	138	121	110	367

p Preliminary.

\* Partly estimated.

<sup>1</sup> Figures not available.<sup>2</sup> Include time deposits of banks, domestic and foreign, 1929-1934.<sup>3</sup> Do not include time deposits 1929-1934.<sup>4</sup> Revised series. For description and back data see pages 522-529 of this BULLETIN.

## LAW DEPARTMENT

## Field warehouse receipts

The Bureau of Agricultural Economics of the United States Department of Agriculture recently published an article regarding field warehouse receipts. It is believed that the article may be of interest to member banks, and accordingly the text of the article is set forth below for their information.

## FOREWORD

In the administration of the United States Warehouse Act, the Bureau of Agricultural Economics of the United States Department of Agriculture, which is charged with its administration, receives many inquiries regarding field warehousing. They come from processors and merchandisers of agricultural products, from growers cooperative associations, and from bankers and other lending institutions which extend credit on the basis of warehouse receipts covering agricultural products as collateral.

These inquiries reveal a deplorable lack of knowledge of the basic principles of warehousing that must be observed if warehouse receipts are to constitute sound collateral. The purpose of this discussion is to supply the apparent need for a fairly comprehensive statement of the principles involved in field warehousing as they relate to the extension of credit.

## FIELD WAREHOUSE RECEIPTS

By H. S. Yohe, in Charge, Administration U. S. Warehouse Act

## COLLATERAL OR NO COLLATERAL

The storing of agricultural products is not new. Usually the storing of agricultural products in public warehouses is for one of two purposes—for future need or for credit. Frequently storage is for both purposes, especially on the part of merchandisers and processors of agricultural products. During the past fifteen years in many agricultural producing areas there has been an increasing tendency on the part of the producers themselves to store for both purposes.

When products are stored for credit purposes it has been the general rule that such products should be surrendered to the custody of someone wholly independent of the one who stores. The person with whom products are stored is generally called a warehouseman. When goods are stored with a warehouseman he issues to the storer a receipt which is generally termed a warehouse receipt. It is symbolical of the products themselves. It is this warehouse receipt which the storer offers to his banker or lender as collateral for a loan.

## FACTORS THAT MAKE RECEIPTS VALUABLE

The collateral value of warehouse receipts depends upon several factors, the principal of which are:

- (1) Suitability of the warehouse or storage facility for storing the product;
- (2) Responsibility of the warehouseman;
- (3) Competency of the warehouseman and his assistants to properly care for the product while in storage;
- (4) Authority of law under which the receipt is issued;

(5) Information on the warehouse receipt itself which will give to the lender a concise yet comprehensive description of the product and thereby enable him to form an opinion of its fair market value;

(6) Terms of the warehouse receipt in general;

(7) Whether there is bonded responsibility back of the receipt, and, if so, by whom the bond is written, for the benefit of whom, with whom the bond is lodged, under what conditions it may be realized upon by the holder of the receipt, and what action such receipt-holder must take to realize upon the bond;

(8) Whether the receipt represents a bona fide relationship of bailor and bailee between the storer and the warehouseman and one under which the warehouseman and his representatives or his local custodians are completely and wholly independent of the storer.

(9) The character and extent of disinterested supervision exercised over the warehouse.

It is hardly necessary to comment in detail upon these various elements save the fifth and the eighth. As to the fifth factor, it is of course obvious that since the warehouse receipt represents the product stored in the warehouse it should contain such information as will convey to anyone to whom the receipt is offered for collateral purposes a fair, honest, and impartial description of the products themselves so as to enable one to form an opinion of the fair value of the product, and to identify it. This becomes all the more important when the storer seeks credit at some distance from the warehouse.

One of the first questions asked of a person seeking a loan by anyone engaged in commodity financing is: What is the commodity you propose to give as security? In the opinion of some lenders certain commodities are bankable or proper collateral. To other lenders these same commodities would not constitute proper collateral. Hence, when a loan is desired on products or commodities in storage, it is important that the warehouse receipts covering such commodities clearly recite just what the commodities are which the receipts represent.

Obviously, a receipt that conveys no information as to the quantity, quality, grade, or condition of the product, or that fails to state what the product actually is, does not inform the lender on points that are essential to making a fair and sound loan. It does not enable the lender to tell whether the product is even a proper subject for collateral. Receipts that recite that the warehouseman received a certain number of cases or bales or packages "said to contain" canned tomatoes or wool or fancy cigar-leaf tobacco give neither the storer nor the lender an index as to the value of the product represented by the receipt. And receipts which merely acknowledge that the warehouseman has received a certain number of cases or bales or packages and then recite "contents unknown" are not only of less value, but are a clear attempt on the part of the warehouseman to escape all liability so far as the commodity is concerned.

Under either the receipts which recite "contents unknown" or "said to contain," so far as the warehouseman is concerned and his liability to deliver a specific product, the cases or packages covered by the receipts might be filled with sawdust or mere trash.

To a lender who has given no more than superficial thought to making loans on the basis of warehouse receipts as collateral, any receipt that contains such statements as "said to contain" or "contents unknown" must have no appeal whatever as collateral.

The eighth factor—a bona fide relationship of bailor and bailee between the depositor and the warehouseman, or the creation of a completely disinterested custodianship—is always desirable in the financing of warehoused products, and it is essential in a field warehousing arrangement. Only to the extent that the warehouseman is wholly independent of the storer is there a disinterested custody of the product.

The importance of a disinterested custodianship of the product grows out of the fact that when the storer offers his warehouse receipt to the lender as security for a loan he proposes to pledge the products in the warehouse covered by the warehouse receipt. It is the products that are the real security. It is essential to the validity of a pledge that the pledgor surrender possession of the thing pledged. He cannot pledge an article and at the same time keep it. In other words, so long as the products are pledged as security for a loan they must remain in the custody and exclusive control of someone other than the borrower. "The borrower and his collateral are best parted."

In attempting to establish a disinterested custody the person who desires to borrow on the products should not content himself with representations of those who wish to serve him as warehouseman. Nor should he be content with something in the way of warehousing which he thinks may get by his banker; neither should he attempt short cuts to save a little cost.

In testing collateral, the real issue always is: Has there been an absolute and unequivocal parting on the part of the borrower with possession of the products he proposes to give as security for the loan? That question the owner of the products can easily determine for himself. All he needs to do is to ask himself and honestly answer the question: Under the proposed form of warehousing have I at any time access to the products other than in the presence of the warehouseman and may I at any time exercise any control of the products? If the answer is in the affirmative to the slightest degree, possibility of trouble in the warehousing arrangements exists. "The borrower and his collateral are best parted," and there is no absolute and unequivocal parting such as the law contemplates if the borrower has access to his collateral at his own pleasure or can exercise any control over it.

#### REQUIREMENT OF FEDERAL RESERVE ACT AND REGULATIONS

The principle of disinterested custodianship is recognized in the Federal Reserve Act and in the regulations thereunder of the Board of Governors of the Federal Reserve System relating to the eligibility of bankers' acceptances for rediscount by Federal Reserve Banks. Section 13 of the Federal Reserve Act requires that a banker's acceptance drawn to finance the storage of readily marketable staples shall be "secured at the time of acceptance by a warehouse receipt or other such document *conveying or securing title*<sup>1</sup> covering readily marketable staples." Section XI of Regulation A of the Board of Governors requires that "a banker's ac-

ceptance drawn to finance the storage of readily marketable staples shall be secured at the time of acceptance by a warehouse, terminal, or other similar receipt conveying security title to such staples, *issued by a party independent of the customer.*"<sup>1</sup>

The requirement of the Federal Reserve Act that such warehouse receipts must convey or secure title to the products represented by the receipts obviously contemplates that the accepting bank shall have a lien on such products which is valid and enforceable against general creditors of the person for whose benefit the acceptance credit is granted. The regulation of the Board of Governors that such warehouse receipts shall be issued by a party independent of the customer obviously is intended to require that the actual custody of the goods shall be maintained by an independent and disinterested party so the bank that holds the warehouse receipt may be able to identify and obtain possession of the products and thus enforce its lien without difficulty.

A lien on personal property is of no practical value unless such property can be found and identified when it becomes necessary to enforce the lien. If custody of the pledged products is not given to and maintained by a disinterested party, there is grave danger that the borrower will be able to dispose of or release the product in such manner that innocent purchasers will acquire good title to them, and the lender's security will thus be entirely destroyed.

#### DISINTERESTED CUSTODIAN PRINCIPLE RECOGNIZED BY COURTS

The principle of disinterested custodianship has been repeatedly recognized by the courts, particularly where there is a conflict of interests. In one leading case the Supreme Court stated: "In this conflict of interests, the law wisely interposes. It acts not on the possibility, that, in some cases, the sense of that duty may prevail over the motives of self-interest, but it provides against the probability in many cases, and the danger in all cases, that the dictates of self-interest will exercise a predominant influence, and supersede that of duty." In a New Jersey case the principle was stated thus: "So jealous is the law upon this point that a trustee may not put himself in a position in which to be honest must be a strain on him."

Obviously, the person who is seeking credit, and offering stored agricultural commodities as collateral, is not a disinterested custodian, and neither is he free from that conflict of interests to which the Supreme Court referred in the quotation above cited. As has many times happened, a borrower who attempts to serve as the custodian of the collateral places himself in the position where "the dictates of self-interest will exercise a predominant influence and supersede that of duty."

In the light of these observations, the establishment between the storer of goods and the warehouseman of a relationship of bailor and bailee, and of complete independence between the storer and the warehouseman and his agents, becomes all the more indispensable.

These preliminary observations, which apply to the warehousing of agricultural products in the sense that the public, the banking fraternity, and the courts generally think of warehousing of products that are to be used as collateral for credit purposes, are

<sup>1</sup> Italics by author.

equally applicable to a consideration of field warehousing. The same requirements must be observed if a field warehouse receipt is to stand the acid test to which it will be subjected if a question is raised as to its validity as collateral.

#### FIELD WAREHOUSING

What is field warehousing? In the last 5 years much has been written on this subject. Some writers have approached the subject as though they had found a wholly new method of financing crops while in storage awaiting demand; still others as though they had found a formula for financing in a big way a man who is entitled to little if any credit. A few writers have used the subject as a vehicle to attack other approved methods of warehousing because those methods diverted revenue from those making the attack. Other articles that were ostensibly about field warehousing gave the uninitiated and uninformed little basic information on the subject but have complained of alleged evils in subsidiary warehousing, quite ignoring the fact that subsidiary warehousing is authorized by statute and has met with court sanction in a number of States. Some of the authors who complained about subsidiary warehousing ignored the fact that they themselves were engaged in a subsidiary warehouse operation. Many of the articles on the subject had the earmarks of super-salesmanship, and an attempt to promote business on a shoe string.

In all that has been written about field warehousing it is regrettable that so few articles are really informative as to basic facts that are essential to the patrons of warehousemen and to the lenders who wish to make sound commodity loans. From many articles that have appeared it is impossible for anyone to draw the essential principles. Even those who conscientiously seek dependable information have been confused.

#### FIELD WAREHOUSING GOVERNED BY PUBLIC WAREHOUSE PRINCIPLES

There is nothing new or mysterious about field warehousing. Reference to decisions of courts show that the subject has been before the courts for the last 40 years, if not longer.

The principles involved in public warehousing in the generally accepted meaning of the term are well known. They have been established by a long line of judicial decisions. Field warehousing, being but an off-shoot of public warehousing, is governed by the same principles of law and finance. In the apparent attempt to advance the theory that a new method of financing has been developed, no claim is made that new principles have been developed. Rather, the claim is made that new procedures and methods have been originated.

It is an apparent attempt to short-cut established rules and principles, while at the same time professing that the established rules and principles of public warehousing are being observed in everyday operation. To the extent that these make-believe observations and short-cuts and shams are injected into field warehousing, to that extent are the warehouse operations and the warehouse receipts issued thereunder likely to fail when a real legal test is applied.

Field warehousing is a plan to store on the premises of the owner the very products on which he desires to effect a loan at the least cost to him-

self. The motive back of any field-warehousing arrangement, as far as the storer is concerned, is a desire on his part to enlarge his credit. In other words, he endeavors to place his products in a position that will enable him to pledge them as collateral to a loan. Almost without exception as soon as the credit need passes the field-warehouse arrangement also passes.

Placing the products in a credit or collateral position could be accomplished by placing them in storage in a public warehouse, but there might not be a public warehouse in the town in which the owner of the products operates. Moreover, the owner of the products frequently owns or controls a warehouse or storage facility. The very nature of his business frequently obliges him to have storage facilities. Naturally he wants to use them to greatest advantage. Again, he may wish to avoid unnecessary freight hauls. Further, he may feel that he can make sales and shipments to greater advantage from his own warehouse facility than from some other warehouse.

Field warehousing is seldom resorted to except by merchandisers or processors of products. Therefore, growers of agricultural products do not use this system of warehousing as individual producers. They generally store in public warehouses if they wish to use warehouse receipts for financing purposes. However, a group of growers such as a cooperative association may use field warehousing, but only when the association has a warehouse of its own that it desires to use.

The principal users of field warehousing in the agricultural field are canners of fresh fruits and vegetables, some grain merchants who have their own elevators, crushers of cottonseed, a few sugar and rice dealers, and some growers' cooperative associations whose members produce grain and fresh fruits and vegetables for canning or other purposes.

In a field-warehousing plan that will stand the crucial test, the merchant (or the growers' association) leases his warehouse to a party who is in no way interested in or related to the merchant (or the growers' association), to operate it as a public warehouse. The lessee takes complete charge and control of the building by virtue of a valid lease. He receives the lessor's products in storage just as he would receive the products of a farmer or any other storer. In other words, the lessee—the warehouseman—must assume full responsibility for the operations of the warehouse. The only relation between the warehouseman and the owner of the warehouse should be that of lessor and lessee, and bailor and bailee if the lessor stores products in the warehouse.

In some parts of the country it is not uncommon for a warehouseman who operates in some city to lease a number of warehouses at a number of different points throughout a State, or several States, and operate these on the principle of field warehousing.

Field warehousing is sound if proper precautions are taken scrupulously to establish and to maintain the relationship of bailor and bailee. This means a meticulous observance of all the legal requisites essential to such a relation. Short-cuts on the plea of lowering costs have no place in field warehousing. The principle of disinterested custodianship must be strictly observed. It will not do for a warehouseman to lease a building and then let the lessor or employees of the lessor who may wish to store

therein run the warehouse and conduct it just the same as before the lease arrangement was made.

In sound field warehousing the lessee must exercise complete control and dominion at all times over the warehouse and the products stored therein. This does not necessarily mean that the lessor must be denied access to the warehouse at all times, but it does mean that he must be denied access except in the presence of the lessee or his duly constituted agent, as in the case of other public warehouses. The mere leasing of premises to another who represents himself as a warehouseman and as in charge of the building will not in itself suffice. And recording of the lease, even if there is a statutory requirement for the recordation, in and of itself will not give validity to the warehouse receipts. Recording is only an attempt to give notice that the premises have temporarily passed from the real owner to another. But if the recording is not required by law, such recordation is not even constructive notice.

In sound field warehousing the warehouseman must take and must maintain actual possession of the building and the goods at all times. Such possession must be exclusive and unequivocal, and open and notorious, so that other creditors of the owner of the goods may not be misled. A sufficient number of signs of such size as readily to attract the notice of the public, clearly indicating that the premises are in the control of the warehouseman, must be placed inside and outside the buildings or premises. They should appear at all points of entry and exit to the premises.

But all the leases, recorded or not, and all the signs, large or small, inside and outside of the warehouse, will not serve to save the receipts from fatal legal attack if it can be shown that collateral and supplemental agreements existed between the warehouseman and the owner of the property, which were in violation of well-established legal principles. Again, if at any time the validity of the receipts should be attacked it would probably be disastrous if it could be established that the storer whose receipts are in question had a key that permitted him free access to the warehouse.

Moreover, it would be most unfortunate for the lender as holder of such collateral if it were shown, as is frequently the case, that the storer not only had a key to the warehouse, but that he entered at his pleasure, and sampled and inspected the goods in the presence of prospective buyers, when neither the warehouseman nor his local custodian was present. That is not the kind of open, notorious, unequivocal, and exclusive control that the law contemplates.

The words used by a court in an outstanding case may not be passed over lightly:

"Delivery of possession is of the very life of the pledge. No mere agreements respecting possession can create it. The contract of pledge cannot exist outside of the fact of change of possession. The pledgor must dispossess himself openly, completely, unequivocally, and 'without deceptive combinations which lead third persons into error as to the real possessor of the thing,' and the pledgee must take and maintain an open, exclusive, and unequivocal possession."

In another celebrated case the court said:

"The general law of pledging requires possession and cannot exist without it. \* \* \* Merely

colorable or constructive change of possession accomplishes nothing in favor of a pledgee. There must be open, visible, unequivocal change of possession manifested by such substantial outward signs as to make it evident to the world that the control of the owner has wholly ceased, and that another has acquired; and is openly exercising the exclusive dominion over the property."

There is no room for make-believe, pretense or sham in field warehousing. No stronger language could be used to condemn an intent to make one believe that a disinterested custody existed when it did not in fact, than was used in a celebrated case in which the court said:

"There was really no delivery and no change of possession, continuous or otherwise. The alleged change was a mere pretense, a sham."

Nor is the collateral value of receipts improved by a statement thereon that they are issued in conformity with the Uniform Warehouse Receipts Act. That Act has no administrative provisions. It relates merely to the form of the receipt to be issued. Even when a receipt complies in every respect with that Act it leaves much to be desired from a collateral standpoint. In fact, a receipt issued in full compliance with that statute ordinarily fails completely to give information to the lender as to what the commodity is that the receipt represents, or its condition, or quality, or quantity.

Each lot of goods covered by a receipt, unless stored on a fungible basis, must be segregated from goods of others, including other goods of the owner, and the lots must be so marked as to permit identification readily on the basis of the information appearing on the warehouse receipt.

Warehouse receipts must be issued by a party independent of the customer. This does not mean the mere perfunctory signing of warehouse receipts by the president or other official of a warehouse company. A receipt is issued by and in the name of the warehouseman, whether he be an individual, a partnership, or corporation. It is the warehouseman as such who must issue the receipts. He is supposed to be the real custodian and the only custodian of the goods, and his warehouse receipts represent that he alone is the custodian. Therefore, regardless of legal fictions, sound business principles dictate that he should be wholly independent of the storer, and in no way related to the storer financially, by stock ownership in a storing corporation, or by virtue of interlocking directorates or officials, or by blood or kin relationships.

#### THE CUSTODIAN

Who may be a custodian? The answer is simple. Anyone who is competent to care for the goods that are to be stored, who is honest, and who is independent of the storer in every sense.

When a warehouseman operates more than one field warehouse he uses at each building or warehouse a custodian who is supposed to be his agent, and his only. This custodian is the key man. He may make or defeat the whole operation. It is essential that he should be as free and disinterested of any storer as the warehouseman himself. The degree to which he is disinterested may determine the validity of the receipts themselves.

What are the requirements of a custodian? These



the United States Department of Agriculture has outlined in Service and Regulatory Announcements No. 136 (B. A. E.), Sections 5 and 6, issued September, 1932. After years of experience in this field and careful observation of what actually takes place in every-day operation in field warehousing, and after careful and exhaustive study of adjudicated cases, the Department is convinced that these requirements are the minimum that should be exacted. Anything short of that is fraught with danger.

It is always highly important that the custodian arrangement be carefully scrutinized for the custodian is the key man. He is the man who controls. If he fails, all fails. No lender can afford to take any representations on this subject unless they be by wholly disinterested parties who are competent to investigate. Repeatedly the attempt has been made to convey the impression under certain field-warehousing set-ups that the custodian is independent of the borrower and that he is solely the warehouseman's own employee. The following is quoted from an article that recently appeared in print:

"Loans secured by field warehouse receipts covering currently salable merchandise are made by many large commercial banks. The bank cannot take physical charge of the goods offered as collateral, so some device is needed to give the bank the protection of the value of the merchandise. Field warehousing provides the means of getting this protection by providing a way of placing the goods in the hands of a disinterested and independent third party. The third party in this case is the warehouse company operating what is known as 'field warehouses.' \* \* \*

"Goods and chattels are in the possession and charge of the warehouse company which maintains a custodian on the premises where the goods are stored. This custodian is properly bonded and supervised by the warehouse company."

The word "device" here is in itself suggestive. Webster defines it as "anything fanciful and ingeniously conceived, a scheme." No device is needed to give the banker protection for the merchandise. Public warehousing has been in existence for years and generally gives a degree of disinterested custodianship equal to the best system of field warehousing.

The custodian is an integral and vital part of any field warehousing operation. To say that he is bonded and is supervised by the warehouse company does not lend any more weight to the legality of his appointment, nor does it establish that he is a proper person to serve as custodian.

Bonding at its best is a relative term. But it might be well to scrutinize the terms of the bond to see what it covers, in whose favor it runs, under what conditions the holder of the receipt can recover, whether the surety is financially responsible, whether one might be obliged to incur heavy expense or even a trip abroad in trying to recover, the maximum amount of recovery possible, and how many operations of the same warehouseman are subject to the same bond.

It is always in order to investigate the custodian carefully. What does he know about caring for the goods in storage? What is his reputation? What has been his past connection? Has he been in the employ of the storer in the warehouse, or the bor-

rower? If so, when, and what were his duties? By whom is he now employed, and who pays him? If he has been taken from the employ of the borrower on the eve of the creation of the warehousing arrangement, and transferred to the warehouseman's pay roll, this should cause one to pause, for, as one lender who has wide experience in commodity financing expressed it: "No barrier of legal sophistry will prevent the servant from hearing his pay-master's voice. Legal transfer means little so long as economic dependence continues."

The words of one court on this point also deserve careful consideration:

"The appointment of the owner, or one of his staff, as a warehouseman's custodian of goods stored, while not conclusively ineffectual, is nevertheless a circumstance to give pause, and must be carefully weighed in connection with the other facts in evidence."

In another case the court remarked:

"The custodian remained an employee of the pledgor and any possession he may have had was that of his employer."

Even if the warehouseman pays the custodian's salary a serious question would arise if it were established that the custodian is the same person who served as custodian or warehouse clerk for the borrower before the field warehouse arrangement was ever entered into, that he receives the same salary that he did from the borrower, that the warehouseman requires the storer or borrower to reimburse him for the salary of the custodian, and that it is understood by the custodian and storer that when need for the field-warehouse arrangement ceases the custodian will return to the employ of the storer. These facts would undoubtedly be referred to the jury in case of court action. Such facts could give rise to a serious question as to whether the field warehouseman ever had that exclusive and unequivocal possession of the goods that the law contemplates.

In considering this relationship of custodian and former employee the following language taken from a comprehensive opinion on field warehousing should arrest attention:

"Actual change of possession means existing in fact, and truly and absolutely carried out, as opposed to formal, potential, virtual, or theoretical change. The proof required to show actual change of possession is not measured by any fixed set of rules. Dependence must be placed upon the facts and circumstances of each particular case; and usually the determination must rest upon the finding of the court or the jury after hearing the evidence adduced on both sides."

The question as to whether an employee who has been transferred from the rolls of the borrower, or storer, in a field warehouse to the payroll of the field warehouseman is a proper person to serve as custodian for a warehouseman who would issue receipts covering readily marketable staples which would be attached to bankers' acceptances as collateral, under the Federal Reserve Board's rules was referred by the Department of Agriculture to the Board of Governors of the Federal Reserve System. The Board's opinion appeared in the FEDERAL RESERVE BULLETIN of March 1933 as follows:

"The Federal Reserve Board has had occasion to consider the question whether receipts proposed to be issued by a warehouse company under a certain field warehousing arrangement would comply with the requirements of the Federal Reserve Act and the board's regulations with reference to warehouse receipts securing bankers acceptances drawn to finance the storage of readily marketable staples.

"The following are the principal facts upon which the board's consideration and conclusion with respect to this question were based: It was proposed that premises, which were situated in several different localities should be leased to the warehouse company for the purpose of warehousing certain products owned by the lessor. It was understood that the warehoused products would be properly segregated from other goods on the premises in separate buildings or in portions of buildings partitioned off for that purpose and locked with the warehouse company's own locks and that conspicuous signs giving notice that the products thus segregated were in the custody of the warehouseman would be placed both inside and outside the premises. *In the operation of these warehouses, however, the company was not to detail men already in its employ to take charge of the leased premises, but for this purpose was to transfer to its payroll employees of the lessor, paying them the same salary that they were receiving from the lessor at the time of the transfer. It was expected that these employees would be reemployed by the lessor at the close of the storage season or when the products had been removed from storage; but the warehouse company was to have the right to terminate their services at any time. These local custodians were to be the only representatives of the company at the warehouses; but periodical audits were to be made by auditors sent from the district office of the company which was located at a considerable distance from the proposed warehouses.*<sup>1</sup> The premises were to be leased at a nominal rental only and the lessor, in addition to paying a monthly storage fee, was to reimburse the warehouse company for all expenses, including the compensation of the custodians, the salaries and expenses of auditors, and the costs of the bonds which were to be required of the custodians. A local custodian was not to be permitted to issue warehouse receipts or to authorize releases, but these functions were to be performed at the district office of the warehouse company upon the basis of statements signed by the custodian and a representative of the lessor.

"In order for a banker's acceptance drawn to finance the domestic storage of readily marketable staples to be eligible for rediscount by Federal Reserve Banks: (1) section 13 of the Federal Reserve Act requires that it be 'secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples'; and (2) Section XI of the board's Regulation A requires that it be 'secured at the time of acceptance by a warehouse, terminal or other similar receipt, conveying security title to such staples, issued by a party independent of the customer.'

<sup>1</sup> Italics by author.

"The requirement of the law that such warehouse receipts must convey or secure title to readily marketable staples obviously contemplates that the accepting bank shall have a lien on such staples which is valid and enforceable against general creditors of the person for whose benefit such acceptance credit is granted. Among the requirements generally recognized as essential to the creation of a valid lien through the pledge of warehouse receipts are that the warehouseman must take and maintain actual physical possession of the goods and that his possession must be exclusive and unequivocal. Under the arrangement above described, however, the actual possession of the goods would be maintained by persons closely identified with the owner of the goods and naturally subject to his influence. Such a custodian, who might be regarded by the owner and his creditors as the employee of the owner rather than of the warehouseman, probably would find it difficult to deny access to the premises of his former employer and the person to whom he looks for future employment. In the circumstances it is open to serious question whether the pledge of receipts issued under the arrangement described would fulfill the requirements for the creation of a valid lien.

"The requirement of the board's regulations that warehouse receipts securing bankers acceptances be issued by a party independent of the customer contemplates that the actual custody of the goods shall be maintained by an independent and disinterested party, so that the bank holding the warehouse receipt may be able to identify and obtain possession of the goods and thus enforce its lien without any difficulty. A lien on personal property is, of course, of no practical value unless such property can be found and identified when it becomes necessary to enforce the lien; and, if custody of the goods is not maintained by a disinterested party, there is danger that the goods may be improperly released or disposed of. In the case under consideration, whatever may be the theoretical requirements as to the control and custody of the goods by the warehouseman, it is obvious that in fact the warehouseman would not be independent of the owner; because the warehouse company would have to rely upon its local custodians and they would not be independent of the owner.

"After carefully considering this question and studying all information received on the subject, the Federal Reserve Board expressed the opinion that bankers' acceptances issued against receipts, such as those proposed to be issued under the circumstances above described, are not eligible for rediscount at Federal Reserve Banks; because it is doubtful whether such receipts comply with the requirement of section 13 of the Federal Reserve Act that warehouse receipts securing bankers' acceptances drawn to finance the storage of readily marketable staples must convey or secure title to such staples, and because such receipts do not, in the board's judgment, comply with the requirement of section XI of the board's regulation A that warehouse receipts securing such bankers' acceptances must be 'issued by a party independent of the customer.'

"In giving expression to this opinion, the Federal Reserve Board did not undertake to pass upon the merits of field warehousing in general, either as conducted by the warehouse company in question or as conducted by any other company; and the board's opinion relates solely to warehouse receipts such as those proposed to be issued under the facts of the arrangement as above described."

Under every set of circumstances care must always be taken to avoid a set of facts which would cause a court to comment as one court did in an outstanding field warehousing case:

"The transaction is not changed by the form of the agreement under which it is cloaked. We are to look at the real purpose of the contract and not to the form or name given it by the parties."

In another case the United States Supreme Court stated:

"When there is conscious control, the intent to exclude, and the exclusion of others, with access to the place of custody as of right, these are all the elements of possession in the fullest sense.

"We deal with the case before us only. No doubt there are other cases in which the exclusive power of the so-called bailee gradually tapers away until we reach those in which the courts have held as a matter of law that there was no adequate bailment. So, different views have been entertained where the owner has undertaken to constitute himself a bailee by issuing a receipt. We may concede, for purposes of argument, that all the forms gone through in this case might be emptied of significance by a different understanding between the parties, which the form intended to disguise."

In a most comprehensive case the court used this language:

"Warehousing on the premises of the owner proposing to pledge his merchandise is effective when done in obedience to legal requirements; but when done only far enough to get the goods represented by documents without really getting them stored, the documents are but scraps of paper. The term 'field warehousing' is not a talisman to give dominion by enchantment. Taking exclusiveness of possession and control as the criterion we find now and then a case where it may be said as a matter of law that, through the field warehouse, open, exclusive, and unequivocal possession has passed constructively to a pledgee; and then again in other cases we find that as a matter of law the possession of the warehouseman 'tapers away' to nothingness. Between these two extremes lies the aggregation of cases in which the facts are such that different men may with reason reach opposing conclusions. Cases of that character, when tried by a jury, must be allowed to go under proper instructions to the jury, for their determination of the facts in controversy."

#### CONCLUSION

The law on field warehousing is now so well defined that if those who attempt to render service

in this field will make an honest effort to observe the limitations laid down in well-considered cases, and not attempt short-cuts with a view to accommodating prospective clients or storers, it should seldom if ever be necessary to submit the question of validity of receipts to a court, or the facts to a jury. What lender can afford to take a chance of submitting his loan collateral to a jury to determine whether the facts surrounding its creation give it legality.

The easiest course might be to follow the suggestion of a warehouseman, or the wishes and appeals of the banker's borrowing client. But the safest course is to follow well-established legal principles. A banker has a higher duty than merely to loan money. He too is a trustee of the property and interests of others. His first duty is that of a faithful servant to his trust, and he can be faithful to that trust when he lends money on field-warehouse receipts as collateral only as he makes it his business to ascertain what actual methods of operation prevail at the warehouse and how closely they square with well-established principles.

The experience of the Department of Agriculture is that the word of no interested party should be taken on this subject. Repeatedly it has found instances where storers, in spite of representations to the contrary, were carrying keys to the warehouses, had free access to the warehouses, and operated to all intents and purposes just as freely as they did before the alleged bailor-bailee relationship was undertaken. It has found cases where, in spite of statements to the contrary, the custodian was an employee of the storer, or at best had been transferred temporarily to the pay roll of the warehouseman with the definite understanding that when the warehouse arrangement was terminated his services with the warehouseman would cease. Such facts would be damaging evidence to submit to any jury.

Eternal vigilance is the price that the banker must pay if he wants to feel reasonably certain of the safety of his commodity loans collateralized by field-warehouse receipts.

In the administration of the United States Warehouse Act, when the Department of Agriculture came to consider field warehousing it was found necessary to superimpose special regulations upon its regular commodity regulations that are applicable to warehousemen who operate in the usual manner of public warehousemen.

To assist lending agencies in reaching a proper conclusion as to the collateral value of any field warehouse receipts which may be tendered them, the special regulations applicable to field warehousemen are appended herewith.

#### REGULATIONS SUPPLEMENTARY TO THE COMMODITY REGULATIONS UNDER THE UNITED STATES WAREHOUSE ACT FOR FIELD WAREHOUSEMEN<sup>1</sup>

(Approved July 30, 1932)

DEPARTMENT OF AGRICULTURE,  
Washington, D. C.

By virtue of the authority vested in the Secretary of Agriculture by the United States warehouse act, approved August 11, 1916 (39 U. S. Stat. L., p.

<sup>1</sup> These regulations were issued as Service and Regulatory Announcements No. 136 (B. A. E.) 1932.

486), as amended, I, R. W. Dunlap, Acting Secretary of Agriculture, do make, prescribe, publish and give public notice of the following rules and regulations to be known as the regulations supplementary to the commodity regulations under the United States warehouse act for field warehousemen, and to be in force and effect until amended or superseded by rules and regulations which may hereafter be made by the Secretary of Agriculture under said act.

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed, in the city of Washington, this 30th day of July, 1932.

R. W. DUNLAP,  
*Acting Secretary.*

[SEAL]

**SECTION 1. Definitions.**—For the purposes of these regulations, unless the context otherwise require, the following terms shall be construed, respectively, to mean:

**Paragraph 1. Commodity regulations.**—Rules and regulations made under the act by the Secretary for warehousemen storing certain designated agricultural products.

**Par. 2. Field warehouse.**—A warehouse that is operated or is to be operated for the purpose of issuing warehouse receipts representing a disinterested custodianship of the products stored therein and which is leased from any person having a financial interest in the products.

**Par. 3. Field warehouseman.**—Unless otherwise clearly indicated by the context, any person lawfully engaged in the business of operating a field warehouse as defined in paragraph 2.

**Par. 4. Custodian.**—A person appointed or designated by a field warehouseman to supervise or manage a field warehouse licensed under the act.

**Par. 5. Assistant custodian.**—A person appointed or designated by a warehouseman to assist the custodian of a field warehouse in the supervision and management thereof.

**SEC. 2.** Nothing in these field warehouse regulations shall be construed to conflict with, or to authorize any conflict with, or in any way impair or limit, the effect or operation of the commodity regulations issued by the Secretary for warehousemen storing any specified product or products, but these regulations shall be considered as supplemental to all such commodity regulations and to be effective as to all field warehouses and field warehousemen operating under the act.

**SEC. 3.** Applications for licenses to operate field warehouses shall be made in accordance with the commodity regulations for warehousemen storing the particular agricultural product or products stored or to be stored in the field warehouse.

**SEC. 4.** Compliance with all the preliminary requirements of the commodity regulations applicable to the agricultural product or products in question, as well as these regulations, shall be prerequisite to issuing a license to operate a field warehouse.

**SEC. 5.** There shall be no close relationship, either by blood or marriage, between the field warehouseman or his custodians and any depositor or the lessor of the field warehouse.

**SEC. 6. Paragraph 1.** No employee, either full or part-time, of any depositor, nor any person who is a close blood or other relative of any person occupying a supervisory or directing position in the business

or organization of any depositor, or closely interested with any depositor in any business, shall be appointed as a custodian or an assistant custodian by a licensed field warehouseman; nor shall any person be appointed as a custodian or an assistant custodian if he has resigned from the employ of any depositor for the purpose of accepting employment from the warehouseman at the warehouse.

**Par. 2.** The compensation, or any part thereof, of any custodian, assistant custodian, or any other employee of the warehouseman, if any there be, must be paid by the warehouseman and not by any depositor. The custodian or assistant custodians need not be full-time employees of the warehouseman, but shall not be, under any conditions, part or full-time employees of any depositor of products in the warehouse.

**Par. 3.** Each person designated by a licensed field warehouseman as a custodian or an assistant custodian shall file with the bureau a statement, on a form provided by the bureau for the purpose, setting forth his qualifications and experience in warehouse work, the occupation or business he has been engaged in during the five years next preceding the date of the statement, the names of his employers, if any, during such 5-year period, the names of at least five persons who can vouch for his character and qualifications for the position, and such other information as the Secretary, or his designated representative, may require.

**Par. 4.** No custodian shall accept instructions from anyone other than the warehouseman.

**Par. 5.** No custodian or assistant custodian shall enter upon his duties as such at a licensed field warehouse until he has been notified in writing by the bureau that his appointment has been approved.

**SEC. 7.** The warehouse space licensed or to be licensed shall be substantially separated from other space and shall be kept securely locked or sealed in accordance with section 15 of these regulations. All keys to locks shall be kept in the possession of the warehouseman or his authorized agent at all times. In case there is any doubt whether all keys to the warehouse are in possession of the warehouseman or his agents the warehouseman shall provide new locks and keys for the warehouse.

**SEC. 8.** It shall be the duty of a licensed field warehouseman to keep the licensed field warehouse securely locked at all times except when the warehouseman, the custodian, or an assistant custodian is present, and no person other than the warehouseman, the custodian, or an assistant custodian shall have access to the licensed warehouse or the products stored therein except in the presence of and with the consent of such warehouseman, custodian, or assistant custodian: Provided, That if any night watchman in the employ of the owner of the building is required to enter the licensed warehouse under an insurance requirement and his only duties at the warehouse building are those of a night watchman he may be given a key to the warehouse for that purpose, if the approval of the bureau is first secured and the watchman's service is fully provided for in the field warehouse lease agreement: Provided further, That the provisions of this section shall not apply in the case of warehouses where the bin system is in effect as outlined in section 15 of these regulations. The warehouseman shall at all times exercise absolute and complete control and

dominion over the licensed warehouse and the products stored therein to the complete exclusion of all parties except as provided herein.

SEC. 9. No misleading name or designation shall be applied to any field warehouse licensed under the act, but in every case the name shall indicate that the warehouse is being operated as a public warehouse by the warehouseman as lessee.

SEC. 10. Paragraph 1. Before a license to conduct a field warehouse is granted under the act, the warehouseman shall file with the bureau, in accordance with the requirements of the commodity regulations, a copy of his rules and a schedule of charges; and, in addition, he shall file copies of all contracts and agreements entered into by and between him and any depositor or the lessor of the field warehouse which in any way relate to the establishment, operation, management, or payment of expenses connected with the operation of the warehouse. If there are any agreements or understandings between the lessor of the warehouse and the lessee with respect to any of the aforementioned that have not been reduced to writing, the warehouseman shall file with the bureau a written statement setting forth the substance of such verbal agreements and understandings.

Par. 2. All warehouses licensed under the act must be operated as public warehouses, and no rules or schedules of charges filed by any warehouseman applying for a license under the act shall be approved by the Secretary, or his designated representative, if it is not clear that the requirements of section 13 of the act can and will be met.

SEC. 11. Every receipt, whether negotiable or non-negotiable, issued for products stored in a field warehouse, shall, in addition to complying with the requirements of section 18 of the act and regulation 4 of the applicable commodity regulations, embody within its printed terms a statement that the warehouseman is lessee of the warehouse.

SEC. 12. Warehouse receipts for products stored in a field warehouse licensed under the act shall be issued in the town or city where the warehouse is located, except that where two or more licensed field warehouses are operated by a warehouseman receipts for all such warehouses may be issued from a central point, provided such central point is not more than 25 miles distant from the farthest warehouse. In cases where receipts are issued from central points the warehouseman shall, when requested by department representatives, provide transportation for such representatives, when engaged in regular inspection work, to and from such warehouses.

SEC. 13. No field warehouse license shall be issued by the Secretary, or his designated representative, unless the lessee is wholly disinterested with respect to depositors and the application is supported by the original lease and one copy, dated and signed by the contracting parties, and embodying the following: (a) A definite period of time not less than one year after the date of execution, (b) a description of the exact space leased to the field warehouseman and a statement that all of such space is to be covered by the license, if issued, and (c) evidence that said lease has been duly recorded in the county where such warehouse is located, except where there is a statutory inhibition against the recording of

such leases, and (d) a clause prohibiting the cancellation of the lease or ejecting the warehouseman so long as any receipt issued under the act and the regulations is outstanding.

SEC. 14. A license to conduct a field warehouse under the act shall not be issued, or if issued, shall not be allowed to remain in effect, if any depositor agrees or has agreed with the warehouseman to indemnify him against loss due to failure of the warehouseman to exercise such care of the products in his custody as a reasonably prudent owner would exercise or as the warehouseman is required to exercise under the act and regulations.

SEC. 15. In the case of warehouses where approved storage bins have been erected and such bins can be sealed with seals furnished by the department for the purpose, the bins may be licensed and the depositors may, with the consent of the warehouseman, have access to such bins for the purpose of placing goods therein before the seals are affixed and before warehouse receipts are issued by the warehouseman, or for the purpose of removing goods therefrom after the outstanding receipts for all goods in such bin or bins have been surrendered to and cancelled by the warehouseman, and the warehouseman or his custodian, or assistant custodian, has broken the seals. Under no circumstances shall anyone other than the licensed warehouseman, the custodian, assistant custodian, or duly appointed employees of the Department of Agriculture in the performance of their official duties, affix any seals to a licensed bin or remove a seal therefrom. Where bins are licensed no receipts may be issued for products stored in any bin until after the seals have been affixed, and no seals may be broken for the purpose of delivering the products until the receipts covering such products have been surrendered and canceled. Seals may be broken to permit inspecting and reasonably sampling of the goods; but such work must be done by the licensed warehouseman, the custodian, or an assistant custodian, and after inspecting or sampling new seals shall be affixed to the bin.

SEC. 16. Paragraph 1. Each licensed field warehouseman shall, during the period of his license, maintain suitable signs on the licensed property in such manner as to give ample public notice that such property has been leased by the warehouseman and is controlled and operated by him. Such signs must be of such size and be so affixed to the outside of each licensed building, and at appropriate places within the building, as to attract the attention of and give notice to the public as to the real tenancy, and must be placed at each point of entry to and exit from the licensed space.

Par. 2. Such signs shall include the following: (a) The name and address of the licensee, (b) the name of the warehouse, (c) the license number of the warehouse, (d) a statement that the warehouseman is lessee, and (e) the words "Public Warehouse."

Par. 3. Such other wording or lettering as is not inconsistent with the purpose of the act and these regulations and is approved by the bureau may appear in the sign or signs.

Par. 4. The warehouseman shall not permit signs to remain on his licensed property which might lead to confusion as to the tenancy.

### REVISED INDEX OF FREIGHT-CAR LOADINGS

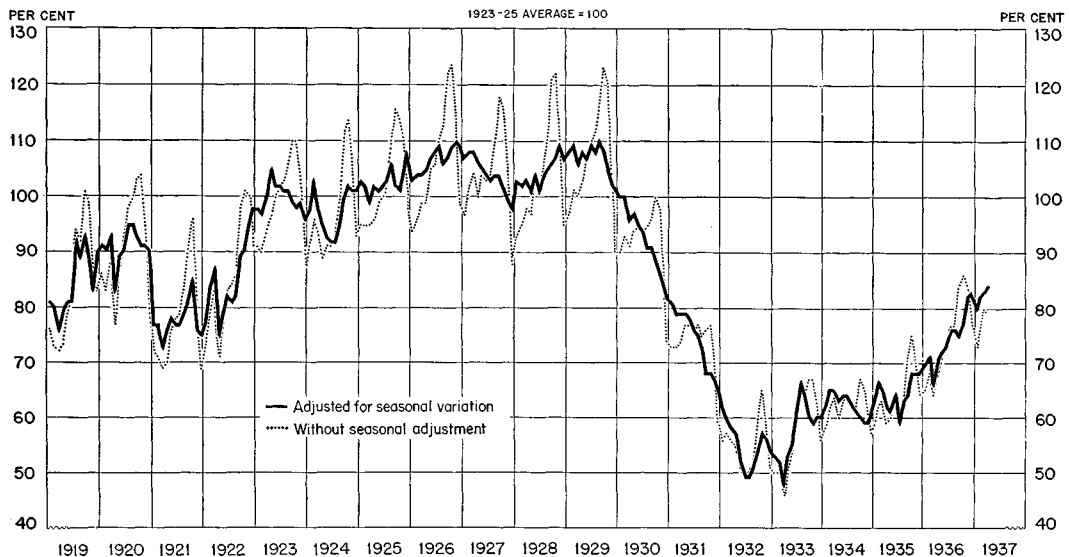
The Board's monthly index of railroad freight-car loadings has been revised for the period from 1919 to date. New seasonal adjustment factors have been computed for each class of freight and the method of combining indexes for the several classes into an index for the total has been altered.

The principal changes in seasonal variation during recent years have been an increase in the proportion of a year's freight traffic that occurs in the relatively slack winter months and a decrease in the proportion in the late summer and autumn. Allowance for these changes has lowered the level of the total adjusted index during the winter and raised the level from August to October. The most important effect of the change in the method of combining the indexes for commodity classes has been to make the decline in

are estimated from the weekly data by prorating the figures for overlapping weeks according to the number of working days falling in each month. Daily averages of these monthly figures are computed and are expressed as percentages of the 1923-1925 average. The total index is obtained by weighting the indexes for individual classes on the basis of revenue data compiled by the Interstate Commerce Commission.

In computing the daily averages, allowance is made for Sundays and the following holidays: New Year's Day, Washington's Birthday (a half day), Memorial Day (a half day), Independence Day, Labor Day, Thanksgiving Day, and Christmas. The allowance for Memorial Day was reduced from a full day to a half day in compiling the revised figures.

### FREIGHT-CAR LOADINGS



the total index from 1929 to 1933 larger than that indicated by the former index and the expansion since that time also more marked.

The revised index of total freight-car loadings is shown in the chart. Indexes for the total and for individual classes of freight, both adjusted for seasonal variation and without seasonal adjustment, are given in Table I and the seasonal adjustment factors are shown in Table II.

The indexes are based on weekly data of the Association of American Railroads for eight commodity classes. Monthly loadings

**Seasonal adjustment factors.**—Seasonal adjustment factors were computed for the indexes for commodity classes by the ratio-to-twelve-month moving average method generally used by the Board. In seven of the eight series ratios to freehand curves were used to supplement the ratios to moving averages.<sup>1</sup>

Changes during recent years in the seasonal characteristics of these individual

<sup>1</sup> See FEDERAL RESERVE BULLETIN for December 1936, pp. 952-953, for discussion of the use of freehand curves in the revision of seasonal factors for employment in manufacturing industries.

series have been large. Shipments of miscellaneous freight, which is the most important class, have recently shown a smaller seasonal decline during December and January than in earlier years and a less marked seasonal peak in the autumn. During recent years coal loadings in February and March have increased relative to loadings in other months. Changes in the seasonal characteristics of most other series also have been large. For freight-car loadings as a whole the amplitude of the seasonal movements has been smaller in recent years than in earlier years.

**Method of weighting commodity classes.—**

In deriving the total index formerly published by the Board, indexes for commodity classes were combined solely on the basis of the number of loadings in each class. In the revised index an attempt was made to obtain weights that would approximate the general activity entering into the transportation of each class of freight as the basis for combining the class indexes. This involved consideration not only of the number of cars but also of such factors as the number of tons, length of haul, and loading and unloading activity per car. After study of various methods the proportion of revenue received by the railroads for shipping each class of freight was chosen as being better than any other data available for measuring the relative amount of activity in the various classes in the base period.

Statistics of revenue by commodities were first published by the Interstate Commerce Commission for 1928 and figures for that year, regrouped to correspond as closely as possible with the eight commodity classes of the Association of American Railroads, were used as the basis for estimating revenue by classes in the 1923-1925 base period. It is believed that the revenue data for 1928 were reasonably accurate for this purpose

inasmuch as freight rate changes were small between 1923 and 1928. The following table shows for the eight classes of freight in the 1923-1925 base period the percentages of total revenue, used as weight factors in the revised index, and the percentages of total loadings, used in deriving the index formerly published.

Class of freight	Percent of total revenue (estimated for 1923-1925)	Percent of total cars loaded (1923-1925)
Grain.....	6.5	4.8
Livestock.....	2.6	3.5
Coal.....	21.0	18.0
Coke.....	0.8	1.3
Forest Products.....	8.6	7.4
Ore.....	2.2	4.0
Merchandise, i.e.l.....	10.6	25.3
Miscellaneous.....	47.7	35.7
Total.....	100.0	100.0

The principal changes in the relative importance of the various classes are a reduction in the weight given merchandise in less-than-carload lots and an increase in the weight of miscellaneous freight, which includes most manufactured commodities and other commodities of considerable value. The relatively smaller importance of less-than-carload freight on a revenue as compared with a carload basis is in part a reflection of low tonnage per car and in part a reflection of duplications in reporting the number of cars loaded.

Railroad shipments of merchandise in less-than-carload lots have been particularly affected by truck competition and currently are at a level lower, relative to the 1923-1925 average, than most other classes of freight. Consequently, reducing the weight of this class has raised the current level of the revised total index above that shown by the index formerly published.









TABLE 1.—INDEXES OF FREIGHT-CAR LOADINGS, BY CLASSES—Continued

[Index numbers; 1923-25 average=100. The terms "adjusted" and "unadjusted" refer to adjustment for seasonal variation.]

Year and month	Total		Coal		Coke		Grain and grain products		Livestock		Forest products		Ore		Miscellaneous		Merchandise	
	Ad-justed	Un-ad-justed	Ad-justed	Un-ad-justed	Ad-justed	Un-ad-justed	Ad-justed	Un-ad-justed	Ad-justed	Un-ad-justed	Ad-justed	Un-ad-justed	Ad-justed	Un-ad-justed	Ad-justed	Un-ad-justed	Ad-justed	Un-ad-justed
1936—January.....	70	65	77	88	68	81	75	67	40	40	43	38	68	15	74	63	63	60
February.....	71	68	90	106	67	90	72	66	38	31	38	37	62	15	74	63	62	60
March.....	66	64	56	60	54	56	78	72	44	35	41	42	62	15	76	73	63	63
April.....	71	68	77	64	69	58	74	66	42	38	41	42	65	27	76	79	64	65
May.....	72	71	74	64	72	69	75	67	40	36	44	45	75	105	79	81	65	65
June.....	73	73	72	61	75	69	79	77	43	35	45	48	76	130	80	83	65	66
July.....	76	77	77	65	87	73	85	117	47	41	47	47	73	139	82	84	66	66
August.....	76	77	78	68	86	71	74	89	46	46	48	50	76	141	83	85	67	67
September.....	75	84	77	80	87	83	63	71	44	57	46	50	86	151	85	95	67	70
October.....	77	86	82	90	87	87	69	69	46	65	47	49	90	134	86	97	66	69
November.....	82	84	85	93	96	96	78	73	49	59	50	49	133	73	90	92	67	69
December.....	83	77	82	92	88	97	83	71	46	45	54	46	92	23	92	84	69	66
1937—January.....	80	73	78	89	83	97	73	65	43	42	48	42	117	26	90	78	67	64
February.....	82	76	77	91	76	102	70	64	41	34	51	49	114	27	95	82	68	66
March.....	83	80	87	92	92	96	68	62	42	34	51	52	114	29	94	90	69	69
April.....	84	79	81	68	102	86	70	63	43	39	49	51	249	102	91	94	69	70

NOTE.—Basic data compiled by Association of American Railroads. Indexes for classes based on daily average loadings. Total index compiled by combining indexes for classes with weights derived from revenue data of the Interstate Commerce Commission.





## REVISION OF WEEKLY REPORT OF MEMBER BANKS IN LEADING CITIES

Effective May 12 the Board of Governors revised the form of the weekly condition report made each Wednesday by reporting member banks in 101 leading cities. The nature of the revisions, which affected only certain of the loan classifications, was set forth in the May issue of the Bulletin (pp. 440-441). On May 12 the banks reported figures for the various types of loans in accordance with both the new and the old classification and beginning with May 19 the reports were made on the new form with an additional subdivision of "Commercial, industrial and agricultural loans" and "Other loans" into loans on security collateral and loans otherwise secured and unsecured.

Table I shows the figures as reported on the old basis for May 12 and on the new basis for May 12 and May 19 for all reporting banks and for banks in New York City and outside. Table II gives the figures for all reporting banks with the new items regrouped in a manner to show combinations comparable with previously published figures.

"Loans to brokers and dealers in securities" were somewhat larger on the new basis than on the old because in the old form only loans on securities were included, whereas the revised form covers all loans to brokers and dealers in securities whether secured or unsecured if they are made for the purpose of purchasing or carrying securities. Loans to brokers and dealers for that purpose that

were not secured by stocks or bonds amounted on May 12 to \$18,000,000, of which \$14,000,000 were at New York City banks. Under the old classification these loans were included in "Other loans."

"Loans on securities to others (except banks)" in the old form are no longer reported as a single item. In the new form a substantially comparable figure can be obtained by adding together three items: "Loans to others for the purpose of purchasing or carrying securities," "Commercial, industrial, and agricultural loans on securities," and "Other loans on securities." The total of these three items is not exactly comparable with the figures formerly reported because some loans without stock and bond collateral may be included in "Other loans for purchasing or carrying securities," but the amount, if any, is believed to be small. No earlier figures comparable with the new classification of "Other loans for purchasing or carrying securities" are available. A combination of "Loans to brokers and dealers in securities" and "Other loans for purchasing or carrying securities" measures the total volume of loans made by reporting banks for the purpose of purchasing or carrying stocks and bonds.

Holdings of "Open-market paper" under the new classification were \$121,000,000 larger on May 12 than holdings of "Acceptances and commercial paper bought" as re-

TABLE I.—LOANS OF REPORTING MEMBER BANKS IN 101 LEADING CITIES.

[In millions of dollars]

Old classification	May 12, 1937			New classification	May 12, 1937			May 19, 1937		
	All reporting banks	New York City	Other cities		All reporting banks	New York City	Other cities	All reporting banks	New York City	Other cities
Total loans.....	9, 531	3, 805	5, 726	Total loans.....	9, 531	3, 805	5, 726	9, 500	3, 787	5, 713
Loans to brokers and dealers:				Commercial, industrial, and agricultural loans:						
In New York City.....	1, 090	1, 047	43	On securities.....				564	232	332
Outside New York City.....	226	72	154	Otherwise secured and unsecured.....	14, 183	1, 608	2, 575	3, 624	1, 381	2, 243
Loans on securities to others (except banks).....	2, 068	734	1, 334	Open market paper.....	503	159	344	497	1, 381	2, 243
Acceptances and commercial paper bought.....	382	101	281	Loans to brokers and dealers in securities.....	1, 334	1, 133	201	1, 323	1, 127	196
Loans on real estate.....	1, 161	130	1, 031	Other loans for purchasing or carrying securities.....	740	284	456	722	277	445
Loans to banks.....	122	80	42	Real estate loans.....	1, 161	130	1, 031	1, 162	129	1, 033
Other loans.....	4, 482	1, 641	2, 841	Loans to banks.....	122	80	42	118	76	42
				Other loans:						
				On securities.....				718	242	476
				Otherwise secured and unsecured.....	11, 488	1, 411	1, 077	772	166	606

<sup>1</sup> Breakdown not available.

ported under the old classification, owing to the fact that the new item includes the holdings by reporting banks of their own acceptances, previously included in "Other loans." This is offset somewhat by the fact that the old item "Acceptances and commercial paper bought" included an unknown amount, probably small, of direct loans payable abroad which in the revised form are included in "Other loans". The new item "Open-market paper," therefore, is not comparable with the old classification of "Acceptances and commercial paper bought." Holdings of own acceptances have been reported by member banks in the periodic call reports since June 1931, but figures for reporting member banks are not available.

