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FEDERAL RESERVE BOARD.

SUBSCRIPTION PRICE OF BULLETIN.

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

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

SECOND EDITION OF THE INDEX DIGEST.

The second edition of the Index Digest of the Federal Reserve Act is now ready for distribution and is being sent to subscribers. The volume contains 656 pages, and furnishes a complete analysis of the Federal Reserve Act, as amended to date, including those provisions of other acts which affect the Federal Reserve System. Copies bound in paper are sold for $1 each, and bound in buckram for $1.25 each. Subscriptions may be sent to the Federal Reserve Agent of each District, or to the Federal Reserve Board direct.

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FEDERAL RESERVE BULLETIN

VOL. 4 MARCH 1, 1918. No. 3

REVIEW OF THE MONTH.

Growth of banking strength.

Federal Reserve Banks have more than maintained their reserve position during the month of February, the combined percentage against notes and deposits, which was 65.2 per cent at the opening of the month, rising to 66 per cent on the 21st. Some liquidation by the banks has taken place during the month, while, on the other hand, extension of accommodation to member banks for the purpose of enabling them to participate as freely as they desired in the new issues of Treasury certificates has brought renewed demands upon the reserve banks. Figures obtained from members located in the principal cities of the country show that there is a steady though limited transference of the long-term bonds of the second Liberty loan to actual investors. Some of the Federal Reserve Banks report renewals of war-loan paper by member banks. These renewals apparently have been due to the greater difficulty experienced by customers of member banks in obtaining new accommodation or to their indisposition to release liquid resources in their possession required for current business. The consequence of these conditions has been a disposition to request banks to carry notes originally intended to pay for subscriptions to Liberty loan securities and thus to prevent liquidation from being as rapid as would otherwise have been possible. On the whole, liquidation has been more active at the Federal Reserve Banks than at member banks. Meantime, the various proposals for relief legislation have tended to improve conditions in the securities market and in consequence to place the general banking and financial situation in a more favorable position. Business has continued active at Federal Reserve Banks, but there has been no change in discount rates during the month. The action of the Secretary of the Treasury in announcing on February 21 the offer of a new issue of Treasury certificates of indebtedness bearing 4½ per cent—a rate one-half of 1 per cent higher than that borne by the preceding issue—has tended to emphasize the movement toward higher commercial rates in the open market. This influence has been especially marked in view of the announcement made by the Secretary that future issues of certificates of indebtedness placed on the market prior to the next Liberty loan will bear the higher rate of interest now announced.

Sale of Treasury certificates.

The Secretary of the Treasury, on February 8, sent to banks and trust companies throughout the country a telegram in which he laid before them a plan for financing the immediate needs of the Government through the issue of certificates of indebtedness to a possible aggregate of $3,000,000,000. He requested that every bank or trust company should set aside each week 1 per cent of its total resources for the purpose of investing in the new certificates to be issued under the proposed plan. This setting aside of resources, it was indicated, should continue for 10 weeks, these issues to be placed on the market at biweekly intervals. It was noted by the Secretary in his statement that in selling the first and second Liberty loans, $3,358,000,000 of certificates had been placed on the market by way of anticipation. The first and second Liberty loans, as will be recalled, amounted in the aggregate to about $5,808,766,000. The date of opening the campaign for the third Liberty loan has now been set at April 6.

Pursuant to the plan thus announced the Secretary of the Treasury offered, on February 8 and 22, two issues of certificates of indebtedness of $500,000,000 each, the first bearing 4 per cent and the second 4½ per cent. Of these two issues, the first, as will be noted, was placed on the market simultaneously with the announcement of the general plan for financing the Government during the next 10 weeks by a cooperative effort of the banks. This was fully subscribed during the two weeks succeeding the offering of the certificates. The success thus attained was due to the action of the larger banks in financial centers, notably New York, in taking more than their share of the issue and thus making up the deficiency which arose from the failure of other banks to respond to the request which was made on them. Only two districts, New York and Kansas City, exceeded their allotment, and one, Minneapolis, equaled its allotment. The distribution of certificates for the second issue was therefore somewhat altered, the reserve banks being authorized and requested to receive subscriptions and to make allotment in full in order of receipt of applications up to an aggregate in each district as follows:

Boston, $33,000,000; New York, $194,000,000; Philadelphia, $40,000,000; Cleveland, $40,000,000; Richmond, $15,000,000; Atlanta, $15,000,000; Chicago, $50,000,000; St. Louis, $25,000,000; Minneapolis, $17,000,000; Kansas City, $23,000,000; Dallas, $18,000,000; San Francisco, $30,000,000.

As this number of the Bulletin goes to press it is understood that the certificates of the second issue have been substantially oversubscribed. In the first issue there were difficulties, due partly to the fact that, as the Secretary of the Treasury has stated, " * * * some banks had only a short interval to accumulate moneys for investment in Treasury certificates and partly because some subscribed on the basis of 1 per cent of their resources, not understanding that the request to set aside 1 per cent a week carried with it the request to subscribe for an amount equal to at least 2 per cent of their resources for each bi-weekly issue of certificates." There was, however, a great increase in the number of subscribers to the certificates of the issue of February 8, and this increase appears to have continued in the latest issue.

Operations of the Federal Reserve Banks.

Further liquidation of discounted paper, including member banks' own notes as well as customers' paper, secured by war obligations, characterized the operations of the Federal Reserve Banks for the period between January 25 and February 21. During the period under review the banks decreased their holdings of paper secured by war bonds and certificates by 48.6 millions and their holdings of all classes of discounted paper by about 118.1 millions, the share of war-loan paper in the total of discounts held by the banks showing a slight increase from about 50 to about 52 per cent. Liquidation of discounts may be said to have proceeded slowly though steadily to February 15, when Government short-term borrowings were resumed and the banks found it necessary to finance some of their members in connection with the Government's loan operations.

Open-market purchases of bankers' acceptances and commercial bills proceeded on an increasing scale, the reserve banks' holdings of acceptances on February 21 reaching a new record total of 296.2 millions, an increase of 22.2 millions since the last Friday in January, New York and San Francisco accounting for about 70 per cent of the total acceptances held by the banks on the later date.

Investments in Government short-term securities, mainly certificates of indebtedness, show an increase of nearly 100 millions, practically all at the New York bank. No material changes are shown under the head of United States bonds or other earning assets, including bill of lading drafts and municipal warrants. Total earning assets, as the result of the increase in certificate of indebtedness holdings, show an increase of over 2 millions and constituted 70.5 per cent of the banks' net deposits on February 21, as against 69 per cent on January 25.

During the period under review gold reserves of the banks increased from 1,726.5 to 1,772.4 millions and Federal Reserve notes in circulation from 1,234.9 to 1,314.6 millions, while net deposits decreased from 1,492.9 to 1,462.6 millions. The ratio of total reserves to aggregate net deposit and Federal Reserve note liabilities shows an increase from 65.4 to 66 per cent.

In the following table are shown the changes between January 25 and February 21, 1918, in the totals of discounted and purchased bills held by each of the Federal Reserve Banks, also changes in aggregate holdings of other classes of investments:

[000's omitted.]

Federal Reserve Bank.	Jan. 25, 1918.	Feb. 21, 1918.	Net increase.	Net decrease.
Boston	$62,151	$75,723	$13,572	....
New York	390,898	354,067	....	$36,831
Philadelphia	47,989	43,113	....	4,876
Cleveland	62,338	44,330	....	18,008
Richmond	45,657	38,613	....	7,044
Atlanta	18,172	16,181	....	1,991
Chicago	119,445	94,037	....	25,408
St. Louis	35,896	27,793	....	8,103
Minneapolis	15,366	12,761	....	2,605
Kansas City	32,580	20,300	....	12,280
Dallas	22,762	18,275	....	4,487
San Francisco	48,320	60,511	12,191	....
Total bills	901,574	805,704	....	95,870
Total United States securities	123,194	222,657	99,463	....
Other earning assets	4,902	3,436	....	1,466
Total investments held	1,029,670	1,031,797	2,127	....

Condition of member banks.

Weekly statements received from member banks located in about 100 leading cities of the country indicate considerable expansion in loans and investments between January 18 and February 15 of the present year. Owing to accession of new members and the more thorough canvass of the field by the Federal Reserve Banks, the number of banks reporting about the middle of February is by 15 larger than for January 18, though the difference between the total of 662 and 679 reporting banks is not large enough to invalidate conclusions based upon comparison of the figures.

During the period, the Government placed with the banks of the country two issues of 400 millions and 500 millions of certificates of indebtedness of the January 22 and February 8 issues in anticipation of the third Liberty loan, beside completing the marketing of 491 millions of certificates in anticipation of the proceeds of taxes due in June. The result is seen in an increase of United States securities owned by the reporting banks from 660.8 to 1,135.2 millions, the totals excluding about 275 millions of United States bonds with circulation privilege deposited with the Treasurer of the United States. Out of a total increase of 474.4 millions for all reporting banks, banks in the central reserve cities are credited with an increase of 402.9 millions and the banks in other reserve cities with an increase of 67.8 millions. For the New York City banks alone an increase of 378.3 millions is shown, or about 80 per cent of the total increase.

Loans secured by Government war obligations show a decrease for all reporting banks from 381.3 to 361.1 millions, the New York City banks alone reporting a decrease under this head from 190.5 to 174 millions. Other loans and investments went up by 129.6 millions from 9,897.2 to 10,026.8 millions, largely at the banks in central reserve cities. Total loans and investments increased by 583.7 millions, nearly 70 per cent of which represents the increase for the banks in New York City.

Reserves of all reporting banks (held with the Federal Reserve Banks) show a slight decrease for the period from 1,147.3 to 1,139.4 millions, a larger decrease in reserves of over 25 millions reported by the banks in New York City being offset largely by increases for the banks in Chicago and in other reserve cities. Cash in vault is seen to have decreased about 27.4 millions, the reserve city banks reporting the largest losses of cash.

Total net demand deposits show a gain of about 184.3 millions and total time deposits a gain of 55.9 millions. For the New York City banks corresponding increases of 103.8 and 10.9 millions are shown. Government deposits at all reporting banks show a gain from 354.7 to 621.9 millions, while for the New York City banks a gain from 137.9 to 404 millions is reported.

The ratio of combined cash and reserve to total deposits, including Government deposits, of all reporting banks has declined from 14.9 to 13.6 per cent, while for the New York City banks this ratio declined from 16.1 to 14.3 per cent. Excess reserves, in the calculation of which no account is taken of Government deposits, declined from $90,864,000 on January 18 to $61,639,000 on February 15. For the New York City banks the amount of excess reserves shows a decline between the two dates from $69,687,000 to $29,420,000.

Control of capital issues.

Further progress in connection with the development of machinery for the control of new capital issues has been made during the past month. The Capital Issues Committee of the Federal Reserve Board has effected the formation of 12 local committees organized for the purpose of assisting the central committee in passing upon applications originating in their respective districts. In each Federal Reserve district there has been established a subcommittee on capital issues, with headquarters at the Federal Reserve Bank of the district, and special local committees at Federal Reserve Bank branch points. The subcommittee consists of the Federal Reserve agent, as chairman, the governor of the Federal Reserve Bank, as vice chairman, and three other members chosen because of special qualifications for the work of the committee. Bankers and others having broad experience in the financing of municipal, manufacturing, or public utilities securities have been invited to become affiliated with the subcommittee as an auxiliary body, one or more members of which from time to time, as their advice and experience may be useful or helpful, will be asked to join with the subcommittee in investigating and reporting upon specific applications. No committee member will give advice or report upon any application in which he has personal interest, either direct or indirect. Members of these committees have undertaken this duty as a patriotic service to the country. Applications for the approval of security issues are expected to be made to the Capital Issues Committee at Washington, either direct or through the agency of a local committee, in the manner announced by the statement to the press on March 2 printed on another page of the Bulletin.

During the month the Board's Capital Issues Committee, in conjunction with its Advisory Committee, had several important conferences. Of these, one was held in conjunction with Mr. L. W. Page, Director of the Federal Bureau of Public Roads, of the Department of Agriculture, with members of the Executive Committee of the American Association of State Highway Officials, which took place on February 14. The main topic of discussion was the best method of curtailing unnecessary expenditures in connection with the construction of new highways. Complete understanding as to the policy to be pursued was reached. In general, it may be stated that the Capital Issues Committee will favor only construction of such new roads as are undoubtedly of very great economic or military importance at this time.

On February 8 a conference was held with representatives of the Electric Railways Board, the American Electric Railway Association, the National Electric Street Railway Associaciation, the National Gas Association, the American Gas Institute, the National Electric Light Association, and representatives of various gas and electric companies who presented to the committees the difficulties faced by the corporations represented by them owing to the present abnormal condition of the investment market and pointed out the necessity of securing the committee's assistance in facilitating renewals of obligations falling due at this time. The policy adopted by the committee with respect to renewals is set forth in its statement to the press of February 17, appearing in this issue of the Bulletin. The question of securing economies in operation was also discussed at a conference held on February 28 with the Special War Committee of the National Association of Railway and Utilities Commissioners, representing the public service commissions of the United States. The commissioners expressed themselves as in full sympathy with and guided by the same motives that were prompting the action of the committee. The foundation has been laid for fruitful cooperation between the representatives of the State and municipal interests from the national point of view. Suitable measures are in course of preparation and it is expected that results will be announced shortly.

On February 27 a conference took place with the chairmen of the subcommittees on capital issues, who had come to Washington for a

Federal Reserve Agents' conference to be held with the Board. At this conference, the entire problem in its various phases was discussed freely and a very helpful exchange of views was secured.

The thought that guided all these conferences may best be summed up as expressed in a letter written by Secretary McAdoo, in which he said:

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

The committee announced on February 24 that, in dealing with municipal issues, it will consider applications amounting to $100,000 or more, reducing thereby its previous limit of $250,000 on such issues. The limit for applications of other classes still stands at $500,000.

War Finance Corporation.

The development of the War Finance Corporation bill, to which reference was made in the last issue of the Federal Reserve Bulletin, has made further progress during the month. The Secretary of the Treasury, Governor Harding, and Vice Governor Warburg have appeared before the appropriate committees of Congress and have there discussed the measures, the bill itself being reported by the Senate Finance Committee on February 22.

In a statement before the Senate Finance Committee the Secretary of the Treasury thus summed up the purposes of the proposed bill:

"The bill contemplates that the War Finance Corporation shall lend money to banks, both national and State, which are making loans to enterprises conducted by persons, firms, or corporations producing materials or supplies, or doing anything else which is necessary for or contributory to the war. If a bank, for instance, should loan money, we will say, to a munitions company and take the company's six months' note with the company's bond as collateral security, that note would not be eligible for rediscount in the Federal Reserve Banks; but the War Finance Corporation in such circumstances could advance to the bank against the note of the munitions company, so secured with that bank's indorsement on it, 75 per cent of the face of the note.

"It is important that appropriate provision be made by law, so that, for the duration of the war, funds available for investment in securities shall be effectively and economically used to supply the financial requirements of the Government and of those industries whose operations are necessary or contributory to the war. The ordinary flow of capital, which in normal times is left free to seek its own investment, should during the war be so directed and conserved that these requirements shall be taken care of before funds shall be invested either in new enterprises or for the expansion of such old enterprises as are not necessary or contributory to the prosecution of the war. In these critical times funds available for investment must not be dissipated on miscellaneous capital expenditures which, however useful or desirable in normal times, will not now aid in the success of the war. It is not so much a question of money as a question of labor and materials. It is essential that the demand for labor and materials for industries which are not contributory to the prosecution of the war should be kept within bounds, so that the war needs shall be first provided for. The test must be whether the proposed expenditure will strengthen the industrial and military structure of the country for the purposes of the war."

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Control of dollar quotations.

Proposals to have Federal Reserve Banks engage actively in foreign-exchange business at the present time, or to provide some other governmental mechanism for furnishing foreign exchange, have been under consideration during the past month, and the Board has taken the view that such steps are not now advisable. It is further the opinion of the Board that until the present abnormal conditions disappear it can not be determined precisely what machinery will be required with reference to the foreign exchange problem beyond the facilities provided by existing banking arrangements. In times of peace the foreign exchange business is highly competitive. Ordinarily in dealings between countries having a definitely established monetary standard there are no violent fluctuations in foreign exchange rates, the controlling factors in adjusting balances being the ruling interest rates and the cost of shipping gold, the higher value of money attracting foreign funds into the debtor country, for temporary or permanent investment, thereby obviating the necessity of sending gold. Just now, however, with the world at war, the foreign exchange business is very much unsettled and is attended by great risks because freedom in the operation of practically all the forces normally regulating foreign exchange fluctuations has been eliminated. Embargoes on gold in force in practically all leading countries make it impossible to stabilize exchange rates in the ordinary manner through gold shipments, shipments of goods have been restricted to the minimum, and a free exchange of securities is hampered by apprehension on the part of the banks and the people, by political considerations, and by the wish of the investing classes to keep their savings at the disposal of their respective governments.

It has been urged that American dollar exchange should not be at a discount in any country with which trade relations result in balances in favor of the United States, but it should be remembered that England, France, and Italy are buying heavily in neutral countries, and Great Britain is sustaining the price of sterling in New York by purchasing sterling bills in the New York market on a basis of $4.76\frac{7}{16}$ for cables. This rate is about 2 per cent below the normal parity. It is obvious that with the rates of exchange between London and New York fairly well "stabilized," dollar exchange in neutral countries must move in harmony with the rates of exchange of sterling in neutral countries.

The discount to which the American dollar is subject in Spanish-speaking countries has been cited as the cause of loss to the United States. When, however, we recall that this country is selling to Spain more goods than it is buying from that country, a different conclusion may be reached. While it may be felt that the prices on imported articles are increased through the rise of foreign exchange rates, such as within recent months has been characteristic of our trade with Spain, Switzerland, Holland, Denmark, Sweden, and Norway, it must be conceded that if such be the case our export trade with these countries may profit in a corresponding way; and in many cases our exports exceed our imports. Consideration must be given also to the kinds and quantities of goods which enter into the establishment of the balance. For instance, comparative quotations in the Barcelona market, taken from the España Economicá y Financiera, show that while in June, 1914, a 500-pound bale of American middling fair cotton could buy in Barcelona 126 gallons of Andalusian superior olive oil, it would buy 163 gallons of the same grade of oil in the same market early in November, 1917. Our cotton produced for us, therefore, a relatively larger purchasing power than the sale of an equal amount would have yielded in former years. It resulted in a greater credit balance than in the past, and this balance, to the extent that it was not settled in goods, was paid us by Spain in foreign exchanges, such as sterling and francs, which we purchased at a discount larger than that affecting the dollar, so that the nominal loss on the American dollar did not hurt our purchasing power in trade with Spain or the interests of our country as a whole.

The Board does not regard the present as an opportune time to direct Federal Reserve Banks to engage in a general foreign exchange business when there are so many international questions connected with an attempt to regulate foreign exchange that negotiations relating to such settlements must necessarily be conducted by the Government. This method has been employed in the successful rupee arrangements recently concluded with the Indian Government and in the arrangement with Argentina recently perfected.

Other negotiations intended to accomplish a like purpose are understood to be in progress. They have for their object the creation of exchange facilities, without involving heavy shipments of gold, and these arrangements are being perfected as rapidly as foreign Governments will agree to them.

Movement of gold.

Reports of gold movements for the four weeks ending February 15, for the first time since July, 1917, indicate a net inward gold movement of about $99,000, compared with net outward movements of $1,932,000 for the week ending January 18 of the present year, and of $116,059,000 since July 13 of the past year. Gold imports for the four weeks totaling $3,103,000 came chiefly from Canada, Mexico, Central and South American countries, while gold exports totaling $2,977,000 were consigned chiefly to Mexico, Venezuela, and Central America.

The gain in the country's stock of gold since August 1, 1914, was $1,050,911,000, as may be be seen from the following exhibit:

[000 omitted.]

	Imports.	Exports.	Excess of imports over exports.
Aug. 1 to Dec. 31, 1914	$23,253	$104,972	[1] $81,719
Jan. 1 to Dec. 31, 1915	451,955	31,426	420,529
Jan. 1 to Dec. 31, 1916	685,745	155,793	529,952
Jan. 1 to Dec. 31, 1917	553,713	372,171	181,542
Jan. 1 to Feb. 15, 1918	5,361	4,754	607
Total	1,720,027	669,116	1,050,911

[1] Excess of exports over imports.

Control of foreign exchange.

A system of control of operations in foreign exchange has now been definitely established, restrictions being imposed upon the exchange business and upon the sale of securities for foreign account. This is the outcome of the Executive order of the President signed on January 18, which became effective on Tuesday, February 5, 1918. Instructions to dealers, covering the business of buying, selling, or dealing in foreign exchange or securities for or through foreign correspondents and of carrying accounts or securities with foreign correspondents were distributed and put into operation not later than February 15. The order of the President expressly prohibits all transactions in foreign exchange, export or earmarking of gold or silver coin, or currency, transfers of credit in any form unless wholly within the United States, and transfers of credit in any form unless wholly within the United States, and transfers of evidences of indebtedness or ownership of property between the United States and any foreign country. These restrictions apply regardless of the status of such foreign countries or their residents, whether enemy, ally of an enemy, or otherwise. No transfers can be made by any person living within the United States, except under the regulations of the Board.

The purpose of the order of the President being to stop transactions originating in the United States, which result in aid or profit to enemies, the Board has emphasized the fact that it is important that all those having any foreign transactions of any nature investigate and ascertain whether the business in which they are engaged is such as to require them to obtain registration certificates. In general, "persons," as defined under the Executive order, who are required to make application for registration certificates, are those who carry on a foreign exchange business, such as banks, bankers, and others, those who carry accounts abroad, such as certain classes of merchants, industrial houses, and others, and those who carry accounts in the United States for foreign interests, and those who hold or deal in securities for foreign interests, such as stock exchange brokers and others. Banks and bankers or others who buy and sell foreign exchange for account of their customers through domestic correspondents must make application for registration certificates through the Federal Reserve Banks of their districts, but reports required by the Federal Reserve Board must be made through their domestic correspondents.

Conferences of the month.

The regular quarterly session of the Federal Advisory Council was held in Washington on February 18-19, a joint meeting being held with the Federal Reserve Board on the 18th, while on the morning of the 19th the Council and the Board conferred with the Secretary of the Treasury.

Discount questions received particular attention, with special reference to forthcoming national financing, which was also the object of the conference with the Secretary of the Treasury already referred to. Amendments to the Federal Reserve Act proposed by the Board likewise had the attention of the Council.

There were present Messrs. Wing (Boston), Rue (Philadelphia), Rowe (Cincinnati), Norwood (Greenville), Lyerly (Chattanooga), Watts (St. Louis), Mitchell (Minneapolis), Wilmot (Austin), and Fleishhacker (San Francisco). In the absence of President Forgan, due to illness, Mr. Rue occupied the chair.

On February 26-March 1 there was held a conference between the Federal Reserve Board and the Federal Reserve Agents, which was devoted to consideration of the internal problems of the system. Special attention was given to the functions of Federal Reserve Agents and their assistants, and to the best methods of organizing the auditing departments of Federal Reserve Banks. At sessions with the Capital Issues Committee of the Federal Reserve Board the Federal Reserve Agents considered matters relating to the new organizations in the several districts created for the purpose of regulating local issues of securities. Liberty loan matters were considered in conferences with representatives of the Treasury Department. At a final conference with the Federal Reserve Board the work of the meetings were summarized and a general interchange of opinions occurred. Those present were Messrs. Curtiss (Boston), Jay (New York), Austin (Philadelphia), Wills (Cleveland), Hardy (Richmond), Wellborn (Atlanta), Heath (Chicago), Rich (Minneapolis), Martin (St. Louis), Ramsey (Kansas City), and Perrin (San Francisco).

Interest on Deposits.

Gov. Harding, on February 26, in discussing the movement to increase interest rates on bank deposits, made the following statement:

"The Federal Reserve Board regrets exceedingly to learn of the disposition evidenced by banks in various sections of the country to increase rates of interest allowed on deposits. It is unfortunate that any bank or group of banks should undertake, especially at the present time, to increase deposits by offering unusual inducements in the way of interest, and it follows that any aggressive steps which may be taken by any bank to increase its deposits at the expense of other banks will doubtless be met by protective measures on the part of banks whose business is subjected to attack.

"The Board does not believe that the inducement of a higher rate of interest on deposits will bring any more real money into the banks, and it feels that the result of a general increase in the interest rate on deposits will be either an added burden to borrowers in the shape of higher interest and discount rates, or the bringing about of conditions which would put the banking business upon an unprofitable basis, thereby weakening our entire banking structure.

"The loans and deposits of banks have increased enormously during the past three years, and it would seem to be the part of wisdom for the banks to undertake to place themselves in a position to continue to aid the Government in its financial operations by curtailing unnecessary credits and by encouraging their depositors to buy Treasury certificates and Government bonds, even though there be be some shrinkage in their deposits as a consequence. Banks should remember that when deposits are reduced reserves are released. Reckless competition for deposits supported by high interest rates will tend to force the

Government to pay higher rates, thereby imposing additional burdens on the people; and any forced and artificial expansion of banking credits will promote rather than check inflationary tendencies, which should be guarded against at the present time.

"There does not seem to be any demand on the part of depositors for increased rates of interest on their balances, and the Board wishes it understood that it does not favor any movement to increase these rates and that it will do all in its power to discourage it. It sincerely hopes that those banks which have unduly advanced their rates will consider well the consequences involved and that they will, as far as possible, do their part toward restoring rates to the former level."

New Issues of Treasury Certificates.

The following statements were issued by the Treasury Department on February 7 and 21:

FEBRUARY 7, 1918.

Secretary McAdoo to-day announced that he had offered through the Federal Reserve Banks an issue of $500,000,000 of certificates of indebtedness to mature on May 9, 1918, to be offered at par and bearing 4 per cent interest from February 8, 1918.

In connection with this offer, Secretary McAdoo addressed a telegram to all national banks, State banks, and trust companies, approximately 25,000 in number, inviting each, as a matter of patriotic duty, to set aside each week about 1 per cent of its gross resources and place that amount at the disposal of the Government by investing it in certificates of indebtedness as the Secretary will offer them from time to time.

It is expected that these offers will be made at intervals of approximately two weeks. It is contemplated, if each bank will do its share, that as a maximum 10 per cent of the gross resources of the banks, or approximately $3,000,000,000, will be raised between now and the next Liberty loan, provided that it is necessary to call upon the banks to that extent.

The telegram of the Secretary follows:

FEBRUARY 6, 1918.

Between now and the time for making the next Liberty loan I shall offer for subscription Treasury certificates of indebtedness in amounts of $500,000,000 or more every two weeks. I desire to postpone the next Liberty loan issue until conditions will insure a wide distribution of the bonds throughout the country. In order successfully to carry through this program and to provide for the expenditures for the military operations of the United States and the allies, I must have the whole-hearted cooperation of the bankers of the United States, and to that end I request the board of directors or trustees of each bank and trust company to reserve each week out of its loanable funds for the use of the Government of the United States, about 1 per cent of the gross resources of their institution not to exceed in the aggregate 10 per cent and to invest that amount in Treasury certificates of indebtedness. The exact amount, interest rate, date, and maturity (not exceeding 90 days) of each issue of certificates will be announced from time to time by me through the Federal Reserve Banks. There is a steady growth in the movement for economy. Banks should be able, by participating in the campaign for economy, which means economy of credit, as well as of expenditure, to teach their customers to save and accumulate the means to buy the Government's certificates and bonds. By this method, a distribution of Treasury certificates of indebtedness should become possible which will relieve the subscribing banks of at least a part of their purchases and furnish the means of making payments for the next issue of Liberty bonds without undue strain. The needs of the Government for the war are great, and imperative. The resources of the country are ample to meet these needs, if every bank will do its share. I know that once it is realized that by complete cooperation all around and by everyone doing his part, this vital and patriotic service can be performed, every bank will do its share. We are approaching a critical test on the battle fronts in Europe. America's sons are now actually shedding their blood in the trenches. If the banks, which are the first line of financial defense, fail to support the Government fully in its necessary operations, we shall imperil America's Army and America's safety. I know that I have only to state the case to command the support of every patriotic bank and banker. This is a supreme duty of patriotism. May I count upon you to do your part and to telegraph me immediately at my expense that you will? I am sending this telegram to every bank and trust company in the United States.

(Signed) W. G. MCADOO.

In anticipation of the first and second Liberty loans, the Secretary placed $3,358,000,000 of certificates of indebtedness, which were liquidated by the subsequent Liberty bonds when issued.

In sending this telegram the Secretary hopes to include all banks of the country, a great many of which it has not been possible to reach heretofore, thus broadening the basis of the Treasury's operations.

Subscription books for the $500,000,000 worth of Treasury certificates offered to-day will close at the close of business Friday, February 15, 1918.

Allotments in full will be made in the order the subscriptions are received in the several districts. Payment at par and accrued interest for certificates allotted must be made on and after February 8, 1918, and on or before February 15, 1918, to the Federal Reserve Bank through which subscription may have been made. The right is reserved to reject any subscription and to allot less than the amount of certificates applied for, and to close the subscriptions at any time without notice.

The certificates will be in denominations of $1,000, $5,000, $10,000, and $100,000.

Certificates will be exempt both as to principal and interest from all taxation now or hereafter imposed by the United States, any State, or any of the possessions of the United States, or by any local taxing authority, except (*a*) estate and inheritance taxes and (*b*) graduated additional income taxes, commonly known as surtaxes and excess profits and war-profits taxes now or hereafter imposed by the United States upon the income or profits of individuals, partnerships, associations, or corporations. The interest on an amount of bonds and certificates authorized in said act the principal of which does not exceed in the aggregate $5,000, owned by any individual, partnership, association, or corporation shall be exempt from the taxes provided for in clause (*b*) above.

Upon 10 days' public notice given in such manner as may be determined by the Secretary of the Treasury this series of $500,000,000 may be redeemed as a whole at par and accrued interest on or after any date occurring before maturity of the certificates set for the payment of the first installment of the subscription price of any bonds offered for subscription by the United States hereafter and before the maturity of the certificate.

Certificates of this series whether or not called for redemption will be accepted at par, with adjustment of accrued interest, if tendered on such installment date in payment on the subscription price then payable of any such bonds subscribed for by and allotted to holders of such certificates. The certificates of this series will not be accepted in payment of taxes.

Interim receipts may be issued pending delivery of the definitive certificates. Qualified depositaries will be permitted to make payment by credit for certificates allotted to them for themselves and their customers up to an amount for which each shall have been qualified in excess of existing deposits when so notified by Federal Reserve Banks.

FEBRUARY 21, 1918.

Secretary McAdoo to-day authorized the following announcement:

The entire issue of $500,000,000 United States Treasury certificates of indebtedness dated February 8 was subscribed. This was due to the patriotic action of the larger banks in financial centers, notably New York, in taking more than their share of the issue and thus making up the deficiency which arose from the failure of other banks to respond to the request which was made of them. Only two districts, New York and Kansas City, exceeded their allotment, and one, Minneapolis, equaled its allotment. The amount of subscriptions from the country at large was distinctly disappointing. This may be partly because some banks had only a short interval to accumulate moneys for investment in Treasury certificates and partly because some subscribed on the basis of 1 per cent of their resources, not understanding that the request to set aside 1 per cent a week carried with it the request to subscribe for an amount equal to at least 2 per cent of their resources for each biweekly issue of certificates. No doubt this error will not be repeated, and the banks will subscribe at least 2 per cent of their resources for the next issue. It should be borne in mind, furthermore, that the program of setting aside 1 per cent a week and subscribing 2 per cent for each issue is a minimum program; that there must be some banks and trust companies which can not meet even this program and others which can do much more than the minimum. Those banks and trust companies that can should, of course, take certificates in excess of the indicated minimum.

The extent of the response to the telegram sent to the banks and trust companies of the United States under date of February 6 is shown by the fact that the number of subscribers for certificates of the issue dated February 8 was double the number of subscribers for certificates of the preceding issue dated January 22. A telegram is being sent to every bank and trust company in the continental United States which has not as yet responded to the telegram of February 6 asking again for a reply. The request to all the banks and trust companies will be followed up by the Treasury Department and through the organizations of the Federal Reserve Banks. The banks and trust companies of the country which have not responded are earnestly requested to send in their subscriptions for the next issue to the full extent of their ability, so that the number of subscribers for this coming issue shall be again doubled, and approximately every bank and trust company in the United States shall be upon the roll. This is a patriotic duty which is set for the banks and trust companies of the Nation. I hope that they will meet the requirements of the situation.

The next issue of Treasury certificates will bear interest at the rate of $4\frac{1}{2}$ per cent per annum. There will be no further increase in the interest rate in connection with the issue of certificates in anticipation of the third Liberty loan. In order further to popularize these issues of certificates, they will be issued in denominations as low as $500.

Bills to Increase Comptroller's Power.

A series of 18 bills to increase the safety of national banks were introduced in the Senate on February 18 by Senator Owen. The bills are based on recommendations made by the Comptroller of the Currency in his annual report to Congress. They are numbered S. 3892 to 3909, inclusive, and were referred to the Banking and Currency Committee. They provide in substance as follows:

3892. Amends section 5200 so as to limit the amount of bills of exchange and commercial or business paper that may be discounted for one person.

3893. Authorizes the Comptroller, with the approval of the Secretary of the Treasury, in certain cases, to require removal of officers and to institute suit for losses resulting from violations of law.

3894. Requires directors to qualify and file oath of office within 30 days after election.

3895. Regulates the allowance of overdrafts.

3896. Requires building associations in the District of Columbia to obtain authority from the Comptroller before commencing business.

3897. Requires savings banks and trust companies to obtain approval of Comptroller before transacting business in the District of Columbia.

3898. Requires cashiers and other officers to give bond for faithful performance of duties and prohibits erasures on books of association.

3899. Repeals that part of act of July 12, 1882, which requires national banks extending their corporate existence to provide for immediate redemption of circulation outstanding.

3900. Permits national-bank notes to be issued with engraved signatures of officers.

3901. Authorizes national banks to establish branches under certain conditions.

3902. Makes it a misdemeanor to obtain loans from national banks on false statements willfully made.

3903. Limits amount that banks may invest in bank buildings to the amount of paid-up capital stock.

3904. Amends section 5222 so as to require banks going into liquidation to provide for redemption of circulation outstanding within 30 days.

3905. Extends criminal penalties of section 5209 so as to include receivers of national banks.

3906. Requires national banks to keep stock ledger.

3907. Provides for consolidation of national banks without the liquidation of one of the banks involved.

3908. Requires national banks to increase capital stock when deposits amount to more than ten times such capital stock.

3909. Provides for guarantee by the United States of deposits of $5,000 or less.

3910. Authorizes suit by United States in case of usurious transactions by national banks.

3911. Authorizes national banks to subscribe to the American National Red Cross.

Income Tax on Deposits of Nonresident Aliens.

The Secretary of the Treasury on February 6 transmitted the following letter to the Governor of the Federal Reserve Board:

SIR: I have the honor to acknowledge receipt of your letter dated January 9, 1918, with reference to a ruling of the Internal Revenue Bureau requiring banks located within the United States to withhold income tax upon interest paid on deposits to nonresident alien individuals and corporations. The ruling in question required such banks to withhold the normal tax of 2 per cent upon interest paid on deposits to nonresident alien individuals and the normal tax of 2 per cent and the war normal tax of 4 per cent upon such interest paid to nonresident alien corporations "not engaged in business or trade within the United States and not having any office or place of business therein."

So far as the ruling referred to requires banks to withhold the income tax upon interest paid on deposits to nonresident alien corporations, it is perhaps an extension of the law beyond its necessary requirements. In view, therefore, of the considerations suggested by you, it has been concluded to adopt a somewhat more conservative construction and to modify the Treasury decision embodying the ruling by excluding from its application such interest paid by banks to nonresident alien corporations. There is, of course, no means of relieving such nonresident alien corporations of their obligations to pay the income tax imposed upon them by statute.

Under this modified construction of the law the requirement as to withholding interest upon bank deposits is limited to the normal tax of 2 per cent upon interest paid to nonresident alien individuals. Such withholding seems beyond any doubt to be required by the terms of the act.

Respectfully,

W. G. McAdoo,
Secretary.

Relation of Liberty Loan to the War-Savings Plan.

[Statement by John S. Drum, State Director of War Savings for California (northern) before Liberty loan conference in San Francisco on Jan. 16, 1918.]