"Commercial, industrial, and agricultural loans" is a new caption which covers loans made for business purposes, formerly divided between "Other loans" and "Loans on securities to others (except banks)". As explained above, the amount of "Commercial, industrial, and agricultural loans" made on securities will hereafter be shown as a subitem separately from those loans not secured by stocks or bonds. Heretofore no separate figures have been available on "Commercial, industrial, and agricultural loans," and changes in this class of loans were only roughly measurable by changes in so-called "Other loans," which under the old classification included all loans to customers other than loans on real estate and securities. That the old classification of "Other loans" is not closely comparable with the new classification of "Commercial, industrial, and agricultural loans" is indicated by the fact that of the commercial, industrial, and agricultural loans reported in the new reports on May 19, \$564,000,000 was formerly reported under "Loans on securities to others (except banks)," and of loans not made for commercial, industrial, and agricultural purposes, \$772,000,000 was formerly reported under "Other loans". As already explained, "Other loans" also formerly included a small amount of loans to brokers and dealers not secured by stocks and bonds and an appreciable amount of own acceptances purchased or discounted by the reporting bank.

The new item of "Other loans" is not comparable with the old item of the same name. "Other loans" in both the new and old forms

is a residual item covering all loans not otherwise classified separately in the reports, and since the new form gives a more detailed classification, the item of "Other loans" has been considerably reduced. These loans now include only personal loans and other customer loans not secured by real estate and not made for business purposes, nor for financing the sale of goods, nor for purchasing or carrying securities. The figure obtainable from the new form most nearly comparable with the old item "Other loans" is the sum of the two subgroups of loans not secured by stocks and bonds reported under the new items "Commercial, industrial, and agricultural loans" and "Other loans." As shown in Table II and explained in a footnote to that table, this total is smaller than the former figure of "Other loans" by a relatively small amount.

TABLE II.—CLASSIFICATION OF LOANS AT REPORTING MEMBER BANKS, ARRANGED TO SHOW COMPARABLE SERIES.

[In millions of dollars]

	Old classification	New classification	
		May 12, 1937	May 19, 1937
Total loans.....	9, 531	9, 531	9, 500
Loans to brokers and dealers in securities—			
Total.....	1	1, 334	1, 323
On securities.....	1, 316	1	1
Loans on securities to others (except banks)—			
Total.....	2, 068	2, 068	2, 004
For purchasing or carrying securities <sup>3</sup> .....	1	740	722
Commercial, industrial, and agricultural.....	1	1, 322	564
Other.....	1		718
Open-market paper—Total (including own acceptances held by reporting banks).....	1	503	497
Acceptances and commercial paper bought.....	382	1	1
Real estate loans.....	1, 161	1, 161	1, 162
Loans to banks.....	122	122	118
Other loans (old classification i.e., loans otherwise secured and unsecured)—Total.....	4, 482	4, 345	4, 396
Commercial, industrial, and agricultural.....	1	4	3, 624
Other.....	1	4	772

<sup>1</sup> Figure not reported separately.

<sup>2</sup> Total of subgroups shown; closely comparable with figure reported under old classification (see note <sup>3</sup>).

<sup>3</sup> May include a small amount of loans not secured by stocks and bonds.

<sup>4</sup> Breakdown not reported on May 12; total figure derived by deduction.

<sup>5</sup> This figure is smaller than the old figure of "Other loans" by the difference between the sum of (1) own acceptances held by reporting banks and (2) loans to brokers and dealers in securities made for the purpose of purchasing or carrying securities but *not* secured by stocks and bonds, over the amount of (3) direct loans payable abroad to the extent, probably small, that such direct loans were included in the former item "Acceptances and commercial paper bought." Figure for May 12 derived by deduction.

## EARNINGS AND EXPENSES OF MEMBER BANKS

## ALL MEMBER BANKS BY CLASSES OF BANKS, YEARS ENDED DECEMBER 31, 1936 AND 1935

	Amounts (in thousands of dollars)						Amounts per \$100 of loans and investments <sup>1 2</sup>					
	All member banks		National member banks		State member banks		All member banks		National member banks		State member banks	
	1936	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936	1935
<b>Earnings:</b>												
Interest and discount on loans.....	513,399	498,419	346,951	339,272	166,448	159,147	\$1.64	\$1.72	\$1.75	\$1.85	\$1.44	\$1.50
Interest and dividends on investments.....	487,101	467,217	325,772	315,726	161,329	151,491	1.55	1.62	1.65	1.73	1.39	1.43
Interest on balances with other banks.....	1,207	1,681	905	1,123	302	558	.....	.01	.....	.01	.....	.01
Collection charges, commissions, fees, etc.....	31,397	28,825	22,167	20,292	9,230	8,533	.10	.10	.11	.11	.08	.08
Foreign department.....	12,165	12,282	7,657	6,887	4,508	5,395	.04	.04	.04	.04	.04	.05
Trust department.....	88,297	77,703	31,712	28,540	56,585	49,163	.28	.27	.16	.15	.49	.46
Service charges on deposit accounts.....	39,415	35,634	27,467	24,887	11,948	10,747	.13	.12	.14	.14	.10	.10
Rent received.....	78,456	84,888	48,153	55,510	30,303	29,378	.25	.29	.24	.30	.26	.28
Other current earnings.....	19,471		13,043		6,428		.06		.07		.06	
<b>Total current earnings.....</b>	<b>1,270,908</b>	<b>1,206,649</b>	<b>823,827</b>	<b>792,237</b>	<b>447,081</b>	<b>414,412</b>	<b>4.05</b>	<b>4.17</b>	<b>4.16</b>	<b>4.33</b>	<b>3.86</b>	<b>3.90</b>
<b>Expenses:</b>												
Interest on deposits:												
Time.....	175,164	196,490	126,175	142,520	48,989	53,970	.56	.68	.64	.78	.42	.51
Demand.....	7,137	9,298	5,144	6,726	1,993	2,572	.02	.03	.03	.04	.02	.02
Bank.....	2,175	2,695	1,425	1,703	750	992	.01	.01	.01	.01	.01	.01
<b>Total.....</b>	<b>184,476</b>	<b>208,483</b>	<b>132,744</b>	<b>150,949</b>	<b>51,732</b>	<b>57,534</b>	<b>.59</b>	<b>.72</b>	<b>.67</b>	<b>.83</b>	<b>.45</b>	<b>.54</b>
Salaries, officers.....	135,501		90,548		44,953		.43		.46		.39	
Salaries and wages, employees (other than officers).....	216,213	334,468	130,893	211,242	85,320	123,226	.69	1.16	.66	1.16	.74	1.16
Fees paid to directors and members of executive, discount, and advisory committees.....	6,269	3	4,398	3	1,871	3	.02	3	.02	3	.02	3
Interest and discount on borrowed money.....	613	1,230	265	429	348	801	.....	.....	.....	.....	.....	.01
Real estate taxes.....	33,970	63,680	21,561	42,628	12,409	21,052	.11	.22	.11	.23	.11	.20
Other taxes.....	47,175	27,941	27,941	19,234	19,234	91,916	.15	.15	.14	.17	.17	.20
Other expenses.....	247,897	224,654	155,981	142,528	91,916	82,126	.79	.78	.79	.78	.79	.77
<b>Total current expenses.....</b>	<b>872,114</b>	<b>832,515</b>	<b>564,331</b>	<b>547,776</b>	<b>307,783</b>	<b>284,739</b>	<b>2.78</b>	<b>2.88</b>	<b>2.85</b>	<b>3.00</b>	<b>2.65</b>	<b>2.68</b>
<b>Net earnings.....</b>	<b>398,794</b>	<b>374,134</b>	<b>259,496</b>	<b>244,461</b>	<b>139,298</b>	<b>129,673</b>	<b>1.27</b>	<b>1.29</b>	<b>1.31</b>	<b>1.33</b>	<b>1.20</b>	<b>1.22</b>
<b>Recoveries, profits on securities, etc.:</b>												
Recoveries on loans.....	94,247	71,901	69,515	47,327	24,732	24,574	.30	.25	.35	.26	.21	.23
Recoveries on investments.....	160,318		120,654	180,441	39,684	96,586	.51	.96	.61	.98	.34	.91
Profits on securities sold.....	230,698	277,027	157,891	12,309	72,807	14,769	.74	.09	.80	.07	.63	.14
All other.....	22,808	27,078	12,187		10,621		.07	.09	.06	.07	.09	.14
<b>Total.....</b>	<b>508,071</b>	<b>376,006</b>	<b>360,247</b>	<b>240,077</b>	<b>147,824</b>	<b>135,929</b>	<b>1.62</b>	<b>1.30</b>	<b>1.82</b>	<b>1.31</b>	<b>1.28</b>	<b>1.28</b>
<b>Losses and depreciation:</b>												
On loans.....	206,548	252,374	154,312	159,978	52,236	92,396	.66	.87	.78	.87	.45	.87
On investments.....	131,406	198,765	91,935	116,182	39,471	82,583	.42	.69	.46	.64	.34	.78
On banking house, furniture and fixtures.....	38,721	33,586	26,416	23,329	12,305	10,257	.12	.12	.13	.13	.11	.10
All other.....	64,873	53,537	33,510	26,950	31,363	26,587	.21	.18	.17	.15	.27	.25
<b>Total losses and depreciation.....</b>	<b>441,548</b>	<b>538,262</b>	<b>306,173</b>	<b>326,439</b>	<b>135,375</b>	<b>211,823</b>	<b>1.41</b>	<b>1.86</b>	<b>1.55</b>	<b>1.79</b>	<b>1.17</b>	<b>2.00</b>
<b>Net profits.....</b>	<b>465,317</b>	<b>211,878</b>	<b>313,570</b>	<b>158,099</b>	<b>151,747</b>	<b>53,779</b>	<b>1.48</b>	<b>.73</b>	<b>1.58</b>	<b>.86</b>	<b>1.31</b>	<b>.51</b>
Cash dividends declared <sup>3</sup> .....	198,663	186,810	121,355	112,918	77,308	73,892	.....	.....	.....	.....	.....	.....
<b>Loans <sup>2</sup>.....</b>	<b>12,543,829</b>	<b>11,985,150</b>	<b>7,730,096</b>	<b>7,418,739</b>	<b>4,813,733</b>	<b>4,566,411</b>	.....	.....	.....	.....	.....	.....
<b>Investments <sup>2</sup>.....</b>	<b>18,839,010</b>	<b>16,913,308</b>	<b>12,059,818</b>	<b>10,866,893</b>	<b>6,779,192</b>	<b>6,046,415</b>	.....	.....	.....	.....	.....	.....
<b>Loans and investments <sup>2</sup>.....</b>	<b>31,382,839</b>	<b>28,898,458</b>	<b>19,789,914</b>	<b>18,285,632</b>	<b>11,592,925</b>	<b>10,612,826</b>	.....	.....	.....	.....	.....	.....
Time deposits <sup>2</sup> .....	10,660,494	10,181,426	7,547,641	7,203,568	3,112,853	2,977,858	.....	.....	.....	.....	.....	.....
Total deposits <sup>2</sup> .....	40,129,630	35,694,475	25,831,681	22,976,968	14,297,949	12,717,507	.....	.....	.....	.....	.....	.....
Capital funds <sup>2 5</sup> .....	5,209,486	5,118,478	3,136,732	3,078,033	2,072,754	2,040,445	.....	.....	.....	.....	.....	.....
							<b>Other ratios <sup>1 2</sup></b>					
Net profit per \$100 of capital funds <sup>5</sup> .....	\$8.93	\$4.14	\$10.00	\$5.14	\$7.32	\$2.64	.....	.....	.....	.....	.....	.....
Interest and discount on loans per \$100 of loans.....	4.09	4.16	4.49	4.57	3.46	3.49	.....	.....	.....	.....	.....	.....
Losses on loans per \$100 of loans.....	1.65	2.11	2.00	2.16	1.09	2.02	.....	.....	.....	.....	.....	.....
Interest and dividends on investments per \$100 of investments.....	2.59	2.76	2.70	2.91	2.38	2.51	.....	.....	.....	.....	.....	.....
Losses on investments per \$100 of investments.....	.70	1.18	.76	1.07	.58	1.37	.....	.....	.....	.....	.....	.....
Interest on time deposits per \$100 of time deposits.....	1.64	1.93	1.67	1.98	1.57	1.81	.....	.....	.....	.....	.....	.....
Total deposits per \$1 of capital funds <sup>5</sup> .....	7.70	6.97	8.24	7.46	6.90	6.23	.....	.....	.....	.....	.....	.....
Loans and investments per \$1 of capital funds <sup>5</sup> .....	6.02	5.65	6.31	5.94	5.59	5.20	.....	.....	.....	.....	.....	.....

For footnotes, see p. 533.



**EARNINGS AND EXPENSES OF MEMBER BANKS—Continued**  
**ALL MEMBER BANKS, BY DISTRICTS, YEARS ENDED DECEMBER 31, 1936 AND 1935**  
 (In thousands of dollars)

	Federal Reserve District											
	Boston		New York		Philadelphia		Cleveland		Richmond		Atlanta	
	1936	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936	1935
<b>Earnings:</b>												
Interest and discount on loans.....	37,814	39,559	135,272	131,151	42,736	44,192	47,754	47,403	24,775	23,944	20,534	20,704
Interest and dividends on investments.....	28,886	28,373	149,720	142,491	47,542	45,337	51,448	48,670	18,672	18,915	15,225	13,643
Interest on balances with other banks.....	26	34	174	423	142	129	127	124	65	64	84	86
Collection charges, commissions, fees, etc.	1,012	886	6,993	6,421	897	651	1,351	1,216	1,271	1,160	2,562	2,313
Foreign department.....	1,075	969	8,140	8,197	387	375	361	312	45	34	190	197
Trust department.....	6,270	5,550	41,975	36,352	8,120	7,250	6,328	5,369	2,253	1,922	1,574	1,340
Service charges on deposit accounts.....	3,185	2,970	9,016	8,109	1,768	1,717	2,756	2,245	1,849	1,728	1,815	1,562
Rent received.....	5,240		23,847	22,348	6,188	6,217	7,773	8,810	3,022	3,185	3,309	3,691
Other current earnings.....	1,424	6,294	7,022		1,139		1,976		556		599	
<b>Total current earnings.....</b>	<b>84,932</b>	<b>84,635</b>	<b>382,159</b>	<b>355,492</b>	<b>108,919</b>	<b>105,868</b>	<b>119,874</b>	<b>114,149</b>	<b>52,508</b>	<b>50,952</b>	<b>45,892</b>	<b>43,536</b>
<b>Expenses:</b>												
Interest on deposits:												
Time.....	12,459	14,087	30,697	37,187	20,441	22,491	23,069	23,014	9,879	10,451	6,004	7,020
Demand.....	108	56	1,933	2,118	606	519	806	1,537	239	194	417	427
Bank.....	271	295	362	574	414	585	381	385	101	102	102	113
<b>Total.....</b>	<b>12,838</b>	<b>14,438</b>	<b>32,992</b>	<b>39,879</b>	<b>21,461</b>	<b>23,595</b>	<b>24,256</b>	<b>24,936</b>	<b>10,219</b>	<b>10,747</b>	<b>6,523</b>	<b>7,560</b>
Salaries, officers.....	9,492		38,019		10,271		10,521		6,220		5,544	
Salaries and wages, employees (other than officers).....	13,954	23,120	75,875	110,116	15,978	25,242	17,470	26,207	7,659	12,917	7,134	11,951
Fees paid to directors and members of executive, discount, and advisory committees.....	673	3	1,594	3	1,092	3	534	3	337	3	256	3
Interest and discount on borrowed money.....	37	65	131	226	51	123	17	35	7	19	49	67
Real estate taxes.....	2,434		10,959		2,862		2,946		1,106		1,637	
Other taxes.....	3,018	4,543	13,893	16,979	3,464	5,126	5,910	7,046	1,933	2,704	1,307	2,832
Other expenses.....	15,284	14,434	84,156	75,414	18,736	17,500	21,093	17,737	9,017	7,881	9,449	8,583
<b>Total current expenses.....</b>	<b>57,730</b>	<b>56,600</b>	<b>257,610</b>	<b>242,614</b>	<b>73,915</b>	<b>71,586</b>	<b>82,747</b>	<b>75,961</b>	<b>36,498</b>	<b>34,268</b>	<b>31,890</b>	<b>30,993</b>
<b>Net earnings.....</b>	<b>27,202</b>	<b>28,035</b>	<b>124,540</b>	<b>112,878</b>	<b>35,004</b>	<b>34,282</b>	<b>37,127</b>	<b>38,188</b>	<b>16,010</b>	<b>16,684</b>	<b>13,993</b>	<b>12,543</b>
<b>Recoveries, profits on securities, etc.:</b>												
Recoveries on loans.....	5,343	3,551	38,405	29,361	3,592	3,703	5,491	3,409	2,693	2,163	1,711	1,063
Recoveries on investments.....	6,130	15,054	97,342	106,212	5,818	23,091	5,718	16,546	2,211	11,199	2,564	7,950
Profits on securities sold.....	13,489		78,799		19,848		20,282		12,080		7,956	
All other.....	1,728	1,514	5,817	11,682	1,404	1,955	2,134	1,061	1,103	842	548	451
<b>Total.....</b>	<b>26,690</b>	<b>20,119</b>	<b>220,363</b>	<b>147,255</b>	<b>30,662</b>	<b>28,749</b>	<b>33,625</b>	<b>21,016</b>	<b>18,087</b>	<b>14,204</b>	<b>12,779</b>	<b>9,464</b>
<b>Losses and depreciation:</b>												
On loans.....	14,581	12,978	74,209	102,197	17,233	24,997	17,144	16,047	5,377	9,241	5,459	7,021
On investments.....	9,108	11,728	42,833	75,028	11,542	21,346	10,732	18,336	9,080	9,414	5,462	4,995
On banking house, furniture and fixtures.....	2,693	2,265	11,338	11,212	2,777	3,305	4,245	2,381	1,443	1,582	1,555	1,076
All other.....	3,609	2,724	23,641	18,216	5,435	7,027	5,521	2,821	1,916	1,728	1,353	1,093
<b>Total losses and depreciation.....</b>	<b>29,991</b>	<b>29,695</b>	<b>152,021</b>	<b>206,653</b>	<b>36,987</b>	<b>56,675</b>	<b>37,642</b>	<b>39,585</b>	<b>17,816</b>	<b>21,965</b>	<b>13,829</b>	<b>14,185</b>
<b>Net profits.....</b>	<b>23,901</b>	<b>18,459</b>	<b>192,852</b>	<b>53,480</b>	<b>28,679</b>	<b>6,356</b>	<b>33,110</b>	<b>19,619</b>	<b>16,281</b>	<b>8,923</b>	<b>12,043</b>	<b>7,822</b>
<b>Cash dividends declared <sup>1</sup>.....</b>	<b>13,459</b>	<b>13,048</b>	<b>85,986</b>	<b>86,543</b>	<b>18,588</b>	<b>17,775</b>	<b>12,415</b>	<b>11,389</b>	<b>6,976</b>	<b>6,058</b>	<b>5,783</b>	<b>4,973</b>
<b>Loans <sup>2</sup>.....</b>	<b>956,782</b>	<b>955,255</b>	<b>4,629,752</b>	<b>4,358,243</b>	<b>940,553</b>	<b>971,934</b>	<b>969,886</b>	<b>946,817</b>	<b>475,061</b>	<b>461,543</b>	<b>406,872</b>	<b>413,357</b>
<b>Investments <sup>2</sup>.....</b>	<b>976,916</b>	<b>931,861</b>	<b>6,863,250</b>	<b>6,161,410</b>	<b>1,373,817</b>	<b>1,239,447</b>	<b>1,661,253</b>	<b>1,478,598</b>	<b>662,198</b>	<b>607,443</b>	<b>533,655</b>	<b>453,242</b>
<b>Loans and investments <sup>2</sup>.....</b>	<b>1,933,698</b>	<b>1,887,116</b>	<b>11,493,002</b>	<b>10,519,653</b>	<b>2,314,370</b>	<b>2,211,381</b>	<b>2,631,139</b>	<b>2,425,415</b>	<b>1,137,259</b>	<b>1,068,986</b>	<b>940,527</b>	<b>866,599</b>
<b>Time deposits <sup>2</sup>.....</b>	<b>699,973</b>	<b>709,371</b>	<b>2,090,665</b>	<b>2,090,761</b>	<b>1,045,852</b>	<b>1,019,457</b>	<b>1,265,576</b>	<b>1,163,093</b>	<b>506,465</b>	<b>484,873</b>	<b>352,188</b>	<b>341,544</b>
<b>Total deposits <sup>2</sup>.....</b>	<b>2,430,010</b>	<b>2,277,545</b>	<b>14,073,530</b>	<b>12,630,417</b>	<b>2,733,955</b>	<b>2,482,511</b>	<b>3,206,451</b>	<b>2,799,395</b>	<b>1,563,680</b>	<b>1,382,989</b>	<b>1,329,586</b>	<b>1,137,927</b>
<b>Capital funds <sup>2 5</sup>.....</b>	<b>376,766</b>	<b>373,166</b>	<b>2,012,211</b>	<b>1,996,552</b>	<b>488,329</b>	<b>481,912</b>	<b>497,879</b>	<b>481,445</b>	<b>187,366</b>	<b>181,884</b>	<b>164,260</b>	<b>158,669</b>

<sup>1</sup> The ratios are based upon data taken from the customary abstracts of reports of condition and of earnings and dividends. It should be borne in mind in using them that the statistics employed represent aggregates for all member banks reporting on the various dates, and the ratios are therefore ratios of aggregates in which figures for large banks have a statistical influence somewhat disproportionate to their number in comparison with the figures for small banks. No adjustments have been made in the underlying data for changes during a given year in the number of banks whose reports underlie the statistics, since the figures presented are for sufficiently large groups that the results appear not to be appreciably affected by these changes.

<sup>2</sup> Figures for loans, investments, deposits, and capital funds are averages of amounts from reports of condition for 4 call dates for 1936 and 5 call dates for 1935. (December to December).

<sup>3</sup> Not reported separately; included partly in "Salaries" and in "other expenses."

<sup>4</sup> Includes interest on capital notes and debentures.

<sup>5</sup> By "capital funds" is meant the aggregate book value of capital stock, capital notes and debentures, surplus, undivided profits, reserves for contingencies, reserves for stock dividends on common stock, and retirement fund for preferred stock and/or capital notes and debentures. Prior to July, 1932, reserves for dividends were also included in capital funds.

Back figures.—See BULLETIN for July 1936, pp. 522-524. For summary figures for the country as a whole, see Annual Report for 1935 (table 60).

**EARNINGS AND EXPENSES OF MEMBER BANKS—Continued**  
**ALL MEMBER BANKS, BY DISTRICTS, YEARS ENDED DEC. 31, 1936 AND 1935—Continued**

[In thousands of dollars]

	Federal Reserve District											
	Chicago		St. Louis		Minneapolis		Kansas City		Dallas		San Francisco	
	1936	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936	1935
<b>Earnings:</b>												
Interest and discount on loans.....	45,423	43,184	18,711	17,709	13,533	13,103	23,503	21,155	23,005	21,593	80,339	74,722
Interest and dividends on investments.....	63,905	57,361	16,447	17,471	13,220	13,357	16,652	18,145	11,726	11,159	53,658	52,295
Interest on balances with other banks.....	69	91	54	40	108	121	120	185	13	31	225	353
Collection charges, commissions, fees, etc.....	5,314	5,125	1,804	1,677	3,019	2,947	1,737	1,643	1,628	1,412	3,809	3,374
Foreign department.....	905	852	43	35	70	65	14	13	27	27	909	1,206
Trust department.....	11,412	10,300	1,263	1,317	1,086	987	1,467	1,192	521	484	6,028	5,550
Service charges on deposit accounts.....	6,318	5,877	1,489	1,331	1,206	1,153	3,066	2,820	1,931	1,759	5,016	4,363
Rent received.....	8,758		{2,057}		{1,633}		{3,922}		{3,446}		{9,261}	
Other current earnings.....	1,717	9,528	{1,405}	3,006	{622}	2,482	{869}	4,615	{379}	3,844	{1,763}	10,868
<b>Total current earnings.....</b>	<b>143,821</b>	<b>132,408</b>	<b>43,273</b>	<b>42,586</b>	<b>34,497</b>	<b>34,215</b>	<b>51,350</b>	<b>49,768</b>	<b>42,675</b>	<b>40,309</b>	<b>161,008</b>	<b>152,731</b>
<b>Expenses:</b>												
Interest on deposits:												
Time.....	18,956	20,704	6,303	7,242	5,708	6,591	4,580	5,519	3,096	3,847	33,972	38,337
Demand.....	902	1,293	233	292	169	160	411	564	417	462	896	1,676
Bank.....	92	82	61	57	77	141	68	127	12	20	234	214
<b>Total.....</b>	<b>19,950</b>	<b>22,079</b>	<b>6,597</b>	<b>7,591</b>	<b>5,954</b>	<b>6,892</b>	<b>5,059</b>	<b>6,210</b>	<b>3,525</b>	<b>4,329</b>	<b>35,102</b>	<b>40,227</b>
Salaries, officers.....	14,822		{5,445}		{5,259}		{7,680}		{6,523}		{15,705}	
Salaries and wages, employees (other than officers).....	26,204	37,876	{6,341}	11,107	{4,868}	9,813	{7,580}	14,503	{5,826}	11,605	{27,324}	40,011
Fees paid to directors and members of executive, discount, and advisory committees.....	461	3	250	3	206	3	253	3	199	3	414	3
Interest and discount on borrowed money.....	51	63	204	550	3	21	9	13	26	36	28	12
Real estate taxes.....	2,739		{1,238}		{887}		{1,251}		{1,653}		{4,258}	
Other taxes.....	5,717	6,670	{1,741}	2,683	{1,660}	2,472	{2,069}	2,620	{1,816}	3,027	{4,647}	6,978
Other expenses.....	27,580	24,288	8,132	7,195	6,891	6,617	10,895	10,043	8,621	7,717	28,043	27,245
<b>Total current expenses.....</b>	<b>97,524</b>	<b>90,976</b>	<b>29,948</b>	<b>29,126</b>	<b>25,728</b>	<b>25,815</b>	<b>34,796</b>	<b>33,389</b>	<b>28,189</b>	<b>26,714</b>	<b>115,521</b>	<b>114,473</b>
<b>Net earnings.....</b>	<b>46,297</b>	<b>41,432</b>	<b>13,325</b>	<b>13,460</b>	<b>8,769</b>	<b>8,400</b>	<b>16,554</b>	<b>16,379</b>	<b>14,486</b>	<b>13,595</b>	<b>45,487</b>	<b>38,258</b>
<b>Recoveries, profits on securities, etc.:</b>												
Recoveries on loans.....	17,496	11,698	2,375	2,615	3,345	3,482	3,547	3,035	4,278	3,517	5,971	4,304
Recoveries on investments.....	18,659		{4,085}		{2,956}		{3,224}		{2,611}		{9,000}	
Profits on securities sold.....	33,133	28,518	{7,573}	12,279	{4,748}	7,148	{5,375}	10,458	{4,989}	8,978	{22,476}	29,594
All other.....	3,622	3,858	671	618	938	964	862	762	786	738	3,195	2,633
<b>Total.....</b>	<b>72,910</b>	<b>44,074</b>	<b>14,704</b>	<b>15,512</b>	<b>11,987</b>	<b>11,594</b>	<b>13,008</b>	<b>14,255</b>	<b>12,614</b>	<b>13,233</b>	<b>40,642</b>	<b>36,531</b>
<b>Losses and depreciation:</b>												
On loans.....	28,969	27,840	3,672	6,698	4,026	6,989	4,446	8,919	5,671	7,864	25,761	21,583
On investments.....	14,942	19,270	4,913	9,358	5,359	5,533	4,794	6,803	4,023	5,073	8,618	11,881
On banking house, furniture and fixtures.....	4,646	3,073	1,134	1,003	1,276	857	1,725	1,666	1,687	1,363	4,202	3,803
All other.....	9,729	4,282	1,790	1,697	1,059	1,086	1,648	2,113	1,859	1,964	7,313	8,786
<b>Total losses and depreciation.....</b>	<b>58,286</b>	<b>54,465</b>	<b>11,509</b>	<b>18,756</b>	<b>11,720</b>	<b>14,465</b>	<b>12,613</b>	<b>19,501</b>	<b>13,240</b>	<b>16,264</b>	<b>45,894</b>	<b>46,053</b>
<b>Net profits.....</b>	<b>60,921</b>	<b>31,041</b>	<b>16,520</b>	<b>10,216</b>	<b>9,036</b>	<b>5,529</b>	<b>16,949</b>	<b>11,133</b>	<b>13,860</b>	<b>10,564</b>	<b>40,235</b>	<b>28,736</b>
Cash dividends declared <sup>3</sup> .....	12,116	9,963	5,417	4,255	3,922	4,111	7,804	4,950	6,032	5,355	20,165	18,390
Loans <sup>1</sup> .....	1,127,378	1,028,626	400,912	378,352	290,454	280,384	406,474	366,419	355,554	338,790	1,584,151	1,485,430
Investments <sup>2</sup> .....	2,787,017	2,354,313	607,141	556,058	448,705	427,835	631,091	608,638	407,482	381,193	1,886,485	1,713,270
<b>Loans and investments <sup>2</sup>.....</b>	<b>3,914,395</b>	<b>3,382,939</b>	<b>1,008,053</b>	<b>934,410</b>	<b>739,159</b>	<b>708,219</b>	<b>1,037,565</b>	<b>975,057</b>	<b>763,036</b>	<b>719,983</b>	<b>3,470,636</b>	<b>3,198,700</b>
Time deposits <sup>2</sup> .....	1,375,680	1,219,969	366,316	349,225	354,918	343,939	313,924	310,826	199,141	195,838	2,089,796	1,952,530
Total deposits <sup>2</sup> .....	5,420,515	4,611,951	1,361,068	1,209,970	1,002,510	932,536	1,653,524	1,485,726	1,194,491	1,044,227	4,160,310	3,699,281
Capital funds <sup>2 5</sup> .....	496,278	475,608	151,474	147,850	113,347	114,811	159,983	154,969	147,367	143,334	414,226	408,278

For footnotes see p. 533.

EARNINGS AND EXPENSES OF MEMBER BANKS—Continued

ALL MEMBER BANKS BY DISTRICTS, YEARS ENDED DEC. 31, 1936 AND 1935—Continued

	Federal Reserve District											
	Boston		New York		Philadelphia		Cleveland		Richmond		Atlanta	
	1936	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936	1935
Amounts per \$100 of loans and investments: <sup>1 2</sup>												
Interest earned	\$3.45	\$3.60	\$2.48	\$2.61	\$3.91	\$4.05	\$3.78	\$3.97	\$3.83	\$4.02	\$3.81	\$3.97
Other earnings	.94	.88	.84	.77	.80	.74	.78	.74	.79	.75	1.07	1.05
Total current earnings	4.39	4.48	3.33	3.38	4.71	4.79	4.56	4.71	4.62	4.77	4.88	5.02
Interest on deposits	.66	.77	.29	.38	.93	1.07	.92	1.03	.90	1.01	.69	.87
Salaries—officers	.49	1.23	{.33}	1.05	{.44}	1.14	{.40}	1.08	{.55}	1.21	{.59}	1.38
Salaries—employees	.72		{.66}		{.69}		{.66}		{.67}		{.76}	
Fees paid to directors, etc.	.03		.01		.05		.02		.03		.03	
Interest and discount on borrowed money					.01						.01	
Real estate taxes	.13	.24	{.10}	.16	{.12}	.23	{.11}	.29	{.10}	.25	{.17}	.33
Other taxes	.16		{.12}		{.15}		{.22}		{.17}		{.14}	
All other expenses	.79	.76	.73	.72	.81	.79	.80	.73	.79	.74	1.00	.99
Total current expenses	2.99	3.00	2.24	2.31	3.19	3.24	3.14	3.13	3.21	3.21	3.39	3.58
Net earnings	1.41	1.48	1.08	1.07	1.51	1.55	1.41	1.58	1.41	1.56	1.49	1.44
Recoveries, profit on securities, etc.	1.38	1.07	1.92	1.40	1.32	1.30	1.28	1.87	1.59	1.33	1.36	1.09
Losses and depreciation	1.55	1.57	1.32	1.96	1.60	2.56	1.43	1.63	1.57	2.05	1.47	1.64
Net profit	1.24	.98	1.68	.51	1.24	.29	1.26	.81	1.43	.83	1.38	.90
Other ratios: <sup>1 2</sup>												
Net profit per \$100 of capital funds <sup>5</sup>	6.34	4.95	9.59	2.68	5.87	1.32	6.65	4.08	8.69	4.91	7.88	4.93
Interest and discount on loans per \$100 of loans	3.95	4.14	2.92	3.01	4.54	4.55	4.92	5.01	5.22	5.19	5.05	5.01
Losses on loans per \$100 of loans	1.52	1.36	1.60	2.34	1.83	2.57	1.77	1.69	1.13	2.00	1.34	1.70
Interest and dividends on investments per \$100 of investments	2.96	3.04	2.18	2.31	3.46	3.66	3.10	3.29	2.82	3.11	2.85	3.01
Losses on investments per \$100 of investments	.93	1.26	.62	1.22	.84	1.72	.65	1.24	1.37	1.55	1.02	1.10
Interest on time deposits per \$100 of time deposits	1.78	1.99	1.47	1.78	1.95	2.21	1.82	1.98	1.95	2.16	1.70	2.06
Loans and investments per \$1 of capital funds <sup>5</sup>	5.13	5.06	5.71	5.27	4.74	4.59	5.28	5.04	6.07	5.88	5.73	5.46
Total deposits per \$1 of capital funds <sup>5</sup>	6.45	6.10	6.99	6.33	5.60	5.15	6.44	5.81	8.35	7.60	8.09	7.17
	Chicago		St. Louis		Minneapolis		Kansas City		Dallas		San Francisco	
	1936	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936	1935
Amounts per \$100 of loans and investments: <sup>1 2</sup>												
Interest earned	\$2.79	\$2.97	\$3.49	\$3.77	\$3.63	\$3.75	\$3.88	\$4.05	\$4.55	\$4.55	\$3.87	\$3.98
Other earnings	.88	.94	.80	.79	1.03	1.08	1.07	1.05	1.04	1.05	.77	.79
Total current earnings	3.67	3.91	4.29	4.56	4.67	4.83	4.95	5.10	5.59	5.60	4.64	4.77
Interest on deposits	.51	.65	.65	.81	.81	.97	.49	.63	.46	.60	1.01	1.26
Salaries—officers	.38	1.12	{.54}	1.19	{.71}	1.39	{.74}	1.49	{.85}	1.61	{.45}	1.25
Salaries—employees	.67		{.63}		{.66}		{.73}		{.76}		{.79}	
Fees paid to directors, etc.	.01		.02		.03		.02		.03		.01	
Interest and discount on borrowed money			.02	.06						.01		
Real estate taxes	.07	.20	{.12}	.29	{.12}	.35	{.12}	.27	{.22}	.42	{.12}	.22
Other taxes	.15		{.17}		{.22}		{.20}		{.24}		{.13}	
All other expenses	.70	.72	.81	.77	.93	.93	1.05	1.03	1.13	1.07	.81	.85
Total current expenses	2.49	2.69	2.97	3.12	3.48	3.64	3.35	3.42	3.69	3.71	3.33	3.58
Net earnings	1.18	1.22	1.32	1.44	1.19	1.19	1.60	1.68	1.90	1.89	1.31	1.19
Recoveries, profits on securities, etc.	1.86	1.30	1.46	1.66	1.62	1.64	1.25	1.46	1.65	1.84	1.17	1.14
Losses and depreciation	1.49	1.61	1.14	2.01	1.59	2.04	1.22	2.00	1.74	2.26	1.32	1.44
Net profit	1.56	.92	1.64	1.09	1.22	.78	1.63	1.14	1.82	1.47	1.16	.90
Other ratios: <sup>1 2</sup>												
Net profit per \$100 of capital funds <sup>5</sup>	12.28	6.53	10.91	6.91	7.97	4.82	10.59	7.18	9.41	7.37	9.71	7.04
Interest and discount on loans per \$100 of loans	4.03	4.20	4.67	4.68	4.66	4.67	5.78	5.77	6.47	6.37	5.07	5.03
Losses on loans per \$100 of loans	2.57	2.71	.92	1.77	1.39	2.49	1.09	2.43	1.59	2.32	1.63	1.45
Interest and dividends on investments per \$100 of investment	2.29	2.44	2.71	3.14	2.95	3.12	2.64	2.98	2.88	2.93	2.84	3.05
Losses on investments per \$100 of investments	.54	.82	.81	1.68	1.19	1.29	.76	1.12	.99	1.33	.46	.69
Interest on time deposits per \$100 of time deposits	1.38	1.70	1.72	2.07	1.61	1.92	1.46	1.78	1.55	1.96	1.63	1.96
Loans and investments per \$1 of capital funds <sup>5</sup>	7.89	7.11	6.65	6.32	6.52	6.17	6.46	6.20	5.18	5.02	8.38	7.83
Total deposits per \$1 of capital funds <sup>5</sup>	10.92	9.70	8.99	8.18	8.84	8.12	10.34	9.59	8.11	7.29	10.04	9.06

For footnotes see p. 533.

**EARNINGS AND EXPENSES OF MEMBER BANKS—Continued**  
**NATIONAL AND STATE MEMBER BANKS, BY SIX-MONTH PERIODS DURING 1936**

[Amounts in thousands of dollars]

	All member banks		National member banks		State member banks	
	First half of 1936	Second half of 1936	First half of 1936	Second half of 1936	First half of 1936	Second half of 1936
<b>Earnings:</b>						
Interest and discount on loans.....	253,059	260,340	171,729	175,222	81,330	85,118
Interest and dividends on investments.....	235,227	251,874	158,092	167,680	77,135	84,194
Interest on balances with other banks.....	596	611	443	462	153	149
Collection charges, commissions, fees, etc.....	15,021	16,376	10,575	11,592	4,446	4,784
Foreign department.....	4,533	7,632	2,591	5,066	1,942	2,566
Trust department.....	41,470	46,837	14,710	16,993	26,751	29,834
Service charges on deposit accounts.....	19,247	20,168	13,408	14,059	5,839	6,109
Rent received.....	38,185	40,271	23,280	24,873	14,905	15,398
Other current earnings.....	9,226	10,245	6,100	6,943	3,126	3,302
<b>Total current earnings.....</b>	<b>616,564</b>	<b>654,344</b>	<b>400,937</b>	<b>422,890</b>	<b>215,627</b>	<b>231,454</b>
<b>Expenses:</b>						
Interest on deposits:						
Time.....	88,210	86,954	63,774	62,401	24,436	24,553
Demand.....	3,706	3,431	2,657	2,487	1,049	944
Bank.....	1,101	1,074	722	703	379	371
<b>Total.....</b>	<b>93,017</b>	<b>91,459</b>	<b>67,153</b>	<b>65,591</b>	<b>25,864</b>	<b>25,868</b>
Salaries, officers.....	66,514	68,987	44,330	46,218	22,184	22,769
Salaries and wages, employees (other than officers).....	105,043	111,170	63,397	67,496	41,646	43,674
Fees paid to directors and members of executive, discount, and advisory committees.....	3,020	3,249	2,090	2,308	930	941
Interest and discount on borrowed money.....	295	318	117	148	178	170
Real estate taxes.....	17,032	16,938	10,731	10,830	6,301	6,108
Other taxes.....	21,984	25,191	12,705	15,236	9,279	9,955
Other expenses.....	122,980	124,917	77,338	78,643	45,642	46,274
<b>Total current expenses.....</b>	<b>429,885</b>	<b>442,229</b>	<b>277,861</b>	<b>286,470</b>	<b>152,024</b>	<b>155,759</b>
<b>Net earnings.....</b>	<b>186,679</b>	<b>212,115</b>	<b>123,076</b>	<b>136,420</b>	<b>63,603</b>	<b>75,695</b>
<b>Recoveries, profits on securities etc.:</b>						
Recoveries on loans.....	43,965	50,282	32,639	36,876	11,326	13,406
Recoveries on investments.....	84,931	75,387	67,932	52,722	16,999	22,665
Profits on securities sold.....	115,729	114,969	78,919	78,972	36,810	35,997
All other.....	8,987	13,821	4,869	7,318	4,118	6,503
<b>Total.....</b>	<b>253,612</b>	<b>254,459</b>	<b>184,359</b>	<b>175,888</b>	<b>69,253</b>	<b>78,571</b>
<b>Losses and depreciation:</b>						
On loans.....	100,297	106,251	76,154	78,158	24,143	28,093
On investments.....	65,315	66,091	44,979	46,956	20,336	19,135
On banking house, furniture and fixtures.....	15,582	23,139	10,624	15,792	4,958	7,347
All other.....	34,950	29,923	16,425	17,085	18,525	12,838
<b>Total losses and depreciation.....</b>	<b>216,144</b>	<b>225,404</b>	<b>148,182</b>	<b>157,991</b>	<b>67,962</b>	<b>67,413</b>
<b>Net profits.....</b>	<b>224,147</b>	<b>241,170</b>	<b>150,253</b>	<b>154,317</b>	<b>64,894</b>	<b>86,853</b>
Cash dividends declared <sup>1</sup> .....	95,289	103,374	57,838	63,517	37,451	39,857
<b>Total deposits at end of period.....</b>	<b>40,705,564</b>	<b>42,885,326</b>	<b>26,152,801</b>	<b>27,555,856</b>	<b>14,552,763</b>	<b>15,329,470</b>
Capital funds at end of period.....	5,235,367	5,275,179	3,159,252	3,164,824	2,076,115	2,110,555
Number of officers at end of period.....	31,825	31,880	24,302	24,218	7,523	7,662
Number of employees (full and part time) at end of period.....	147,823	149,422	92,431	93,565	55,392	55,857
Number of banks at end of period.....	6,400	6,376	5,368	5,325	1,032	1,051

<sup>1</sup> Includes interest on capital notes and debentures.

## EARNINGS AND EXPENSES OF MEMBER BANKS—Continued

EARNINGS, EXPENSES, AND DIVIDENDS OF STATE BANK MEMBERS DURING 1936, BY SIZE OF BANKS<sup>1</sup>

[In thousands of dollars]

	Total, all State Bank members <sup>2</sup>	Banks operating throughout entire year, with deposits on Dec. 31, 1936 of									Banks operating less than 1 year <sup>3</sup>
		\$100,000 and under	\$100,001 to \$250,000	\$250,001 to \$500,000	\$500,001 to \$750,000	\$750,001 to \$1,000,000	\$1,000,001 to \$2,000,000	\$2,000,001 to \$5,000,000	\$5,000,001 to \$50,000,000	\$50,000,001 and over	
<b>Earnings:</b>											
Interest and discount on loans.....	166,453	34	433	1,809	1,994	1,402	5,264	11,367	43,538	100,037	575
Interest and dividends on investments.....	161,335	5	121	679	1,060	787	3,335	7,771	33,573	113,124	880
Interest on balances with other banks.....	307			3	5	5	11	16	65	202	
Collection charges, commissions, fees, etc.....	9,231	3	56	177	180	92	344	728	1,997	5,624	30
Foreign department.....	4,504		1					54	213	4,236	
Trust department.....	56,581			5	8	21	194	662	8,041	45,920	1,730
Service charges on deposit accounts.....	11,954	2	30	148	162	127	435	1,163	4,298	5,515	74
Rent received.....	30,300		15	121	137	141	484	1,375	8,385	19,565	77
Other current earnings.....	6,429		9	41	50	25	141	412	2,164	3,569	18
Total current earnings.....	447,094	44	665	2,983	3,596	2,600	10,208	23,548	102,274	297,792	3,384
<b>Expenses:</b>											
Interest on deposits:											
Time.....	48,991	1	71	459	677	547	2,159	4,976	17,812	22,033	256
Demand.....	1,988		6	22	25	19	78	124	702	1,006	6
Bank.....	751			1	3		4	19	270	453	1
Total.....	51,730	1	77	482	705	566	2,241	5,119	18,784	23,492	263
Salaries—officers.....	44,958	17	201	721	701	470	1,638	2,742	10,989	26,945	534
Salaries and wages—employees (other than officers).....	85,329		28	193	253	221	1,123	3,024	17,587	62,155	745
Fees paid to directors and members of executive, discount, and advisory committees.....	1,866		3	25	36	20	100	167	597	896	22
Interest and discount on borrowed money.....	342			9	1	5	15	134	163	15	
Real estate taxes.....	12,408	2	14	82	95	70	275	663	3,807	7,364	36
Other taxes.....	19,242	2	32	99	110	92	201	867	3,053	14,516	180
Other expenses.....	91,915	9	133	544	634	457	1,760	4,420	20,362	62,996	600
Total current expenses.....	307,790	31	488	2,155	2,535	1,901	7,443	17,136	75,342	198,379	2,380
Net earnings.....	139,304	13	177	828	1,061	699	2,765	6,412	26,932	99,413	1,004
<b>Recoveries, profits on securities, etc.:</b>											
Recoveries on loans.....	24,740	9	41	163	215	117	397	998	6,370	16,383	47
Recoveries on investments.....	39,663	1	8	97	146	97	507	1,062	9,254	28,375	116
Profits on securities sold.....	72,808		54	213	368	301	1,479	3,499	14,987	51,513	394
All other.....	10,610	1	9	33	55	44	208	492	3,586	6,161	21
Total.....	147,821	11	112	506	784	559	2,591	6,051	34,197	102,432	578
<b>Losses and depreciation:</b>											
On loans.....	52,231	8	61	278	364	239	1,098	2,648	14,832	32,549	154
On investments.....	39,473		7	102	148	150	623	1,596	11,053	25,668	126
On banking house, furniture and fixtures.....	12,320	2	27	122	113	86	363	694	2,980	7,891	42
All other.....	31,372	6	20	106	130	123	436	1,016	7,248	22,131	156
Total losses and depreciation.....	135,396	16	115	608	755	598	2,520	5,954	36,113	88,239	478
Net profits.....	151,729	8	174	726	1,090	660	2,836	6,509	25,016	113,606	1,104
Cash dividends declared <sup>4</sup> .....	77,337	6	74	315	358	267	990	2,353	11,091	61,170	713
Total deposits on Dec. 31, 1936.....	15,343,276	533	12,261	63,030	79,634	63,039	237,942	534,017	2,687,107	11,603,173	62,540
Number of officers on Dec. 31, 1936.....	7,662	12	144	427	372	229	613	793	2,016	2,880	176
Number of employees (full and part time) on Dec. 31, 1936.....	55,857	1	65	297	328	257	1,006	2,441	12,805	38,043	614
Number of banks reporting during the year ended Dec. 31, 1936.....	1,060	7	67	170	128	73	166	170	189	48	42

<sup>1</sup> Corresponding figures for 1935 appear in the 1936 July BULLETIN, p. 523. Due to corrections received after publication the total number of employees as shown in that statement should be 52,833 instead of 52,670, and the number of employees at banks with deposits of \$50,000,000 and over should be 35,508 instead of 35,345.

<sup>2</sup> Figures differ slightly from those shown at p. 304 of the April BULLETIN due to minor adjustments.

<sup>3</sup> Includes 2 banks having no deposits but operating throughout entire year.

<sup>4</sup> Includes interest on capital notes and debentures.

## ALL MEMBER BANKS—CONDITION ON SELECTED CALL DATES, JUNE 30, 1932, TO MARCH 31, 1937

[Amounts in thousands of dollars]

	1932 June 30	1933 <sup>1</sup> June 30	1934 March 5	1935 March 4	1936 March 4	1936 Dec. 31	1937 March 31
<b>ASSETS</b>							
Loans (including overdrafts).....	16,587,185	12,858,099	12,705,759	11,953,152	12,098,516	13,359,853	13,699,294
United States Government direct obligations.....	5,627,854	6,887,123	8,667,064	9,820,993	10,564,400	11,639,486	10,856,351
Securities fully guaranteed by United States Government.....			180,888	1,199,664	1,879,722	1,905,718	1,861,336
Other securities.....	5,785,764	5,041,149	4,994,500	5,297,641	5,745,350	6,094,627	6,108,022
<b>Total loans and investments</b> .....	<b>28,000,803</b>	<b>24,786,371</b>	<b>26,548,211</b>	<b>28,271,450</b>	<b>30,287,988</b>	<b>32,999,684</b>	<b>32,525,003</b>
Customers' liability on account of acceptances.....	458,952	424,263	395,503	217,545	167,534	179,414	202,067
Banking house, furniture, and fixtures.....	1,166,233	982,036	982,606	1,003,788	998,653	981,975	981,712
Other real estate owned.....	233,014	227,074	290,329	324,369	371,344	367,486	368,868
Reserve with Federal Reserve banks.....	1,997,656	2,235,179	3,148,124	4,517,625	5,784,077	6,571,694	6,613,340
Cash in vault.....	478,224	404,502	486,086	534,293	623,518	697,380	662,310
Balances with private banks and American branches of foreign banks.....	2	2	2	2	38,070	35,645	27,314
Demand balances with banks in New York City.....	590,880	826,636	954,090	1,416,791	1,676,670	1,599,810	1,263,080
Demand balances with other domestic banks.....	1,139,890	1,181,582	1,349,359	1,849,269	2,136,395	2,318,810	2,049,439
Time balances with other domestic banks.....	2	2	72,520	120,334	119,033	112,192	105,539
Balances with banks in foreign countries.....	101,070	108,070	111,282	135,190	56,429	55,480	52,641
Due from own foreign branches.....	91,549	106,041	98,053	38,083	3,000	14,209	3,787
Cash items in process of collection.....	1,337,138	1,485,343	1,158,995	1,474,792	1,718,306	2,533,275	1,973,621
Cash items not in process of collection.....					10,052	12,919	9,857
Redemption fund and due from United States Treasurer.....	32,548	37,261	40,674	32,620			
Acceptances of other banks and bills sold with indorsement.....	55,022	7,948	24,741	2,602	7,221	10,578	11,087
Securities borrowed.....	11,664	6,654	6,099	2,009	720	589	1,065
Other assets.....	216,388	227,820	258,612	327,397	241,688	227,193	215,834
<b>Total assets</b> .....	<b>35,911,061</b>	<b>33,046,780</b>	<b>35,925,284</b>	<b>40,268,157</b>	<b>44,240,698</b>	<b>48,718,333</b>	<b>47,066,564</b>
<b>LIABILITIES</b>							
<b>Demand deposits—Total</b> .....	<b>17,199,780</b>	<b>17,583,067</b>	<b>19,864,013</b>	<b>24,008,376</b>	<b>28,021,554</b>	<b>31,896,215</b>	<b>29,950,160</b>
Individuals, partnerships, and corporations.....	11,890,163	11,830,246	12,251,863	14,872,114	17,927,045	20,970,304	20,084,779
United States Government.....	387,463	806,297	1,790,401	1,269,713	599,587	881,961	414,722
States, counties, and municipalities.....	1,313,509	1,087,329	1,424,731	1,861,412	2,173,455	2,329,180	2,564,303
Banks in United States.....	2,870,029	3,036,527	3,675,699	5,095,059	6,148,144	6,401,831	5,751,796
Banks in foreign countries.....	172,883	145,750	172,768	169,424	394,026	431,808	497,911
Certified and officers' checks, cash letters of credit and travelers' checks, etc.....	566,173	656,918	548,551	740,654	779,297	881,131	676,649
<b>Time deposits—Total</b> .....	<b>10,636,021</b>	<b>8,950,860</b>	<b>9,416,145</b>	<b>10,045,297</b>	<b>10,451,894</b>	<b>10,989,111</b>	<b>11,164,318</b>
Individuals, partnerships, and corporations.....							
Evidenced by savings pass books.....	7,491,268	6,127,412	6,746,532	7,745,809	8,309,030	8,991,216	9,105,389
Certificates of deposit.....	1,349,514	1,037,747	879,665	884,424	833,941	765,315	758,293
Open accounts.....		58,656	36,162	593,198	596,197	647,498	712,380
Christmas savings and similar accounts.....	772,363	3,578,812	4,595,248	39,708	44,548	25,319	63,082
Postal savings.....	609,746	788,492	754,595	399,113	167,114	104,369	97,371
States, counties, and municipalities.....	336,929	299,659	304,928	290,033	343,873	296,229	288,739
Banks in United States.....	69,525	89,084	91,846	145,105	151,833	153,372	152,766
Banks in foreign countries.....	6,676	998	7,170	7,907	5,358	5,793	6,298
<b>Total deposits</b> .....	<b>27,835,801</b>	<b>26,563,927</b>	<b>29,280,158</b>	<b>34,053,673</b>	<b>38,473,448</b>	<b>42,885,326</b>	<b>41,114,478</b>
Secured by pledge of loans and/or investments.....	5	5	4,016,730	3,312,720	2,773,520	3,181,586	2,817,942
Not secured by pledge of loans and/or investments.....	5	5	25,263,428	30,740,953	35,699,928	39,703,740	38,296,536
Due to own foreign branches.....	28,186	23,529	44,667	957	70,831	63,968	84,142
National bank notes outstanding.....	648,906	727,110	786,514	623,585			
Agreements to repurchase securities sold.....	62,983	14,244	10,193	8,130	13,493	1,810	5,873
Bills payable and rediscounts.....	815,123	191,228	90,941	16,553	10,776	15,325	17,740
Acceptances of other banks and bills sold with indorsement.....	55,022	7,948	24,741	2,602	7,221	10,578	11,087
Acceptances executed for customers.....	483,064	434,997	413,794	225,000	164,302	173,572	200,864
Acceptances executed by other banks for reporting banks.....	6,912	7,302	10,441	10,166	19,280	27,915	25,225
Securities borrowed.....	11,664	6,654	6,099	2,009	720	589	1,065
Interest, taxes, and other expenses accrued and unpaid.....	109,927	67,111	88,330	79,444	81,244	79,523	98,510
Dividends declared but not yet payable and amounts set aside for undeclared dividends and for accrued interest on capital notes and debentures.....	5	5	5	12,674	16,830	45,431	33,216
Other liabilities.....	192,553	165,648	163,544	126,055	200,328	139,117	149,689
Capital notes and debentures.....			125,673	119,077	109,827	74,432	71,057
Capital stock.....	2,440,467	2,220,330	2,378,117	2,560,582	2,511,894	2,379,408	2,383,209
Surplus.....	2,366,239	1,847,462	1,724,409	1,654,606	1,721,348	1,936,370	1,952,805
Undivided profits—net.....	510,696	373,258	376,282	419,272	493,141	560,324	580,907
Reserves for contingencies.....	343,518	396,032	401,381	351,586	339,405	309,817	325,125
Retirement fund for preferred stock and capital notes and debentures.....			6	2,186	6,620	14,828	11,572
<b>Total liabilities (including capital account)</b> .....	<b>35,911,061</b>	<b>33,046,780</b>	<b>35,925,284</b>	<b>40,268,157</b>	<b>44,240,698</b>	<b>48,718,333</b>	<b>47,066,564</b>
Net demand deposits.....	14,481,998	14,156,304	15,582,434	19,508,098	22,498,578	25,449,917	24,668,338
Demand deposits—adjusted <sup>7</sup> .....	12,432,767	12,089,150	13,066,150	15,999,388	19,161,491	21,647,340	21,352,110
Number of banks.....	6,980	5,066	6,206	6,422	6,377	6,376	6,367

<sup>1</sup> Beginning with 1933, figures relate to license banks only.

<sup>2</sup> Included in "Other Assets."

<sup>3</sup> Includes \$33,418,000 of deposits, the payment of which was deferred by agreement with depositors or otherwise.

<sup>4</sup> Includes \$34,030,000 of deposits, the payment of which was deferred by agreement with depositors or otherwise.

<sup>5</sup> Not reported separately.

<sup>6</sup> Included in "undivided profits."

<sup>7</sup> Demand deposits other than interbank and U. S. Government, less cash items reported as in process of collection and, prior to Dec. 31, 1935 less cash items reported on hand but not in process of collection.

**ALL MEMBER BANKS—CONDITION ON MARCH 31, 1937, BY CLASSES OF BANKS**

[Amounts in thousands of dollars]

	All member banks	All national member banks	All State member banks	Central reserve city member banks		Reserve city member banks	Country member banks
				New York	Chicago		
<b>ASSETS</b>							
Loans (including overdrafts).....	13,699,294	8,459,550	5,239,744	3,960,709	648,572	4,886,185	4,203,828
United States Government direct obligations.....	10,856,351	6,802,590	4,053,761	3,356,274	852,796	4,250,404	2,396,877
Securities fully guaranteed by United States Government.....	1,861,336	1,350,087	511,249	472,658	93,935	669,090	625,653
Other securities.....	6,108,022	4,069,919	2,038,103	1,311,407	272,899	1,805,207	2,718,509
<b>Total loans and investments</b> .....	<b>32,525,003</b>	<b>20,682,146</b>	<b>11,842,857</b>	<b>9,101,408</b>	<b>1,868,267</b>	<b>11,610,886</b>	<b>9,944,867</b>
Customers' liability on account of acceptances.....	202,067	101,855	100,212	141,822	8,919	47,729	3,597
Banking house, furniture, and fixtures.....	981,712	634,618	347,094	229,864	22,386	339,621	389,841
Other real estate owned.....	368,868	175,044	193,824	31,283	6,617	144,909	186,059
Reserve with Federal Reserve banks.....	6,613,340	3,918,035	2,695,305	2,718,967	481,871	2,108,118	1,304,384
Cash in vault.....	662,310	479,849	182,461	56,206	20,858	263,818	321,428
Balances with private banks and American branches of foreign banks.....	27,314	17,030	10,284	1,932	3,552	18,873	2,957
Demand balances with banks in New York City.....	1,263,080	932,832	330,248	66,959	66,769	636,959	492,393
Demand balances with other domestic banks.....	2,049,439	1,619,322	430,117	54,460	21,626	840,409	1,132,944
Time balances with other domestic banks.....	105,539	80,841	24,698	39	1,060	48,596	55,844
Balances with banks in foreign countries.....	52,641	28,510	24,131	32,226	1,487	16,331	2,597
Due from own foreign branches.....	3,787	3,787				3,787	
Cash items in process of collection.....	1,973,621	1,187,730	785,891	853,318	114,012	763,953	242,338
Cash items not in process of collection.....	9,857	7,158	2,699	901	368	3,503	5,085
Acceptances of other banks and bills sold with indorsement.....	11,087	7,014	4,073	9,498	64	1,202	323
Securities borrowed.....	1,065	368	697				1,065
Other assets.....	215,834	116,842	98,992	66,173	25,278	69,511	54,872
<b>Total assets</b> .....	<b>47,066,564</b>	<b>29,992,981</b>	<b>17,073,583</b>	<b>13,364,696</b>	<b>2,643,069</b>	<b>16,918,205</b>	<b>14,140,594</b>
<b>LIABILITIES</b>							
<b>Demand deposits—Total</b> .....	<b>29,950,160</b>	<b>18,666,707</b>	<b>11,283,453</b>	<b>10,623,203</b>	<b>1,939,250</b>	<b>10,633,593</b>	<b>6,754,114</b>
Individuals, partnerships, and corporations.....	20,084,779	12,115,400	7,969,379	7,237,178	1,001,407	6,833,037	5,013,157
United States Government.....	414,722	289,699	125,023	129,261	96,136	132,370	56,565
States, counties, and municipalities.....	2,564,303	1,911,920	652,383	313,639	202,878	935,034	1,112,752
Banks in United States.....	5,751,796	3,743,671	2,008,125	2,170,603	595,746	2,545,823	439,624
Banks in foreign countries.....	457,911	234,232	223,679	418,714	5,088	32,304	1,805
Certified and officers' checks, cash letters of credit and travelers' checks, etc.....	676,649	371,785	304,864	353,808	37,995	155,025	129,821
<b>Time deposits—Total</b> .....	<b>11,164,318</b>	<b>7,798,852</b>	<b>3,365,466</b>	<b>776,956</b>	<b>440,207</b>	<b>4,411,269</b>	<b>5,535,886</b>
Individuals, partnerships, and corporations:							
Evidenced by savings pass books.....	9,105,389	6,395,689	2,709,700	356,732	375,916	3,621,743	4,750,998
Certificates of deposit.....	758,293	595,973	162,320	27,485	31,235	171,803	527,770
Open accounts.....	712,380	345,260	367,120	371,093	29,980	249,659	61,648
Christmas savings and similar accounts.....	63,082	41,348	21,734	3,098	3,057	20,327	36,600
Postal savings.....	97,371	85,712	11,659			33,807	63,564
States, counties, and municipalities.....	268,739	202,514	66,225	14,038	4	175,609	79,088
Banks in United States.....	152,766	127,487	25,279	10	15	136,523	16,218
Banks in foreign countries.....	6,298	4,869	1,429	4,500		1,798	
<b>Total deposits</b> .....	<b>41,114,478</b>	<b>26,465,559</b>	<b>14,648,919</b>	<b>11,400,159</b>	<b>2,379,457</b>	<b>15,044,862</b>	<b>12,290,000</b>
Secured by pledge of loans and/or investments.....	2,817,942	2,128,912	689,030	438,909	276,082	1,230,870	872,081
Not secured by pledge of loans and/or investments.....	38,296,536	24,336,647	13,959,889	10,961,250	2,103,375	13,813,992	11,417,919
Due to own foreign branches.....	84,142	67,155	16,987	84,142			
Agreements to repurchase securities sold.....	5,873	751	5,122	2,729		2,316	828
Bills payable and rediscounts.....	17,740	12,267	5,473	1,250	1,000	4,625	10,865
Acceptances of other banks and bills sold with indorsement.....	11,087	7,014	4,073	9,498	64	1,202	323
Acceptances executed for customers.....	200,864	104,229	96,635	143,665	8,392	46,253	2,554
Acceptances executed by other banks for reporting banks.....	25,225	14,210	11,015	15,139	928	8,086	1,072
Securities borrowed.....	1,065	368	697				1,065
Interest, taxes, and other expenses accrued and unpaid.....	98,510	59,699	38,811	22,220	10,219	42,394	23,677
Dividends declared but not yet payable and amounts set aside for undeclared dividends and for accrued interest on capital notes and debentures.....	33,216	19,375	13,841	17,228	1,287	11,016	3,685
Other liabilities.....	149,689	51,422	98,267	77,865	3,608	36,028	32,188
Capital notes and debentures.....	71,057		71,057	625	225	31,152	39,055
Capital stock.....	2,383,209	1,582,297	800,912	563,690	125,850	768,343	925,326
Surplus.....	1,952,805	1,057,241	895,564	795,707	61,230	588,291	507,577
Undivided profits—net.....	580,907	385,264	195,643	133,661	19,063	202,225	225,958
Reserves for contingencies.....	325,125	157,432	167,693	96,917	31,728	128,220	68,260
Retirement fund for preferred stock and capital notes and debentures.....	11,572	8,698	2,874	201	18	3,192	8,161
<b>Total liabilities (including capital account)</b> .....	<b>47,066,564</b>	<b>29,992,981</b>	<b>17,073,583</b>	<b>13,364,696</b>	<b>2,643,069</b>	<b>16,918,205</b>	<b>14,140,594</b>
Net demand deposits.....	24,668,338	14,929,468	9,738,870	9,648,466	1,736,950	8,393,179	4,889,743
Demand deposits—adjusted.....	21,352,110	13,211,375	8,140,735	7,051,307	1,128,268	7,159,143	6,013,392
Number of banks.....	6,367	5,305	1,062	37	12	338	5,980

For footnotes, see p. 538.

**ANNUAL REPORT OF THE BANK FOR INTERNATIONAL SETTLEMENTS**

The seventh annual report of the Bank for International Settlements, covering the year ending March 31, 1937, was submitted by Mr. L. J. A. Trip, president of the Bank, to the general annual meeting of shareholders on May 3, 1937. Sections of the report are given herewith:<sup>1</sup>

**EXCHANGE RATES, PRICE MOVEMENTS AND FOREIGN TRADE****EXCHANGE RATES**

In the course of 1935 a fair measure of stability in the world's exchange position was achieved after the period of great pressure to which first the British and then several continental markets were exposed in the first half of that year. In fact, after the devaluation of the Belgian currency on April 1 and the Danzig currency on May 2, 1935, the exchange rates of all European and practically all extra-European currency moved within very narrow limits for more than a year. The underlying position was however beset with great difficulties and monetary confidence had not then been restored internationally.

In 1936 the situation in France was affected by the political changes consequent upon the elections in May. The outward movement of funds from the French market, which had gone on intermittently since 1933, began again to assume large proportions and, after a respite in the summer of 1936, attained in September a very high figure. These losses, added to previous reductions in the gold reserves, led to an intense discussion about possible devaluation both among the public and by expert bodies. The Report of the Economic Committee of the League of Nations to the Council on September 14, 1936, dealt with the necessity of filling the gap which separated the price levels of the majority of the countries on a gold standard (whether real or nominal) from those of the majority of the countries with depreciated currencies. While the Committee stated that it had no wish to pronounce dogmatically for or against monetary devaluation, it pointed out that in order to maintain an overvalued currency in the face of opposing tendencies a whole series

of restrictive measures must inevitably be applied, whereas in its opinion the only sound policy was that which ensured freedom of action and, by allowing active economic forces to operate with maximum facility, enabled normal relations to be resumed with other countries. The Financial Committee to which the report was submitted recorded its general agreement with the conclusions and stated that the experience of recent years had clearly demonstrated that there are limits to the extent to which a stable internal equilibrium is attainable by a process of deflation (reduction of costs).

As became known later—the secret having been well kept—the French Government had for some time been discussing with the Governments of the United States and the United Kingdom the arrangements to be made in case of a change in the value of the French franc, and on September 25, 1936, five years and four days after the suspension of the gold standard by Great Britain in 1931, the French Government made known its decision to propose to its Parliament a readjustment of the value of the franc. This announcement was made in a declaration, which will be found in Annex VII together with the simultaneous declarations made by the British and United States Governments, embodying the so-called Tripartite Agreement.

The most important point to retain from these declarations is that the readjustment of the French franc was welcomed by the other two governments; it was regarded by them not as a setback to collaboration but as a means of establishing more solid foundations for the stability of international economic relations. In conformity with the attitude thus adopted, the governments of the United Kingdom and the United States not only abstained from taking any counter-measures against the action of the French Government, but joined with that government in declaring their intention to continue the use of appropriate available resources so as to avoid as far as possible any disturbance of the basis of international exchange resulting from the proposed readjustment and to arrange for consultations for this purpose whenever necessary. While there was no pooling of resources, it was made clear that efforts would be made to maintain orderly conditions on the exchange markets. Moreover, the three governments emphasized the

<sup>1</sup> The report, available in English, contains in addition sections dealing with the general economic situation, developments in central and commercial banking during the year, and current activities of the bank in detail. For earlier reports see BULLETIN for June 1936, 1935, 1934, 1933, 1932 and July 1931.



importance they attached to the development of international trade and especially to action being taken to relax progressively quotas and exchange controls with a view to their abolition. Finally, other countries were invited to co-operate and the hope was expressed that no currency depreciation would be undertaken in order to obtain unreasonable competitive exchange advantages which would hamper the efforts to restore more stable economic relations. In the declarations there is an implied distinction between a currency adjustment likely to produce a more stable basis for international economic relations and the reduction of the exchange value of a currency to such a low point as to be regarded as a measure of competitive depreciation.

On October 1, 1936, six days after the announcement of the Tripartite Agreement, a new monetary law in France relieved the Bank of France of the obligation to redeem its notes in gold and provided for the devaluation of the franc within a margin extending between 25.19 and 34.35 percent of the previous parity. The provisions for a margin would appear to have been made in order to enable the French authorities to adapt the value of the franc to the varying needs of the situation. The United States Government is still entitled to alter the gold content of the dollar within a margin of 50 to 60 percent of the dollar's previous value and the British authorities retain full freedom with regard to the exchange value of the pound.

At the time of the adjustment of the franc the gold holdings of the Bank of France amounted to 50,218,000,000 francs, which revalued at a rate of depreciation of 25.2 percent gave a book profit of about 17,000,000,000 francs. Of this profit about 7,000,000,000 francs were credited to the accounts of the Treasury and 10,000,000,000 francs allotted to an exchange equalization fund, which was established with the task of regulating the relations between the franc and foreign currencies and maintaining the parity of the franc in relation to gold within the limits fixed. The fund also received the amount of gold which, in accordance with the monetary law, was to be surrendered at the previous par rate of the franc by all persons or corporate bodies domiciled in France who owned gold ingots, bars or coins on September 26, 1936. The importation or exportation of gold without the authorization of the

Bank of France was prohibited and the authorization of the bank was also required for transactions in gold.

Following the publication of the Tripartite Agreement, measures affecting the currency position were also taken in the following countries:

In Switzerland it was announced on September 26, 1936, that the Federal Council had decided to alter the value of the franc and by a decree of the following day the Swiss National Bank was released from the obligation to redeem its notes in gold or gold foreign exchange; on the other hand, it was still obliged to maintain the gold cover of its notes in circulation at the level of at least 40 percent. It was also required to maintain the gold parity of the franc at a value between 215 and 190 milligrammes of fine gold, i.e. within a margin corresponding to a 25.94 to 34.56 percent devaluation from the old parity. By special instructions from the Federal Council the bank was further directed to keep the franc at a level approximately 30 percent below the old parity and to earmark in a special account the book profits resulting from the revaluation of its gold holdings at a rate of devaluation of 25.94 percent. On September 26, 1936, the gold holdings of the Swiss National Bank amounted to 1,537,000,000 francs, which were revalued to 2,075,000,000 new francs, giving a book profit of 538,000,000 francs.

In the Netherlands a Royal Decree was issued on September 26, 1936, prohibiting the export of gold coins and gold bullion, and this decree was ratified by the Act of September 30, 1936. By a further Act of the same date an equalization fund was established for the purpose of influencing foreign exchange rates by buying and selling money transfers, bills and similar paper payable abroad and gold. The Minister of Finance was authorized to make advances to the fund to a maximum of 300,000,000 guilders and to procure the amounts required for this purpose by the sale of Treasury paper or by borrowing on the security of such paper. While the exchange funds authorized in France and Switzerland were constituted from the profits arising from the revaluation of the gold holdings of the central banks (in accordance with the precedent set by the United States), the fund authorized in the Netherlands obtained its working capital by the issue of Treasury bills (thus following

the method adopted in the case of the Exchange Equalization Account in London). No provision was made in the Netherlands for any margin of devaluation and, while the fund intervened in the market, the exchange rates of the guilder were allowed to fluctuate somewhat under the influence of the movements of funds. In the Dutch East Indies the gold standard was also suspended. The government declared that the parity of the currency with that of the mother country would be maintained.

In Latvia by a decision of the Cabinet Council on September 28, 1936, the lat, which up to that date had been maintained at its par value equal to the Swiss franc, was devalued and attached to sterling at a rate of 25.22 lats to the pound (the rate obtaining before September 21, 1931), the change involving a devaluation of about 40 percent. At the same time the gold holdings of the Latvijas Banka were revalued on the basis of the average rates quoted on the Riga exchange on September 28 and 29, 1936. The book profits resulting from the revaluation were allotted to an exchange stabilization fund.

In Italy, by the Royal Decree Law of October 5, 1936, the value of the Italian lira was made equal to 4.677 grammes of fine gold for every 100 lire nominal value, representing a devaluation of 40.94 percent (i. e. the same as the devaluation of the U. S. A. dollar) in relation to the previous parity, provision being made in the decree for a possible further devaluation within a margin of 10 percent. The Banca d'Italia was authorized to revalue its assets in gold and foreign exchange on the basis of the new value of the lira, the surplus resulting from the devaluation being transferred to the State.

In Czechoslovakia a law of October 9, 1936, fixed the value of the Czech crown between 32.21 and 30.21 milligrammes fine gold, this margin representing a devaluation of from 13.3 to 18.7 percent in relation to the existing parity, and of from 27.7 to 32.2 percent in relation to the old parity of 1929. Within these limits the Government was empowered to fix by decree the precise value of the crown in relation to gold, and on the same day the gold content of the crown was fixed at 31.21 milligrammes fine gold, representing a devaluation of 30 percent in relation to the 1929 parity. The reserves of gold and foreign exchange held by the National Bank were re-

valued provisionally on the basis of the upper limit for the value of the crown. The book profits resulting from the revaluation were credited to the State, but the amount was left as a standing deposit at the National Bank to enable the bank to carry out the duty placed upon it of maintaining the exchange value of the crown.

In addition to these more outstanding measures in seven countries, a series of other monetary changes was made following the announcement of the Tripartite Agreement.

In Turkey, on September 28, 1936, the Government adopted sterling instead of the French franc as the basis for the currency. The buying rate was fixed at £T 6.35 and the selling rate at £T 6.38 to the pound sterling, with little change from the rates previously ruling.

In Greece, on September 29, 1936, the Bank of Greece, in agreement with the Government, decided to attach the currency to the pound instead of maintaining, as previously, a stable rate in terms of the French franc. The purchase price for sterling was to be fixed, by decision of the Governor of the bank, between a minimum rate of 540 and a maximum of 550 drachmae, and a decision was taken to fix the purchase price at 546 and the selling price at 550 drachmae to the pound (against a rate of about 540 preceding the change).

In the U. S. S. R. a decision was taken to maintain the exchange link with the French franc, but the rate of exchange was altered from 3 francs equal one rouble (as fixed in February 1936) to a rate of 4.25 francs to a rouble.

In Rumania reference was made in a Royal Decree dated November 6, 1936, to an authorization given to the National Bank on June 27 to pay a premium of 38 percent on fine gold, and provision was made for the gold holdings of the bank to be revalued at that rate, the increment resulting from this revaluation to be used in accordance with a convention agreed upon by the State and the National Bank. After the allocation of various amounts for special reserves and repayments the balance accruing to the State was to be used exclusively to cover exceptional military expenditure.

If comparison be made between the currency changes in the autumn of 1936 and the wave of depreciation which swept over the world in the autumn of 1931, some very

marked differences are to be noted. In 1931, when the gold standard was suspended in Great Britain and a number of other countries, the exchange values of the currencies were as a rule left to find their own level in the markets with little or no support from the mostly depleted reserves of the central banks. There followed a period of often violent and highly disturbing fluctuations, which were only gradually brought under control. In 1936, on the other hand, provisions were made in almost every case for the maintenance of the exchange rates at a certain point or within certain limits and special funds were instituted or other steps taken to avoid undue fluctuations.

In order to establish effective co-operation between the monetary authorities in the countries which had joined in the Tripartite Agreement certain technical arrangements were agreed upon to enable the competent bodies in the United States, Great Britain and France to obtain, each of them on the two other markets concerned, gold in exchange for the currency held by them. The Secretary of the U. S. Treasury announced on October 13, 1936, that, subject to twenty-four hours' notice, he would sell gold for immediate export to, or earmark for the account of, the exchange equalization funds of those countries whose funds likewise were offering to sell gold to the United States, provided such offerings of gold were at such rates and upon such terms and conditions as the Secretary would deem most advantageous to the public interest. The Secretary would announce daily the names of the foreign countries complying with the foregoing conditions—on the same day he named Great Britain and France. Statements were also issued by the British Treasury and the French Ministry of Finance, announcing the day-to-day working arrangements which had been agreed upon.

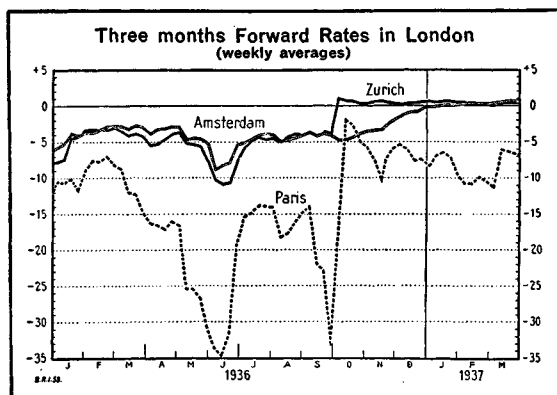
Already on September 26, 1936, the Belgian Government had declared that it adhered to the principles of the Tripartite Agreement, and on November 21 the Swiss and Dutch Governments also announced their adherence to the principles of this agreement. Three days later the Secretary of the U. S. Treasury included Belgium, the Netherlands and Switzerland in the list of countries complying with the conditions for obtaining gold from the U. S. Treasury; the British Treasury and the French Ministry of Finance also made it known that these three countries had become parties to the agreement.

By these various arrangements the monetary authorities in the six countries which have adopted the principles of the Tripartite Agreement extended to one another technical facilities for the changing of their respective currencies into gold. The United States, Belgium and Switzerland have indicated the price in their respective national currencies at which they will for the time being accept and part with gold, while the other countries have not gone so far in fixing a price in advance. The monetary authorities in countries which have not adhered to the Tripartite Agreement have not the same clearly defined rights to obtain gold against currency. Apart from such arrangements as may be made with regard to individual transactions, gold can be obtained by them only against the belga as the National Bank of Belgium is bound to redeem its notes with gold, which in fact may be exported, and against sterling as gold can be bought at the current price on the London market within the limits of the available supply.

It would contribute to the smooth conduct of international monetary relations if technical facilities similar to those agreed upon by the countries which have adhered to the principles of the Tripartite Agreement were more generally adopted, especially as gold is being used increasingly for the settlement of exchange balances. The present more extensive use of gold is due, in part, to the restricted holdings of foreign currencies in the possession of central banks and exchange funds (outside the sterling area), in part, to the smaller scope afforded to private arbitrage transactions once the exchange markets have become dominated by the intervention of central monetary authorities, and, in part, to a reduction, at least for certain countries, in the total volume of commercial and other credits between one market and another. Technical methods are being developed differing from those which were employed in working the gold and gold exchange standards. The new system may be described as a daily gold settlement system dependent upon the action of the monetary authorities. In the last year the Bank for International Settlements has similarly seen a great increase in the gold transactions it has carried out for the account of its customers, over and above all figures known in the past.

During the year transfers of funds from one market to another have continued on a large scale and the effects of these transfers

have again overshadowed the effects of seasonal and similar movements. When, however, spot rates are kept more or less rigidly at the same point, forward rates often give an indication of the direction and strength of a movement of funds. In the past year the quotations on forward exchange markets have largely reflected the distrust felt as to the future value of currencies under pressure. The discount on the forward market for the French franc reached the high figure of about 35 percent (on a yearly basis) in the middle of June and the second half of September 1936.



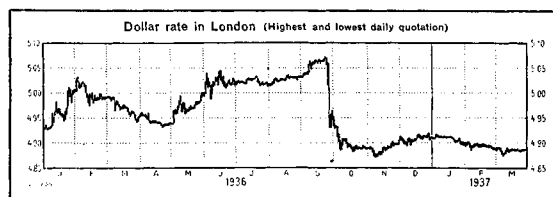
That such high rates have been quoted has been partly due to a restriction of the amounts put at the disposal of the forward markets, the central banks being anxious to limit the possibilities of exporting capital by means of forward transactions. Naturally such high rates were an obstacle to genuine business and in some instances special facilities were arranged to meet the needs of bona fide trade transactions. These rates for forward French francs have been quoted at a heavy discount also since the devaluation, while the forward rates for the Swiss franc and the guilder have kept within narrow limits. Since the departure from the gold standard spot quotations of the guilder have reflected variations in the movement of funds into the domestic market. In the last quarter of 1936 the exchange value of the guilder in terms of the dollar moved between a maximum and minimum depreciation of 22.67 percent on October 5 and 19.54½ percent on several days in December.

The gold standard having been suspended in France, Switzerland and the Netherlands, there is, apart from Albania, no longer any

country free from exchange restrictions which remains on gold at the parity existing before the depression began. Among the countries which apply exchange restrictions, Germany, Poland and Lithuania have not altered the par value of their currencies and in the clearing agreements concluded by these countries the par value is taken as the basis for the accounts. Certain exceptions have been allowed by Germany under special arrangements, mostly with overseas countries, but the field of these exceptions has recently been restricted—particularly by a decree issued in February 1937. The “registered mark,” available mainly for tourist purposes, was quoted at a discount varying between 40 and 56 percent during 1936. It may be mentioned that in Italy lire are made available to tourists at a price about 10 percent below the ordinary rate.

Exchange restrictions were introduced by Poland in the spring of 1936 and in a number of countries, notably Germany, Greece, Hungary and Yugoslavia, which have retained the exchange control already existing, the methods have been perfected and more stringent measures taken to prevent leakages and evasions. On account of the civil war the value of the Spanish peseta has fallen rapidly. A debt moratorium was declared on August 2, 1936, and great difficulty has been experienced in dealing with the many problems arising from the impossibility of fulfilling contracts and meeting maturing obligations.

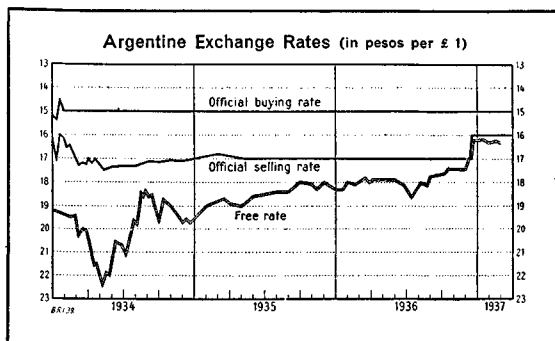
The following graph shows the sterling-dollar rate from the beginning of 1936.



There is a difference of 4 percent between the highest and the lowest quotation in the period covered by the graph. On September 25, 1936, the sterling rate influenced by the flow of funds from France rose to \$5.06, dropping to \$4.93 on September 28 and to \$4.87 at the beginning of November. Changes in the dollar-sterling rate remained narrow up to April 1937, when somewhat wider movements occurred. Latvia, Greece and Turkey, as mentioned above, have joined the sterling

area and in the autumn of 1936 the Uruguayan currency was also linked to sterling. The "free peso" of the Argentine appreciated in the course of the year, and in December 1936 the official selling rate was lowered from 17.00 to 16.00 pesos per pound sterling, the buying rate remaining at 15.00. This change reflects a distinct improvement in the export trade and budget position. South American countries in general have benefited from the rise which has occurred in prices of raw materials. The Brazilian currency appreciated to the extent of nearly 10 percent over the year 1936; on October 15 the currency was attached to the dollar and more normal conditions were established on the exchange market.

Peru and Venezuela remain the only South American countries in which no exchange control is in force, but the restrictions existing in the other countries have in the past year as a rule been eased in their practical application and the transfer of funds has been facilitated. In Chile, it should be mentioned, foreign exchange for the import of products qualified as luxury articles is only available under certain conditions and at a premium of 35 percent above the ordinary rate, but otherwise there has in general been a consolidation of foreign exchange rates.



The Japanese currency was adversely affected inter alia by the enhanced prices of raw material imports (since the abandonment of the gold standard in 1931 the development of prices in foreign trade has been unfavorable to Japan—the average price of exports increasing by some 50 percent, while the prices of imports have more than doubled). The exchange rate, which has been maintained on sterling by the unofficial operations of the Yokohama Specie Bank for four years at 1s. 2d., showed signs of weak-

ness towards the end of 1936 and in January 1937 exchange restrictions were imposed largely to prevent heavy semi-speculative imports. There have been no private exports of capital such as those from France but large Japanese investments in Manchukuo and heavy military expenditure have added to the strain caused by the increase in the adverse trade balance from yen 15,000,000 in 1935 to yen 135,000,000 in 1936. It is recognized that the rapidly rising prices in the country would render a further devaluation of the yen particularly dangerous. In January 1937 the rate of 1s. 2d. was officially recognized, the Finance Minister announcing that the exchange would remain pegged at this rate and in March and April gold was exported to the United States. The gold reserve of the Bank of Japan amounts to some yen 1,600,000,000 at present prices, while over 100,000,000 yen are obtained annually from domestic gold mines. The Manchukuo currency, the yuan, has been maintained at par with the Japanese yen.

Since breaking the link with silver the Chinese dollar has been maintained at a stable value with the result that fluctuations of the rates of exchange in relation to the United States dollar and sterling have been reduced to a minimum. In 1936 the import surplus of merchandise diminished considerably and including the export of silver an active balance was obtained.

FOREIGN TRADE OF CHINA IN 1936

[In millions of Chinese silver dollars]

	Merchandise	Silver	Gold	Total
Exports .....	705.7	254.3	19.1	979.1
Imports .....	941.5	4.7	1.1	947.3
Balance .....	-235.8	+249.6	+18.0	+31.8

Of the C.S. \$254,300,000 of silver exports, C.S. \$216,900,000 (corresponding to 153 million ounces) were exported to the United States. During the year the Chinese authorities sold large quantities of silver to the U. S. Treasury Department, though the exact amounts and the price paid have not been announced. Against the silver sold, the Chinese authorities obtained United States dollars which were in part converted into gold and the funds thus obtained enabled them to consolidate their monetary position. In May

1936 the Chinese Government announced that it had been decided to maintain an adequate reserve of gold, silver and foreign currencies as cover for the note circulation and that the holdings of silver would represent a minimum of 25 percent of the notes outstanding; that further increases would be made in the holdings of gold and foreign currencies; and that silver token coins of a half and a full dollar would be issued. Moreover, restrictions on the artistic and industrial use of silver were abolished. It is expected that by the middle of 1937 the transformation of the Central Bank of China into a central reserve bank will have been completed.

Apart from the Spanish currency which has lost ground, the exchange position has been maintained practically stable since the readjustments in the autumn of 1936. The conclusion of the Tripartite Agreement was a recognition of the fact that no country can alter the external value of its currency without affecting the relative position of other currencies and that the exchange fluctuations of one currency, particularly an important one, are the legitimate concern of all nations. The Agreement also recognized that the basis for exchange equalization must be gold and by technical arrangements provided a mechanism for the settlement of balances.

At the meeting of the Board of the Bank for International Settlements on October 12, 1936, a resolution was passed taking note of the various measures adopted and "again drawing attention to the urgent necessity of assuring a general stabilization of exchange rates". The previous week the Chancellor of the Exchequer had made the following statement:

"... I do not see any reason to alter the view which I have expressed before, that in the end we will probably come back to an international monetary standard on the only basis which appears to give general confidence. Of course, it would be necessary before we did that, to provide security against those violent fluctuations in the value of gold, as expressed in terms of commodities which have occasioned so much disturbance in recent years. If we can do that—and that is a matter for further international co-operation—then I do not see myself any insuperable difficulties in the way of our ultimately arriving again at a currency system based on the free exchange of gold. . . ."

(London, 6th October 1936)

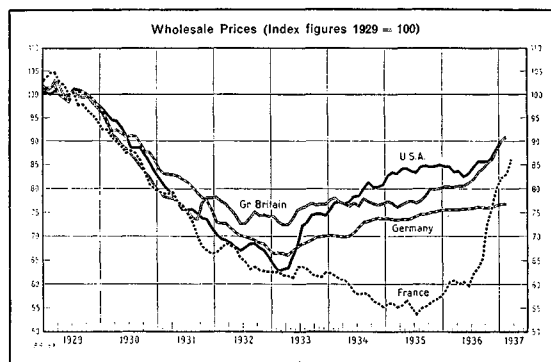
The Swiss National Bank in its annual report for 1936 finds the importance of the Tripartite Agreement to lie particularly in the fact that it created a basis for collaboration

in the monetary field. In a declaration on September 30 the President of the Reichsbank explained inter alia that the German Government and the Reichsbank would not add to the uncertainty of the international monetary situation by any change in the value of the Reichsmark. Though the shortcomings of a system of exchange control as practiced in Germany were recognized, this system could not be abolished simply by the devaluation of the mark. The German Government would, however, be ready at any time to take part in efficacious international negotiations aiming at greater freedom of international trade and payments on the understood condition, emphasized in the three-power declaration, of the safeguarding of national interests.

While therefore the underlying conditions vary from country to country and there is a diversity in the emphasis laid on different aspects and in the precise interpretation of the measures taken, there is undoubtedly a common desire to construct a monetary basis which will provide the greatest possible equilibrium in the system of international exchange and thus facilitate the development of international trade.

#### PRICE MOVEMENTS

In the year under review the recovery in business has been reflected in the strong upward trend of prices. The following graph shows the movement of wholesale prices in national currencies for four important countries in the period 1929-1937, reduced to the common basis of 1929.



After the marked rise in prices that had occurred in the autumn of 1935 there followed a period of relative stability in the first half of 1936, in which some prices tended

even to decline slightly. The turning-point came in the course of the summer. For world trade the development of prices in Great Britain and the United States is of the greatest importance. It will be seen from the graph that in these two countries the upward movement continued with great strength all through the autumn and into 1937. The increase in armaments expenditure led to a spectacular rise in the prices of metals and certain other staple commodities. A more widespread influence was, however, exerted on the price level by the increase in effective demand as revealed by the larger volume of retail sales concurrent with a rise in national incomes and a renewed activity in industries producing capital goods.

In the United States the national income (technically: income paid out) was about \$60,000,000,000 in 1936, according to estimates of the U. S. Department of Commerce, as compared with the low level of \$45,000,000,000 in 1933; and it is reported that distribution of commodities to consumers increased throughout 1936 at a more rapid rate than in any other year of the recovery period. In Great Britain the rise in retail sales from 1935 to 1936 was at the rate of 7 percent, i. e. at a higher rate than in any year since 1932 (the first year for which statistics of retail sales were collected).

The growth of demand in the wholesale trade at times became very intense, especially as many buyers placed large forward orders partly to anticipate price increases and to be assured of supplies adequate to an increased volume of business. It is particularly noticeable that since 1933 or 1934 there has been a shift of location of stocks from producing to consuming centers. A decline in the visible stocks of raw materials while production of them is increasing is a sign of industrial activity, but stocks held by manufacturers or wholesale merchants tend to increase when business improves and prices are rising. The position is naturally much healthier when stocks are held voluntarily by manufacturers instead of involuntarily by the original producers. As effective demand has strengthened and stocks have been cleared, higher quotas have as a rule been allowed for the production or export of commodities subject to international schemes of regulation.

Obviously all the factors which influence the trend of economic recovery must be taken into account in appraising the causes of the

upward trend of prices. Depreciation of a currency in terms of gold enters among such factors, not only because it may re-establish a better relationship between domestic and foreign prices but also because of its effect on the money markets and the volume of gold production. It is significant that the readjustment of currencies in the autumn of 1936 caused no dent in the world price curve. It came at a time when world prices were rising (and not, as the depreciation of sterling, in the midst of an exceptionally severe depression) and it was generally regarded as restoring monetary equilibrium of a kind likely to facilitate the revival of international trade.

The following table shows the increase in British prices during 1936 in each of the groups into which the Board of Trade index is divided:

## WHOLESALE PRICES IN GREAT BRITAIN

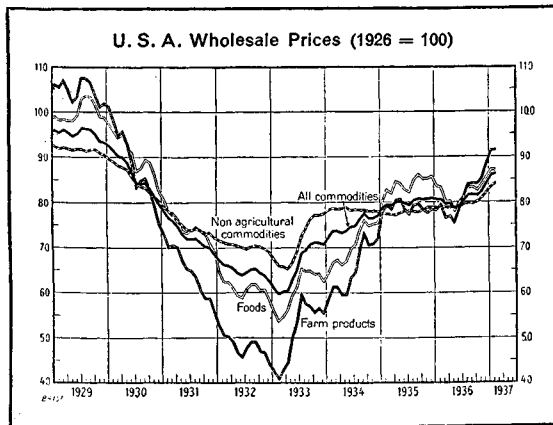
[Averages 1930=100]

	De- cember, 1935	De- cember, 1936	Percent increase in 1936
Cereals.....	91.8	118.1	+28.6
Meat, fish and eggs.....	82.4	85.0	+3.2
Other food and tobacco.....	91.0	98.1	+7.8
Total food and tobacco.....	88.6	99.3	+12.1
Coal.....	108.1	111.2	+2.9
Iron and steel.....	102.1	110.5	+8.2
Non-ferrous metals.....	91.7	106.6	+16.2
Cotton.....	88.9	94.5	+6.3
Wool.....	97.7	122.7	+25.6
Other textiles.....	74.4	75.5	+1.5
Chemicals and oils.....	93.6	97.1	+3.7
Miscellaneous.....	87.5	97.4	+11.3
Total industrials and manufactures.....	92.9	101.6	+9.4
Total all articles.....	91.5	100.8	+10.2

Besides wool, the largest increases are found in cereals and non-ferrous metals. As regards cereals, the increase is due mainly to a shortage of supply resulting from drought in America and an unusually rainy summer in most importing countries in Europe. Non-ferrous metals have been particularly affected by the demand resulting from armaments. The increase in armaments expenditure has had a distinct effect on prices but this should not be overrated. The increased demand, for instance, in the United States market has on the whole been a more important factor. Something like 40 percent of the world production of rubber, copper and several other industrial materials is absorbed by the United States market, and the conditions of business in that country are therefore of

paramount importance for the trend of prices.

The following graph shows the price movements of main groups of commodities in the United States since 1929.

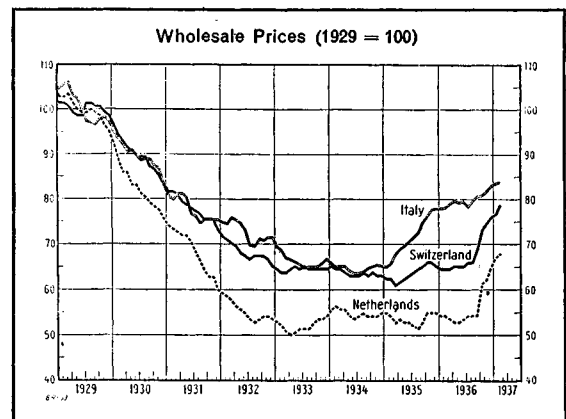
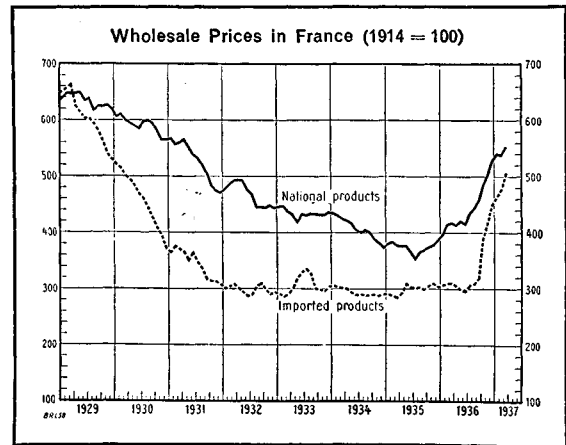


Prices for industrial commodities ("non-agricultural commodities" as shown in the graph) began to move upwards in the summer of 1936 after having remained practically stable for two and a half years. The recent rise in prices has affected a wide range of goods, raw materials as well as semi-manufactured and finished products.

Among the few commodities which registered a fall in price during 1936, butter shows the most marked decline. This commodity fell by not less than 15 percent on the British market, which is of special importance because it absorbs more than two-thirds of all exported butter. Recently consumption in Great Britain has risen from year to year but the price has nevertheless fallen. In most exporting countries the export of butter has been subsidized in one form or another and production has thus been increased in spite of falling prices. On the other hand, the price of wool rose by about 25 percent in 1936, wool being an example of an agricultural product which has been hardly affected at all by artificial assistance to maintain the price during the depression. Australia, which is the country most concerned, is reaping the reward for the drastic policy she pursued in the depression years of selling all wool supplies without the accumulation of stocks to hang over future markets.

The price of cotton stiffened somewhat during the year in response to increasing

demand and a certain decline in the United States output as a result of the drought. In 1931/32 and 1935/36 world production was hardly changed at 26,250,000 American running bales, but of this total the American production fell from over 60 to slightly under 40 percent. To a large extent the decline in American production was the result of official planning; in the meantime, however, production in the rest of the world increased by over 60 percent and prices improved to the advantage of those countries, such as Brazil and Egypt, which have taken the place of the United States in the world's supply.



Among the countries which adjusted their currencies in the autumn of 1936, France was the one in which the rise of prices was the most important; it was effected not only by devaluation at a time when world prices were rising, but also by a series of measures,



largely of a social character, that raised internal costs of production. The graph shows, separately for imported and national products, the movement in prices from 1929 to date. The price index of national products, which, as may be seen from the graph, rose steeply from the middle of 1935, is strongly affected by the prices of agricultural products.

In Holland and Switzerland the rise in prices since devaluation has been less marked than in France. Italian prices rose rapidly during 1935 but since the devaluation the increase has been relatively moderate.

The adjustment of the lira was accompanied by the prohibition for two years of any rise in rent, water, gas, electric power, rates and transport tariffs, while the emergency duties on raw materials were removed or substantially reduced; since then measures have been taken to control the price movements of all commodities and services. A price commission has also been appointed in Switzerland and certain increases in prices prohibited. In Germany, Italy, Poland and some other countries increasingly strong measures have been taken to prevent an undue rise in prices. As part of the German Four-Year Plan a price commissioner was appointed with the task not only of controlling costs of living but of supervising the whole national price structure. By decree, price increases if not specially authorized are forbidden, in particular for all requirements of daily life, for the whole agricultural trade and industrial production, transport of goods as well as services; the decree also covers any modification in the terms of payment and delivery and any indirect increase in prices by the substitution of inferior materials.

Higher prices and increased demand for raw materials have naturally improved the position of those primary commodity countries which were severely hit by the depression. The remarkable change in economic conditions in the Argentine since the middle of 1936 is directly due to the sharp rise of cereal and linseed prices following the drought and dust-storms in the United States and Canada. The outlook for Brazil and other South American countries is also brighter. The improvement in the primary producing countries should lead to a higher return on the capital invested in them, to the benefit of those countries such as England and the Netherlands which invested large

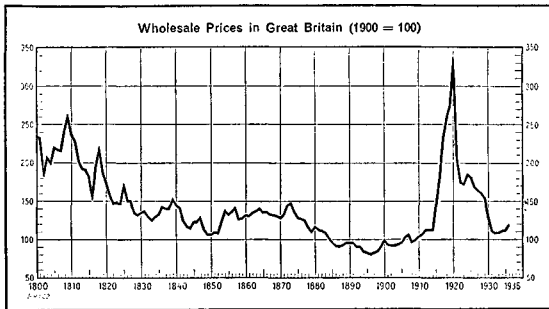
sums in the past and during the depression met with considerable losses.

In a period of recovery the initiative comes from the large industrial countries which are obliged to import larger quantities of raw materials to meet the requirements of expanding industrial production. Such imports are a sign of reviving activity and cannot be taken as an indication of some permanent disequilibrium in the balance of payments. The strengthening of the purchasing power of overseas producers will in due time enable them to expand their imports of manufactured articles.

When conditions are rapidly changing it is not easy to determine whether any given currency ought or ought not to be regarded as overvalued. Indices of wholesale prices certainly cannot be taken as a sufficient measure of the inherent value of the different currencies. Account must also be taken of changes in the cost level and of other elements affecting current balances of payments which do not lend themselves easily to international comparison. It is as a rule easier for a country to attain equilibrium on the foreign account when world prices are rising than when they are falling. The present tendency towards a rise in prices, though most marked in raw materials, is also definitely permeating to the cost of living.

During 1936 the increase in the cost of living in Great Britain was at a rate of nearly 3 percent; in the United States slightly less; in the Netherlands, in spite of the devaluation, no increase; in Switzerland an increase of 2 percent; in Italy about 6 percent and in France still more, the upward movement in the last-mentioned country being influenced by the legislative and other measures which have been taken affecting the cost of production. In Germany and Austria, on the other hand, the index shows hardly any change. In the large majority of countries where the cost of living has gone up the increase began to be more accentuated in the winter months of 1936/37. The movement is thus of recent date and has so far not had very much effect in the direction of a modification of import restrictions and other measures which tend to keep up the cost of living. It has, however, affected the movement of wages in a number of countries and has in general intensified the problems of the labor markets.

The following graph shows the development of wholesale prices in Great Britain from 1800 onwards.



It took thirty years up to the end of the 'forties before the decline in prices following the Napoleonic wars came to an end and the curve turned in an upward direction. It would now seem as if the decline in prices after the Great War had been arrested in half that time and changed into an upward movement. In a world struggling under a large volume of indebtedness some improvement in prices is no doubt desirable, but if the rise be too violent it may lead to a distortion of production and contain the germ of later difficulties. It is natural that some concern should be felt about the strength of recent price developments and that already attention should be directed to the consideration of what measures may eventually have to be taken.

#### FOREIGN TRADE

As compared with the level in 1929, the physical volume of international trade had fallen by 25 percent in 1932. Since then there has been a gradual recovery, but the volume of world trade in 1936 was still 14 percent below what it was in 1929. A marked improvement occurred in the closing months of 1936 and was continued in 1937. If the countries are arranged according to the percentage improvement during 1936 in imports and exports as returned in their national currencies, the order shown in the next table is obtained.

A substantial improvement occurred in the countries of the Danubian region (Rumania, Bulgaria, Hungary) which benefited from a good harvest in a year when prices of cereals were rising. Among overseas countries the highest percentage increases in exports are found in Indo-China, Manchukuo, the Dutch East Indies, China, Canada, New Zealand, Brazil, Chile and British India. The Dutch East Indies remained on gold at the old par rate up to September 1936, but nevertheless exports increased by nearly 20 percent, the

country benefiting particularly from the rise in the price of rubber. South African exports, consisting mainly of gold, continued the steady rise of recent years. Imports also increased by 15 percent and it is of interest to note that in 1936 South Africa was the most important customer of the United Kingdom, India losing the first place which she had held for many years.

In the countries producing raw materials and foodstuffs, exports with few exceptions have risen more than imports, the improvement in purchasing power not yet having led to larger purchases abroad. Indeed in the case of the Dutch East Indies imports rose only slightly in comparison with the previous year. On the other hand, imports increased more than exports in a number of European countries and particularly in the United Kingdom, France and Czechoslovakia; the rise was due to the larger requirements of raw materials for the expanding industrial production. The United States have increased not only imports of raw materials but also of semi-manufactured products (wood-pulp, oils, fats, etc.), foodstuffs and finished articles (newsprint, textiles, furs, diamonds, beverages, etc.). In 1936, for the first time in ten years, there was an import surplus during the first half of the year. Exports however rose sharply in the autumn, especially those of finished products and notably those of machinery and other iron and steel products, refined mineral oils, aircraft and textile manufactures. Over the whole year the export surplus amounted to \$34,000,000 (the lowest since 1895) as compared with \$235,000,000 in 1935.

The expansion of trade of the Belgian-Luxemburg customs union is remarkable, exports having risen by 25 percent on the year; to a large extent this rise is due to the increased demand for iron and steel goods.

Germany increased her export surplus from RM 111,000,000 in 1935 to RM 550,000,000 in 1936. This surplus was due entirely to the balance with Europe, that with overseas countries being as usual in deficit. The increase in the export surplus did not result in any improvement in the immediate foreign exchange position of the country, partly because larger amounts were earmarked for current financial charges; an amount of about RM 100,000,000 has been absorbed by the reduction of debts on clearing accounts which at the beginning of the year totalled some RM 500,000,000. The New Plan

CHANGES FROM 1935 TO 1936 IN THE FOREIGN TRADE OF DIFFERENT COUNTRIES<sup>1</sup>

[In millions of national currencies]

Country	Imports			Country	Exports		
	1935	1936	Percent changes		1935	1936	Percent changes
U. S. S. R.	1,057	1,353	+28.0	Philippines	186	270	+45.2
Estonia	69	87	+26.3	Haiti	34	49	+42.0
Belgium-Luxemburg	17,112	21,098	+23.3	Latvia	99	138	+39.4
Iran	718	878	+22.3	Danzig	309	325	+38.2
New Zealand	36	44	+21.5	Manchukuo	356	474	+33.1
Lithuania	129	156	+21.4	Indo-China	1,298	1,682	+29.6
France	20,974	25,387	+21.1	Rumania	16,756	19,692	+17.5
Latvia	101	122	+20.8	Morocco	621	782	+25.9
Finland	5,344	6,343	+18.7	Lithuania	152	191	+25.1
U. S. A.	2,047	2,420	+18.2	Belgium-Luxemburg	15,786	19,724	+24.9
Chile	295	347	+17.7	Turkey	96	118	+22.9
Czechoslovakia	6,716	7,888	+17.5	China	576	706	+22.6
Poland	861	1,003	+16.5	Canada	838	1,028	+22.6
Canada	550	635	+15.4	New Zealand	47	57	+21.9
Union of South Africa	76	84	+14.9	Bulgaria	3,253	3,910	+20.2
Philippines	169	192	+13.6	Brazil	4,104	4,896	+19.3
Australia	76	85	+12.8	Dutch East Indies	447	533	+19.2
Manchukuo	572	644	+12.6	Chile	465	549	+18.2
United Kingdom	701	789	+12.6	Sweden	1,297	1,515	+16.8
Denmark	1,276	1,431	+12.1	Finland	6,241	7,215	+15.6
Norway	107	119	+11.8	India	1,571	1,805	+14.8
Colombia	816	912	+11.4	Norway	588	675	+12.9
Japan	2,427	2,702	+11.3	Australia	113	127	+12.4
Mexico	406	452	+11.2	Hungary	452	507	+12.2
Uruguay	60	67	+11.2	Irish Free State	20	22	+12.1
Peru	181	201	+11.0	Germany	4,270	4,768	+11.7
Brazil	3,856	4,289	+10.7	Union of South Africa	100	112	+11.6
Greece	10,680	11,808	+10.6	Switzerland	792	881	+11.2
Yugoslavia	3,603	3,984	+10.6	Colombia	143	158	+10.5
Sweden	1,476	1,619	+9.7	Poland	925	1,026	+10.9
Indo-China	899	979	+8.9	Netherlands	925	1,026	+10.4
Netherlands	936	1,017	+8.6	Portugal	924	1,020	+10.4
Algeria	2,844	3,079	+8.3	British Malaya	572	630	+10.1
British Malaya	470	507	+7.9	Denmark	1,213	1,327	+9.3
Hungary	402	433	+7.7	Peru	309	336	+8.7
Rumania	10,846	11,535	+6.3	Yugoslavia	4,030	4,376	+8.6
Irish Free State	37	39	+6.3	Czechoslovakia	7,396	8,003	+8.2
Bulgaria	3,009	3,181	+5.7	U. S. A.	2,383	2,455	+7.5
Turkey	88	93	+5.7	Japan	2,454	2,631	+7.2
Danzig	88	93	+5.6	Austria	895	952	+6.4
Haiti	38	40	+4.7	Ceylon	230	244	+6.3
Austria	1,206	1,247	+3.4	Argentina	1,569	1,652	+5.3
Dutch East Indies	275	282	+2.8	Italy	5,239	5,458	+4.2
China	919	942	+2.4	Estonia	80	83	+3.8
Germany	4,159	4,218	+1.4	Greece	7,101	7,371	+3.8
Morocco	1,139	1,151	+1.1	Syria	1,174	1,217	+3.7
Switzerland	1,257	1,263	+0.5	United Kingdom	426	441	+3.5
Egypt	31	31	-2.1	Mexico	750	773	+3.0
Siam	105	101	-3.7	Siam	149	151	+1.8
Argentina	1,175	1,117	-5.0	Iran	1,942	1,960	+0.9
Ceylon	204	190	-6.9	France	15,496	15,454	-0.3
India	1,343	1,221	-9.1	Algeria	2,613	2,534	-3.0
Portugal	2,295	1,967	-14.3	Egypt	34	33	-4.2
Syria	2,979	2,406	-19.2	Palestine	4	4	-14.0
Italy	7,790	6,002	-23.0	Uruguay	95	81	-14.9
Palestine	18	13	-23.7	U. S. S. R.	1,609	1,359	-15.5
Tunis	1,341	925	-31.0	Tunis	873	597	-31.6

<sup>1</sup> Partly provisional figures.

instituted in September 1934 has now been in existence for more than 2½ years and, although much transit trade has been lost, Germany has to a large extent succeeded in balancing imports and exports and in reducing accumulated trade debts. In spite of all difficulties, Germany still remains the third most important trading country in the world.

Exchange restrictions and clearing arrangements are still obstructing world trade, though in recent years some technical improvements have been effected which give

more scope to ordinary methods of commerce and financing. When clearings are instituted payments are made to exporters in turn through accounts kept in the two countries. If arrears are accumulated an individual exporter must wait until his turn comes for payment and, what is more important, he may not be able to calculate the exact duration of the delay. In such circumstances little or no use can be made of the normal facilities provided by the banking systems and exchange markets and the working capital of

the exporter may be tied up in involuntary trade credits; prices are influenced by the uncertainty inherent in the transactions and business is frightened off to the detriment of the general exchange of goods.

In November 1934 a new type of payments agreement was concluded between Germany and Great Britain which eliminated some of the worst disadvantages of the ordinary clearing arrangement. The conclusion of the new agreement was made possible by the German system of foreign trade control, according to which every German importer must obtain a permit for payment in order to be able to obtain foreign exchange. The German authorities are in a position to maintain the volume of imports within such limits as they wish to impose, not only in relation to the outside world as a whole but also in relation to each individual country. In the agreement of 1934, referred to above, it was laid down that Germany's monthly imports from the United Kingdom should amount to 55 percent of the German exports to the United Kingdom two months previously; apart from an amount which at the beginning was earmarked to clear off existing commercial debts, the remaining 45 percent is partly used for interest and certain other charges and partly left at the free disposal of Germany. In a later agreement with the Belgian-Luxemburg customs union the contingents were calculated not on the basis of the foreign trade statistics but on the declaration of foreign exchange made by the German exporters, and in other agreements the basis adopted was the amount of actual deliveries of foreign exchange to the Reichsbank.