In calling for public subscriptions to Government securities issued in aid of the war, the Treasury Department has not definitely established the relation which exists between the two types of securities, but has promulgated plans which contemplate that during at least a part of the year both types will be on sale at the same time.

The very nature of the situation precludes any idea of competition between the Liberty-loan committees and the war savings committees. At the same time it is advisable to analyze carefully the relationship between the two campaigns, which I shall attempt to do under the headings of (*a*) objects, (*b*) methods, and (*c*) results.

OBJECTS.

Of course, the primary object of the Liberty loan campaign is to obtain vast credits needed by the Government for the prosecution of the war. Credits in the amounts necessary can only be obtained through large subscriptions to Government loans by the great financial, commercial, and industrial interests of the country acting together, and utilizing the resources of the Federal Reserve banking system. It is barely conceivable that the war might be financed entirely in this manner, but the results, to be discussed later, would not be satisfactory from either an economic or a political point of view.

The secondary object of the Liberty loan campaign is to stimulate the patriotism of the people by appealing to everyone to invest in the future of the country to the extent of his ability and at the same time relieve the pressure upon the financial, commercial, and industrial interests which must in any event subscribe the bulk of the loan.

The primary object of the war savings plan, on the other hand, is not to obtain credits for the Government, but to stimulate patriotism by making it possible for everyone to have a direct financial interest in the outcome of the war. Equally important is the object of educating all of the people to save on nonessentials and by reducing their spending to release labor and materials needed by the Government for war purposes. A third object is to encourage the practice of thrift and saving, to the end that these may become a national habit and lay the foundation for our economic security after the war.

Finally, there is the practical object of raising $2,000,000,000 for war purposes, not one cent of which contributes to an increase in the tremendous inflation which results from the flotation of a credit loan as distinguished from a strictly thrift loan.

To summarize the objects, then, we find that on the financial side the war could go on for a time at least without the war savings plan, but on the political side it is the policy of the Government to attempt by every means possible to obtain the financial help of all of its citizens, and on the economic side it may be stated as axiomatic that our war financing will be sound exactly in proportion as we accomplish it without undue inflation.

METHODS.

The method of the Liberty loan campaign is a spectacular drive; the method of the war-savings campaign is a broad educational movement involving minute organization reaching into every home, however poor. The Liberty-loan campaign is directed especially to amounts subscribed; the effort of the war-savings campaign is directed especially to numbers of subscribers. The one is designed, as I have said, to raise credits regardless of the manner; the other is designed to bring home to every man, woman, and child enjoying the benefits of American life a realization of the obligations of citizenship and how each may help through saving, even in the smallest amounts.

This is not to say that there is no overlapping, for the Liberty-loan campaign is largely an appeal to patriotism. The same arguments can be made for the purchase of both types of securities. The money goes to the same uses. The only difference is that Liberty bonds may be subscribed in large amounts and on a credit basis, while war-savings certificates can be purchased in amounts not exceeding $1,000 for any purchaser, and they can not be used as collateral.

To summarize methods, then, the Liberty loan campaign is primarily a drive for subscriptions; the war-savings campaign is primarily an educational campaign to teach the people why everyone must help finance the war, as a concrete patriotic duty, by refraining from wasteful and needless spending and loaning the money saved to the Government.

RESULTS.

The overshadowing result of the Liberty loan campaign is the immediate creation of ample credits with which to carry on the war. This result brings with it, however, the inevitable inflation of credits, which reacts upon our whole economic life and contributes largely to the increase in prices. Inflation is a necessary evil; the effort of the Treasury Department is to reduce it to a minimum. Hence the campaign to obtain small subscriptions, either (*a*) from existing wealth, such as money on deposit in savings banks, which is already represented by funded investments which are placed in jeopardy by the withdrawal of deposits, or (*b*) on installment contracts involving tremendous detail labor for the banks and employers who advance the money and carry the subscribers during the period of their payments.

It can not be overlooked that thousands of subscribers to Liberty bonds, on whom the Liberty loan committees expend time and energy during the campaigns, do not retain the bonds they buy but "spend" them exactly as currency in the satisfaction of personal wants which it has not been the effort of the Liberty bond campaigns to curtail. It is obvious that whenever a subscriber parts with his bond, except for reasons of necessity, the work of the Liberty loan campaign is to that extent undone. The bonds that find their way back into the market must be absorbed, and in practice are absorbed, by the financial, commercial, and industrial interests which were intended to be relieved by the original wide placement or distribution.

Moreover, it is plain that the subscriber whose bond does not "stay put" is doing absolutely nothing to help the Government, for when he "spends" his bond, he is competing with the Government which his subscription was supposed to help. If I do without a suit of clothes which I do not need and put the money I saved in to a Liberty bond, I am giving the Government the first call upon the wool on the sheep's back and all of the productive factors between the wool and me. But if I later trade the bond for the suit, I have undone all the good arising from the first transaction.

The war savings plan is designed to encourage investing and holding. A war savings certificate is not negotiable, but as an offset it is made redeemable at any time without loss to the investor. The campaign will emphasize the vital importance of saving to invest, primarily because saving reduces the individual's demands upon the limited supply of labor and materials available for war purposes, and, secondarily, because the thrift wealth or savings of the people will be our chief economic security after the war.

Ten per cent of the people bought Liberty bonds under the most favorable conditions for securing wide distribution. At least 30 per cent are expected to invest in war savings stamps during the coming year. Just as the Liberty loan campaign is far more important financially, it is far less important politically, where the main consideration is numbers rather than amounts.

To summarize results, then, the Liberty loan campaign produces money, but it must be recognized that only 10 per cent of the people have been reached. On the economic side, it must be recognized that the Liberty loan campaigns make for inflation, whereas the war savings campaign does not. On the political side, the war savings campaign will be a failure unless it reaches three times as many people as have been reached by the Liberty loan committees.

CONCLUSION.

It would seem that both campaigns have an important part to play, one dovetailing into the other. Briefly stated, the object of the

Government is to finance the war promptly; with a minimum of inflation and a maximum of subscriptions. The Liberty bond campaign is addressed primarily to obtaining the necessary credits, regardless of consequences entailed to our financial system. The primary object of the war savings campaign is to secure the greatest possible number of small individual investments, representing thrift wealth solely, and without inflation.

Our appeal to patriotism is the same. The investor in one type of security is helping exactly the same as the investor of a similar amount in the other type of security. Experience of the first two Liberty loans has shown that what is needed most is propaganda addressed directly to the individual, not for a brief period but as a part of every day routine.

This is the object of the war savings campaign. It is a propaganda of patriotism, and in order that it may be effective, the Government has offered special inducements to the people to save and invest small amounts, in order to keep the evils of inflation at a minimum and to awaken the patriotic interest of the whole public.

If the war savings campaign is successful, the movement will be the most active feeder for successive Liberty loan drives. If we can impress upon the people the vital necessity of saving, larger amounts will be available for subscriptions to future Liberty loans, and without inflation.

We hope to educate the public to an understanding of why Government securities should not be sold through the emphasis we shall place upon the reasons why no one should redeem his war savings certificates except as a matter of extreme necessity.

On the other hand, the Liberty loan campaign will be an effective means, through its publicity and advertising, of bringing home to the people the importance of everyone doing his part, whether his ability is measured by a Liberty loan subscription of $50,000 or the purchase of a single war savings certificate stamp.

Membership of New Jersey Institutions.

The following act passed by the New Jersey Legislature, authorizing State banks and trust companies to become members of the Federal Reserve system and to carry such reserves as are required of member banks, is reprinted here for convenience of reference:

A supplement to an act entitled "An act to authorize any trust company and State bank heretofore or hereafter incorporated under the laws of this State to become a member of the Federal Reserve Bank, organized or to be organized in the Federal Reserve district in which such trust company or State bank is located, under the provisions of the act of Congress known as the 'Federal Reserve Act,' approved December twenty-third, one thousand nine hundred and thirteen," approved April fourteenth, one thousand, nine hundred and fourteen.

Be it enacted by the Senate and General Assembly of the State of New Jersey:

1. Any trust company or State bank heretofore or hereafter incorporated under the laws of this State which shall become a member of the Federal Reserve Bank, in accordance with the provisions of the act to which this is a supplement, shall be subject to the provisions of the Federal Reserve Act and any amendments thereto relative to bank reserves, in substitution for the requirements of the laws of this State concerning bank reserves for trust companies or State banks not members of the Federal Reserve Bank.

2. This act shall take effect immediately.

Approved March 29, 1917.

Capital Issues Committee Statements.

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

FEBRUARY 10, 1918.

The Capital Issues Committee of the Federal Reserve Board announced to-day the formation of 12 local committees organized for the purpose of assisting the central committee in passing upon applications originating in their respective districts.

In each Federal Reserve district there will be a subcommittee on capital issues, with headquarters at the Federal Reserve Bank of the district. The subcommittee will consist of the Federal Reserve agent, as chairman, the governor of the Federal Reserve Bank, as vice chairman, and three other members chosen because of special qualifications for the work of the committee.

Bankers and others having broad experience in the financing of municipal, manufacturing, or public utilities securities have been invited to become affiliated with the subcommittee as an auxiliary body, one or more members of which, from time to time, as their advice and experience may be useful or helpful, will be asked to join with the subcommittee in investigating and passing upon specific applications.

No committee member will give advice or report upon any application in which he has a direct or indirect personal interest.

Members of these committees have undertaken this duty as a patriotic service to the country.

As previously announced, all applications for the approval of security issues are expected to be made direct to the Capital Issues Committee, Federal Reserve Board, Washington, which will refer them to the particular district from which a report is desired.

The local committees are as follows:

DISTRICT NO. 1—BOSTON.

Permanent committee.—F. H. Curtiss, chairman; C. A. Morss, vice chairman; Robert Winsor, John E. Oldham, Francis R. Hart.

Auxiliary committee.—Charles Francis Adams, Henry B. Day, Allen Curtis, Allan Forbes, Philip Cabot, James F. Jackson, Henry G. Bradley.

DISTRICT NO. 2—NEW YORK.

Permanent committee.—Pierre Jay, chairman; Benj. Strong, vice chairman; Frederick Strauss, C. A. Stone, John R. Morron. R. T. Swain, secretary.

Auxiliary committee.—Thomas W. Lamont, George B. Cortelyou, Harry Bronner, Walter P. Cooke, Charles V. Ritch, S. R. Bertron, Henry R. Towne, Mortimer L. Schiff, George Hardy, W. P. Graham, E. H. Outerbridge, Arthur Sinclair, jr., Edwin G. Merrill, Chas. H. Sabin, A. H. Wiggin, Newcomb Carlton, Wm. L. Saunders, Alvin W. Krech.

DISTRICT NO. 3—PHILADELPHIA.

Permanent committee.—R. L. Austin, chairman; C. L. Rhoads, vice chairman; John Gribbel, A. A. Jackson, Clarence W. Clark.

Auxiliary committee.—John Newbold, L. Scott Townsend, John Brooks, George H. Frazier, Louis C. Lillie, Thomas S. Gates, Ferdinand W. Roebling, jr., H. B. Schooley, Howard S. Graham, Charles W. Welch, E. P. Passmore, Benj. E. Mann, G. W. Reilly, C. C. Harrison, jr.

DISTRICT NO. 4—CLEVELAND.

Permanent committee.—D. C. Wills, chairman; E. R. Fancher, vice chairman; H. C. McEldowney, J. Arthur House, A. E. Adams.

Auxiliary committee.—C. E. Sullivan, F. R. Huntington, C. N. Manning, Chas. W. Dupuis, E. H. Cady, C. B. Wright, Baird Mitchell, Wm. M. Bell.

DISTRICT NO. 5—RICHMOND.

Permanent committee.—Caldwell Hardy, chairman; George J. Seay, vice chairman; Frederic W. Scott, John M. Miller, Herbert W. Jackson.

Auxiliary committee.—Waldo Newcomer, F. H. Fries, John L. Dickinson, B. H. Griswold, jr., S. T. Morgan, Geo. A. Holderness, John Joy Edson, Coleman Wortham, R. G. Rhett, John A. Law, E. E. Thompson.

DISTRICT NO. 6—ATLANTA.

Permanent committee.—M. B. Wellborn, chairman; J. A. McCord, vice chairman; W. H. Kettig, Hollins Randolph, J. E. Zunts.

Auxiliary committee.—James E. Caldwell, Edward W. Lane, W. H. Hassinger, Roby Robinson, F. E. Gunter, A. M. Baldwin, Otto M. Marks.

DISTRICT NO. 7—CHICAGO.

Permanent committee.—W. A. Heath, chairman; J. B. McDougal, vice chairman; E. D. Hulbert, Rufus C. Dawes, Joy Morton. Wm. F. McLallen, secretary.

Auxiliary committee.—George Reynolds, Emory Clark, Oliver C. Fuller, S. A. Fletcher, B. A. Eckert, Simon Casady, Louis E. Ferguson, Chauncey Keep, E. J. Buffington, John J. Mitchell, B. E. Sunney, Lyman A. Walton.

DISTRICT NO. 8—ST. LOUIS.

Permanent committee.—W. McC. Martin, chairman; Rolla Wells, vice chairman; F. O. Watts, W. K. Bixbee, W. R. Compton.

Auxiliary committee.—N. A. McMillan, Festus J. Wade, J. A. Omberg, S. T. Ballard, Emby L. Swearingen, Breckinridge Jones, William E. Guy, W. L. Hemingway, Walker Hill, Benj. Gratz, M. S. Sonntag.

DISTRICT NO. 9—MINNEAPOLIS.

Permanent committee.—John H. Rich, chairman; Theodore Wold, vice chairman; William A. Durst, George D. Dayton, J. L. Record.

Auxiliary committee.—George W. Burton, Sam Stephenson, John R. Mitchell, C. B. Little, A. M. Marshall, Walter Butler, James MacNaughton, Isaac Lincoln, F. A. Chamberlain.

DISTRICT NO. 10—KANSAS CITY.

Permanent committee.—Asa E. Ramsay, chairman; J. Z. Miller, jr., vice chairman; Peter W. Goebel, H. P. Wright, F. P. Neal.

Auxiliary committee.—O. C. Snyder, George S. Hovey, J. G. Schneider, C. L. Davidson, J. R. Burrow, Luther Drake, R. C. Peters, A. H. Marble, John Evans, D. N. Fink, C. F. Colcord.

DISTRICT NO. 11—DALLAS.

Permanent committee.—W. F. Ramsey, chairman; R. L. Van Zandt, vice chairman, Edward Gray, Howell E. Smith, W. C. Stripling.

Auxiliary committee.—Lewis Hancock, E. Rotan, D. E. Waggoner, E. O. Tenison, John Sealy, W. R. Grim, J. O. Terrell, R. D. Wilbor, John W. Poe, L. C. Schattuck.

DISTRICT NO. 12—SAN FRANCISCO.

Permanent committee.—John Perrin, chairman; James K. Lynch, vice chairman; I. W. Hellman, George K. Weeks, J. F. Sartori.

Auxiliary committee.—M. F. Bakus, D. W. Twony, H. J. McClung, A. L. Mills, F. F. Johnson, Geo. A. Batchelder, Ralph S. Stacy, L. H. Farnsworth.

FEBRUARY 17, 1918.

The chairman of the Capital Issues Committee, when seen to-day, and asked to make some statement concerning the activities of this committee, said that the support which the committee had received from all parts of the country was most encouraging. He cited as an illustration a resolution voluntarily adopted by the governing committee of the New York Stock Exchange, reading as follows:

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

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

Cooperative resolutions have also been passed on the part of municipalities. A case in point is the League of Kansas Municipalities, which, among other recommendations, resolved that—

It is recommended that during the period of the war each and every city government in this State shall undertake only such paving and other improvement work as may be actually necessary to be undertaken at this time; thereby releasing men and money for the service of the National Government.

Another illustration of this spirit of cooperation was cited by him in the resolution adopted by the Richmond Real Estate Exchange, Richmond, Va., as follows:

Resolved, by the Richmond (Va.) Real Estate Exchange, That the President of the United States, and the Secretary of the Treasury be, and they are hereby, requested to issue an appeal promptly to all governors, and through them to State legislatures, mayors, and legislative bodies of municipalities, requesting them to exercise the most careful scrutiny over all appropriations, and to exclude from their respective budgets every item that does not represent an actual necessity for the proper conduct of the government, to the end that the States and municipalities may set an example in patriotism and sacrifice for the institutions and individuals within their respective jurisdictions; and that material and labor may be conserved for the needs of our National Government.

In dealing with applications so far submitted, the committee has adopted the policy that whenever the application involves the renewal of maturing obligations such renewal should be favorably considered unless there are particular reasons to the contrary. A similar policy is being adopted by the committee in dealing with the funding of banking debt incurred prior to February 1, 1918.

In dealing with bonds to be issued for the purpose of new road construction, the committee has been moved primarily by the consideration of whether or not these roads are of importance either from a military or economic point of view and whether or not results, through the new construction, may be expected to be obtained approximately within the present year.

In passing favorably upon certain projects involving the production of electric power, the committee was guided by the fact that the amount involved was small as compared with the funds already hazarded in such undertakings and by the fact that the power to be produced was required primarily for purposes connected directly with the successful prosecution of the war.

In dealing with municipal and State issues the decisive factor in the deliberations of the committee has been whether or not the expenditure is absolutely necessary for the health and welfare of the community. The committee urges that public authorities, both State and municipal, approve appropriations only where urgently required by the health and welfare of the people.

The advisory committee of the Capital Issues Committee has been in close touch with all local committees established by the 12 Federal Reserve Banks, and all personal presentations of applications are being made to them.

On February 8 it held a public hearing at which there appeared representatives of the national organizations of the public utility companies of the country. These representatives discussed with the committee some of the problems and difficulties, both as to operation and finance, under which they were operating due to war conditions. They all pledged their hearty support and cooperation to the purposes to be accomplished by the Capital Issues Committee, and assured the committee that during the period of the war capital expenditures would be limited strictly to the most imperative needs.

The committee is consulting freely with representatives of the various departments and boards, and its work has been facilitated greatly by their advice.

FEBRUARY 24, 1918.

The Capital Issues Committee of the Federal Reserve Board announced that upon the recommendation of its advisory committee, in view of the large aggregate of municipal issues offered in relatively small amounts, it had decided to reduce from $250,000 to $100,000 the minimum limit on municipal issues upon which it would give advice with respect to the question of whether or not such issues at this time were compatible with the public interest.

In a great many districts the majority of the municipal issues (and particularly those that might well be postponed at this time) are of amounts smaller than $250,000, and it was for this reason felt desirable to make this change.

A great many applications were disposed of during the past week, and on Tuesday, the 26th instant, it is expected that the Federal Reserve agents of the 12 Federal Reserve districts will be in Washington for a conference with the Federal Reserve Board. Inasmuch as these Federal Reserve agents are at the same time chairmen of the subcommittees on capital issues of their respective districts, a full conference with them will be held by the Capital Issues Committee and its advisory committee for a comprehensive discussion of the problems that may arise in their districts in connection with capital issues.

For the information and guidance of applicants, the committee has prepared and is distributing widely in all districts the following instructions as to the data required by the Washington committees for intelligent consideration of applications:

FEBRUARY 21, 1918.

INSTRUCTIONS TO APPLICANTS WITH RESPECT TO PROPOSED ISSUES OF BONDS, NOTES, SHARES OF STOCK, ETC.

Applications should be addressed to the Capital Issues Committee, 718 Metropolitan Bank Building, Washington, D. C.

No prescribed form of application is required, but the applicant should provide all the information which is appropriate to the proposed issue, or which would facilitate the speedy decision of the committee. For the guidance of applicants the following suggestions are made:

The purpose of the issue should be fully and accurately described.

If the purpose is to refund, fund, or pay or extend out standing bonds, obligations, or indebtedness, describe fully the nature and character of bonds, etc., to be refunded and state briefly the time or times and the general purposes for which unsecured indebtedness was incurred.

If the issue is to be made for war purposes or to raise capital in connection with war contracts or war supplies, or to provide equipment, buildings, or facilities of any kind for war work, full description thereof and amounts needed therefor should be stated.

If any war purposes are involved, reference should be made to the proper governmental authorities at Washington and elsewhere to enable definite information and corroboration to be obtained directly by the committee.

If the issue is deemed necessary on account of any governmental requirement, National, State, or municipal, or of any commission or public authority, describe the same in full.

If the issue is deemed necessary for reasons of public health or welfare, or other public economic necessity, describe the same in full.

If the issue is made for private financial requirements and no public interests are involved, a very clear exposition of necessity will be desired.

In all cases full reasons should be given why the proposed issues can not be postponed until after the war, or why the necessity is greater than the paramount need of the National Government in conserving the financial resources, materials, and labor of the country for the war.

It will be necessary to identify accurately the issues before a final opinion is expressed. For that purpose the following information, when appropriate, should be furnished:

WITH REGARD TO PROPOSED ISSUES OF BONDS, NOTES, CERTIFICATES OF INDEBTEDNESS, AND OTHER SECURITIES (STATE, COUNTY, MUNICIPAL, OR CORPORATE).

1. Name, amount, date, and dates of maturity, and serial numbers of the proposed bonds, notes, or other securities.
2. Amount of total authorized issue of which proposed issue is part.
3. Attested copies of votes, ordinances, or resolutions authorizing proposed issue.
4. Attested copy of mortgage, deed of trust, or similar instrument under which proposed issue is made or by which it is to be secured.
5. Last balance sheet if a corporation and copy of charter and by-laws, if in print.

WITH REGARD TO PROPOSED ISSUES OF SHARES OF STOCK.

1. Total capitalization of company.
2. Last balance sheet and copy of charter and by-laws, if in print.
3. Total authorized issue of stock of which proposed issue is part.
4. Amount of proposed issue, method and dates of issue, whether by offer to shareholders, sale, or public subscription.
5. Attested copies of votes authorizing proposed issue.

MARCH 2, 1918.

The chairman of the Capital Issues Committee of the Federal Reserve Board, when seen to-day, stated that the work of the committee had received a decided impetus during the past week. Applications are being received in greater volume than ever and are receiving the greatest possible dispatch in consideration. He expressed the desire, however, that in view of the fact that instructions were now being distributed widely in all districts, prospective applicants should prepare and submit their applications as far in advance of the date of the issue or sale as practicable, adding that the committee had been considerably pushed to comply with the many requests that had been received for immediate telegraphic consideration of issues the sale of which was imminent or the necessity of prompt action upon which was necessary to meet maturing debts. While, in a number of cases, the committee so far has been able to meet such requests, it will not be possible in the future to undertake to give advice as to the compatibility of the large issues of securities coming before it without having received the complete information specified in its memorandum of instructions to applicants. Even then it will be very often necessary to refer applications to the subcommittees for further investigation and report. Applicants are requested, therefore, to afford the committee as much time as possible for the intelligent consideration of contemplated issues.

It has been most encouraging to see the hearty response that has been made to the call for cooperation in the committee's work. The chairman stated that, in addition to the resolutions heretofore announced as being adopted by the League of Kansas Municipalities, the New York Stock Exchange, the Richmond (Va.) Real Estate Exchange, the American Bankers' Association, and the secretaries and officers of the Central States Banking Association (the latter representing 15 central States), have also adopted resolutions indorsing the aims and purposes of the committee. Similar resolutions are being adopted by the Investment Bankers' Association.

The Chamber of Commerce of Boston has adopted the following resolution:

> Your committee, therefore, recommends that the board of directors of the chamber bring to the attention of the governor of Massachusetts the urgent need for economy in municipal financing and requests his excellency to make public a proclamation urging all cities and towns within the Commonwealth to refrain from incurring expenditures and indebtedness for purposes other than those imperatively necessary at this present time of national stress.

In response to inquiry by the chairman, the director of steel supply of the war industries board, stated:

> We are certainly in sympathy with Secretary McAdoo's appeal for cessation of building operations. We do not feel that it would result in the hardship to labor as generally supposed, as many of the most essential industries are running with greatly reduced forces, and we believe labor would be diverted to more important uses.
>
> As regards the steel situation, would state that the supply of structural steel is ample for all purposes, but owing to the curtailment of operations of blast furnaces and steel mills, due to shortage of fuel and inadequate transportation, the pig-iron situation is becoming acute and any material increase in building operations would complicate an already bad situation in this line. Many of the important mills of the country, including the plate mills, are having the greatest difficulty in securing sufficient iron to keep their plants operating, and as everyone appreciates the necessity of plates in shipbuilding, it is obvious that any iron put into structural work which could be utilized to turn out ship plates would seriously interfere with the successful prosecution of the war. We personally think that everything should be done to discourage any structural work or unnecessary work at the present time.

The committee and its advisory committee have had two very interesting and helpful conferences during the course of this week, one with the chairmen of the various subcommittees on capital issues and the other with the war committee of the National Association of Public Service Commissioners, representing the public service commissions of the United States. This committee was represented by Messrs. Max Thelen, of California, chairman; Ralph W. E. Donges, of New Jersey; Joseph B. Eastman, of Massachusetts; Frank H. Funk, of Illinois; Travis H. Whitney, of New York; Edward C. Niles, of New Hampshire; and Charles E. Elmquist, secretary. Members of the Capital Issues Committee were delighted to find that while these commissioners naturally had to take into consideration their local conditions and requirements they were guided in doing that by the same motives that prompt the actions of the Capital Issues Committee. They expressed in no uncertain terms their fullest appreciation of the national needs at this time, and members of the Capital Issues Committee have no doubt that the foundation has been laid for a most fruitful cooperation between the representatives of the State and municipal interests on the one hand and those acting at this time purely from the national point of view. Measures along these lines are in course of preparation and it is expected that results will be announced shortly.

In opening the conference with the chairmen of the subcommittees, the chairman of the Capital Issues Committee took occasion to read to them the following resolution adopted by the committee:

> This committee will not express an opinion either of approval or of disapproval in matters of new capital issues below the minimum heretofore fixed, but will advise the local subcommittees to discourage nonessential undertakings, irrespective of the amount, wherever practicable.

and the chairmen of the subcommittees were requested to urge upon the members of their permanent and auxiliary committees the necessity of suppressing at the source all unnecessary expenditures at this time, even though such expenditures be below the minimum now set by the committee. He cited the instance of a very effective piece of work on the part of an auxiliary committee member who, upon his own initiative, appeared before the public-debt commission of a certain city and, upon a simple patriotic appeal, caused that commission to reduce a contemplated issue of securities from \$6,000,000 to \$1,000,000. If such effective results can be obtained by such simple and direct methods by the single-handed action of an individual, even where the amount involved was so large, what might not be accomplished in the thousands of cases of unnecessary expenditures of amounts not coming within the purview of the committee at the present time?

The chairman stated to the conference that the following rules of procedure with respect to the handling of applications had been adopted by the Advisory Committee:

Applications should be made in duplicate and, whenever possible, should be filed with and received by the proper subcommittee, one copy being retained by the subcommittee and the other sent to the Capital Issues Committee when complete:

The subcommittee shall be requested to see that the form of the application is sufficient and that the information furnished complies with the requirements of the general instructions.

The subcommittee to be requested to defer investigation and the formulation of any recommendation until requested by the Advisory Committee.

The chairmen of the subcommittees generally reported a most satisfactory condition of hearty cooperation in every district on the part of the municipalities, bankers, brokers, and others. Some of them, however, stated that in some rare cases the unfortunate attitude had been taken by certain prospective applicants of heeding peace propaganda and looking upon the committee's work as a temporary expedient that would soon become obsolete upon the declaration of a not very distant peace. The chairman emphasized the obvious fallacy of such belief and stated that in all districts determined efforts should be made to overcome the pernicious tendencies of such an attitude.

Trading With the Enemy.

Following are statements for the press issued by the War Trade Board:

BRANCHES OF AMERICAN HOUSES IN FOREIGN COUNTRIES.

The War Trade Board has authorized branches of United States corporations and other American houses, established and engaged in business in neutral countries, or in countries associated with the United States in the war:

1. To receive in payment of indebtedness, and to collect drafts or checks drawn or indorsed by enemies or allies of enemies where refusal to accept the same may result in failure to collect the debt;

2. To pay drafts or checks drawn in favor of, or indorsed by, enemies or allies of enemies where refusal to pay the same will result in a violation of law or commercial obligation;

3. To receive for collection drafts or checks drawn by, or accepted, or indorsed by enemies or allies of enemies; and

4. To become a party to clearing-house transactions in the ordinary course of business where any enemy or ally of enemy may be a member of such clearing house:

Provided, That a written report of every such transaction of trade with the enemy or enemy allies shall be mailed to the War Trade Board, Washington, D. C., on the 5th day of each month, covering the transactions of the preceding calendar month under 1, 2, and 3 above. Such report must state the dates of the respective transactions, the respective names of the drawers, drawees, and indorsers, and the respective amounts of the drafts and checks involved. Any United States corporation or other American house joining a clearing house under 4 above, shall immediately mail to the War Trade Board, Washington, D. C., a statement of the facts in the case.

JANUARY 28, 1918.

MARINE INSURANCE SURVEYS AUTHORIZED.

The War Trade Board has authorized boards of marine underwriters and marine insurance companies to participate in surveys to determine the cause and extent of loss of cargoes and vessels and to issue certificates showing the findings of such surveys, notwithstanding that the persons who ultimately may be entitled to the insurance money are enemies or allies of enemies. This action has been taken in order that the insurance companies may proceed with their usual investigations of marine losses regardless of the interests involved, but it does not authorize the payment of any insurance money to an enemy or ally of enemy.

The precise limits of the new regulation are shown in the following resolution of the War Trade Board:

Resolved, That boards of marine underwriters and marine insurance companies, and their correspondents or agents, be, and they hereby are, authorized in the case of damage to vessels or cargo:

(1) To attend upon a survey, or exercise a voice in the selection of members of a board of survey, to determine the exact extent of the loss and the causes which have contributed to it, even though such boards of marine underwriters and marine insurance companies or their correspondents or agents may have knowledge or reasonable cause to believe that certain of the persons who ultimately may be entitled to indemnity against such underwriters or insurance companies are enemies or allies of enemies or are acting for or on behalf of enemies or allies of enemies.

(2) To sign and issue, as the result of such survey, a survey certificate showing the items of damage, expenses, etc., and the apparent cause or causes from which the same arose;

Provided, however, That nothing herein contained shall be deemed to authorize the payment of any indemnity by such board of underwriters or marine insurance company to an enemy or ally of enemy or person acting for or on behalf of an enemy or ally of enemy.

FEBRUARY 6, 1918.

RESOLUTIONS AS TO COUPONS DUE PRIOR TO AND ON JANUARY 1, 1918, RESCINDED.

In view of the President's Executive order of January 26, 1918, which requires holders of coupons for foreign account to obtain certain certificates from the Federal Reserve Board and otherwise conform to its regulations, the War Trade Board has revoked its former rulings which authorized the collection of coupons due on or before January 1, 1918, for foreign individuals, firms, and corporations without obtaining licenses from the War Trade Board, or authority from the Federal Reserve Board. The action of the board is set forth in full in the following preamble and resolutions adopted by it:

Whereas by an Executive order of the President, dated January 26, 1918, covering foreign exchange and other related transactions, the holders of coupons for foreign account must obtain from the Federal Reserve Board certain certificates and file certain declarations from foreign correspondents;

Resolved, That the following resolutions of the War Trade Board, relating to the collection of coupons due January 1, 1918, and prior thereto, for foreign individuals, firms, corporations, or others, be and they hereby are, repealed, namely:

(1) *Resolved*, That bankers and others having coupons to collect, due January 1, 1918, for foreign individuals, firms, corporations, or others, are not required, until further notice, to obtain licenses from the War Trade Board or authority from the Federal Reserve Board in order to make such collection: *Provided*, That any funds so received which the collecting agency has reason to believe are the property of an enemy or ally of enemy, or will be used for the benefit, directly or indirectly, of any enemy or ally of enemy, must be held in separate account under notice to the Alien Property Custodian. (Adopted Dec. 31, 1917.)

(2) *Resolved*, That banks and others having coupons to collect, which are due prior to January 1, 1918, for foreign individuals, firms, corporations, or others, are not required to obtain licenses from the War Trade Board, or authority from the Federal Reserve Board in order to make such collection: *Provided, however*, That any funds so received, which the collection agency has reason to believe are the property of an enemy or ally of enemy, or will be used for the benefit, directly or indirectly, of an enemy or ally of enemy, must be held in separate account under notice to the Alien Property Custodian. (Adopted Jan. 16, 1918.)

FEBRUARY 18, 1918.

GENERAL BLANKET LICENSE TO CANADA.

A general blanket license has been issued to-day permitting, without individual import licenses, the importation of all commodities from Canada with the exception of those mentioned in the President's proclamation of November 28, 1917, this to be in force until revoked by the Bureau of Imports.

With respect to shipments from all other countries, importers are urged to make haste in sending to the Bureau of Imports, Washington, D. C., their applications for imports licenses.

FEBRUARY 20, 1918.

CHANGES IN ENEMY TRADING LIST.

The War Trade Board announces that the following name has been removed from the enemy trading list: Martinex, Vincento (Martinez, Vincente), Cartagena, Colombia.

The following name has been added to the enemy trading list: Struck, German, Progreso and Merida, Mexico.

FEBRUARY 20, 1918.

Subtreasuries and the Federal Reserve Banks.

A report of the Bureau of Efficiency dealing with the work performed by the Subtreasuries, and submitting a plan to consolidate them with Federal Reserve Banks, was laid before Congress on January 26, and published as H. R. Document No. 867. The document is in part as follows:

The act of Congress approved March 3, 1917, directs the Bureau of Efficiency to—

investigate the work performed by the Subtreasuries and report to the Secretary of the Treasury and to Congress at the beginning of the next regular session what part of the work of the Subtreasuries can be transferred to other offices of the Government, banks of the Federal Reserve system, or farm-loan banks.

In compliance with this act, the Bureau of Efficiency has investigated the Subtreasury system and desires to make the following recommendations:

(1) The immediate suspension of the Subtreasuries in Baltimore, Philadelphia, and Cincinnati.

(2) The immediate release of the assistant treasurers in the remaining six Subtreasuries and the placing of direction and control in the hands of the cashiers of these Subtreasuries.

(3) The consolidation of the entire Subtreasury system with the Federal Reserve Banks within six months after the end of the present war.

THE NEED FOR READJUSTMENT.

The creation of the Independent Treasury in 1846 contemplated an absolute divorce between Government finances and the banks of the country. The history of the Treasury from that day has been a steady decline in independence. The Government has more and more sought the aid and cooperation of the banks, and with the establishment of the Federal Reserve Banks in 1914 definitely abandoned the original theory. Gradually one after another of the functions of the Subtreasuries has been lopped off and undertaken by other agencies. The Subtreasury system is really a survival.

The Bureau of Efficiecny has found no function at present exercised by the Subtreasuries which can not be performed as well by Federal Reserve Banks or other agencies. Furthermore, the bureau is convinced that the abolition of the Subtreasuries will effect a large saving to the Government. It would recommend their immediate suspension were it not for the extra administrative duties imposed on the banks and the Treasury by the war. At this time the task of financing the war is so heavy that a change in the machinery, even though it would be of ultimate advantage, might hamper vital operations of the moment. Consequently, the bureau suggests that the change be postponed until the war is over and normal conditions are again approximated. However, it would be possible without confusion to close three of the smaller Subtreasuries at once—Baltimore, Philadelphia, and Cincinnati. These three are of no vital importance to the system even as it stands; and, furthermore, suspension at these three places will serve as a test of the practicability of doing away with all nine.

The Bureau of Efficiency has not attempted to make an exhaustive study of the efficiency and economy with which the Subtreasuries are now run. Since the entire system might well be abolished, the question of their relative efficiency is of minor importance. However, the bureau is prepared to state that the Subtreasuries are, generally speaking, well managed. They safeguard the money intrusted to their care and perform their duties with a reasonable degree of dispatch at no excessive cost. The fault lies in the system itself, not in its operation. One immediate change would be of advantage. The positions of assistant treasurer are entirely unnecessary. Although the nine assistant treasurers receive salaries totaling $45,500, it is safe to say that they render no services which could not be equally well performed by the cashiers.

In the ultimate abolition of the Subtreasury system justice requires that the present employees (outside of the assistant treasurers) be retained in Government service except in so far as they may voluntarily seek other positions.