Similar payments agreements have been concluded with some five countries in all and experience of the working has on the whole been satisfactory. A German importer who has obtained a proper permit of payment is assured that foreign exchange will be available when the date of payment arrives and this enables the parties to the transaction to use the ordinary facilities of the banking system. A foreign firm which sells to Germany must of course carry the ordinary trading risk as far as the standing of the German purchaser is concerned, but he will not have to fear a delay in payment resulting from the difficulty of obtaining foreign exchange against reichsmarks.

The ordinary clearing arrangements suffer from the grave defect that they tend to de-

stroy direct relations between the buyer and the seller, interposing administrative bodies through which payments are obtained. As a result, the traders lose touch with their markets and are inclined to give less attention to the credit standing of their debtors, relying upon the administrative arrangements which involve more or less extended government action. The great advantage of the "payments agreements" is that direct contact is maintained between buyer and seller and particularly that the seller must look to the buyer for payment. These agreements thus represent a step forward but their working presupposes the institution of a control on foreign trade such as is in force in Germany with all the complications which such control involves. Many proposals have been made in recent years to perfect the system of clearings, for instance by the offsetting of balances between a number of countries and the arrangement of credits to pay off accumulated clearing balances. The more closely these proposals are studied the clearer it becomes that the advantages of the international division of labour and the normal exchange of goods between nations are not compatible with a system which forces trade into defined channels and which, especially for transactions of limited amounts, becomes unduly cumbersome and costly. Clearings may have had their uses in preserving some trade in existence when exchange restrictions were carried to extremes, or in ensuring the reimbursement of accumulated commercial debts or at least part-payment in respect of other debt charges. And the authorisation of so-called private clearings or compensations, constituting a derogation from the clearing principle, may sometimes have introduced an element of flexibility into an otherwise rigid system. But the objective of world trade must be the return to the ordinary methods of commerce and payments, under which all those facilities which have been developed for the benefit of commercial intercourse between nations can once more be fully and profitably utilized.

#### A YEAR OF MOUNTING GOLD SUPPLIES

World gold production again reached a new high figure in 1936, registering an increase over 1935 of 4,300,000 ounces, which is the largest absolute annual increase ever known: It corresponds to a percentage increase of 13½, which has only been surpassed at times

of great new discoveries of gold deposits, i. e. in the 'forties and 'fifties of the last century when gold was found in California and Australia and in the 'nineties after the discovery of the gold fields in the Transvaal. Shipments of gold from India and China, representing dehoarding in the East, still continued in 1936, although at a reduced rate. For the first time since the beginning of the depression not only did hoarding in the western world come to an end but there was in the last quarter of the year a substantial disgoring of gold. Moreover, the consumption of gold in the arts remained at a low figure, taking not more than 5 percent of the total gold production. Consequently a very large amount—at least 5,000,000,000 gold francs or £335,000,000 at the present market price of gold in London—was available for monetary purposes. This abundant supply of gold has radically changed the situation which existed in the post-war decade and raises a number of new problems, which are engaging the attention of the monetary authorities to an increasing extent.

THE SUPPLY OF GOLD

The output of gold increased during 1936 in all of the main producing areas, as can be seen from the following table:

Year	South Africa	U. S. S. R.	U. S. A.	Canada	Other producing countries	World production	
						In thousands of fine ounces	millions of gold Swiss francs
1915 <sup>2</sup>	9,096	1,546	4,888	918	6,146	22,594	2,420
1923	9,149	438	2,503	1,233	4,463	17,786	1,905
1924	9,575	594	2,529	1,525	4,827	19,050	2,041
1925	9,598	693	2,412	1,736	4,592	19,031	2,039
1926	9,955	895	2,355	1,754	4,430	19,369	2,075
1927	10,122	810	2,197	1,853	4,464	19,446	2,083
1928	10,354	899	2,233	1,891	4,206	19,583	2,098
1929	10,412	1,085	2,208	1,928	4,040	19,673	2,108
1930	10,716	1,434	2,286	2,102	4,184	20,722	2,220
1931	10,878	1,701	2,396	2,694	4,702	22,371	2,397
1932	11,559	1,990	2,449	3,044	5,264	24,306	2,604
1933	11,014	2,667	2,537	2,949	6,336	25,503	2,732
1934	10,480	4,263	2,916	2,972	6,999	27,630	2,960
1935	10,774	5,831	3,619	3,283	7,484	30,991	3,320
1936	11,339	7,350	4,295	3,721	8,549	35,254	3,777

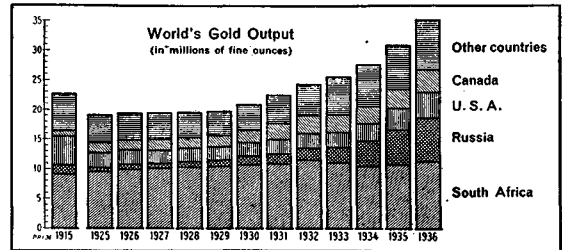
<sup>1</sup> Including the Philippines.

<sup>2</sup> Record year before 1932.

In order to facilitate comparison with the data given in earlier reports, the monetary value of the gold production, as well as certain other figures in this report, is still given in gold Swiss francs of the old parity. (To

convert approximately into present-day dollars it is sufficient to divide by three, and to convert into sterling, when the gold price in London stands at around 140 s. per ounce, the amount should be divided by roughly fifteen.)

Nearly a third of the gold produced is obtained from South Africa, a fifth from Russia, a ninth from the United States and a tenth from Canada, other countries together producing the remaining quarter.



The South African producers have continued to exploit lower-grade ores, which at the present level of costs and the higher price obtainable for the metal can be milled profitably. Though the gross tonnage of the ore milled has increased by 9 percent, there has been a rise of only 5 percent in the output of gold, the figure for 1936 being still somewhat lower than that of the record year 1932. The use of lower-grade ores and the extension of milling capacity has necessitated a larger supply of labor and the number of native and colored workers employed has risen from 213,000 in 1930 to 299,000 in 1935 and 310,000 in 1936.

No great difficulty has as yet been experienced in obtaining either European or native labor, the technical education of the former being supplied by the opening of new schools. Wage rates paid remained practically constant in the years 1929-1935, the average daily wage for European workers in 1929 being 24s. 4d., in 1935 24s. 10d. and in 1936 25s. 1d.; if the native and colored workers only are considered there has even been a slight tendency to fall. A certain allowance must, however, be made for an increase in other benefits such as, for example, those in respect of paid holidays. In comparison with 1929 there has been a reduction rather than an increase in the cost of machinery and materials needed for production. In these circumstances, the increase from 84s. 11½d. to more than 140s. an ounce, or by nearly 70 percent, in the price obtainable for gold in

terms of the local currency and in sterling has naturally resulted in great profits which, however, have been subject to increased taxation. It is only because mining companies have saved their high-grade ores and the seams more easily exploited for the future that the increase in production has kept within such narrow limits. There is every possibility of a further large increase and, to judge from the reports of the leading mining companies, the foundations have already been laid for a substantial rise in the output in the next few years.



The volume of Russian production is known only approximately, for the Soviet authorities do not publish figures of the total amount of gold produced each year but only indicate the percentage increase from one year to another. For 1936 the increase is given as having been at the rate of 26 percent, which, on the basis of previous estimates, leads to a figure of 7,350,000 ounces as the amount produced during the year. It seems as if the Five-Year Plan, as far as it concerned the gold-mining industry, had been realized by the end of 1936 with a year to spare. New gold mining centres have been established in recent years in Siberia and Central Asia, some of them with a population of over 25,000. More than 750,000 workmen and 12,000 trained Soviet engineers are reported to be employed in the gold-mining industry.

In the United States also gold production has been rising rapidly, the output in 1936 being 19 percent higher than in 1935 and nearly twice as high as in 1929. In Canada too production is rising as a result of new discoveries and exploitation in districts which had previously been inaccessible but are now within reach by air transport. Since

1929 the output has nearly doubled and thus risen at about the same rate as in the United States. The following table sets out for the main producing districts the gold production in 1929 and 1936 and the percentage increase over the period:

#### GOLD PRODUCTION IN THE PRINCIPAL COUNTRIES

[In thousands of fine ounces]

	1929	1936	Percentage increase
South Africa .....	10,412	11,339	+ 9
U. S. S. R. ....	1,085	7,350	+577
U. S. A. <sup>1</sup> .....	2,208	4,295	+ 95
Canada .....	1,928	3,721	+ 93
Australia .....	426	1,199	+181
Mexico .....	652	755	+ 16
Japan .....	335	676	+102
Rhodesia .....	562	802	+ 43
Other countries .....	2,065	5,117	+148
Total .....	19,673	35,254	+ 79

<sup>1</sup> Including the Philippines.

Of the world's total output of gold in 1929, 72 percent was produced in countries belonging to the British Empire and in 1936 only 53 percent by these countries. The fall is due to the reduction in the share of South Africa, whose production in 1929 amounted to 53 percent and in 1936 to 32 percent of the world production.

In addition to the gold obtained in 1936 from current production, an amount to the value of 437,000,000 gold Swiss francs was shipped from the East, this being a reduction in comparison with the previous year as the following table shows:

#### GOLD FROM THE EAST

[In millions of gold Swiss francs]

	India	China	Hong Kong	Total
1931 .....	477	54	63	594
1932 .....	1,014	118	59	1,191
1933 .....	653	74	100	827
1934 .....	706	54	68	828
1935 .....	495	43	34	572
1936 .....	371	37	29	437
Total .....	3,716	380	353	4,449

A substantial reduction has again occurred in the shipments from India and shipments from China and Hong Kong have also fallen. The likelihood appears that the outward movement of gold from the East will soon be arrested, if not reversed. The increase

in the price of gold in local currencies no longer exercises the same attraction as in the years immediately following the depreciations in 1931 and the improvement in economic conditions is putting an end to so-called distress sales. It is reported from Java that gold coins are beginning to be absorbed again by the natives. It may also be mentioned that after the four-year period during which India's annual absorption of silver averaged merely 10,000,000 ounces, in 1936 the consumption of silver suddenly rose to an amount estimated at 100,000,000 ounces, an indication of a renewed demand for precious metals in the East.

Against the new gold that has become available during the year there should be set off in the first place whatever amount has been required for use in the arts and in industry. It has been estimated that in the period 1920-1929 about 20 percent of the annual gold production was taken for such purposes. During the depression there was not only a decline in the absolute amount of gold used industrially and in the arts, but also an increase in the amount of gold recovered by the purchase of old jewels etc. In the United States, for which country fairly complete statistics on this subject exist, the industrial absorption of gold was given at \$14,000,000 and the recovery of old gold at \$62,000,000 in 1934, the corresponding figures for 1935 being \$26,000,000 and \$32,000,000 respectively. With increasing prosperity the industrial use of gold may have risen further and in 1936 it may not have been fully met by recovery of old gold, but the net amount needed is probably still insignificant.

In Great Britain the industrial use of gold is estimated at about £2,000,000 per annum and in recent years this amount has been covered by old gold obtained from the public. In France the industrial use of gold is somewhat greater, being estimated for the last two years at 25,000 kilogrammes, or about 85,000,000 gold Swiss francs, per annum (over and above the needs met by the recovery of old gold). In Germany, consumption of new gold has been estimated for 1936 at about RM 30,000,000. For other countries only incomplete information is available; it is safe to assume however that the net world consumption of gold by industry does not exceed 190,000,000 gold Swiss francs, representing about 5 percent of the

current gold production. It is possible that in coming years the industrial demand for gold may rise somewhat but it is unlikely that the pre-war figure will be reached again. There seems to have been a distinct change in jewellery fashions for women, in that gold objects are less in favour, being replaced on the one hand by cheap jewellery which can be changed often and, on the other hand, by platinum for more expensive tastes.

	Million gold Swiss francs
To sum up, the amount of gold available	
in 1936 from new production.....	3,777
increased by shipments from the East of..	437
but reduced by the amount absorbed by	
the arts and industry, namely.....	— 190
thus totaled .....	4,024

These 4,024,000,000 gold Swiss francs correspond to about £270,000,000 or \$1,300,000,000. An even larger amount was actually available for monetary purposes in 1936, for more than 1,000,000,000 gold Swiss francs were obtained from dehoarding.

#### DEHOARDING OF GOLD

One of the most curious changes produced by the depression was the simultaneous occurrence of large-scale dehoarding of gold in the East and extensive hoarding in the West. From 1931 to the end of 1936 nearly 4,500,000,000 gold Swiss francs (equal to 42,000,000 ounces) were shipped from India, China and Hong Kong, corresponding to 2¼ years' pre-depression gold production. For many reasons it has been somewhat difficult to obtain exact figures of the amount of gold hoarded in the West since 1931, though sufficient indications have been available to give a general idea of the movement in and out of hoards in these years. For some countries more complete data have recently been procured: for France certain particulars are given in the following table which shows for the period June 1931 to September 1936 the amounts of gold bought from, and sold to, the Bank of France by the French public, and also the amounts imported and exported for account of the public. The figures given in the table have been calculated by deducting from the gold movements at the Bank of France or through the customs all transfers of the metal known to have had a foreign origin or destination (foreign markets, central banks or exchange funds).

MOVEMENTS OF GOLD TO OR FROM THE PUBLIC IN  
FRANCE

[In millions of French francs—1928 parity]

	1931 (June- Dec.)	1932	1933	1934	1935	1936 (Jan.- Sept.)	Total
At the Bank of France:							
Gold bought from the Bank.....	858	618	3,477	631	2,243	396	8,222
Gold sold to the Bank....	80	443	788	1,035	455	597	3,398
	+778	+175	+2,689	-404	+1,788	-202	+4,824
Through the cus- toms:							
Gold imported	1,274	2,836	2,412	1,805	1,835	2,379	12,541
Gold exported	382	607	2,546	2,638	2,039	1,714	9,926
	+892	+2,229	-134	-833	-204	+665	+2,615
Balance.....	+1,670	+2,404	+2,555	-1,237	+1,584	+463	+7,439

+ signifies increase in the gold holdings of the public; - signifies decrease in the gold holdings of the public.

Internal hoarding of gold in France began in the summer of 1931 and continued until the devaluation in 1936, except for a break in 1934 when not only did the gold holdings of the Bank of France rise by 4,532,000,000 francs but also, as can be seen from the table, the amount of gold hoarded internally was reduced by more than a billion. For the period June 1931 to September 1936 the net amount of gold acquired by the public from the Bank of France or from imports amounted to 7,439,000,000 francs (of the old parity). This amount, however, includes the gold absorbed by the arts and industry which, for the period under review, is estimated at about 2,000,000,000 francs over and above the recoveries of old gold. There thus remains an amount of about 5,400,000,000 French francs which may be taken as a maximum figure of the gold hoarded in France up to September 30, 1936. It should be added that only negligible amounts of the gold coins issued before the war are still held by the public, and that smuggling of gold across the frontiers can hardly have been of any substantial volume.

During the first nine months of 1936 the amount of gold held by the French public continued to increase, but after the devaluation at the end of September the movement was reversed. It will be recalled that the new monetary law made surrender of gold obligatory, with certain exceptions, for all persons and corporate bodies domiciled in France. From the beginning of October 1936 up to

March 1937 private gold sales to the stabilization fund and declarations by traders and industrialists are valued at nearly 40 percent of the estimated gold held privately within France.

During the last period of 1936 an amount of about 150,000,000 gold Swiss francs was obtained from hoards within Switzerland and an amount equivalent to about 100,000,000 gold Swiss francs within the Netherlands. Less precise information is available for other countries; it is known, however that dehoarding of gold occurred in the London market on a fairly extensive scale during the last quarter of 1936. In its comments on the balance of payments of the United Kingdom for the year 1936, the Board of Trade Journal explains that "it seems likely from the recorded exports that some part of the gold sent to this country at an earlier date to be held on foreign account was repatriated after the devaluation of the gold-bloc currencies at the end of September". It seems safe to assume that during 1936 in all an amount of at least 1,000,000,000 gold Swiss francs was obtained in Europe from hoards previously accumulated.

The movement out of hoards has continued during the opening months of 1937 reflecting, it may be stated, a change in the attitude of the public towards the holding of assets in the form of gold. More attention is being paid to the fact that gold not only earns no interest but that its hoarding involves the payment of charges for the hire of safe deposits etc.; another consideration is the increased possibilities of making profits on investments at a time of rising quotations on the world's stock exchanges. Moreover, gold is no longer regarded as providing the same measure of safety as it did in the past. Under the legislation passed in the United States in 1934, gold held in the country had to be surrendered to the government and was paid for only at the old par value. In France after the devaluation in 1936 gold held by all persons or corporate bodies domiciled in the country had to be surrendered at the previous par rate of the franc, while holders of foreign exchange, for instance, were subject to no such obligation. Though the full market price was later paid to the French holders of gold, the memory of the original provision remains, and it is not surprising that those who seek protection against monetary risks at present prefer the holding of notes and money on deposit in foreign banks to the



hoarding of gold. In this connection, it may be mentioned that during 1936 the note circulation of the Bank of England rose by about £50,000,000, of which it is estimated that perhaps £25,000,000 were hoarded abroad and, in addition, there has been some hoarding of United States dollar notes in Europe.

#### MOVEMENTS OF GOLD TO CENTRAL BANKS AND OTHER MONETARY AUTHORITIES

The total amount of gold available for monetary purposes in the year 1936 (as a result of current production, shipments from the East and deliveries from hoards in the West, allowance being made for the requirements of the arts and industry) attained a figure of 5,000,000,000 gold Swiss francs. Where has this gold gone?

About 3,300,000,000 gold Swiss francs are accounted for by a net increase in the reported gold holdings of banks of issue and governments, which rose in 1936 from about 69,000,000,000 to 72,300,000,000 gold Swiss francs. This leaves at least 1,700,000,000 gold Swiss francs, which, it may be concluded, have been incorporated in exchange funds and other unreported holdings of monetary authorities. In the absence of published information regarding these funds, it is impossible to indicate in detail the destination of the gold. Relatively little guidance can be obtained from statistics of the gold movements between different countries. Since the currency changes at the end of September 1936, the foreign trade returns of France and the Netherlands have given no information about exports and imports of gold; and even when trade figures are available the following observation of the Board of Trade in its comments on the balance of payments of the United Kingdom for 1936 must be borne in mind: "with the practice so frequently adopted at the present time of purchasing gold and earmarking it in the country of sale, instead of shipping it immediately to the country to which it belongs, the physical movements of gold do not necessarily coincide in point of time with the operations giving rise to them". There are, however, certain allocations of gold to government exchange funds which have been made known and which throw light on the absorption of gold during the year.

(i) On October 2, 1936 the gold holdings of the Bank of France amounted to 50,218,000,000 French francs of the old parity, and

after revaluation to 67,275,000,000 francs, giving a book profit of 17,057,000,000 francs. Of this profit the Bank of France under various arrangements retained in its gold reserve about 7,000,000,000 francs; the remaining 10,000,000,000 francs in gold were allocated to the exchange stabilisation fund and, statistically, that amount was thus transferred from the reported gold holdings of the bank to the unreported holdings of the government fund. In October 7,000,000,000 francs were sold back from the fund to the bank, but at the end of November the bank's holding was reduced by 4,000,000,000 francs—the balance taken out of the bank being thus 7,000,000,000 francs, corresponding to somewhat more than 1,000,000,000 gold Swiss francs. It is known that during the last two months of 1936 the French exchange fund utilised part of its holdings for the repayment of the government credit taken up in London in February 1936 and to support the franc, but at the end of the year it still held part of the gold allocated to it.

(ii) When an embargo was placed on the export of gold from the Netherlands at the end of September 1936, no revaluation was made of the gold holdings of the Nederlandsche Bank. Gold to the value of 100,000,000 florins (corresponding to about 210,000,000 gold Swiss francs) however was obtained from the bank against government securities and put at the disposal of the newly-formed exchange equalisation fund. In the last quarter of the year the fund acquired by purchases in various markets an additional amount of gold and the Nederlandsche Bank also increased its gold holdings; the fund retained to the end of the year the 100,000,000 florins transferred to it at the time when it was constituted.

By the end of 1936 the French and Dutch exchange funds thus held gold which had been transferred to them from the holdings of the Bank of France and the Nederlandsche Bank respectively, and the amount of such gold in their possession explains the destination of one part of the 1,700,000,000 gold Swiss francs which, during 1936, went into exchange funds and other unreported holdings of monetary authorities. Apart from these special allocations, however, the aggregate holdings of unreported gold in the hands of the various exchange funds also increased in 1936.

The reported reserves of banks of issue and governments still constitute the over-

whelmingly greater part of the monetary gold stocks of the world. To indicate the changes that have taken place in monetary reserves generally, the table on this page sets out the reported gold stocks of each country at the end of 1934, 1935 and 1936 respectively, the countries being divided into three groups: those in which the reserves fell during 1936

### REPORTED GOLD RESERVES OF BANKS OF ISSUE AND GOVERNMENTS

[In millions of gold Swiss francs]

	End of 1934	End of 1935	Loss (-) or gain (+) during 1935	End of 1936	Loss (-) or gain (+) during 1936
<b>Group 1:</b>					
France.....	16,675	13,455	-3,220	9,168	-4,287
Spain.....	2,268	2,255	-13	1,600	-655
Italy.....	1,585	826	-759	638	-188
Czechoslovakia.....	343	344	+1	279	-65
Germany.....	188	192	+4	141	-51
Poland.....	293	258	-35	228	-30
South Africa.....	562	649	+87	621	-28
Greece.....	122	104	-18	78	-26
Uruguay.....	249	226	-23	209	-17
Australia.....	13	13	0	5	-8
Canada.....	669	578	-91	575	-3
Ecuador.....	16	13	-3	11	-2
<b>Total.....</b>	<b>22,983</b>	<b>18,913</b>	<b>-4,070</b>	<b>13,553</b>	<b>-5,360</b>
<b>Group 2:</b>					
Albania.....	7	8	+1	8	0
Algeria.....	43	43	0	43	0
Argentina.....	1,235	1,235	0	1,235	0
Austria.....	139	140	+1	140	0
Belgian Congo.....	9	9	0	9	0
Chile.....	89	90	+1	90	0
Denmark.....	185	164	-21	164	0
Egypt.....	165	165	0	165	0
Estonia.....	34	40	+6	40	0
India.....	840	840	0	840	0
Latvia.....	46	46	0	46	0
New Zealand.....	76	71	-5	71	0
<b>Total.....</b>	<b>2,868</b>	<b>2,851</b>	<b>-17</b>	<b>2,851</b>	<b>0</b>
<b>Group 3:</b>					
Portugal.....	208	208	0	209	+1
Bulgaria.....	58	60	+2	62	+2
Morocco.....	22	22	0	24	+2
Danzig.....	24	12	-12	17	+5
Hungary.....	71	71	0	76	+5
Peru.....	57	58	+1	64	+6
Colombia.....	59	48	-11	58	+10
Turkey.....	67	72	+5	83	+11
Rumania.....	319	335	+16	350	+15
Yugoslavia.....	163	131	-32	148	+17
Dutch East Indies.....	236	167	-69	185	+18
Lithuania.....	27	19	-8	38	+19
Norway.....	187	257	+70	299	+42
Finland.....	42	62	+20	106	+44
Belgium.....	1,837	1,857	+20	1,934	+77
Japan.....	1,205	1,302	+97	1,416	+114
Netherlands.....	1,754	1,340	-414	1,499	+159
Sweden.....	488	566	+78	735	+169
Switzerland.....	1,910	1,389	-521	2,006	+617
U. S. S. R.....	2,277	2,569	+292	3,535	+966
United Kingdom.....	4,850	5,046	+196	7,911	+2,865
U. S. A.....	25,216	30,992	+5,776	34,439	+3,447
<b>Total.....</b>	<b>41,077</b>	<b>46,583</b>	<b>+5,506</b>	<b>55,194</b>	<b>+8,611</b>
<b>Grand total<sup>2</sup>.....</b>	<b>67,300</b>	<b>69,000</b>	<b>+1,700</b>	<b>72,300</b>	<b>+3,300</b>

<sup>1</sup> Estimated.

<sup>2</sup> Partly estimated and including also other countries.

(group 1); those where there was practically no change in the magnitude of the reserves (group 2); and those in which an increase occurred (group 3).

As regards the gold-bloc countries, it is of interest to distinguish between the period before the monetary changes took place, comprising the first nine months of 1936, and the second period extending over the last three months of the year.

### GOLD RESERVES

[End of month figures. In millions]

	France		Netherlands		Switzerland	
	Gold holdings	Increase (+), decrease (-)	Gold holdings	Increase (+), decrease (-)	Gold holdings	Increase (+), decrease (-)
	francs of 0.05895 gr. fine gold		florins of 0.6048 gr. fine gold		francs of 0.2903 gr. fine gold	
<b>1936</b>						
January.....	65,223	-1,041	670.7	+27.3	1,388.8	0.0
February.....	65,789	+566	680.3	+9.6	1,445.2	+56.3
March.....	63,917	-1,872	713.6	+33.3	1,508.5	+63.3
April.....	60,768	-3,149	710.0	-3.6	1,516.4	+7.8
May.....	57,022	-3,746	640.2	-69.8	1,483.5	-32.9
June.....	54,341	-2,681	594.2	-46.0	1,407.0	-76.5
July.....	54,942	+601	651.2	+57.0	1,440.6	+33.6
August.....	54,511	-431	682.2	+31.0	1,496.7	+56.1
September.....	50,111	-4,400	669.8	-12.4	1,553.7	+57.0
<b>Movement to end September.....</b>		-16,153		+26.4		+164.9
	francs of 0.0441 gr. fine gold		florins of 0.6048 gr. fine gold		francs of 0.215 gr. fine gold	
October.....	64,359	-----	569.9	-----	2,408.4	+310.4
November.....	64,359	-----	569.9	-----	2,581.0	+172.6
December.....	60,359	-4,000	719.6	+149.7	2,709.0	+128.0
<b>Movement in last quarter.....</b>		4,000		+149.7		+161.0

<sup>1</sup> In addition the Exchange Funds acquired gold.

There is this striking difference between the gold movements of the three countries, that during the first nine months of the year the Nederlandsche Bank and the Swiss National Bank both added to their gold holdings, while the Bank of France sustained on balance a very heavy loss, which was only for a relatively small part due to a deficit on the current account of the balance of payments. During 1936 the gold holdings of the Bank of France dropped every month except in February, when the proceeds of the £40,000,000 loan taken up in London by the French Treasury became available, and in

July, when there was some repatriation of French funds. This period however was of short duration; in August the current again turned and the loss of gold during the first three and a half weeks of September 1936 was the heaviest ever experienced by the bank.

The immediate result of the devaluation of the French franc in the autumn of 1936 was the liquidation of the large volume of forward engagements, and this in itself caused a return movement of funds to the French market. After a short period in the latter half of October of no distinct movement in either direction, French funds again began to be transferred abroad and this movement continued into the opening months of 1937; in spite of the raising of a credit of £40,000,000 by the French Railways the movement became intense in February and in the first days of March, and the position was only relieved after various measures had been initiated in the second week of that month. These measures included the payment of the full market price for gold and the successful issue of two "tranches" of the National Security Loan made repayable in terms of certain foreign currencies.

In Switzerland the sale of gold from domestic hoards and the return flow of funds from abroad set in immediately upon the devaluation of the franc. The Swiss National Bank and the exchange fund acquired gold to an amount exceeding 500,000,000 gold Swiss francs in the course of a few months. As the quotations of shares and bonds on the Swiss stock exchanges rose very rapidly immediately after the devaluation, there was very little inducement for foreign capital to invest in Swiss securities and, in fact, few such investments were made. By the end of the year the return flow of Swiss funds was coming to a standstill and at the beginning of 1937 there were even some signs of renewed export of Swiss capital for the purchase of securities in the United States and elsewhere.

In the Netherlands, after the liquidation of some forward engagements in the first half of October 1936, the movement on the exchange market remained for a while without any definite tendency; but soon a demand by foreigners for guilders for the purchase of Dutch securities set in. Gradually the Dutch themselves began to move to the home market funds that had been previously exported, and towards the end of the year and

at the beginning of 1937 the return movement became very strong. The amount of gold acquired by the exchange fund has not been made known but the Nederlandsche Bank increased its gold holdings from 669,800,000 guilders on September 28, 1936, to 919,500,000 guilders at the end of March 1937.

The large amounts of gold which were taken by Switzerland and the Netherlands did not cause any strain on the outside gold markets for, quite apart from any measures taken by the various exchange funds, an abundant supply of gold was available not only from the mounting gold production but also from the outflow from France and the gold coming out of hoards. Even the last quarter of 1936 saw a substantial increase in the gold reserves of Great Britain and the United States.

In order to get a comprehensive idea of the amount of gold which had to be effectively disposed of in 1936, account must be taken not only of the amount of at least 5,000,000,000 gold Swiss francs available from current production, shipments from the East and de-hoarding in the West, but also of the amount of gold which came out of the reserves of the Bank of France and of other central banks. In the first nine months of 1936 the Bank of France lost 16,153,000,000 francs of the 1928 parity and in the last three months 4,000,000,000 francs of 0.0441 grammes fine gold were transferred to the exchange fund on the occasion of the repayment of the London credit, altogether making 3,888,000,000 gold Swiss francs. With the gold from other central banks, something like 10,000,000,000 gold Swiss francs was disposed of altogether.

It should be mentioned that the Soviet monetary authorities retained practically the whole of the gold produced in 1936 within the territory of the U. S. S. R. although some important sales abroad were made in the spring of 1937. Of the gold which moved internationally in 1936, the largest acquisitions were made by the Bank of England and the United States Treasury Department; next in order of magnitude come the purchases of the monetary authorities in Switzerland and the Netherlands. The disposal of the gold, as far as information is available, is shown in the diagram on the next page.

The increase in the gold reserves of the Bank of England, valued at £113,600,000 at the old parity or about £188,000,000 at the

Main Gold Movements in 1936 (in millions of gold Swiss francs)	
Origins of Supply	Destination
New Gold 4,024	Bank of England 2,865
Dehoarding 1,000 <i>(estimate)</i>	U.S.A. Treasury 3,447
From Bank of France 3,888	Russian State Bk. 966 <i>(estimate)</i>
	Swiss Nat. Bank 617
From other Central Banks 1,073	Other Central Banks & Exchange Funds 2,090

"New Gold" includes production plus shipments from the East less industrial requirements.

"Dehoarding" includes only dehoarding in the West.

market prices prevailing on the dates when the gold was acquired by the bank, has absorbed the greater part of the country's net import of gold, which valued in sterling at current prices amounted to £228,000,000. This large import of gold was not due to any surplus on the current account of the balance of payments for, according to the estimates of the Board of Trade there was a debit balance on this account of £19,000,000. Although in comparison with 1935 there were substantial increases in the sums received in respect of shipping and overseas investments, the import surplus of commodities rose by £73,000,000 (mainly as a result of larger imports of raw materials) and net exports of silver fell by £13,000,000. It may be added that subscriptions to new overseas issues on the London market amounted to only £32,000,000 in 1936 and were probably covered more than twice over by the amount received from sinking funds and from repayments at

maturity of overseas loans. Such credit balances as may have resulted from these transactions and from profits which have accrued during the year from sales and purchases of foreign securities account, however, for only a part of the net gold imports; these imports have in the main been the result of large-scale capital movements reflecting the increased holding of foreign capital, principally French, in London.

The gold reserves of the United States increased in 1936 by \$1,133,000,000; \$102,000,000 were obtained from domestic sources and \$1,031,000,000 on balance from abroad. Net imports were in fact \$1,117,000,000 but \$86,000,000 were earmarked for foreign account. For the third consecutive year the net gold imports exceeded \$1,000,000,000 and reflected the general movement of capital funds from foreign centres to the United States. On current account of the balance of payments a passive balance appeared for the first time since before the war. Total trade and service transactions, including interest and dividend items, resulted in a debit balance of \$132,000,000 in 1936 instead of a credit balance of \$208,000,000 in the previous year. The change-over was brought about, on the one hand, by a reduction in the export surplus of merchandise from \$236,000,000 in 1935 to \$34,000,000 in 1936 and, on the other hand, by a net increase in freight and shipping payments, tourist expenditure and immigrants' remittances of \$128,000,000. Net receipts from dividends and investments remained unchanged at the figure of \$375,000,000 to the credit of the United States. As a result of continued foreign purchases of American corporate shares and of the higher dividend rates declared in the course of the year, interest and dividend payments to foreign holders of American securities rose by \$54,000,000, but this increase was offset by an increase in the income from American direct investments abroad.

Net recorded movements of capital to the United States amounted to \$1,141,000,000 as compared with \$1,536,000,000 in 1935; and it is this continued flow of capital which accounts for the large movement of gold to the United States. It is indeed an interesting phenomenon that the two countries which in 1936 were the largest recipients of gold both reported an adverse balance on the current account of their balances of payments in that year.

Reference has already been made to the increase in the reserves of the Swiss National Bank and of the Nederlandsche Bank. Among other central banks which have increased their gold holdings during 1936, the largest additions have been made by the Sveriges Riksbank by about 169,000,000 gold Swiss francs, the result partly of purchases of internal production and partly of imports from abroad. The Bank of Japan increased its gold holdings by 114,000,000 gold Swiss francs as a result of purchases of domestically produced gold and the National Bank of Belgium by 77,000,000 gold Swiss francs. Forty-four million gold Swiss francs were added to the reserves of the Bank of Finland; in 1936, as in the previous year, the bank converted part of the amount accruing from a surplus on the current account of its balance of payments into gold in its monetary reserves. The Bank of Norway was also able to increase its gold holdings—thanks in part to an improvement in the country's balance of payments. And among the Baltic countries the gold holdings of the Lietuvos Bankas were doubled during the year.

The gold holdings of the Banca d'Italia were revalued at the time of the devaluation in the autumn of 1936 and, the book profits having been allocated to the State, amounted at the end of the year to 3,959,000,000 lire as compared with 3,027,000,000 lire at the end of 1935. In terms of gold, however, there was a diminution over the year amounting to about 188,000,000 gold Swiss francs. The gold holdings of the Reichsbank fell from RM 82,500,000 at the end of 1935 to RM 66,500,000 at the end of 1936, the decrease being accounted for mainly by the internal requirements of gold for the arts and industry. The imports and exports of gold during 1936, as returned by the German customs statistics, approximately balanced; at the beginning of 1937 there was, however, an increase in the imports of gold resulting from the conversion into gold of the proceeds of foreign exchange and certain foreign securities surrendered under the new exchange decree.

In the course of the year the gold holdings of the National Bank of Czechoslovakia were reduced by the equivalent of 65,000,000 gold Swiss francs and those of the Bank Polski by 30,000,000 gold Swiss francs. In Czechoslovakia no important gold movements occurred after the devaluation in the autumn. Finally, it should be mentioned that gold was

exported from Spain in connection with the civil war.

In those countries where exchange control has been imposed, outward movements of capital are prohibited except under special authorisation, and a free inflow of capital is, as a rule, excluded in the circumstances. For these countries, therefore, gold movements in the main still reflect changes on the current account of the balances of payments, but the amounts involved are small in comparison with the gold movements which result from international transfers of capital. It should be noted that the funds thus moving have only to a very small extent been obtained by credit operations; they have consisted chiefly of capital effectively owned by the individuals or bodies for whose account the transfer was made.

#### ABUNDANT GOLD SUPPLY IN THE MONETARY SYSTEM

The large movements of gold in recent years have given rise to a series of problems which have engaged the attention of the authorities in the various monetary centres. In addition to the task of preventing undue fluctuations in exchange rates, account has to be taken of the influence that an influx or efflux of gold may have on the internal currency and credit conditions in the countries affected. In the influx of gold into a market is the result of a movement of funds liable to be withdrawn again at any time, it may be dangerous for the central bank in the market receiving the funds to acquire the gold without any offsetting operation; for such acquisitions would lead to an increase in the credit base without any guarantee that the increase could be permanently maintained.

Considerations of this kind have largely determined the working of the British Exchange Equalisation Account, and it is interesting to note that the underlying idea of the policy of offsetting temporary movements of funds from one market to another was suggested by the Macmillan Committee in paragraph 355 (pp. 151 and 152) of the report published in the summer of 1931. Since that time the further question has arisen whether such acquisitions of gold as are not the counterpart to more or less temporary movements of funds should be allowed to raise the reserve balances of the commercial banks to a level which, especially during an upward trend in the business cycle, might be

considered undesirable or whether measures should be taken to neutralise as far as possible the effects of such acquisitions.

In Great Britain the establishment of the Exchange Equalisation Account in the spring of 1932 provided for the funds (mainly in the form of Treasury bills) required for intervention on the exchange market and, at the same time, for the regulation of the internal credit position. When the Account intervenes in the case of an inflow of funds the sale of the Treasury bills acts as an offsetting operation, preventing the inflow from increasing the cash balances of the joint stock banks at the Bank of England; when funds flow from the London market the Exchange Equalisation Account effects an offsetting movement by acting in the opposite way, namely, selling foreign exchange or gold and purchasing Treasury bills. An addition to the gold holdings of the Account does not, therefore, lead to an increase in bankers' balances. To provide for more notes in circulation or an increase in bankers' balances, the Bank of England may take over part of the gold without a counteracting sale of securities, or purchase securities on its own initiative.

The technique of offsetting has gradually been adapted to allow for different kinds of movements of credit and currency. If the funds coming to the London market are put into bank deposits and thus cause an increase in the total volume of these deposits, the amount of bankers' cash (their coin, notes and balances at the Bank of England) must be allowed to increase by about a tenth of the amount of the new deposits if it is desired to avoid a tightening of the banks' ratios (traditionally kept at the rate of about a tenth of total deposits). If, on the other hand, there is an increased demand for notes, the clearing banks will have to draw on their balances at the Bank of England in order to procure the notes to be paid out. To offset, in this case, the resulting reduction in the banks' "cash," the Bank of England must take steps to restore the balances of the banks up to the full amount of the increase in the note circulation. In the course of 1936 the note circulation increased by roughly £50,000,000 and the Bank of England provided for the increase by an addition to its gold holdings. There was, however, a further increase of £65,000,000 in the gold holdings of the Bank of England in December 1936;

in this case the object was to take over gold from the Exchange Equalisation Account (to render the Account more liquid) without causing a corresponding alteration in the credit base of the market. The gold was acquired by the Bank of England mainly against securities in a way that did not affect the balances of the joint stock banks. Simultaneously the fiduciary note issue (i. e. the amount of notes which may be issued by the Bank of England over and above its gold holdings) was reduced from £260,000,000 to £200,000,000.

In the United States the Exchange Stabilisation Fund, established at the beginning of 1934, bought gold for account of the Treasury and paid for it with funds obtained at the Federal Reserve banks against gold certificates, but it was not part of the Fund's task to undertake any offsetting open-market operations. Consequently, the inflow of gold, which amounted to approximately \$4,000,000,000 from the beginning of 1934 to the end of 1936, had the effect of adding an equivalent amount to the reserve balances of the member banks as well as to the deposits held with them. In this way reserve balances were built up far in excess of the statutory requirements; at the beginning of 1936 the excess reserves amounted to \$3,000,000,000.

It was feared that this increase in the credit base would lead to a dangerous expansion in the supply of money in the form of bank credit and, in order to counteract such a potential expansion, the Board of Governors of the Federal Reserve System decided to increase the reserve requirements for member banks. In July 1936 these requirements were increased by 50 percent and in January 1937 a further 50 percent increase of the original amount was ordered; the reserve requirements of the member banks have thereby been fixed at the highest rates allowed under the law. It was estimated in January 1937 that from May 1, when the increases become fully effective, the excess reserves of member banks will have been reduced to approximately \$500,000,000 which, in the opinion of the Board of Governors, is considered to be "an amount ample to finance further recovery and to maintain easy money conditions."

Another measure to counteract the effects of additions to the gold holdings was adopted in December 1936. On the 21st of that month the Secretary of the Treasury announced that

the Treasury would take appropriate action with respect to net acquisitions or releases of gold "by the sale of additional public debt obligations, the proceeds of which will be used for the purchase of gold, and by the purchase or redemption of outstanding obligations in the case of movements in the reverse direction." It was explained in the Federal Reserve Bulletin of January 1937 that, in so far as such action is taken, effects on reserves of additions to the gold supply, either from imports or from new production, will be offset by the sale to the public of an equivalent amount of United States Government obligations and by the setting aside of the purchased gold in an "inactive account" in the Treasury. An outward movement of gold will be similarly offset by the purchase or redemption of United States obligations in the market, thus restoring to it the funds lost through the export of gold. To this extent, therefore, the volume of member bank reserves will be neither increased nor decreased by changes in the supply of gold. By the end of April 1937, the amount of so-called "inactive gold" held by the Treasury and purchased out of ordinary Treasury resources since the measure was introduced in December 1936 amounted to over \$500,000,000.

In other countries also steps have been taken to offset the effects of large increases in the gold holdings. In the Argentine the Central Bank continued to sell during 1936 government securities out of its own holdings to the commercial banks; with the exhaustion of the Central Bank's own securities, the government created Treasury bills to absorb the incoming gold under a plan similar to that described above for the United States. In New Zealand powers have been given to the Reserve Bank to increase the minimum cash requirements of the commercial banks. In several other countries similar measures are being discussed and proposals framed to enable the monetary authorities either to tighten cash requirements or to intervene on the markets by the sale of securities. The measures thus taken or envisaged in different countries indicate the growing preoccupation with problems arising from an abundant supply and massive movements of gold. A policy of "sterilising gold" is being widely adopted and the question arises to what extent the measures involved will adequately neutralise the effects which an increased monetary sup-

ply of gold would normally exert. Considering the variety of circumstances that may occur, only a few typical and simplified cases can be considered to emphasize some of the more important points.

Suppose that gold is moved from one market to another, not to fill a gap in the current balance of payments but as a means of effecting the transfer of capital funds. Against the gold an equivalent amount of deposits is obtained with commercial banks of the recipient country and, if the central bank acquires the gold without any offsetting operation, the reserve balances of the commercial banks are also increased by a similar amount. Now, if the central bank sells securities to the amount of the gold acquired, the increase made in the reserve balances of the commercial banks will be wiped out. What happens to the deposits with the commercial banks will depend upon whether these banks or the outside market buy the securities. It is important to stress that the funds which were transferred from abroad were of a capital nature and, therefore, presumably will not be spent on the purchase of commodities but, if no longer kept on deposit, will be used for the acquisition of capital assets. As, however, the financial market has been provided with an increased amount of securities by the action of the central bank, a balance is brought about between the demand for, and the supply of, capital assets on the market. In individual cases there may be variations in that funds may move into the stock market or be otherwise invested instead of going into the market for government securities, but on the whole it may be assumed that the inflow of funds and gold has been more or less offset in the way described. It is necessary, however, that the money received in payment for the securities sold by the central bank should remain unspent, and the interest on these securities will, therefore, be a net burden on the central bank or the government, as the case may be. No essential change is produced by the substitution of an exchange fund for the central bank as the body performing the offsetting operations. It is simply necessary that a sufficient amount of government securities should be available for intervention on the market, and the establishment of an exchange fund may have been the method chosen (as in London) to provide these securities.

A more difficult problem arises when the

gold is derived from current production. The first result of an acquisition of such gold is of course, as in the previous case, to produce an increase in the deposits with commercial banks and an increase in the banks' reserve balances at the central bank. It is also true that a sale of securities by the central bank to the amount of the gold acquired reduces the balances of the commercial banks with the central bank and in that way a multiple expansion of credit within the monetary system is avoided. But what happens to the deposits which were obtained in the commercial banks? These deposits in the hands of the gold producers are not a form of capital assets but must in the main be expended by them for the payment of wages, materials, taxes and dividends. The result is an additional demand for commodities based on an expansion of monetary purchasing power. Such an expansion may be desirable to counterbalance an increased production of goods, but if the expansion should be too great, the question arises how the increase in the volume of purchasing power can be offset. There would have to be, in some way, a restriction in the volume already existing corresponding to the amount obtained by the gold producers, as long as they can sell their gold within the monetary system. A restriction of the kind required would be produced if the amounts needed to acquire the gold were raised by taxation or through loans raised from effective savings. In the case of securities being sold by the central bank to neutralise the gold acquisitions, these securities must absorb part of current savings in order to prevent not only an enlargement of the credit base but also an increase in the volume of purchasing power directed towards the purchase of commodities. Even then, in order to make the intervention effective, the absorption of savings to provide funds for the acquisition of the new gold may have to be carried to the point at which it stiffens interest rates. In so far as credit measures are adopted to neutralise the effects of a too abundant gold production, it may thus be asked whether it is possible to continue for long the application of a cheap money policy.

In practice it may be difficult to follow the effects of the newly-mined gold as it moves from the producers to the various monetary centres, but the tendency that such gold has to increase the demand for commodities cannot be doubted.

In 1936 the amount of gold that moved internationally was exceptionally large for, in addition to the mounting gold production, gold continued to be shipped from the East and was dehoarded in the West. Moreover, an amount fully as large as the year's production came out of the reserves of the Bank of France. Obviously, some of these supplies will prove to be only temporary: the shipments from the East were smaller than in previous years and may soon be reversed; dehoarding in the West, which began after the devaluation of the gold-bloc currencies, has already accounted for a fair portion of the accumulated hoards; and the improvement in the economic and financial position of France has had a moderating effect on the outflow of gold from that country. There remains the current gold production. In the year 1936 the world's output of gold was in ounces nearly 80 percent above the average annual output in the period 1924-29. In this period, at the gold price in London of 84 s. 11½ d. an ounce, the annual output had a value of about £80,000,000, of which about £50,000,000 were available for monetary purposes; and in 1936, at a gold price of about 140 s. an ounce, the value of the output had risen to £245,000,000, the whole being available for monetary purposes. All the indications from the producing countries point to a continued rise in output: in South Africa the work of development is just beginning to make itself felt; in the U. S. S. R. gold production is still mounting and exports were resumed in March and April 1937; in Canada, official reports predict a further large increase; only in the United States would the output seem to have reached, if not its maximum, at least a level which is unlikely to be greatly exceeded. It has been forecast that before long the world's gold production may be at the rate of 40 million ounces per annum, or more than twice as high as in 1929.

The recent extension of production has been based on present price and cost conditions, and it may be questioned whether an increase in costs, itself an effect of the larger supply of gold, may not be expected to exert a restraining influence on future production. This presupposes, it should be noted, that the measures for sterilising gold at present applied do not succeed in preventing the increased supply from raising the level of costs and prices. Let it be assumed, however, that costs and commodity prices reach a level ap-



proximating to that obtaining in the years 1926-29; at \$35 or 140 s. an ounce, the price of gold would still be nearly 70 percent higher than it was in those years. The Union Corporation in its report for 1936 states that "weighted by the population of the various countries, the average price for gold throughout the world is now some 85 per cent. above the average price for 1929." In these circumstances, there is not much prospect for a number of years to come that a rise in costs and prices will really exert a restraining influence on gold production.

Turning to the demand for gold, it seems likely that countries in the East will soon begin to hoard the metal again. In the period 1926-29 the gold demand from the East amounted to something like £15,000,000 a year, and maybe a somewhat higher demand can be expected as prosperity returns. Moreover, the adoption of gold as part of the monetary reserves of China may provide a new outlet for gold in the East. The gold that goes into the eastern hoards has, however, as a rule to be acquired out of current savings and a surplus in the balance of payments, and the amounts which will be absorbed cannot be very large.

An exceptional demand for gold may come from countries in which present monetary reserves are deficient. In the absence of foreign lending, however, the replenishment of these reserves will most likely only be undertaken gradually. As far as France is concerned, a return flow of capital will no doubt be accompanied by a large movement of gold, but this movement will essentially be a redistribution of existing supplies, being a reversal of a previous outflow. At a time when current gold production is at the rate of £245,000,000 a year, the influence of even a substantial return movement of funds will hardly produce more than a temporary alleviation.

It should also be mentioned that the demand for gold in the arts and industry, which previously absorbed as much as 20 percent of the yearly production, at present absorbs less than 5 percent of the current output.

In these circumstances the countries that already possess large monetary reserves will presumably continue to be faced with the task of absorbing large and increasing amounts of new gold; and a continuation of the policy of sterilisation will involve them in ever-increasing expenses. It is not surprising that

the problems that have thus arisen are being seriously considered and that alternative solutions are being put forward. For instance, the suggestion has been made that gold production should be controlled and reduced; but the adoption of such a measure, which deserves further consideration, has become more difficult in recent years owing to the increase in the number of producing centres. It has also been suggested that gold coins should again be put into circulation. In some countries it might be possible to do so, but experience shows that, once the public has lost the habit of carrying gold coins, it is difficult to reintroduce them into active circulation. And even if it were possible, it would not solve the whole problem. There would certainly be no increase in the commercial banks' balances at the central bank so long as the gold went into circulation, but the new coins when not hoarded might also constitute an addition to the existing volume of purchasing power, while gold production would not be reduced. It is pertinent to remember that in the years before the war, when gold was effectively in circulation to an extent that it would be difficult to attain again, the increase in the South African gold production brought about an appreciable rise in prices.

It has also been suggested that the price paid per ounce of gold should be lowered from the high figures to which it has risen in terms of depreciated currencies; in that way the amount of monetary purchasing power produced by a given weight of gold would be reduced, and a restraining influence would also be exerted on the output of gold, for gold mining would become less profitable. It can hardly be doubted that at present a lowering of the price of gold would help to cope with the serious problems resulting from the overabundant production. It would, however, cause certain difficulties with regard to valuation of existing gold reserves and the relative position of currencies (the latter, in so far as equilibrium has already been attained, should be disturbed as little as possible). It would, moreover, involve the danger of manipulation of currencies in the future, which would add an element of instability and distrust to the monetary structure.

In the discussion of a reconstruction of the world's monetary system these various questions, difficult though they may be, cannot be avoided. Also from the point of view of the gold producers, it is important to establish

conditions that will render gold continuously useful as a basis for currencies, instead of concentrating attention on immediate profits.

#### CAPITAL MOVEMENTS AND INTERNATIONAL SHORT-TERM INDEBTEDNESS.

Large movements of capital between creditor countries continued to dominate the exchange markets in 1936 as in the two previous years. The flow of funds effected through transfers of gold to England, the Netherlands, Switzerland and particularly the United States, has become an embarrassment and the possible effects of these large movements is a subject for serious consideration. Foreign investment for the initiation of new enterprises is still at a low ebb, in fact, debtor countries whose exchange conditions have improved are repaying old loans and credits, particularly to England and the United States. There are, however, signs of direct private investment in such countries as the Argentine and Australia, which have been able to carry out their obligations during the depression. Short-term foreign-owned balances have continued to accumulate in London and New York, while short-term credits previously obtained from abroad by countries where exchange restrictions are in force, as well as other blocked and frozen debts, continue to be slowly and painfully liquidated. The countries making these liquidations have in general insufficient external resources, while those receiving the funds are concerned about the growth of their monetary reserves.

The most important movement has been in the direction of the United States, and it can be followed, as in the case of no other country, with a large degree of accuracy—thanks to the statistical information made available by the U. S. Department of Commerce and recently also by the U. S. Treasury.

Before the war the foreign holding of American securities was estimated at about \$5,000,000,000 and, as foreign securities held in the United States were negligible, this figure represented roughly the net debtor position. During the war about half of these American investments were sold back and the world borrowed in the United States, which became a strong creditor country and in the 'twenties the biggest lender to foreign countries. To a certain extent, however, foreigners again built up a substantial holding of American investments. In 1931 American lending on long and short-term account

ceased but foreigners drew heavily on their accumulated short-term dollar assets and on balance the outflow of capital from the United States continued during 1931-33, accompanied at times by an efflux of gold and augmented during the latter year by a flight of American funds from the depreciating dollar.

After the fixing of the new value of the dollar at the end of January 1934 at the rate of \$35 an ounce of gold, compared with the old price of \$20.67, a violent change occurred in the trend of capital movements: the United States became overnight the biggest capital-importing country in the world. In the three years 1934-36 the import of capital amounted to \$4,000,000,000, corresponding almost exactly to the import of gold over the same period (the active balance on current account of the balance of payments being well covered by silver imports from abroad). This global figure includes a number of diverse movements: American flight-capital returned, credits from American banks to foreign countries were withdrawn, foreigners repurchased and redeemed issues previously made in New York and bought American securities, and also increased their short-term assets in the United States.

Of the \$4,000,000,000 capital flow some three-quarters are "recorded" in the annual statistics on the balance of payments published by the U. S. Department of Commerce, while the remainder appears only in a "residual item", which must also be taken to include a certain allowance for the balance of errors and omissions on current account. On the basis of these data, as well as from information recently issued by the U. S. Treasury Department, the following table has been made showing the composition of the capital influx for the years 1934-36:

#### NET CAPITAL INFLUX TO U. S. A.

[In millions of dollars]

	Recorded			"Residual" <sup>1</sup>	Grand total	Gold imports (net)
	Long-term	Short-term	Total			
1934.....	194	192	386	482	868	1,132
1935.....	442	969	1,411	455	1,866	1,739
1936.....	792	403	1,195	146	1,341	1,117
Total.....	1,428	1,564	2,992	1,083	4,075	3,988

<sup>1</sup> Including, for convenience of presentation, some recorded miscellaneous items which explains the difference in the totals of the recorded movements compared with those given on page 560).

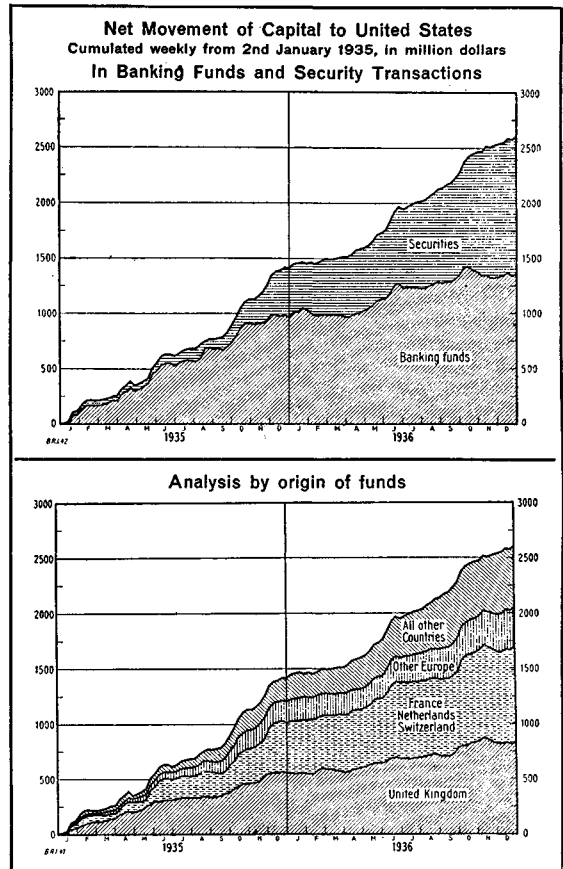
The movement was at its strongest in 1935 when the influx of short-term capital was greatest; it continued, however, on a large scale in the following year with a preponderance of long-term transactions.