Despite the relinquishment, through successive years, of various duties to the banks and other agencies, the Subtreasuries now perform a considerable variety of functions. Provision must be made for the proper discharge of each of these, if the system is to be superseded. The Bureau of Efficiency hereafter outlines plans for the transfer of each of the important duties of the Subtreasuries These plans are discussed in detail under the headings "Fiscal functions," "Trust funds," "Redemption of currency," and "Coin exchanges."

The total cost of the Subtreasury system for the fiscal year 1917 was $604,042. The total amount expended on salaries was $455,705, distributed as follows:

Salaries of Subtreasury employees.

Baltimore, Md	$30,300
Boston, Mass	44,850
Chicago, Ill	68,600
Cincinnati, Ohio	24,830
New Orleans, La	27,450
New York, N. Y	149,785
Philadelphia, Pa	48,870
St. Louis, Mo	33,860
San Francisco, Cal	27,160
Total	455,705

The contingent expenses of the system are given in the recapitulation below:

Expenditures, 1917.

Insurance on shipments of currency by registered mail	$45,033.11
Postage on shipments of currency by registered mail	30,227.24
Transportation of public moneys by express	24,485.42

Coin bags	$21,165.44
Stationery	6,000.00
Boxes for shipping currency	2,416.96
Lead seals	3,808.00
Typewriters	408.00
Telephone service in Subtreasury offices	2,630.09
Expenses of clearing houses	927.50
Examinations and transfers, office and travel expenses of employees on official business	4,331.26
Labor handling coin during examinations of Subtreasuries	317.50
Repairing machines	1,446.88
Burglar-alarm service	397.00
Rent of coin-counting machines	1,920.00
Transportation of mail pouches containing canceled currency from Subtreasuries to post offices	978.56
Other miscellaneous items, such as coin scales, trucks, rubber stamps, freight, cartage, towels, soap, etc	1,844.87
Total	148,337.83

The estimates for the next fiscal year are higher than the amounts expended in 1917.

At present there are in operation 12 Federal Reserve Banks. There are also in operation Federal Reserve Branch Banks at New Orleans, Omaha, Spokane, Seattle, and Portland. Branch banks are being established in Cincinnati, Pittsburgh, Denver, Detroit, Louisville, and Baltimore. This means that in every city where a Subtreasury is located there is at present either a Federal Reserve Bank or a Federal Reserve Branch Bank. The Federal Reserve Banks therefore cover the entire territory covered by the Subtreasuries and extend, moreover, to some 14 large cities besides. The distribution of these institutions is as follows:

Subtreasuries.	Federal Reserve Banks.	Federal Reserve Branch Banks.
Baltimore		Baltimore.
Philadelphia	Philadelphia	
New York	New York	
Boston	Boston	
Cincinnati		Cincinnati.
Chicago	Chicago	
St. Louis	St. Louis	
New Orleans		New Orleans.
San Francisco	San Francisco	
	Richmond	
	Atlanta	
	Cleveland	
	Minneapolis	
	Kansas City	
	Dallas	
		Louisville.
		Pittsburgh.
		Detroit.
		Omaha.
		Denver.
		Spokane.
		Seattle.
		Portland.

If the Subtreasuries were absorbed by the Federal Reserve Banks the public would have even richer facilities than at present. There is indeed no reason why nine cities should be given privileges denied to the other great commercial cities of the country.

In the event that the Federal Reserve Banks take over the work of the Subtreasuries they may incur some extra expense, particularly in the discharge of fiscal duties and in the handling of coin. If necessary, the Government could reimburse the Federal Reserve Banks directly for these extra duties. This expense, if incurred, could scarcely be more than 25 per cent of what the Government now spends for the Subtreasuries. It might be possible, however, that the Federal Reserve Banks would be willing to undertake the additional work without special compensation. They would derive some advantage from the change. Their credit would be to a degree strengthened. President Wilson has recently said:

> It is manifestly imperative that there should be a complete mobilization of the banking reserves of the United States. * * * The extent to which our country can withstand the financial strains for which we must be prepared will depend very largely upon the strength and staying power of the Federal Reserve Banks.

The Federal Reserve Banks are not commercial institutions, and they are not run for profit. According to law the first 6 per cent of earnings goes to the stockholders of the Federal Reserve Banks. All earnings above 6 per cent are divided equally between surplus of the banks and the Government of the United States. At present every Federal Reserve Bank is earning more than 6 per cent. Some of the 12 are earning twice that percentage. The per cent of net earnings to paid-in capital for the six months ended June 30, 1917, was as follows:

	Per cent.
Boston	9.9
New York	11.0
Philadelphia	9.3
Cleveland	8.4
Richmond	8.9
Atlanta	9.3
Chicago	10.0
St. Louis	9.9
Minneapolis	12.4
Kansas City	11.2
Dallas	6.8
San Francisco	9.0

The average earning for the total Federal Reserve system was 9.8 on the calculated total paid-in capital.

The Federal Reserve Banks are prospering. They could afford to take on further functions. Any extra expense would, of course, retard the building up of their surpluses. This would be probably the only disadvantage suffered in the assumption of the duties of the Subtreasuries. This burden they might be willing to assume. Possibly the Federal Reserve Banks would also gain in vault space at New York and San Francisco. In these two cities the Subtreasuries have separate buildings of their own, whereas in the other seven cities the Subtreasuries are housed in the post office, or in the customhouse, or in the Federal building that serves for all three. In New York and San Francisco the buildings with their vaults could be turned over to the Federal Reserve Banks.

RECENT DEVELOPMENTS.

Early in 1913 some 70 employees were transferred from the different Subtreasuries to the office of the Treasurer, in Washington. Of these 70, 16 were money counters and handlers for the laundry machines. The other 54 were clerks and bookkeepers. The total salaries of the 70 persons transferred amounted to $86,450. The chief reason why these employees were gathered in Washington was a concentration of duties formerly performed in the Subtreasuries. By direction of Department Circular No. 5, 1913, the keeping of the disbursing officer's accounts was centralized in the National Capital. It was felt that it would be more economical, as well as in closer conformity to modern business practices, to place the receipts of the Government in the national-bank depositaries, to have them directly drawn upon by warrant or check made against the Treasurer, and to have these checks sent in daily to Washington for credit. Formerly a large portion of this work had been performed in the Subtreasuries. Under the new plan each Subtreasury sends in the checks it has cashed during the day, with its transcript, the same as does each of the other depositaries. At first this large increase of business in the Washington office gave rise to difficulties. However, improved methods of handling the bookkeeping were introduced, so that it was possible, in the end, to reduce the force in Washington from 184 clerks to about 80 clerks, a saving in clerk hire of nearly twice the number of persons who had been transferred from the Subtreasuries for this particular work. Those employees, however, who were no longer necessary in this work were not dropped from the service, but were transferred to other offices as vacancies occurred.

The Federal Reserve Act was passed late in 1913 and the Federal Reserve system put into operation in 1914. Under it the country is divided into 12 reserve districts, each with its reserve bank. The national banks, and other banks at their volition, are made member banks of the Federal Reserve system. The Federal Reserve Banks rediscount the paper discounted by member banks. The reserve banks were also make banks of issue and allowed to put out their own notes, secured by short-time commercial paper and gold reserves, thereby providing an elastic currency, one that contracts and expands automatically with business needs. The Federal Reserve system was not designed, primarily, as a substitute for the Subtreasury system. It is really a revision and remodeling of the national banking system established in 1863. It is a transition from a decentralized system of banks to a federated system with control centralized in the Federal Reserve Board, that is to say, in the hands of the Government. The Secretary of the Treasury can place the funds of the Government at his discretion in Federal Reserve Banks, just as he can in national-bank depositaries. He employs the Federal Reserve Banks as fiscal agents of the Government and uses them to handle bond sales and refunding operations. The first two Liberty loans have been managed by the Federal Reserve Banks efficiently and with practically no disturbance of the country's business. It is difficult to conceive how loans of this magnitude could have been successfully floated without the help of the Federal Reserve system.

It is also true, of course, that the Federal Reserve Banks have taken over that group of functions which had gradually come to adhere to the Independent Treasury and which made it the (attempted regulator of the money market and of interest rates and the aid and support of the banks in times of panic. It provides, further, machinery for the transfer of money from one part of the country to the other and for the moving of crops. On the other hand, the Federal Reserve system is not charged with the duty of redeeming paper currency or subsidiary coin. It does not keep the trust funds of the Government. Whether these latter functions could be taken over with advantage by the Federal Reserve Banks is a matter considered later in this report.

The history of the Subtreasury system shows clearly, then, that the original theory of independence on which it was based was soon abandoned. From the time of the Civil War on it has by necessity come into closer and closer contact with the banks of the country. It has used the banks more and more in its fiscal operations, and it has gradually surrendered the banking functions that were originally intrusted to it. The duties which it still performs are those which have survived the gradual but steady inroads of other agencies. It is no longer a logical institution, but a remnant. If all of its remaining functions were transferred to the Federal Reserve Banks the change would be the natural climax of its development and modification throughout the threescore and ten years of its history.

FISCAL FUNCTIONS.

The fiscal functions exercised by the Treasurer through Subtreasuries fall broadly into three classes:

(1) The receipt of deposits from various sources of funds due the Government.

(2) The payment of checks, warrants, and drafts that are drawn against the Treasurer of the United States and presented at a Subtreasury for payment.

(3) The sale of bonds of the United States and the payment of coupons and interest checks.

The Federal Reserve Act specifically gives the Secretary of the Treasury the right to employ Federal Reserve Banks as fiscal agents, and he has already made extensive use of them. The language of the law runs:

The moneys held in the general fund of the Treasury, except the five per centum fund for the redemption of outstanding national-bank notes and the funds provided in this act for the redemption of Federal Reserve notes, may, upon the direction of the Secretary of the Treasury, be deposited in Federal Reserve Banks, which banks, when required by the Secretary of the Treasury, shall act as fiscal agents of the United States, and the revenues of the Government or any part thereof may be deposited in such banks and disbursements may be made by checks drawn against such deposits.

So far as bond issues are concerned the Government has ceased to place any reliance on the Subtreasury system. The enormous bond transactions necessitated by the floating of the Liberty loan have been handled entirely through the Federal Reserve Banks. Indeed it is difficult to imagine how these great public borrowings could have been effected had not the machinery of the Federal Reserve system been available. If the Subtreasuries had had to stand the strain, they would have broken under it long ago. The Federal Reserve Banks, on the other hand, have not only successfully performed all of the work of floating the bond issue, but they have effectively handled these immense sums of money and transferred enormous credits from one part of the country to another without the slightest disturbance of the interest rate and without shock or interference to the normal course of business. Such a feat the Subtreasuries could never have performed; the experience of other decades clearly proves this. It is true that the Subtreasuries have been asked to perform some very minor duties; they have, for example, held the printed bonds until called for by the banks; and in New York the Subtreasury handled the cash sales of bonds in the second Liberty loan drive. However, these services were purely ancillary. Ninety-nine per cent of the work has been done by the Federal Reserve Banks. And these banks are entirely able to take care of the interest payments.

It has been found indeed, generally speaking, that the Federal Reserve Banks are able to manage transfers of money from one part of the country to another much more expeditiously than the Subtreasury system ever did. The chief need for cash in the interior comes in the fall of the year, when the crops are moved. The Subtreasuries up to the establishment of the Federal Reserve Banks tried to meet this need, and with a great deal of effort managed to do so with only a fair degree of satisfaction. The Federal Reserve Banks, however, have managed to take over this function of transferring money to the points needed with smoothness and dispatch. One evidence of their success in money transfers is the experience of San Francisco banks. Since the Federal Reserve system has been in operation the San Francisco banks have not had to resort to the use of order gold certificates to settle their balances in New York.

Here and there the Subtreasuries undertake small conveniences for the public of one sort and another. For example, it is the practice of importers of merchandise in New York City to make preliminary deposits against customs duties in the New York Subtreasury. The importers (acting through customs brokers) seek in this way to save time. The customs brokers, for example, will go Saturday noon to the Subtreasury and deposit $100,000, receiving for it a Treasury receipt. If their ship arrives Saturday night the customs brokers present this receipt to the customs officials and so secure the release of their merchandise at once. If the Subtreasury in New York were done away with, this arrangement for the benefit of importers, in a hurry to unload, could be continued by the Federal Reserve Bank of New York, if it were thought desirable. The customs officials would undoubtedly be willing to accept the receipt of the Federal Reserve Bank as readily as that of the Subtreasury.

We see, then, in general that the employment of national banks and of Federal Reserve Banks as fiscal agents of the Government has already developed to such an extent that the transfer of the remaining part of these functions to them would be no radical step. In fact, it would simply be the completion of a logical development that has been going on for many years. The Federal Reserve Banks without any substantial increase in equipment can handle all of the fiscal functions of the Government that are now handled by the Subtreasuries. They could handle them just as cheaply; indeed, more cheaply, in the sense that it is more economical to run one office than two.

TRUST FUNDS.

The trust funds of the Government fall into several classes. The most important class comprises the gold and silver securing issues of paper money. The law requires that gold certificates have dollar for dollar in gold either in coin or bullion behind them in the custody of the Treasurer. On November 1, 1917, the amount of gold certificates outstanding was $1,479,979,517. An equivalent amount of gold was held by the United States against these certificates. The law also provides that the Government shall hold as reserve against the $346,681,016 of United States notes (greenbacks) and against the $1,920,770 of Treasury notes of 1890 outstanding a gold reserve of $152,979,025.63.

The law further requires that silver dollars must be held against the silver certificates outstanding and the Treasury notes of 1890 outstanding. The silver dollars held in the Treasury against these liabilities amounted, on November 1, 1917, to $477,852,158. These silver dollars, and the gold coin and bullion mentioned above, constitute the chief trust funds of the Government.

These trust funds are not held separately, that is to say, they are not segregated in separate vaults. They are a part of the funds of the Treasurer held in Washington, at the nine Subtreasuries, and in the mints and assay offices. The distinction between the trust funds and the general fund of the Treasurer is a bookkeeping distinction. However, no part of these funds is on deposit in the national banks or with the Federal Reserve Banks or the Federal farm-loan banks.

In the event that the work of the Subtreasuries was taken over by the Federal Reserve Banks it hardly seems desirable that these trust funds or any part of them should be put into the hands of the banks. They should remain in the custody of the Treasurer. Some part of these trust funds are now in Subtreasury vaults, and the only difficulty that would be encountered were the Subtreasuries abolished might be a lack of vault space.

In removing these trust funds to other places of deposit, the silver dollars would constitute the greatest problem. However, the standard dollars in the Chicago and St. Louis Subtreasuries could probably be accommodated in the mint at Denver. The silver dollars in the Subtreasury at New York might well remain under custody of the assay office in the vaults where they now are, even though the Subtreasury building were taken over by the Federal Reserve Bank. The silver dollars in the other six Subtreasuries could be moved to the mint at Philadelphia, where there is considerable extra space. The vaults at Washington contain an enormous quantity of silver dollars already and could scarcely hold any more of this bulky money.

The gold is far more concentrated in volume and presents no great difficulty. It could be removed either to the mints or to Washington. Just at present, because of the unusually large increase in the gold held by the Government, the assay office in New York City, which is just next door to the Subtreasury, has put in the Subtreasury vaults about $930,000,000 in gold bars. This is said to be the largest amount of gold that has ever been collected in a single spot in the history of the world. Of course, if the Subtreasury were done away with, this gold need not be moved. Custodians could be kept in the present building to guard it. If the trust funds of the United States were consolidated and more concentrated, it would be less expensive to look after them and guard them. As matters stand, no new vaults need be built, and no expense need be incurred except that of guardianship and occasional examination. The Treasurer could handle his accounts just as he does now. The trust funds would not be locked up in any particular place, but would be kept in the accounts of the Treasurer as at present, with the distinction between trust funds and other funds maintained on the books.

The Treasury carries certain special deposits which are in the nature of fiduciary obligations. A number of these can not be deposited by law in the Federal Reserve Banks. A list of the latter, with their amounts on November 1, 1917, follows:

Redemption of Federal Reserve notes (5 per cent fund)	$43,883,715.15
Redemption of Federal Reserve Bank notes (5 per cent fund)	536,700.00
Redemption of national-bank notes (5 per cent fund)	26,683,239.10
Total	71,103,654.25

In the case of these particular liabilities it is necessary for the Treasurer to keep the funds in his custody. They should be deposited with the Treasurer in Washington and the necessary balances settled weekly or monthly. All other moneys now in the general fund of the Treasurer can be turned over to the Federal Reserve Banks.

There is one other item held by the Treasurer that must be provided for. This is the gold settlement fund of the Federal Reserve Board. The fund is steadily increasing. On November 1, 1917, it was $681,097,160; on November 15 it was $711,641,260. It now amounts to practically half of the gold certificates outstanding. The primary purpose of the fund is to effect settlements between the various Federal Reserve Banks. These settlements are made mostly by telegraph from Washington every Thursday. Of course, this settlement fund also counts as reserves against Federal Reserve notes outstanding of which there are now nearly a billion. It is the policy of the Federal Reserve Board, and indeed of the Government in general, to swell this fund as large as possible in order to strengthen the credit of the Federal Reserve Banks.

Most of the settlements are made by telegraphic transfers of credit on New York City, and the New York City Federal Reserve Bank settles in gold with the New York Subtreasury. Although this gold settlement fund is held by the Treasurer at the call of the Federal Reserve Banks and although it can be withdrawn at any time, it nevertheless constitutes a trust fund that must be carefully administered. At the beginning, when the fund was much smaller, it was all held in Washington. At present the Subtreasuries, particularly the Subtreasury in New York, are used as depositories. Should the Subtreasury system be done away with, it is suggested that this gold settlement fund be held in Washington and in New York City. An office could be fitted up in the New York assay office to take care of the money and keep the books. The only vault that would be needed in New York would be a bin to hold gold certificates, with now and then some gold coin. All that the Federal Reserve needs really for its gold settlement fund is a safe place to hold it.

REDEMPTION OF CURRENCY.

One of the important services which the United States Government performed for the people of the country is the so-called redemption of paper currency. When notes wear out or become dirty, the Government will take them upon presentation and give back clean new notes. The old notes are punched, cut in half, and ground into pulp. The new notes, which have been printed at the Government's expense, are paid out to the banks or individuals either from Washington or from the Subtreasuries. The Government does not compel anyone to return unfit currency, but it invites whoever cares to make the exchange to avail himself of the privilege. This operation is usually called "redemption and exchange." Technically, of course, redemption means only the payment of gold or lawful money for redeemable currency, so that most of this operation that we call redemption might more accurately be termed "replacement and exchange." However, since redemption is the word commonly used, it will be employed in the usual sense here.

All of the national-bank notes and of Federal Reserve Bank notes are sent in to Washington to be redeemed at the National Bank Redemption Agency.

Whatever Federal Reserve Bank notes and national-bank notes come into the Subtreasuries are sent directly to Washington for redemption; at least, that was the practice before the war. This measure was incorporated in the law as a method of preventing inflation. These notes are not cut at the Subtreasuries, but are merely transported to Washington and turned over to the National Bank Redemption Agency in the Treasurer's office. It hardly seems that this function is any longer vital, since provision is made in the law to have the Federal Reserve Banks take care of any redundancy of currency and to prevent inflation.

COIN EXCHANGES.

At each of the Subtreasuries considerable amounts of metallic money are brought in daily for deposit, and considerable amounts are daily withdrawn. This money comes bagged by denominations; that is, by halves, quarters, dimes, nickels, and pennies. This function of the Subtreasuries is commonly called the redemption of subsidiary silver and minor coins, but, as a matter of fact, most of this business is merely exchange.

The Government undertakes to redeem the coin that it issues. Standard silver dollars may be presented for exchange into silver certificates. Subsidiary silver coin and minor coin may be presented in sums or multiples of $20 to the Treasurer or to any Assistant Treasurer for redemption in lawful money. These coins must be sorted by denominations and put up in separate packages. The coin room of the Subtreasury counts the money so presented and throws out coin that is mutilated or defaced. Mutilated coin, whether punched, clipped, or chipped, and counterfeit coin, are stamped and returned to the depositor. Coin that is worn thin or smooth or that is bent or twisted is redeemed in good coin. The quantity of this unfit money, however, is relatively small. Most of the deposits of coin are rebagged and held until they are called for by banks or individuals who wish to use them in the channels of trade.

Possibly if the Federal Reserve Banks were to take over the work now done by the Subtreasuries they would be willing to handle subsidiary silver and minor coin without compensation, but in the event that the Government was required to maintain a small coin division of its own in each of the Federal Reserve Banks, equipped with coin-counting machines and other facilities, the expenses would surely be far less than they are now—$40,000 would be an outside figure. The services, furthermore, would be more widely distributed over the United States since there are over twice as many Federal Reserve Banks and branches as there are subtreasuries.

GOLD.

With the fundamental gold transactions of the Government, the Subtreasuries had nothing to do. The country is on a gold basis; which means that unlimited amounts of gold metal can be exchanged at a fixed ratio for coin at the mints and assay offices. Sometimes payments in gold are made in the Subtreasuries for the assay offices, but this is a mere matter of convenience.

However, considerable amounts of gold coin are presented at the Subtreasury offices throughout the year. Gold coin, according to law, is issued by the Treasurer or any Assistant Treasurer for gold certificates, United States notes, or Treasury notes of 1890. In case this coin is shipped, it is sent by mail with postage and insurance deducted; or, if otherwise transported, the charges are paid by the consignee on delivery of the coin. Gold certificates are issued by the Treasurer or any Assistant Treasurer upon a deposit of gold coin. Whenever gold coin comes into a Subtreasury it is weighed. The law permits a certain amount of abrasion—equivalent to one-half of 1 per cent for a circulation lasting 20 years. Gold coin above this limit of tolerance is accepted at par. Gold coin below the limit of tolerance is accepted only for its weight and the difference is charged to the depositor. Of course, individuals and banks do not like to sustain this loss, which is sometimes considerable. On the Pacific coast, where gold coin is more generally used than elsewhere in the Union, two classes of gold are in circulation—one called Treasury gold, above the limit of tolerance, and the other commercial or bank gold, which is light weight. Ultimately, however, all lightweight gold comes to the Government, or is melted down by the individuals; and the Government will not accept it at its face value if it is below the legal limit without collecting 2 cents for each half grain or fraction thereof below the standard weight. In the fiscal year of 1917 the total gold-coin receipts in the New York Subtreasury were $114,427.000. Of this money $21,511,000 came from New York City, while $92,916,000 came from outside of New York. All of this money was weighed. The other Subtreasuries also received considerable amounts of gold coin.

In the event that the Subtreasury system should be absorbed by the Federal Reserve Banks it would be well to have the Government station a gold counter in each of the Federal Reserve Banks under control of the agent. The Government counter would be there for the purpose of receiving coin which the public wished to redeem. When not busy with gold he could be employed in the counting of subsidiary silver and minor coin.

In 1915 the gold coin in circulation amounted to $429,177,608, and the gold coin in national banks was $184,034,281, a total outstanding of $613,211,889. Gold was therefore recoined in the tiny percentage of 0.32 of 1 per cent.

Furthermore, the Federal Reserve Banks should undertake to issue gold certificates upon the deposit of gold coin. They would be acting in this respect as agents for the Treasurer in Washington. This duty would not be burdensome.

SUMMARY.

In our examination of the various duties performed by the Subtreasuries we have seen that the bulk of them can with advantage be transferred to the Federal Reserve Banks. The Federal Reserve Banks might be willing to undertake these duties without compensation in return for buildings and vault space in New York City and San Francisco and in return for the working balances in the Subtreasuries. Still, it would not be unjust if the Federal Reserve Banks should ask the Government to pay the expenses of keeping up coin-exchange departments.

The Subtreasuries now cost over $600,000 a year. Were they abolished, the following expenses would take the place of this expenditure:

Extra redemptions of paper currency in Washington	$75,000
Coin-exchange departments in 12 Federal Reserve Banks and 11 branches	40,000
Cost of coin shipments	30,000
Extra guards and custodians for trust funds at assay offices and mints	5,000
Total	150,000

The direct saving to the Government would, therefore, be $450,000 a year. Furthermore, the postal revenues would be increased by $15,000 at least, through the concentration of currency redemption in Washington; and also there would be available for Government uses considerable amounts of office and vault space in the Federal buildings of those seven cities outside of New York and San Francisco where the Subtreasuries are housed with other Federal offices.

The Bureau of Efficiency recommends the ultimate abolition of the whole subtreasury system. It believes not only that the Government will save money by this change but that also the public will in the end be better served. It will be appreciated that in making this recommendation the Bureau of Efficiency seeks only to serve the public interest. If, however, the Subtreasuries are to be continued, the Bureau of Efficiency suggests the following as a minimum program:

The elimination of the three Subtreasuries—Baltimore, Philadelphia, and Cincinnati—which are of no essential value to the system.

The abolition of the post of assistant treasurer everywhere and the transfer of responsibility to the cashiers.

A reduction in the amount of coin-exchange business undertaken at the Subtreasuries and by the cash room of the Treasury in Washington through the charging of a fee for receiving or paying out current coin.

The concentration of all the redemptions of paper currency in Washington.

Scarcely less than this can be done for the good of the Treasury and the people.

Expenditure and Prices.

The following extract from the second report of the select committee on national expenditure of the British House of Commons, December 13, 1917, is herewith published as a contribution from an important official source to the current discussion of the causes of rise in prices:

16. The gradual growth in the expenditure upon the war is due, not only to new services and increased demands, but also, in no small degree, to the increase in prices. It may be calculated very roughly that an all-round increase of 10 per cent in wages and in the cost of commodities purchased at home now involves an increase in the national expenditure of about £130,000,000 a year.

Your committee have consequently found themselves obliged to extend their inquiry into the causes of the increase in prices and the possible checks that may be applied.

17. The chief causes are: The expansion of credits during the war; the demand for commodities exceeding the supply and the inadequacy of Government action to control prices; increases of wages and consequent increases in the cost of production; increases in the rates of profit; unfavorable rates of exchange in some countries from which supplies are imported.

Some of these are at once effects of the increase of prices and causes of further increases.

18. It would be difficult, and it is also unnecessary, to determine what is the order of importance of these various factors. But it is certain that among the most important is the expansion of credits. If it had been possible to finance the war from day to day by means entirely of the proceeds of taxation and of loans of money drawn from the savings of the people, there can be no doubt that the general increase of prices would have been considerably less than it has been; the result would have been to transfer purchasing power from the hands of individuals to the hands of the Government. But the Government, through the Bank of England and the joint stock banks, has created large new credits to enable its contractors to expand their production. It has also borrowed from the Bank of England large sums on ways and means advances, and in so far as these advances have not been offset by equivalent borrowings from the market on the part of the bank, which has not always been the case, this operation has been a pure creation of credit. The Government has received from time to time con-

siderable sums from the reserves of the joint stock banks in subscriptions to the newly created Government securities, and these sums have been liberated in the course of Government expenditure. These measures may not in any way affect the soundness and stability of our financial institutions, but they have had the result of creating new purchasing power on a large scale. This new purchasing power distributed over the greater part of the nation, in so far as it spends itself in investments in Government loans, does not take the form of additional demands for goods and does not send up prices. But in so far as this new purchasing power comes into the market for commodities and takes the form of additional demands for goods, it does send up prices.

19. In other words, the responsibility for the rise of prices, so far as it is due to this cause, rests partly with the Government and partly with the public. There have indeed been very large increases in taxation, and vast loans have been raised from the savings of the people. But to the extent to which this policy has not been pursued, and, instead, fresh credits have been created, the Government has given the power to the public to spend more freely on things. And the public, so far as it spends more freely on things, instead of investing in Government securities, raises prices against itself. If these two processes go further, prices will tend to rise still further. If these two processes are checked, one important cause of the rise in prices will be romoved.

20. In the expansion of credit, the issue of paper currency, as hitherto practiced in this country during the war, plays a very subordinate part. If in any degree contractors' accounts had been met, or if the soldiers and sailors had been paid, simply by using the printing press and issuing fresh supplies of currency for such purposes, the effect would, of course, have been serious. But this has not been done and is not in contemplation. Notes are not issued in order to make Government payments. They are issued to meet requests from the banks for the currency needed by their customers; their quantity is regulated by those requests, and neither exceeds nor falls short of them; they have to be paid for by the banks by transfer of securities or in other ways. The amount of currency has largely increased. At the outbreak of the war it is estimated to have been, in circulation or in bank reserves, about 222 millions; it is now calculated at about 338 millions, not including such small quantities of gold as may remain in the hands of the public. It is held, however, by the treasury that this increase is necessary in order to keep pace with the growth of transactions as measured in terms of money, and that it is a consequence, and not a cause, of the increased purchasing power of the community.

21. The supply of goods falling short of demand is clearly one of the main causes of higher prices. Lessening of production, from whatever cause it may arise, adds to this. It would carry our inquiry too far, however, to enter into those matters. The extent to which the State can successfully stop rises of price, when demand exceeds supply, by direct Government action, is also too large and complex a question to be dealt with here. And it would be too remote from the original purpose of our inquiry to examine the means which have been or might be adopted to maintain a favorable rate of exchange in countries from which we draw supplies, and so prevent increases in the prices of imported articles due to the depreciation of our currency in the countries from which they come. We have found it necessary, however, to give closer attention to increases in the rates of wages and of profits, which have a direct bearing on the question now under consideration.

22. Demands from the working classes for war bonuses or wage increases are based, as a rule, on one or more of the following grounds:

(*a*) The cost of living has increased and wages must be increased also in order to enable the working class family to pay its way.

(*b*) The employing class is making large profits out of the war, and so long as they do so, it is legitimate that the working classes should do the same.

(*c*) The demand for labor exceeds the supply, and it is inevitable, therefore, that wages should rise.

(*d*) The worker's output has been increased, and he is entitled to a higher wage in consequence.

(*e*) Increases have been given in one industry or in one grade, and, in order to prevent inequality or unfairness, increases must follow in other industries or grades as well.

We will examine each of these points in turn.

23. It is generally agreed that with the great increase in the cost of living which has taken place during the war—whatever may be its causes—it would have been neither just nor practicable to have kept wages at their prewar level. We have formed no estimate of the

extent of the rise of wages which has taken place, nor its relation to the increased cost of living. The rise has not been equally distributed, and to arrive at the facts would have involved a prolonged and detailed inquiry into the movement of wages in all the industries, and in all the grades of labor in each industry throughout the country. We, therefore, express no opinion on these points. Moreover, on the other side of the account, the extent to which the cost of living has in fact increased does not appear to have been ascertained with any certainty.

24. The figures published monthly, formerly by the board of trade and now by the ministry of labor, are usually accepted as the measure of the increase without much question. These figures, as published in the Labor Gazette of November, 1917, state that, between July, 1914, and November 1, 1917, the level of prices of food in the United Kingdom has increased by 106 per cent. If all the items usually comprised in the expenditure of a working class family are taken into account, including food, rent, clothing, fuel, light, etc., the increase in the cost of living as a whole might be estimated at 85 per cent, of which 5 per cent is due to additional taxation of commodities.

25. We have made inquiry into the basis of these calculations, and we find that they rest on a collection of the household budgets of a number of working class families made by the board of trade as long ago as 1912. It is indeed stated in the Labor Gazette that they make no allowance for any changes in dietary that may have taken place for reasons of economy during the war; and it is instanced, by way of illustration, that "if eggs were omitted from the dietary, margarine substituted for butter, and the consumption of sugar and fish reduced to one-half of that prevailing before the war, the general percentage increase since July, 1914, instead of being 106, would be 59." On this basis the increase in the total cost of living would be, not 85, but 53. If taxation intended to be borne by consumers were deducted, the figure would be under 50. The statistics, which are accepted as the starting point for all discussions of wages, may perhaps represent the actual facts as they now are, but it is far from certain that they do, and in any case it has not been ascertained that they do.

26. We consider it essential that at the earliest possible date this matter should be reviewed, and that an inquiry should be set on foot, in the direction of which the representatives of labor should have a full share, to ascertain whether the prewar basis of these figures still holds good; whether the average working class family has changed its items of expenditure to meet war conditions; if not, whether families of the middle class with fixed incomes have altered their consumption, and in what way; whether the articles that are now being consumed can, in fact, be obtained at the shops, and at the prices at which they figure in the ministry of labor tables; to what extent the increase of prices has been counterbalanced on the average by greater regularity of employment and greater facilities for members of the families to find remunerative work. It may be that such an inquiry would show that the increases of wages which have been obtained, or are now being claimed, on the ground of the cost of living, can be fully justified, or in some cases can be more than justified, if real hardship is to be avoided. But it may be that it would not. In any case, the parties directly concerned, and the country as a whole, should know what the facts really are.

27. The second cause for the claims of the working classes for advances of wages is the increase in the amount of profits. There is no doubt that there have been, particularly in the earlier stages of the war, many striking instances of great profits being made by companies and individuals. Gradually, however, the State has exercised a more and more effective control. The excess-profits duty recovers for the community, in most of the important cases, 80 per cent of the profits of trades and businesses in excess of their prewar standard of profit. Except in the case of small or moderate sized incomes, one-fourth of the remaining 20 per cent of these excess profits is taken in income tax, and a further proportion in supertax. Moreover, the profits of munition manufacturers, shipowners, coal owners, and many classes of food producers are now restricted. We have obtained from the various departments concerned a summary of the measures they have taken in this direction. The question of the adequacy of the steps taken to restrict the profits on contracts has engaged, and will continue to engage, the attention of the committee.

28. So far as the increase is due, not to the increase in the rate of profit per cent, but to the increase in the volume of work done, it is not in itself a direct element in the rise of prices. If, however, the increase in the total profit is due to the rise in the prices of raw

material and labor, and to the consequent increase in the annual turnover of a business, the larger profits in such cases are an element in causing a further rise in the price of the product.

29. Increases of wages have in some cases been secured apart from any question of the cost of living, through advantage being taken of the shortage of its supply in relation to the demand. However legitimate this may be in time of peace, it should be remembered that in existing circumstances it is a direct cause of further rises in prices, and of further increases in national expenditure. At the same time, it is essential that, if labor is asked to forego the advantages of its economic position from motives of patriotism, the same measure should be effectively applied to capital.

30. So far as increased earnings follow increased output due to greater effort or skill, they do not involve increase in the cost of production or in prices, though they would have the effect of preventing a reduction.

31. It is the case that increases of wages in one trade or grade have been used as a reason for further increase in others, on the ground of similarity, and apart from questions of cost of living. Hitherto there has been no effective check on this competition. Several different authorities have been dealing with wage questions in different industries independently of one another, although it has been obvious that the course taken by any one of them must tend to be used as a precedent for the rest. We find, indeed, that there is frequently wanting a proper cooperation between Government departments in dealing with labor, which sometimes passes into active competition.

The concentration of all these matters under one authority has long been under consideration, but no effective action appears to have been taken until a coordinating committee was established under the chairmanship of Mr. Barnes at the end of November, 1917.

32. Fresh cycles of wage advances succeed one another. Each one results in further increases of prices or in preventing a reduction of prices. An individual trade may obtain, by a wage advance, temporary relief from the increase in the cost of living, but only, as a rule, at the expense of all other trades. And the gain is short lived, for the result is a demand from the others for similar advances, which raise the cost also of the commodities which they produce. The producers are raising prices against themselves as consumers. Meantime the cost of the war is vastly increased. We are deeply impressed by the seriousness of the position in this respect, and are convinced that, if the process continues, the result can hardly fail to be disastrous to all classes of the Nation.

33. Our recommendations, in respect to those aspects of the question of prices which are dealt with in this report, are as follows:

1. Whatever measures are possible should be taken by the Government to avoid the creation of new credits in financing the war.

2. An inquiry should be set on foot to ascertain what has been the actual increase in the cost of living to the working classes, and how far it has been counterbalanced by advantages apart from wage advances, due to war conditions.

3. The measures for the limitation of profits should be continued and strengthened, and should be made more widely known to the people.

4. The strongest case should be required to be established before any advance of wages is conceded on any ground other than the rise in the cost of living. Nor should it be regarded as a rule—and we have no reason to think that labor in general desires that it should—that wage earners, in receipt of not inadequate pay before the war, should be exempted from all share in the economic sacrifices involved by a state of war.

5. A single policy under the general direction of one authority should be adopted in all industries in the determination of wage questions.

Condition of National Banks December 31, 1917.

The Comptroller of the Currency on February 19 issued the following statement:

Deposits.—The deposits of the national banks of the United States, at the time of the call of November 20, 1917, had reached the highest figures ever shown, and were at that time $1,564,079,000 more than at the preceding call of September 11, 1917. This increase was to a considerable extent accounted for by deposits received in connection with settlements for the second Liberty loan, and it was thought that when the deposits which the Government had made with national banks at that time should be withdrawn to meet the Treasury requirements there might be a large reduction in deposits.

The reports of the national banks, however, just compiled, show that on December 31, 1917, the deposits of the national banks throughout the country were even greater than at the time of the November 20, 1917, call, if we should eliminate the reductions in deposits shown by national banks in New York, Massachusetts, and Pennsylvania.

The aggregate of deposits in all national banks on December 31, 1917, was $14,445,-689,000. This was $352,647,000 less than the total of all deposits on November 20, 1917, but as the reduction in national bank deposits for the States of New York, Massachusetts, and Pennsylvania amounted to $359,042,000, we find that the deposits of the national banks of the United States on December 31, 1917, exclusive of these three States, exceeded by $6,395,000 the greatest deposits ever previously shown, and the increase in the deposits of all national banks of the United States December 31, 1917, as compared with December 27, 1916, was $2,178,843,000.

Resources.—The resources of the national banks on December 31, 1917, amounted to $18,073,308,000, a reduction as compared with November 20, 1917, of $479,889,000, of which reduction 215 millions were in the national banks of New York City, 65 millions in the national banks of Boston, 28 millions in the country banks of Massachusetts, and 55 millions in the country banks of New York State.

Of the reserve cities and central reserve cities outside of New York and Boston about half showed increases in national bank resources between November 20 and December 31, 1917. The largest increase was reported by Chicago, of $13,149,000, and the next largest by Baltimore, $11,694,000, followed by Cleveland, which increased $9,348,000. The largest reduction shown in resources exclusive of New York and Boston was reported in Philadelphia, $20,006,000, and the next largest reduction by San Francisco, $14,904,000.

Among the country banks outside of New York, Massachusetts, and Pennsylvania the increases or decreases were not great. The State showing the largest increase in resources of country banks was Iowa with $6,367,000. The State whose country banks showed the largest reduction next to New York, Massachusetts, and Pennsylvania was Illinois, where the reduction was $14,329,000.

Loans and discounts of all the national banks in the United States on December 31, 1917, were reported at $9,390,836,000, a reduction as compared with November 20, 1917, of $144,-691,000, and an increase as compared with December 27, 1916, of $1,050,210,000. The proportion of loans to deposits was December 31, 1917, 65 per cent; previous year, 68 per cent.

United States bonds.—The amount of United States bonds, including Liberty bonds and certificates of indebtedness held December 31, 1917, was $1,624,529,000, a decrease as compared with November 20, 1917, of $729,654,000, and an increase as compared with December 27, 1916, of $907,569,000. This latter increase is principally in certificates of indebtedness and Liberty bonds—the total holdings of Liberty bonds of both issues December 31, 1917, being $609,626,000, or a little more than 3 per cent of the total resources of the national banks.

The holdings of bonds other than United States bonds December 31, 1917, was $1,870,-967,000, a reduction as compared with November 20, 1917, of $35,815,000.

Cash on hand and due from Federal Reserve Banks.—On December 31, 1917, the cash on hand and due from Federal Reserve Banks was $1,800,988,000, an increase as compared with November 20, 1917, of $42,049,000 and an increase as compared with December 27, 1916, of $211,790,000.

Bills payable and rediscounts December 31, 1917, were reported at $741,848,000, an increase since November 20, 1917, of $141,903,-000, and an increase since December 27, 1916, of $652,090,000, largely obtained from the Federal Reserve Banks.

Commercial Failures Reported.

No change from the highly favorable features which have characterized the returns for many months appears in the insolvency record, commercial failures in the United States during three weeks of February, as reported to R. G. Dun & Co., numbering only 752, as against 897 in the same period of 1917, when the showing was also unusually gratifying. The exhibit for January, the latest month for which complete statistics are available, discloses 1,178 defaults, involving $19,278,787, the number being the smallest of any January in over a decade and the indebtedness the lightest, excepting the $18,283,120 of January, 1917, since 1909. Comparing with last year, when 1,540 insolvencies were reported in January, a numerical reduction of 362 is shown, and fewer failures appear in all of the 12 Federal Reserve districts, aside from the second and seventh districts, where the increases are trifling. In point of number, an especially good showing is made by the third, fifth, sixth, and twelfth districts, while the liabilities are smaller than in January, 1917, in every district, except the second, fourth, and tenth districts, the expansion in the tenth district being notably heavy.

Failures during January.

Districts.	Number.		Liabilities.	
	1918	1917	1918	1917
First	160	176	$1,671,615	$2,201,296
Second	243	241	5,474,984	4,446,073
Third	51	77	705,692	1,702,861
Fourth	95	129	1,292,797	990,378
Fifth	39	104	496,483	549,458
Sixth	59	161	391,985	1,486,533
Seventh	183	181	2,581,533	2,954,773
Eighth	60	68	981,566	1,422,831
Ninth	41	54	316,366	447,077
Tenth	62	78	3,932,938	310,284
Eleventh	48	58	455,538	498,256
Twelfth	137	213	977,290	1,273,300
Total	1,178	1,540	19,278,787	18,283,120

Fiduciary Powers.

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

DISTRICT No. 1.

Trustee, executor, administrator, and registrar of stocks and bonds:
Bennington County National Bank, Bennington, Vt.

DISTRICT No. 3.

Trustee, executor, and administrator:
First National Bank, Danville, Pa.

DISTRICT No. 4.

Trustee, executor, administrator, and registrar of stocks and bonds:
First National Bank, Paris, Ky.

Trustee:
Second National Bank, Titusville, Pa.

DISTRICT No. 7.

Trustee, executor, administrator and registrar of stocks and bonds:
First National Bank, Newcastle, Ind.
First National Bank, Hillsdale, Mich.

Trustee, executor, and administrator:
First National Bank, Dublin, Ind.
First National Bank, New Carlisle, Ind.
First National Bank, Marshalltown, Iowa.

DISTRICT No. 8.

Trustee, executor, and administrator:
United States National Bank, Owensboro, Ky.

DISTRICT No. 10.

Trustee, executor, administrator, and registrar of stocks and bonds:
Commercial National Bank, Independence, Kans.
Merchants National Bank, Omaha, Nebr.
San Miguel National Bank, Las Vegas, N. Mex.
Farmers National Bank, Pond Creek, Okla.

Trustee and registrar of bonds:
Shoshone National Bank, Cody, Wyo.

Acceptances to 100 Per Cent.

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

National Bank of New Jersey, New Brunswick, N. J.
Merchants Loan & Trust Co., Chicago, Ill.
Peoples National Bank, Rock Hill, S. C.
American Exchange National Bank, Dallas, Tex.
Farmers Loan & Trust Co., New York City.
Union Commerce National Bank, Cleveland, Ohio.
Interstate Trust & Banking Co., New Orleans, La.

New National Bank Charters.

The Comptroller of the Currency reports the following increases and reductions in the number of national banks and the capital of national banks during the period from January 26, 1918, to February 22, 1918, inclusive:

	Banks.	
New charters issued to	13	
With capital of		$5,450,000
Increase of capital approved for	23	
With new capital of		1,600,000
Aggregate number of new charters and banks increasing capital	36	
With aggregate of new capital authorized		7,050,000
Number of banks liquidating (other than those consolidating with other national banks)	7	
Capital of same banks		2,250,000
Number of banks reducing capital	2	
Reduction of capital		150,000
Total number of banks going into liquidation or reducing capital (other than those consolidating with other national banks)	9	
Aggregate capital reduction		2,400,000

The foregoing statement shows the aggregate of increased capital for the period of the banks embraced in statement was	$7,050,000
Against this there was a reduction of capital owing to liquidations (other than for consolidation with other national banks) and reductions of capital of	2,400,000
Net increase	4,650,000

State Banks and Trust Companies Admitted.

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

	Capital.	Surplus.	Total resources.
Security State Bank & Trust Co., Lubbock, Tex	$100,000	....	$169,769
Bank of Boyceville, Boyceville, Wis	30,000	$5,000	275,728
Merchants Trust Co., Lawrence, Mass	300,000	150,000	5,648,227
The Farmers Loan & Trust Co., New York City	5,000,000	1,000,000	196,061,446
Leesburg State Bank, Leesburg, Fla	30,000	10,000	323,095
Markle Banking & Trust Co., Hazleton, Pa	100,000	500,000	4,180,919
Farmers & Mechanics Bank, Ann Arbor, Mich	150,000	75,000	1,941,323
Farmers & Merchants Bank, Chelsea, Mich	25,000	25,000	523,669
Centralia State Bank, Centralia, Wash	100,000	2,000	478,511
City Bank & Trust Co., New Orleans, La	200,000	100,000	4,161,096
The Superior Savings & Trust Co., Cleveland, Ohio	500,000	1,000,000	17,327,461
The Central Savings & Trust Co., Akron, Ohio	500,000	500,000	10,719,917
Presque Isle County Savings Bank, Rogers City, Mich	35,000	12,000	709,133
Madison & Kedzie State Bank, Chicago, Ill	200,000	50,000	1,463,651
The Bank of Hammondsport, Hammondsport, N. Y	50,000	50,000	1,041,166
G. W. Jones Exchange Bank, Marcellus, Mich	40,000	16,000	562,145
Bank of Southwestern Oregon, Marshfield, Oreg	100,000	5,000	857,648
Mountainair State Bank, Mountainair, N. Mex	25,000	5,000	154,488
State Bank of Coloma, Coloma, Mich	25,000	6,000	434,221
Bank of Santa Monica, Santa Monica, Cal	110,000	48,000	1,569,713
First State Bank of Paris, Paris, Tex	150,000	75,000	1,572,099
Tradesmens State Bank, Oklahoma City, Okla	200,000	10,000	5,077,527
Rutherford Trust Co., Rutherford, N. J	100,000	25,000	1,125,016
The State Savings Bank of Warren, Warren, Mich	25,000	15,000	533,082
Western Bank & Trust Co., Cincinnati, Ohio	375,000	500,000	11,218,621
Beaverhead State Bank, Dillon, Mont	50,000	....	153,873
Farmers & Merchants State Bank, Shamrock, Tex	25,000	25,000	430,844
Citizens State & Trust Bank, Edwardsville, Ill	60,000	33,000	688,985
Alliance Trust & Guaranty Co., Hackensack, N. J	100,000	50,000	750,140
Citizens Bank & Trust Co., Athens, Ala	30,000	18,000	292,674
Guaranty Bank & Trust Co., Memphis, Tenn	$500,000	....	$620,000
Lewistown State Bank, Lewistown, Mont	50,000	$10,000	401,133
Farmers & Merchants Bank, Filer, Idaho	25,000	....	37,260
Birmingham Trust & Savings Co., Birmingham, Ala	500,000	650,000	12,836,371
Thompson Savings Bank, Hudson, Mich	100,000	50,000	1,362,837
Exchange Bank of Jefferson City, Jefferson City, Mo	100,000	20,000	1,111,788
State Exchange Bank of Macon, Macon, Mo	100,000	20,000	817,544
Trust Co. of Wyoming County, Warsaw, N. Y	100,000	20,000	780,057
First Bank of Grantsburg, Grantsburg, Wis	50,000	2,000	547,155
Bank of Camilla, Camilla, Ga	50,000	50,000	634,828
State Bank of Wayne, Wayne, Nebr	40,000	10,000	724,321
Union Bank & Trust Co., Helena, Mont	250,000	150,000	6,626,654
Scandinavian American Bank, Marshfield, Oreg	25,000	5,000	202,037
Guaranty State Bank, Hansford, Tex	25,000	....	74,245
First State Bank, Magnolia, Ill	25,000	5,000	180,345
Security State Bank, Neligh, Nebr	25,000	5,000	260,122
Wapello State Savings Bank, Wapello, Iowa	30,000	8,000	396,391
Total	10,730,000	5,315,000	298,059,275

Three hundred and forty-three State institutions are now members of the system, having a total capital of $243,339,800, total surplus of $317,469,446, and total resources of $5,327,110,351.

Foreign Exchange Instructions.

The following instructions to dealers as defined under Executive order of the President of the United States, dated January 26, 1918, were made public by the Federal Reserve Board on February 3:

Every individual, partnership, association, company, or other unincorporated body of individuals, or corporation, or body politic desiring to engage in the business of buying, selling, or dealing in foreign exchange, or of buying, selling, or dealing in securities for or through foreign correspondents, or of carrying accounts or securities with or for foreign correspondents, is prohibited from engaging in such transactions, except under authority of and in conformity with the orders, rules, and regulations of the Federal Reserve Board as now or hereafter issued.

Every person who desires to undertake any of the transactions mentioned must obtain a registration certificate and must make application to the Federal Reserve Board through the Federal Reserve Bank of his district for such certificate on or before February 5, 1918, or should he not now be engaging in any such transaction, but should desire to do so in the future, it will be necessary for him to apply for and obtain a registration certificate before he can do so.

The system of reports and control, as developed by the Federal Reserve Board, is intended to facilitate the foreign business of the Nation and allow it to proceed with the least amount of friction to dealers in the United States that is possible, and still prevent the carrying on of any foreign business which will be of benefit, either directly or indirectly, to an enemy or ally of enemy.

It is also the intention of the Board to obtain all information that may be of value in determining the advisability of gold shipments, and that may be useful to the War Trade Board in issuing export and import licenses.

The forms for reports have been drawn up in such manner as to protect the confidential business relations of dealers, and for the present reports are only required after transactions have taken place, in order to prevent unnecessary interference with the transaction of business.

Special Reports.

It is desired, however, that all dealers fully realize that when they have filed the reports required they are not released from responsibility in reporting to the Board, promptly and fully, whenever they shall have reason to believe that any transactions within their knowledge involve or may involve, directly or indirectly, the payment of funds or delivery of securities to, or the transfer of credit or securities for, the benefit of an enemy or ally of enemy. It is expected that every dealer will consider himself an active part of a machine, of which the Federal Reserve Board is the head, that is engaged in the work of protecting our foreign transactions of all kinds from being of value to the enemy, and every clerk in the office of every dealer should be impressed with this fact.

If, as the situation develops, it is found that an occasional dealer here and there is careless or untrustworthy, registration certificates will be revoked when there seems sufficient cause, but if it is found that satisfactory cooperation from dealers as a whole is being obtained, it is hoped that it may not become necessary to consider the question of having transactions of certain kinds referred to the Board before they can be undertaken, instead of being reported afterwards.

Arbitrage transactions are undertaken by enemy interests for the purpose of placing funds which may become available in one country, where they are not required, in another country where their use is desired. For instance, enemy funds in Argentina might be desired in Sweden, Norway, Denmark, Holland, or Switzerland, where they could be used to pay for imports, say to Germany, from those countries. Any arbitrage transactions through any country to such countries through Spain, or through other countries, might, without knowledge to the contrary, represent transfers that might be of value to the enemy. Again, funds might be required by the enemy in countries where special propaganda or a campaign of destruction is being carried on.

Therefore all arbitrage transactions made at the request of foreign correspondents or foreign persons carrying accounts with dealers should be scrutinized carefully, and if there appears to be any reason to believe that they may be for enemy account the Director of the Foreign Exchange Division of the Federal Reserve Board should be notified before such transactions are consummated. When there seems to be no cause to believe that arbitrage transactions are for enemy account, but it is felt that knowledge of the transactions might be of value to the Board, such operations, until otherwise instructed, may be carried out, but advice of the details should be given the Board by letter.

Censorship.

For the purpose of preventing unnecessary friction and delay to dealers in the carrying on of their foreign business, the Board has made arrangements for the expediting of the foreign mail of holders of registration certificates. The detail of this arrangement can not be outlined, but in order to obtain the quicker service and to conform with these regulations dealers must stamp their envelopes with the words "Foreign Exchange, U. S. F. R. B. No. ——." For the sake of uniformity and greater efficiency, stamps should be made as follows:

Foreign Exchange,

U. S. F. R. B. No. ——,

and should be placed upon the lower left-hand corner of the envelope in red ink. Each dealer should use the number of his registration certificate.

Particular attention is called to the fact that no one, other than a dealer, is authorized to use such stamp, and if attempted it will result in extended delays of such correspondence while its character is being particularly looked into. The foreign exchange censors will have complete lists of dealers holding registration certificates.

Dealers are prohibited from inclosing customers' mail in envelopes stamped for the foreign exchange censor except under the following circumstances: Where a dealer is engaged in some transaction which should be expedited in the interests of the United States, he may submit the facts to the Federal Reserve Bank of his district and such bank, in its discretion, may make the following notation on the letter of the customer which the dealer desires to inclose: "For exchange censor. Approved, Federal Reserve Bank." This notation must be signed by an officer of the bank. Such a notation may also be made by the Foreign Exchange Division of the Federal Reserve Board. To prevent misunderstanding, the attention of dealers is called to the fact that under these regulations it will be necessary for them to stamp all their mail whose destination is outside of the United States, as heretofore outlined, without regard to whether there is special need for expedition.

The same stamp must be used on cablegrams and must be placed on the lower left-hand corner of every cablegram filed for transmission.

All cablegrams must also bear as the last word of the signature the word "dealer." (Example: Cablegram to Foreign Bank, London, from Third Bank, Chicago, would read:

Foreign Bank London
Charge our account and pay John Jones London one hundred pounds
Third Bank dealer)

Both the Postal Telegraph Co. and the Western Union Telegraph Co. have agreed to carry the word "dealer" as far as the cable censor at the local rate for one word from the point of sending to the station of censorship. The censor will delete the word "dealer" before the message is released. (The censor's office is not in position to assume the cost of carrying the word "dealer" if through oversight it should not be deleted, but very positive regulations have been issued by the chief cable censor and errors should not occur.)

No person other than a dealer is authorized to use either the stamp or the word "dealer" in the manner outlined, and any attempt to do so will be dealt with as the occasion warrants.

DECLARATIONS OR AGREEMENTS FROM FOREIGN CORRESPONDENTS.

Dealers of all classes, A, B, and C, will be required immediately upon receiving their registration certificates to obtain from all of their foreign correspondents declarations upon the forms to be furnished by the Board for the purpose. They must notify the Board, through the Federal Reserve Bank of their district, on the date that such forms together with form of accompanying letter (marked "Exhibit A") are mailed to their correspondents, giving a complete list of such correspondents, with their names and full addresses.

The Federal Reserve Board may prohibit a dealer from doing business with any foreign correspondents who do not sign the declarations and return them by such date as the Board may decide, and in case it is deemed by the Board as being incompatible with the public interest, it may prohibit the continuation of business with any foreign correspondents who may have signed the agreements. It shall be the general policy of the Board, however, to endeavor to further all business relationships which may seem to be to the advantage of this country.

Before new accounts can be opened with or for foreign correspondents declarations of such prospective correspondents must be filed with the Federal Reserve Board.

All declarations of correspondents must be filed with the Federal Reserve Board through a Federal Reserve Bank.

The War Trade Board has issued a general license to American banking institutions, permitting them to continue business relations until further notice, under such regulations as may from time to time be prescribed by the Federal Reserve Board, with any foreign correspondent not disapproved by the Federal Reserve Board, who signs the declaration required by these regulations.

Declarations will not be required from institutions in enemy countries, and American persons having accounts or securities with or for correspondents in Germany, or any of its allies, need not forward such declarations, but must furnish the Board, through their Federal Reserve Banks, with an itemized list of all deposits and securities so held.

It is the intention of the Federal Reserve Board to present such lists at the proper time to the Alien Property Custodian in order that the interests of Americans in property which may come into his hands may be called to his attention.

Special attention is called to the fact that the Federal Reserve Board, should it deliver such lists to the Alien Property Custodian, would be doing so gratuitously and would assume no responsibility, and that because of such action by the Board dealers would not be relieved from taking any steps that might otherwise be necessary under the law in order to protect their property.

AMERICANS RESIDENT IN FOREIGN COUNTRIES.

It will be necessary for declarations to be sent to American citizens resident abroad on the same form used with foreign correspondents. This does not apply to American citizens who may be temporarily traveling in foreign countries, but only to those who have taken up their residence abroad for apparently a permanent or indeterminate and extended time.

Foreign exchange and security transactions undertaken for account of American citizens resident abroad should be entered upon all forms, exactly as though dealings were had with a foreign correspondent.

DATES FOR FILING DECLARATIONS.

No announcement will be made of the dates on which declarations from foreign correspondents must be filed with the Federal Reserve Board, and they will be determined without warning, so that it is incumbent upon every foreign correspondent to return their declarations promptly. In considering the time the Board will take into account the distance and time required for mail to reach each country in the world, but as the public interest would seem to require that such declarations be in hand at the earliest possible moment, all dealers should forward letters and declaration forms in duplicate or triplicate as the distance of each addressee and mailing conditions would seem to make advisable.

It will be noted that the form of declaration covers business both for or through foreign correspondents. In case dealers have operations with foreign correspondents only one way, they may draw a line through the words in the declaration which apply to the part of the agreement not to be undertaken. If the other relation is later developed, it will be necessary to obtain a new declaration covering it.

COUPONS, INTEREST, DIVIDENDS, AND MATURING OBLIGATIONS.

The declarations of foreign correspondents cover all transactions, but additional declarations will be required for the collection of coupons, interest, dividends, and maturing obligations for foreign correspondents and the sale or delivery of securities for foreign correspondents. In all such cases it will be necessary, in addition to the general declaration on file, to obtain a special declaration covering particular items on Form F. E. 113. These special declarations are required, as instruments of this nature may have been enemy owned since February 3, 1917.

These declarations need not accompany the items being presented for payment, but must be filed with the Federal Reserve Board, through the Federal Reserve Bank, at the time of collection. (See last paragraph under "Securities.")

ENEMY TRADING LIST.

The War Trade Board is issuing from time to time a list of those who are considered enemies in connection with the trading-with-the-enemy act. All such names are of persons situated outside of the United States. No person in the United States, who does not hold a dealer's registration certificate, can collect instruments of any kind which reach him directly from any foreign point.

In order to facilitate business, the War Trade Board, in anticipation of the issuance of the Executive order in connection with the control of the foreign exchanges, has advised collecting agencies throughout the United States, bankers and others, that it is not necessary for them to examine indorsements for enemy names, but under these regulations it now becomes the duty of all dealers to examine all instruments received by them from foreign points, for enemy drawers or indorsers, and dealers must return all items to the correspondents from whom received that bear enemy drawers or indorsers which were placed upon such instruments after the date that such names were put upon the enemy trading list. As all foreign correspondents in their declarations agree not to send items drawn by, or indorsed by, an enemy, or ally of enemy, they are on notice that such items will be returned to them without payment, if forwarded for collection through error, or otherwise.

As names are added to the enemy trading list, it is inevitable that in many cases commercial paper, which has been negotiated in good faith, may have been drawn or indorsed by those on such list and forwarded for collection by foreign correspondents. It is also probable that time drafts drawn upon American persons, especially banks issuing commercial letters of credit, may have been accepted by the drawees while drawers or indorsers may not have been on the enemy trading list, but where their names have been placed on such list after acceptance. The War Trade Board has ruled that where drawers or indorsers have been put upon the enemy trading list after items from foreign correspondents were in transit to American dealers (or after confirmation of letters of credit to such drawers) that they may be accepted and paid by those upon whom they are drawn in this country, and that where the names of drawers or indorsers of such items have not been on the enemy trading list at the time of acceptance by American dealers, that such dealers may pay them at maturity without the necessity in any case of obtaining a license from the War Trade Board.

If dealers consider it to the public interest that certain items should be paid, which might be received by them for collection, where the names of drawers or indorsers had been put upon the enemy trading list before the items were mailed to this country by a foreign correspondent, they may apply to the War Trade Board for a license to permit collection before returning them.

CUSTOMERS' STATEMENT.

It is incumbent upon every dealer to require all "customers" with whom they have business defined under the word "dealer" in the Executive order, to supply the dealer with such information as is necessary to enable him to list all transactions under their proper headings in his reports to the Federal Reserve Board.

Customers' applications for service must bear the following statement:

"This transaction is made under representation by the undersigned that there is not involved in connection therewith any trading, directly or indirectly, with, to, from, for, or on account, behalf, or benefit of any enemy or ally of enemy of the United States, or any transaction violative of the trading-with-the-enemy act of the United States."

Dealers may include this statement in their order forms and application forms, or may use a rubber stamp, but the agreement must be over signature.

Such agreements need not be filed with the Federal Reserve Board unless requested.

LICENSES.

No authority is extended under these regulations to dealers holding registration certificates to engage in any transaction which involves, or may involve, trading with an enemy or ally of enemy, and should occasion arise where a dealer might desire to undertake such a transaction, he can not do so until he has obtained a license from the War Trade Board.

BOOKS AND ACCOUNTS AND GENERAL REPORTS.

The reports to be made to the Federal Reserve Board require the purchases and sales of foreign exchange to be divided into various classes, and the same is true of dealings in securities. It will be necessary for all dealers to keep their books and records in such manner as will enable them to give the information required on the proper forms, promptly and accurately.

Dealers in all three classes must file statements of balances of accounts and securities as of the close of business February 20, 1918.

Dealers of class A must make weekly reports of all purchases and sales of foreign exchange and dealings in securities and also of transactions going through the dollar accounts of their foreign correspondents. A confirmation of balances will be required (which must balance to the cent), and a detailed statement of arbitrage and security transactions must be made. All forms will be provided by the Federal Reserve Board, through the Federal Reserve Banks. All reports must cover transactions from every preceding report to the close of business on Wednesday night of each week and must be made in duplicate. Dealers situated in cities where there are Federal Reserve Banks must deliver such reports to the Federal Reserve Banks by messenger at the opening of business Thursday morning. The Federal Reserve Banks will forward one copy of such reports to the Federal Reserve Board, in Washington, D. C., and one copy to the Director, Division of Foreign Exchange, Federal Reserve Board, 16 Wall Street, New York, on Thursday afternoon. Dealers situated in other towns and cities must mail one copy of their report on Wednesday night to their district Federal Reserve Bank, and the second copy of the report must be mailed Wednesday night to the Director, Division of Foreign Exchange, Federal Reserve Board, 16 Wall Street, New York, unless otherwise instructed. Federal Reserve Banks will forward copies received by them to the Federal Reserve Board, Washington, D. C.

Dealers of classes B and C must make such reports in duplicate as are required of them in exactly the same manner, but such dealers who have only occasional changes in their accounts need only report at the close of business on the last Wednesday of each month in such months as they do have transactions, but each report made must cover every transaction that has occurred since the filing of the preceding report. When, however, transactions occur in excess of $100,000 reports should be brought up to the close of business on the following Wednesday, and further reports made as from such date.

AMERICAN BRANCHES OF FOREIGN BANKS.

All American branches of foreign banks, or other institutions, must take out registration certificates of the proper class. When giving balances and securities held in the United States they must also give the totals of earmarked gold held in this country and of balances in gold under their control; also, securities which are their own property, as well as securities which they are holding in this country for other account. In case any such institutions have difficulty in determining their balances because of the nature of their bookkeeping in connection with their head offices and their branches, the Board should be notified immediately, but a proper record should be kept of all transactions following the date for which balances are called and reports should be rendered weekly while balances are being determined. Reports must be made in the same manner as those of American dealers.

AMERICAN BANKS WITH FOREIGN BRANCHES.

Dealers having branches abroad must consider their dealings with such branches as though they were dealing with foreign correspondents.

FOREIGN ITEMS DRAWN IN DOLLARS.

Items drawn in dollars on foreign countries must be considered as purchases of exchange on the foreign countries to which they are sent when the dealers are credited at a conversion rate in their foreign accounts. Dealers must record the entries under their proper classifications. When such drafts are forwarded for collection and actual remittance in dollars they must be entered as purchases of exchange against the country to which sent and under their proper classification, and a counter entry made in column 12 of Form 1C, Sales of Exchange, for balance. (See instructions following:)

FOREIGN COLLECTIONS.

Foreign items taken for collection need only be entered at the time the entry goes through against the foreign account, whether such collections are drawn in dollars or foreign moneys. When a remittance is made, instead of the exchange going into a foreign account entry should be made on Form 1B, Purchases of Exchange, and counter entry for purpose of balance made on Form 1C, Sales of Exchange, in column 12. (See instructions following:)

COMMERCIAL LETTERS OF CREDIT.

Commercial letters of credit may be issued to cover imports from other countries to the United States without reference to the Federal Reserve Board until otherwise instructed. Drafts against such letters can only be created when imports are permitted by the War Trade Board, and it is the duty of the importer applying for a commercial letter of credit to keep himself informed as to what commodities can be imported from the countries with which he is dealing, rather than the dealer from whom he may obtain a commercial letter of credit.

It is incumbent upon dealers, however, to see that no commercial letters of credit are issued where the beneficiary is on the enemy trading list. (See instructions under "Enemy trading list" in regard to items bearing names, as drawers or indorsers, which appear upon such list, that may have been placed on the enemy trading list after the items were drawn or indorsed.)

Commercial letters of credit may be issued by dealers for the purpose of financing exports from the United States without first being referred to the Federal Reserve Board, until otherwise instructed. It is the duty of the exporter obtaining the letter of credit to assure himself as to his ability to obtain a license when required from the War Trade Board permitting the export, and not that of the dealer.

These instructions apply only in so far as the Federal Reserve Board is concerned in the operations of the dealer, and are not intended to relieve the dealer from familiarizing himself for his own practical and legal protection, with all phases of such transactions as may be necessary.

Any dealer having occasion to issue a letter of credit for the exportation of goods from one foreign country to another foreign country must first obtain authority from the Federal Reserve Board.

When dollar commercial letters of credit are issued to cover exports and reimbursement is received by charging dollar accounts of foreign correspondents at maturity, or when dollar remittances are received in payment from foreign correspondents the amounts should be entered under exports against the importing country on Form 1B, purchases of exchange, and a counter entry for balance should be made on Form 1C, sales of exchange, column 12. When payment is received in dollars from allied Governments or their American agents no entry need be made.

Dealers Who Transact Foreign Business Through Domestic Correspondents.

Many dealers in foreign exchange do their foreign exchange business through the foreign accounts of a metropolitan bank or exchange house. All such dealers must take out proper registration certificates and must keep their records in such manner that they can give the institutions through whom they operate such information as will enable the latter to include in their reports to the Federal Reserve Board all transactions under their proper headings. Should such dealers consummate any transactions directly with foreign correspondents they must make separate reports to the Federal Reserve Board through the Federal Reserve Bank, and must not include them or include with them any operations consummated through their domestic metropolitan agencies.

Stock Exchange Brokers.

Stock exchange brokers, or others who deal in securities for foreign account, must take out class C registration certificates, and make reports on regular forms.

In such brokers, or others, buy or sell securities in foreign countries for American or foreign account, or hold securities in foreign countries for American or foreign account, they must take out class B registration certificates also, and must make reports of such transactions on class B forms.

If such brokers, or others, also buy, sell or deal in foreign exchange, they must take out class A registration certificates, and must make all reports on class A forms.

Applications for Certificates.

It is desired that all applications for registration certificates be made for the particular classes which cover the business of the applicant, in order to add to the efficiency of the books of control. The Board will, therefore, refuse all applications for class A registration certificates, where the buying and selling of foreign exchange is not the natural business of the applicant, and will require that they take out either class B or class C registration certificates, or both, when necessary.

Class A Reports.

Holders of class A registration certificates must render reports on Forms Nos 1A, 1AA, 1B, 1C, 1BC, 1D, 1E, 1F, 1G, and 1FG, covering exchange transactions; on forms 1H, 1J, and 1JX and 1L, 1LA, and 1LB for security transactions; and on forms 1K and 1KA for commodity transactions. All entries must be in dollars, which represent the exact amount paid for or received from the various classes of exchange transactions, and the totals must be entered against the country in which the exchange is to be paid, or upon which it is drawn. Only the totals of transactions in each class for the week need be given. (See "Books and accounts and general reports.")

FORM NO. 1A, BALANCES WITH FOREIGN CORRESPONDENTS.

Total balances in each country in dollars as they appear on the books of the American dealer should be entered opposite the country of deposit.

FORM NO. 1B, PURCHASES OF EXCHANGE.

This form is divided into a number of columns in order to separate purchases of foreign exchange into such classes as are considered necessary.

All entries must be in dollars which represent the exact amount paid for the various classes of exchange purchased and the totals must be entered against the country in which the exchange is to be paid. For instance, drafts drawn on Italy payable in London would be listed as against Great Britain.

Columns Nos. 1 and 2.—All purchases of exchange, either demand or cable, from dealers of class A and class B, would be entered in these columns, except such exchange as would properly belong under any of the other headings.

Column No. 3.—Purchases of time finance bills from dealers of class A and class B and the dollar proceeds of any exchange created through foreign loans obtained by the reporting dealer should be entered in this column. When foreign funds are received from the issuance of long bills the proceeds must appear in this column as exchange against the country where the funds are deposited. Such bills should also be entered in column 3 on Form 1C, Sales of Exchange.

Occasionally long bills in foreign moneys are purchased from dealers in the United States by domestic persons, who may or may not be dealers, and who at the time of the purchase sell exchange for future delivery, in order to fix the interest return. Where the dealer selling the long bills is also the purchaser of the exchange at maturity, both the purchase and sale of exchange should be entered at the time the transaction is made, and also at its completion. In other cases purchases of exchange for future delivery need only be entered at the time of delivery.

Columns Nos. 4, 5, and 6.—All purchases of exchange against exports should be entered in these columns.

Column No. 7.—Particular attention must be given to transactions covered under this column which represent purchases from foreign interests not domiciled in the United States. All purchases of exchange aimed to create dollars which are to be used to pay for imports of other foreign countries must be entered in this column. For instance, if a house in Great Britain having an agent in the United States should purchase goods in, say, Chile and should pay for them by a dollar draft in Chile but should create the dollars through sterling exchange in the United States drawn upon the English house or its agent, the dollars paid for the sterling exchange must appear in this column. It is incumbent upon all dealers to familiarize themselves sufficiently with the nature of the business of their customers from whom they buy foreign exchange to enable them to ascertain with certainty all purchases of exchange that represent a transfer of any foreign moneys into United States dollars for the use directly or indirectly of any foreign interest.

Great care must be exercised in entering the detail in this column on the special form provided for that purpose, No. 1D. If a bank in New York purchased 10,000 pounds sterling from a bank in Argentina, it would appear in column 7 as a purchase of exchange on Great Britain, but on Form 1D it would show that the sterling had been purchased from Argentina. On Form 1D all purchases of exchange would be entered under the column "Bought from," but opposite the country listed on the left-hand side of the sheet which sold the exchange. Also all exchange sold to those outside of the United States would be entered on Form 1D under "Sold to." (See instructions under Form 1C, Sales of Exchange.)

Column No. 8.—All purchases of exchange from foreign houses domiciled in the United States should be entered in this column. It should also include purchases of exchange from commercial houses having offices in the United States. These transactions must be reported in detail by letter, but only in totals from countries. When in doubt as to whether a house should be considered as a foreign institution domiciled in the United States, exchange purchased should be listed in this column and attention should be called to the concern from which it was purchased, by letter. All exchange purchased from American branches of foreign banks should be entered under column 7.

Column No. 9.—All exchanges purchased against securities sold abroad should be entered in this column and the detail should be carried forward on Form No. 1E, under the column "Sold to," under the proper classification and against the country for which the securities are sold. (See "Securities.")

Column No. 10.—All coupons and dividends payable in foreign countries which represent income from foreign securities held in the United States should be entered in this column.

Column No. 11.—All exchange made through the exportation of gold or silver should be entered in this column. Also foreign currency in separate total marked F. C.

Column No. 12.—All purchases of exchange not applicable to any of the classifications should be entered in this column, also book entries, such as exchange, commissions, profits, etc.

In case exchange is purchased where the dealer has doubt as to the classification, it should be entered in column 12, and a letter of explanation should accompany the report.

Column No. 13.—A cross footing should be made against each country and placed in the total column, No. 13. Footings should also be made of each class of exchange purchased and the cross footings of the totals should agree before dealers send in their reports.

FORM NO. 1C, SALES OF EXCHANGE.

This form is divided into a number of columns in order to separate sales of exchange into the same classes as those of purchases of exchange and such others as are considered necessary.

Columns Nos. 1 and 2.—Sales of exchange, either demand or cable, to dealers of class A and class B would be entered in these columns, except such exchange as might properly belong under any of the other headings.

Column No. 3.—Sales of long bills must be entered in this column, regardless of whether they are sold for United States dollars or for foreign currency, although in the latter event a purchase of exchange must be shown against the country where the proceeds are deposited. (See column 3, Form 1B, Purchases of Exchange.)