Of the net recorded influx of short-term capital amounting in the three years to about \$1,560,000,000, withdrawals by American banks from abroad account for \$560,000,000, of which nearly half represents the gradual liquidation of frozen claims on European and Latin American countries. Foreigners (i. e. persons and institutions domiciled abroad) increased their balances and other short-term claims in the United States by \$1,000,000,000, the total amount accumulated at the end of 1936 being \$1,500,000,000, i. e. about three times as much as at the end of 1933 but only half the volume of corresponding assets in 1929. When, however, comparison is made with the position seven or eight years ago, it must be remembered that central banks then possessed much larger dollar holdings than at present, and also that recent figures are somewhat more comprehensive than in previous years. At the end of September 1936 the principal holders of short-term assets in the United States were as follows:

	Millions of dollars
United Kingdom .....	300
France .....	172
Netherlands .....	81
Switzerland .....	154
Canada .....	174
Latin America .....	203
Far East .....	211
All other .....	201
<b>Total .....</b>	<b>1,496</b>

There was little decline of the balances of France, the Netherlands and Switzerland after September 1936, but some reflux of British balances took place, accompanied by a reduction of the discount on forward sterling and some stiffening of interest rates in London. British banking funds employed in New York, as well as American balances in London, are very sensitive to movements of short-term interest rates and the forward dollar-sterling exchange rate.

Some of the short-term assets held by foreigners in the United States may be "refugee" funds and the fact that the building-up of funds, on account of England and the old gold-bloc countries, took place at irregular intervals during periods of political and



monetary uncertainty in Europe may suggest possible instability in the future. But the fact must not be overlooked that a very substantial part of these funds and the funds of other countries which have built up balances in a regular manner represents an accumulation of working balances customarily employed in foreign markets. "With an improvement in world trade, it is not improbable that the working balances which would be kept here will increase markedly", wrote the Secretary of the U. S. Treasury in an open letter in September 1936; this is particularly true at the present time when so many countries are forced to finance their own foreign trade instead of being able to obtain dollar credits.

The recorded net purchases of securities by foreigners over the three years amount to \$1,430,000,000, but of this \$535,000,000, or more than a third, represented net purchases and redemptions of foreign securities and may thus be regarded as a movement of

a permanent character. As regards purchases of American securities by foreigners, aggregating \$895,000,000, the movement did not get under way until May 1935 and on the whole has tended to gain in force since then. The Federal Reserve Bulletin for July 1936 makes the observation that "the purchase of American securities by foreigners since May 1935 appears to reflect conditions in the United States more than conditions in Europe" and that "the sustained character of the movement at times when European balances were not increasing, or were being reduced, as in the five months ending April 1936, suggests that foreign investors believe the American market offers an opportunity for profitable investment of their funds." Similarly, after the currency changes of September 1936, purchases of American securities continued as actively as ever.

The total of foreign investments in the United States was not known with any certainty until the U. S. Department of Commerce published the results of a detailed enquiry, which gave the following picture for the end of 1935:

**TOTAL OF FOREIGN INVESTMENTS IN THE UNITED STATES**

[In millions of dollars]

	Great Britain	Gold <sup>1</sup> bloc	Canada	Other countries	Total
Commonstocks (market value)	372	552	408	683	2,015
Preferred stocks (par value)	146	64	66	53	329
Bonds (par value)	91	338	49	129	607
Direct investments	362	276	322	85	1,045
Other investments	403	235	161	240	1,039
Total	1,374	1,465	1,006	1,190	5,035

<sup>1</sup> France, Netherlands and Switzerland.

"Although securities may have changed hands and market value fluctuated, foreigners have maintained in this country throughout the depression a volume of securities substantially as great as the amount now held," observes the Federal Reserve Bulletin, adding, "not more than 10 percent of the \$5,000,000,000 of long-term assets shown in the table as held by foreigners at the end of 1935 appears to have been acquired since 1933." The purchase of \$600,000,000 American securities by foreigners in 1936, together with the rise of market values, is estimated to have increased the foreign holding of American investments at the end of 1936 to about \$6,250,000,000. Many of these investments

may not be disturbed for years, if past experience is any guide. "There appear to have been no sustained foreign withdrawals from the American security markets even during the early years of the depression when confidence was at a low ebb and prices were declining sharply," says the Federal Reserve Bulletin. Although naturally an influx of capital continuing for more than three years at an average rate of over \$100,000,000 a month must be a cause of preoccupation, it seems unlikely that a sudden reversal of the movement will set in.

On the whole, American investments abroad have been far more variable during the last decade than foreign investments in the United States. In 1926, 1927 and 1928 new foreign issues were floated in the United States at a rate of over \$1,000,000,000 a year. But, during the past three years the creditor position of the United States in respect of bond issues and short-term credits has been reduced at a very rapid rate. It should be mentioned that American direct investments abroad in the form of industrial and commercial businesses and participations, etc., have shown much greater stability than the volume of bonded investments and short-term credits. In fact, American direct investments abroad increased throughout the depression and at the end of 1935 accounted for \$7,835,000,000 out of the total of all American foreign investments of \$12,630,000,000.

Where have the funds come from that have sustained the large capital movement to the United States in recent years? To throw light on this question it is of interest to summarise the figures published by the U. S. Treasury covering the influx of capital during the years 1935 and 1936 (upon which the

SHORT-TERM CAPITAL	In millions of dollars	ORIGIN OF INFLUX	In millions of dollars
American net withdrawals from abroad	456	United Kingdom.....	830
Net influx of foreign money	916	France.....	300
		Netherlands.....	230
		Switzerland.....	335
		Other European countries	356
	1,372	Total Europe.....	2,051
Security transactions			
Net purchases of American securities	917	All others.....	556
Net purchases of foreign securities	316		
	1,234		
Total capital influx	2,607	Total.....	2,607

graphs given earlier in this chapter were based).

American bank credits withdrawn in the two years were met, by and large, from the current balances of payments of the countries concerned—either from a general surplus, as in Finland, or from the earmarking of a particular item, as in the case of Germany (through the sale of registered marks). The amounts employed for repatriations and cash redemptions of dollar bonds were also in a large measure obtained from an active balance on current account in the countries which like Finland, Belgium and the Argentine have been able thus to reduce their foreign indebtedness. With regard to the purchase of American securities and the building-up of dollar balances, on the other hand, it cannot be said that the funds involved were produced from an active current balance of payments, except perhaps in a few cases, such as Canada. For England, the transfer of genuinely English funds was probably largely offset by receipts from repayments of old sterling loans (long as well as short-term), but for France, in particular, the outflow of funds was covered only by a charge on the monetary gold reserves.

Capital exports from France went partly to the United States, largely to England, but also to Belgium, Switzerland and the Netherlands. The U. S. Treasury figures do not show a very large capital import from France. In the twenty-one months from the beginning of 1935 to the devaluation in September 1936 only \$200,000,000 are recorded as being from France (\$130,000,000 short-term and \$70,000,000 security purchases)—equivalent to 3,000,000,000 of 1928 francs. But French capital exports were several times as great. In the same twenty-one months the Bank of France lost Fcs. 32,000,000,000 of gold, to which should be added Fcs. 5,000,000,000 of credits raised abroad. Allowance must, however, be made for the adverse current balance of payments over the period considered, withdrawals of foreign funds, hoarding of gold in France and certain other items, together some Fcs. 14,000,000,000, which, deducted from the gross figure of Fcs. 37,000,000,000, gives Fcs. 23,000,000,000 (say, \$1,500,000,000) as a measure of the French capital exported over this period. This figure although large is little more than half of the estimated export of French capital that took place in the years 1924/26; but in

the earlier period the French current balance of payments was active, whereas the strain of the efflux in recent years has fallen directly on the Bank of France and the Paris market.

The heavy outflow of funds from the French market during the first nine months of 1936 was the main factor responsible for the forcing-up of the dollar-sterling rate from 4.95 early in March to over 5.05 in September 1936. After the devaluations at the end of September 1936 the sterling-dollar rate, released suddenly from the pressure of incoming funds from the continent, fell rapidly to 4.90 early in October. Short sales of French francs before devaluation were mostly against sterling, and this position was covered in the first three weeks of October 1936. The return flow of funds to France after devaluation did not assume large proportions and, in fact, was reversed in November and the following months. In February 1937 a credit of £40,000,000 was raised in London by the French Railways and after the successful issue of the National Security Loan in France in the middle of March 1937 French banks sold some sterling to cover their subscriptions in francs, while dollars were also sold against francs.

The return of Swiss capital, on the other hand, was rapid after devaluation of the currency and appears to have been completed by December 1936, since when some slight efflux has taken place. In the last quarter of 1936 the cash assets of the two biggest banks in Switzerland with large international business rose from Sw. fcs. 250,000,000 to Sw. fcs. 660,000,000, those of four smaller banks from Sw. fcs. 135,000,000 to Sw. fcs. 225,000,000, while the cash of the cantonal banks rose from Sw. fcs. 150,000,000 to Sw. fcs. 300,000,000; at the same time sight balances at the Swiss National Bank increased from Sw. fcs. 460,000,000 at the end of September to Sw. fcs. 1,360,000,000 at the end of the year. The rapidity of the influx is shown by the fact that 85 percent of this increase took place in the month of October alone.

Besides Swiss capital there is doubtless some foreign capital which has taken refuge in Switzerland and the employment of this large accretion of funds without an inflation of values raises an acute problem. In the absence of new foreign issues on the market, it has been suggested that approved foreign securities already quoted on foreign stock exchanges should be introduced to the Swiss

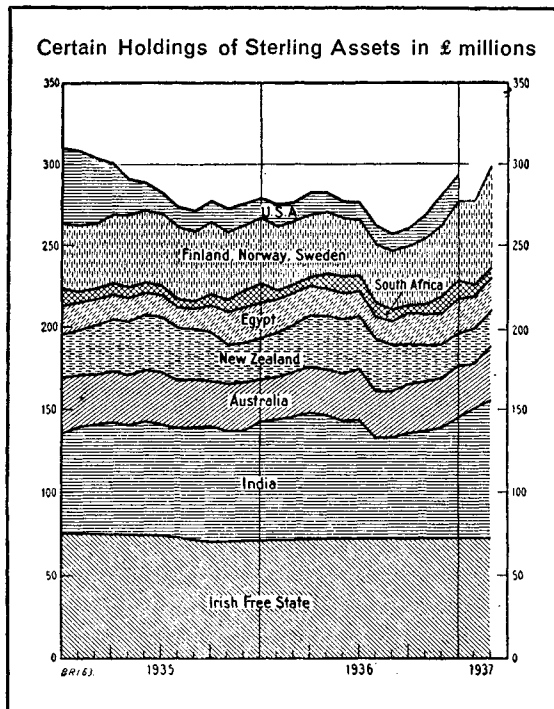
bourses; but, while such a measure might somewhat ease the plethora in Switzerland, it seems likely that if successful it would involve the export of gold to countries which already have abundant reserves.

The return of Dutch capital was somewhat slower in starting and was in fact rather preceded by foreign funds. Towards the end of the year, however, the inward flow gathered momentum and by the middle of February 1937 appeared to have ceased. Despite the large transfers of gold caused by the flow of funds to the Swiss and Dutch markets, the monetary reserves in London and New York, far from being reduced, rose substantially in the last quarter of 1936 and at the beginning of 1937. The gold supplies on the markets were increased by current production, large dehoarding on private account and the outflow of gold from France from November onwards.

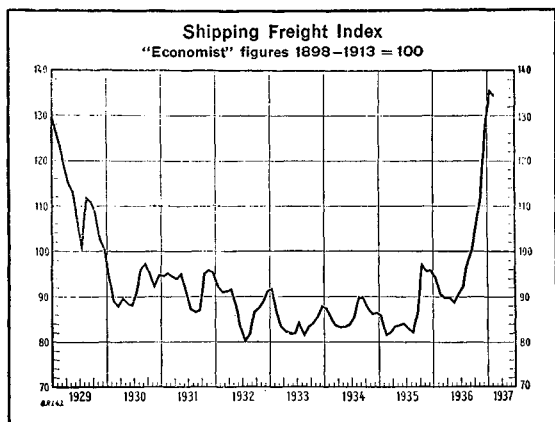
The rise of spot sterling against the dollar in the summer of 1936 to a level which it was expected would not be maintained led to a flow of banking funds from London for employment in New York, which could be advantageously covered owing to the wide discount on forward sterling. The following graph, giving the volume of certain funds in

London, shows how the balances of American banks were reduced during 1935 from the high level at the end of 1934, the development of a forward discount on sterling being sufficient to offset the higher interest rate in London and thus making the employment of American balances in London no longer profitable. The low level reached in the autumn of 1935 appears to be the working minimum of these banks.

Besides the balances of United States banks, the graph shows holdings of sterling funds by certain bodies in British and sterling-area countries. The sterling assets of the Currency Commission and the excess of sterling assets over sterling liabilities of the banks operating in the Irish Free State have remained very stable, being largely a form of permanent foreign investment. India and South Africa together, as mentioned in the next chapter, repaid in 1936 some £35,000,000 of old sterling loans from their own resources. Australia had a better year in 1936 largely owing to the increased prices obtained for Australian exports in the latter part of the year; there was also some influx of foreign funds. The sterling holdings of the Commonwealth Bank increased by about £5,000,000 over the year but this does not tell the whole story. The trading banks were also able to make a much-needed addition to their London funds, sorely depleted in the depression years. The Directors' Report of the Commonwealth Bank for June 30, 1936, says: "London funds at present are sufficient for normal requirements but are not sufficiently high to provide an adequate reserve against adverse circumstances." On the other hand, London funds of the Reserve Bank of New Zealand and the trading banks shown in the graph fell by £5,000,000 sterling on balance over the year to £20,000,000 sterling, the lowest point since the formation of the Reserve Bank. Although the total of London funds now held compares very favorably with the period before the acquisitions of sterling by the government in 1933, the wide seasonal fluctuations to which New Zealand's exports are subject make the conservation of an adequate holding of London funds desirable. The sterling holdings of the central banks of Finland, Norway and Sweden rose by £10,000,000, while these banks added some £20,000,000 sterling to their gold holdings in 1936, the movement continuing in the early months of 1937. All



three banks hold part only of their gold as metallic reserve, the balance being considered as secondary cover and in Norway specifically called "funds placed temporarily in gold." The Swedish position is unusual. The Swedish commercial banks normally hold net foreign short-term assets to the amount of Kr. 100,000,000-200,000,000, and in September 1936 these assets amounted to Kr. 130,000,000. In the following months, however, the position was suddenly reversed and at the end of March 1937 the banks' return showed a net deficit of Kr. 155,000,000. This appearance of a net liability was in no way due to an adverse development of the balance of payments, which, on the contrary, was active, but to a movement into krona assets connected with the belief that the krona would appreciate about 7 percent to the old parity with sterling. The foreign exchange was sold to the Riksbank and accounts for the increase of its holding of gold and foreign exchange to abnormal proportions in the first quarter of 1937.



Finland, besides repaying a long-term dollar loan in 1936, was able to increase its short-term foreign assets. The improvement in the short-term foreign position of Norway and Denmark is, however, in both cases partly due to the raising of new long-term debt abroad. Swedish lending to the Norwegian Government and the Mortgage Bank of the Kingdom of Norway amounted to Kr. 40,000,000 in 1936 and Norway benefited also from an improvement of freight rates, of great importance to its merchant fleet now in full activity. The Danish Government borrowed Kr. 40,000,000 in Stockholm in May 1936 (producing the equivalent of 45,000,000 Dan-

ish kroner) and the Mortgage Bank of the Kingdom of Denmark raised £1,500,000 in London in December 1936 (which was sanctioned by the British Treasury as the proceeds went to strengthen the sterling resources of a country in the sterling area). The short-term foreign debt of Danmarks Nationalbank was reduced in 1936, even showing a small net surplus of assets in the middle of the year for the first time since 1933. In January 1937 the net debt in foreign exchange of the Nationalbank at Kr. 14,000,000 showed an improvement of some Kr. 54,000,000 compared with January 1936.

During 1936 the trade balance of Italy improved, the passive balance being reduced to Lit. 2,100,000,000 from Lit. 3,200,000,000 in 1935. The publication by the State of the various clearing accounts to which Italy is a party was resumed in December 1936 and these accounts showed a not unfavourable situation.

The foreign indebtedness of Germany on account of repayments, devaluation of creditor currencies and other factors has been reduced as follows in recent years:

**FOREIGN INDEBTEDNESS OF GERMANY**

(In billions of reichsmarks at end of month)

	July 1931	Nov. 1931	Feb. 1932	Feb. 1933	Feb. 1934	Feb. 1935	Feb. 1936
Long-term.....	10.7	10.7	10.5	10.3	7.2	6.4	6.1
Short-term.....	13.1	10.6	10.1	8.7	6.7	6.7	6.3
Total.....	23.8	21.3	20.6	19.0	13.9	13.1	12.4

The figures for 1931 should be somewhat higher as in the returns for that year only debts above RM. 50,000 were included, whereas for later years the limit was lowered to RM. 5,000. The German foreign debt in gold values has thus been halved since the liquidity crisis. The devaluations in 1936 brought further reductions of the capital debt, which now amounts to about RM. 11,500,000,000. Credit lines under the standstill agreement continued to be reduced from RM. 1,567,000,000 at the end of February 1936 to RM. 1,165,000,000 at the end of February 1937 (of which RM. 1,041,000,000 were availed of). Conversions into registered marks in the first nine months of the 1936 agreement accounted for RM. 306,000,000 (of which RM. 255,000,000 were employed for travel purposes). The standstill agreement

was renewed in February 1937 for a further year with only slight modifications. The check to the rapid reduction of the German short-term indebtedness in 1934 was due partly to the maturing of long-term debt, which under the exchange restrictions was not transferred, and partly to the accumulation of new indebtedness. In the first half of 1934 the quotas of foreign exchange allotted to importers were gradually reduced and during the year commercial debts to foreign countries grew considerably. German debts on clearing and similar accounts reached their highest point of RM. 567,000,000 in March 1935, after which time the effects of the New Plan for balancing imports and exports began to be felt and a gradual reduction of these debts took place. From about RM. 500,000,000 at the beginning of 1936 the total clearing debts had fallen to RM. 415,000,000 in November 1936. These accounts give, of course, only the cash balances remaining of matured debts and thus do not give a complete picture. In particular, Germany has in recent years exported to an increasing extent on credit and the sums owing to German exporters and not yet due for payment are not inconsiderable. During 1936 the old commercial debts to England and Belgium were completely repaid and under the present system of payments with these countries no similar debts can be accumulated in future; some other countries such as the Netherlands and France were also able to obtain substantial reductions; on the other hand, German clearing debts to certain other countries increased, particularly to Poland for railway transit through the Corridor.

The difficulties experienced with regard to this and other amounts owing to Poland came at a bad time for that country, which suffered early in 1936 from a flight of capital; exporters tended to leave the foreign exchange proceeds of exports abroad, imports against cash increased and banks accelerated the repayment of foreign credits. Foreign exchange restrictions were introduced in April 1936, foreign trade control in May and transfer restrictions on the foreign debt service in June. The active balance of trade fell from Zl. 177,000,000 in 1934 to Zl. 64,000,000 in 1935 and Zl. 23,000,000 in 1936, while, in addition, gold coin was imported for hoarding purposes. The gold reserve of the Bank Polski fell from Zl. 510,000,000 in the middle of 1935 to below Zl. 370,000,000 in the sum-

mer of 1936, but there was some relief in the latter part of the year. Foreign credits granted to Polish banks were reduced by the equivalent of over Zl. 50,000,000 during the year by repayments and by the devaluations of foreign currencies in September, but in the meantime interest and other sums blocked under the exchange restrictions were accumulating. At the end of the year an important credit was obtained in France.

The total foreign debt of Hungary has recently been estimated at 2,400,000,000 pengö compared with 4,300,000,000 pengö in 1931, but these figures are given in gold values and the depreciation of the currencies of the creditor countries accounts for the greater part of the apparent reduction, although some repayments of capital and repatriations of bonds have also contributed.

There are few signs of a revival of international trade financing. Over a wide area the working of clearing agreements precludes the financing of foreign trade through the normal mechanism. The Governor of the Bank of England recently gave the amount of trade bills circulating in the London market at £130,000,000 in the spring of 1936 compared with £220,000,000/230,000,000 five years earlier (these figures being not necessarily complete but comparable). The decline of trade financing in dollars is even more remarkable, dollar bank acceptances outstanding declining from over \$1,500,000,000 at the end of 1930 to under \$400,000,000 in 1935-36.

Exports of foodstuffs and raw materials are, in general, made against very short credit terms or cash, in some cases even payment in advance (for crop financing purposes) while credit for three months or longer is given for industrial goods. It follows that agricultural countries, having been paid cash for their exports, are normally indebted on commercial account in respect of their imports over three months and more. In so far as the industrial countries have in recent years shortened the period of credit or, maybe, insisted on cash payment for their exports, they have often placed severe burdens on the agricultural (usually debtor) countries, even to the extent of forcing them into exchange restrictions.

There is unfortunately insufficient information available as to the terms of credit given in international trade but in some countries, for which these credits are of great im-



portance, estimates have been made in connection with balance of payments calculations. As an example it may be mentioned that Polish imports in 1928-29 were at the rate of over Zl. 3,000,000,000 per annum, while trade credits outstanding were over Zl. 1,000,000,000, so that an average of four months' imports was regularly made on credit. Credits granted by Polish exporters, on the other hand, were around Zl. 300,000,000, equivalent to about 1½ months' exports only. When trade fell off after 1929, trade credits were reduced even more severely—Polish imports fell, requiring proportionately less financing, but the foreign exporters gave shorter as well as smaller credits. Polish imports declined by one-third from 1929 to 1930, but the credits outstanding were reduced by more than one-half—imports were again cut by one-third from 1930 to 1931 and again credits were reduced by over 50 percent. By 1932 the value of Polish imports was little more than one-quarter of what it had been in 1928-29 while the trade credits received from foreign exporters were only one-eighth and represented the value of less than two months' imports. The credits granted by Polish exporters were not so easily reduced and remained the equivalent of about 1½ months' exports. In terms of cash this meant that on balance Poland repaid in three years about Zl. 800,000,000 of trade credits—a striking proof of the liquidity of these credits; the magnitude of this sum for Poland may best be realised when compared with the total gold and foreign exchange reserve of the Bank Polski, which at its highest point in 1928 was Zl. 1,350,000,000.

Several other countries which export mainly agricultural or similar products are now in a similar position, having almost entirely repaid the normal trade credits on account of imports and buying almost solely on a cash basis. These countries should be in a strong position when trade revives—any lengthening of import credits will go directly to ease the exchange position and help towards the reconstitution of the central bank's reserves. The marked increase in foreign trade since the summer of 1936 has, no doubt, been accompanied by some growth of commercial lending internationally but hardly any new facilities have been extended to countries with difficult exchange positions. From a purely technical point of view, it is not easy to combine the granting of credits with the existing system of clearings.

In the field of middle-term credits, mention should be made of the arrangement of a £10,000,000 trade credit for Russia in the United Kingdom to run for five years at 5½ percent with the principal and interest guaranteed by the Export Credits Guarantee Department. In addition a representative of this department was sent to China to study the possibility of similar trade credits to that country. While these schemes are designed primarily to increase British exports, they certainly facilitate the general increase of trade by prolonged credit terms. Now that for several reasons, including the large production of gold, Russia is in less need of trade credits than formerly, it has been granted middle-term credits on favourable conditions by a number of countries including Czechoslovakia, Germany and England.

The continued stagnation of international lending is partly the result of technical difficulties (such as the clearing systems) and partly due to a feeling of uncertainty as to general monetary and political developments. Actually, the influence of the different factors is closely intertwined. It would seem, however, as if there were a growing realisation of the losses imposed upon the world by the insufficient use made of the existing credit apparatus in international intercourse. In recent years great emphasis has often been laid on the part that appropriate credit conditions may play in assisting recovery in the various national economies. But the same need is found internationally; and at a time when the development of foreign trade is urgently needed to maintain a balanced recovery this factor should not be minimised.

#### TREND OF INTEREST RATES

Taking the world as a whole the tendency in the year 1936 continued to be towards the establishment of low levels of interest rates both on the short and long-term markets. Of twenty-six European central banks nine reduced their official discount rates on balance during the year, only two rates were increased, and the remainder were unchanged throughout the year. Outside Europe the same tendency prevailed, official discount rates being reduced in Japan and the Dutch East Indies (January 1937) and no increases being made. The money markets have been characterised by a continued, and in many cases increased, liquidity; only in certain countries of the sterling area, including Australia, Denmark and Norway, were there cer-

tain signs of a stiffening of rates during the year, while in the first quarter of 1937 the abnormally low rates which had prevailed on the New York market became somewhat higher. During the year there was a downward adjustment of long-term interest rates; but here also a reaction began to be noticeable in some countries, especially in the early months of 1937 when the quotations of British gilt-edged securities moved sharply down in January and February, and United States government bonds declined in March. There was generally very little increase in bank credit for industrial purposes, but in a large number of countries a rather marked advance in the volume of commercial financing reflected the increase in commodity prices.

#### CONCLUSION

A year ago recovery was well on its way and spreading; now it has reached the stage where strong upward forces dominate world economy and threaten even to produce in some branches a too rapid advance in costs and prices, suggestive of boom conditions. It may not be sufficiently realised how rapid the change has been and there may be a tendency still to hold fast to certain pessimistic ideas, which may have been appropriate during the depression but are out of date now that conditions have changed. Account must be taken of the fact that there has been an almost complete reversal of many of the problems before us and the policy to be pursued must be modified accordingly. To mention only one example: as far as government finance is concerned, not only has the need for extraordinary spending to stimulate general business activity disappeared but such spending may be directly harmful to a healthy development.

On the whole it may probably be assumed that, mindful of the violent economic changes during the post-war period, not only those in authority but also the public are more fully aware of the dangers arising from the development of an unbalanced position. It is important, however, to concentrate attention not on the symptoms but to deal with the more fundamental causes liable to produce a dangerous disequilibrium. During the difficulties that prevailed in the black days of the depression, it was perhaps unavoidable that many hasty measures should be taken, but these, although understandable in an emergency situation, tended to increase rather

than reduce the state of uncertainty. It is to be hoped that in a period of relative prosperity more calm and more caution will be observed and that efforts will be made to build up a more enduring stability both in the economic and monetary sphere.

There still remains the pressing need of reducing trade barriers and particularly those extraordinary hindrances to trade in the form of quotas and prohibitions built up in the past seven years; the other acute problem is that of establishing a monetary system that will combine an international stability of exchanges with a policy, both national and international, directed as far as possible towards the maintenance of a sound credit and currency position. In addition, the burden of international financial obligations must be alleviated, where this has not yet been done, by conversions to a level of interest rates more in conformity with present conditions. Without attacking these fundamental problems of world economy and finance, little hope can be held out as to the chances of achieving a lasting improvement in the various national economies. It cannot be denied, however, that a mastering of the problems involved in business fluctuations is connected with the question of government expenditure, particularly in view of the recent increase in outlay on armaments; and this connection is only one example of the political aspects of the problems before us. It would be vain to think that purely technical arrangements can guarantee sound economic developments and make an improvement in the standard of living possible, if the underlying conditions for a peaceful interchange of goods and a balanced position in the different countries are not fulfilled. All economic activity must reckon with the future and if there is a continued lack of stability, the soundest businesses will be forced either into a curtailment of their operations or compelled to take speculative risks. Instead of embarking upon expedients that would bring little or no advantage and might easily hamper normal economic development, an attempt should be made to get to the root of the matters responsible for the present difficulties. World opinion is beginning to demand that a serious effort be made towards the solution of the great outstanding problems, and this task must be attacked with the understanding, courage and goodwill necessary to achieve satisfactory results.

**BALANCE SHEET OF THE BANK FOR INTERNATIONAL SETTLEMENTS AS OF  
MARCH 31, 1937, AND MARCH 31, 1936**

[In thousands of old gold Swiss francs at par]

Assets	1937	1936	Liabilities	1937	1936
I. Gold in bars.....	45,087	24,198	I. Capital: Authorized and issued 200,000 shares valued at 500,000,000 Swiss gold francs of which 25 percent paid up.....	125,000	125,000
II. Cash on hand and on current account with banks.....	25,636	9,601	II. Reserves:		
III. Sight funds at interest.....	26,538	12,960	(1) Legal reserve fund.....	3,784	3,324
IV. Rediscountable bills and acceptances:			(2) Dividend reserve fund.....	6,092	5,845
(1) Commercial bills and bankers' accep- tances.....	101,347	150,250	(3) General reserve fund.....	12,183	11,690
(2) Treasury bills.....	130,696	188,279		22,059	20,859
	232,043	338,529	III. Long-term deposits:		
V. Time funds at interest:			(1) Annuity trust account.....	153,158	154,340
(1) Not exceeding 3 months.....	27,012	36,033	(2) German Government deposit.....	76,579	77,170
(2) Between 3 and 6 months.....	1,669	-----	(3) French Government deposit (Saar).....	1,404	2,031
	28,680	36,033	(4) French Government guarantee fund.....	42,819	61,930
VI. Sundry bills and investments:				273,959	295,471
(1) Treasury bills.....	111,390	100,006	IV. Short-term and sight deposits (various cur- rencies):		
(2) Railway and Postal Administration bills and sundry investments.....	148,042	126,838	(1) Central banks for their own account:		
	259,432	226,844	(a) Not exceeding 3 months.....	105,482	113,277
VII. Other assets:			(b) Sight.....	24,148	26,020
(1) Guaranty of central banks on bills sold.....	1,329	6,235		129,630	139,297
(2) Sundry items.....	96	6,383	(2) Central banks for the account of others:		
	1,425	12,619	(a) Not exceeding 3 months.....	-----	2,985
			(b) Sight.....	4,248	11,334
				4,248	14,319
			(3) Other depositors:		
			(a) Not exceeding 3 months.....	8	83
			(b) Sight.....	229	813
				237	896
			V. Sight deposits (gold).....	23,309	19,088
			VI. Miscellaneous:		
			(1) Guaranty on commercial bills sold.....	1,354	6,278
			(2) Sundry items.....	29,973	30,382
				31,327	36,661
			VII. Surplus:		
			Profit for the financial year ended Mar. 31.....	9,072	9,194
Total assets.....	618,842	660,783	Total liabilities.....	618,842	660,783

B.I.S. NOTE.—The whole of the short-term and sight deposits in various currencies (Item IV—Liabilities) are more than covered by assets either in the currencies of the deposits or in currencies free from exchange restrictions, and of the long-term commitments the French Government Deposit (Saar) and the French Government Guarantee Fund (Items III—3 and 4) are similarly covered. The remaining long-term commitments (Items III—1 and 2) which are recorded in a restricted currency (although the Bank's commitment in respect of Item III—1 is not clearly established), are covered by assets of the same currency, the gold value of a substantial part of which is specially guaranteed.

The capital, reserves, and surplus are represented to a large extent by assets in countries where exchange restrictions now prevail and do not permit of free conversion of their currencies into gold or other currencies; however, as to these assets an important part is secured by special contracts guaranteeing their gold value and in one case specifically permitting their transfer. Moreover, under Article X of the Hague Agreement of January 1930, the signatories thereto declared the Bank to be immune from any "prohibition or restriction of export of gold or currency and other similar interferences, restrictions or prohibitions."

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**FINANCIAL, INDUSTRIAL, AND COMMERCIAL STATISTICS**  
**UNITED STATES**

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**PRINCIPAL ASSETS AND LIABILITIES OF ALL FEDERAL RESERVE BANKS**

[In thousands of dollars]

	Wednesday figures							End of month		
	1937							1937		1936
	May 19	May 12	May 5	Apr. 28	Apr. 21	Apr. 14	Apr. 7	April	March	April
<b>ASSETS</b>										
Gold certificates on hand and due from U. S. Treasury.....	8,838,913	8,839,408	8,842,902	8,843,402	8,843,903	8,843,894	8,843,905	8,843,385	8,844,400	7,703,835
Redemption fund—F. R. notes.....	11,583	11,713	10,079	9,595	9,776	10,656	11,149	9,595	11,375	12,877
Other cash.....	289,155	288,280	279,497	289,136	282,306	279,673	273,758	282,019	285,028	332,496
Total reserves.....	9,139,651	9,139,401	9,132,478	9,142,133	9,135,985	9,134,223	9,128,812	9,134,999	9,140,803	8,049,308
Bills discounted:										
For member banks.....	15,282	15,654	16,835	10,999	7,492	10,548	7,950	12,098	11,807	5,474
For nonmember banks, etc.....					200	200	200		200	10
Total bills discounted.....	15,282	15,654	16,835	10,999	7,692	11,048	8,150	12,098	12,007	5,484
Bills bought:										
Payable in dollars.....	1,404	1,465	670	674	396	444	354	669	265	
Payable in foreign currencies.....	3,071	3,069	3,069	3,069	3,069	3,078	3,082	3,069	3,082	4,684
Total bills bought.....	4,475	4,534	3,739	3,743	3,465	3,522	3,436	3,738	3,347	4,684
Industrial advances.....	22,523	22,779	22,854	23,180	23,084	22,544	22,566	22,954	22,338	30,346
U. S. Government securities:										
Bonds.....	732,608	732,428	732,428	734,728	688,621	689,621	662,084	733,478	636,890	265,683
Treasury notes.....	1,152,213	1,152,393	1,152,393	1,156,393	1,174,343	1,190,343	1,190,343	1,156,393	1,218,843	1,554,889
Treasury bills.....	641,469	641,469	641,469	635,119	623,619	606,619	606,619	635,119	574,494	609,667
Total Government securities.....	2,526,290	2,526,290	2,526,290	2,526,240	2,486,583	2,486,583	2,459,046	2,524,990	2,430,227	2,430,239
Other Reserve bank credit.....	-3,890	6,295	7,184	6,486	2,227	4,471	-493	932	-9,680	4,330
Total Reserve bank credit outstanding.....	2,564,690	2,575,552	2,576,902	2,570,648	2,523,051	2,528,168	2,492,705	2,564,712	2,458,239	2,475,083
<b>LIABILITIES</b>										
F. R. notes in actual circulation.....	4,184,425	4,193,868	4,207,722	4,176,990	4,184,068	4,176,094	4,178,661	4,204,714	4,174,231	3,762,106
Deposits:										
Member bank—reserve account.....	6,918,227	6,942,727	6,882,362	6,933,816	6,876,640	6,900,752	6,683,964	6,881,167	6,639,080	5,485,655
U. S. Treasurer—general account.....	116,777	106,177	97,263	94,747	118,631	111,674	274,867	88,010	310,950	682,139
Foreign bank.....	126,110	104,979	103,914	96,017	99,234	93,622	93,463	94,873	71,405	80,635
Other deposits.....	123,933	131,566	181,699	173,966	145,780	142,271	153,102	192,664	164,149	275,262
Total deposits.....	7,285,047	7,285,449	7,265,238	7,298,546	7,240,285	7,248,319	7,205,396	7,256,714	7,185,584	6,523,691
Ratio of total reserves to deposit and F. R. note liabilities combined (per cent).....	79.7	79.6	79.6	79.7	80.0	80.0	80.2	79.7	80.5	78.3

**MATURITY DISTRIBUTION OF BILLS AND U. S. GOVERNMENT SECURITIES HELD BY FEDERAL RESERVE BANKS**

[In thousands of dollars]

	Total	Within 15 days	16 to 30 days	31 to 60 days	61 to 90 days	91 days to 6 months	6 months to 1 year	1 year to 2 years	2 years to 5 years	Over 5 years
<b>Bills discounted:</b>										
Apr. 28.....	10,999	10,226	59	84	487	133	10			
May 5.....	16,835	15,911	95	119	511	171	28			
May 12.....	15,654	14,580	133	465	218	239	19			
May 19.....	15,282	14,044	108	586	132	402	10			
<b>Bills bought in open market:</b>										
Apr. 28.....	3,743	30	310	614	2,789					
May 5.....	3,739	206	243	541	2,749					
May 12.....	4,534	874	136	666	2,858					
May 19.....	4,475	364	457	581	3,073					
<b>Industrial advances:</b>										
Apr. 28.....	23,180	942	221	413	661	2,269	3,815	5,558	9,301	
May 5.....	22,854	837	245	586	1,108	1,634	3,728	5,517	9,199	
May 12.....	22,779	795	206	577	1,101	1,688	3,840	5,569	9,003	
May 19.....	22,523	817	188	552	1,024	1,742	3,719	5,515	8,966	
<b>U. S. Government securities:</b>										
Apr. 28.....	2,526,240	23,790	27,770	59,278	67,123	354,334	375,302	254,971	679,815	683,857
May 5.....	2,526,290	27,420	26,007	63,221	65,208	351,765	376,376	254,971	679,815	681,507
May 12.....	2,526,290	27,870	24,667	68,121	73,108	344,144	372,087	254,971	679,815	681,507
May 19.....	2,526,290	26,107	28,520	68,298	76,689	333,891	376,312	254,971	679,815	681,687







## ASSETS AND LIABILITIES OF THE FEDERAL RESERVE BANKS, BY WEEKS—Continued

[In thousands of dollars]

	Total	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
<b>LIABILITIES—continued</b>													
<b>Surplus (section 7):</b>													
Apr. 28.....	145,854	9,826	51,474	13,362	14,323	4,869	5,616	21,504	4,655	3,116	3,613	3,851	9,645
May 5.....	145,854	9,826	51,474	13,362	14,323	4,869	5,616	21,504	4,655	3,116	3,613	3,851	9,645
May 12.....	145,854	9,826	51,474	13,362	14,323	4,869	5,616	21,504	4,655	3,116	3,613	3,851	9,645
May 19.....	145,854	9,826	51,474	13,362	14,323	4,869	5,616	21,504	4,655	3,116	3,613	3,851	9,645
<b>Surplus (section 13b):</b>													
Apr. 28.....	27,490	2,874	7,744	4,325	1,007	3,422	754	1,416	545	1,003	1,142	1,262	1,996
May 5.....	27,490	2,874	7,744	4,325	1,007	3,422	754	1,416	545	1,003	1,142	1,262	1,996
May 12.....	27,490	2,874	7,744	4,325	1,007	3,422	754	1,416	545	1,003	1,142	1,262	1,996
May 19.....	27,490	2,874	7,744	4,325	1,007	3,422	754	1,416	545	1,003	1,142	1,262	1,996
<b>Reserve for contingencies:</b>													
Apr. 28.....	36,142	1,570	9,260	3,000	3,121	1,522	1,690	7,888	1,197	2,069	941	1,847	2,037
May 5.....	35,993	1,570	9,110	3,000	3,121	1,522	1,690	7,888	1,198	2,069	941	1,847	2,037
May 12.....	35,974	1,570	9,091	3,000	3,121	1,522	1,690	7,888	1,198	2,069	941	1,847	2,037
May 19.....	35,939	1,570	9,091	3,000	3,121	1,522	1,690	7,860	1,198	2,062	941	1,847	2,037
<b>All other liabilities:</b>													
Apr. 28.....	7,965	424	1,800	1,269	617	374	277	1,391	325	316	328	318	526
May 5.....	6,833	446	1,610	499	579	395	287	1,394	314	311	263	255	480
May 12.....	7,410	427	1,885	755	645	411	306	1,261	338	309	294	254	525
May 19.....	7,041	429	1,749	542	636	395	288	1,308	323	304	309	237	521
<b>Total liabilities:</b>													
Apr. 28.....	12,445,145	767,699	4,384,683	843,954	993,904	479,420	397,427	2,174,340	431,747	292,237	445,646	305,160	928,928
May 5.....	12,431,243	774,535	4,299,113	844,739	1,023,572	500,710	403,869	2,145,359	431,493	298,758	454,255	316,903	937,937
May 12.....	12,488,935	774,192	4,320,580	833,269	1,032,966	503,938	407,207	2,145,751	433,520	308,578	456,530	318,630	953,774
May 19.....	12,523,821	766,043	4,376,584	838,968	1,022,492	502,098	403,435	2,159,560	432,085	301,813	455,842	316,272	948,629
<b>Contingent liability on bills purchased for foreign correspondents:</b>													
Apr. 28.....	784	57	283	77	72	34	27	91	23	18	23	23	56
May 5.....	1,034	76	373	101	95	45	36	120	31	24	30	30	73
May 12.....	1,532	112	553	150	141	66	54	178	46	35	44	44	109
May 19.....	1,532	112	553	150	141	66	54	178	46	35	44	44	109
<b>Commitments to make industrial advances:</b>													
Apr. 28.....	17,528	2,377	6,293	174	1,355	2,185	358	10	1,004	65	136	302	3,269
May 5.....	17,454	2,335	6,299	167	1,350	2,182	354	16	1,001	65	134	302	3,255
May 12.....	17,183	2,333	6,044	166	1,340	2,177	351	10	1,001	64	134	302	3,261
May 19.....	17,311	2,314	6,004	166	1,352	2,160	350	10	1,201	66	134	302	3,252

**INDUSTRIAL ADVANCES AND COMMITMENTS UNDER SECTION 13b OF THE FEDERAL RESERVE ACT, JUNE 19, 1934, TO MAY 19, 1937**

[Amounts in thousands of dollars]

Date (last Wednesday of each month)	Applications received to date, net		Applications recommended for approval by Industrial Advisory Committees to date (with and without conditions)		Applications approved to date by Federal Reserve banks (with and without conditions)						
	Number	Amount	Number	Amount	Total		Federal Reserve bank advances outstanding	Federal Reserve bank commitments outstanding	Approved but not completed <sup>1</sup>	Expired, repaid, or withdrawn by applicant, etc.	Financing institution participations outstanding <sup>2</sup>
					Number	Amount					
1936—Apr. 29.....	8,046	323,669	2,338	140,104	2,139	131,195	30,800	25,576	9,730	57,351	7,737
May 27.....	8,113	329,316	2,374	141,749	2,162	132,549	30,958	25,095	9,343	59,512	7,641
June 24.....	8,158	331,391	2,394	142,811	2,183	133,343	30,487	24,454	9,381	61,422	7,599
July 29.....	8,197	331,659	2,413	143,978	2,198	134,233	30,217	23,711	8,429	64,342	7,534
Aug. 26.....	8,240	333,930	2,437	145,939	2,218	135,421	29,265	23,355	9,168	66,304	7,329
Sept. 30.....	8,284	336,119	2,463	147,191	2,243	137,251	28,885	23,307	8,566	69,217	7,276
Oct. 28.....	8,308	336,763	2,477	148,237	2,259	138,731	27,038	22,790	8,544	72,915	7,444
Nov. 25.....	8,339	339,903	2,483	148,317	2,266	138,938	26,720	22,040	7,719	75,045	7,414
Dec. 30.....	8,379	342,699	2,500	149,204	2,280	139,829	25,533	20,959	8,226	77,903	7,208
1937—Jan. 27.....	8,398	342,999	2,506	149,527	2,287	140,213	24,781	20,238	7,697	80,500	6,997
Feb. 24.....	8,427	343,904	2,517	149,711	2,297	140,515	24,208	19,523	7,709	82,163	6,912
Mar. 31.....	8,463	346,911	2,543	150,561	2,323	141,545	23,054	18,611	7,898	85,215	6,767
Apr. 28.....	8,510	348,342	2,563	152,724	2,336	144,564	23,904	17,528	9,045	86,806	7,281
May 19 <sup>3</sup> .....	8,525	349,193	2,576	153,700	2,350	145,025	23,312	17,311	8,472	88,754	7,176

<sup>1</sup> Includes applications approved conditionally by the Federal Reserve banks and under consideration by applicant.

<sup>2</sup> Does not include financing institution guaranties of advances and commitments made by Federal Reserve banks, which amounted to \$11,352,447 on May 19, 1937.

<sup>3</sup> May 26 figures not yet available.

NOTE.—On May 19, 1937, there were 30 applications amounting to \$2,614,500 under consideration by the Industrial Advisory Committees and the Federal Reserve banks.

**FEDERAL RESERVE NOTES—FEDERAL RESERVE AGENTS' ACCOUNTS, BY WEEKS**

[In thousands of dollars]

	Total	Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco
Federal Reserve notes:													
Issued to F. R. bank by F. R. agent:													
Apr. 28.....	4,494,218	353,636	992,010	326,877	452,283	204,041	203,542	992,281	187,275	143,653	170,974	97,752	369,894
May 5.....	4,490,178	335,045	1,004,522	328,785	452,246	203,962	203,351	993,787	187,953	145,330	171,649	98,164	370,784
May 12.....	4,501,461	333,140	1,002,986	330,312	456,131	205,326	201,199	996,697	187,696	144,851	171,241	98,797	373,085
May 19.....	4,498,006	335,061	1,001,136	331,176	453,778	204,821	199,172	999,475	187,498	144,909	170,723	97,844	373,013
Held by Federal Reserve bank:													
Apr. 28.....	317,228	34,198	102,267	14,965	26,597	10,662	20,795	28,582	9,021	3,953	11,704	9,039	45,445
May 5.....	288,456	15,954	105,375	17,490	25,069	11,027	19,261	23,202	8,252	3,933	10,719	7,519	40,655
May 12.....	307,593	19,839	111,998	16,412	25,157	9,997	18,847	27,333	9,356	4,269	11,782	9,103	43,500
May 19.....	314,181	27,258	106,935	19,062	27,477	11,076	18,036	29,101	9,251	4,791	10,983	7,652	42,559
In actual circulation: <sup>1</sup>													
Apr. 28.....	4,176,990	319,438	889,743	311,912	425,686	193,379	182,747	963,699	178,254	139,700	159,270	88,713	324,449
May 5.....	4,207,722	319,691	899,147	311,295	427,177	192,935	184,090	970,585	179,701	141,397	160,930	90,645	330,129
May 12.....	4,193,868	313,301	890,988	313,900	430,974	195,329	182,352	969,364	178,340	140,582	159,459	89,694	329,585
May 19.....	4,184,425	307,803	894,201	312,114	426,301	193,745	181,136	970,374	178,247	140,118	159,740	90,192	330,454
Collateral held by agent as security for notes issued to bank:													
Gold certificates on hand and due from U. S. Treasury:													
Apr. 28.....	4,518,132	371,000	1,000,000	332,000	457,000	204,000	180,000	1,000,000	174,632	138,000	174,000	98,500	389,000
May 5.....	4,521,132	356,000	1,010,000	332,000	454,000	204,000	180,000	1,010,000	174,632	139,000	174,000	98,500	389,000
May 12.....	4,536,632	356,000	1,010,000	332,000	460,000	206,000	180,000	1,010,000	174,632	146,000	174,000	99,000	389,000
May 19.....	4,535,632	356,000	1,010,000	332,000	457,000	206,000	182,000	1,010,000	174,632	146,000	174,000	99,000	389,000
Eligible paper:													
Apr. 28.....	10,848	887	4,497	1,750	180	630	1,250	120	200	15	244	846	229
May 5.....	16,759	1,144	7,442	1,775	252	265	1,868	520	264	805	371	920	1,133
May 12.....	16,344	820	9,116	1,894	275	418	1,459	145	199	305	179	801	643
May 19.....	15,891	1,256	7,610	1,543	422	422	1,647	261	575	524	221	977	433
U. S. Government securities:													
Apr. 28.....	52,000	-----	-----	-----	-----	-----	30,000	-----	15,000	7,000	-----	-----	-----
May 5.....	52,000	-----	-----	-----	-----	-----	30,000	-----	15,000	7,000	-----	-----	-----
May 12.....	45,000	-----	-----	-----	-----	-----	30,000	-----	15,000	-----	-----	-----	-----
May 19.....	35,000	-----	-----	-----	-----	-----	20,000	-----	15,000	-----	-----	-----	-----
Total collateral:													
Apr. 28.....	4,580,980	371,887	1,004,497	333,750	457,180	204,630	211,250	1,000,120	189,832	145,015	174,244	99,346	389,229
May 5.....	4,589,891	357,144	1,017,442	333,775	454,252	204,265	211,868	1,010,520	189,896	146,805	174,371	99,420	390,133
May 12.....	4,597,976	356,820	1,019,116	333,894	460,275	206,418	211,459	1,010,145	189,831	146,305	174,179	99,891	389,643
May 19.....	4,586,523	357,256	1,017,610	333,543	457,422	206,422	203,647	1,010,261	190,207	146,524	174,221	99,977	389,433

<sup>1</sup> Includes Federal Reserve notes held by other Federal Reserve banks.

**RESERVE POSITION OF MEMBER BANKS,  
APRIL, 1937**

[Averages of daily figures. In millions of dollars]

Classes of banks and districts	Gross demand deposits	Net demand deposits <sup>1</sup>	Time deposits	Reserves with Federal Reserve banks		
				Re-quired	Held	Ex-cess
All member banks.....	29,922	24,801	11,163	5,271	6,824	1,552
Central reserve city banks:						
New York.....	10,287	9,540	747	2,209	2,739	530
Chicago.....	2,182	1,927	439	461	563	101
Reserve city banks:						
Boston district.....	977	875	118	159	210	51
New York district.....	197	160	140	35	38	2
Philadelphia district.....	1,174	977	240	184	295	111
Cleveland district.....	1,458	1,191	711	246	306	60
Richmond district.....	631	489	209	96	132	36
Atlanta district.....	583	432	163	84	96	12
Chicago district.....	1,134	859	483	176	217	41
St. Louis district.....	721	567	170	108	132	24
Minneapolis district.....	342	264	94	51	60	9
Kansas City district.....	938	666	160	125	161	36
Dallas district.....	578	397	109	75	94	19
San Francisco district.....	1,940	1,568	1,833	371	460	89
Total.....	10,673	8,444	4,429	1,710	2,201	490
Country banks:						
Boston district.....	793	624	574	107	142	35
New York district.....	1,237	984	1,372	193	277	85
Philadelphia district.....	584	448	851	100	135	36
Cleveland district.....	583	420	621	84	128	44
Richmond district.....	474	332	329	58	83	25
Atlanta district.....	473	311	205	49	74	25
Chicago district.....	775	553	608	100	168	68
St. Louis district.....	327	229	214	39	58	18
Minneapolis district.....	290	195	273	38	59	20
Kansas City district.....	431	268	156	41	71	30
Dallas district.....	466	298	91	41	73	32
San Francisco district.....	346	228	253	41	55	14
Total.....	6,779	4,890	5,547	890	1,321	431

<sup>1</sup> Gross demand deposits minus demand balances with domestic banks (except private banks and American branches of foreign banks) and cash items in process of collection.  
NOTE.—See table at foot of page 596, for percentages of deposits required to be held as reserves.

**MEMBER BANK RESERVE BALANCES,  
BY CLASSES OF BANKS**

[Averages of daily figures. In millions of dollars]

	All member banks <sup>1</sup>	Central reserve city banks		Re-serve city banks	Country banks <sup>1</sup>
		New York	Chi-ago		
Total reserves held:					
1936—February.....	5,808	2,579	487	1,745	998
March.....	5,420	2,271	463	1,708	978
April.....	5,300	2,163	506	1,675	956
May.....	5,638	2,384	636	1,657	961
June.....	5,484	2,183	682	1,664	954
July.....	5,861	2,279	653	1,886	1,042
Aug. 1-15.....	6,063	2,502	572	1,899	1,090
Aug. 16-31 <sup>2</sup> .....	6,291	2,503	580	2,005	1,204
September.....	6,345	2,462	619	2,046	1,218
October.....	6,594	2,574	637	2,153	1,230
November.....	6,785	2,695	651	2,185	1,254
December.....	6,665	2,662	605	2,157	1,241
1937—January.....	6,716	2,719	568	2,158	1,271
February.....	6,747	2,812	546	2,128	1,261
March <sup>3</sup> .....	6,704	2,652	533	2,203	1,315
April.....	6,824	2,739	563	2,201	1,321
Week ending (Friday):					
April 2.....	6,658	2,698	494	2,171	1,295
April 9.....	6,692	2,678	486	2,185	1,342
April 16.....	6,840	2,760	547	2,209	1,325
April 23.....	6,888	2,768	608	2,199	1,313
April 30.....	6,922	2,755	640	2,222	1,305
Excess reserves:					
1936—February.....	3,038	1,360	226	885	567
March.....	2,653	1,056	208	846	543
April.....	2,510	940	262	796	512
May.....	2,800	1,134	377	778	511
June.....	2,593	908	414	775	496
July.....	2,907	1,004	369	961	575
Aug. 1-15.....	3,105	1,226	290	970	619
Aug. 16-31 <sup>2</sup> .....	1,852	600	160	601	490
September.....	1,852	535	195	624	498
October.....	2,043	639	205	696	502
November.....	2,219	751	221	724	523
December.....	2,046	697	175	675	498
1937—January.....	2,093	767	147	662	518
February.....	2,151	868	128	651	505
March <sup>3</sup> .....	1,371	401	54	488	428
April.....	1,552	530	101	490	431
Week ending (Friday):					
April 2.....	1,394	472	50	466	407
April 9.....	1,433	460	40	481	452
April 16.....	1,566	548	83	500	435
April 23.....	1,609	566	135	485	423
April 30.....	1,643	557	164	507	415

<sup>1</sup> Weekly figures of excess reserves of all member banks and of country banks are estimates.  
<sup>2</sup> Reserve requirements increased 50 per cent effective Aug. 16.  
<sup>3</sup> Reserve requirements increased 16½ per cent effective Mar. 1.