Column No. 4.—All sales of exchange to be used for payment of imports must be entered in this column. Every dealer must ascertain for what purpose exchange sold is required, and when doing so must be particular to find out whether its purpose is directly or indirectly for the payment of imports to the United States.

To these figures must be added all settlements of commercial letters of credit against the country where drafts drawn against such credits are made payable, with the exception of dollar commercial letters of credit issued against imports. (Commercial letters of credit for domestic use not included.) The dealer must on presentation enter in this column drafts drawn under dollar commercial letters of credit against the country from which the importation is made, and in order to balance his report must make a counter entry in the report of "Purchases of Exchange," Form 1B, under column 12 and against the exporting country.

Column No. 5.—All sales of exchange to make payments for freight, insurance, or other services rendered by foreign institutions in connection with transportation and life and fire, guaranty, or other forms of insurance, should be entered in this column.

Column No. 6.—Sales of exchange for the purpose of making remittances to pay income of foreigners or Americans living abroad, and also foreign taxes of any kind, should be entered in this column. Ordinary remittances made by foreigners to relatives in foreign countries should not be included.

Column No. 7.—The entries in this column correspond to those in column 7 of the form "Purchases of Exchange" and should cover all exchanges sold to interests outside of the United States, whether payment is made in dollars or foreign moneys. If in foreign moneys, a purchase of exchange should be recorded also. The detail must be carried forward into Form 1D under the second division of each country listed across the top under "Amount sold to." Example, in case £10,000 sterling was sold to an Argentine bank, this would appear in column 7 under sales of exchange against Great Britain as, say, $47,500, and would be entered in Form 1D opposite Argentina, among the countries listed on the left-hand side, under "Exchange on Great Britain," and under "Amount sold to" in the right-hand column.

Column No. 8.—The conditions covering entries in column 8 in the report of "Purchases of Exchange," Form 1B, should be read and applied here.

Column No. 9.—All exchange sold in order to pay for securities purchased abroad should be entered in this column and the detail carried forward on Form No. 1E under the column "Bought from" under the proper classification and against the country from which the securities are purchased. (See "Securities.")

Column No. 10—Travelers' letters of credit and travelers' checks.—Letters of credit: Drafts presented to foreign correspondents drawn against travelers' letters of credit issued under guaranty, when credited to the foreign accounts by the dealers, should be entered in this column.

Letters of credit sold against cash should be entered in this column as of the time the credit is made to the foreign account.

Travelers' checks: Travelers' checks are sold for use in the United States and all parts of the world, and at the time of their sale it is impossible to determine in what country they will be charged to American account. At the time of sale of travelers' checks, therefore, whether against cash or otherwise, no entries need be made upon any foreign exchange report and inland correspondents selling checks against the accounts of metropolitan banks or exchange houses need make no report whatever of such sales. When dealers, whose business it is to protect travelers' checks, receive advice that such checks have been charged to their accounts by foreign correspondents, they must at the time they credit such foreign correspondent for travelers' checks paid by the latter enter the total in this column. (See "Customs.")

Column No. 11.—Exchange disposed of through the importation of gold or silver should be listed in this column. In case gold or silver is not imported to the United States but is shipped from one foreign country to another foreign country, a record should be made under column 7, Form 1B, "Purchases of Exchange," of the exchange received, but advice by letter should accompany the report, stating the nature of the transaction. (As a shipment of this nature might be for enemy account or benefit a permit must be obtained from the Federal Reserve Board before any gold or silver can be shipped from one foreign country to any other foreign country.) Also foreign currency in separate total, marked F. C.

Column No. 12.—All sales of exchange which represent funds being transferred to relatives or friends as presents, gifts, or voluntary contributions and that do not represent a remittance due the beneficiary account of property held in the United States should be entered in this column. All other sales of exchange which do not clearly belong under any other column should be entered in column 12; also all book entries, such as exchange, commissions, losses, etc.

Column No. 13.—A cross footing should be made against each country and placed in this column. Footings should also be made of each class of exchange sold, and the cross footings of the totals should agree before dealers send in their reports.

MONEY ORDERS AND POSTAL REMITTANCES.

Dealers who sell money orders or postal remittances must require all customers to make the regular customer's statement of nonenemy interest, and they must also obtain from purchasers of money orders and postal remittances such information as is necessary to enable them to list all transactions under their proper headings in the reports to be rendered the Federal Reserve Board. Where money orders or postal remittances are made payable in any one of several countries, entries should only be made in the proper columns in the report of "Sales of Exchange" at the time credit is given to the particular countries where the money orders or postal remittances are paid by the dealer either through a branch office or agency of such dealer or a foreign correspondent.

PURCHASES AND SALES OF EXCHANGE FOR FUTURE DELIVERY.

All entries for purchases and sales of exchange for future delivery should be made at the time of delivery, with the following exception: When exchange is purchased for future delivery at the maturity of and against long bills issued by the dealer making the purchase for the purpose of taking up such bills, entries should be made in accordance with instructions under column 3, Form 1B, "Purchases of Exchange."

FORM NO. 1D, ARBITRAGE.

Entries upon this form have been described in purchases and sales of exchange, Forms 1B and 1C, under column 7 in each.

FORM NO. 1E, FOREIGN EXCHANGE TRANSACTIONS AGAINST SECURITIES.

Entries upon this form have been described in purchases and sales of exchange, Forms 1B and 1C, under column 9 in each.

FORM 1BC, EXCHANGE BALANCE SHEET.

This balance sheet must be forwarded with the reports of sales and purchases of exchange each week.

Column No. 1.—In this column must be entered the totals from column 13 of Form 1B, purchases of exchange.

Column No. 2.—In this column totals of column 13 of Form 1C, sales of exchange, must be entered.

Column No. 3.—The difference between columns 1 and 2 must be carried to this column in black ink if purchases of exchange exceed sales or red ink if sales of exchange exceed purchases.

Column No. 4.—The previous balance as turned in on Form 1A at the close of business February 20, 1918, and thereafter as turned in on Form 1BC, the exchange balance in column 4, for the week previous to the making of the report, must be entered.

Column No. 5.—The new balance represented by the previous balance, increased or decreased by the transactions of the week, as shown in column 3, must be entered.

REPORTS OF TRANSACTIONS FOR FOREIGN ACCOUNTS.

Many holders of class A registration certificates carry balances on their books due to foreign accounts. Reports of transactions coming through such accounts must be reported on Forms 1AA, 1F, 1G, and 1FG. Only the totals of transactions in each class for the week need be given. (See "Books and accounts and general reports.)

FORM 1AA, BALANCES HELD IN THE UNITED STATES FOR FOREIGN CORRESPONDENTS.

Total balances held for each country in dollars as they appear on the books of the American dealer should be entered opposite the country of depositor.

FORM 1F, DEBITS TO FOREIGN ACCOUNTS.

Column No. 1.—Payment to banks or others in the United States either through drafts drawn or letters of instruction or by cable are to be entered in this column, except where they specifically belong in some other column.

Column No. 2.—All payments to banks or others outside of the United States or to banks in the United States for accounts of banks or others outside of the United States situated in a different country from that of the depositor, whether by cable, letter of advice or draft, should be entered in this column.

All drafts drawn against the dollar accounts of foreign persons which bear a foreign indorsement in a country different from that of the drawer, should be entered in this column and the detailed statement should show the country of the drawer and country of the foreign indorser.

The detail of entries in this column should be given by letter. Such detail need not include the names of payees, but the total amount in debits created by payments made in each foreign country outside of the depositor country by the depositor country should be reported.

Column No. 3.—All payments for merchandise of any kind, whether against shipping documents, warehouse receipts, or transfers, should be entered in this column.

Column No. 4.—The cost of the purchase of all securities should be entered in this column and the details should be reported on Form 1E, "Securities," etc., under column "Sold to" and against the proper country. (See "Securities.")

FORM 1G, CREDITS TO FOREIGN ACCOUNTS.

Column No. 1.—Credits received from persons in the United States, whether made through deposit of such persons or through the collection of drafts drawn upon them, except where such items clearly come under other headings, should be entered in this column.

Column No. 2.—Remittances received direct from the foreign account in the shape of bills of exchange where the drawers are located in a foreign country not that of the depositor, and all remittances received from foreign countries outside of that of the depositor for account of the depositor, should be entered in this column; also all deposits made by American institutions at the request or for the account of foreign interests. The detail of entries in this colume should be given by letter. Such detail need not include the names of drawers or remitters, but the total amount of credits as from each foreign country outside of the depositor country to the depositor country should be reported.

Column No. 3.—The proceeds of securities sold should be entered in this column and report of details should be made on Form 1E against the proper country and under the column "Bought from." (See "Securities.")

Column No. 4.—It is customary for many foreign interests carrying accounts in the United States to send commodities for sale, the proceeds to go to their credit. Totals of such sales should be entered in this column. Also the proceeds of documentary remittances.

COUPONS, INTEREST, AND DIVIDENDS.

The Board desires information as to the total in American coupons, maturing interest payments, and dividend warrants that may be sent for collection by foreign persons having accounts with American dealers. Separate entries should be made of the total of such items received for collection, and they should be reported by letter accompanying Form 1G, "Credits to foreign accounts." The reports of these items by letter should be in two totals, one giving the amount covered by separate declarations which must accompany the letter to the Federal Reserve Board, and the other, the amount covered by declarations which appear upon the back of dividend checks. Should it be found advisable later, a separate column may be introduced in Form 1G for such entries.

Particular attention is called to the fact that in no case do declarations follow the items, but that in every case they must go forward to the Federal Reserve Board with the weekly reports which contain entries of the items covered.

In this connection attention is called to the fact that the responsibility for the collection of all items received for foreign account, whether for credit or collection and remittance, is placed under these rules and regulations upon the dealer receiving the items from abroad, and not upon the persons upon whom they are drawn. This does not, however, relieve any payer from the necessity of being guided by the provisions of the trading-with-the-enemy act in case he has knowledge or has reason to believe that any items which may be presented to him for payment are not presented through a dealer, and, or if presented through a dealer, if he has knowledge or reason to believe that such dealer may be attempting to evade these rules and regulations, or may be endeavoring to operate for, on account of, for the benefit of or on behalf of an enemy or ally of enemy.

In connection with reports on Forms 1F, "Debits to foreign accounts," and 1G, "Credits to foreign accounts," if any transactions have gone through the books where the dealer believes it necessary for the public interest that the transaction be reported to the Board, full details by letter should accompany reports. In case any dealer receives instructions in connection with any account which he may have for foreign persons that he believes would be incompatible with the public interest to have carried out, he should advise the Board, either by mail, telephone, or telegraph, as seems necessary, of the detail of the transaction and the reason of the dealer for believing it inadvisable to allow of its consummation before the transaction is effected and should then await authority from the Board before undertaking it.

FORM 1FG, DOLLAR BALANCE SHEET.

This balance sheet must be forwarded with the reports of the debits and credits to foreign accounts each week.

Column No. 1.—In this column must be entered the totals from column 6, Form 1-F, "Debits to Foreign Accounts."

Column No. 2.—In this column totals of column 6, Form 1-G, "Credits to Foreign Accounts," must be entered.

Column No. 3.—The difference between columns 1 and 2 must be carried to this column in black ink, if "Credits to Foreign Accounts" exceed "Debits to Foreign Accounts" (if column 2 exceeds column 1), or in red ink, if column 1 exceeds column 2.

Column No. 4.—The previous balance, as turned in on Form 1-AA at the close of business February 20, 1918, and thereafter as turned in on Form 1-FG, "Dollar Balance Sheet," in column 5, for the week previous to the making of the report, must be entered in this column.

Column No. 5.—The new balance represented by the previous balance increased or decreased by the transactions of the week, as shown in column 3, must be entered.

SECURITIES.

In connection with the foreign exchange transactions of the country it has been found necessary to require complete records of the buying, selling, dealing in, transfer, or delivery of securities for or through foreign correspondents. (See "Customs.")

All securities held by dealers in the United States for foreign account must be listed on Form 1-H, as of the close of business February 20, 1918, and forwarded to the Federal Reserve Board, in the same manner as reports on foreign exchange. The par values of all securities issued in foreign moneys must be converted into dollars at mint par figures, but only the thousands need be entered.

Securities held in trust should be separated from securities which are hypothecated and should be entered in red ink in the proper column as to nationality of securities and against the country in the left-hand column for whose account they are held. Hypothecated securities should be entered in black ink in the same manner under the right-hand column of the national division. Some institutions carry securities in trust for foreign accounts, which have been made avaialble through agreements, to cover loans or overdrafts. Such securities should be entered in the column under hypothecated securities.

Forms 1-J, "Securities Held by Us Abroad for American Account," and 1-JX, "Securities Held by Us Abroad for Foreign Account," must be treated in the same manner as Form 1-H, and the instructions given in connection with Form 1-H apply to Forms 1-J and 1-JX.

As reports are being made from week to week of foreign exchange transactions and those going through dollar accounts, where securities are involved, which are covered on Forms 1-H, 1-J, or 1-JX, entries of which are made on Form 1-E of the actual amounts involved in the sale or purchase of the securities, the Board should be advised by letter, giving par values in United States dollars figured at the mint par, when securities are in foreign moneys, and stating specifically which statement, Forms 1-H, 1-J, or 1-JX, such securities should be added to or subtracted from. When accounts showing such transactions are sufficiently active, reports may be made on Forms 1-L, 1-LA, and 1-LB, instead of by letter.

There may be special cases, due to large Government transactions, where the Board may be willing to accept reports of securities held in trust, or which may be hypothecated, in the form in which they are held by those carrying them. In cases where it is desired to make reports on special forms of balances of securities, the Board should be informed and its permission obtained before the date on which security balances are to be filed.

Stock exchange brokers and other persons who may carry class A or class C registration certificates may have occasion to pass the proceeds of security transactions or transfers through other dealers of class A—that is, when the exchange made by the sale of securities is sold to or the exchange required to purchase securities is bought from class A dealers. In all such cases class A dealers must be furnished with the information that may be required by them in order to enable them to properly classify their foreign exchange transactions. It will not then be necessary for the stock exchange brokers or other persons who may hold class A or class C registration certificates to make any other report of the foreign exchange transactions to the Federal Reserve Board. It will be necessary for them, however, to advise the Board of any increase or decrease that such dealings in securities may make in securities held in trust or that may be hypothecated with them for foreign account that have been previously reported in connection with Forms 1-H, 1-J, or 1-JX.

If stock exchange brokers, or other persons, are holders of class A registration certificates, they must make reports on regular class A forms of all exchange made against security transactions, except those handled through other class A dealers.

The declarations of foreign correspondents cover all transactions, but additional declarations on form No. FE-113 will be required for all securities held in trust or hypothecated for foreign account on January 26, 1918, and for all securities before they can be sold, transferred, or delivered for foreign account. These special declarations are required, as instruments of this nature may have been enemy owned since February 3, 1917.

Particular attention is called to the fact that in no case do declarations follow the items, but that in every case they must go forward to the Federal Reserve Board with the reports which contain entries of the items covered.

COMMODITIES.

The declarations of foreign correspondents cover all commodity transactions, and no additional declarations are required in connection with commodities with the exception of those being held for foreign correspondents on January 26, 1918. As all such commodities may have been owned or held for account of an enemy or ally of enemy since February 3, 1917, it will be necessary to have special declarations for such commodities on Form FE-113 (note next preceding paragraph). Should any dealers because of foreign exchange transactions previously engaged in or for any other reason have cause to believe that any commodities held in the United States in warehouse, under bill of lading or otherwise, are the property of an enemy or ally of enemy, the Federal Reserve Board should be advised by letter, giving all available particulars.

FORM 1-K, COMMODITIES HELD FOR FOREIGN ACCOUNT.

Report of commodities held for foreign account as of February 20, 1918, is to be made on this form.

Column 1.—In this column is to be entered the names of countries for whom commodities are held.

Column 2.—Enter in this column the number of units of the commodities—barrels, bushels, tons, etc.

Column 3.—The commodity held is to be entered in this column—oil, grain, metals, cotton, etc.

Column 4.—In this column state whether held under warehouse receipt, bill of lading, or otherwise.

Column 5.—Enter in this column, in dollars, the present approximate market values of the commodities held.

FORM 1-KA, CHANGES IN COMMODITIES HELD FOR FOREIGN ACCOUNT.

Any changes that may occur in connection with commodities held for foreign account are to be reported on this form. (See last paragraph "Books and accounts and general reports.)

CLASS B REPORTS.

Holders of class B registration certificates must render reports on Forms 2-A, 2-B, and such class A forms as their operations may make necessary. All entries must be in dollars, which represent the exact amount paid for or received from exchange transactions as they go through the books of the American office of the class B dealer, whether such transactions are handled through a foreign person or their own foreign agency or branch.

FORM 2-A.

All balances carried abroad must be reported on Form 2-A. Only the total dollars carried in each country need be given as against each country, and countries must be listed in the left-hand column under "Country of deposit." All entires must be in dollars as they appear upon the books of the class B dealer, and must represent totals held aboard, whether with foreign persons or their own agencies or branches. Balances in enemy countries must be given, as well as those of all other countries.

FORM 2-B.

All changes in balances held abroad must be reported on this form (see last paragraph "Books and accounts and general reports"). The names of the countries where changes have occurred should be entered under the word "Country," and the totals of "Withdrawals" from and "Deposits" in each country opposite their respective countries. The "Previous balance" should be filled in as from the last report, and must include all countries where balances are held, without regard to whether changes have taken place. The new balance should then be carried in under "Present balance," and all columns should be footed. No withdrawals or deposits may represent transactions not authorized class B dealers.

SECURITY REPORTS, CLASS B.

Balances of securities should be reported on Form 1-J, described under "Securities." When changes in balances of securities held abroad occur, advice should be given by letter, giving the details shown on Form 1-LA, unless the accounts are sufficiently active to necessitate that reports be made on Form 1-LA.

Those taking out class B registration certificates can not buy or sell in the United States foreign exchange or foreign securities, except for their own account, and then only through holders of class A registration certificates. They may accumulate exchange which results from their ordinary business transactions, which can not be foreign exchange business, and may use such exchange for the conduct of their business through payments in the countries where the accounts are located. Because of the nature of their business, some holders of class B registration certificates may have special transactions that are defined under class A. In such cases special application should be made for permission to carry out the transactions. At the discretion of the Federal Reserve Board, such permission may be given, or the applicant may be required to apply for a class A registration certificate.

CLASS C REPORTS.

Holders of class C registration certificates must render reports on Forms 3-A, 3-B, and such class A forms as their operation may make necessary.

FORM 3-A.

Only total balances carried for account of each country need be given. Balances held for account of enemy countries must also be entered, and if such funds have been turned over to the Alien Property Custodian mention should be made of the fact.

FORM 3-B.

All changes in balances held for foreign correspondents must be reported on this form (see last paragraph "Books and accounts and general reports"). The names of the countries where changes have occurred should be entered under the word "Country," and the totals of withdrawals and deposits account each country must be entered. The "Previous balance" should be filled in as from the last report, and must include all countries for whom balances are held without regard to whether changes have taken place. The new balance should then be carried fn under "Present balance," and all columns should be footed.

SPECIAL REPORTS, CLASS C—DEBITS AND CREDITS.

Particular attention is called to the fact that holders of class C registration certificates, who have foreign correspondents carrying on operations covered by "Reports of transactions for foreign accounts," which pass through the books of class C dealers, must use Forms 1-F, "Debits to Foreign Accounts," and 1-G "Credits to Foreign Accounts," and 1-FG "Dollar Balance Sheet." Instructions under column 2, Form 1-F, and column 2, Form 1-G, should be especially noted.

Where dollar accounts held for foreign correspondents represent balances used as a basis for security transactions, reports of changes in balances may be made upon Form 3-B.

SECURITIES CLASS C.

All security forms applicable to the business of dealers of class C, which are described under "Securities" under class A forms, must be used by them in making their reports (see "Securities" and the last paragraph of "Books and accounts and general reports").

COMMODITIES, CLASS C.

All commodity forms applicable to the business of dealers of class C, which are described under "Commodities," must be used by them in making reports.

CUSTOMS.

TRAVELERS' LETTERS OF CREDIT.

The customs authorities have ruled that travelers' letters of credit and travelers' cheques issued by dealers in the United States, or by foreign correspondents of such dealers who may have signed the regular declarations required of them under these regulations, may be carried upon the person of beneficiaries, who are not enemies or allies of enemies, when going from or coming into the United States.

Travelers' letters of credit for more than $1,000 but less than $5,000 must be reported by dealers to the Federal Reserve Board as soon as issued.

Dealers desiring to issue such letters of credit to any one person, firm, or corporation for more than $5,000 must first file a statement with the Federal Reserve Board through the nearest Federal Reserve Bank showing the details of the transaction involved, in order that the board may determine whether their issuance is compatible with the public interest.

SECURITIES.

Any person desiring to make delivery of securities in any manner which necessitates the transportation of such securities into or out of the United States must file a declaration of nonenemy interests, as required by Executive order of the President, and must obtain a certificate from the Federal Reserve Board, through a Federal Reserve Bank, that such declaration has been filed.

Securities unaccompanied by such certificate will not be permitted by customs officials to be brought into the United States and delivered to persons within the United States, or carried out of the United States for delivery to persons outside of the United States.

Upon receipt of advice of shipment of securities to this country from abroad dealers holding declarations may apply for certificates for deposit with the customs officials on arrival.

W. P. G. HARDING,
Governor Federal Reserve Board.

FRED I. KENT,
Director Division of Foreign Exchange,
Federal Reserve Board.

INFORMAL RULINGS OF THE BOARD.

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

Notes of Finance or Credit Companies.

(To a member bank.)

The Federal Reserve Board has received and considered your letter of February 6 relating to the right of a Federal Reserve Bank to rediscount the collateral notes of a certain corporation.

The Federal Reserve Act authorizes any Federal Reserve Bank to discount a note or bill drawn for an agricultural, industrial, or commercial purpose; that is, a note or bill the proceeds of which have been used, or are to be used, for such purpose.

The Federal Reserve Board has always ruled, therefore, that the note of a finance or credit company which is drawn either directly or indirectly to finance some industrial or commercial concern in the transaction of its business is not eligible for rediscount, even though it may be secured by paper which is itself eligible for rediscount.

Congress has made a very evident distinction between the two kinds of paper, and this distinction was emphasized when an amendment to the Federal Reserve Act was passed last year, expressly authorizing Federal Reserve Banks to discount the note of a member bank when secured by eligible paper, but this amendment was specifically limited to notes of a member bank and can not be construed to authorize the rediscount of notes of any other sort of financial institution, even though most adequately secured by paper which is itself eligible for rediscount.

The Board must, therefore, necessarily rule that the note of a credit company, even if secured by eligible paper, is not eligible for rediscount if its proceeds are not used for one of the purposes specified in the law.

This question has been presented to the Federal Reserve Board for its consideration on several other occasions, and a similar ruling has been made in each case, owing to the obvious limitations contained in the law.

FEBRUARY 11, 1918.

Limitations Under Section 5200 R. S.

(To a Federal Reserve Bank.)

The Federal Reserve Board has received and considered your two letters of February 5, 1918, asking whether, if a national bank has loaned to a single firm or corporation an amount equal to 10 per cent of its capital and surplus, it may, while such loan remains outstanding, accept any drafts drawn by that same corporation.

In an opinion of counsel for the Federal Reserve Board, printed on page 680 of the December, 1916, Bulletin, the conclusion is reached that the limitations imposed by section 5200 of the Revised Statutes on the amount of money which may be borrowed by any one firm or corporation from a member bank do not apply to or restrict acceptances by that bank.

The Board is of the opinion, therefore, that in the cases which you cite, where the national bank has already loaned 10 per cent of its capital and surplus to a certain company, it may, while the loan is still outstanding, obligate itself as acceptor on a draft drawn by that same company. The limitations of section 5200 on the amount of money which may be borrowed from a member bank are separate and distinct from and in no way restrict the limitations of section 13 of the Federal Reserve Act on the amount of drafts which a member bank might accept for any one firm or corporation. If, however, the member bank discounts its own acceptance under the foregoing circumstances, it must, as heretofore ruled, treat the transaction as a loan and not as an acceptance, and could not in that case lend to and accept for the same firm in an aggregate amount in excess of the 10 per cent prescribed by section 5200.

FEBRUARY 8, 1918.

LAW DEPARTMENT.

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

Acceptance of Drafts with Documents Attached.

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

JANUARY 31, 1918.

SIR: The Board is asked to rule on the question whether documents attached to drafts or bills of exchange drawn in domestic transactions and accepted by a member bank must be made out or indorsed to order so as to convey title to the accepting bank.

This ruling involves a further interpretation by the Board of that part of section 13, which reads in part as follows:

Any member bank may accept drafts or bills of exchange * * * which grow out of transactions involving the domestic shipment of goods, provided shipping documents conveying or securing title are attached at the time of acceptance.

The suggestion is made that this language should be interpreted to mean "that shipping documents must be attached to the draft at the time of acceptance solely for the purpose of enabling the accepting bank to make certain that the draft is drawn against a transaction involving the domestic shipment of goods, and that it is not necessary for the accepting bank, when within the limit of 10 per cent of its capital and surplus, to ever have title to the goods."

It will be observed that the statute expressly provides that the shipping documents must convey or secure title to the goods.

The suggestion made, therefore, must be based upon the assumption that Congress intended merely to provide that the title to the goods must have passed from the seller, but did not intend to require such title to be conveyed or secured to the accepting bank. In other words, it would be sufficient under this interpretation if the shipping documents are so drawn as to convey the title to the purchaser, for whom the draft is accepted by the bank.

The question to be determined is whether this was the intention of Congress. Considering only that part of section 13 above quoted, it would seem to be clear that Congress intended to require the title to be conveyed or secured to the bank and not to some third party, and the history of this legislation seems to support this view.

Prior to the passage of the Federal Reserve Act national banks were not permitted to lend their credit by accepting drafts or bills of exchange. When the act was originally passed this power was added to national banks, but under the terms of the act such banks were permitted to exercise it only when such acceptances grew out of transactions involving the importation or exportation of goods. It was not until the act was amended by the act of September 7, 1916, that national banks were permitted in any case to accept drafts growing out of domestic transactions, and definite restrictions were imposed upon the exercise of this power in domestic transactions which were not imposed in those transactions which involved the importation or exportation of goods.

There would have been no reason for imposing the condition that shipping documents conveying or securing title should be attached at the time of acceptance, if Congress had not intended to restrict the power of acceptance in domestic transactions to a greater extent than it had restricted this power in transactions involving the importation or exportation of goods. In other words, if it had intended merely to require the banks to be assured that the drafts or bills were drawn in a transaction involving the domestic shipment of goods, it could have used language substantially similar to that used in the case of foreign and other acceptances.

For example, the act provides that—

Any member bank may accept drafts or bills of exchange * * * which grow out of transactions involving the importation or exportation of goods.

The regulations of the Board prescribe what evidence is required that such accepted drafts have been drawn in transactions growing out of the importation and exportation of goods. If Congress had intended to put domestic drafts on the same basis, it might merely have provided that member banks should accept such drafts "which grow out of transactions involving the domestic shipment of goods," in which case the Board would prescribe by regulations the evidence required that such drafts conform to the provisions of the statute. In adding this power, however, Congress went further and attached a proviso that "shipping documents conveying or securing title" must be attached at the time of acceptance.

If we are to give any meaning to this language, as we must under the settled rules of construction, the conclusion seems to be inevitable that the title must be conveyed or secured to the bank at the time of acceptance, and not to some third party.

I am unable, therefore, to agree with the interpretation suggested, and am of the opinion that the shipping document attached to or accompanying the draft or bill of exchange at the time of acceptance by a member bank must be so drawn as to convey or secure the title to the member bank.

Respectfully,

M. C. ELLIOTT, *Counsel.*

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

Savings Accounts as Time Deposits.

Savings accounts opened under regulations which do not specifically reserve to the bank the right to require 30 days' notice before a withdrawal are not savings accounts within the definition of that term in Regulation D, series of 1917; even though the regulations contain a provision that they may be amended by notices posted in the bank and that such amendments shall be binding on depositors.

JANUARY 31, 1918.

SIR: The accompanying letter asks for a ruling of the Board on the question whether certain deposits of a certain trust company may be properly classified as savings accounts.

Regulation D, series of 1917, provides that "The term 'savings account' shall be held to include those accounts of the bank in respect to which, by its printed regulations, accepted by the depositor at the time the account is opened: (*a*) The pass book certificate, or other similar form of receipt, must be presented to the bank whenever a deposit or withdrawal is made, and (*b*) the depositor may at any time be required by the bank to give notice of an intended withdrawal not less than 30 days before withdrawal is made."

The pass book of the trust company contains a provision that "This book must be brought to the bank whenever a deposit is made and left at the bank when notice of withdrawal is given." It also contains the following provision with reference to withdrawals: "Withdrawals may be made at any time during business hours, provided notice shall have been given for same according to the following table: For $100 and under, one week; from $100 to $300, two weeks; from $300 to $500, three weeks; for over $500, four weeks. For form of withdrawal see back of pass book."

It does not, therefore, conform to that part of the Board's regulations which requires the depositor to agree at the time of opening the account that he may at any time be required by the bank to give notice of an intended withdrawal, not less than 30 days before a withdrawal is made It does contain, however, a provision as follows:

All notices in relation to deposits or depositors posted conspicuously in the bank shall be deemed and taken as actual notice to each depositor; any amendments to the rules and regulations so posted shall be binding upon all depositors as a part thereof.

It is contended that this provision gives the trust company a right to demand 30 days' notice before withdrawal, and that such accounts should accordingly be treated as savings accounts.

I am unable to agree with this conclusion.

There is considerable doubt whether a notice posted in the bank to the effect that 30 days' notice of withdrawal will thereafter be required would be binding on the depositor if he immediately made demand under the terms of his pass book. The terms of deposit are a matter of contract. Both parties to the contract must assent, and I think it improbable that the court would sustain a provision to the effect that one party to the contract may at any time alter or amend its terms by merely posting a notice to that effect, unless the other party were given an opportunity upon such notice to terminate the contract. A different situation would be presented if the bank had posted notice and the depositors had after a reasonable time not exercised their option to make withdrawals under the terms of the original contract. Unless, therefore, the depositors are notified that the bank reserves the right to require 30 days' notice before withdrawal, these deposits can not, in the opinion of this office, be consistently classified as savings accounts.

Respectfully,

M. C. ELLIOTT, *Counsel.*

To Hon. W. P. G. HARDING,

Governor Federal Reserve Board.

Trade Acceptance Providing for Discount if Paid at Maturity.

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

JANUARY 26, 1918.

SIR: The accompanying form of trade acceptance has been submitted to this office for an opinion as to its negotiability. The order of the drawer reads as follows:

——— after date pay to the order of ourselves ——— dollars, or if not paid until after due date ——— dollars, with interest from said due date at 6 per cent per annum. This acceptance is drawn to cover invoices of ——— for goods furnished by the drawer to the acceptor, and if paid at date of maturity gives the acceptor the benefit of a discount of five per cent (5%) or $——— on the amount of such invoices.

The question is presented whether the words "and if paid at date of maturity gives the acceptor the benefit of a discount of 5 per cent or $——— on the amount of such invoices" would in any way invalidate its use or eligibility, and the Board is asked to express an opinion on the advisability of retaining the clause "if not paid until after due date, etc., with interest from said due date at 6 per cent per annum."

In the opinion of this office none of the foregoing provisions would destroy the negotiability of the instrument. The only question involved appears to be whether the sum payable under the order of the drawer is definitely fixed.

The rule, as stated in *Daniel on Negotiable Instruments*, is that "if the amount can be ascertained from the face of the paper, the form of expression is immaterial."

Corpus Juris, volume 8, page 146, which contains a review of State decisions on cases analogous to the one under consideration, reads in part as follows:

Certain sum minus fixed discount.

It has been held in Minnesota, Nebraska, Texas, and Canada that a promise to pay a certain sum, with a provision that a fixed discount is to be allowed if paid before maturity or before a certain date, is negotiable; and in Ohio the same is held as to a provision for discount if paid "at" maturity. However, the contrary has been held in Michigan, Oklahoma, South Dakota, and Tennessee. So in Iowa a note with the provision that the maker may pay a reduced amount and sell a certain amount of goods as the payee's agent, within a certain time, is not negotiable. The distinction drawn by the Minnesota court, and which seems to be supported by the better reasoning, is this:

A promise or order to pay a definite sum plus or minus a "definite" amount or discount is negotiable, while a promise to pay a stated sum of money plus or minus an "indefinite" amount or discount is not negotiable.

In the opinion in the case of Loring *v.* Anderson, 95 Minn. 101, 103, Northwestern 722, mentioned with approval in the above quotation, Chief Justice Start said:

* * * This is a question of some difficulty. The case of Mansfield Savings Bank *v.* Miller, 2 Ohio Civ. Ct. R. 96, cited by counsel

for the plaintiff, is the only one that we have been able to find touching the question. In that case the note contained this provision: "If this note is paid in full when due, a discount of $39.78 is to be made from the amount then due." It was held that this provision did not render the note uncertain as to the amount thereof, for the reason that "the presumption is that parties will perform their obligations rather than break them, and therefore, in the commercial world, if this note should be offered for negotiation, the amount at the time of payment would be known with certainty. While the note is undishonored and has any standing in the commercial world, the amount is definitely fixed. If any uncertainty could in any way arise, it is only when it becomes dishonored and ceases to have any standing as commercial paper." This reasoning is applicable to the note here in question, for, in legal effect, it is a promise to pay October 1, 1903, $250 with interest at the rate of 10 per cent per annum, less a discount of 6 per cent if paid on or before maturity. If the note were not paid when due, there could be no uncertainty as to the amount recoverable on it, for such amount would not depend upon any contingency or question of fact, for the law would determine the amount due on the note from its terms. See Smith *v.* Crane, 33 Minn. 144, 22 N. W. 633, 53 Am. Rep. 20. On the other hand, while there is a contingency before the maturity of the note as to whether the maker will pay it at maturity or before, there is no contingency or uncertainty as to the amount to be paid in full discharge of the note at maturity, or at any time before if the maker elects to pay before * * * .

The principles established in the Minnesota case, which appear to be well sustained, would seem to apply to the case under consideration. The form of bill submitted contains an order to pay a fixed amount (which is the amount of the debt with the discount already deducted) and merely provides that if the debt is not paid at maturity the drawer shall pay a greater amount (which is the amount of the debt without the discount deducted).

It is true that there are some cases to the effect that the provisions in an instrument for the payment of a certain amount at maturity, or a greater amount if not paid at maturity, is in the nature of a provision for a penalty, and that the penalty is unenforceable. (See *Norton on Bills and Notes*, 4th ed., p. 76, footnote 17.)

The explanatory provision to the effect that the sum payable at maturity is the amount of debt less a fixed discount would seem, however, to make it clear that the provision in this case is not a penalty but on the contrary a bona fide provision for a discount.

Respectfully,

M. C. ELLIOTT, *Counsel.*

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

Calculation of Dividends on Surrendered Stock.

When a national bank going into voluntary liquidation fails to promptly apply for surrender and cancellation of its stock in the Federal Reserve Bank, it is within the province of the Federal Reserve Board to allow the Federal Reserve Bank to pay dividends on such stock up to the date when such application was actually made, if, in the opinion of the Board, the liquidating bank did not unreasonably delay filing such application.

JANUARY 25, 1918.

SIR: It appears from the accompanying letter that a certain national bank was absorbed by another national bank. That on September 20, 1917, the deposit balance standing to the credit of the liquidating bank was transferred to the credit of the absorbing bank. On November 6 application was made for repayment of the amount paid on 720 shares of the stock of the Federal Reserve Bank standing in the name of the liquidating bank. On November 9 application for 300 additional shares was filed by the absorbing bank.

The question is presented as to what date should dividends be calculated in making repayment to the liquidating bank for its shares.

There is no provision in the national bank act for the consolidation or merger of two national banks. Whenever this is attempted it is necessary for one of the national banks to be placed in voluntary liquidation and its assets to be taken over by the other bank.

Under the terms of the Federal Reserve Act the capital stock of the Federal Reserve Banks can not be transferred or hypothecated. In the liquidation, therefore, of a national bank it can not sell and assign its stock to the banks purchasing its assets. This being true, it is necessary in the present case, and in all similar cases, to adjust the stock subscription of the liquidating bank on the same basis that such subscriptions are adjusted in any case where a member bank goes into voluntary liquidation.