**DEPOSITS OF MEMBER BANKS IN LARGER AND SMALLER CENTERS**

[Averages of daily figures. In millions of dollars]

Federal Reserve district	All member banks				Member banks in larger centers (places over 15,000)				Member banks in smaller centers (places under 15,000)			
	Gross demand		Time		Gross demand		Time		Gross demand		Time	
	April	March	April	March	April	March	April	March	April	March	April	March
Boston.....	1,770	1,781	692	691	1,652	1,663	565	564	118	118	127	126
New York.....	11,721	11,954	2,259	2,288	1,164	1,159	1,034	1,031	270	273	479	478
Philadelphia.....	1,757	1,738	1,091	1,073	1,538	1,519	654	638	220	219	437	435
Cleveland.....	2,041	2,040	1,332	1,330	1,813	1,813	1,056	1,057	228	227	276	273
Richmond.....	1,105	1,121	538	537	929	942	353	353	176	179	185	185
Atlanta.....	1,057	1,085	368	367	891	918	288	287	165	167	80	79
Chicago.....	4,091	4,180	1,530	1,527	1,605	1,619	840	834	304	303	251	248
St. Louis.....	1,047	1,063	384	383	855	873	283	284	192	190	100	99
Minneapolis.....	632	636	367	367	452	455	180	181	181	181	187	187
Kansas City.....	1,370	1,378	316	316	1,052	1,059	201	201	318	319	115	115
Dallas.....	1,044	1,052	200	199	782	791	159	159	261	261	40	40
San Francisco.....	2,286	2,258	2,085	2,090	2,153	2,124	1,987	1,991	133	134	98	99
Total.....	29,922	30,285	11,163	11,169	14,887	14,935	7,601	7,580	2,566	2,571	2,376	2,365

<sup>1</sup> Excluding central reserve city banks, for which figures for latest month are shown in table above.

**KINDS OF MONEY IN CIRCULATION**

[Outside Treasury and Federal Reserve banks. In millions of dollars]

End of month	Total	Gold certificates	Silver dollars	Silver certificates	Treasury notes of 1890	Subsidiary silver	Minor coin	United States notes	Federal Reserve notes	Federal Reserve bank notes	National bank notes
1936—April .....	5,886	103	34	886	1	309	132	249	3,726	56	391
May .....	5,953	102	34	914	1	312	133	265	3,760	54	378
June .....	6,241	101	35	955	1	316	135	278	4,002	52	366
July .....	6,162	100	35	958	1	318	136	274	3,937	50	352
August .....	6,227	99	36	986	1	321	137	278	3,978	48	342
September .....	6,267	98	37	998	1	326	138	278	4,011	47	332
October .....	6,351	97	37	1,020	1	329	139	282	4,076	46	324
November .....	6,466	96	37	1,051	1	334	141	289	4,156	45	316
December .....	6,543	95	38	1,057	1	337	142	289	4,233	44	307
1937—January .....	6,349	94	37	1,012	1	329	140	276	4,118	42	300
February .....	6,399	92	37	1,022	1	329	140	288	4,155	41	294
March .....	6,377	91	37	1,022	1	333	141	287	4,139	40	287
April .....	6,426	90	37	1,039	1	335	142	291	4,171	40	281

Back figures.—See Annual Report for 1935 (table 38).

**PAPER CURRENCY, BY DENOMINATIONS, AND COIN IN CIRCULATION**

[Outside Treasury and Federal Reserve banks. In millions of dollars]

End of month	Total in circulation <sup>1</sup>	Coin	Paper currency <sup>2</sup>										Un-assorted <sup>2</sup>		
			\$1	\$2	\$5	\$10	\$20	\$50 and over							
								Total	\$50	\$100	\$500	\$1,000		\$5,000	\$10,000
1936—March .....	5,877	472	439	32	804	1,378	1,361	1,399	362	641	125	247	7	17	8
April .....	5,886	475	442	31	804	1,379	1,360	1,404	360	643	126	249	7	19	9
May .....	5,953	480	451	32	820	1,402	1,369	1,409	363	648	127	245	7	19	10
June .....	6,241	486	463	33	850	1,468	1,466	1,479	398	683	127	245	7	18	4
July .....	6,162	490	460	32	844	1,459	1,431	1,449	383	667	127	247	7	19	3
August .....	6,227	494	471	32	863	1,482	1,436	1,452	381	667	128	250	6	19	3
September .....	6,267	501	477	33	868	1,488	1,437	1,467	383	673	130	253	6	21	4
October .....	6,351	505	484	33	882	1,516	1,460	1,478	385	679	132	255	7	19	7
November .....	6,466	513	492	33	900	1,548	1,486	1,501	390	690	132	258	7	23	7
December .....	6,543	517	499	35	906	1,563	1,501	1,530	399	707	135	265	7	18	8
1937—January .....	6,349	506	472	33	864	1,500	1,458	1,525	393	702	135	269	8	18	9
February .....	6,399	506	475	33	874	1,519	1,464	1,538	395	706	135	273	9	19	10
March .....	6,377	511	476	33	869	1,519	1,451	1,520	386	696	136	275	9	18	2
April .....	6,426	514	482	33	883	1,542	1,468	1,507	381	687	137	277	9	17	3

<sup>1</sup> Total of amounts of coin and paper currency shown by denominations less unassorted currency in Treasury and Federal Reserve banks.

<sup>2</sup> Includes unassorted currency held in Treasury and Federal Reserve banks and \$1,000,000 of currency of unknown denominations reported by the Treasury as destroyed.

Back figures.—See Annual Report for 1935 (table 39).

**TREASURY CURRENCY OUTSTANDING**

[Held by Treasury and Federal Reserve banks and in circulation. In millions of dollars]

End of month	Total	Silver dollars and silver bullion <sup>1</sup>	Subsidiary silver	Minor coin	United States notes	Federal Reserve bank notes	National bank notes
1936—April .....	2,500	1,230	330	138	347	57	398
May .....	2,490	1,236	330	138	347	55	384
June .....	2,498	1,255	332	139	347	53	372
July .....	2,496	1,264	335	140	347	51	358
August .....	2,500	1,277	338	142	347	49	348
September .....	2,512	1,294	341	143	347	48	339
October .....	2,515	1,303	346	145	347	47	329
November .....	2,521	1,310	351	146	347	46	322
December .....	2,532	1,323	356	147	347	45	314
1937—January .....	2,532	1,332	356	148	347	44	305
February .....	2,536	1,343	356	149	347	42	298
March .....	2,541	1,355	357	149	347	42	291
April .....	2,543	1,365	357	150	347	40	284

<sup>1</sup> Includes silver held against silver certificates amounting to \$1,243,000,000 on April 30, 1937 and \$1,099,000,000 on April 30, 1936.

**SHIPMENTS AND RECEIPTS OF UNITED STATES PAPER CURRENCY**

[By selected banks in New York City. In thousands of dollars]

Year or month	Shipments to Europe	Receipts from Europe	Net shipments	Net receipts
1932 .....	567	83,838	-----	83,271
1933 .....	554	91,059	-----	90,505
1934 .....	345	40,587	-----	40,242
1935 .....	10,628	19,966	-----	9,338
1936 .....	34,774	26,216	8,558	-----
1936—April .....	3,095	938	2,157	-----
May .....	3,852	1,685	2,167	-----
June .....	3,037	1,164	1,873	-----
July .....	900	2,348	-----	1,448
August .....	981	2,078	-----	1,097
September .....	3,949	1,131	2,818	-----
October .....	2,013	5,422	-----	3,409
November .....	5,960	1,536	4,424	-----
December .....	8,469	745	7,724	-----
1937—January .....	2,092	2,197	-----	105
February .....	4,279	3,265	1,014	-----
March .....	965	3,728	-----	2,760
April .....	1,434	3,023	-----	1,589

For description and back figures see BULLETIN for January 1932 pp. 7-9.

## GOLD STOCK AND GOLD MOVEMENTS IN THE UNITED STATES

## ANALYSIS OF CHANGES IN MONETARY GOLD STOCK

[In millions of dollars]

Year or month	Gold stock at end of year or month		Increase in total gold stock	Net gold import	Net release from earmark <sup>1</sup>	Other factors <sup>2</sup>
	Total	Inactive account				
1932.....	4,226	-----	52.9	-446.2	457.5	41.6
1933.....	4,036	-----	-190.4	-173.5	-58.0	41.1
1934.....	8,238	-----	4,202.5	1,133.9	82.6	2,986.1
1935—August.....	9,203	-----	59.5	46.0	1.8	11.7
September.....	9,368	-----	165.0	156.7	1.0	7.3
October.....	9,593	-----	325.2	315.3	-1.9	11.8
November.....	9,920	-----	226.7	210.6	.6	15.5
December.....	10,125	-----	205.2	190.0	1.3	13.9
Year.....	10,125	-----	1,887.2	1,739.0	.2	148.0
1936—January.....	10,182	-----	57.2	45.6	-1.7	13.3
February.....	10,167	-----	-15.5	-16.6	-9.5	10.6
March.....	10,184	-----	17.2	5.5	1.0	10.7
April.....	10,225	-----	41.0	28.1	-2	13.1
May.....	10,402	-----	176.7	170.0	-3.2	10.0
June.....	10,608	-----	206.6	277.8	-24.8	-46.4
July.....	10,648	-----	39.2	15.4	2.3	21.5
August.....	10,716	-----	68.4	67.5	-11.9	12.9
September.....	10,845	-----	129.0	171.8	-28.8	-14.0
October.....	11,045	-----	199.7	218.8	-11.3	-7.9
November.....	11,184	-----	139.6	75.8	3.0	60.8
December.....	11,258	26.5	73.3	57.0	-7	17.0
Year.....	11,258	26.5	1,132.5	1,116.6	-85.9	101.7
1937—January.....	11,358	126.5	100.1	121.3	-48.3	27.1
February.....	11,436	204.7	78.2	120.3	-8.0	-34.1
March.....	11,574	342.5	137.9	154.3	-4	-16.0
April.....	11,799	568.0	225.6	215.8	7.2	2.5

<sup>1</sup> Gold released from earmark at Federal Reserve banks less gold placed under earmark (with allowance when necessary for changes in gold earmarked abroad for account of Federal Reserve banks).

<sup>2</sup> Figures are derived from preceding columns and indicate net result of such factors as domestic production, movements into and out of nonmonetary use or unreported holdings, imports and exports that do not affect gold stock during the month or year, and increment resulting from reduction in weight of gold dollar.

Back figures.—See Annual Report for 1935 (table 32).

MOVEMENT OF GOLD TO AND FROM UNITED STATES<sup>1</sup>

[In thousands of dollars]

From or to—	1937					
	April		March		January-April	
	Im-ports	Ex-ports	Im-ports	Ex-ports	Im-ports	Ex-ports
Belgium.....	5,399	-----	1,131	-----	17,222	-----
France.....	596	-----	76	-----	12,673	-----
Germany.....	-----	-----	-----	-----	-----	-----
Netherlands.....	-----	-----	1,086	-----	1,371	-----
Switzerland.....	-----	-----	-----	-----	14,662	-----
Union of Soviet Socialist Republics.....	-----	-----	-----	-----	504	-----
United Kingdom.....	175,172	7	121,483	33	445,853	49
Canada.....	7,226	-----	4,925	-----	28,677	-----
Central America.....	290	-----	284	-----	1,120	-----
Mexico.....	1,980	6	3,248	6	16,328	15
Argentina.....	3	-----	-----	-----	6	-----
Chile.....	915	-----	723	-----	3,134	-----
Colombia.....	4,261	-----	3	-----	4,264	-----
Ecuador.....	135	-----	124	-----	568	-----
Peru.....	150	-----	250	-----	882	-----
Uruguay.....	-----	-----	-----	-----	-----	-----
Venezuela.....	42	-----	51	-----	217	-----
Australia.....	2,388	-----	3,467	-----	10,381	-----
British India.....	4,857	-----	4,017	-----	21,980	-----
China and Hong Kong.....	75	-----	265	-----	785	-----
Dutch East Indies.....	-----	-----	-----	-----	-----	-----
Japan.....	9,978	-----	5,696	-----	15,674	-----
Philippine Islands.....	2,231	-----	1,944	-----	8,408	-----
All other countries <sup>2</sup> .....	126	-----	5,598	-----	7,151	-----
Total.....	215,825	13	154,371	39	611,858	64

<sup>1</sup> Figures represent customs valuations which, with some exceptions, are at rate of \$35 a fine ounce.

<sup>2</sup> Includes all movements of unreported origin or destination.

Back figures.—See table p. 613, and Annual Report for 1935 (tables 34 and 35).

**ALL BANKS IN THE UNITED STATES**

Comprises all national banks in the continental United States and all State commercial banks, trust companies, mutual and stock savings banks and such private and industrial banks as are included in abstracts issued by State banking departments. Also includes, during the period June 1934-June 1935, private banks which, pursuant to the provisions of sec. 21 (a) of the Banking Act of 1933, submitted condition reports to the Comptroller of the Currency. Under the amended provisions of Sec. 21 (a) private banks no longer report to the Comptroller of the Currency. For comparative figures of private banks included in the figures from June 1934 to December 1935, see Federal Reserve Bulletin for December 1935, p. 883, and July 1936, p. 535. Figures for nonmember banks are for dates indicated or nearest thereto for which figures are available.

**NUMBER OF BANKS**

Call date	Total	Member banks			Nonmember banks	
		Total	National	State	Mutual savings banks	Other nonmember banks
1932—June 30.....	19,046	6,980	6,145	835	594	11,472
Sept. 30.....	18,794	6,904	6,080	824	1,594	11,296
Dec. 31.....	18,390	6,816	6,011	805	594	10,980
1933—June 30 <sup>1</sup> .....	14,519	5,606	4,897	709	576	8,337
Oct. 25 <sup>2</sup> .....	5,818	5,818	5,052	766	---	---
Dec. 30.....	15,011	6,011	5,154	857	579	8,421
1934—Mar. 5 <sup>3</sup> .....	---	6,206	5,288	918	---	---
June 30.....	15,835	6,375	5,417	958	578	8,882
Oct. 17 <sup>3</sup> .....	---	6,433	5,461	972	---	---
Dec. 31.....	16,039	6,442	5,462	980	579	9,018
1935—Mar. 4.....	16,024	6,422	5,446	976	579	9,023
June 29.....	15,994	6,410	5,425	985	571	9,013
Nov. 1.....	15,904	6,400	5,403	997	571	8,933
Dec. 31.....	15,837	6,387	5,386	1,001	570	8,880
1936—Mar. 4.....	15,808	6,377	5,375	1,002	569	8,862
June 30.....	15,752	6,400	5,368	1,032	566	8,786
Dec. 31.....	15,628	6,376	5,325	1,051	565	8,687

For footnotes see table below.

**DEPOSITS, EXCLUSIVE OF INTERBANK**

**DEPOSITS**

(In millions of dollars)

Call date	All banks	Member banks			Nonmember banks	
		Total	National	State	Mutual savings banks	Other nonmember banks
1932—June 30.....	41,963	24,755	15,629	9,126	10,020	7,188
Sept. 30.....	41,942	24,903	15,635	9,268	10,020	7,020
Dec. 31.....	41,643	24,803	16,101	8,702	10,022	6,818
1933—June 30 <sup>1</sup> .....	37,998	23,338	14,772	8,566	9,713	4,946
Oct. 25 <sup>2</sup> .....	---	23,453	15,070	8,383	---	---
Dec. 30.....	38,505	23,771	15,386	8,385	9,708	5,026
1934—Mar. 5 <sup>3</sup> .....	---	25,293	16,203	9,090	---	---
June 30.....	41,870	26,615	17,097	9,518	9,780	5,475
Oct. 17 <sup>3</sup> .....	---	27,484	17,693	9,791	---	---
Dec. 31.....	44,770	28,943	18,519	10,424	9,828	6,000
1935—Mar. 4.....	44,455	28,589	18,502	10,087	9,837	6,029
June 29.....	45,766	29,496	19,031	10,465	9,920	6,350
Nov. 1.....	47,522	31,072	20,128	10,944	9,936	6,513
Dec. 31.....	48,964	32,159	20,886	11,273	9,963	6,842
1936—Mar. 4.....	48,771	31,774	20,605	11,169	9,972	7,025
June 30.....	51,335	34,098	21,986	12,112	10,060	7,176
Dec. 31.....	53,701	35,893	23,107	12,786	10,143	7,666

For footnotes see table below.

**LOANS AND INVESTMENTS**

(In millions of dollars)

Call date	All banks			Member banks			Nonmember banks						
	Total	Loans	Investments	Total	Loans	Investments	Mutual savings banks			Other nonmember banks			
							Total	Loans	Investments	Total	Loans	Investments	
1932—June 30.....	46,071	27,834	18,237	28,001	16,587	11,414	10,316	6,130	4,186	---	7,755	5,117	2,637
Sept. 30.....	45,852	26,985	18,867	28,045	15,924	12,121	10,316	6,130	4,186	---	7,491	4,931	2,560
Dec. 31.....	44,946	26,063	18,883	27,469	15,204	12,265	10,182	6,079	4,103	---	7,295	4,780	2,515
1933—June 30 <sup>1</sup> .....	40,076	22,203	17,872	24,786	12,858	11,928	10,044	5,941	4,103	---	5,246	3,404	1,841
Oct. 25 <sup>2</sup> .....	---	---	---	24,953	13,059	11,894	---	---	---	---	---	---	---
Dec. 30.....	40,319	21,977	18,342	25,220	12,833	12,386	9,985	5,906	4,079	---	5,115	3,238	1,877
1934—Mar. 5 <sup>3</sup> .....	---	---	---	26,548	12,706	13,842	---	---	---	---	---	---	---
June 30.....	42,502	21,278	21,224	27,175	12,523	14,652	9,904	5,648	4,256	---	5,423	3,108	2,315
Oct. 17 <sup>3</sup> .....	---	---	---	27,559	12,293	15,267	---	---	---	---	---	---	---
Dec. 31.....	43,458	20,473	22,984	28,150	12,028	16,122	9,782	5,491	4,291	---	5,526	2,955	2,571
1935—Mar. 4.....	43,747	20,394	23,353	28,271	11,953	16,318	9,775	5,478	4,297	---	5,701	2,963	2,738
June 29.....	44,416	20,272	24,145	28,785	11,928	16,857	9,852	5,341	4,511	---	5,779	3,003	2,777
Nov. 1.....	45,008	20,140	24,868	29,301	11,841	17,460	9,854	5,302	4,552	---	5,853	2,997	2,856
Dec. 31.....	45,717	20,329	25,388	29,985	12,175	17,810	9,804	5,210	4,594	---	5,927	2,944	2,983
1936—Mar. 4.....	46,157	20,275	25,882	30,288	12,099	18,189	9,795	5,202	4,592	---	6,074	2,974	3,100
June 30.....	48,458	20,679	27,778	32,259	12,542	19,717	9,961	5,105	4,856	---	6,238	3,032	3,206
Dec. 31.....	49,524	21,449	28,075	33,000	13,360	19,640	10,060	5,027	5,034	---	6,464	3,062	3,402

<sup>1</sup> Figures of preceding call carried forward.

<sup>2</sup> Beginning June 30, 1933, all figures (other than for mutual savings banks) relate to licensed banks only, with some exceptions as to nonmember banks.

<sup>3</sup> Nonmember bank figures not available.

<sup>4</sup> Prior to Dec. 30, 1933, member-bank figures include interbank deposits not subject to immediate withdrawal, which aggregated \$103,000,000 on that date.

Back figures.—See Annual Report for 1935 (tables 47-48).











**REPORTING MEMBER BANKS IN 101 LEADING CITIES—Continued**  
**ASSETS AND LIABILITIES BY DISTRICTS AND FOR NEW YORK CITY AND CHICAGO**  
 [In millions of dollars]

	Total	Federal Reserve District												City	
		Boston	New York	Philadelphia	Cleveland	Richmond	Atlanta	Chicago	St. Louis	Minneapolis	Kansas City	Dallas	San Francisco	New York	Chicago
<b>ASSETS</b>															
<b>Loans and investments, total:</b>															
Apr. 28.....	22,202	1,279	9,253	1,169	1,890	633	562	3,017	673	388	691	482	2,165	8,353	1,959
May 5.....	22,240	1,288	9,271	1,181	1,884	632	561	3,041	666	383	691	481	2,161	8,379	1,985
May 12.....	22,205	1,292	9,212	1,190	1,884	626	559	3,051	669	383	690	482	2,167	8,322	1,994
May 19.....	22,177	1,295	9,207	1,187	1,886	626	556	3,051	663	381	690	481	2,154	8,318	1,995
<b>Loans to brokers and dealers in New York:<sup>1</sup></b>															
Apr. 28.....	1,075	16	1,043	9				3			1		3	1,031	1
May 5.....	1,115	17	1,082	9				3			1		3	1,073	1
May 12.....	1,090	17	1,057	9				3			1		3	1,047	1
<b>Loans to brokers and dealers outside of New York:<sup>1</sup></b>															
Apr. 28.....	222	26	73	16	15	4	7	47	5	2	4	3	20	71	42
May 5.....	226	27	76	17	15	4	7	47	6	1	4	3	19	74	42
May 12.....	226	26	74	17	18	4	7	46	6	2	4	3	19	72	41
<b>Loans on securities to others<sup>1</sup> (except banks):</b>															
Apr. 28.....	2,040	141	853	135	219	71	52	209	71	29	49	43	168	728	149
May 5.....	2,054	141	857	136	220	72	53	212	73	29	50	43	168	732	150
May 12.....	2,068	143	860	136	219	72	53	216	73	29	49	43	175	734	155
<b>Acceptances and commercial paper bought:<sup>1</sup></b>															
Apr. 28.....	393	87	133	25	16	10	5	43	11	11	21	1	30	113	21
May 5.....	381	88	123	25	16	10	5	42	11	10	20	1	30	104	22
May 12.....	382	88	120	26	17	12	5	43	11	9	19	1	31	101	22
<b>Loans on real estate:</b>															
Apr. 28.....	1,156	84	240	62	178	27	26	76	45	6	19	22	371	129	15
May 5.....	1,157	84	240	61	179	27	26	77	45	6	19	22	371	129	14
May 12.....	1,161	84	240	61	181	27	27	79	45	6	19	21	371	130	14
<b>Loans to banks:</b>															
Apr. 28.....	84	6	51	2	4		1	10	5		1		4	51	7
May 5.....	129	5	79	2	5	2	4	17	8	2	1		4	79	13
May 12.....	122	5	80	2	4	2	4	7	9	2	1	1	5	80	3
<b>Other loans:<sup>1</sup></b>															
Apr. 28.....	4,458	329	1,788	203	259	128	179	576	150	119	157	145	425	1,621	408
May 5.....	4,471	337	1,792	202	260	127	180	576	149	117	158	145	428	1,623	410
May 12.....	4,482	330	1,811	205	260	125	179	578	150	117	159	146	422	1,641	414
<b>Commercial, industrial, and agricultural loans:<sup>1</sup></b>															
<b>Total:</b>															
May 12.....	4,183	274	1,725	200	269	105	148	576	173	80	152	130	351	1,608	423
May 19.....	4,188	273	1,735	199	265	106	146	578	171	81	152	126	356	1,613	423
<b>On securities:<sup>2</sup></b>															
May 19.....	564	27	245	43	41	15	15	50	45	10	19	10	44	232	33
<b>Otherwise secured and unsecured:<sup>2</sup></b>															
May 19.....	3,624	246	1,490	156	224	91	131	528	126	71	133	116	312	1,381	390
<b>Open market paper:<sup>1</sup></b>															
May 12.....	503	119	178	29	18	13	5	55	11	8	21	2	44	159	29
May 19.....	497	119	175	27	20	13	6	52	11	8	21	2	43	157	28
<b>Loans to brokers and dealers:<sup>1</sup></b>															
May 12.....	1,334	44	1,145	26	19	4	7	49	6	2	5	3	24	1,133	42
May 19.....	1,323	44	1,137	25	18	4	7	50	6	2	4	3	23	1,127	42
<b>Other loans for purchasing or carrying securities:<sup>1</sup></b>															
May 12.....	740	37	366	39	37	23	22	96	14	9	18	19	60	284	81
May 19.....	722	37	358	38	38	21	18	96	13	9	15	19	60	277	81
<b>Real estate loans:</b>															
May 12.....	1,161	84	240	61	181	27	27	79	45	6	19	21	371	130	14
May 19.....	1,162	83	239	61	181	28	27	80	45	6	19	21	372	129	14
<b>Loans to banks:</b>															
May 12.....	122	5	80	2	4	2	4	7	9	2	1	1	5	80	3
May 19.....	118	5	76	2	4	2	4	7	9	2	1	1	5	76	3
<b>Other loans:<sup>1</sup></b>															
<b>Total:</b>															
May 12.....	1,488	130	508	99	171	68	62	110	36	58	36	39	171	411	58
May 19.....	1,490	133	503	102	173	68	65	108	36	56	40	42	164	408	56
<b>On securities:<sup>2</sup></b>															
May 19.....	718	74	274	47	118	28	23	46	11	9	16	11	61	242	23
<b>Otherwise secured and unsecured:<sup>2</sup></b>															
May 19.....	772	59	229	55	55	40	42	62	25	47	24	31	103	166	33

\* Revised.

<sup>1</sup> A new classification of loans was put into effect on May 12, but the figures were reported on both the old and the new basis on that date. The figures on the new basis are shown in this table following those reported on the old basis. For explanation see pages 530-531 of this BULLETIN and pages 440-441 of May BULLETIN.

<sup>2</sup> Not reported separately on May 12.



BANK SUSPENSIONS<sup>1</sup>

	Total, all banks	Member banks		Non-member banks	
		National	State	In- sured <sup>2</sup>	Not insured
Number of banks suspended:					
1933, Mar. 16-Dec. 31	179	9	6	8	164
1934	57	1		8	48
1935	34	4		22	8
1936	44	1		40	3
1937, Jan.-April	17			13	4
Deposits of suspended banks (in thousands of dollars): <sup>3</sup>					
1933, Mar. 16-Dec. 31	145,710	17,322	3,527		124,861
1934	36,937	40		1,912	34,985
1935	10,099	5,313		3,847	939
1936	11,306	507		10,207	592
1937, Jan.-April	3,064			2,641	423

<sup>1</sup> Represents licensed banks suspended; does not include non-licensed banks placed in liquidation or receivership after the banking holiday. For statistics of latter see Annual Report for 1935 (table 69).

<sup>2</sup> Federal deposit insurance became operative January 1, 1934.

<sup>3</sup> Deposits of member banks and insured non-member banks suspended are as of dates of suspension, and deposits of non-insured non-member banks are based on the latest data available at time of the report of closing of the banks.

Back figures.—See Annual Report for 1935 (table 69).

## BANK DEBITS

[Debits to individual accounts. Amounts in millions of dollars]

	No. of Centers	1937		1936
		Apr.	Mar.	Apr.
New York City	1	17,082	20,398	17,285
Outside New York City	140	20,051	21,605	17,497
Federal Reserve districts:				
Boston	11	2,030	2,226	1,928
New York	7	17,800	21,131	17,903
Philadelphia	10	1,745	2,096	1,456
Cleveland	13	2,155	2,148	1,879
Richmond	7	728	763	604
Atlanta	15	918	972	717
Chicago	21	5,270	6,011	4,673
St. Louis	5	995	1,037	822
Minneapolis	9	665	616	600
Kansas City	15	1,158	1,174	987
Dallas	10	719	733	568
San Francisco	18	2,950	3,096	2,645
Total	141	37,133	42,003	34,783

Back figures.—See Annual Report for 1935 (table 68).

## POSTAL SAVINGS SYSTEM

[In millions of dollars]

End of month	Depositors' balances <sup>1</sup>	Assets					Cash, re-serve funds, etc. <sup>2</sup>
		Total	Cash in depository banks	U. S. Government securities			
				Total	Direct obligations	Guaranteed obligations	
1930—June	175	185	148	26	26	11	
1931—June	347	356	307	27	27	22	
1932—June	785	801	682	71	71	48	
1933—June	1,187	1,207	977	131	131	99	
1934—June	1,198	1,225	695	453	418	35	
1935—June	1,205	1,236	385	777	630	147	
1935—December	1,201	1,237	287	853	706	147	
1936—January	1,208	1,241	248	876	709	117	
February	1,214	1,248	225	876	710	168	
March	1,216	1,251	221	902	736	128	
April	1,215	1,248	216	925	759	166	
May	1,214	1,248	211	940	773	167	
June	1,232	1,265	203	967	800	167	
July	1,244	1,279	172	972	805	167	
August	1,249	1,283	166	972	805	167	
September	1,251	1,285	162	982	815	167	
October	1,255	1,290	158	1,011	844	167	
November	1,257	1,293	145	1,029	862	119	
December	1,260	1,296	145	1,058	891	167	
1937—January	1,266	1,303	136	1,060	893	167	
February	\$1,270						
March	\$1,271						
April	\$1,269						

<sup>1</sup> Preliminary.

<sup>2</sup> Outstanding principal, represented by certificates of deposit. Does not include accrued interest nor outstanding savings stamps.

<sup>3</sup> Includes working cash with postmasters, 5-percent reserve fund and miscellaneous working funds with the Treasurer of the United States, accrued interest on bond investments, and accounts due from late postmasters.

Back figures.—See BULLETIN for August 1935, p. 502.

**COMMERCIAL PAPER, ACCEPTANCES, AND BROKERS' BALANCES**  
**COMMERCIAL PAPER AND BANKERS' ACCEPTANCES OUTSTANDING**

[In millions of dollars]

End of month	Com- mer- cial paper out- stand- ing <sup>1</sup>	Dollar acceptances outstanding									
		Total out- stand- ing	By holders				By classes				
			Held by accepting banks			Held by others <sup>2</sup>	Based on im- ports into U. S.	Based on ex- ports from U. S.	Dollar ex- change	Based on goods stored in or shipped between points in	
			Total	Own bills	Bills bought					U. S.	Foreign coun- tries
1936—March.....	180	359	321	150	171	38	113	91	2	66	87
April.....	174	344	310	143	167	34	111	86	2	57	89
May.....	184	331	297	155	142	34	110	81	1	55	82
June.....	169	316	276	129	147	40	107	74	2	49	85
July.....	188	316	278	131	147	37	105	68	2	57	84
August.....	205	308	279	140	139	29	104	63	2	60	79
September.....	197	315	276	139	137	39	107	64	2	66	76
October.....	199	330	296	150	147	34	110	67	2	75	77
November.....	191	349	309	157	152	40	112	77	1	83	76
December.....	215	373	315	151	164	57	126	86	2	83	76
1937—January.....	244	387	325	154	171	62	141	83	2	84	77
February.....	268	401	340	160	180	61	158	85	2	79	77
March.....	290	396	316	150	166	80	160	84	2	76	76
April.....	285	395	318	147	171	77	167	83	1	68	76

<sup>1</sup> As reported by dealers; includes some finance company paper sold in open market.

<sup>2</sup> For the first time since April 1935 Federal Reserve banks held dollar acceptances for own account amounting to \$265,000 on March 31, 1937, and \$669,000 on April 30 and for account of foreign correspondents \$784,000 on April 30.

Back figures.—See Annual Report for 1935 (tables 66 and 67).

**CUSTOMERS' DEBIT BALANCES, MONEY BORROWED, AND PRINCIPAL RELATED ITEMS OF STOCK EXCHANGE FIRMS CARRYING MARGIN ACCOUNTS**

[Member firms of New York Stock Exchange. Ledger balances in millions of dollars]

End of month	Debit balances				Credit balances					
	Customers' debit balances (net) <sup>1</sup>	Debit balances in partners' investment and trading accounts	Debit balances in firm investment and trading accounts	Cash on hand and in banks	Money borrowed <sup>2</sup>	Customers' credit balances <sup>1</sup>		Other credit balances		
						Free	Other (net)	In partners' investment and trading accounts	In firm investment and trading accounts	In capital accounts (net)
1935—September.....	1,098	65	119	182	771	257	89	23	12	396
December.....	1,258	75	135	179	930	286	79	24	10	410
1936—March.....	1,351	67	168	181	995	303	89	23	15	429
April.....	1,295	65	173	268	1,033	301	88	28	13	426
May.....	1,257	65	159	229	970	282	83	25	14	422
June.....	1,267	67	164	219	985	276	86	24	14	420
July.....	1,295	68	158	221	981	287	96	24	14	422
August.....	1,287	69	142	213	967	283	92	25	12	423
September.....	1,317	72	141	227	995	289	99	24	14	423
October.....	1,333	69	151	235	989	318	99	25	17	428
November.....	1,364	65	150	260	986	346	110	24	17	435
December.....	1,395	64	164	249	1,048	342	103	30	12	424
1937—January.....	1,433	62	162	243	1,028	372	118	32	19	428
February.....	1,482	61	188	230	1,084	366	116	32	25	418
March.....	1,549	61	175	223	1,172	346	115	29	18	419
April.....	1,559	58	163	227	1,215	314	111	29	18	417

<sup>1</sup> Excluding balances with reporting firms (1) of member firms of New York Stock Exchange and other national securities exchanges and (2) of firms' own partners.

<sup>2</sup> Includes both money borrowed from banks and trust companies in New York City and elsewhere in the United States and also money borrowed from other lenders (not including member firms of national securities exchanges).

NOTE.—For explanation of these figures see "Statistics on Margin Accounts" in BULLETIN for September 1936. The article describes the methods by which the figures are derived and reported, distinguishes the table from a "statement of financial condition," and explains that the last column is not to be taken as representing the actual net capital of the reporting firms.

**FEDERAL RESERVE BANK DISCOUNT RATES**  
[Percent per annum]

Federal Reserve Bank	Rediscounts and advances under secs. 13 and 13a of the Federal Reserve Act <sup>1</sup>			Advances under sec. 10(b) of the Federal Reserve Act		Advances secured by direct obligations of the United States (last paragraph of sec. 13 of the Federal Reserve Act)	
	Rate May 31	In effect beginning—	Previous rate	Rate May 31	In effect beginning—	Rate May 31	In effect beginning—
Boston.....	2	Feb. 8, 1934	2½	2½	Sept. 20, 1935	4	Oct. 20, 1933
New York.....	1½	Feb. 2, 1934	2	2	Oct. 10, 1935	3½	Feb. 8, 1934
Philadelphia.....	2	Jan. 17, 1935	2½	2½	Nov. 2, 1935	4	Oct. 20, 1933
Cleveland.....	1½	May 11, 1935	2	2	Oct. 19, 1935	3½	May 11, 1935
Richmond.....	2	May 9, 1935	2½	2½	Sept. 23, 1935	4	Feb. 10, 1934
Atlanta.....	2	Jan. 14, 1935	2½	2	Sept. 14, 1935	4	Mar. 17, 1934
Chicago.....	2	Jan. 19, 1935	2½	2½	Sept. 20, 1935	4	Oct. 16, 1933
St. Louis.....	2	Jan. 3, 1935	2½	2½	Oct. 3, 1935	4	Feb. 21, 1935
Minneapolis.....	2	May 14, 1935	2½	2½	Oct. 29, 1935	4½	Apr. 15, 1933
Kansas City.....	2	May 10, 1935	2½	2½	Aug. 26, 1935	3½	May 10, 1935
Dallas.....	2	May 8, 1935	2½	2½	Oct. 8, 1935	4	Mar. 12, 1934
San Francisco.....	2	Feb. 16, 1934	2½	2½	Sept. 20, 1935	4	Oct. 19, 1933

<sup>1</sup> Rates indicated also apply to United States Government securities bought under repurchase agreement.

Back figures.—See Annual Report for 1935 (table 40).

**BUYING RATES ON ACCEPTANCES**

Buying rates at the Federal Reserve Bank of New York  
[Percent per annum]

Maturity	Rate in effect on May 31	In effect beginning—	Previous rate
1-15 days <sup>1</sup> .....	½	Oct. 20, 1933	1
16-30 days.....	½	do.....	1
31-45 days.....	½	do.....	1
46-60 days.....	½	do.....	1
61-90 days.....	½	do.....	1
91-120 days.....	¾	do.....	1
121-180 days.....	1	do.....	1½

<sup>1</sup> This rate also applies to acceptances bought under repurchase agreements, which agreements are always for a period of 15 days or less.

NOTE.—Minimum rates on prime bankers' acceptances payable in dollars; higher rates may be charged for other classes of bills.

Back figures.—See Annual Report for 1935 (table 41).

**MAXIMUM RATES ON TIME DEPOSITS**

Maximum rates that may be paid by member banks as established by the Board of Governors under provisions of Regulation Q.

[Percent per annum]

	Nov. 1, 1933 to Jan. 31, 1935	Feb. 1, 1935 to Dec. 31, 1935	In effect beginning Jan. 1, 1936
Savings deposits.....	3	2½	2½
Postal Savings deposits.....	3	2½	2½
Other time deposits payable in:			
6 months or more.....	3	2½	2½
90 days to 6 months.....	3	2½	2
Less than 90 days.....	3	2½	1

NOTE.—Maximum rates that may be paid by insured nonmember banks as established by the Federal Deposit Insurance Corporation, effective February 1, 1936, are the same as those now in effect for member banks. In some States the maximum rates established by the Board and the Federal Deposit Insurance Corporation are superseded by lower maximum rates established by State authority.

**RATES ON INDUSTRIAL ADVANCES**

Rates on advances and commitments under Sec. 13(b) of the Federal Reserve Act as amended June 19, 1934. Percent per annum except as otherwise specified. In effect May 31, 1937.

[Percent per annum]

Federal Reserve Bank	Advances direct to industrial or commercial organizations	Advances to financing institutions—		Commitments to make advances
		On portion for which institution is obligated	On remaining portion	
Boston.....	3½-6	3	3½	½-1
New York.....	4-6	3	4-5	1-2
Philadelphia.....	4-6	3	(?)	½-2
Cleveland.....	4½-6	3½	4	1
Richmond.....	6	4-6	4-6	1-2
Atlanta.....	6	5	5	½
Chicago.....	5-6	1-3	5-6	1-2
St. Louis.....	4-5½	3½	4	½
Minneapolis.....	6	4½-5	4½-5	1
Kansas City.....	4-6	4	4	½-2
Dallas.....	5-6	4	5-6	1
San Francisco.....	5-6	3-4	4-5	½-2

<sup>1</sup> Authorized rate 1 percent above prevailing discount rate.

<sup>2</sup> Same as to borrower but not less than 4 percent.

<sup>3</sup> Flat charge.

Back figures.—See Annual Report for 1935 (table 40).

**MEMBER BANK RESERVE REQUIREMENTS**

[Percent of deposits]

Classes of deposits and banks	Prior to Aug. 15, 1936	Aug. 15, 1936- Feb. 29, 1937	Mar. 1, 1937- Apr. 30, 1937	May 1, 1937, and after
On net demand deposits: <sup>1</sup>				
Central reserve city.....	13	19½	22¾	26
Reserve city.....	10	15	17½	20
Country.....	7	10½	12¼	14
On time deposits:				
All member banks.....	3	4½	5¼	6

<sup>1</sup> See footnote to table on page 584 for explanation of method of computing net demand deposits.





**BOND PRICES <sup>1</sup>**

Year, month, or date	U. S. Treasury <sup>2</sup>	Municipal (high-grade) <sup>3</sup>	Corporate <sup>4</sup>			
			Total	Industrial	Rail-road	Utility
Number of issues.....	7-12	15	60	20	20	20
1934 average.....	103.5	97.3	84.5	81.9	83.8	87.8
1935 average.....	106.0	109.4	88.6	88.2	79.4	98.2
1936 average.....	107.0	117.8	97.5	92.2	94.7	105.4
1936—April.....	107.0	116.2	95.9	91.2	91.6	104.8
May.....	107.1	116.2	95.5	90.6	90.8	105.0
June.....	106.6	116.9	96.2	90.6	92.5	105.6
July.....	106.6	117.4	97.1	91.1	94.2	106.0
August.....	107.2	117.8	97.7	91.6	95.8	105.7
September.....	107.2	118.8	98.6	92.2	97.9	105.8
October.....	106.9	119.5	99.6	93.1	99.7	106.0
November.....	108.2	122.1	99.8	94.2	99.2	106.0
December.....	108.0	124.8	99.9	94.5	99.6	105.6
1937—January.....	107.3	123.5	100.3	94.8	100.6	105.7
February.....	107.2	119.7	100.0	94.7	100.2	105.1
March.....	105.2	116.9	98.5	93.5	98.3	103.6
April.....	102.6	114.8	96.6	92.0	95.3	102.4
Apr. 28.....	102.4	114.8	95.9	91.6	94.2	101.8
May 5.....	103.1	115.1	96.7	92.2	95.4	102.5
May 12.....	103.1	116.4	96.4	92.2	95.4	101.8
May 19.....	103.2	116.6	95.8	91.7	94.4	101.2

**STOCK PRICES <sup>1</sup>**

Year, month, or date	Preferred stocks (industrial high-grade) <sup>2</sup>	Common stocks (index, 1926=100)			
		Total	Industrial	Rail-road	Utility
Number of issues.....	20	419	347	32	40
1934 average.....	120.7	72	81	42	69
1935 average.....	133.8	78	91	34	71
1936 average.....	138.9	111	127	51	104
1936—April.....	138.8	109	125	49	102
May.....	138.6	101	116	45	95
June.....	138.8	106	121	48	102
July.....	139.1	109	124	51	106
August.....	139.3	113	128	54	109
September.....	139.0	114	130	55	108
October.....	138.3	119	136	58	109
November.....	139.0	124	144	58	109
December.....	140.1	123	143	54	111
1937—January.....	141.8	126	147	56	114
February.....	141.2	130	152	58	111
March.....	138.0	130	153	63	106
April.....	136.0	125	147	60	101
Apr. 28.....	135.3	115	135	56	94
May 5.....	135.5	119	140	58	98
May 12.....	135.4	117	137	58	94
May 19.....	135.0	114	134	57	91

<sup>1</sup> Monthly data are averages of daily figures except for municipal bonds, which are averages of Wednesday figures.  
<sup>2</sup> Average prices of all outstanding bonds due or callable after 8 years.  
<sup>3</sup> Prices derived from average yields.  
 Source.—U. S. Treasury bonds, based on price quotations from Treasury Department; for other bonds, Standard Statistics Co.  
 Back figures.—See Annual Report for 1935 (table 73); for U. S. Treasury bonds, see BULLETIN for May 1936, p. 317.

<sup>1</sup> Monthly data are averages of Wednesday figures.  
<sup>2</sup> Average derived prices.  
 Source.—Standard Statistics Co  
 Back figures.—See Annual Report for 1935 (table 73)

**CAPITAL ISSUES**

[In millions of dollars]

Year or month	Total (new and re-fund-ing)	For new capital							For refunding								
		Total (do-mestic and for- eign)	Domestic						For- eign <sup>1</sup>	Total (do-mestic and for- eign)	Domestic						For- eign <sup>1</sup>
			Total	State and mun- icipal	Fed- eral agen- cies <sup>2</sup>	Corporate					Total	State and mun- icipal	Fed- eral agen- cies <sup>2</sup>	Corporate			
						Total	Bonds and notes	Stocks						Total	Bonds and notes	Stocks	
1927.....	9,774	7,556	6,219	1,475	87	4,658	3,184	1,474	1,337	2,218	1,978	35	93	1,850	1,586	264	241
1928.....	9,898	8,040	6,789	1,379	64	5,346	2,385	2,961	1,251	1,858	1,620	36	0	1,584	1,054	530	238
1929.....	11,513	10,091	9,420	1,418	0	8,002	2,078	5,924	671	1,422	1,387	13	0	1,374	542	833	35
1930.....	7,619	6,909	6,004	1,434	87	4,483	2,980	1,503	905	709	527	53	0	474	451	23	182
1931.....	4,038	3,089	2,860	1,235	75	1,551	1,239	311	229	949	893	21	51	821	789	32	56
1932.....	1,751	1,194	1,165	762	77	325	305	20	29	557	498	87	93	319	315	4	59
1933.....	1,063	720	708	483	64	161	40	120	12	343	283	37	26	219	187	32	60
1934.....	2,160	1,386	1,386	803	405	178	144	35	0	774	765	136	317	312	312	0	9
1935.....	4,699	1,457	1,409	855	150	404	334	69	48	3,242	3,216	365	987	1,864	1,782	81	26
1936.....	6,214	1,972	1,949	735	22	1,192	839	352	23	4,242	4,123	382	353	3,387	3,187	200	119
1936—Apr. ....	986	176	176	48	0	128	102	26	0	810	765	37	199	530	492	38	45
May.....	420	112	112	68	6	38	13	24	0	308	308	37	4	267	252	16	0
June.....	734	218	217	64	1	152	123	29	1	516	514	45	93	376	325	50	2
July.....	339	104	103	33	0	70	39	31	1	236	236	9	2	225	222	3	0
Aug.....	297	217	217	46	0	171	146	25	0	80	80	11	8	62	55	6	0
Sept.....	409	178	177	103	0	75	48	26	1	231	231	56	0	175	156	19	0
Oct.....	464	186	173	78	0	95	60	35	13	278	278	5	1	272	249	22	0
Nov.....	372	158	158	49	0	109	97	12	0	214	199	16	28	155	145	10	15
Dec.....	726	266	266	48	0	218	100	118	0	459	459	49	3	408	395	13	0
1937—Jan.....	603	241	241	146	0	95	64	31	0	362	289	59	26	204	87	116	73
Feb.....	497	168	168	34	4	130	74	56	0	329	255	9	21	225	140	84	74
Mar.....	382	185	185	47	0	138	99	39	0	197	197	12	4	181	162	19	0
Apr.....	272	152	152	67	0	85	45	40	0	121	101	13	1	87	69	18	20

<sup>1</sup> Includes issues of noncontiguous U. S. Territories and Possessions.  
<sup>2</sup> Includes publicly offered issues of Federal land banks, Federal intermediate credit banks, Federal Farm Mortgage Corporation, and Home Owners' Loan Corporation; excludes direct obligations of U. S. Treasury.  
 Sources.—For domestic issues, Commercial and Financial Chronicle; for foreign issues, U. S. Department of Commerce. Monthly figures subject to revision.  
 Back figures.—See Annual Report for 1935 (table 72) for figures of new issues—annual and monthly basis.

**TREASURY FINANCE**  
**UNITED STATES GOVERNMENT DEBT**

**VOLUME AND KIND OF SECURITY**  
[In millions of dollars]

End of period	Total (gross debt)	Interest bearing					Non-interest bearing
		Total	Bonds	Notes	Certificates	Bills	
June 1932	19,487	19,161	14,250	1,465	2,831	616	326
June 1933	22,539	22,158	14,223	4,780	2,200	954	381
June 1934	27,053	26,480	16,510	6,932	1,635	1,404	573
June 1935	28,701	27,645	14,936	10,501	156	2,053	1,056
1936							
March	31,459	30,591	15,981	12,400	258	1,953	868
April	31,425	30,601	16,005	12,383	259	1,953	825
May	31,636	30,822	16,030	12,381	258	2,153	814
June	33,545	32,756	18,395	11,861	146	2,354	790
July	33,436	32,672	18,295	11,906	117	2,353	784
August	33,377	32,621	18,274	11,886	107	2,353	757
September	33,831	33,086	19,257	11,370	106	2,353	745
October	33,830	33,081	19,255	11,368	105	2,354	749
November	33,791	33,085	19,262	11,366	104	2,353	706
December	34,405	33,699	20,875	10,804	117	2,203	707
1937							
January	34,503	33,822	20,597	10,847	125	2,253	681
February	34,601	33,926	20,644	10,868	161	2,253	675
March	34,728	34,064	21,273	10,357	231	2,203	664
April	34,941	34,295	21,295	10,377	269	2,353	1,646

**MATURITIES**  
[In millions of dollars]

	Interest-bearing debt April 30, 1937				
	Total	Bonds <sup>1</sup>	Notes	Certificates	Bills
Total	34,295	21,295	10,377	269	2,353
Obligations maturing:					
1937—Before July 1	751				751
July 1-Sept. 30	1,568		817		751
Oct. 1-Dec. 31	651				651
1938—Jan. 1-Mar. 31	932		732		200
Apr. 1-June 30	618		618		
July 1-Dec. 31	596		596		
1939	2,762		2,762		
1940	2,854		2,854		
1941	2,219	834	1,385		
1942	898	898			
1943	1,401	1,401			
1944	1,519	1,519			
1945	1,697	1,697			
1946	1,519	1,519			
1947	1,697	1,697			
1948-1952	4,328	4,328			
1953-1957	5,694	5,694			
1958-1961	3,643	3,643			
Special issues:					
U. S. savings bonds	752	752			
Adjusted service bonds	410	410			
All other <sup>2</sup>	1,001	119	613	269	

<sup>1</sup> Includes \$324,000,000 of Government liability for retirement of national bank and Federal Reserve bank notes, as a result of deposit of funds by banks; this compares with \$454,000,000 on Apr. 30, 1936.

<sup>1</sup> Issues classified as of date of final maturity; most issues callable at earlier dates; postal savings bonds only issues callable before 1940; adjusted service bonds and most of the U. S. savings bonds are redeemable at option of holder.

<sup>2</sup> Includes such issues as postal savings bonds and notes, retirement fund notes, and old age reserve account and unemployment trust fund series.

**SUMMARY OF TREASURY OPERATIONS**

[On basis of daily statement of United States Treasury. In millions of dollars]

Period	General and special funds										Trust accounts, etc. <sup>4</sup> excess of receipts (+) or expenditures (-)	Increase or decrease during period			
	Receipts				Expenditures <sup>2</sup>										
	Total	Income taxes	Miscellaneous internal revenue	All other <sup>1</sup>	Total	General <sup>3</sup>		Recovery and relief							
						Interest on public debt	All other	Total	Relief	Public works		All other <sup>5</sup>			
Fiscal year ending June:															
1934	3,116	818	1,470	828	6,745	757	1,984	4,004	1,844	645	1,515	-3,630	+835	+1,720	+4,514
1935	3,800	1,099	1,657	1,044	6,802	821	2,325	3,657	2,342	1,020	294	-3,002	+613	-741	+1,648
1936	4,116	1,427	2,010	680	8,477	749	4,436	3,291	985	2,092	213	-4,361	+123	+840	+5,078
10 months ending:															
April 1935	3,091	822	1,383	886	5,520	678	1,958	2,884	1,907	860	117	-2,430	+167	-647	+1,615
April 1936	3,331	1,081	1,688	562	5,582	610	2,228	2,744	933	1,522	289	-2,252	+128	+601	+2,725
April 1937	4,091	1,564	1,803	725	6,150	663	3,113	2,374	75	2,447	618	-2,058	-84	-980	+1,162
1936—April	231	36	152	43	614	72	228	314	33	259	22	-383	-7	-424	-34
May	256	35	158	63	558	8	258	291	21	264	7	-302	+7	-84	+211
June	529	310	164	55	2,337	132	1,949	256	32	306	63	-1,807	-12	+323	+2,142
July	294	39	201	54	412	10	320	82	35	275	6	-118	+2	-451	-335
August	343	32	264	47	551	26	273	252	14	247	6	-208	-55	-327	-63
September	499	288	161	50	668	144	255	268	8	252	8	-169	(?)	+284	+452
October	272	27	186	60	681	74	292	315	5	277	32	-409	-15	-424	(?)
November	233	33	148	52	535	8	207	260	2	260	6	-303	-17	-358	-38
December	517	286	174	57	656	140	266	250	3	274	6	-138	+26	+500	+613
1937—January	284	43	168	73	631	14	318	299	2	222	74	-348	+72	-180	+95
February	275	58	148	68	553	20	331	202	2	205	6	-279	-7	-187	+99
March	1,012	700	188	123	754	159	388	208	2	224	6	+257	-98	+287	+127
April	363	57	166	140	708	68	401	239	2	212	25	-345	+8	-124	+212

<sup>1</sup> Includes customs, processing taxes, taxes under Social Security Act, and miscellaneous receipts.

<sup>2</sup> Excludes public-debt retirement.

<sup>3</sup> Includes expenditures classified by the Treasury as agricultural aid, aid to home owners, and miscellaneous, which includes direct loans and expenditures of the Reconstruction Finance Corporation.

<sup>4</sup> Includes also increment resulting from reduction in the weight of the gold dollar, receipts from seigniorage, expenditures chargeable against increment on gold (other than for retirement of national-bank notes), transactions in checking accounts of certain special governmental agencies and unemployment trust fund account.

<sup>5</sup> Expenditures include \$1,673,000,000 of payments to veterans under the Adjusted Compensation Payment Act of 1936.

<sup>6</sup> Excess of credits.

<sup>7</sup> Less than \$500,000.

## GOVERNMENTAL CORPORATIONS AND CREDIT AGENCIES, MARCH 31, 1937

[Based on compilation by U. S. Treasury Department from reports received from organizations concerned. In millions of dollars]

	Financed wholly from Government funds					Financed partly from Government funds				Total		Total	
	Reconstruction Finance Corporation	Commodity Credit Corporation	Public Works Administration	Agricultural credit institutions	Other	Farm mortgage institutions	Other farm credit institutions	Home mortgage institutions	Other	Mar. 31 1937	Feb. 28, 1937	Mar. 31, 1936	
<b>ASSETS</b>													
Loans and preferred stock:													
Loans to financial institutions.....	337				1			143	6	486	494	578	
Preferred stock, etc.....	597				(1)			* 148		745	746	856	
Home mortgage loans.....								2,662		2,662	2,699	2,952	
Farm mortgage loans.....						2,922				2,922	2,930	2,943	
Other agricultural loans.....	1	167		24	146		231		(1)	569	584	707	
All other loans.....	813		129		269					1,211	1,204	1,137	
<b>Total loans and preferred stock.....</b>	<b>1,748</b>	<b>167</b>	<b>129</b>	<b>24</b>	<b>416</b>	<b>2,922</b>	<b>231</b>	<b>2,952</b>	<b>6</b>	<b>8,595</b>	<b>8,657</b>	<b>9,173</b>	
Cash.....	3	(1)		6	67	89	20	94	11	291	264	340	
United States direct obligations.....	3			5	30	47	99	6	347	536	514	470	
Obligations of Government credit agencies:													
Fully guaranteed by U. S.....				14		(1)	69	7	102	191	195	216	
Other <sup>2</sup> .....				25	2	(2)	2			29	30	27	
Production credit association class A stock.....				76						76	75	74	
Accounts and other receivables.....	31	(1)		2	32	169	3	38	4	279	282	268	
All other assets.....	6	(1)	18	(1)	219	156	(1)	* 302	13	714	718	489	
<b>Total assets other than inter-agency<sup>2</sup>.....</b>	<b>1,791</b>	<b>167</b>	<b>148</b>	<b>152</b>	<b>766</b>	<b>3,383</b>	<b>422</b>	<b>3,399</b>	<b>483</b>	<b>10,711</b>	<b>10,735</b>	<b>11,055</b>	
<b>LIABILITIES</b>													
Bonds, notes, and debentures:													
Guaranteed by United States.....	251				(1)	1,422		2,993		4,666	4,667	4,676	
Other <sup>2</sup> .....					1	* 1,176	161	1	(1)	1,340	1,327	1,375	
Other liabilities (including reserves)	51	8		5	48	156	3	138	86	497	489	332	
<b>Total liabilities other than inter-agency<sup>2</sup>.....</b>	<b>303</b>	<b>8</b>		<b>5</b>	<b>50</b>	<b>2,754</b>	<b>164</b>	<b>3,133</b>	<b>86</b>	<b>6,503</b>	<b>6,483</b>	<b>6,383</b>	
Excess of assets over liabilities, excluding interagency transactions.....	1,488	158	148	147	717	630	258	266	396	4,208	4,252	4,672	
Privately owned interests.....						170	3	34	139	346	343	344	
U. S. Government interests.....	1,488	158	148	147	717	460	255	232	257	3,862	3,908	4,328	

<sup>1</sup> Less than \$500,000.