Section 5 of the Federal Reserve Act provides that—

> When a member bank voluntarily liquidates it shall surrender all of its holdings of the capital stock of said Federal Reserve Bank and be released from its stock subscription not previously called. * * * the shares surrendered shall be canceled and the member bank shall receive in payment therefor, under regulations to be prescribed by the Federal Reserve Board, a sum equal to its cash-paid subscriptions on the shares surrendered and one-half of one per centum a month from the period of the last dividend, not to exceed the book value thereof, less any liability of such member bank to the Federal Reserve Bank.

Regulation I, series of 1917, prescribed by the Federal Reserve Board pursuant to the foregoing statute, provides as follows:

> Whenever a member bank goes into voluntary liquidation and a liquidating agent is appointed, such agent shall file with the Federal Reserve Bank of which it is a member an application on Form 86, which is made a part of this regulation, for the surrender and cancellation of the stock held by and for the refund of all balances due to such liquidating member bank. Upon approval of this application by the Federal Reserve Agent the Federal Reserve Bank shall accept and cancel the stock surrendered, and shall adjust accounts between the liquidating member bank and the Federal Reserve Bank by applying to the indebtedness of the liquidating member bank to such Federal Reserve Bank all cash-paid subscriptions made by it on the stock canceled with one-half of 1 per cent per month from the period of last dividend, if earned, not to exceed the book value thereof, and the balance, if any, shall be paid to the duly authorized liquidating agent of such liquidating member bank.

In the present case it appears that the liquidating bank went into liquidation sometime prior to November 6, since its deposit balance was transferred on September 20 to the credit of the absorbing bank. The stock of the liquidating bank should have been surrendered and canceled within a reasonable time after the bank was placed in liquidation in which case dividends would have been paid only to the date of such surrender and cancellation. The bank, however, failed to file its application for surrender and cancellation of its stock until November 6. The question, therefore, arises whether dividends should be paid up to that date.

The Federal Reserve Bank had the use of the stock subscription and the deposit balance of the bank during this period. As the statute authorizes the Board to prescribe regulations providing for the surrender and cancellation of stock and as no time limit was fixed in the regulations bearing on this subject it would seem to be within the province of the Board to allow the Federal Reserve Bank to pay dividends up to November 6 if, in the opinion of the Board, the liquidating bank did not unreasonably delay filing its application.

Respectfully,

M. C. ELLIOTT,
Counsel.

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

SUMMARY OF BUSINESS CONDITIONS, FEB. 23, 1917.

	District No. 1—Boston.	District No. 2—New York.	District No. 3—Philadelphia.	District No. 4—Cleveland.	District No. 5—Richmond.	District No. 6—Atlanta.
General business	Concentrating on war necessities.	Improved with coming of milder weather.	Good	Fair	Active: limited by supplies and transportation.	Good.
Crops: Condition	Unsatisfactory	Planting of acreage above normal expected.		Good	Inactive	Do.
Outlook				do	For great activity.	Do.
Industries of the district.	Busy	Recovering from effect of fuel and transportation difficulties.	Busy	Handicapped by lack of transportation.	Limited by supplies and transportation.	Good with exception of coal.
Construction, building, and engineering.	Decreased	Very light	Very little building operations.	Falling off	Private building negligible; Government work, particularly housing, active.	Slow.
Foreign trade	Unsatisfactory	General trade reduced; Government shipment increased.	Large		Congestion somewhat relieved.	Do.
Bank clearings	Increase	Lower than same time last year.	Decrease	Slight increase	Increase of 21 per cent.	Increase.
Money rates	Increased	Firmer	Increasing	Increasingly firm	Good demand—6 per cent; increasing.	Stiffening.
Railroad, post office, and other receipts.	Mixed	Heavy	Decreasing	Increase	Railroad, irregular; post office, volume large; reflect increased rates.	Good.
Labor conditions	Unsettled	Little unemployment, except in special instances.	Unsettled	Strong demand; wages increasing.	In demand; high wages.	Fair.
Outlook	Satisfactory, unless there is some sudden change in general conditions.	Improved	Good	Improving	Generally satisfactory.	Do.
Remarks		The dominant factor has been the weather, which, turning milder, has permitted recovery and general improvement of business.			Increased activity promising, with improved weather conditions.	

	District No. 7—Chicago.	District No. 8—St. Louis.	District No. 9—Minneapolis.	District No. 10—Kansas City.	District No. 11—Dallas.	District No. 12—San Francisco.
General business	Good	Generally satisfactory.	Good	Good	Good	Active.
Crops: Condition	do			Fair	Fair	Good.
Outlook	Excellent	Favorable		Improved	do	Encouraging.
Industries of the district.	Generally active	Active	Active	Active	Active	Very active.
Construction, building and engineering.	No activity	Quiet	Slow	Curtailed	Inactive, except on Government orders.	Decreasing.
Foreign trade					Good	Slight increase.
Bank clearings	Slight decrease	Increase	Little change	Increased	Increase	Largely increasing.
Money rates	Hard	Slightly firmer	Firm	Firm	Easy	Firm.
Railroad, post-office, and other receipts.	Post-office receipts normal.	Increase in postal receipts.	No change	Increase	Increase	Increasing.
Labor conditions	Labor well employed.	Rather unsettled	Fair to good	Miners' strikes	Scarcity in most lines.	Unsettled.
Outlook	Good	Generally favorable	Satisfactory	Good	Good	Favorable.
Remarks				Bank clearings continue to increase greatly; building operations reduced.	Weather conditions have helped business and stimulated farm work; retail trade good, increase over last year; outlook for early spring trade in practically all lines is excellent.	

GENERAL BUSINESS CONDITIONS.

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

DISTRICT NO. 1—BOSTON.

Participation of New England industries in the production of war requisites has increased, until now it is the controlling factor in all business operations. Manufacturers and merchants are intensely patriotic and, in spite of the serious handicaps encountered in carrying on their businesses, are anxious to do everything possible to help prosecute the war to a successful conclusion. Increased taxes are met without complaint and United States certificates of indebtedness are being taken wherever funds are available.

This district has been affected more than any other by the scarcity of coal and as it is for the most part a manufacturing section, the shortage has been keenly felt by both employer and employee. The labor situation is far from satisfactory and much difficulty is being found in retaining help. Where, two or three years ago, employees struck en masse, now they walk out singly whenever they are dissatisfied and secure positions elsewhere, frequently at increased wages. Not only labor, but all factors entering into manufacturing costs are abnormal, and capital requirements are not only increasingly heavy, but business generally is more unsatisfactory to conduct, owing to new and unprecedented problems to be met. The traffic congestion is delaying merchandise and raw material. Retail business is good in those sections where profits are being made on war business and where labor is receiving high wages.

Municipalities are tending to restrict expenditures for all unnecessary work and there is evidence of saving among well-to-do people. However, laborers who are securing high wages and persons making large profits are spending freely and business in nonessentials is reported to be good for that reason.

The crop situation is unsatisfactory, winter crops being injured by a thick layer of ice which has been beneath the snow all winter.

The retail boot and shoe dealer continues to liquidate his stock, and manufacturers report domestic business quiet. Orders from the Government for Army shoes, placed some time ago, have not been completely filled and factories are, for the most part, running at capacity.

The dry goods business is active and wholesalers are doing an increased volume of business at higher prices. Small and medium sized retailers are comparatively heavier purchasers than the larger merchant. However, retail business is good and unless the general situation changes suddenly this should cause no uneasiness.

Some trades are noticing a falling off in collections the last few weeks, while others are still finding them good.

The wool market is quiet and firm, with some division among the trade regarding the future supply owing to the Government's option to take imported wools at a fixed price. Prices in South America have advanced to a point where wool can not be purchased and sold to this Government at the price fixed without a loss. For this reason, much of the South American clip is going to other markets and some dealers fear a shortage of wool suitable for Army needs later in the season. Woolen and worsted mills continue busy, largely on Government orders. They are well supplied with wool and the Government still holds some purchased earlier in the year.

The cotton mills are receiving more orders than for a long time and enough business is in sight to keep them running at capacity until well into the summer. Prices are higher and production has been reduced by Monday holidays. It is reported that a large Government order is impending for 36-inch low-count goods and this has upset the Fall River market completely.

The money market is very firm and dull, funds being available only for recognized necessary undertakings. Mortgages are particularly hard to place, restricting new building of all kinds unless necessary for war purposes. All banks are conserving their resources and maintaining as liquid a condition as possible.

Money on call is 6 per cent. Time money is firm at 6 per cent, with commercial paper quoted at the same rate, with practically no exceptions below it.

The exchanges of the Boston Clearing House for the week ending February 16, 1918, were $260,667,182, compared with $231, 906, 304 for the corresponding week last year and $219,966,886 for the week ending February 9, 1918.

Building and engineering operations in New England from January 1 to February 14, 1918, amounted to $10,544,000, as compared with $20,167,000 for the corresponding period of 1917 and $13,608,000 the average for the last 10 years.

The receipts of the Boston post office for January, 1918, show an increase of $79,229.74, or about 10 per cent more than January, 1917. For the first 15 days of February, 1918, receipts were about 17 per cent, or $66,160.52, more than for the corresponding period of last year.

Loans and discounts of the Boston Clearing House banks on February 16, 1918, amounted to $476,410,000, as compared with $482,062,000 last month and $472,293,000 on February 17, 1917. Demand deposits on February 16, 1918, amounted to $392,771,000, as compared with $403,700,000 on January 19, 1918, and $366,275,000 on February 17, 1917. Time deposits on February 16, 1918, totaled $22,787,000, as compared with $22,254,000 on January 19, 1918, and $35,156,000 on February 17, 1917. The amount "Due to banks" on February 16, 1918, was $129,913,000, as compared with $130,745,000 on January 19, 1918.

DISTRICT NO. 2—NEW YORK.

With mild weather which began early in February, distinct improvement has come in the fuel and transportation situation. Rail congestion has been relieved, the regional director of railroads reporting a 44 per cent reduction of car congestion on railroad lines east of the Mississippi River between February 6 and February 19. Fuel deliveries have increased and are coming through fairly satisfactorily as indicated by the dumping of 90,000 tons at tidewater on February 19, the largest arrival of coal in New York for any day this year. Ships have been coaled and dispatched. This does not mean that business and industry have fully recovered from the hardships of fuel, shortage, transportation tie-ups and enforced holidays, but the crisis is past and the outlook much improved.

During recent months a slight decrease has occurred in the volume of exports and imports other than Government shipments.

Though building operations are lighter than ever before, and are expected to be only about half as extensive in 1918 as in 1917, the prices of materials continue firm, apparently because of the extent to which such materials are needed for use in shipyards, which require not only many of the materials which would ordinarily go into the building construction, but also the same sort of labor. Business in the hardware trade is quiet, especially as to builders' lines. Stocks are moving slowly and orders are on a limited scale. Glass factories, under agreement with the Government, are to curtail production 50 per cent during the current year. Steel production for January was only about 80 per cent of that for December, and the rate of production in early February was even lower, but milder weather has permitted quick recovery to about 80 per cent of capacity.

The machine tool industry continues to operate at maximum capacity, which is hardly equal to the demand for the heavier line of machine tools, as the Government is taking, directly or indirectly, almost the entire production along these lines, which is little more than adequate to meet the shipbuilding and munition program. Since January 1 railroads have come into the market for increased motive power equipment and equipment for maintenance and repair shops. Indications therefore point to a high level of activity in this business for many months to come. Commercial orders for electrical equipment are reported in good volume, though not quite as extensive as a year ago.

Rubber manufacturers, in spite of continued demand, expect some decrease in tire production because of the need of the Government for a large portion of the spindles in the cotton mills employed on tire fabrics, though the large number of mills engaged in this class of work will insure a supply of fabric not greatly below normal.

Business in drugs and chemicals is running in fairly steady channels, though production and sales for February have been curtailed by fuel shortage and transportation difficulties, which appear to have proved particularly embarrassing to this industry.

The volume of trade in the shoe industry is smaller than for the same period last year. Dealers are well stocked and retail business in recent weeks has been dull, so that their tendency is to buy only for immediate needs. Scarcity of labor and materials is expected to maintain prices.

Conditions in the rural districts have not been uniformly of the best, and transportation difficulties, resulting in slow movement of products to market, have been keenly felt. Milk producers have been fairly well served by special milk trains run on approximately passenger train schedules. Retail merchants are buying carefully because of extremely high prices, especially as extreme cold weather, transportation and fuel difficulties have made for light retail business. Farmers are planning for heavy plantings and a very busy spring, but anticipate much difficulty in obtaining farm labor. High prices of seed and scarcity of potash for fertilizer are also troublesome factors.

The ice crop from the Hudson River Valley amounting to about 2,000,000 tons has been harvested, a tonnage considerably above the total of natural ice sold last year having been stored against possible shortage of artificial ice.

What threatened to be a very serious strike by shipyard laborers at New York Harbor yards has been called off, following appeal by the President to the striking employees. Labor is reported scarce throughout the district, but disturbances have been lacking.

Reports indicate that in some lines collections are somewhat slower than last month.

Prices of stocks of industrial corporations have continued to advance. Bonds and railroad stocks, after showing weakness in the latter part of January, recovered and have since remained steady.

Money rates have fluctuated only slightly. Commercial paper rates have been quoted at $5\frac{1}{4}$ to 6 per cent, the lower figure being one-fourth per cent below that ruling in the early part of last month. Rates for time loans on stock exchange collateral continue practically unchanged at $5\frac{3}{4}$ to 6 per cent. Call money was fairly easy during the last weeks of January at around 4 per cent and only slightly firmer during early February, but advanced on February 13 to 6 per cent. Rates on February 21 were—call money, 6 per cent; time loans on stock exchange collateral, 6 per cent; and commercial paper, $5\frac{3}{4}$ to 6 per cent.

Withdrawals of funds by out-of-town banks in connection with subscriptions for certificates of indebtedness reduced the excess reserves of the New York Clearing House banks to $29,000,000 on February 15, the lowest since September 1, 1917.

DISTRICT NO. 3—PHILADELPHIA.

Aside from the interruption in business caused by the closing down order on Mondays, there has been no important change in conditions, manufacturers, as a rule, continuing to operate to as near capacity as circumstances will permit.

Retail trade is running ahead of last year, both in quantity of goods sold and in value of sales. Dry goods, hosiery, underwear, etc., are in scant supply, and on account of the continually advancing prices, retailers have a tendency to overbuy. In many cases there is a disposition to expand credit much beyond normal amounts, but efforts are being made to keep them within reasonable lines.

The railroad embargo, and the embarrassment and distress resulting from freight congestion, scarcity of coal, etc., have been the absorbing subjects of the month. Due to the inability to make shipments, large quantities of finished goods have accumulated, which has resulted in curtailing production and the tying up of much capital.

Collections throughout the district are reported fair. In some lines, such as iron and steel, the condition is somewhat unsatisfactory, as bills have been falling due before the materials have been received, and some large consumers are reported as being slow in their payments.

Some sections have been decidedly benefited by the mild weather which has prevailed recently, and report a lessening of the coal stringency. For the most part, however, there has been only a moderate improvement in the situation, as there has not been sufficient time to straighten out the difficulties which resulted in the unfavorable weather conditions.

There is a good demand for cotton, wool, hosiery, underwear, silk goods, etc. Inability, however, to secure sufficient raw materials is hampering textile production.

The curtailment of the production of paper since the first of the year, incident to coal shortage and the difficulties in obtaining supplies, because of the freight congestion, has resulted in an increase in the cost of production. Manufacturers have as yet been unable to obtain the increase in the selling price necessary to offset the increased cost, and it is reported that in some cases paper is being marketed below cost. Such information as is available indicates that the manufactured stocks in the hands of mills and dealers are in the aggregate smaller than for many years past.

Rates for money have advanced somewhat, commercial paper selling at 6 per cent, a slight concession being made, however, for the best names of short maturities. Rediscounts at the Federal Reserve Bank during January amounted to $36,200,000, compared with $45,025,000 the preceding month and $565,000 in January of last year.

DISTRICT NO. 4—CLEVELAND.

During the past four weeks business has had experiences which in ordinary times would have produced paralysis. Despite a breakdown in the transportation service, coal shortages, the taking over of the railroads, closing orders, capital restrictions and unprecedented weather conditions, business generally, except in restrained lines, is fair, and apparently in all lines has a good underlying foundation for future building and readily responds to encouraging conditions.

Manufacturing.—A decided improvement is noted in manufacturing lines in the past 10 days, occasioned largely by more favorable weather, the opening of navigation on the rivers, and less congestion on the railroad. Especially is this the case in the steel and correlated industries. Increased war orders are causing anxiety on the part of steel manufacturers who have not covered their requirements, and signs are apparent of an acute shortage of iron. Furnaces, however, are gaining headway, and prospects are encouraging for all lines of iron and steel production for the spring.

The coal trade still suffers from shortage of cars, and, while the river mines have been favored somewhat by the milder weather of the past few days, many mines are running at a very reduced output.

Clay and brick manufacturers have been curtailed in their output by having to give way to the manufacture of more necessary war commodities, and as a consequence there is little activity and the volume of business is very much decreased.

Lack of fuel and transportation still continues to hamper the glass factories. Higher prices for window glass have been an incentive for this branch of the industry to increase its production.

Mercantile lines.—Jobbing business is good, and for 1918 in most quarters has surpassed expectations. This is especially true in mercantile lines. Merchandise made of cotton, wool, silk, and linen is said to be very scarce, and prices are increasing. Orders on hand are very satisfactory. In the retail trade the volume of business compares favorably with, and in some cases largely exceeds, last year's business, and it would seem that buying is proceeding with unusual vigor and that the buying power of the consumer has not been curtailed.

Agriculture.—The farmers of the district are greatly interested in tractors, as shown by the registration of approximately 2,000 students for a tractor school under the auspices of the Ohio State University. A number of young women are among those taking the course. It is believed that the agricultural community is keenly alive to the shortage of labor for next season's work, and are looking to the tractor as a partial solution.

Considerable damage by freezing is reported to that part of the potato crop which was pitted and stored on the farms. In northern Pennsylvania the condition of winter wheat is said to be only fair, and the acreage only slightly increased over last year.

The tobacco crop is being marketed rapidly, and the supply will be disposed of in the next few weeks.

Collections.—Collections, except in a few quarters where there are unfavorable conditions, are reported better than last year at the same period, due in part to a closer scrutiny of credits.

Transportation.—While some betterment is noted in railroad transportation service due to a decreased output of factories and mines and more favorable weather, nevertheless it is wholly unable to meet the situation, and all business is curtailed by reason of its inability. In some instances crews are reported laid off because of lack of motive power. When spring comes it is believed that railroad tracks will be found in bad condition by reason of the severe winter, and labor for repairs will be very scarce.

In the Pittsburgh district the street-car service is badly crippled due to labor shortage and inadequate equipment.

Labor.—With the opening of spring and any considerable mending of transportation service, the labor problem will assume new proportions. In the manufacturing centers skilled mechanics are almost impossible to obtain. In the rural districts, common labor, attracted by higher wages paid in the cities, is leaving, and the problem of obtaining help on the farms is a serious one.

Building operations.—Building activities have been practically suspended for the winter. In some localities plans are being submitted and a resumption on a limited scale is expected in the spring. There are occasional instances of the erection of dwelling houses in considerable numbers, but as a rule there is very little being done in this line of building. Consequently, building permits, both in number and in valuation, show a very heavy decline as compared with last year.

Money and investments.—There is a strong demand for money, and in some quarters rates have advanced. Banks for the most part are endeavoring to confine their dealings to short-time obligations, and only accept long-time paper when absolutely necessary. While money is not as plentiful as heretofore, deserving patrons have little difficulty in obtaining accommodation commensurate with their business needs.

DISTRICT NO. 5—RICHMOND.

Activities in the district are only just beginning to recover from the unprecedented weather conditions noted in the January report. Four fuelless Mondays were cheerfully observed under the regulations promulgated by the Government. It was suggested in the last report that final judgment on the measures adopted regarding the fuel question would be based upon the results accomplished in relieving congested conditions. While the relief was delayed for some time by continued severe weather, it was finally achieved to such an extent that the steps taken have met with approval by the public at large. In this district there has been no serious inconvenience to private consumers, and sufficient coal has reached the seaboard to supply waiting vessels and send a large fleet of them abroad.

Transportation difficulties, however, are but slowly on the mend at the mines, where production is still seriously hampered by lack of cars. Delay in transportation is still seriously retarding the movement of materials and commodities, making it difficult to get raw supplies or ship out finished products. These conditions, accentuated by scarcity of labor, are impressing upon the public the necessity of differentiating between essentials and nonessentials. Energies are therefore being concentrated on the essentials for winning the war, and people are being urged to exercise economy and avoid expenditures for nonessentials.

In regard to trade generally, there is an active demand for merchandise of every kind, particularly food supplies, although the public is acquiescing cheerfully in the restrictions imposed by the regulations of the Government. Large amounts of money are being disbursed in connection with the cantonments in the district, with a corresponding increase in the purchasing power of mechanics and laborers. Jobbers are disposed to limit credit and favor orders from those who discount their bills, as the high prices and the cost of doing business increase enormously capital requirements. There is evidently a larger percentage of business being done on a cash basis than ever before.

Wagon builders report an extraordinary demand by the Government, which will probably restrict to some extent the supply to farmers, and they are looking forward to a good business. Tobacco manufacturers report products of all kinds in strong demand, both by the Government and for domestic trade. Collections are good, money is circulating freely, and the outlook is satisfactory. Commercial statements indicate large profits from last year's business, notwithstanding the great increase in expenses, and commercial failures show a large decrease as compared with the same period of last year.

Steel mills and other producers of metal products are still badly tied up by freight difficulties. Some concerns, however, whose products are particularly essential in connection with railroad and war work have succeeded in securing relief from embargoes and are maintaining their production at about normal. The production of paper is reported to be only about 50 per cent of normal, owing to lack of raw material and coal, but upon relief from these conditions, the industry will return to activity. Cotton mills continue to operate to capacity on a profitable basis. Clearings continue in increasing volume, as is the case also with postal receipts, the latter being chiefly due, however, to increased rates.

Reports from agricultural districts still indicate a considerable proportion of the corn crop on hand. Farmers generally continue to be reported in better financial condition than ever before. Instances in which they are paying out of debt are still reported and they are supplying their farms with better mules and improved implements. This buying is reported to be more largely on a cash basis and less credit than usual. Purchases of this character show a large increase.

Money is reported to be plentiful, but it would probably be more accurate to say that it is circulating freely. The deposits of the banks are high, but owing to the increased capital requirements of borrowers, heretofore referred to, and high costs in every direction, bank resources are finding active employment. This should suggest and enforce conservatism, not only in trade, but also in the judicious exercise of economy in crop preparations. Government financing has made considerable demand upon the resources of the district.

This has been reflected to a considerable extent in the demand for rediscounts from the Federal Reserve Bank. At the chief centers in the district the banks and the people at large have accorded the Government loyal support and cooperation in its financing, and every effort is being made to organize the coming campaign for the next Liberty loan more effectively, if possible, with the view to securing the support of every interest and every individual in the district. The necessity for reaching the people, and especially the farmers, is fully recognized.

Not only will it be necessary to bring out a large part, if not all, of the "hidden money" of the country for investment in Liberty bonds, but in addition the Government will have need for a generous share of the credit which now exists or which can be established.

Bankers in all parts of the country should realize that in order to lend to the Government what it now needs, or for which it will have imperative need as the war progresses constant and persistent efforts must be made to reduce or eliminate credits now used by the "nonessential" industries and even to curtail those used by the "essential" industries to the lowest possible point consistent with efficiency.

This will be one of the lessons to be learned in the handling of the proposed series of certificates of indebtedness recently announced by the Treasury Department.

DISTRICT NO. 6—ATLANTA.

Weather conditions during February, unsettled transportation facilities, and fuel regulations considerably deranged general business. Orders in the wholesale trades continue heavy, with inability to promise deliveries and high prices prevailing.

Collections are reported good, with credit somewhat tightening on account of the general tendency of banks to conserve resources in order to facilitate war loans.

At the time of making this report a strike has been called in the Birmingham district, with several thousand coal miners idle. The miners claim that the operators have failed to put into execution an agreement proposed by the Federal Fuel Administrator. A representative of the Federal Fuel Administrator has been making an investigation in the Alabama coal fields, and some understanding is looked for at a very early date.

The production of coal in Alabama during the year 1918 will be approximately 21,000,000 tons, while coke production shows a material increase over previous years, being about 6,000,000 tons. Production of coal during the present month has not been as great as it might have been had there been no labor trouble. The demand for coal continues to be extraordinarily heavy. The cold weather hampered operations, and the heavy rains during February drowned out many of the mines for days, causing a loss in tonnage. The railroads are drawing more coal from the district than in previous years, and with many ships not heretofore calling at Pensacola, New Orleans, and other Gulf ports, the demand on this section has materially increased. There is considerable unrest in the labor situation.

In the Tennessee district there are plenty of cars for coal, and the mines are running full time, with a few small mines preparing to open.

Officers and leaders of the metal trades council of the Birmingham district are threatening a strike for eight hours a day. Some plants have already closed down owing to these labor difficulties, and should these trades go out on a strike probably 15,000 workers would be affected.

Commissioners of agriculture report that an increased acreage will be planted in cotton this season and that, while large food and feed crops will be planted, in view of the scarcity of labor, with an increase in the cotton crop it is not expected that there will be much, if any, large production of food and feed stuffs during the coming season. Various plans are being proposed by the commissioners of agriculture of the States in this district and by different agriculture associations to increase the food crops. A fifty-fifty plan has been suggested, that the farmers plant an acre of foodstuffs for each acre of cotton, but this is not looked upon with great favor for the reason that the section has not the labor to carry out such an enlarged plan. Others suggest that a tax be placed on each bale of cotton ginned, and also that the placing of an embargo on all food shipments from the North and West, beginning in the fall of 1918 and extending to the harvesting of crops in 1919, would have the effect of awakening the producer to the fact that he must not only raise enough food for himself but sufficient quantity to sustain the southern section.

Mississippi reports that there is a scarcity of labor caused by the drafting of negroes into the Army. Georgia reports that field labor has been reduced 25 per cent, and if there is another draft it will be reduced to 50 per cent.

Reports show 3,700,000 bales of cotton in warehouses and compresses, as compared with 3,600,000 at the same period last year. A large amount of this cotton has been sold, but owing to eastern embargoes deliveries can only be made through southern ports by water route to the eastern mills. Quite a lot of cotton is beginning to move this way.

Peanuts proved a very profitable crop, and for the coming season indications point to a heavier acreage in peanuts than ever before. That peanuts are more profitable than cotton for the farmer is shown in figures of the United States Department of Agriculture, showing 1917 value of cotton per acre as $49.82, compared with $59.20, value of peanuts per acre last year.

Since September 15, 1917, to January 1, 1918, a total of nearly 3,000,000 crates of fruits and more than a half million crates of vegetables were shipped out of the State of Florida. This included only shipments in carload lots. With the part-carload shipments, it is estimated that 5,000,000 crates of fruits and vegetables have been shipped.

The weather during the latter part of February was very favorable for deliveries in the dark tobacco fields, and the product is moving to the market very fast. The rush would ordinarily tend to lower prices, but the market has been upward on nearly all grades, the prices ranging from $11 to $21. The firmness of the farmers in their demands for higher prices is a good sign for a betterment on conditions of this market. Mass meetings of representative growers have been held in several places and resolutions adopted agreeing on $20 as a minimum price for tobacco. This is based largely on the belief that the Government in case the war continues will order tobacco for 1918 eliminated and food crops grown instead. Such action would naturally cause tobacco to jump in price.

No improvement is shown in the Florida phosphate field. Florida has 80 per cent of the phosphate resources of the United States and 52 per cent of the world's supply. Prior to the war Florida was a very heavy shipper of phosphate, but lack of vessel bottoms for carrying this cargo has curtailed shipments, and instead of shipping to 18 foreign countries, only about 4 countries now receive this product.

The lumber business has suffered somewhat on account of embargoes on this commodity since the Government took charge of the railroads. A number of lumber concerns report lumber ready to ship, but an inability to obtain the movement of cars.

There is a tendency of increasing money rates in the cities; the rates in the country remaining nominally the same. There is a tightening up of credits and a tendency to extend credits only for business needs, that is, where the account of the customers justify the accommodation, and to shut out the more unprofitable outside loans.

The war-savings-stamp campaign is being carried on energetically, but a certain element of the public fail to realize their duty as to war savings, and the real benefit to be derived by those who buy thrift stamps and war-savings certificates. The campaign is being handled in a very systematic, thorough way, and the people are gradually becoming more interested in the purchase of these war-savings stamps. The amount that has already been subscribed will not affect momentary conditions in the district.

DISTRICT NO. 7—CHICAGO.

There has been a decided change for the better in conditions throughout this district and business sentiment seems to be comparatively cheerful. Prospects for an early return to normal conditions, as far as the word "normal" can be applied to the situation of a nation at war, seem good. The moderation in the weather has relieved the traffic blockade to such an extent that credits depending on transportation are beginning to be liquidated. Particularly in the country, the increased movement of live stock has eased a tight money situation. It is said banks in these sections have been buyers of commercial paper.

Coal has been moving and present situation promises the satisfaction of current requirements. Steel mills and all industries in so far as fuel needs are concerned are favorably affected. In the money centers deposits have declined somewhat and there is no prospect in the immediate future of any idle money. While there is a tendency in all sections to watch the Government's needs, and therefore to discriminate somewhat in loaning, there are no reports of the denial of credit to worthy borrowers.

Winter wheat is in good condition so far. The month of March is the telling one with this crop and much depends on the weather during the next 30 days. There is a great amount of corn in the fields still to be husked, and owing to the condition of the corn the farmer will be put to great difficulty in securing seed corn of desirable quality. The heavy snows will leave the soil in excellent condition, and, barring any unforeseen inclemency in the weather, the outlook is bright.

There has been, and still is, a congestion of business in merchandising, manufacturing, and agricultural lines, though, as before stated, this appears to be breaking up. If the weather continues clement there should be still more marked improvement. There is no lessening of demand for most products, nor any inability to meet prices, as labor is generally well employed at high wages. Such a condition augurs well for the quickening and maintaining of practically all business at capacity. Construction alone seems to be at a standstill, though business in luxuries seems to suffer some restraint due as much to Government restrictions as to a growing disposition to conserve.

There has been considerable activity in the short-term obligations of high class public-service corporations and industrials at very attractive yields, and a much more favorable attitude is observed toward railroad bonds, due probably to Government control. There seems to be much investment money seeking the high rates obtainable, and this will no doubt continue until the expected Liberty loan.

Agricultural implement concerns fear they will be unable to make delivery of machinery by the time it is required for spring planting on account of their inability in the past months to secure the necessary raw materials to go into manufacture and the present limited and uncertain transportation facilities. Volume of orders is normal and collections are reported good.

Automobile manufacturing conditions remain about as previously reported, with a large part of the energies of this industry directed toward Government needs. The blockade of the past few weeks has reduced to the minimum shipments by railroad for private use, and the so-called roading of cars has been made impossible, due to heavy snows. Both difficulties are now righting themselves, promising more satisfactory deliveries for the future.

During the past month the production of mines in Illinois and Indiana has been greatly curtailed. The burden of supplying this district has been placed entirely upon these mines, no coal being received from outside sources. Production is expected again to approach normal with a continuance of the mild weather.

Building and construction are far below normal, with no prospects of any improvement. There seems to be a thoroughly general indisposition to any activities in this direction.

Liquidation of accumulated beverage liquor in the distilling line continues to the satisfaction of the distiller. Their facilities in some instances have been turned to commercial alcohol manufacture. Maltsters have been unable to market their product satisfactorily and are said to have large stocks on hand. Past weeks have been trying ones on account of the railroad situation. Collections are fair to good.

Money value of sales for future delivery in dry goods is breaking all records. There is undoubtedly a speculative tendency here. It is difficult to supply the goods required. At present retailers experience a falling off in sales, which is attributed to bad weather and heatless days and by some to economy among consumers. Long, severe winter has reduced heavy stocks. Collections are satisfactory.

Government efforts toward relieving the farmers of excessive stocks of soft corn seem to begin to bear fruit. It is estimated that approximately 8,000 empty cars have been turned over by eastern to western roads during the month of January, and that in the neighborhood of several hundred cars have been so delivered daily thus far this month. Heaviest receipts of corn for months, about 2,000 cars, were recorded in two days recently in Chicago, and if this movement continues there will result not only a great saving of soft corn, but terminals will acumulate stocks against the time when the farmer will be busily engaged in spring planting. The capacity of Chicago and vicinity is sufficient to take care of well beyond 600,000 bushels of soft corn daily. Movement of wheat has likewise had Government attention, with salutary effect. Farmers are thought to hold oats in large quantities, but due to the effort to move wheat and corn receipts are light, and to this is attributed partly the recent considerable advance in prices. On the other hand, farmers are said to be inclined to hold oats for higher prices on account of proposals introduced in the Senate to raise materially the guaranteed minimum price of the 1918 wheat crop.

Demands on wholesalers in the grocery business continues strong. Restrictions on the use of various staples are inclined to advance prices for substitutes. Volume of sales is in excess of last year; tonnage also shows some increase. Collections are reported good, considering condition of farmers.

The hardware line is beginning to recover from the apathy effected by the severe winter. The breaking of the snow blockade is expected to quicken activities among farming communities, which will be evidenced by a return to normal volume of sales. Collections are not complained of.

Civilian shoe business among leather concerns is light. Government orders promise to occupy the principal attention of many houses for some time to come. Capacity of all manufacturers has exceeded transportation facilities. Collections are satisfactory.

Though present weather conditions permit an increasingly large movement of live stock, it is said that it will take some time to completely relieve the congestion brought about by freight blockade. The situation of the feeder is anomalous in that stock well finished by expensive feed does not seem to bring commensurate returns, while cattle of fair to medium weight are in fair demand. The experience of lamb feeder is practically the same. Hogs in large number are still waiting to be marketed.

It is somewhat difficult to make any accurate forecast of prospects in the lumber business. Practical stagnation describes the situation for the past month. Building is expected to be spotty and limited to necessary operations. Receivables seem to be in good shape.

Mail-order business continues to show its usual increasing volume.

Piano manufacturers are keeping abreast of new orders but are working on January business, of which they were able to ship only a fraction. Belated supplies are now coming to hand. Collections vary according to localities.

Shipbuilding and steel industry was very much handicapped during the past month. In the latter line a recovery from subnormal operations, occasioned by fuel and transportation shortage, brings operations to nearly normal. The Government absorbs most of the steel products to the neglect of domestic consumers. Unfilled tonnage promises continued activity into midyear, and there will be no slackening as long as the war lasts. Collections are excellent.

Demand for watches continues far in excess of supply. This is the feature of the jewelry business.

Transportation difficulties interfere with the sale of wool. Woolen garments will not be much in evidence for civilian use, substitutes predominating to a considerable extent. Government demands will absorb a large proportion of available stocks.

Clearings in Chicago for the first 15 business days of February were $1,170,000,000, being $35,000,000 less than for the corresponding 15 business days in February, 1917. Clearings reported by 22 cities in the district outside of Chicago amounted to $241,631,000 for the first 15 days of February, 1918, as compared with $241,479,000 for the first 15 days of February, 1917. Deposits in the 12 central reserve city member banks in Chicago were $834,000,000 at the close of business February 18, 1918, and loans were $580,000,000. Deposits show an increase of approximately $27,000,000 over last month and loans a decrease of approximately $34,000,000.

DISTRICT NO. 8—ST. LOUIS.

The milder weather during February brought considerable improvement in transportation and materially benefited business. The coal shortage has also been greatly relieved, and plants that were compelled to shut down because they could not obtain fuel are now again in operation.

In manufacturing circles, attention is more and more being paid to those articles necessary for the prosecution of the war. The shoe and clothing industries continue especially busy on Government contracts, as are also the metal and allied lines.

Many out-of-town buyers are in the larger centers obtaining goods for the spring trade, and wholesalers report a good demand, although more discrimination and conservatism in purchasing is noted. Interest now centers mainly in the Easter trade, and wholesale milliners and jobbers of ready-to-wear garments report a satisfactory business. Many dealers state they are having difficulty in replenishing their stocks of certain merchandise. Prices continue high, and some feel that no recession in prices is in sight. There is little speculation. Collections are reported to be good.