<sup>2</sup> Excludes \$761,000,000 of Federal land bank bonds held by Federal Farm Mortgage Corporation.

<sup>3</sup> Shares of Federal savings and loan associations subscribed by HOLC are classified in "Preferred stock, etc." Shares held by U. S. Treasury amounting to \$48,000,000 are classified under "All other assets."

NOTE.—For explanation of table and back figures see BULLETIN for April 1936, p. 220.

## RECONSTRUCTION FINANCE CORPORATION LOANS AND INVESTMENTS

[Amounts outstanding. In thousands of dollars]

	Apr. 30 1936	Oct. 31, 1936	Nov. 30, 1936	Dec. 31, 1936	Jan. 31, 1937	Feb. 28, 1937	Mar. 31, 1937	Apr. 30, 1937
Loans to financial institutions.....	410,383	344,591	330,883	325,620	313,335	304,815	295,654	<sup>1</sup> 286,611
Loans on preferred stock of banks and insurance companies.....	45,953	47,807	47,586	43,509	41,796	41,465	41,379	<sup>2</sup> 41,132
Preferred stock, capital notes, and debentures.....	844,720	662,587	658,654	650,777	630,272	607,777	596,998	591,784
Agricultural loans.....	8,623	1,326	1,273	1,369	1,327	1,405	1,461	1,468
Loans to railroads (including receivers).....	394,168	353,810	345,190	345,980	345,502	345,447	340,367	345,084
Loans for self-liquidating projects.....	164,891	190,569	194,184	195,044	200,181	206,721	208,496	215,044
Loans to industrial and commercial businesses.....	50,194	60,945	61,645	63,592	63,079	63,838	63,493	67,729
Loans to drainage, levee, and irrigation districts.....	54,713	62,632	63,125	64,343	65,164	66,553	67,744	70,832
Other loans.....	3,587	1,880	1,935	1,928	1,943	1,949	2,050	2,169
Securities purchased from Public Works Administration.....	143,838	145,635	136,850	113,822	113,076	108,714	121,622	114,537
<b>Total loans and investments, other than interagency.....</b>	<b>2,121,071</b>	<b>1,871,782</b>	<b>1,841,325</b>	<b>1,810,984</b>	<b>1,775,677</b>	<b>1,748,684</b>	<b>1,739,265</b>	<b>1,736,389</b>
Loans to Federal land banks.....	34,365	27,993	27,620	24,750	22,784	22,191	14,517	14,333
Loans to Commodity Credit Corporation.....	291,961	97,916	98,417	98,721	135,024	129,320	79,688	55,485
Capital stock of Commodity Credit Corporation.....		97,000	97,000	97,000	97,000	97,000	97,000	97,000
Capital stock of, and loans to R. F. C. Mortgage Co.....	17,623	33,996	35,701	37,406	38,670	39,233	43,769	44,340
Preferred stock of Export-Import banks.....	17,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
<b>Total loans and investments.....</b>	<b>2,482,020</b>	<b>2,148,786</b>	<b>2,120,163</b>	<b>2,088,961</b>	<b>2,089,255</b>	<b>2,056,825</b>	<b>1,994,837</b>	<b>1,968,547</b>

<sup>1</sup> Includes \$90,000,000 of loans for distribution to depositors of closed banks.

<sup>2</sup> Includes \$483,000 of preferred stock instalment sale contracts.

<sup>3</sup> Includes \$1,000,000 of loans to Rural Electrification Administration.

NOTE.—For explanation of table and back figures, see BULLETIN for April 1936, p. 220.

## FARM CREDIT ADMINISTRATION

### LOANS AND DISCOUNTS OUTSTANDING, BY INSTITUTIONS

[In thousands of dollars]

End of month	Farm mortgage loans by—		Federal intermediate credit bank loans to and discounts for—		Production credit associations	Regional agricultural credit corporations	Emergency crop and drought loans	Loans to cooperatives by—		
	Federal land banks	Land Bank Commissioner	Regional agricultural credit corporations, production credit associations, and banks for cooperatives <sup>1</sup>	Other financing institutions, except cooperatives				Federal intermediate credit banks	Banks for cooperatives, including Central Bank	Agricultural Marketing Act revolving fund
1933—December.....	1,232,707	70,738	73,263	60,989	27	144,636	89,811	15,211	18,697	157,752
1934—December.....	1,915,792	616,825	99,675	55,672	60,852	87,102	110,186	33,969	27,851	64,863
1935—December.....	2,071,925	794,726	104,706	47,162	94,096	43,400	172,489	2,731	50,013	44,433
1936—April.....	2,061,881	823,110	132,715	50,672	127,511	38,665	175,151	1,685	40,015	43,523
May.....	2,062,986	827,052	140,177	52,914	135,467	37,711	176,789	932	39,688	41,696
June.....	2,064,037	829,248	144,155	54,012	139,468	36,026	176,234	247	39,500	44,556
July.....	2,064,759	829,464	146,243	55,050	140,982	34,610	174,207	225	43,018	44,431
August.....	2,067,106	831,892	144,423	54,884	135,603	33,042	172,863	314	44,345	44,025
September.....	2,067,711	833,906	138,653	50,099	122,004	31,216	171,320	405	56,267	48,583
October.....	2,067,647	835,187	135,791	43,946	110,775	28,664	168,688	758	71,150	51,348
November.....	2,065,719	836,194	131,644	41,277	105,441	26,491	166,291	1,336	72,500	56,216
December.....	2,064,158	836,779	129,872	41,017	105,212	25,288	164,887	1,641	69,647	53,754
1937—January.....	2,061,472	836,062	125,825	40,080	106,081	24,454	163,868	1,486	64,411	54,322
February.....	2,060,233	835,509	130,139	41,061	114,551	24,249	163,250	1,359	60,356	52,359
March.....	2,057,930	833,821	144,250	42,367	131,905	23,892	174,709	1,305	56,736	51,810
April.....	2,055,397	832,881	153,795	44,042	143,901	23,588	187,185	1,249	49,314	48,522

<sup>1</sup> Some of the loans made by the regional agricultural credit corporations and the banks for cooperatives and most of the loans made by the production credit associations are discounted with the Federal intermediate credit banks. The amounts in this column are thus included in the 3 columns under those headings. Such loans are not always discounted in the same month in which the original credit is extended.

### FEDERAL HOME LOAN BANK BOARD

#### LOANS OUTSTANDING, BY INSTITUTIONS

[Loans in thousands of dollars]

End of month	Home mortgage loans by—				Federal home loan bank loans to member institutions <sup>2</sup>
	Home Owners' Loan Corporation <sup>1</sup>	Federal savings and loan associations		Loans reported	
		Number of associations	Reporting		
	Total	Reporting			
1933—December.....	59	59	59	85,442	
1934—December.....	2,394,038	639	455	69,734	
1935—December.....	2,897,162	1,023	881	315,683	
1936—April.....	2,960,197	1,102	1,006	390,810	
May.....	2,961,761	1,114	1,006	404,722	
June.....	2,944,501	1,135	1,017	444,046	
July.....	2,921,294	1,165	1,025	465,682	
August.....	2,898,043	1,175	1,076	497,852	
September.....	2,870,480	1,183	1,076	512,744	
October.....	2,834,610	1,192	1,080	532,064	
November.....	2,801,827	1,206	1,080	544,130	
December.....	2,765,098	1,212	1,065	544,107	
1937—January.....	2,729,274	1,228	1,143	576,299	
February.....	2,698,611	1,240	1,137	611,212	
March.....	2,661,542	1,249	1,168	630,680	
April.....	2,625,493	1,257	1,168	652,537	

<sup>1</sup> Revised.

<sup>2</sup> In addition to loans the HOLC held on April 30, 1937, \$579,000,000 in other assets, consisting principally of investments in the Federal Savings and Loan Insurance Corporation and in various savings and loan associations, real estate and other property, and accrued interest receivable.

<sup>3</sup> Includes loans to Federal savings and loan associations, all of which are members, and a negligible amount to others than member institutions.

<sup>4</sup> Includes accrued interest.

### OBLIGATIONS FULLY GUARANTEED BY THE UNITED STATES<sup>1</sup>

#### AMOUNTS OUTSTANDING, BY AGENCIES

[In millions of dollars]

End of month	Total	Federal Farm Mortgage Corporation	Home Owners' Loan Corporation <sup>2</sup>	Reconstruction Finance Corporation <sup>3</sup>
1933—December.....	180			180
1934—December.....	3,063		980	1,834
1935—November.....	4,460	1,387	2,819	253
December.....	4,494	1,387	2,855	252
1936—January.....	4,562	1,399	2,911	253
February.....	4,630	1,407	2,970	253
March.....	4,654	1,407	2,995	252
April.....	4,676	1,411	3,013	252
May.....	4,703	1,422	3,029	252
June.....	4,718	1,422	3,044	252
July.....	4,724	1,422	3,050	252
August.....	4,669	1,422	2,995	252
September.....	4,667	1,422	2,993	252
October.....	4,667	1,422	2,993	252
November.....	4,662	1,422	2,988	252
December.....	4,662	1,422	2,988	252
1937—January.....	4,662	1,422	2,988	252
February.....	4,662	1,422	2,988	252
March.....	4,666	1,422	2,992	251
April.....	4,675	1,422	3,002	251

<sup>1</sup> Revised.

<sup>2</sup> Principal amount of obligations guaranteed as to interest and principal. Also guaranteed are debentures issued by Federal Housing Administrator. The amount outstanding April 30, 1937, was \$84,663.

<sup>3</sup> Excludes obligations guaranteed as to interest only.

<sup>4</sup> Excludes obligations held by U. S. Treasury and reflected in the public debt. Figure for December 1933 includes notes given in purchase of gold which were retired in February 1934.

PRODUCTION, EMPLOYMENT, AND TRADE

[Index numbers; 1923-25 average=100. The terms "adjusted" and "unadjusted" refer to adjustment for seasonal variation]

Table with columns: Year and month, Industrial production\* (Total, Manufactures, Minerals), Construction contracts awarded (value) † (Total, Residential, All other), Factory employment ‡ (Ad-justed, Unad-justed), Factory pay rolls ‡ (Ad-justed, Unad-justed), Freight-car loadings\* (Ad-justed, Unad-justed), Department store sales\* (value) (Ad-justed, Unad-justed). Rows include years 1919-1937 with monthly data.

‡ Preliminary. † Revised. \* Average per working day. † For indexes of groups and separate industries see pp. 603-604; for description see BULLETIN for February and March 1927. ‡ 3-month moving average of F. W. Dodge Corporation data centered at second month; for description see page 358 of BULLETIN for July 1931. ‡ The indexes for factory employment and pay rolls unadjusted for seasonal variation are compiled by the Bureau of Labor Statistics. For description and back figures for the seasonally adjusted index of factory employment compiled by F. R. Board of Governors see pages 950-978 of BULLETIN for December 1936. For current indexes of groups and separate industries see pp. 605-608. Underlying figures are for pay-roll period ending nearest middle of month. † Revised series. For description, back figures, and indexes of classes of freight see pp. 522-529 of this BULLETIN. Back figures.—See Annual Report for 1935 (table 75). For department store sales see p. 631 of BULLETIN for August 1936.



## INDUSTRIAL PRODUCTION, BY INDUSTRIES (UNADJUSTED INDEXES)

[Index numbers of the Board of Governors; without seasonal adjustment. 1923-25 average=100]

Industry	1936										1937			
	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
<b>Manufactures—Total</b> .....	97	105	105	105	105	106	107	110	115	114	113	118	122	p124
<b>IRON AND STEEL</b> <sup>1</sup> .....	94	111	114	*112	*110	118	*117	*123	127	*125	134	*135	142	144
Pig iron.....	67	82	87	88	85	89	93	98	100	102	105	109	114	115
Steel ingots <sup>2</sup> .....	96	*113	117	115	113	121	120	126	130	128	*136	138	145	146
<b>TEXTILES</b> <sup>*</sup> .....	102	102	100	101	107	112	120	117	125	132	130	134	132	p127
Cotton consumption.....	105	112	106	106	114	112	123	122	128	133	135	141	143	140
Wool <sup>*</sup> .....	97	88	92	97	99	110	111	111	125	141	123	135	129	p116
Consumption <sup>*</sup> .....	106	90	94	108	111	126	127	120	140	161	130	144	141	p122
Machinery activity.....	99	96	102	95	98	101	97	104	118	134	130	137	125	p117
Carpet and rug loom activity.....	68	68	68	66	66	77	89	95	92	94	92	104	101	*95
Silk deliveries.....	103	101	96	90	103	123	136	121	129	119	135	120	110	119
<b>FOOD PRODUCTS</b> .....	86	85	82	87	90	87	90	95	104	101	91	86	91	94
Slaughtering and meat packing.....	78	80	81	84	87	85	94	104	121	117	100	85	84	83
Hogs.....	62	61	64	65	64	53	59	80	110	111	87	73	69	69
Cattle.....	95	101	101	106	115	126	138	134	133	122	112	95	99	99
Calves.....	116	126	126	124	126	130	138	135	124	119	121	114	137	141
Sheep.....	137	126	126	131	135	139	165	167	167	157	176	142	126	133
Wheat flour.....	86	80	82	83	98	99	91	92	90	84	85	86	83	87
Sugar meltings.....	113	110	87	106	94	79	75	65	65	64	64	88	127	143
<b>PAPER AND PRINTING:</b>														
Newsprint production.....	61	61	60	64	59	59	60	62	66	64	64	62	63	63
Newsprint consumption.....	138	141	140	135	117	121	137	149	160	145	137	143	149	-----
<b>TRANSPORTATION EQUIPMENT:</b>														
Automobiles.....	124	*148	142	134	128 <sup>f</sup>	82	42	65	127	147	120	120	140	158
Locomotives.....	1	3	6	9	9 <sup>f</sup>	9	6	5	9	11	7	11	22	-----
<b>LEATHER AND PRODUCTS</b> .....	112	110	104	99	113	128	130	123	112	114	126	*136	136	p126
Tanning.....	92	95	91	90	94	96	95	98	102	105	104	*110	102	-----
Cattle hide leathers.....	96	94	88	83	90	95	94	102	109	108	112	*116	107	-----
Calf and kip leathers.....	69	76	74	86	90	85	78	77	75	84	75	85	76	-----
Goat and kid leathers.....	105	114	116	113	109	111	114	107	111	120	118	119	117	-----
Boots and shoes.....	124	119	113	105	125	148	153	140	118	119	140	*153	157	p142
<b>CEMENT AND GLASS:</b>														
Cement.....	42	70	88	93	91	100	101	99	90	71	52	51	67	-----
Glass, plate.....	194	235	231	196	198	226	236	242	164	89	77	244	241	265
<b>NONFERROUS METALS:</b>														
Tin deliveries.....	95	101	98	112	128	107	99	105	97	105	125	131	144	138
Zinc.....	90	95	95	98	97	92	93	98	100	100	85	89	113	114
Lead.....	60	69	73	70	68	58	57	73	77	81	77	72	*77	84
<b>FUELS, MANUFACTURED:</b>														
Petroleum refining.....	168	178	179	181	182	186	189	192	189	192	189	194	190	-----
Gasoline.....	210	223	227	233	236	241	246	249	241	242	236	245	242	-----
Kerosene.....	95	103	93	91	90	86	92	95	100	111	119	108	104	-----
Fuel oil.....	119	119	120	117	117	119	119	124	124	132	135	130	126	-----
Lubricating oil.....	105	116	116	108	110	111	110	114	116	111	126	120	120	-----
Coke, byproduct.....	103	114	119	121	118	122	125	129	133	138	138	140	142	142
<b>RUBBER TIRES AND TUBES</b> .....	85	113	121	130	124	119	122	118	126	123	123	133	-----	-----
Tires, pneumatic.....	87	117	125	135	129	123	125	121	130	128	128	138	-----	-----
Inner tubes.....	67	86	89	90	90	92	96	94	92	91	91	99	-----	-----
<b>TOBACCO PRODUCTS</b> .....	132	140	147	161	167	158	173	157	153	149	156	153	146	145
Cigars.....	64	70	73	76	80	76	86	91	90	62	64	67	76	77
Cigarettes.....	183	195	206	230	238	225	245	212	207	217	230	220	201	200
<b>Minerals—Total</b> .....	90	95	101	101	102	104	110	115	115	111	105	111	118	p104
Bituminous coal.....	71	71	67	66	72	75	87	94	106	103	93	103	112	p60
Anthracite.....	44	72	77	62	57	51	58	67	71	72	61	54	67	p99
Petroleum, crude.....	145	150	150	149	147	152	150	153	150	156	158	165	171	p174
Iron ore.....	-----	-----	120	157	164	177	178	167	93	-----	-----	-----	-----	-----
Zinc.....	90	95	95	*98	97	*92	93	98	100	100	85	89	113	114
Lead.....	60	69	73	70	68	58	57	73	77	81	77	72	77	84
Silver.....	99	97	88	101	85	88	106	118	106	114	100	102	102	-----

<sup>2</sup> Preliminary.<sup>\*</sup> Revised.<sup>c</sup> Corrected.<sup>1</sup> February 1936 revised: 86.<sup>2</sup> January 1936 revised: 84.

NOTE.—For description see BULLETINS for February and March 1927. For latest revisions see BULLETINS for March 1932, pp. 194-196, September 1933, pp. 534-537, and March 1937, p. 256. Series on silk-loom activity and on production of book paper, wrapping paper, fine paper, box board, mechanical wood pulp, chemical wood pulp, paper boxes, and lumber, usually published in this table, are in process of revision.

* Revised indexes	1935												1936	
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.
Textiles.....	108	106	100	100	101	94	97	99	106	116	111	105	110	108
Wool.....	103	101	96	107	116	114	118	125	114	133	124	114	109	117
Consumption.....	118	105	104	126	140	133	139	149	133	160	146	126	121	132





## FACTORY EMPLOYMENT, BY INDUSTRIES (ADJUSTED FOR SEASONAL VARIATION)—Continued

[Index numbers of the Board of Governors; adjusted to Census of Manufactures through 1933. 1923-25 average = 100]

Industry and group	1936										1937			
	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
<b>LEATHER PRODUCTS</b> .....	90.4	89.2	89.0	89.0	90.3	90.9	91.4	92.0	94.9	98.8	99.1	98.1	97.4	96.5
Boots, shoes.....	91	89	89	89	91	91	91	92	95	100	101	100	99	97
Leather.....	94	94	95	94	94	96	98	96	99	98	97	97	97	100
<b>FOOD PRODUCTS</b> .....	107.8	107.7	109.3	110.3	112.4	113.2	113.3	112.7	113.4	115.0	114.8	116.7	117.0	116.3
Baking.....	127	127	127	127	129	129	129	131	132	132	133	135	136	134
Beverages.....	182	178	189	183	196	195	196	187	197	197	203	202	205	199
Butter.....	83	84	85	86	86	85	82	82	82	84	86	88	88	86
Canning, preserving.....	133	131	137	147	140	141	148	146	135	147	148	157	152	154
Confectionery.....	76	77	77	77	78	82	78	76	80	81	83	81	80	80
Flour.....	76	76	74	74	77	76	74	74	73	74	75	75	75	77
Ice cream.....	68	71	74	72	72	70	72	69	70	72	71	73	73	73
Slaughtering, meatpacking.....	84	84	85	86	92	92	92	91	96	95	93	91	93	91
Sugar, beet.....	86	90	84	88	92	109	111	118	114	93	44	89	95	98
Sugar refining, cane.....	80	81	80	80	78	79	76	74	67	70	64	78	77	84
<b>TOBACCO MANUFACTURES</b> .....	60.1	59.4	61.3	60.3	61.2	61.9	61.7	61.1	62.4	62.0	62.0	61.8	61.7	60.8
Tobacco, snuff.....	56	56	56	56	56	56	56	57	57	56	56	57	56	56
Cigars, cigarettes.....	61	60	62	61	62	63	62	62	63	63	63	62	62	61
<b>PAPER, PRINTING</b> .....	99.0	99.4	99.8	100.0	99.8	101.1	102.7	103.1	103.6	104.0	104.0	105.5	107.4	107.5
Boxes, paper.....	93	93	93	94	95	97	99	100	100	103	103	104	106	106
Paper, pulp.....	108	109	109	109	108	109	110	111	112	113	114	116	118	119
Book, job printing.....	88	88	89	90	91	93	94	94	95	94	94	96	98	97
Newspaper, periodical printing.....	102	103	103	103	101	102	105	105	104	104	103	104	105	105
<b>CHEMICALS, PETROLEUM PRODUCTS</b> ..	111.6	110.8	113.1	113.2	115.7	115.4	118.5	117.9	118.1	118.6	120.7	121.6	122.5	124.6
A. Other than petroleum.....	110.6	109.1	112.0	112.2	114.6	114.9	118.1	117.4	117.4	118.3	120.9	121.8	122.7	124.8
Chemicals.....	116	116	117	117	121	122	126	129	129	129	133	133	135	136
Cottonseed oil, cake, meal.....	73	68	71	62	61	53	78	71	77	75	85	80	67	77
Druggists' preparations.....	102	103	104	105	105	102	101	100	102	105	105	109	111	113
Explosives.....	84	82	79	84	88	89	91	90	93	91	94	92	90	95
Fertilizers.....	79	74	91	86	87	87	86	85	80	87	87	86	88	94
Paints, varnishes.....	121	123	122	124	126	127	129	129	127	130	131	133	135	136
Rayon, allied products.....	343	325	342	350	358	360	360	354	357	355	364	363	370	378
Soap.....	95	94	96	97	95	103	106	103	100	100	102	110	111	106
B. Petroleum refining.....	116	118	118	117	120	117	120	119	121	120	120	121	122	124
<b>RUBBER PRODUCTS</b> .....	74.9	87.1	87.4	88.8	91.4	93.9	95.8	98.3	99.4	102.2	102.3	101.7	96.0	96.6
Rubber boots, shoes.....	72	78	75	73	78	75	75	75	74	76	75	73	82	86
Rubber goods, other.....	118	121	122	123	124	124	126	130	133	138	140	140	142	145
Rubber tires, inner tubes.....	57	75	76	79	82	87	89	92	93	95	95	94	80	79

NOTE.—Figures for April 1937 are preliminary. For description and back data see pages 950-978 of the BULLETIN for December 1936 and page 259 of the BULLETIN for March 1937. Underlying figures are for pay-roll period ending nearest middle of month.



## FACTORY EMPLOYMENT AND PAY ROLLS, BY INDUSTRIES (WITHOUT SEASONAL ADJUSTMENT)—Continued

[Index numbers of the Bureau of Labor Statistics; adjusted to Census of Manufactures through 1933. 1923-25 average=100]

Industry and group	Factory employment								Factory pay rolls							
	1936			1937				1936			1937					
	Mar.	Apr.	Dec.	Jan.	Feb.	Mar.	Apr.	Mar.	Apr.	Dec.	Jan.	Feb.	Mar.	Apr.		
<b>LEATHER PRODUCTS</b> .....	93.6	90.8	94.0	97.5	99.0	100.8	98.3	73.1	67.7	78.3	86.3	90.9	92.4	87.4		
Boots, shoes.....	95	91	94	99	102	103	99	69	62	71	82	88	89	81		
Leather.....	95	94	98	97	98	99	100	89	90	105	103	105	107	112		
<b>FOOD PRODUCTS</b> .....	97.7	100.3	110.6	105.2	105.1	105.7	108.0	90.2	90.3	105.7	100.5	101.3	104.1	108.3		
Baking.....	125	126	132	131	132	134	133	110	109	120	118	122	124	123		
Beverages.....	171	177	181	182	182	193	197	181	187	188	188	189	211	220		
Butter.....	78	81	82	80	81	82	84	61	62	63	62	64	64	66		
Canning, preserving.....	78	94	97	90	92	90	111	73	81	91	86	97	90	115		
Confectionery.....	75	72	91	80	79	79	75	68	62	86	76	76	76	72		
Flour.....	75	74	74	75	75	74	74	69	65	70	71	71	70	72		
Ice cream.....	60	67	61	61	62	65	69	54	58	55	56	57	59	64		
Slaughtering, meatpacking.....	82	82	99	96	91	91	89	75	75	102	96	88	92	99		
Sugar, beet.....	35	40	173	38	37	39	44	42	42	152	42	44	45	50		
Sugar refining, cane.....	79	81	69	62	75	76	84	70	69	59	51	66	81	81		
<b>TOBACCO MANUFACTURES</b> .....	59.2	58.6	63.3	57.1	60.5	60.8	59.9	46.5	44.0	55.4	47.2	52.6	52.4	51.7		
Tobacco, snuff.....	56	56	56	57	59	57	56	59	57	65	64	67	66	64		
Cigars, cigarettes.....	59	59	64	57	61	61	60	45	42	54	45	51	51	50		
<b>PAPER, PRINTING</b> .....	98.7	99.1	106.0	104.3	105.7	107.1	107.2	89.3	89.8	102.6	98.7	100.5	104.1	104.8		
Boxes, paper.....	91	91	106	100	102	104	104	86	85	108	98	103	107	108		
Paper, pulp.....	108	109	113	114	116	118	119	94	96	109	110	114	117	120		
Book, job printing.....	88	88	97	96	98	98	97	80	80	93	91	91	94	94		
Newspaper, periodical printing.....	103	104	106	103	104	106	106	96	97	105	97	99	103	104		
<b>CHEMICALS, PETROLEUM PRODUCTS</b> .....	113.8	112.3	119.3	120.2	121.9	124.9	126.6	104.5	103.8	118.3	119.4	123.6	128.1	136.0		
A. Other than petroleum.....	113.6	111.3	119.3	120.4	122.4	126.0	127.7	103.0	102.5	118.0	119.4	123.9	128.8	135.6		
Chemicals.....	115	116	129	131	131	134	135	107	109	133	132	135	140	149		
Cottonseed oil, cake, meal.....	75	52	98	91	82	69	59	56	37	82	76	67	59	50		
Druggists' preparations.....	103	102	107	107	110	112	112	107	104	113	113	119	121	121		
Explosives.....	84	80	93	94	93	90	92	82	74	98	98	93	98	108		
Fertilizers.....	123	120	80	87	96	136	152	101	101	72	78	87	128	150		
Paints, varnishes.....	121	125	128	128	131	135	138	109	114	122	120	127	133	142		
Rayon, allied products.....	346	325	362	368	370	373	378	282	269	321	338	345	350	365		
Soap.....	95	95	99	100	110	111	107	93	92	104	107	125	123	114		
B. Petroleum refining.....	115	117	120	119	120	121	122	110	108	120	120	123	126	137		
<b>RUBBER PRODUCTS</b> .....	75.4	87.9	101.9	101.3	101.6	96.7	97.4	66.7	82.8	104.8	99.4	104.4	99.8	101.6		
Rubber boots, shoes.....	71	72	83	77	73	80	79	56	55	77	67	65	72	71		
Rubber goods, other.....	120	123	138	139	142	144	147	106	111	139	136	141	146	153		
Rubber tires, inner tubes.....	57	78	93	93	93	81	81	56	80	100	95	101	90	91		

NOTE.—Figures for April 1937 are preliminary. For description see pages 950-953 of the BULLETIN for December 1936. Back data may be obtained from the Bureau of Labor Statistics. Underlying figures are for pay-roll period ending nearest middle of month.

**CONSTRUCTION CONTRACTS AWARDED, BY TYPES OF CONSTRUCTION**

[Figures for 37 States east of the Rocky Mountains, as reported by the F. W. Dodge Corporation. Value of contracts in millions of dollars.]

Month	Total		Residential		Factories		Commercial		Public works and public utilities		Educational		All other	
	1936	1937	1936	1937	1936	1937	1936	1937	1936	1937	1936	1937	1936	1937
January.....	214.8	242.8	37.4	78.4	9.0	37.0	15.5	21.6	86.9	68.5	39.5	19.6	26.5	17.8
February.....	140.4	188.3	31.2	63.0	13.4	12.6	12.6	22.3	46.6	59.6	21.1	11.3	15.5	19.4
March.....	198.8	231.2	55.2	90.2	18.4	22.2	17.3	30.0	62.3	52.5	19.0	10.0	26.6	26.4
April.....	234.6	269.9	67.2	108.0	25.5	30.1	24.3	28.7	73.4	65.7	23.2	14.0	21.1	23.4
May.....	216.1	-----	70.3	-----	12.9	-----	18.8	-----	65.6	-----	20.7	-----	29.8	-----
June.....	232.7	-----	73.6	-----	10.2	-----	21.9	-----	80.0	-----	18.3	-----	28.7	-----
July.....	294.7	-----	72.0	-----	19.1	-----	28.6	-----	126.6	-----	23.3	-----	25.1	-----
August.....	275.3	-----	100.5	-----	15.0	-----	22.0	-----	94.4	-----	12.3	-----	31.1	-----
September.....	234.3	-----	80.7	-----	18.8	-----	20.1	-----	84.5	-----	9.2	-----	21.0	-----
October.....	225.8	-----	79.7	-----	18.4	-----	22.0	-----	67.0	-----	13.4	-----	25.3	-----
November.....	208.2	-----	68.4	-----	14.1	-----	23.0	-----	73.9	-----	13.1	-----	15.7	-----
December.....	199.7	-----	65.5	-----	23.1	-----	23.2	-----	61.3	-----	13.0	-----	13.6	-----
Year.....	2,675.3	-----	801.6	-----	198.0	-----	249.1	-----	920.4	-----	226.1	-----	280.0	-----

**CONSTRUCTION CONTRACTS AWARDED, BY TYPES OF FINANCING**

[Figures for 37 States east of the Rocky Mountains, as reported by the F. W. Dodge Corporation. Value of contracts in millions of dollars.]

Month	Total						Publicly financed <sup>1</sup>						Privately financed <sup>1</sup>					
	1932	1933	1934	1935	1936	1937	1932	1933	1934	1935	1936	1937	1932	1933	1934	1935	1936	1937
January.....	85	83	186	100	215	243	39	39	157	55	149	112	45	44	29	45	66	130
February.....	89	53	97	75	140	188	34	27	65	38	79	69	55	26	31	37	62	119
March.....	112	60	178	123	159	231	45	25	126	68	96	66	67	35	52	55	103	165
April.....	122	57	131	124	235	270	61	18	78	53	105	74	61	39	53	71	130	196
May.....	146	77	134	127	216	-----	93	24	72	47	94	-----	54	53	63	80	122	-----
June.....	113	102	127	148	233	-----	64	29	73	64	116	-----	49	74	54	84	116	-----
July.....	129	83	120	159	295	-----	85	20	52	67	153	-----	44	63	67	93	141	-----
August.....	134	106	120	169	275	-----	81	47	69	92	153	-----	53	59	51	76	122	-----
September.....	128	120	110	167	234	-----	80	71	69	97	116	-----	47	49	41	70	119	-----
October.....	107	145	135	201	226	-----	61	100	79	114	101	-----	46	45	57	87	125	-----
November.....	105	162	112	188	208	-----	73	126	74	118	89	-----	32	36	38	70	119	-----
December.....	81	207	93	264	200	-----	52	156	61	196	82	-----	29	51	32	68	117	-----
Year.....	1,351	1,256	1,543	1,845	2,675	-----	768	683	975	1,007	1,334	-----	583	573	568	837	1,341	-----

<sup>1</sup> Revised.

<sup>1</sup> Data for years prior to 1932 not available.

**CONSTRUCTION CONTRACTS AWARDED, BY DISTRICTS**

[Figures for 37 States east of the Rocky Mountains, as reported by the F. W. Dodge Corporation. Value of contracts in thousands of dollars.]

Federal Reserve district	1937		1936
	Apr.	Mar.	Apr.
	Boston.....	18,080	14,308
New York.....	57,896	44,658	45,128
Philadelphia.....	15,594	11,772	14,810
Cleveland.....	25,917	26,713	24,184
Richmond.....	32,372	24,372	19,230
Atlanta.....	17,664	19,287	20,275
Chicago.....	47,336	47,502	37,252
St. Louis.....	16,055	16,417	16,737
Minneapolis.....	9,168	6,867	8,561
Kansas City.....	17,237	8,350	10,940
Dallas.....	12,617	11,000	17,562
Total (11 districts).....	269,934	231,246	234,632

**COMMERCIAL FAILURES, BY DISTRICTS**

[Figures reported by Dun & Bradstreet. Amounts in thousands of dollars.]

Federal Reserve district	Number				Liabilities		
	1937		1936	1937		1936	
	Apr.	Mar.	Apr.	Apr.	Mar.	Apr.	
Boston.....	69	79	80	664	721	1,688	
New York.....	252	249	273	2,965	3,042	4,542	
Philadelphia.....	43	40	47	385	1,347	476	
Cleveland.....	63	68	61	1,343	702	1,452	
Richmond.....	36	53	37	348	359	437	
Atlanta.....	35	38	29	355	414	1,634	
Chicago.....	105	115	104	1,160	1,505	1,725	
St. Louis.....	21	26	25	207	276	296	
Minneapolis.....	15	14	25	112	90	221	
Kansas City.....	29	51	35	195	778	226	
Dallas.....	16	9	17	344	129	520	
San Francisco.....	102	78	97	828	1,499	940	
Total.....	786	820	830	8,906	10,922	14,157	

## MERCHANDISE EXPORTS AND IMPORTS

[In millions of dollars]

Month	Merchandise exports <sup>1</sup>					Merchandise imports <sup>1</sup>					Excess of exports				
	1933	1934	1935	1936	1937	1933	1934	1935	1936	1937	1933	1934	1935	1936	1937
January.....	121	172	176	199	222	96	136	167	187	240	25	37	9	11	r-18
February.....	102	163	163	182	233	84	133	152	193	278	18	30	11	-11	-45
March.....	108	191	185	195	256	95	158	177	199	308	13	33	8	-4	-51
April.....	105	179	164	193	p269	88	147	171	203	p287	17	33	-6	-10	p-18
May.....	114	160	165	201	-----	107	155	171	r192	-----	7	6	-5	r9	-----
June.....	120	171	170	186	-----	122	136	157	r191	-----	-2	34	13	-5	-----
July.....	144	162	173	180	-----	143	127	177	r195	-----	1	34	-3	r-15	-----
August.....	131	172	172	179	-----	155	120	169	193	-----	-23	52	3	-14	-----
September.....	160	191	199	r221	-----	147	132	162	216	-----	13	60	37	r5	-----
October.....	193	206	221	265	-----	151	130	189	213	-----	42	77	32	52	-----
November.....	184	195	270	226	-----	129	151	169	196	-----	56	44	100	r30	-----
December.....	193	171	223	230	-----	134	132	187	245	-----	59	38	37	-15	-----
Year.....	1,875	2,133	2,283	r2,456	-----	1,450	1,655	2,047	r2,422	-----	225	478	235	r34	-----

<sup>p</sup> Preliminary.<sup>r</sup> Revised.<sup>1</sup> Including both domestic and foreign merchandise.<sup>2</sup> General imports, including merchandise entered for immediate consumption and that entered for storage in bonded warehouses.

Source: Bureau of Foreign and Domestic Commerce.

Back figures.—See BULLETIN for January 1931, p. 18, and for July 1933, p. 431.

## FREIGHT-CAR LOADINGS, BY CLASSES

[Index numbers; 1923-25 average=100]

	1936		1937			
	Apr.	Dec.	Jan.	Feb.	Mar.	Apr.
	Adjusted for seasonal variation					
Total.....	71	83	80	82	83	84
Coal.....	77	82	78	77	87	81
Coke.....	69	88	83	76	92	102
Grain and grain products.....	74	83	73	70	68	70
Livestock.....	42	46	43	41	42	43
Forest products.....	41	54	48	51	51	49
Ore.....	65	92	117	114	114	249
Miscellaneous.....	76	92	90	95	94	91
Merchandise <sup>1</sup> .....	64	69	67	68	69	69
	Without seasonal adjustment					
Total.....	68	77	73	76	80	79
Coal.....	64	92	89	91	92	68
Coke.....	58	97	97	102	96	86
Grain and grain products.....	66	71	65	64	62	63
Livestock.....	38	45	42	34	34	39
Forest products.....	42	46	42	49	52	51
Ore.....	27	23	26	27	29	102
Miscellaneous.....	79	84	78	82	90	94
Merchandise <sup>1</sup> .....	65	66	64	66	69	70

<sup>1</sup> In less-than-carload lots.

NOTE.—Revised indexes. For description and back data see pages 522-529 of this BULLETIN. Basic data compiled by Association of American Railroads. Indexes based on daily average loadings. Total index compiled by combining indexes for classes with weights derived from revenue data of the Interstate Commerce Commission.

## DEPARTMENT STORES—SALES, STOCKS

Index numbers based on value figures; 1923-25 average=100]

Month	Index of sales <sup>1</sup>				Index of stocks (end of month)			
	Adjusted for seasonal variation		Without seasonal adjustment		Adjusted for seasonal variation		Without seasonal adjustment	
	1936	1937	1936	1937	1936	1937	1936	1937
January.....	81	93	63	72	66	74	58	66
February.....	83	95	66	76	66	76	62	72
March.....	84	93	77	90	65	76	67	78
April.....	84	93	85	89	65	70	68	79
May.....	87	-----	89	-----	66	-----	67	-----
June.....	87	-----	84	-----	64	-----	62	-----
July.....	91	-----	63	-----	64	-----	59	-----
August.....	86	-----	68	-----	67	-----	65	-----
September.....	88	-----	94	-----	68	-----	71	-----
October.....	90	-----	100	-----	69	-----	76	-----
November.....	94	-----	105	-----	71	-----	80	-----
December.....	92	-----	161	-----	71	-----	67	-----
Year.....	-----	-----	88	-----	-----	-----	67	-----

<sup>1</sup> Based throughout on figures of daily average sales—with allowance for changes from month to month in number of Saturdays and in number of Sundays and holidays. Adjustment for seasonal variation makes allowance in March and April for the effects upon sales of changes in the date of Easter.

Back figures.—Department store sales, see p. 631 of BULLETIN for August 1936; department store stocks, see pp. 254-255 of BULLETIN for April 1935.

WHOLESALE PRICES, BY GROUPS OF COMMODITIES

[Index of Bureau of Labor Statistics. 1926=100]

Main table showing wholesale prices by groups of commodities from 1929 to 1936. Columns include: Year, month, or week; All commodities; Farm products; Foods; Total; Hides and leather products; Textile products; Fuel and lighting materials; Metals and metal products; Building materials; Chemicals and drugs; House-furnishing goods; Miscellaneous. Rows list years from 1929 to 1936, with monthly data for 1936.

Table showing subgroups for the years 1936 and 1937. Columns are grouped by year (1936 and 1937) and subgroups. Rows include Farm Products (Grains, Livestock), Foods (Dairy, Cereal), Hides and Leather Products (Shoes, Hides), Textile Products (Clothing, Cotton goods), Fuel and Lighting Materials (Anthracite, Coal), Metals and Metal Products (Agricultural implements, Iron and steel), Building Materials (Brick and tile, Cement, Lumber), Chemicals and Drugs (Chemicals, Pharmaceuticals), House-furnishing Goods (Furnishings, Furniture), and Miscellaneous (Auto tires and tubes, Cattle feed, Paper and pulp).

Back figures.—For monthly and annual indexes of groups, see Annual Report for 1935 (table 80); indexes of subgroups available at Bureau of Labor Statistics. For weekly indexes covering 1935, see Annual Report for 1935 (table 81).







## GOLD MOVEMENTS—Continued

[In thousands of dollars at approximately \$35 a fine ounce]

Year or month	United Kingdom											British India			
	Total net imports or net exports (-)	Net imports from or net exports (-) to:									Total net imports or net exports (-)	Gold production in India	Change in:		
		United States	France	Germany	Belgium	Netherlands	Canada	Australia	South Africa, Rhodesia, West Africa	British India			Other countries	Reserves in India <sup>1</sup>	Private holdings in India <sup>2</sup>
1934.....	716,269	-497,166	348,190	121,017	-13,585	32,575	26,316	41,790	335,253	206,711	115,168	-230,720	11,222	173	-219,671
1935.....	369,747	-435,502	142,137	-4,726	-17,476	10,796	16,565	37,981	404,295	181,627	34,050	-161,872	11,393	-6	-150,472
1936.....	1,170,023	-276,813	756,204	23,295	-15,133	-21,130	12,928	26,723	488,814	128,420	46,715	-121,102	11,599	.....	-109,503
1935—Oct.....	-36,158	-87,929	-2,739	68	217	-1,136	28	3,414	44,995	11,900	-4,975	-11,160	974	.....	-10,186
Nov.....	18,286	-33,744	25,198	50	.....	-20,204	1,798	2,842	33,325	12,857	-3,836	-14,540	953	.....	-13,587
Dec.....	40,811	-22,075	910	114	-27	-6,982	1,798	1,995	42,442	14,838	7,799	-10,303	966	.....	-9,337
1936—Jan.....	41,974	-12,059	3,202	78	94	-591	.....	1,889	39,852	11,035	-1,526	-13,809	971	.....	-12,538
Feb.....	38,649	1,136	-3,253	173	33	-7,569	5,958	2,037	26,454	11,686	1,993	-9,846	920	.....	-8,926
Mar.....	47,666	3,440	6,738	92	99	-13,354	4,090	2,574	31,033	10,896	2,057	-7,667	968	.....	-6,699
Apr.....	77,137	-9,465	12,710	4,295	-1,383	-1,409	899	3,329	55,108	9,413	3,641	-10,351	944	.....	-9,407
May.....	74,590	-12,611	26,936	1,875	-17,602	1,761	1,708	2,167	53,802	13,289	3,264	-10,357	979	.....	-10,378
June.....	69,447	-26,802	27,060	3,903	-536	606	.....	1,610	45,147	10,860	7,599	-10,355	958	.....	-9,397
July.....	195,066	-4,384	142,535	1,913	-747	-2,421	270	2,531	43,122	9,657	2,591	-15,032	981	.....	-14,051
Aug.....	281,401	-16,120	240,868	1,789	-804	-2,907	.....	2,089	34,552	15,011	6,922	-7,983	981	.....	-7,002
Sept.....	151,814	-14,096	108,666	6,086	6,369	-1,029	3	2,084	36,517	6,581	633	-8,273	966	.....	-7,307
Oct.....	7,615	-72,441	-383	3,964	-1,039	-2,458	.....	1,984	45,323	7,853	19,895	-11,576	982	.....	-10,594
Nov.....	83,168	-49,224	72,506	-163	377	1,486	.....	2,304	36,250	14,896	4,756	-9,347	966	.....	-8,381
Dec.....	100,505	-63,914	118,655	-624	-1,130	1,836	.....	2,126	41,683	7,243	-5,368	-5,306	983	.....	-4,523
1937—Jan.....	-25,523	-73,568	22,453	-220	414	1,021	-3	2,504	16,903	3,953	1,019	-8,447	984	.....	-7,463
Feb.....	122,296	-75,615	163,919	153	452	1,756	.....	1,968	24,113	8,705	-3,156	-3,161	899	.....	-2,262
Mar.....	78,484	-104,399	124,121	507	1,587	965	.....	2,727	26,593	5,760	20,624	-4,080	899	.....	-3,181
Apr.....	12,063	-149,444	11,281	-1,055	104	927	.....	2,122	44,198	2,848	101,055	.....	.....	.....	.....

Year or month	Germany						Switzerland							
	Total net imports or net exports (-)	Net imports from or net exports (-) to:					Total net imports or net exports (-)	Net imports from or net exports (-) to:						
		United Kingdom	France	Netherlands	Switzerland	All other countries		United States	United Kingdom	France	Belgium	Italy	Netherlands	All other countries
1934.....	-90,920	-109,386	-42,907	-28,114	163	89,324	-46,065	-12,784	-45,955	-29,235	18,397	19,431	2,580	1,500
1935.....	42,969	5,180	13,225	7,394	9,888	7,281	-230,788	647	-54,858	-181,725	-13,940	25,542	342	-6,795
1936.....	1,868	-22,784	-2,121	20,188	3,239	-390	121,788	-9,127	-2,205	39,305	14,531	51,299	4,600	23,378
1935—Oct.....	10,566	-49	7,058	2,532	1,116	-93	1,367	163	1,085	881	.....	1,343	241	-2,344
Nov.....	780	-17	5	680	67	45	-934	.....	-332	-3,227	.....	1,849	-49	825
Dec.....	2,004	-87	591	810	671	19	-2,330	.....	-2,088	-4,166	21	4,724	-139	-682
1936—Jan.....	-2,584	-71	-2,441	-35	61	-98	2,462	.....	-195	-6,783	47	9,496	-137	34
Feb.....	-1,307	35	-2,029	801	27	-140	6,571	.....	-518	-5,705	1,821	9,612	1,377	-16
Mar.....	-258	-59	-19	-142	20	-59	21,413	.....	-841	-3,492	1,724	21,537	567	1,917
April.....	-1,201	-4,277	13	3,077	23	-37	22,570	.....	-131	7,292	-3	6,970	29	8,413
May.....	-630	-3,935	.....	3,256	76	-28	13,386	32	-4,298	284	-8	1,449	132	15,794
June.....	1,130	-1,720	2	2,821	23	4	5,188	-4	-1,704	2,057	-235	2,952	2,113	9
July.....	3,248	-1,898	2	3,121	2,061	-38	-321	-7	820	-249	1,166	-20	-121	-1,911
Aug.....	1,580	-1,661	2	3,265	30	-55	2,829	.....	-113	3,176	-254	-20	-21	59
Sept.....	-3,514	-6,076	4	2,496	26	37	33,506	-575	-6,396	40,875	-286	-641	487	42
Oct.....	-3,521	-3,954	-2	448	7	-20	14,848	19	5,988	656	8,177	62	57	-112
Nov.....	426	259	.....	73	65	30	2,210	-3,676	2,892	1,241	1,723	-65	97	-3
Dec.....	4,763	572	2,346	1,006	822	15	-2,874	-4,916	2,291	-47	659	-33	20	-848
1937—Jan.....	17,426	221	15,352	-95	52	1,897	-135	-6,675	5,227	-612	732	-100	-575	1,866
Feb.....	27,024	-120	11,432	-77	14,231	1,558	-17,034	-6,247	2,436	-1	852	.....	-566	13,507
Mar.....	588	-504	1	-89	23	1,157	575	.....	-463	-490	653	.....	55	819
Apr.....	.....	.....	.....	.....	.....	.....	-1,372	.....	-2,516	-228	.....	.....	.....	1,372

<sup>p</sup> Preliminary. <sup>c</sup> Corrected.

<sup>1</sup> Through March 1935 gold held by government; subsequently, gold held by Reserve Bank of India to which government gold was transferred.

<sup>2</sup> Figures derived from preceding columns; net imports plus production minus reserves in India.

<sup>3</sup> \$22,520,000 imported by United Kingdom from U. S. S. R. in March and \$98,510,000 in April 1937.

<sup>4</sup> \$85,390,000 imported by Germany from U. S. S. R. in 1934, and \$6,376,000 in 1935.

<sup>5</sup> \$8,444,000 imported by Switzerland from Czechoslovakia in April and \$15,433,000 in May 1936.

<sup>6</sup> \$15,322,000 exported by Switzerland to Germany in February 1937.

**NOTE.**—Germany, Switzerland, and United Kingdom.—In some cases the annual aggregates of the official monthly figures differ somewhat from the revised official totals published for the year as a whole. German gold movements by individual countries, beginning with January 1937, are subject to official revision. France and Netherlands.—No figures reported by France since September and by Netherlands since October 1936.

CENTRAL BANKS

Bank of England (Figures in millions of pounds sterling)	Gold (in issue department) <sup>1</sup>	Assets of banking department				Note circulation	Liabilities of banking department			
		Cash reserves		Dis-counts and advances	Securi-ties		Deposits			Other liabili-ties
		Coin	Notes				Bankers'	Public	Other	
1929—Dec. 25	145.8	.2	26.3	22.3	84.9	379.6	71.0	8.8	35.8	17.9
1930—Dec. 31	147.6	.6	38.8	49.0	104.7	368.8	132.4	6.6	36.2	18.0
1931—Dec. 30	120.7	.6	31.6	27.3	133.0	364.2	126.4	7.7	40.3	18.0
1932—Dec. 28	119.8	.8	23.6	18.5	120.1	371.2	102.4	8.9	33.8	18.0
1933—Dec. 27	190.7	1.0	58.7	16.8	104.4	392.0	101.2	22.2	36.5	18.0
1934—Dec. 26	192.3	.5	47.1	7.6	98.2	405.2	89.1	9.9	36.4	18.0
1935—Dec. 25	200.1	.6	35.5	8.5	94.7	424.5	72.1	12.1	37.1	18.0
1936—Feb. 26	200.6	.7	60.7	11.0	96.2	399.9	106.2	8.8	35.5	18.2
Mar. 25	200.6	.8	54.1	5.0	97.0	406.5	83.6	18.0	37.0	18.3
Apr. 29	202.7	.8	45.9	8.3	114.0	416.9	104.7	7.5	39.0	17.7
May 27	206.4	.9	40.3	6.7	104.7	426.1	78.3	19.8	36.7	17.8
June 24	216.3	1.0	41.5	7.6	116.1	434.8	90.8	20.0	37.4	17.9
July 29	239.9	1.0	51.4	7.1	115.5	448.6	75.2	42.3	39.4	18.1
Aug. 26	244.8	1.1	61.3	9.2	102.6	443.4	100.9	17.2	37.8	18.2
Sept. 30	248.7	1.1	59.3	8.6	100.7	449.4	60.7	49.7	40.9	18.3
Oct. 28	248.7	1.0	65.9	6.6	99.7	442.7	86.5	27.6	41.4	17.7
Nov. 25	248.7	.7	63.1	6.8	98.6	445.6	97.6	12.1	41.7	17.8
Dec. 30	313.7	.6	46.3	17.5	155.6	467.4	150.6	12.1	39.2	18.0
1937—Jan. 27	313.7	.4	61.4	8.0	97.4	452.3	98.4	12.1	38.4	18.1
Feb. 24	313.7	.7	58.6	4.9	105.3	455.1	100.4	13.0	37.9	18.2
Mar. 31	313.7	1.0	39.8	7.1	123.4	473.8	62.3	52.2	38.5	18.3
Apr. 28	313.7	1.0	44.8	5.5	119.7	468.8	87.6	26.2	39.6	17.7

Bank of France (Figures in millions of francs)	Assets								Liabilities					
	Gold <sup>2</sup>	For- eign ex- change	Domestic bills		Ad- vances to Gov- ern- ment	Loans on—		Negotia- ble se- curities	Other assets	Note circula- tion	Deposits		Other liabili- ties	
			Spe- cial <sup>3</sup>	Other		Short- term Gov- ern- ment se- curities	Other securi- ties				Gov- ern- ment	Other		
1929—Dec. 27	41,668	25,942		8,624			2,521	5,612	5,603	68,571	11,737	7,850	1,812	
1930—Dec. 26	53,578	26,179		8,429			2,901	5,304	6,609	76,436	12,624	11,698	2,241	
1931—Dec. 30	68,863	21,111		7,389			2,730	7,157	8,545	85,725	5,898	22,183	1,989	
1932—Dec. 30	83,017	4,484		3,438			2,515	6,802	9,196	85,028	2,311	20,072	2,041	
1933—Dec. 29	77,098	1,158		4,739			2,921	6,122	8,251	82,613	2,322	13,414	1,940	
1934—Dec. 28	82,124	993		3,971			3,211	5,837	8,288	83,412	3,718	15,359	1,907	
1935—Dec. 27	66,296	1,328		9,712			573	3,253	5,806	7,879	81,150	2,862	8,716	2,113
1936—Feb. 28	65,789	1,309		9,758			932	3,250	6,708	8,186	81,239	2,854	8,706	2,134
Mar. 27	65,587	1,297		12,053			671	3,325	6,708	8,028	83,197	2,889	8,434	2,148
Apr. 24	61,837	1,305		14,392			623	3,349	6,708	8,193	82,557	2,722	7,895	2,334
May 29	57,022	1,426		19,381			796	3,331	5,708	8,156	84,705	1,850	6,909	2,353
June 26	53,999	1,297		7,750	14,333		1,048	3,441	5,708	8,015	85,106	1,305	6,528	2,652
July 31	54,942	1,270		6,041	14,333		1,461	3,555	5,708	8,699	85,892	1,594	6,254	2,267
Aug. 28	54,511	1,250		7,063	14,333		800	3,454	5,640	8,125	84,324	1,523	7,037	2,301
Sept. 25	50,111	1,245		27	7,484	15,903	838	3,553	5,640	9,643	83,750	1,679	6,660	2,356
Oct. 30	64,359	1,471		647	7,332	12,303	668	3,447	5,640	8,204	87,198	3,973	9,247	3,553
Nov. 27	64,359	1,466		925	8,056	12,298	702	3,464	5,640	8,029	86,651	2,069	13,058	3,180
Dec. 30	60,359	1,460		1,379	8,465	17,698	715	3,583	5,640	8,344	89,342	2,089	13,655	2,557
1937—Jan. 29	57,359	1,435		1,620	8,553	19,772	1,168	3,701	5,640	8,209	87,688	1,955	15,280	2,534
Feb. 26	57,359	1,323		1,524	8,990	19,772	873	3,594	5,640	8,235	87,062	2,315	15,386	2,547
Mar. 26	57,359	1,194		1,514	8,440	20,066	225	3,698	5,640	8,543	85,746	1,977	16,404	2,552
Apr. 30	57,359	4,112		1,470	7,639	19,991	965	3,918	5,642	9,256	87,063	4,361	13,408	2,518

<sup>1</sup> Issue department also holds securities and silver coin as cover for fiduciary issue, which is fixed by law at £260,000,000. However, by direction of the British Treasury under Section 2, paragraph (2), of the Currency and Bank Notes Act, 1928 (see BULLETIN for August 1928, pp. 567-569), a reduction of £80,000,000 in the amount of the fiduciary issue (and the securities held as cover) has been in effect since December 16, 1936. From August 1, 1931 to March 31, 1933, an increase of £15,000,000 in the fiduciary issue (and securities held as cover) was authorized by the British Treasury under Section 8 of the Currency and Bank Notes Act.

<sup>2</sup> By law of October 1, 1936, gold provisionally revalued at rate of 49 milligrams gold 0.900 fine per franc (see BULLETIN for November 1936, pp. 878-880). Of the total gold increment of about 17,000,000,000 francs, 10,000,000,000 francs was initially turned over to Stabilization Fund established by the law of October 1.

<sup>3</sup> Bills and warrants endorsed by the National Wheat Board (law of Aug. 15, 1936—see BULLETIN for October 1936, pp. 785-786), and bills redis-counted for account of the Banques Populaires (law of Aug. 19, 1936—see BULLETIN for October 1936, p. 738).