During the early part of the month a strike of the street car conductors and motormen in St. Louis caused considerable disturbance to business in that city, but it was settled after five days. The labor situation in general is rather unsettled.

The milder weather and moisture in this district during the past month have been of material benefit to the winter wheat, and prospects are favorable.

In the St. Louis market the demand for live stock during January has been quiet. The report of the St. Louis National Stock Yards shows decreases in the sales of all kinds of live stock, excepting horses and mules, in which there was an increase of 8,169 head over the previous month. Decreases are also shown in the receipts of live stock, excepting sheep, in which there was an increase of 3,412 head, and horses and mules, in which there was an increase of 8,789 head over the previous month.

The postal receipts for January in St. Louis, Louisville, Memphis, and Little Rock all show substantial increases over the corresponding month last year, but in this connection the increased postal rates must be taken into consideration.

During the past month building operations have been practically at a standstill in this district. The following table shows the number of permits issued and the estimated cost of construction, as compared with January, 1917, according to reports received from the larger cities in this district:

	January, 1917.		January, 1918.	
	Permits.	Construction.	Permits.	Construction.
St. Louis	601	$2,286,844	186	$167,319
Louisville	80	88,170	31	35,800
Memphis	135	268,850	43	79,450

There has been an increased demand for money during the past month. This was reflected in the demand for accommodations at the Federal Reserve Bank, which was unusually brisk for this time of the year.

The bank rate to customers in the large centers is now 6 per cent, and in the outlying districts slightly higher.

Practically none of the banks in the large centers are in the market for commercial paper, though some of the country banks in the South, where cotton has been moved, are buying. The prevailing rate is now full 6 per cent for maturities from three to six months.

DISTRICT NO. 9—MINNEAPOLIS.

The most important problem of the month has been the seed situation and preparations for spring planting. Montana is short of its normal seed-wheat requirements. North Dakota has a sufficient supply, but it will require careful distribution. The remainder of the district will be able to obtain its normal requirements.

In the western part of the district there is a shortage of barley and oats for seed, and over the entire district there is a severe shortage of seed corn. Very active work has been in progress during the month to inform the farmers of the essential facts of the seed situation, and warn them to take early steps to provide for their individual requirements. Some of the western counties of North Dakota have taken advantage of the seed law and have issued bonds to provide funds for the purchase of grain for spring planting. Similar action which is contemplated by the counties in eastern Montana is defeated by an adverse ruling of the supreme court as to the constitutionality of the State grain law of that State. The governor immediately called a special session of the legislature for the purpose of remedying the defects in the act and finding a method by which public funds could be provided for the purchase of seed. The work which has already been done in the various States and the additional steps taken by the State authorities in North Dakota and Montana will probably result in providing the required amounts of small grain for seeding.

The situation as to corn is more difficult, since the same shortage that exists in the district extends to practically all of the remaining corn territory of the country, making it extremely difficult to obtain and ship in satisfactory seed. In view of this condition the farmers throughout the ninth district are being warned to save corn grown in their own localities for their ear production in 1918, to make careful ear tests of all corn saved for spring planting, and to use seed brought in from points farther south for forage corn and ensilage. Price fixing applying to wheat alone has had the effect of rigidly controlling the market on wheat, while the prices of corn, barley, oats, and rye have steadily advanced to higher levels than have ever been known before. Rye flour sold on the Minneapolis market during the month at a higher price than wheat flour, and barley reached a level very nearly equal to wheat. This condition has caused serious apprehension that many farmers will curtail their spring wheat planting in favor of the earlier, more productive, and safer crops of barley and rye, which are not affected to the same degree as wheat by rust and other plant diseases.

The farmers have shown keen interest in the discussions in Congress relative to the price of wheat of the 1918 crop and the possibility of a Government price higher than the present fixed market, which already had the effect of checking wheat shipments, which has to some extent reacted in a higher price for other grains.

The Montana winter wheat acreage is large and weather conditions have been very favorable. Over the remainder of the district the amount of snow on the ground is not entirely satisfactory, and without considerably heavier snowfalls during the remaining weeks of the winter, there is a possibility of deficient moisture in the spring.

The banks of the district were called upon during the month to subscribe to short-time certificates issued by the Treasury Department, and responded by taking the allotment set for the ninth district.

Interest rates have remained firm and the demand has been active.

The banks in the western part of the district have been seriously embarrassed by the inability of the farmers to ship live stock and other products on account of traffic congestion and their consequent inability to meet their obligations at their banks. The usual liquidation has been interfered with, and there is no present prospect of much improvement in the car situation.

Retail business over the district is satisfactory, and manufacturing enterprises are busy. Labor is fully employed at good wages.

Winter construction has been slow, and the outlook for spring is uncertain, due to the high price of material and labor costs.

DISTRICT NO. 10—KANSAS CITY.

Agriculture.—The fact that January receipts on the local market were only one-fourth of normal indicates a scarcity of wheat in this section. With mills operating at about three-fourths capacity (as compared with 67 per cent capacity a year ago), there was a material increase in the flour output of about one-sixth over the same month last year. Reserves of wheat are being steadily decreased. All mills are operating on the basis of supplying 30 per cent of their output to the Government. The Food Administration, in order to keep all on an equitable basis, is closing down the mills in this zone that have ground three-fourths their normal amount of flour.

Mild weather the first part of this month has melted the January snowfall, which was unusually heavy throughout most of the district, and in view of the dry fall and early winter the present wheat outlook is better than expected.

Local corn receipts and shipments as compared with the same month last year gained 56 and 87 per cent, respectively. Supplies of corn at the four principal grain markets have more than doubled during January. The milling demand for corn, oats, and barley to furnish substitutes for wheat, has resulted in maintaining unusually high prices at all terminal markets, notwithstanding the fact that there were large crops last year. The seed corn situation presents a serious problem, due to the fact that so much of the crop is immature. Farmers have been urged to exercise great care in the selection of corn which will germinate.

Hay prices have maintained an extraordinary high level, although the movement to market is somewhat above normal. The movement of oats has been the largest for 10 years.

Live stock.—Cattle receipts for January at the six principal markets of the district increased about 14 per cent over the same month a year ago. Indications continue to show supplies of cattle are abundant in the West and receipts are expected to continue above those of last year.

The average weight of hogs on the local market was 218 pounds, 29 pounds heavier than a year ago, and the heaviest January average in 10 years. The district markets receipts decreased about one-tenth under the same month last year. Feeders are following the Food Administration and Government suggestion by keeping hogs until fattened. Prices are well maintained above the tentative minimum price suggested by the Food Administration, and though farmers complain that there is no profit in feeding corn at the present high prices and selling the hogs at $16, there are no indications that feeding operations have been curtailed. For the first time in many months hog slaughterings by the district packers for January showed an increase over the same month a year ago.

The sheep movement is smaller than last year. Receipts declined 10 per cent under January, 1917. The flockmasters have shown a disposition to hold their ewes for breeding purposes and to keep their flocks until shearing season because of the high prices received for wool. Feeders are also complaining that they lose $3 a head on all lambs marketed.

The aggregate live stock value on the farms of the States in whole or part within this district, on January 1, 1918, by Government estimates, was 1,837 million dollars, a one-fourth increase over the live stock valuation on the same date last year.

Mining.—The metal mining industry of Colorado is reported about as dull as during recent years. The primary cause of this is the increased cost of production, which at a conservative estimate is 60 per cent, due to advanced wages of labor and high prices for supplies. This has not been accompanied by a corresponding increase in metal prices, and unless more favorable conditions develop it is feared the metal production of the State will rapidly decline. It is said, however, that the production of molybdenum, from present indications, will reach by midsummer a million dollars' worth of metal a month. These operations are based on Government contracts, which will take practically the entire output for war purposes.

The production and shipments of zinc and lead from the Missouri-Kansas-Oklahoma district have been considerably curtailed by the shortage of coal and a railroad embargo. During the month zinc ore prices declined slightly with the market fairly quiet. Lead ore, however, is bringing top prices at $85 a ton, and the market is very strong with an unusual demand.

The heartiest spirit of cooperation and compliance with the Government Fuel Administration orders has been shown in all parts of this district.

Oil.—The unusually cold weather of the past month, with heavy snows and a water shortage, has caused the curtailment of all field operations, and "the shut down" of many wells and drilling rigs in this district. Oklahoma completed less than three-fourths as many wells in January as in the preceding month, and that State's new production decreased one-fifth under December. Kansas also showed a decline of over 30 per cent in the number of wells completed for the month, but made an increase of over one-third in new production, almost sufficient in quantity to offset Oklahoma's loss.

The total monthly oil production of Kansas continues far above last year's records, the January output exceeding that of the same month last year by nearly 80 per cent. The steady decline in Oklahoma's production continues, and the output during the past month dropped 14 per cent as compared with a year ago.

Lumber and construction.—Although the demand of the country yards for lumber is slightly under normal, and the city yards demand is far below normal, the general demand is reported heavy, stimulated by large Government war orders for cantonments and other buildings. The extremely cold weather has made all building impractical, but the general impression is that there will be a large volume of buying with better weather. Home building has been greatly reduced because of the war.

Building permits in the 10 principal cities of this district for January decreased in volume nearly 42 per cent under the same month a year ago. The estimated value of these buildings declined 38 per cent under January, 1917, as compared with a 46 per cent decrease in the largest cities of the entire United States. A loss of about one-tenth in volume and value was shown under December.

Mercantile.—Statistics for the month of January for the States in whole or part within this district as compared with the same month last year show a slight increase in purchases, a decrease of nearly 3 per cent in indebtedness, and an increase of over 3 per cent in payment activity.

Manufacturers, especially of shoes, iron, and steel products, are active, but experience some difficulty in securing materials, adequate transportation facilities, and coal. Trade in nearly all wholesale lines is reported as good. Buyers are placing orders early and evidently anticipate a shortage in supplies. The present outlook for improved retail trade, which has been greatly curtailed by weather conditions and the fuel situation, is much brighter. Hardware, drugs, and groceries are in good demand at advanced prices. Dry goods, notions, and millinery sales are heavy for the season.

Labor.—The usual number of small labor disturbances were experienced during the past month, with nearly all of them quickly and satisfactorily settled. The number of strikers in the southern Kansas coal fields has increased to about 1,000, due to continued disturbances, which conditions have caused the loss of a daily production much greater than reported last month, and estimated at 5,000 tons.

Supplying the farms with labor for next summer by Government plans depends on two factors—greatly improved methods of distribution of the available labor, and intensive cooperation between the towns and the farms. Even a greater problem than securing this temporary labor is that of obtaining all-year-round farm hands to replace those who have gone into war service, and it is planned to divert as many of the unskilled laborers as possible to the farms.

Financial.—The condition of all business activities is reflected by the increased bank clearings of this district. Clearings in 17 principal cities of the district for January increased 41 per cent over the same month last year, and gained 125 per cent over January two years ago. In comparison, the cities of the entire United States showed a gain of 3.6 and 31 per cent over January, 1917 and 1916, respectively. Bankers report a strong demand for money, and rates are firm.

DISTRICT NO. 11—DALLAS.

Warmer weather has prevailed during the month and as a result there has been a general improvement in business. Some recovery is noted from the seasonal trade depression reported in the February letter. Correspondents in the agricultural sections report that farm work is well advanced and active preparations are being made for the season's crops. Good rains have fallen over a portion of the drought-stricken area of central, west, and southwest Texas, and at present the business outlook is good, and agricultural conditions greatly improved. Active campaigns are being conducted in all parts of the district for an increased food production and the planting of home gardens. This is meeting with a response in every quarter, and it is believed that there will be even a larger acreage planted in foodstuffs this season than last.

During the month the semiannual trade excursions were started and wholesalers report an active trade. Retail business also is good, and shows an increase over the same season last year. Collections are fair to good. There has been no recovery in the building industry and beyond the activity in Government orders, previously reported, operations are quiet. There is evidently a disposition to postpone construction until after the war, except where unusual conditions make immediate work necessary.

There is little change in the live-stock situation. Cattle and sheep are wintering well, although our correspondent at Roswell advises that the losses in that section up to the present time have been rather heavy, especially in eastern New Mexico. Conditions in Arizona show improvement on account of a recent rain. Ranchmen are feeding a large quantity of cottonseed cake, and more could be used if available. Advices are that unless early and adequate rains soon fall other losses are sure to follow. Collections in that section are slow, especially with the live-stock interests.

There is still unsold and stored in warehouses in Roswell approximately one and one-half million pounds of last year's wool crop.

Member banks report only a fair demand for funds, and the banking situation shows little change over 30 days ago. State banks are coming into the Federal Reserve system, and within the past 30 days there has been a lively interest manifested. State banks are beginning to realize the importance of cooperating with the Government and their duty to join the system from a patriotic standpoint, if for no other.

Clearings at the principal cities of the district for January show an increase of 40.3 per cent over the same period in 1917.

The labor situation is the same as 30 days ago and is generally satisfactory, although there is a surplus of workmen for skilled lines, caused by the completion of cantonment work. One cause for the general scarcity for workmen is the unsatisfactory living conditions at various construction places. One of the principal difficulties is to get men to remain at these places on account of high prices for the character of food and lodging to be had.

Post-office receipts at the principal cities show an increase of 58 per cent for January over January, 1917. Cantonment cities continue to make the most favorable showings. The increase at Waco for January amounted to 180 per cent.

Oil producers are greatly handicapped by lack of water for operations. Producers are pumping and hauling water long distances, and some wells have discontinued operations entirely.

While some of the large operators in the copper-producing sections of Arizona are working at normal production, others in the same section are only working at 65 to 75 per cent of normal, on account of scarcity of labor and other conditions. Our correspondent in Oklahoma reports the coal mines there working to capacity.

The general business outlook is all that could be desired.

DISTRICT NO. 12—SAN FRANCISCO.

The Government estimates the value on the farm of farm products in the seven States of this district for 1917 as follows:

State.	Population, 1910 census.	Rank among States in farm products.	Total value of farm products in 1917.
Arizona	204,354	45	$27,068,000
California	2,377,549	10	432,285,000
Idaho	325,594	36	94,890,000
Nevada	81,875	47	25,655,000
Oregon	672,765	32	108,632,000
Utah	373,351	41	49,627,000
Washington	1,141,990	29	144,422,000
Total	5,177,478	....	882,579,000

This compares with an average total of $452,348,000 for the five-year period, 1911–1915. Illinois, with a population in 1910 of 5,638,591, having an area of 56,665 square miles, ranks first of all States in farm products with a value of $842,042,000 in 1917. This shows the relatively small output for the great area in this district of 716,499 square miles, almost double the area of the seven Middle Western States—Illinois, Indiana, Iowa, Michigan, Wisconsin, Minnesota, and Missouri—with a population of 21,077,314, the farm products of which in 1917 were valued at $3,878,310,000. It is interesting to note that there is close approximation of the same value of product per capita in this district and in the Middle West.

In California there has been less precipitation from February, 1917, to February, 1918, than in any year since the establishment of the Weather Bureau in San Francisco in 1871.

In certain districts the feeding of cattle now presents an acute problem, not of feeding to fatten, but merely to sustain life. Lack of snow in the mountains and lack of water storage mean inevitably a shortage of water for irrigation next summer.

In other parts of the district, Oregon, Washington, Idaho, northern Utah, there has been adequate precipitation since the unfavorable fall, and agricultural and live stock conditions are now almost ideal. In the colder sections the winter has been open, so that the ranges have largely sufficed for cattle and sheep, with great saving of hay, which, in southern Idaho, for example, is now reported as selling as low as $9 or $10 per ton.

The grain planting last fall was almost a failure in Washington and Oregon, but conditions are so favorable this spring that an exceptionally large acreage is anticipated. Seeding began in the first 10 days of February.

The lumber output is reported as almost 80 per cent of capacity, with 90 per cent of the mills in Oregon and Washington running. It is reported that shipbuilding activities have not had large influence, as only about 8 per cent of normal output goes into this use, and building requirements are light. New uses are developing for lumber, such as for ammunition boxes, thick lumber for patterns for heavy castings, etc.

Petroleum production in California during January was 8,400,681 barrels, while shipments were 9,078,681 barrels. This excess of consumption reduced stored stocks by 678,000, barrels, from 32,450,465 barrels on December 31, 1917, to 31,772,465 barrels on January 31, 1918.

Imports and exports at Pacific coast ports for the years 1914, 1916, and 1917 have been as follows:

	1914	1916	1917
Imports:			
Washington (Seattle)	$62,872,287	$161,779,832	$289,078,274
San Francisco	69,995,216	117,128,253	231,979,474
Southern California (Los Angeles)	5,049,879	5,462,810	[1] 7,400,000
Oregon (Portland)	4,117,340	2,434,679	2,438,624
Exports:			
Washington (Seattle)	47,951,445	198,747,108	195,927,355
San Francisco	66,122,214	126,758,024	168,147,580
Southern California (Los Angeles)	2,113,147	4,439,848	[1] 6,500,000
Oregon (Portland)	14,249,450	4,019,260	6,415,488
Combined imports and exports:			
Washington (Seattle)	110,823,732	360,526,940	485,005,629
San Francisco	136,117,430	243,886,277	400,127,054
Southern California (Los Angeles)	7,163,026	9,902,658	13,900,000
Oregon (Portland)	18,366,790	6,453,939	8,854,112
Total	272,470,978	620,769,814	907,886,795

[1] Estimated.

An interesting item of importation is the dried meat of the coconut, called copra, of which 160,000 long tons were brought last year from South Sea Islands, the Philippines, Australia, Sumatra, and Java. At the present selling price of approximately 9 cents per pound the value of this would be about $32,000,000. It is used in the manufacture of soap and explosives.

In the February Bulletin report was made of shipbuilding at San Francisco and Seattle. Reports not then at hand are now given regarding this industry at Portland and Los Angeles:

Shipbuiding on the Columbia and Willamette Rivers (Portland).

	1916	1917
Plants building steel ships	3	[1] 4
Plants building wooden ships	6	17
Number of employees	4,200	19,084
Monthly pay roll	$302,000	$1,757,280
Steel cargo ships launched	....	8
Tonnage of steel ships launched	....	59,800
Wooden ships launched	6	24
Tonnage of wooden ships launched	18,000	62,000
Cargo ships in ways, Dec. 10	11	94
Tonnage of ships in ways, Dec. 10	48,000	[2] 370,400
Total amount of contracts	$22,250,000	$155,300,000

[1] With 1 under construction.
[2] Steel, 76,800 tons. Wood, 293,600 tons.

Los Angeles Harbor District.

	1917.
Plants building steel ships	4
Plants building wooden ships	2
Number of employees (estimated)	8,500
Steel cargo ships launched and under construction Dec. 10	24
Tonnage of steel ships launched and under construction Dec. 10	84,600
Wooden ships launched and under construction Dec. 10	8
Tonnage of wooden ships launched and under construction Dec. 10	28,000
Total amount of contracts (estimated)	$34,500,000
Government contracts awarded the shipyards of this district for submarines, 2 of which have been launched, are estimated at	$2,730,000

A South Carolina shipbuilding company estimated that their output should be an average of 25 tons per man. Under conditions of forced development it is thought that 20 tons per man would be a more accurate estimate at Pacific coast yards. With this as a basis, a poll of trades of the operatives employed would determine the number of men needed to secure a desired output. Government agencies are endeavoring to develop a systematic and dependable system in this connection.

During January building permits in 18 principal cities of this district were $3,736,000, comparing with $9,031,000 for the same month last year, a decrease of 63.3 per cent. A considerable part of this building is due to necessary housing for operatives in shipbuilding industries.

Comparing reports of December 31, 1917, with those of a year before, deposits of national banks of eight reserve cities of this district show a gain of $67,604,000, an increase of 13.13 per cent, while loans and discounts increased $53,630,000, a gain of 16.30 per cent, in detail as follows:

City.	Jan. 31, 1917.	Dec. 27, 1916.	Per cent increase.
Deposits:			
Los Angeles	$97,570,000	$90,043,000	8.359
San Francisco	280,837,000	241,466,000	16.305
Ogden	9,721,000	9,444,000	2.933
Salt Lake City	28,452,000	32,358,000	[1] 12.071
Portland	55,893,000	53,568,000	4.340
Seattle	66,976,000	51,135,000	30.978
Spokane	31,583,000	28,395,000	11.227
Tacoma	11,602,000	8,621,000	34.578
Total	582,634,000	515,030,000	13.126
Loans and discounts:			
Los Angeles	69,846,000	61,654,000	13.287
San Francisco	186,162,000	160,940,000	15.671
Ogden	6,703,000	5,159,000	29.928
Salt Lake City	19,956,000	17,297,000	15.372
Portland	35,375,000	32,011,000	10.509
Seattle	38,176,000	28,599,000	33.487
Spokane	20,076,000	18,251,000	10.000
Tacoma	6,397,000	5,150,000	24.213
Total	382,691,000	329,061,000	16.297

[1] Decrease.

Clearings for 18 cities in this district in January, aggregating $979,560,000, show an increase of $151,716,000 over the same month in 1917.

The Secretary of the Treasury has announced a policy for 10 weeks of selling every 2 weeks $500,000,000 Treasury certificates of indebtedness in anticipation of the third Liberty loan, and has telegraphed a request to every bank to set aside for this purpose each week an amount equal to 1 per cent of its resources. Many banks fail to realize the importance of compliance. In the first place, it is necessary that the Government have the funds; in the second place, even if it involves curtailment of credit to customers, it is of great importance that each bank by buying Treasury certificates provide itself with the maens to meet drafts made upon it to pay for bonds of the next Liberty loan. Those banks which do not do so risk finding themselves unprepared to meet unexpected requirements.

The time has come when every bank, in pursuance of patriotic effort to aid in winning the war, should determine extensions of credit, not alone by the financial strength of the borrower but also by the essential necessity, judged by war needs, of the intended use of the funds. Credit for nonessential purposes must be carefully restricted. We must concentrate all energies on war business. The Government's needs of money and credit for prosecuting the war must have precedence over private needs.

Too little attention seems to be given to the demands which will be made upon banks for the June payment of income and excess-profit taxes, estimated at an amount equal to about one-fourth the total deposits of all national banks. Borrowers in good credit are apt to defer arranging for payment and for the means of payment until near the time limit. It does not seem to be generally understood that credit may then be temporarily difficult to obtain. Those having such payments to make should now purchase through their banks 4 per cent Treasury certificates of indebtedness available for use in making such payments. These certificates are not to be confused, however, with those available for Liberty loan payments. No prudent bank should rest until its customers and the bank together acquire an amount of such certificates equal to the entire amount of such taxes to be paid by its customers. If such purchases are made now, adjustments are had and a concentrated strain will be averted.

The Capital Issues Committee of the Federal Reserve Board at Washington has been organized to pass upon issues of securities to be offered, the purpose being to bring about a restriction of such issues to those which are clearly in the national interest, in other words, which will help win the war. Although there are subcommittees in each Federal Reserve district, all applications are to be addressed to Federal Reserve Board, Capital Issues Committee, Washington, D. C.

Electric light and power companies, because of the low water in California streams, are finding themselves nearing the point where certain industries must be cut off, a result which is said to be inevitable before the summer is over unless new development of hydroelectric plants is undertaken with extraordinary energy. The gold miners, it is said, contend that theirs is an essential industry and should not be cut off, because additional gold for Federal Reserve Bank reserves is important. The State of California, however, by the provisions of its laws concerning bank reserves, is tying up as much gold in the vaults of the State banks as could be produced by the mines of the State in two years. A two or three days' special session of the legislature amending the law, as has been done in Pennsylvania and other States, so that State banks becoming members of the Federal Reserve system would only be required to carry reserves the same as the Federal Reserve Act requires of member banks, would make it possible for this large amount of gold to be added to the strength of the Federal Reserve Bank, further safeguarding the banks and business interests of the State.

On October 13 last the President appealed to every eligible State bank to join the Federal Reserve system as an act of patriotism. Only three California banks have complied. These have resources of $6,158,000 out of a total of $993,201,000 (Nov. 20, 1917). No one would intimate that Californians are not patriotic, but the banking law, which stands unamended, has the same effect as if deliberately and unpatriotically planned against the course of action urged by the President.

In the present circumstances, probably more than at any time in our history, the welfare of the Nation and the safeguarding of all business interests depend upon efficient and uninterrupted banking service. The developments of the past three years have demonstrated the vital need of the support of the Federal Reserve system as a means to that service. Without State banks, however, the Federal Reserve system has only half strength. Should the national interest suffer or should business be hampered, because of failure to give opportunity for State banks to add their quota of strength by prompt amendment of laws in those States whose laws are now unfavorable, the grave responsibility must rest upon those who have failed to act.

GOLD SETTLEMENT FUND.

Heavy movement of funds, largely on account of Government fiscal operations, including the concentration in New York of amounts received in payment for certificates of indebtedness issued in anticipation of the third Liberty loan and the return movement from New York of funds to the interior, have resulted in combined clearings and transfers through the gold settlement fund of $3,803,149,000 during the five-week period from January 17 to February 21, averaging $760,629,800 per week, compared with a like average of $745,089,750 for the preceding four-week period. New York shows a net gain through transfers of $219,000,000 as against a loss of $198,212,000 through settlements, the result being a net gain in the ownership of gold through transfers and settlements of $20,788,000, compared with a loss of $15,893,000 for the preceding period.

New York, Philadelphia, Cleveland, St. Louis, and Chicago show the largest gains in balances through the shifting of credits in the fund, while San Francisco, Boston, and Richmond show the largest losses. Changes in the ownership of gold in the banks' fund amount to 1.90 per cent of the obligations settled, as against 2.47 per cent for the preceding four-week period and 1.43 per cent for the period from May 20, 1915, to February 21, 1918.

The combined total of the banks' and agents' balances increased by $66,453,100 during the five weeks, chiefly through deposits of gold by the Philadelphia, Boston, Chicago, New York, and San Francisco banks. Total credit balances of the 12 banks and agents in the fund amounted to $911,619,600 on February 21, a gain of $103,372,600 since January 1, 1918.

Below are given figures showing changes in the fund between January 17 and February 21, inclusive.

Amounts of clearings and transfers through the gold settlement fund by Federal Reserve Banks, from Jan. 18, 1918, to Feb. 21, 1918, both inclusive.

[In thousands of dollars.]

	Total clearings.	Balances adjusted.	Transfers.
Settlement of—			
Jan. 24, 1918	819,561	48,635	97,000
Jan. 31, 1918	642,158	39,671	96,140
Feb. 7, 1918	602,539	51,808	107,000
Feb. 14, 1918	551,908	85,346	112,362
Feb. 21, 1918	710,081	58,290	64,400
Total	3,326,247	283,750	476,902
Previously reported for 1918	1,950,822	142,385	158,500
Total since Jan. 1, 1918	5,277,069	426,135	635,402
Total for 1917	24,319,200	2,154,721	2,835,504.5

	Clearings and transfers.
Total for 1918 to date	5,912,471
Total for 1917	27,154,704.5
Total for 1916	5,533,966
Total for 1915	1,052,649
Total clearings and transfers, May 20, 1915, to Feb. 22, 1918.	39,653,790.5

Changes in ownership of gold.

[In thousands of dollars.]

Federal Reserve Bank of—	Total to Jan. 18, 1918.		From Jan. 18, 1918, to Feb. 21, 1918, both inclusive.				Total changes from May 20, 1915, to Feb. 22, 1918.	
	Decrease.	Increase.	Balance to credit Jan. 17, 1918, plus net deposits of gold since that date.	Balance Feb. 21, 1918.	Decrease.	Increase.	Decrease.	Increase.
Boston		38,954	42,225	28,206	14,019			24,935
New York	588,906		42,879	63,667		20,788	568,118	
Philadelphia		66,859	36,037	49,663		13,626		80,485
Cleveland		86,249	35,732.9	52,897.9		17,165		103,414
Richmond		8,048	20,733.8	11,214.8	9,519		1,471	
Atlanta		61,028	18,769	14,594	4,175			56,853
Chicago		59,167	53,399.3	50,144.3	3,255			55,912
St. Louis		28,417	19,433.4	26,776.4		7,343		35,760
Minneapolis		19,279	6,737	8,011		1,274		20,553
Kansas City		57,481.5	23,748.9	35,700.9		11,952		69,433.5
Dallas		45,709.5	21,385.2	16,042.2	5,343			40,366.5
San Francisco		117,714	56,593	20,756	35,837			81,877
Total	588,906	588,906	377,673.5	377,673.5	72,148	72,148	569,589	569,589

Gold settlement fund—Summary of transactions from Jan. 18, 1918, to Feb. 21, 1918, both inclusive.

[In thousands of dollars.]

Federal Reserve Bank of—	Balance last statement, Jan. 17, 1918.	Gold.		Transfers.		Weekly settlements, Jan. 24, 1918, to Feb. 21, 1918, both inclusive.				Balance in fund after close of business, Feb. 21, 1918.
		Withdrawn.	Deposited.	Debit.	Credit.	Net debits.	Total debits.	Total credits.	Net credits.	
Boston	37,425	5,500	10,300	35,000	5,000	12,750	252,529	268,510	28,731	28,206
New York	34,689		8,190	120,500	339,500	199,634	1,129,082	930,870	1,422	63,667
Philadelphia	31,452	25,400	29,985	27,000			349,058	389,684	40,626	49,663
Cleveland	44,830.2	17,263.9	8,166.6	48,362	400		256,706	321,833	65,127	52,897.9
Richmond	19,820	401.2	1,315	23,000	10,000	6,138	153,282	156,763	9,619	11,214.8
Atlanta	15,364	4,550	7,955			9,805	101,860	97,685	5,630	14,594
Chicago	45,228	62,491.5	70,662.8	94,000	101,000	47,494	460,136	449,881	37,239	50,144.3
St. Louis	20,820.4	6,000	4,613			3,803	211,702	219,045	11,146	26,776.4
Minneapolis	10,262	9,000	5,475	1,500		2,444	114,071	116,845	5,218	8,011
Kansas City	31,531.1	11,000	3,217.8	42,900			123,977	178,829	54,852	35,700.9
Dallas	17,737.7	2,979.5	6,627	9,640		1,682	90,141	94,438	5,979	16,042.2
San Francisco	39,463	1,760	18,890	75,000	21,002		83,703	101,864	18,161	20,756
Total	348,622.4	146,346.1	175,397.2	476,902	476,902	283,750	3,326,247	3,326,247	283,750	377,673.5

Federal Reserve agents' fund—Summary of transactions from Jan. 18, 1918, to Feb. 21, 1918, both inclusive.

[In thousands of dollars.]

Federal Reserve agent at—	Balance last statement Jan. 17, 1918.	Gold withdrawn.	Gold deposited.	Balance in fund Feb. 21, 1918.	Federal Reserve agent at—	Balance last statement Jan. 17, 1918.	Gold withdrawn.	Gold deposited.	Balance in fund Feb. 21, 1918.
Boston	6,000		5,500	11,500	St. Louis	32,902.6	1,165	6,000	37.737.6
New York	40,000			40,000	Minneapolis	21,500	5,000	9,000	25,500
Philadelphia	56,924	14,970	23,400	65,354	Kansas City	42,360	500	11,000	52,860
Cleveland	35,000		15,000	50,000	Dallas	8,374	3,500	2.750	7,624
Richmond	25,000			25,000	San Francisco	46,406	11,550	1,760	36,616
Atlanta	43,420	6,700	4,550	41,270					
Chicago	138,657.5	60,184.5	62,011.5	140,484.5	Total	496,544.1	103,569.5	140,971.5	533,946.1

OPERATION OF THE FEDERAL RESERVE CLEARING SYSTEM, JAN. 16, 1918, TO FEB. 15, 1918.

	Items drawn on banks in Federal Reserve city (daily average).		Items drawn on banks in district outside Federal Reserve city (daily average).		Items drawn on banks in other districts (daily average).		Items handled by both bank and branches (daily average).		Total (exclusive of items drawn on Treasurer of United States) (daily average).		Items drawn on on Treasurer of United States (daily average).		Number of member banks in district.	Number of nonmember banks on par list.
	Number.	Amount.	Number.	Amount.	Number.	Amount.	Number.	Amount	Number.	Amount.	Number.	Amount.		
Boston	3,213	$12,271,067	33,729	$4,468,661	3,735	$6,404,609	......	....	40,677	$23,144,335	3,534	$1,939,980	406	254
New York	5,843	68,557,945	38,455	31,457,442	20,518	13,011,935	......	....	64,816	113,027,322	22,458	8,767,408	674	425
Philadelphia	13,973	16,099,938	19,136	2,873,240	10,711	7,124,591	......	....	43,820	26,097,769	4,709	1,881,770	628	315
Cleveland	1,534	6,017,963	22,483	10,466,460	1,562	3,101,527	669	$3,304,210	26,248	22,890,160	737	421,147	771	564
Richmond	1,221	4,388,188	20,086	6,067,950	1,940	3,458,158	......	....	23,247	13,914,296	1,110	230,121	535	1,462
Atlanta	1,656	2,511,060	11,426	2,672,898	1,501	1,510,395	473	247,556	15,056	6,941,910	1,613	532,374	404	315
Chicago	7,948	17,912,000	18,344	3,802,000	1,590	626,000	......	....	27,882	22,340,000	5,550	1,712,000	1,128	2,229
St. Louis	2,265	7,681,978	10,802	2,479,244	199	965,579	10	242,720	13,276	11,369,521	4,153	706,884	479	1,003
Minneapolis	2,596	5,060,477	11,739	1,032,026	864	1,454,771	......	....	15,199	7,547,274	344	106,789	790	1,067
Kansas City	2,066	7,979,598	14,564	7,804,457	1,011	3,514,232	2,057	1,325,136	19,698	20,623,423	1,655	330,732	960	1,529
Dallas	1,111	1,659,672	12,305	4,965,909	577	1,217,187	......	....	13,993	7,842,769	949	221,162	633	218
San Francisco	2,781	3,707,682	14,243	2,158,179	446	463,388	3,919	717,336	21,389	7,046,585	1,412	4,465,666	564	1,138
Totals:														
Jan. 16 to Feb. 15	46,207	153,847,568	227,312	80,248,466	44,654	42,852,372	7,128	5,836,958	325,301	282,785,364	48,224	21,316,033	7,972	10,519
Dec. 16 to Jan. 15	48,549	148,033,108	253,458	89,065,135	49,342	52,175,578	7,718	3,402,035	359,067	292,585,856	38,130	21,116,293	7,909	9,268
Nov. 16 to Dec. 15	47,678	171,723,439	240,756	84,440,761	46,353	58,458,952	......	....	334,787	314,623,152	33,806	27,179,053	7,823	9,321
Oct. 16 to Nov. 15	47,574	166,552,773	232,723	64,296,210	45,393	53,089,827	......	....	325,690	283,938,810	30,426	17,496,974	7,826	9,210
Sept. 16 to Oct. 15	40,591	128,271,466	212,935	47,476,204	40,216	44,984,581	......	....	293,742	220,732,251	26,797	13,518,566	7,747	9,052
Aug. 16 to Sept. 15	36,306	100,331,694	182,191	41,323,621	32,564	40,648,168	......	....	251,061	182,303,483	23,492	11,006,515	7,718	8,934
July 16 to Aug. 15	36,727	98,075,919	175,625	40,353,278	31,273	37,981,022	......	....	243,625	176,410,219	19,533	9,701,569	7,683	8,837
June 16 to July 15	38,476	109,722,256	182,622	41,004,720	33,941	46,762,698	......	....	255,039	197,489,674	19,100	11,637,899	7,666	8,805
May 16 to June 15	37,898	97,322,883	179,193	38,599,461	33,150	38,314,393	......	....	250,241	174,236,737	16,344	4,414,508	7,651	8,789
Apr. 16 to May 15	33,767	87,370,859	171,093	36,473,163	33,428	36,836,934	......	....	238,288	160,680,956	15,925	3,597,865	7,634	8,926
Mar. 16 to Apr. 15	31,162	60,288,002	168,607	32,666,959	32,008	34,693,542	......	....	231,777	127,648,503	12,582	2,643,408	7,625	8,607

MOVEMENT OF EXCESS RESERVES ("FREE GOLD") DURING 1917–18.