NOTE.—For explanation of table see BULLETIN for February 1931, pp. 81-83, July 1935, p. 463 and July 1936, p. 603.

## CENTRAL BANKS—Continued

Reichsbank (Figures in millions of reichsmarks)	Assets							Liabilities			
	Reserves		Treasury bills	Other bills (and checks)	Security loans	Securities		Other assets	Note circulation	Deposits	Other liabilities
	Gold	Foreign exchange				Eligible as note cover	Other				
1929—Dec. 31	2,283	404	241	2,608	251	—	92	656	5,044	755	736
1930—Dec. 31	2,216	460	206	2,366	256	—	102	638	4,778	652	822
1931—Dec. 31	984	172	98	4,144	245	—	161	1,065	4,776	755	1,338
1932—Dec. 31	806	—	16	2,806	176	—	398	1,114	3,560	540	1,313
1933—Dec. 30	386	9	49	3,177	183	259	322	735	3,901	640	838
1934—Dec. 31	79	5	45	4,021	146	445	319	827	3,645	984	1,001
1935—Dec. 31	82	5	53	4,498	84	349	315	853	4,285	1,032	923
1936—Feb. 29	72	5	43	4,026	72	348	315	861	4,177	652	914
Mar. 31	72	5	54	4,201	58	336	321	771	4,267	708	782
Apr. 30	70	5	71	4,353	73	240	310	702	4,348	688	798
May 30	70	5	37	4,806	60	219	319	648	4,430	728	807
June 30	72	5	98	4,699	56	220	311	704	4,389	960	815
July 31	72	5	90	4,623	67	220	310	711	4,471	787	840
Aug. 31	69	6	74	4,693	65	220	309	686	4,540	729	853
Sept. 30	63	6	51	4,875	59	219	308	695	4,657	744	857
Oct. 31	65	5	55	4,888	79	219	305	685	4,713	689	897
Nov. 30	66	5	57	4,852	67	219	303	770	4,674	758	911
Dec. 31	66	6	62	5,448	74	221	303	765	4,980	1,012	953
1937—Jan. 30	67	6	23	4,835	65	223	302	959	4,799	707	973
Feb. 27	67	6	35	4,777	102	222	302	1,059	4,816	785	968
Mar. 31	68	6	10	5,101	51	167	312	1,021	4,938	970	826
Apr. 30	68	6	29	5,124	52	106	310	896	4,979	794	816

NOTE—For explanation of above table see BULLETIN for February 1931, pp. 81-83, and July 1935, p. 463.

Central bank (Figures as of last report date of month)	1937			1936	Central bank (Figures as of last report date of month)	1937			1936
	Apr.	Mar.	Feb.	Apr.		Apr.	Mar.	Feb.	Apr.
<b>National Bank of Albania</b> (thousands of francs):									
Gold	7,555	7,555	7,556	7,556					
Foreign assets	24,522	24,234	18,209	18,209	Note circulation	4,421	4,404	4,477	4,255
Loans and discounts	3,668	3,819	3,111	3,111	Demand deposits—Treasury	143	166	25	31
Other assets	3,951	3,755	5,029	5,029	Other	622	734	828	719
Note circulation	11,539	11,469	11,545	11,545	Other liabilities	72	72	72	72
Other sight liabilities	16,382	16,237	10,710	10,710	<b>Central Bank of Bolivia</b> (thousands of bolivianos):				
Other liabilities	11,775	11,657	11,650	11,650	Gold at home and abroad <sup>1</sup>	50,421	67,400	22,243	
<b>Central Bank of the Argentine Republic</b> (millions of pesos):					Foreign exchange	111,320	71,773	8,640	
Gold at home	1,224	1,224	1,224	1,224	Loans and discounts	11,642	11,068	7,230	
Gold abroad and foreign exchange	286	307	111	111	Securities—Government	414,560	413,360	388,202	
Negotiable Government bonds	—	—	212	212	Other	4,735	4,795	2,921	
Other assets	165	154	153	153	Other assets	13,968	12,524	16,976	
Note circulation	1,140	1,134	1,021	1,021	Note circulation	231,293	220,568	156,534	
Deposits—Member bank	383	391	451	451	Deposits	271,155	256,097	225,162	
Government	117	124	190	190	Other liabilities	104,199	104,255	64,515	
Other	5	6	9	9	<b>Bank of Brazil</b> (millions of milreis):				
Other liabilities	31	30	29	29	Cash	239	268	211	
<b>Commonwealth Bank of Australia</b> (thousands of pounds):					Correspondents abroad	413	503	379	
Issue department:					Loans and discounts	2,441	2,439	2,921	
Gold and English sterling	16,012	16,012	16,003	16,003	Note circulation	—	—	10	
Securities	38,560	38,561	40,341	40,341	Deposits	2,949	2,952	3,146	
Banking department:					<b>National Bank of Bulgaria</b> (millions of leva):				
Coin, bullion, and cash	1,093	1,297	1,225	1,225	Gold	1,755	1,755	1,755	1,591
London balances	28,829	22,680	19,314	19,314	Foreign exchange reserve (net)	—	—	—	-128
Loans and discounts	15,328	17,594	10,642	10,642	Other foreign exchange	546	554	622	374
Securities	38,251	38,251	35,657	35,657	Loans and discounts	979	921	765	1,372
Deposits	79,940	76,509	63,902	63,902	Government debt	3,551	3,551	3,551	2,671
Note circulation	47,039	47,039	48,045	48,045	Other assets	995	1,053	970	1,099
<b>Austrian National Bank</b> (millions of schillings):					Note circulation	2,636	2,440	2,317	2,252
Gold	243	243	243	243	Deposits	2,899	3,109	3,111	2,219
Foreign exchange (non-reserve)	97	96	96	82	Other liabilities	2,291	2,287	2,235	2,508
Loans and discounts	195	197	202	219	<b>Bank of Canada</b> (thousands of Canadian dollars):				
Government debts	620	620	620	624	Gold	191,192	187,947	179,423	179,951
Other assets	139	125	130	168	Silver bullion	2,388	2,358	2,281	1,636
Note circulation	905	891	893	952	Sterling, United States and other exchange	11,215	19,706	14,575	9,384
Deposits	228	243	241	210	Advances to Provincial Gov'ts.	—	—	—	2,000
Other liabilities	161	148	156	174	Government securities:				
<b>National Bank of Belgium</b> (millions of belgas):					2 years or less	50,252	50,975	55,196	28,602
Gold	3,579	3,651	3,690	3,429	Over 2 years	101,687	101,797	101,661	82,323
Discounts, domestic and foreign	1,331	1,373	1,363	1,247	Other assets	6,537	7,826	4,709	5,154
Loans	38	38	34	75	Note circulation	129,063	125,970	119,218	90,309
Other assets	310	314	316	325	Deposits—Chartered banks	199,472	194,275	195,045	187,447
					Dominion Government	21,222	36,751	30,038	23,915
					Other	796	1,452	1,315	327
					Other liabilities	12,718	12,160	12,230	7,054

<sup>1</sup> Gold abroad revalued in December 1936.

CENTRAL BANKS—Continued

[Figures as of last report date of month]

Central bank	1937			1936	Central bank	1937			1936
	Apr.	Mar.	Feb.	Apr.		Apr.	Mar.	Feb.	Apr.
<b>Central Bank of Chile</b> (millions of pesos):					<b>Central Reserve Bank of El Salvador</b> (thousands of colones):				
Gold and foreign exchange in reserve			143	142	Gold	13,142	13,138	12,917	
Loans and discounts			225	102	Foreign exchange	6,986	5,720	4,345	
Government debt			699	706	Loans and discounts	597	1,279	484	
Note circulation			680	598	Government debt and securities	6,364	6,546	6,842	
Deposits			302	275	Other assets	2,510	2,464	1,882	
					Note circulation	18,182	18,584	14,800	
					Deposits	7,176	6,578	7,569	
					Other liabilities	4,240	3,984	4,102	
<b>Central Bank of China</b> <sup>1</sup> (millions of yuan):					<b>Bank of Estonia</b> (thousands of krooni):				
Gold			34	51	Gold	34,184	34,180	34,176	34,125
Silver			236	230	Foreign exchange (net)	15,389	17,164	12,390	2,463
Foreign exchange			108	86	Loans and discounts	20,577	26,121	25,871	21,453
Due from domestic banks			144	124	Other assets	22,114	21,285	21,228	23,433
Loans and discounts			474	210	Note circulation	46,471	47,184	46,005	41,887
Securities			162	311	Demand deposits	36,089	36,206	33,703	27,251
Other assets			85	48	Other liabilities	15,703	15,360	13,957	12,335
Note circulation			358	269					
Deposits			795	667	<b>Bank of Finland</b> (millions of markkaa):				
Other liabilities			149	125	Gold	816	816	815	501
					Foreign assets	2,017	1,960	1,939	1,559
<b>Bank of the Republic of Colombia</b> (thousands of pesos):					Loans and discounts	1,130	1,085	1,051	1,021
Gold	32,504	40,212	37,779	29,789	Domestic securities	316	308	295	262
Foreign exchange	11,490	9,690	12,725	5,738	Other assets	323	320	301	293
Loans and discounts	11,294	7,024	7,705	4,323	Note circulation	2,008	1,913	1,757	1,546
Government loans and securities	45,912	45,752	45,585	45,341	Deposits—Treasury	415	467	531	35
Other assets	26,638	27,015	26,871	25,721	Other	495	483	513	600
Note circulation	51,544	51,478	52,730	42,524	Other liabilities	1,684	1,627	1,601	1,454
Deposits	38,573	41,158	41,413	30,633					
Other liabilities	37,720	37,058	36,521	37,454	<b>Bank of Greece</b> (millions of drachmas):				
					Gold and foreign exchange (net)	3,304	3,272	3,229	3,078
<b>National Bank of Czechoslovakia</b> (millions of koruny):					Loans and discounts	3,385	3,060	2,957	5,140
Gold <sup>2</sup>	2,581	2,583	2,587	2,694	Government obligations	4,104	4,154	4,157	4,172
Foreign exchange	127	146	277	44	Other assets	2,258	2,156	1,940	1,249
Discounts	1,239	1,180	1,094	837	Note circulation	6,680	6,368	6,061	5,791
Loans	1,005	1,063	791	599	Deposits	4,442	4,363	4,208	5,949
Government debt	2,018	2,018	2,019	2,038	Other liabilities	1,930	1,916	2,015	1,899
Other assets	1,011	1,040	1,041	911					
Note circulation	5,944	5,949	5,787	5,509	<b>National Bank of Hungary</b> (millions of pengos):				
Demand deposits	363	464	415	647	Gold	84	84	84	79
Other liabilities	1,674	1,628	1,607	967	Foreign exchange reserve	48	47	47	31
					Discounts	421	451	462	487
<b>Bank of Danzig</b> (thousands of gulden):					Loans—To Treasury	104	102	101	80
Gold	29,566	29,552	29,342	20,783	Other	12	12	12	12
Foreign exchange of the reserve	465	310	1,615	1,723	Other assets	221	208	199	130
Other foreign exchange	1,442	2,076	2,354	6,317	Note circulation	435	417	418	390
Loans and discounts	15,559	15,341	16,372	15,038	Demand deposits	174	200	202	109
Other assets	4,146	4,136	4,224	4,376	Certificates of indebtedness	93	93	93	104
Note circulation	32,654	32,018	31,373	28,869	Other liabilities	190	194	192	216
Demand deposits	12,866	13,243	13,905	2,651					
Other liabilities	19,179	19,019	19,115	19,044	<b>Reserve Bank of India</b> (millions of rupees):				
					Issue department:				
<b>National Bank of Denmark</b> <sup>3</sup> (millions of kroner):					Gold at home and abroad	444	444	444	
Gold	118	118	118	118	Sterling securities	793	773	683	
Foreign exchange	15	17	15	27	Indian Gov't securities	224	244	234	
Discounts	29	28	32	25	Rupee coin	619	622	591	
Loans—To Government agencies	184	180	173	223	Note circulation	1,944	1,939	1,707	
Loans—Other	155	141	135	142	Banking department:				
Securities	54	54	56	76	Notes of issue department	136	144	246	
Other assets	63	65	63	38	Balances abroad	265	251	194	
Note circulation	392	378	375	382	Loans to Government			40	
Deposits	78	78	72	155	Investments	76	74	50	
Other liabilities	149	147	146	113	Other assets	10	6	8	
					Deposits	381	368	432	
<b>Central Bank of Ecuador</b> (thousands of sucres):					Other liabilities	106	106	106	
Gold <sup>4</sup>			33,235	29,314					
Foreign exchange			25,171	6,536	<b>Bank of Japan</b> (millions of yen):				
Loans and discounts			38,879	37,783	Gold	543	540	556	515
Note circulation			57,313	46,756	Discounts	559	572	547	614
Deposits			38,751	12,280	Loans—Government	208	204	199	133
					Other	74	93	148	184
<b>National Bank of Egypt</b> <sup>1</sup> (thousands of pounds):					Government bonds	651	629	571	554
Gold		6,545	6,545	6,545	Other assets	223	228	179	183
Foreign exchange		3,515	3,535	2,588	Note circulation	1,450	1,464	1,529	1,317
Loans and discounts		4,136	5,059	5,016	Deposits—Government	439	400	314	512
British, Egyptian, and other Government securities		30,059	38,742	39,555	Other	62	83	83	69
Other assets		8,086	5,999	5,309	Other liabilities	308	319	275	285
Note circulation		21,153	21,545	21,246					
Deposits—Government		10,505	8,833	6,185	<b>Bank of Java</b> (millions of guilders):				
Other		21,533	21,321	23,384	Gold		89	89	89
Other liabilities		8,151	8,183	8,169	Foreign bills		3	2	1
					Loans and discounts		68	67	61

<sup>1</sup> Items for issue and banking departments consolidated.

<sup>2</sup> By decree of October 9, 1936 (see BULLETIN for January 1937, p. 15), gold revalued at rate of 31.21 milligrams fine gold per crown; resulting increment converted into foreign exchange and carried partly in that item and partly in other assets.

<sup>3</sup> Bank reorganized under law of April 7, 1936 (see BULLETIN for July 1936, p. 537, and August 1936, p. 632). First balance sheet on new basis was as of June 30, 1936.

<sup>4</sup> By decree of June 13, 1936, gold in vault revalued at rate of 11.6466 sucres per gram of fine gold.

## CENTRAL BANKS—Continued

[Figures as of last report date of month]

Central bank	1927			1936	Central bank	1937			1936
	Apr.	Mar.	Feb.	Apr.		Apr.	Mar.	Feb.	Apr.
<b>Bank of Java—Cont.</b>					<b>Bank of Portugal—Cont.</b>				
Other assets		99	102	51	Non-reserve exchange			163	100
Note circulation		182	178	155	Loans and discounts			328	380
Deposits		51	55	23	Government debt			1,044	1,046
Other liabilities		26	25	24	Other assets			1,220	1,027
<b>Bank of Latvia (millions of lats):</b>					Note circulation			2,062	2,036
Gold	77	77	77	46	Other sight liabilities			1,105	1,033
Foreign exchange reserve	42	40	33	7	Other liabilities			1,054	864
Loans and discounts	120	118	117	113	<b>National Bank of Rumania (mil-</b>				
Other assets	47	44	52	51	lions of lei):				
Note circulation	46	49	43	38	Gold				
Deposits	208	201	203	149	Special exchange accounts	15,731	15,708	10,971	4,702
Other liabilities	31	30	32	30	Loans and discounts	4,460	4,670	4,702	4,702
<b>Bank of Lithuania (millions of litu):</b>					Special loans	6,329	6,146	5,553	5,553
Gold	77	77	77	53	Government debt	2,157	2,452	11,151	11,151
Foreign exchange	6	6	7	21	Other assets	10,820	10,552	7,239	7,239
Loans and discounts	97	99	100	80	Note circulation	9,267	9,188	22,401	22,401
Other assets	33	34	32	23	Demand deposits	25,949	24,961	8,580	8,580
Note circulation	112	114	113	107	Other liabilities	11,657	11,982	11,110	11,110
Deposits	79	80	80	50	<b>South African Reserve Bank</b>				
Other liabilities	22	21	21	20	(thousands of pounds):				
<b>Netherlands Bank (millions of guilder):</b>					Gold	26,331	28,783	27,962	22,931
Gold	985	920	879	710	Foreign bills	4,765	5,455	6,014	9,446
Silver (including subsidiary coin)	19	17	20	20	Other bills and loans	28	22	22	99
Foreign bills	2	2	2	2	Other assets	15,770	17,048	16,086	13,567
Discounts	21	21	21	24	Note circulation	16,646	15,355	15,918	13,068
Loans	178	179	173	128	Deposits	27,237	31,904	30,478	29,984
Other assets	63	63	62	67	Other liabilities	3,011	4,049	3,688	2,990
Note circulation	796	814	774	766	<b>Bank of Sweden (millions of kronor):</b>				
Deposits—Government	76	74	76	62	Gold	532	531	530	461
Other	349	269	261	75	Foreign assets	873	891	877	565
Other liabilities	46	45	45	48	Discounts	12	11	11	10
<b>Reserve Bank of New Zealand</b>					Loans	22	22	23	25
(thousands of pounds):					Domestic securities	32	33	33	33
Gold		2,802	2,802	2,802	Other assets	360	346	322	189
Sterling and gold exchange reserve		19,099	18,804	24,225	Note circulation	862	873	842	780
Advances: To State or State undertakings		7,130	8,369	—	Demand deposits	782	775	795	391
Investments		2,453	2,453	1,816	Other liabilities	187	185	160	111
Other assets		273	295	272	<b>Swiss National Bank (millions of francs):</b>				
Note circulation		13,179	12,753	10,240	Gold	2,623	2,718	2,718	1,516
Demand deposits		16,921	18,327	17,272	Foreign exchange	22	22	25	12
Other liabilities		1,656	1,644	1,602	Discounts	29	30	30	144
<b>Bank of Norway (millions of kroner):</b>					Loans	32	43	40	65
Gold	215	215	215	185	Other assets	612	622	615	73
Foreign assets	103	100	93	83	Note circulation	1,386	1,394	1,376	1,311
Total domestic credits and securities	254	227	229	226	Other sight liabilities	1,298	1,409	1,412	403
Discounts	(2)	149	143	171	Other liabilities	633	633	640	97
Loans	(2)	25	26	19	<b>Central Bank of the Republic of Turkey (millions of pounds):</b>				
Securities	(2)	53	60	35	Gold	36,709	36,707	36,704	30,004
Other assets	(2)	16	11	17	Foreign Exchange—Free	23	54	62	445
Note circulation	411	410	399	364	In clearing accounts	46,488	48,927	42,728	18,111
Demand deposits—Government	56	46	56	51	Loans and discounts	34,175	30,239	26,182	15,972
Other	61	44	36	38	Securities	186,971	187,132	186,978	186,023
Other liabilities	(2)	59	58	59	Other assets	24,517	26,202	24,981	19,272
<b>Central Reserve Bank of Peru</b>					Note circulation	176,376	180,975	180,975	163,293
(thousands of soles):					Deposits	37,022	38,331	39,914	39,182
Gold and foreign exchange				42,351	Other liabilities	115,484	109,955	96,746	67,354
Discounts				30,974	<b>Bank of the Republic of Uruguay</b>				
Government loans				42,300	(thousands of pesos):				
Other assets				8,480	Issue department:				
Note circulation				86,950	Gold and silver		41,601	41,601	41,091
Deposits				24,617	Note circulation		92,162	89,654	81,330
Other liabilities				12,537	Banking department:				
<b>Bank of Poland (millions of zlotys):</b>					Cash reserves		23,156	25,681	40,309
Gold	409	406	400	381	Loans and discounts		82,559	81,611	91,647
Foreign exchange	36	35	36	15	Other assets		85,977	84,168	54,838
Loans and discounts	614	640	690	809	Deposits		101,594	101,981	113,789
Securities	134	135	135	91	Other liabilities		90,097	89,479	73,005
Other assets	454	453	437	452	<b>National Bank of the Kingdom of Yugoslavia (millions of dinars):</b>				
Note circulation	996	1,000	1,000	1,010	Gold	1,663	1,650	1,642	1,497
Other sight liabilities	245	254	254	148	Foreign exchange	706	623	693	307
Other liabilities	407	415	444	589	Loans and discounts	1,669	1,683	1,696	1,617
<b>Bank of Portugal (millions of escudos):</b>					Government debt	2,250	2,249	2,249	2,273
Gold			912	910	Other assets	1,879	1,835	1,686	1,269
Other reserves (net)			554	460	Note circulation	5,463	5,381	5,347	4,824
					Other sight liabilities	1,991	1,980	1,909	1,553
					Other liabilities	712	679	710	586

\* Corrected.

<sup>1</sup> By law of September 28, 1936, Latvian currency was linked to sterling at rate of 25.22 lats to the pound compared with previous market rate of about 15 lats to the pound.

<sup>2</sup> Figures not yet available.

<sup>3</sup> By royal decree of Nov. 6, 1936, gold revalued at rate of 153,333.33 lei per kilogram of fine gold (see BULLETIN for January 1937, p. 15).

<sup>4</sup> Agricultural and urban loans in process of liquidation.

<sup>5</sup> Gold revalued after September 30, 1936, at rate of 215 milligrams of fine gold per franc.

**BANK FOR INTERNATIONAL SETTLEMENTS**

[In thousands of Swiss gold francs <sup>1</sup>]

Assets	1937		1936	Liabilities	1937		1936
	Apr. 30	Mar. 31	Apr. 30		Apr. 30	Mar. 31	Apr. 30
Gold in bars.....	32, 235	45, 087	23, 200	Demand deposits (gold).....	21, 688	23, 309	19, 309
Cash on hand and on current account with banks.....	32, 695	25, 636	9, 538	Short-term deposits (various currencies):			
Demand funds at interest.....	25, 234	26, 538	14, 094	Central banks for own account:			
Redeemable bills and acceptances (at cost):				Demand.....	31, 143	24, 148	23, 606
Commercial bills and bankers' acceptances.....	106, 654	101, 347	137, 125	Time—Not exceeding 3 months.....	103, 744	105, 482	108, 075
Treasury bills.....	133, 379	130, 696	188, 792	Total.....	134, 887	129, 630	131, 681
Total.....	240, 034	232, 043	325, 917	Central banks for account of others:			
Time funds at interest—Not exceeding 3 months.....	26, 138	27, 012	38, 952	Demand.....	4, 268	4, 248	7, 679
Between 3 and 6 months.....	1, 666	1, 069		Time—Not exceeding 3 months.....			2, 989
Sundry bills and investments:				Other depositors:			
Maturing within 3 months:				Demand.....	354	229	522
Treasury bills.....	21, 605	26, 864	27, 158	Time—Not exceeding 3 months.....	8	8	684
Sundry investments.....	99, 451	68, 036	61, 993	Long-term deposits:			
Between 3 and 6 months:				Annuity trust account.....	153, 280	153, 158	154, 764
Treasury bills.....	10, 282	6, 037	21, 385	German Government deposit.....	76, 640	76, 579	77, 382
Sundry investments.....	48, 481	68, 233	63, 683	French Government guaranty fund.....	41, 727	42, 819	61, 930
Over 6 months:				French Government deposit (Saar).....	1, 368	1, 404	2, 031
Treasury bills.....	77, 449	77, 800	51, 583	Total.....	273, 015	273, 959	296, 106
Sundry investments.....	5, 779	11, 773	1, 694	Capital paid in.....	125, 000	125, 000	125, 000
Total.....	263, 047	259, 432	227, 496	Reserves:			
Other assets:				Legal reserve fund.....	3, 784	3, 784	3, 324
Guaranty of central banks on bills sold.....	1, 302	1, 329	6, 213	Dividend reserve fund.....	6, 092	6, 092	5, 845
Sundry items.....	400	96	6, 566	General reserve fund.....	12, 183	12, 183	11, 690
Total assets.....	622, 750	618, 842	651, 976	Other liabilities:			
				Guaranty on commercial bills sold.....	1, 359	1, 354	6, 265
				Sundry items.....	40, 111	39, 045	40, 882
				Total liabilities.....	622, 750	618, 842	651, 976

<sup>1</sup> See BULLETIN for December 1936, p. 1025.

**COMMERCIAL BANKS**

[Figures are as of end of month, except those for the United Kingdom, which are averages of weekly figures]

United Kingdom (11 London clearing banks. <sup>1</sup> Figures in millions of pounds sterling)	Assets						Liabilities			
	Cash reserves	Money at call and short notice	Bills discounted	Securities	Loans to customers	Other assets	Deposits			Other liabilities
							Total	Demand <sup>2</sup>	Time <sup>2</sup>	
1930—December.....	208	144	322	285	933	240	1, 876	992	847	254
1931—December.....	184	119	246	297	905	222	1, 737	868	846	237
1932—December.....	207	127	408	472	778	208	1, 983	991	963	216
1933—December.....	213	119	311	565	740	237	1, 941	1, 015	900	244
1934—December.....	216	151	255	594	759	247	1, 971	1, 044	910	251
1935—December.....	221	159	322	605	784	231	2, 091	1, 140	924	231
1936—January.....	228	159	346	630	815	227	2, 164	1, 166	937	242
February.....	229	157	295	629	828	227	2, 123	1, 125	940	242
March.....	217	162	252	635	854	230	2, 108	1, 123	951	241
April.....	227	161	268	637	868	233	2, 154	1, 145	974	240
May.....	220	159	309	640	870	227	2, 185	1, 156	992	239
June.....	225	158	329	642	878	237	2, 229	1, 215	995	240
July.....	225	158	349	639	884	227	2, 244	1, 223	986	237
August.....	253	163	345	641	877	226	2, 246	1, 212	991	240
September.....	229	166	344	648	882	226	2, 257	1, 228	1, 000	238
October.....	227	164	351	655	892	231	2, 280	1, 238	999	239
November.....	233	181	329	656	895	238	2, 287	1, 241	1, 006	243
December.....	244	195	322	660	890	249	2, 315	1, 288	1, 012	245
1937—January.....	238	179	345	669	885	239	2, 307	1, 254	1, 005	247
February.....	230	167	307	671	909	243	2, 274	1, 217	997	252
March.....	226	170	248	667	939	254	2, 244	1, 200	1, 003	259
April.....	230	177	241	661	951	256	2, 252			263

<sup>1</sup> Ten banks through 1935; District Bank included beginning January 1936.

<sup>2</sup> Excluding deposits of the National Bank relating to offices outside the United Kingdom, which are included in the total.

NOTE.—For other figures and explanation of table see BULLETIN for October 1933, pages 639-640.

## COMMERCIAL BANKS—Continued

France (4 large banks. Figures in millions of francs)		Assets					Liabilities				
		Cash reserves	Due from banks	Bills discounted	Loans	Other assets	Deposits			Own acceptances	Other liabilities
							Total	Demand	Time		
1930—December	2,419	4,675	20,448	10,743	2,361	36,681	35,284	1,397	921	4,357	
1931—December	11,311	2,168	18,441	9,274	2,130	38,245	37,023	1,222	576	4,503	
1932—December	9,007	1,766	22,014	7,850	1,749	37,759	36,491	1,268	295	4,331	
1933—December	5,870	1,416	19,848	8,309	1,827	32,635	31,773	862	273	4,362	
1934—December	5,836	1,421	18,304	8,159	1,717	30,943	30,039	904	193	4,301	
1935—December	3,739	2,484	16,141	8,025	1,900	27,553	26,859	694	337	4,399	
1936—January	3,451	2,563	16,601	7,765	1,086	27,548	26,859	689	349	3,568	
February	3,431	2,528	16,470	8,006	1,101	27,603	26,903	700	338	3,595	
March	3,587	2,617	16,135	7,700	1,222	27,194	26,522	672	391	3,677	
April	3,517	2,902	16,199	7,677	1,270	27,410	26,714	696	397	3,757	
May	3,513	3,032	16,014	7,542	1,333	27,199	26,523	676	424	3,812	
June	3,494	2,768	14,972	7,328	1,385	25,655	25,022	633	394	3,897	
July	3,206	2,410	15,410	7,215	1,445	25,334	24,761	573	359	3,994	
August	3,097	2,326	15,445	7,031	1,451	24,979	24,451	528	335	4,035	
September	3,083	2,757	14,876	7,398	1,457	25,137	24,613	524	368	4,066	
October	3,186	2,766	17,070	7,452	1,727	27,549	27,028	521	408	4,244	
November	3,173	2,839	17,298	7,625	1,824	28,015	27,467	548	454	4,290	
December	3,100	2,975	17,582	7,631	1,957	28,484	27,955	529	473	4,289	
1937—January	2,852	3,589	18,289	7,949	1,340	29,831	29,304	527	561	3,626	
February	2,798	3,770	17,825	8,056	1,397	29,644	29,061	583	602	3,600	

Germany <sup>1</sup> (5 large Berlin banks. Figures in millions of reichsmarks)		Assets					Liabilities					
		Cash reserves	Due from banks	Bills discounted	Loans	Securities	Other assets	Deposits			Credits obtained from banks	Other liabilities
								Total	Demand	Time		
1930—November	191	1,483	2,453	7,416	482	880	9,091	3,857	5,233	1,986	1,828	
1931—November	173	817	1,431	5,377	807	1,127	6,062	3,252	2,810	1,328	2,341	
1932—November	143	583	1,631	4,570	938	991	6,161	2,958	3,203	1,146	1,550	
1933—November	131	471	1,702	3,731	860	1,003	5,754	2,624	3,130	961	1,481	
1934—November	115	393	2,037	3,331	874	983	5,816	2,731	3,085	485	1,432	
1935—November	139	316	2,162	2,894	1,027	983	5,376	2,435	2,941	686	1,449	
1936—January	134	306	2,294	2,847	1,003	958	5,460	2,480	2,980	659	1,423	
February	128	307	2,275	2,900	987	945	5,472	2,409	3,063	652	1,417	
March	186	317	2,285	2,890	982	935	5,544	2,560	2,985	651	1,399	
April	136	301	2,429	2,847	973	916	5,595	2,585	3,010	644	1,363	
May	141	300	2,406	2,884	980	873	5,621	2,622	2,999	636	1,327	
June	175	295	2,435	2,858	1,008	839	5,712	2,688	3,023	622	1,276	
July	146	263	2,363	2,843	1,037	824	5,557	2,595	2,962	613	1,306	
August	138	274	2,329	2,826	1,047	816	5,533	2,529	3,005	605	1,291	
September	180	287	2,360	2,779	1,066	847	5,621	2,575	3,045	575	1,323	
October	130	273	2,569	2,735	1,075	858	5,712	2,644	3,068	586	1,342	
November	137	269	2,567	2,729	1,112	851	5,751	2,661	3,090	579	1,334	
1937—January	154	303	2,895	2,679	1,020	837	5,973	2,923	3,050	577	1,357	
February	130	301	2,966	2,673	1,022	822	6,029	2,760	3,270	558	1,307	
March	201	315	2,908	2,732	1,014	813	6,135	2,942	3,194	559	1,288	

Canada (10 chartered banks. Figures in millions of Canadian dollars)		Assets					Liabilities					
		Entirely in Canada			Security loans abroad and net due from foreign banks	Securities	Other assets	Note circulation	Deposits payable in Canada excluding interbank deposits			Other liabilities
		Cash reserves	Security loans	Other loans and discounts					Total	Demand	Time	
1930—December	207	205	1,275	171	604	602	133	2,115	689	1,426	816	
1931—December	201	135	1,253	146	694	510	129	2,058	698	1,360	752	
1932—December	211	103	1,104	155	778	439	115	1,916	538	1,378	760	
1933—December	197	106	1,036	134	861	432	121	1,920	563	1,357	725	
1934—December	228	103	977	155	967	449	124	2,035	628	1,407	718	
1935—December	228	83	945	141	1,155	485	111	2,180	694	1,486	745	
1936—January	220	78	874	150	1,207	472	112	2,144	645	1,499	745	
February	224	78	860	151	1,265	444	118	2,152	635	1,517	761	
March	227	77	864	154	1,316	459	117	2,197	665	1,532	783	
April	228	83	862	145	1,314	478	114	2,229	692	1,536	767	
May	225	87	828	131	1,345	446	116	2,193	666	1,527	753	
June	230	91	777	113	1,368	502	115	2,207	702	1,505	757	
July	227	91	768	110	1,357	481	113	2,174	680	1,494	748	
August	225	91	776	157	1,355	487	115	2,175	672	1,503	800	
September	226	105	807	146	1,380	494	111	2,263	762	1,501	785	
October	232	109	816	146	1,363	491	112	2,261	751	1,510	784	
November	264	116	800	179	1,316	485	109	2,269	722	1,547	783	
December	240	114	791	161	1,384	507	103	2,303	755	1,548	790	
1937—January	247	119	796	173	1,412	468	103	2,330	782	1,549	781	
February	239	119	805	214	1,422	483	108	2,369	805	1,564	804	
March	242	124	814	161	1,427	516	105	2,370	786	1,584	810	

<sup>1</sup> Combined monthly balance sheets not published for December. Prior to merger of two of the banks in February 1932 figures refer to six large Berlin banks. Beginning in 1935 figures are not entirely comparable with those shown for previous years due to changes in reporting practice. (See BULLETIN for June 1935, p. 389.)

NOTE.—For other back figures and explanation of table see BULLETIN for October 1933, pp. 641-646, and June 1935, pp. 388-390.

**DISCOUNT RATES OF CENTRAL BANKS**  
[Percent per annum]

Date effective	Central bank of—						Central bank of—	Rate May 29	Date effective	Central bank of—	Rate May 29	Date effective
	United Kingdom	France	Germany	Italy	Netherlands	Switzerland						
In effect Jan. 1, 1936	2	6	4	5	3½	2½	Albania.....	6	April 1, 1937	Italy.....	4½	May 18, 1936
Jan. 2, 1936	-----	5	-----	-----	-----	-----	Argentina.....	3½	Mar. 1, 1936	Japan.....	3.20	Apr. 7, 1936
Jan. 10	-----	4	-----	-----	-----	-----	Austria.....	3½	July 10, 1935	Java.....	3	Jan. 14, 1937
Jan. 16	-----	-----	-----	-----	3	-----	Belgium.....	2	May 16, 1935	Latvia.....	5	Nov. 1, 1936
Feb. 4	-----	-----	-----	-----	2½	-----	Bolivia.....	6	July 5, 1932	Lithuania...	5½	July 1, 1936
Feb. 7	-----	3½	-----	-----	-----	-----	British India	3	Nov. 28, 1935	Netherlands	2	Dec. 3, 1936
Mar. 28	-----	5	-----	-----	-----	-----	Bulgaria.....	6	Aug. 15, 1935	New Zealand	-----	-----
May 7	-----	6	-----	-----	-----	-----	Canada.....	2½	Mar. 11, 1935	-----	2	June 29, 1936
May 18	-----	-----	-----	4½	-----	-----	Chile.....	3½-4½	Jan. 8, 1936	Norway.....	4	Dec. 7, 1936
May 30	-----	-----	-----	-----	3½	-----	Colombia.....	4	July 19, 1933	Peru.....	6	May 20, 1932
June 4	-----	-----	-----	-----	4½	-----	Czechoslovakia	3	Jan. 1, 1936	Poland.....	5	Oct. 26, 1933
June 24	-----	5	-----	-----	-----	-----	Danzig.....	4	Jan. 2, 1937	Portugal.....	4½	May 12, 1936
June 25	-----	-----	-----	-----	4	-----	Denmark.....	4	Nov. 19, 1936	Rumania.....	4½	Dec. 15, 1934
June 26	-----	4	-----	-----	-----	-----	Ecuador.....	4	Nov. 30, 1932	South Africa	3½	May 15, 1933
June 30	-----	-----	-----	-----	3½	-----	El Salvador...	4	Aug. 23, 1935	Spain.....	5	July 15, 1935
July 7	-----	-----	-----	-----	3	-----	Estonia.....	4½	Oct. 1, 1935	Sweden.....	2½	Dec. 1, 1933
July 10	-----	3	-----	-----	-----	-----	Finland.....	4	Dec. 3, 1934	Switzerland...	1½	Nov. 26, 1936
Sept. 9	-----	-----	-----	-----	-----	-----	France.....	4	Jan. 28, 1937	Turkey.....	5½	Mar. 2, 1933
Sept. 25	-----	5	-----	-----	-----	-----	Germany.....	4	Sept. 22, 1932	United Kingdom	2	June 30, 1932
Oct. 2	-----	3	-----	-----	-----	-----	Greece.....	6	Jan. 4, 1937	U. S. S. R.	8	Mar. 22, 1927
Oct. 9	-----	2½	-----	-----	-----	-----	Hungary.....	4	Aug. 29, 1935	Yugoslavia...	5	Feb. 1, 1935
Oct. 16	-----	2	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Oct. 20	-----	-----	-----	-----	2½	-----	-----	-----	-----	-----	-----	-----
Nov. 26	-----	-----	-----	-----	-----	1½	-----	-----	-----	-----	-----	-----
Dec. 3	-----	-----	-----	-----	2	-----	-----	-----	-----	-----	-----	-----
Jan. 28, 1937	-----	4	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
In effect May 29, 1937	2	4	4	4½	2	1½	-----	-----	-----	-----	-----	-----

**MONEY RATES IN FOREIGN COUNTRIES**  
[Percent per annum]

Month	United Kingdom (London)				Germany (Berlin)			Netherlands (Amsterdam)	
	Bankers' acceptances, 3 months	Treasury bills, 3 months	Day-to-day money	Bankers' allowance on deposits	Private discount rate	Money for 1 month	Day-to-day money	Private discount rate	Money for 1 month
1936—April	.55	.52	.75	½	3.00	3.04	2.83	1.19	1.27
May	.55	.54	.75	½	2.92	2.89	2.76	2.27	1.82
June	.78	.78	.75	½	2.88	2.74	2.67	4.05	3.95
July	.58	.58	.75	½	2.88	2.73	2.96	2.04	1.73
August	.55	.53	.75	½	2.88	2.84	3.01	1.37	1.20
September	.55	.53	.75	½	3.00	2.89	3.01	1.33	1.29
October	.56	.54	.75	½	2.94	2.82	2.82	2.03	2.51
November	.56	.55	.75	½	3.00	2.84	2.79	1.00	1.55
December	.83	.84	.78	½	3.00	2.88	3.05	.82	1.48
1937—January	.56	.54	.75	½	3.00	2.88	2.54	p. 56	-----
February	.55	.53	.75	½	3.00	2.86	2.47	p. 28	-----
March	.55	.51	.75	½	3.00	2.86	3.10	p. 24	-----
April	.55	.53	.75	½	2.90	2.71	2.55	p. 22	-----

Month	Switzerland	Belgium (Brussels)	France (Paris)	Italy (Milan)	Hungary		Sweden (Stockholm)	Japan (Tokyo)	
	Private discount rate	Private discount rate	Private discount rate	Private discount rate	Prime commercial paper	Day-to-day money	Loans up to 3 months	Discounted bills	Call money overnight
1936—April	2.25	1.38	5.03	5.00	4 -6½	29¼	2½-4½	4.97	3.11
May	2.25	1.38	5.60	4.78	4 -6½	28¼	2½-4½	4.93	2.73
June	2.25	1.38	5.60	4.50	4 -6½	28¼	2½-4½	4.83	2.63
July	2.25	1.38	3.30	4.50	4 -6½	28¼	2½-4½	4.75	2.63
August	2.25	1.38	3.00	4.50	4 -6½	28¼	2½-4½	4.75	2.69
September	1.98	1.38	3.38	4.50	4 -6½	28¼	2½-4½	4.75	2.81
October	1.69	1.29	2.52	4.50	4 -6½	28¼	2½-4½	4.75	2.92
November	1.46	1.00	1.96	4.50	4 -6½	28¼	2½-4½	4.75	2.86
December	1.25	1.00	1.99	4.50	4 -6½	28¼	2½-4½	4.75	2.74
1937—January	1.25	1.00	2.22	4.50	4 -6½	28¼	2½-4½	4.75	2.63
February	1.18	1.00	4.01	4.50	4 -6½	28¼	2½-4½	4.75	2.67
March	1.00	1.00	4.06	4.50	-----	-----	2½-4½	4.75	2.83

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NOTE.—For explanation of table see BULLETIN for November 1926, pp. 794-796; April 1927, p. 289; July 1929, p. 503; November 1929, p. 736, and May 1930, p. 318.





**PRICE MOVEMENTS IN PRINCIPAL COUNTRIES**  
**WHOLESALE PRICES—ALL COMMODITIES**

[Index numbers]

Year or month	United States (1926=100)	Canada (1926=100)	United Kingdom (1930=100)	France (1913=100)	Germany (1913=100)	Italy (1928=100)	Japan (October 1900=100)	Nether- lands (1926-30= 100)	Switzer- land (July 1914 =100)
1926	100	100		695	134		237	106	144
1927	95	98		642	138		225	103	142
1928	97	96		645	140	100	226	102	145
1929	95	96		627	137	95	220	100	141
1930	86	87	100	554	125	85	181	90	126
1931	73	72	88	502	111	75	153	76	110
1932	65	67	86	427	97	70	161	65	96
1933	66	67	86	398	93	63	180	63	91
1934	75	72	88	376	98	62	178	63	90
1935	80	72	89	338	102	68	186	62	90
1936	81	75	94	411	104	76	197	64	96
1936—March	80	72	92	376	104	75	191	62	91
April	80	72	92	371	104	76	192	61	92
May	79	72	92	374	104	76	192	61	92
June	79	72	93	378	104	76	194	62	92
July	81	74	94	391	104	75	197	62	93
August	82	76	95	403	105	76	197	63	93
September	82	76	96	420	104	77	201	63	97
October	82	77	98	471	104	77	200	68	103
November	82	77	98	492	104	78	204	70	105
December	84	80	101	519	105	79	215	71	107
1937—January	86	81	103	538	105	81	233	73	108
February	86	83	104	533	106	83	230	74	111
March	88	86	107	550	106	84	240	76	113
April	88	86	109	552	106		248	77	

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**WHOLESALE PRICES—GROUPS OF COMMODITIES**

[Indexes for groups included in total index above]

Year or month	United States (1926=100)			United Kingdom (1930=100)		France (1913=100)		Germany (1913=100)			
	Farm products	Foods	Other commodities	Foods	Industrial products	Farm and food products	Industrial products	Agricultural products	Provi- sions	Indus- trial raw and semi- finished products	Indus- trial fin- ished products
1926	100	100	100			581	793	129	132	130	150
1927	99	97	94			599	678	138	129	132	147
1928	106	101	93			584	697	134	133	134	159
1929	105	100	92			579	669	130	125	132	157
1930	88	91	85	100	100	526	579	113	113	120	150
1931	65	75	75	89	87	542	464	104	96	103	136
1932	48	61	70	88	85	482	380	91	86	89	118
1933	51	61	71	83	87	420	380	87	75	88	113
1934	65	71	78	85	90	393	361	96	76	91	116
1935	79	84	78	87	90	327	348	102	84	92	119
1936	81	82	80	92	96	426	397	105	86	94	121
1936—March	77	80	79	87	94	396	358	105	85	94	120
April	77	80	79	87	94	385	359	105	85	94	120
May	75	78	79	88	94	392	358	105	85	93	121
June	78	80	79	89	94	394	364	106	85	93	121
July	81	81	80	90	96	405	378	106	85	93	121
August	84	83	80	94	96	425	384	106	85	94	121
September	84	83	80	95	97	449	396	105	86	94	122
October	84	83	80	98	97	487	457	104	86	95	122
November	85	84	81	97	99	500	484	103	86	95	123
December	89	86	82	99	102	522	516	104	91	96	123
1937—January	91	87	83	99	105	532	543	103	93	97	123
February	91	87	84	99	107	516	548	103	94	97	123
March	94	88	86	101	111	528	570	104	95	98	124
April	92	86	87	102	113	522	578	104	95	97	124

r Revised.

Sources.—See BULLETIN for March 1931, p. 159, March 1935, p. 180, October 1935, p. 678, March 1937, p. 276, and April 1937, p. 372.

## PRICE MOVEMENTS IN PRINCIPAL COUNTRIES—Continued

### RETAIL FOOD PRICES

Year or month	[Index numbers]						Year or month	[Index numbers]					
	United States <sup>1</sup> 1923=100	Eng-land July 1914=100	France July 1914=100	Ger-many 1913- 1914=100	Nether-lands 1911- 1913=100	Switz-er-land July 1914=100		United States 1923=100	Eng-land July 1914=100	France Jan.- June 1914=100	Ger-many 1913- 1914=100	Nether-lands 1911- 1913=100	Switz-er-land July <sup>1</sup> 1914=100
1926.....	-----	161	554	146	161	160	1926.....	103	170	505	142	168	162
1927.....	-----	156	557	153	163	158	1927.....	102	164	514	148	168	160
1928.....	-----	157	549	153	166	157	1928.....	100	166	519	152	169	161
1929.....	105	154	611	156	162	156	1929.....	99	164	556	154	168	161
1930.....	100	145	614	146	150	152	1930.....	97	158	581	148	161	158
1931.....	82	131	611	131	136	141	1931.....	89	148	569	136	151	150
1932.....	68	126	536	116	119	125	1932.....	80	144	526	121	141	138
1933.....	66	120	491	113	120	117	1933.....	76	140	520	118	139	131
1934.....	74	122	481	118	124	115	1934.....	73	141	516	121	140	129
1935.....	80	125	423	120	118	114	1935.....	81	143	483	123	136	128
1936.....	82	130	470	122	120	120	1936.....	82	147	507	125	*132	130
1936—Mar.....	80	129	446	122	117	118	1936—Mar.....	-----	146	486	124	*131	130
1936—Apr.....	80	126	443	122	-----	119	1936—Apr.....	81	144	-----	124	-----	130
1936—May.....	80	125	456	122	-----	119	1936—May.....	-----	144	-----	124	-----	130
1936—June.....	84	126	458	123	119	120	1936—June.....	-----	144	497	125	131	130
1936—July.....	84	129	446	124	-----	120	1936—July.....	82	146	-----	125	-----	130
1936—Aug.....	84	129	460	124	-----	120	1936—Aug.....	-----	146	-----	125	-----	130
1936—Sept.....	84	131	483	122	121	121	1936—Sept.....	82	147	504	124	132	130
1936—Oct.....	83	132	504	122	124	123	1936—Oct.....	-----	148	-----	124	134	132
1936—Nov.....	83	136	520	121	124	123	1936—Nov.....	-----	151	-----	124	134	132
1936—Dec.....	83	136	534	121	122	123	1936—Dec.....	82	151	540	124	133	132
1937—Jan.....	85	136	562	121	124	126	1937—Jan.....	-----	151	-----	125	134	133
1937—Feb.....	85	135	577	122	122	129	1937—Feb.....	-----	151	-----	125	134	136
1937—Mar.....	85	135	577	122	-----	129	1937—Mar.....	84	151	581	125	-----	136
1937—Apr.....	86	135	580	122	-----	-----	1937—Apr.....	-----	151	-----	125	-----	-----

<sup>1</sup> From August 1933 to July 14, 1936, the Bureau of Labor Statistics published biweekly indexes. Figures given are for the date nearest 15th of month.

<sup>2</sup> Index recalculated as from March 1936 (see BULLETIN for April 1937, p. 373).

Sources.—See BULLETIN for April 1937, p. 373.

### SECURITY PRICES

[Index numbers except as otherwise specified]

Year or month	Bonds					Common stocks (1926 average=100)				
	United States (average price) <sup>1</sup>	England (December 1921=100)	France (1913 aver- age=100)	Germany (average price)	Nether-lands <sup>3</sup> (1929=100)	United States	England	France	Germany	Nether-lands
Number of issues.....	60	87	36	139	8	419	278	300	329	-----
1926.....	97.6	110.0	57.4	-----	-----	100.0	100.0	100.0	100.0	100
1927.....	100.7	110.7	71.7	-----	-----	118.3	107.0	123.2	145.0	109.8
1928.....	100.8	112.3	80.8	85.5	-----	149.9	115.9	178.1	136.1	113.7
1929.....	98.0	110.2	85.1	81.4	100	190.3	119.5	217.6	122.8	112.7
1930.....	99.3	111.8	95.8	83.3	104.3	149.8	102.6	187.6	100.2	82.3
1931.....	90.9	108.4	96.9	*83.4	104.1	94.7	78.9	132.2	*78.0	50.0
1932.....	69.5	113.2	88.6	*67.1	94.8	48.6	67.9	105.2	*50.3	31.4
1933.....	73.4	119.7	81.3	82.5	105.3	63.0	78.6	99.6	61.7	33.6
1934.....	84.5	127.5	82.1	90.7	113.4	72.4	85.7	83.3	71.1	30.8
1935.....	88.6	129.9	83.5	95.3	107.8	78.3	86.3	79.7	82.9	29.8
1936.....	97.5	131.2	76.3	95.8	109.1	111.1	97.0	77.2	91.6	38.3
1936—March.....	96.6	130.2	75.2	95.3	105.5	108.7	94.1	84.1	85.6	35.0
1936—April.....	95.9	131.5	75.8	95.3	105.5	108.9	95.5	82.8	88.3	33.5
1936—May.....	95.5	131.1	74.7	95.5	103.4	101.0	93.8	71.2	91.1	32.8
1936—June.....	96.2	130.6	73.8	95.8	100.2	105.6	94.0	66.1	93.2	33.7
1936—July.....	97.1	131.0	73.2	95.9	106.0	109.2	94.7	59.2	94.6	34.2
1936—August.....	97.7	131.6	73.2	96.1	108.5	113.0	97.3	58.8	93.4	35.0
1936—September.....	98.6	132.1	75.2	96.1	109.9	114.1	98.2	65.7	91.8	35.5
1936—October.....	99.6	132.9	80.8	96.2	117.5	118.7	102.1	83.7	97.2	47.5
1936—November.....	99.8	132.0	78.8	96.3	120.0	124.2	103.2	89.7	97.8	53.8
1936—December.....	99.9	130.9	78.4	96.4	120.3	123.1	103.5	94.8	96.7	55.4
1937—January.....	100.3	129.7	77.5	96.7	121.9	126.4	104.2	114.6	97.8	63.1
1937—February.....	100.0	125.5	75.1	97.4	121.2	129.5	103.8	113.3	99.2	67.3
1937—March.....	98.5	124.3	74.6	97.7	121.6	129.9	102.7	112.0	100.3	69.3
1937—April.....	96.6	125.3	72.6	98.5	-----	124.5	101.0	96.6	101.5	-----

<sup>1</sup> Prices derived from average yields for 60 corporate bonds as published by Standard Statistics Co.

<sup>2</sup> Exchange closed from July 13 to Sept. 2, 1931, and from Sept. 19, 1931, to Apr. 11, 1932. Index for 1931 represents average of months January-June; index for 1932 represents average of months May-December.

<sup>3</sup> Index of reciprocals of average yields. Average yield in the base year 1929 was 4.57 percent.

Sources.—See BULLETIN for February 1932, p. 121, June 1935, p. 394, and April 1937, p. 373.

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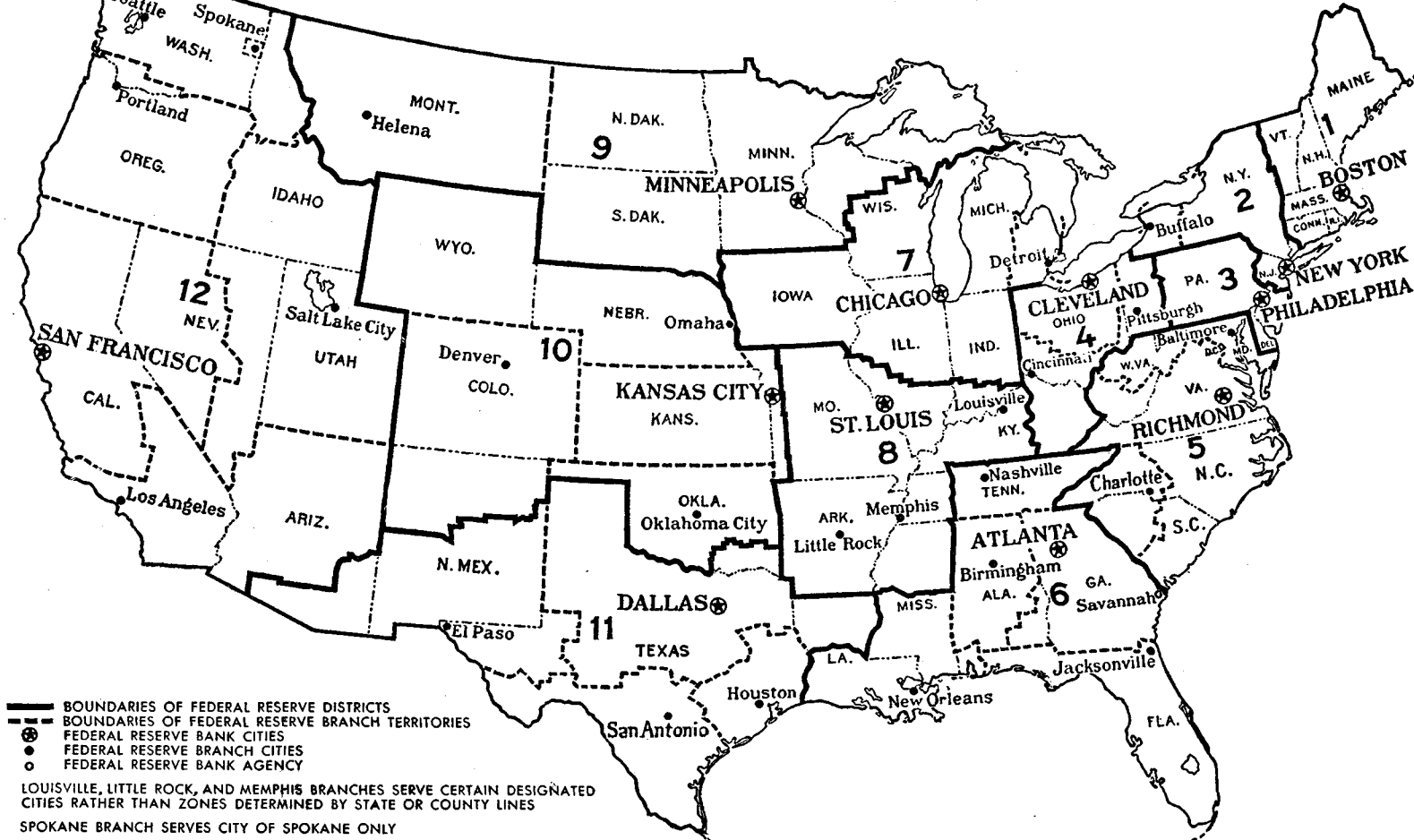
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