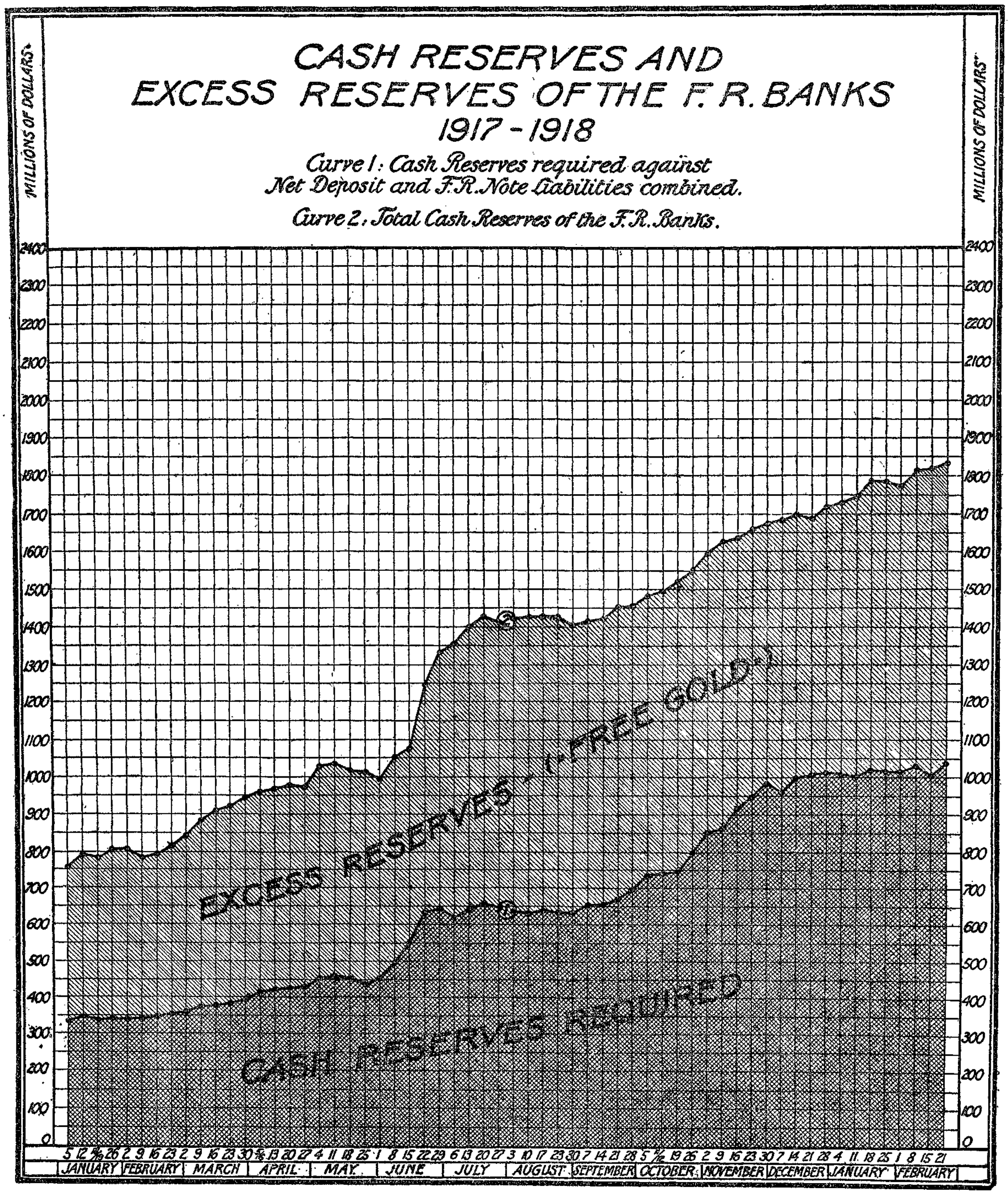
In the following table and attached diagram there are presented amounts of minimum reserves required to be held by the Federal Reserve Banks against their net deposits and Federal Reserve notes in circulation, also actual cash reserves held by the banks and agents at close of business on each Friday of the calendar year 1917 and during the first two months in 1918. By deducting from the total reserves held the aggregate amounts required to be held against net deposits and notes, there are obtained the excess reserves, or the "free gold," which may serve as the basis for additional reserve deposit credits or additional note issues.

It is seen that since the beginning of April, 1917, the cash reserves of the banks have nearly doubled, while their excess reserves, owing to the simultaneous increases in net deposits and, even more so, in note circulation, have increased slightly over 45 per cent. Especially large gains in reserves and excess reserves may be noted about the middle of 1917, following the enactment on June 21 of the amendments to the Federal Reserve Act, providing, among others, for the maintenance of member banks' reserves exclusively at the Federal Reserve Banks, and since December of the past year, when the Federal Reserve Banks gained considerable amounts of gold while issuing relatively small amounts of Federal Reserve notes. On February 21 the excess reserves, or the "free gold" of the Federal Reserve Banks amounted to $794,772,000. On the basis of 40 per cent required reserve against Federal Reserve notes and 35 per cent required reserve against deposits this amount will support additional reserve note issues of $1,986,930,000 or additional deposits of $2,270,777,000.

Reserves required and actually held, also excess reserves ("free gold") of the Federal Reserve Banks during 1917 and 1918.

[000 omitted.]

1917	Reserve required against net deposits.	Reserve required against Federal Reserve notes in circulation.	Total reserves required.	Total cash reserves held.	Excess reserves ("free gold").
Jan. 5	$227,938	$109,149	$337,087	$758,242	$421,155
12	240,487	107,267	347,754	792,433	444,679
18–19	234,692	105,187	339,879	783,822	443,943
26	238,092	103,907	341,999	808,824	466,825
Feb. 2	236,301	104,012	340,313	808,019	467,706
9	229,748	111,409	341,157	788,242	447,085
16	234,000	116,736	350,736	797,271	446,535
23	236,963	121,268	358,231	818,573	460,342
Mar. 2	238,468	125,703	364,171	846,093	481,922
9	245,756	130,645	376,401	885,616	509,215
16	247,413	134,424	381,837	914,102	532,265
23	243,442	138,722	382,164	922,720	540,556
30	247,417	143,044	390,461	947,328	556,867
Apr. 5–6	266,099	150,604	416,703	962,662	545,959
13	260,609	160,724	421,333	971,606	549,673
20	260,396	165,743	426,139	982,633	556,494
27	260,237	168,204	428,441	975,481	547,040
May 4	283,111	171,401	454,512	1,030,201	575,689
11	285,447	175,287	460,734	1,035,759	575,025
18	277,560	178,600	456,160	1,016,745	560,585
25	252,409	181,761	434,170	1,014,263	580,093
June 1	270,181	185,946	456,127	993,427	537,300
8	306,837	192,588	499,425	1,051,511	552,086
15	355,171	196,646	551,817	1,075,408	525,591
22	434,774	199,888	634,662	1,247,698	613,036
29	441,630	203,501	645,131	1,334,352	689,221
July 6	404,503	210,984	615,487	1,356,017	740,530
13	427,359	213,003	640,362	1,400,916	760,554
20	445,759	213,690	659,449	1,430,321	770,872
27	431,270	213,606	644,876	1,414,052	769,176
Aug. 3	417,960	216,314	634,274	1,421,382	787,108
10	410,103	219,698	629,801	1,424,059	794,258
17	414,081	223,513	637,594	1,427,489	789,895
24	403,326	229,220	632,546	1,424,769	792,223
31	396,874	235,166	632,040	1,406,108	774,068
Sept. 7	404,923	248,520	653,443	1,415,391	761,948
14	398,162	257,827	655,989	1,426,034	770,045
21	403,872	268,098	671,970	1,452,251	780,281
28	417,860	280,085	697,945	1,457,559	759,614
Oct. 5	439,772	296,366	736,138	1,486,715	750,577
11–12	429,564	311,954	741,518	1,495,558	754,040
19	418,387	326,084	744,471	1,520,512	776,041
26	461,579	339,002	800,581	1,552,942	752,361
Nov. 2	501,470	352,400	853,870	1,596,819	742,949
9	492,991	373,005	865,996	1,625,585	759,589
16	530,378	389,034	919,412	1,636,853	717,441
23	541,493	406,357	947,850	1,658,762	710,912
30	558,429	422,793	981,222	1,676,211	694,989
Dec. 7	516,000	444,215	960,215	1,683,307	723,092
14	538,375	461,354	999,729	1,700,384	700,655
21	513,213	491,057	1,004,270	1,693,670	689,400
28	510,298	498,595	1,008,893	1,720,768	711,875
Jan. 4	506,180	500,482	1,006,662	1,733,030	726,368
11	505,716	496,880	1,002,596	1,748,031	745,435
18	523,735	495,519	1,019,254	1,784,307	765,053
25	522,507	493,974	1,016,481	1,782,759	766,278
Feb. 1	520,813	494,440	1,015,253	1,775,457	760,204
8	525,999	504,488	1,030,487	1,813,094	782,607
15	491,272	512,418	1,003,690	1,818,736	815,046
21	511,920	525,832	1,037,752	1,832,524	794,772


CASH RESERVES AND
EXCESS RESERVES OF THE F. R. BANKS
1917 - 1918
Curve 1: Cash Reserves required against
Net Deposit and F.R. Note Liabilities combined.
Curve 2: Total Cash Reserves of the F.R. Banks.
MILLIONS OF DOLLARS
EXCESS RESERVES (FREE GOLD)
CASH RESERVES REQUIRED
JANUARY
FEBRUARY
MARCH
APRIL
MAY
JUNE
JULY
AUGUST
SEPTEMBER
OCTOBER
NOVEMBER
DECEMBER
JANUARY
FEBRUARY

DISCOUNT OPERATIONS OF THE FEDERAL RESERVE BANKS.

Discount operations of the Federal Reserve Banks during January aggregated $868,421,473, compared with $892,237,774 for December, 1917, and an average of over 2¼ billions for the last quarter of 1917. Of the total discounts for the month, 351.7 millions, as against 238.8 millions the month before, represents the total of member banks' collateral notes secured by Government war obligations, while an additional 40.4 millions represents the discounts during the month of customers' paper thus secured. Over 45 per cent of the January discounts are thus directly traceable to the banks' war finance transactions for the month.

Discounts of collateral notes secured by commercial paper aggregated 130.3 millions, the New York and Chicago banks accounting for over 85 per cent of the total. Acceptances discounted totaled about 18 millions, of which 13.5 millions were trade acceptances in the foreign and domestic trades. Richmond and Chicago report a total of 1.6 millions of nonmember bank paper discounted for their members. Customers' paper rediscounted with the Federal Reserve Banks during January totaled 332.7 millions, the Richmond and New York banks reporting over one-half of this class of paper. Over 70 per cent of all paper discounted during the month is shown for the New York, Chicago and Richmond banks. The total of 868.4 millions is exclusive of 3.3 millions advanced on bill of lading drafts with indefinite maturity, mainly by the Dallas, Minneapolis, and Chicago banks.

About 85 per cent of the month's discounts was made up of 15-day paper (i. e., maturing within 15 days from date of discount with the Federal Reserve Bank), this percentage running as high as 90 per cent in the case of the Chicago bank. Six-month paper discounted during the month, i. e., agricultural and live-stock paper maturing after 90 days, totaled 5.3 millions, of which over 85 per cent was handled by the Federal Reserve Banks at Minneapolis, Kansas City, Dallas, and San Francisco.

On the last Friday of the month the Federal Reserve Banks held a total of $627,662,000 of discounted bills, compared with $680,706,008 at the end of December, 1917. Of the total discounts on hand about one-half was made up of paper secured by Government obligations, over 11 per cent of member banks' collateral notes secured by customers' paper, and over 37 per cent by customers' paper otherwise secured and unsecured, the remainder being agricultural and live stock paper carried largely by the four above-named western banks.

During the month the number of member banks increased from 7,882 to 7,978, largely as the result of admission to membership of State banks and trust companies. The total number of members discounting during January was 1,432, Chicago and New York with 299 and 208 member banks accommodated during the month leading all other Federal Reserve districts.

Bills[1] discounted during the months of January, 1918 and 1917, distributed by classes.

Federal Reserve Bank.	Customers' paper secured by Liberty bonds or United States certificates of indebtedness.	Member banks' collateral notes.		Trade acceptances.	All other discounts.	Total.
		Secured by Liberty bonds or United States certificates of indebtedness.	Otherwise secured.			
Boston	$6,232,229	$5,978,158	$991,000	$1,681,761	$9,636,052	$24,519,200
New York	18,843,279	173,529,413	18,453,590	4,732,859	83,581,938	299,141,079
Philadelphia	4,416,425	3,548,155	....	118,747	28,117,655	36,200,982
Cleveland	306,330	20,720,500	260,000	1,882,166	27,493,545	50,662,541
Richmond	9,687,106	11,152,470	10,000	801,209	107,290,896	128,941,681
Atlanta	....	6,215,300	751,250	621,871	6,629,209	14,217,630
Chicago	390,984	89,209,492	94,175,983	281,487	16,223,923	200,281,869
St. Louis	309,965	9,363,100	....	947,171	27,653,294	38,273,530
Minneapolis	31,780	1,490,788	630,000	65,349	3,245,143	5,463,060
Kansas City	28,062	23,074,455	11,464,814	582,139	5,044,814	40,194,284
Dallas	....	2,841,000	1,951,609	....	2,383,000	7,175,609
San Francisco	120,075	4,541,300	1,590,000	1,747,219	15,351,414	23,350,008
Total, January, 1918	40,366,235	351,664,131	130,278,246	13,461,978	[2] 332,650,883	868,421,473
Total, January, 1917	....	9,517,329		574,464	8,234,493	18,326,286

[1] Exclusive of $3,334,030 of bills of lading drafts.
[2] Includes $4,489,381 of bankers' acceptances discounted, and $1,607,416 of nonmember banks' paper rediscounted for member banks.

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

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

Banks.	Agricultural paper.	Live-stock paper.	Customers' paper secured by Liberty bonds or United States certificates of indebtedness.	Member banks' collateral notes.		All other discounts.	Total.
				Secured by Liberty bonds or United States certificates of indebtedness.	Otherwise secured.		
Boston	....	....	36,437	3,777	410	12,220	52,844
New York	....	....	69,016	83,804	12,313	57,487	222,620
Philadelphia	130	....	17,236	1,561	....	14,883	33,810
Cleveland	....	....	11,882	15,291	35	22,152	49,360
Richmond	536	5	6,637	5,255	10	19,811	32,254
Atlanta	....	....	29	3,674	61	7,584	11,348
Chicago	....	....	5,947	35,521	41,453	28,003	110,924
St. Louis	60	63	1,931	3,637	....	24,275	29,966
Minneapolis	1,262	1,546	220	738	365	9,009	13,140
Kansas City	428	1,638	496	2,023	14,700	13,260	32,545
Dallas	199	2,291	4,086	1,132	1,017	774	9,499
San Francisco	417	2,129	519	2,837	465	22,985	29,352
Total	3,032	7,672	154,436	159,250	70,829	232,443	627,662
Per cent	.5	1.2	24.6	25.4	11.3	37.0	100.0

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

Date.	Bankers' acceptances.						Trade acceptances bought in open market.	Total acceptances.
	Member banks.	Nonmember trust companies.	Nonmember State banks.	Private banks.	Foreign bank branches and agencies.	Total.		
1915.								
Feb. 22	$93,000	....	....	....	....	$93,000	....	$93,000
Apr. 5	3,653,000	$7,820,000	$10,000	$110,000	....	11,593,000	....	11,593,000
May 3	5,038,000	8,189,000	10,000	110,000	....	13,347,000	....	13,347,000
June 7	5,242,000	4,516,000	10,000	192,000	....	9,960,000	....	9,960,000
July 3	4,342,000	5,267,000	....	161,000	....	9,770,000	....	9,770,000
Aug. 2	5,350,000	5,407,000	20,000	352,000	....	11,129,000	....	11,129,000
Sept. 6	6,087,000	6,305,000	20,000	472,000	....	12,884,000	....	12,884,000
Oct. 4	9,000,000	4,898,000	132,000	343,000	....	14,373,000	....	14,373,000
Nov. 1	8,477,000	4,331,000	253,000	204,000	....	13,265,000	....	13,265,000
Dec. 6	12,311,000	5,172,000	275,000	396,000	....	18,154,000	....	18,154,000
1916.								
Jan. 3	15,494,000	7,160,000	362,000	822,000	....	23,838,000	....	23,838,000
Feb. 7	15,681,000	7,876,000	336,000	1,456,000	....	25,349,000	$489,000	25,838,000
Mar. 6	17,182,000	8,670,000	408,000	1,781,000	....	28,041,000	462,000	28,503,000
Apr. 3	21,000,000	13,573,000	473,000	3,262,000	....	38,308,000	722,000	39,030,000
May 1	24,875,000	15,400,000	585,000	3,430,000	....	44,290,000	1,477,000	45,767,000
June 5	24,680,000	17,029,000	644,000	7,007,000	....	49,360,000	2,208,000	51,568,000
July 3	32,989,000	18,921,000	471,000	11,830,000	....	64,211,000	3,422,000	67,633,000
Aug. 7	39,695,000	19,060,000	738,000	13,940,000	....	73,433,000	4,225,000	77,658,000
Sept. 4	41,413,000	20,356,000	726,000	12,491,000	....	74,986,000	3,673,000	78,659,000
Oct. 2	37,798,000	21,782,000	712,000	9,944,000	....	70,236,000	2,306,000	72,542,000
Nov. 6	37,770,000	29,474,000	1,014,000	12,147,000	....	80,405,000	2,378,000	82,783,000
Dec. 4	47,748,000	33,232,000	1,630,000	16,069,000	....	98,679,000	4,487,000	103,166,000
1917.								
Jan. 1	66,803,000	34,625,000	1,502,000	18,224,000	....	121,154,000	4,585,000	125,739,000
Feb. 5	50,361,000	23,511,000	972,000	13,775,000	$140,000	88,759,000	4,041,000	92,800,000
Mar. 5	53,288,000	32,518,000	1,090,000	20,581,000	354,000	107,837,000	2,535,000	110,366,000
Apr. 2	43,979,000	20,328,000	689,000	16,830,000	200,000	82,026,000	1,144,000	83,170,000
May 7	49,192,000	19,650,000	236,000	19,177,000	94,000	88,349,000	1,679,000	90,028,000
June 4	69,262,000	27,611,000	584,000	21,077,000	239,000	118,773,000	3,022,000	121,795,000
July 14-16	108,597,000	30,390,000	3,333,000	38,082,000	3,805,000	184,785,000	4,660,000	189,445,000
July 31	112,433,000	43,107,000	2,564,000	20,782,000	1,087,000	179,973,000	4,242,000	184,215,000
Aug. 31	94,597,000	33,273,000	2,312,000	18,086,000	1,369,000	149,637,000	4,952,000	154,589,000
Sept. 29	131,997,000	14,987,000	2,193,000	21,708,000	2,286,000	173,171,000	6,942,000	180,113,000
Oct. 31	150,301,000	3,147,000	1,307,000	21,083,000	2,153,000	177,991,000	6,224,000	184,216,000
Nov. 30	171,723,000	5,338,000	753,000	18,201,000	3,163,000	199,178,000	6,275,000	205,453,000
Dec. 31	227,717,000	8,163,000	3,179,000	20,137,000	7,657,000	266,853,000	6,383,000	273,236,000
1918.								
Jan. 31	240,259,000	5,547,000	3,522,000	22,099,000	6,947,000	278,374,000	6,363,000	284,737,000

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

Banks.	15-day maturities.				30-day maturities.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston	$12,890,384			$12,890,384	$2,923,578	$198,300		$3,121,878
New York	256,865,896	$9,039,292		265,905,188	5,737,040	7,165,769		12,902,809
Philadelphia	29,408,481	239,000		29,647,481	1,873,118			1,873,118
Cleveland	41,024,643			41,024,643	2,209,505	27,675		2,237,180
Richmond	121,794,314	266,231		122,060,545	1,718,178	1,132,223		2,850,401
Atlanta	8,369,062	75,545	$2,000	8,446,607	1,969,619	278,337	$6,062	2,254,018
Chicago	190,500,190			190,500,190	2,254,229	280,000		2,534,229
St. Louis	28,646,292			28,646,292	4,360,070	361,953		4,722,023
Minneapolis	2,240,574			2,240,574	239,994			239,994
Kansas City	35,022,957			35,022,957	483,545	1,616		485,161
Dallas	5,218,109	183,000		5,401,109	257,996	1,462,954		1,720,950
San Francisco	8,434,483	360,328		8,794,811	2,336,826	899,750		3,236,576
Total	740,415,385	10,163,396	2,000	750,580,781	26,363,698	11,808,577	6,062	38,178,337
Per cent				74.3				3.8

Banks.	60-day maturities.				90-day maturities.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston	$3,986,859	$1,188,640		$5,175,499	$4,583,772	$4,524,563		$9,108,335
New York	12,823,749	17,313,015		30,136,764	23,714,394	46,492,531		70,206,925
Philadelphia	1,839,049	690,973	$10,000	2,540,002	3,080,334	3,627,180		6,707,514
Cleveland	2,964,000	316,473		3,280,473	4,449,393	2,539,031		6,988,424
Richmond	2,416,760	2,462,546		4,879,306	2,991,018	4,991,247		7,982,265
Atlanta	2,669,664	1,271,082	2,020	3,942,766	1,172,717	1,684,802	$7,000	2,864,519
Chicago	3,921,571	170,000		4,091,571	3,074,086	2,693,870	330,000	6,097,956
St. Louis	2,753,248	378,888		3,132,136	2,482,285	769,394		3,251,679
Minneapolis	1,186,540			1,186,540	833,706			833,706
Kansas City	1,235,214	4,518		1,239,732	1,634,199	5,389		1,639,588
Dallas	530,471	4,530,539		5,061,010	336,445	2,156,207		2,492,652
San Francisco	4,138,090	4,998,447		9,136,537	7,559,531	12,813,133		20,372,664
Total	40,465,215	33,325,121	12,020	73,802,356	55,911,880	82,297,347	337,000	138,546,227
Per cent				7.3				13.7

Banks.	Over 90-day maturities.				Total.				Per cent.			
	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.	Discounts.	Acceptances.	Warrants.	Total.
Boston	$134,607	$2,090,200		$2,224,807	$24,519,200	$8,001,703		$32,520,903	75.4	24.6		100.0
New York					299,141,079	80,010,607		379,151,686	78.9	21.1		100.0
Philadelphia		610,685		610,685	36,200,982	5,167,838	$10,000	41,378,820	87.5	12.5		100.0
Cleveland	15,000			15,000	50,662,541	2,883,179		53,545,720	94.6	5.4		100.0
Richmond	21,411	225,000		246,411	128,941,681	9,077,247		138,018,928	93.4	6.6		100.0
Atlanta	36,568			36,568	14,217,630	3,309,766	17,082	17,544,478	81.0	18.9	0.1	100.0
Chicago	531,793	553,291	$670,000	1,755,084	200,281,869	3,697,161	1,000,000	204,979,030	97.7	1.8	0.5	100.0
St. Louis	31,635	14,212		45,847	38,273,530	1,524,447		39,797,977	96.2	3.8		100.0
Minneapolis	962,246			962,246	5,463,060			5,463,060	100.0			100.0
Kansas City	1,818,369			1,818,369	40,194,284	11,523		40,205,807	100.0			100.0
Dallas	832,588		220,000	1,052,588	7,175,609	8,332,700	220,000	15,728,309	45.6	53.0	1.4	100.0
San Francisco	881,078			881,078	23,350,008	19,071,658		42,421,666	55.0	45.0		100.0
Total	5,265,295	3,493,388	890,000	9,648,683	868,421,473	141,087,829	1,247,082	1,010,756,384				
Per cent				0.9			100.0		85.9	14.0	0.1	100.0

Maturities of discounts, acceptances, and municipal warrants held by each Federal Reserve Bank on Friday, Jan. 25, 1918.

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

Banks.	1 to 15 days.				16 to 30 days.			
	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.
Boston	5,277	569		5,846	4,070	600		4,670
New York	126,758	27,321		154,079	49,342	28,462	511	78,315
Philadelphia	17,951	2,386		20,337	9,948	1,844		11,792
Cleveland	30,503	3,988		34,491	9,538	1,249		10,787
Richmond	21,301	3,725		25,026	4,525	2,231		6,756
Atlanta	6,520	2,117	149	8,786	1,781	1,089	2	2,872
Chicago	80,998	695		81,693	18,013	369		18,382
St. Louis	16,993	1,941		18,934	7,203	1,060		8,263
Minneapolis	2,029	1,726		3,755	5,791	160		5,951
Kansas City	18,925	7		18,932	15,341	19		15,360
Dallas	2,458	4,967		7,425	4,404	2,713		7,117
San Francisco	9,607	1,485		11,092	5,384	3,053		8,437
Total	339,320	50,927	149	390,396	135,340	42,849	513	178,702
Per cent				43.3				19.8

Banks.	31 to 60 days.				61 to 90 days.			
	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.
Boston	5,819	4,641		10,460	37,678	3,497		41,175
New York	33,980	80,116		114,096	12,533	32,379		44,912
Philadelphia	4,343	5,912	10	10,265	1,568	4,037		5,605
Cleveland	6,726	5,218		11,944	2,591	2,523		5,114
Richmond	4,609	3,684		8,293	1,793	3,763		5,556
Atlanta	2,088	2,934	123	5,145	901	684	7	1,592
Chicago	5,150	4,869		10,019	2,639	2,588		5,227
St. Louis	4,353	2,061		6,414	1,348	868		2,216
Minneapolis	2,723	340		3,063	853			853
Kansas City	2,256			2,256	1,686	9		1,695
Dallas	757	5,183		5,940	663	400		1,063
San Francisco	8,322	7,538		15,860	4,965	6,893		11,858
Total	81,126	122,496	133	203,755	69,218	57,641	7	126,866
Per cent				22.6				14.1

Banks.	Over 90 days.				Total.				Percentages.			
	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.	Bills discounted.	Acceptances bought.	Municipal warrants.	Total.	Bills discounted	Acceptances bought.	Municipal warrants.	Total.
Boston					52,844	9,307		62,151	85.1	14.9		100.0
New York	7			7	222,620	168,278	511	391,409	56.9	43.0	0.1	100.0
Philadelphia					33,810	14,179	10	47,999	70.5	29.5		100.0
Cleveland	2			2	49,360	12,978		62,338	79.2	20.8		100.0
Richmond	26			26	32,254	13,403		45,657	70.6	29.4		100.0
Atlanta	58		2	60	11,348	6,824	283	18,455	61.5	37.0	1.5	100.0
Chicago	4,124			4,124	110,924	8,521		119,445	92.9	7.1		100.0
St. Louis	69			69	29,966	5,930		35,896	83.5	16.5		100.0
Minneapolis	1,744			1,744	13,140	2,226		15,366	85.5	14.5		100.0
Kansas City	2,337			2,337	32,545	35		32,580	99.9	0.1		100.0
Dallas	1,217		333	1,550	9,499	13,263	333	23,095	41.1	57.5	1.4	100.0
San Francisco	1,074			1,074	29,352	18,969		48,321	60.7	39.3		100.0
Total	10,658		335	10,993	627,662	273,913	1,137	902,712	69.5	30.3	1.2	100.0
Per cent				.2				100.0				

Total investment operations, exclusive of purchases of United States certificates of indebtedness, of each Federal Reserve Bank during the months of January, 1918 and 1917.

Federal Reserve Banks.	Bills discounted for members and F. R. Banks.	Bills bought in open market.			Municipal warrants.			
		Bankers' acceptances.	Trade acceptances.	Total.	City.	State.	All other.	Total.
Boston	$24,519,200	$8,001,703		$8,001,703				
New York	299,141,079	79,213,025	$797,582	80,010,607				
Philadelphia	36,200,982	4,893,266	274,572	5,167,838			$10,000	$10,000
Cleveland	50,662,541	2,883,179		2,883,179				
Richmond	128,941,681	9,077,247		9,077,247				
Atlanta	14,217,630	3,309,766		3,309,766	$8,082		9,000	17,082
Chicago	200,281,869	3,697,161		3,697,161		$300,000	700,000	1,000,000
St. Louis	38,273,530	1,524,447		1,524,447				
Minneapolis	5,463,060							
Kansas City	40,194,284	11,523		11,523				
Dallas	7,175,609	8,332,700		8,332,700		220,000		220,000
San Francisco	23,350,008	17,583,486	1,488,172	19,071,658				
Total, January, 1918	868,421,473	138,527,503	2,560,326	141,087,829	8,082	520,000	719,000	1,247,082
Total, January, 1917	18,326,286	20,376,041	241,139	20,617,180	7,201,908	2,040	526,552	7,730,500

Federal Reserve Banks.	United States bonds and Treasury notes.						Total investment operations	
	2 per cent.	3 per cent.	3½ per cent.	4 per cent.	1-year Treasury notes.	Total.	January, 1918.	January, 1917.
Boston				$1,987,088		$1,987,088	$34,507,991	$4,237,301
New York					$520,000	520,000	379,671,686	6,074,236
Philadelphia			$550,000	5,197,450		5,747,450	47,126,270	3,940,771
Cleveland				60,000		60,000	53,605,720	2,861,364
Richmond							138,018,928	11,113,992
Atlanta			325,000	3,980,000		4,305,000	21,849,478	4,831,894
Chicago							204,979,030	3,475,117
St. Louis							39,797,977	2,354,689
Minneapolis			49,000	2,100,000		2,149,000	7,612,060	2,801,402
Kansas City				13,100		13,100	40,218,907	828,926
Dallas				50,000		50,000	15,778,309	1,087,911
San Francisco			2,000	24,000		26,000	42,447,666	5,919,680
Total, January, 1918			926,000	13,411,638	520,000	14,857,638	1,025,614,022	
Total, January, 1917	$2,370,150	$61,240				2,431,390		49,105,356

United States securities held by each Federal Reserve Bank on Jan. 31, 1918, distributed by maturities.

Federal Reserve Banks.	United States bonds with circulation privilege.				United States securities without circulation privilege.						Total.
	2 per cent consols. of 1930.	2 per cent Panamas of 1936–1938.	3 per cent loan of 1918.	4 per cent loan of 1925.	3 per cent conversion bonds of 1946–47.	3 per cent 1-year Treasury notes.	3 per cent loan of 1961.	3½ per cent Liberty loan of 1947.	4 per cent Liberty loan of 1942–1947.	United States certificates of indebtedness.	
Boston	$750				$529,000	$2,194,000		$80,000	[1]$1,844,042	$165,000	$4,812,792
New York	50		$50,000		1,255,400	5,013,000		359,650	3,469,250	700,000	10,847,350
Philadelphia		$100			549,200	2,548,000		472,850	6,299,400	1,284,000	11,153,550
Cleveland	6,400	467,200	2,653,660	$2,378,200	414,800	3,221,000		1,967,000	378,250	30,150,000	41,636,510
Richmond	915,100	237,000				1,969,000		42,900	36,400	573,000	3,773,400
Atlanta	640,600	21,000			10,300	1,491,000		265,450	3,114,200	700,000	6,242,550
Chicago	1,862,500	367,300	2,581,000	1,768,000	427,400	3,378,000	$400			5,783,000	16,167,600
St. Louis	100		1,080,000		1,153,300	1,444,000					3,677,400
Minneapolis	323,050	16,260	1,199,180	206,250	114,800	1,340,000	500	29,000	2,063,050	1,114,500	6,406,590
Kansas City	7,155,850	22,240		825,000	838,500	1,784,000		7,500	13,100	4,353,000	14,999,190
Dallas	2,450,900	281,500			1,233,600	1,430,000		2,100	103,000	1,400,000	6,901,100
San Francisco	2,428,750					1,500,000		28,250	24,000		3,981,000
Total	15,784,050	1,412,600	7,563,840	5,177,450	6,526,300	27,312,000	900	3,254,700	17,344,692	46,222,500	130,599,032

Total United States bonds with circulation privilege, $29,937,940. Total United States securities without circulation privilege, $100,661,092.

[1] Includes unpaid portion of Liberty loan bonds sold to individual subscribers.

RESOURCES AND LIABILITIES OF FEDERAL RESERVE BANKS.

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve system at close of business on Fridays, Feb. 1 to 15, and on Thursday, Feb. 21, 1918.

RESOURCES.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Gold coin and certificates in vault:													
Feb. 1	11,401	328,174	6,552	22,898	6,273	6,078	31,867	4,888	15,373	412	9,128	26,715	469,759
Feb. 8	11,398	303,221	6,682	20,608	6,311	5,922	30,632	4,996	15,485	393	8,802	25,457	439,907
Feb. 15	10,112	304,027	10,917	22,706	6,328	5,893	30,587	5,002	15,667	376	8,863	25,900	446,378
Feb. 21	9,760	308,316	10,593	20,530	6,276	5,781	30,143	4,653	15,630	273	8,637	26,916	447,508
Gold settlement fund—Federal Reserve Board:													
Feb. 1	25,840	102,024	47,786	42,442	18,760	15,195	37,500	26,969	14,644	27,183	17,100	18,181	393,624
Feb. 8	37,906	90,820	60,109	47,770	13,439	19,553	39,627	23,402	9,535	29,959	15,396	16,526	404,042
Feb. 15	18,572	107,790	40,281	52,437	15,132	13,772	41,416	31,593	7,322	26,485	17,185	14,981	386,966
Feb. 21	28,206	63,667	45,383	53,188	17,715	15,639	46,827	26,805	8,011	35,701	16,025	18,106	375,273
Gold with foreign agencies:													
Feb. 1	3,675	18,112	3,675	4,725	1,837	1,575	7,350	2,100	2,100	2,625	1,838	2,888	52,500
Feb. 8	3,675	18,112	3,675	4,725	1,837	1,575	7,350	2,100	2,100	2,625	1,838	2,888	52,500
Feb. 15	3,675	18,112	3,675	4,725	1,837	1,575	7,350	2,100	2,100	2,625	1,838	2,888	52,500
Feb. 21	3,675	18,112	3,675	4,725	1,837	1,575	7,350	2,100	2,100	2,625	1,838	2,888	52,500
Gold with Federal Reserve agents:													
Feb. 1	44,334	231,802	64,469	62,025	26,259	48,127	120,042	34,490	37,439	48,334	22,303	42,043	781,667
Feb. 8	45,287	255,525	73,031	68,336	26,072	46,872	135,512	34,454	40,268	48,269	22,658	41,975	838,259
Feb. 15	47,225	255,239	71,645	74,047	25,982	46,306	134,671	35,030	41,158	55,727	23,943	41,402	852,375
Feb. 21	48,696	254,887	71,083	80,903	25,888	48,112	142,980	40,016	41,050	55,664	24,515	43,229	877,023
Gold redemption fund:													
Feb. 1	2,000	10,000	1,500	19	205	966	828	882	1,262	458	1,264	88	19,472
Feb. 8	2,000	10,000	1,500	17	502	1,140	868	868	1,308	440	1,290	27	19,960
Feb. 15	2,000	10,000	1,500	291	419	1,225	855	851	1,418	430	1,303	31	20,323
Feb. 21	2,000	10,000	1,477	309	351	908	943	1,044	1,449	412	1,020	178	20,091
Total gold reserves:													
Feb. 1	87,250	690,112	123,982	132,109	53,334	71,941	197,587	69,329	70,818	79,012	51,633	89,915	1,717,022
Feb. 8	100,266	677,678	144,997	141,456	48,161	75,062	213,989	65,820	68,696	81,686	49,984	86,873	1,754,668
Feb. 15	81,584	695,168	128,018	154,206	49,698	68,771	214,879	74,576	67,665	85,643	53,132	85,202	1,758,542
Feb. 21	92,337	654,982	132,211	159,655	52,067	72,015	228,243	74,618	68,240	94,675	52,035	91,317	1,772,395
Legal-tender notes, silver, etc.:													
Feb. 1	5,636	38,827	1,798	1,476	322	1,603	4,824	1,189	630	90	1,557	483	58,435
Feb. 8	5,806	38,577	1,164	1,568	388	1,751	5,034	1,345	608	96	1,716	373	58,426
Feb. 15	5,990	39,202	1,821	1,622	366	1,635	5,294	1,372	613	68	1,912	299	60,194
Feb. 21	5,954	39,712	937	1,727	378	1,637	5,459	1,353	604	78	1,936	354	60,129
Total cash reserves:													
Feb. 1	92,886	728,939	125,780	133,585	53,656	73,544	202,411	70,518	71,448	79,102	53,190	90,398	1,775,457
Feb. 8	106,072	716,255	146,161	143,024	48,549	76,813	219,023	67,165	69,304	81,782	51,700	87,246	1,813,094
Feb. 15	87,574	734,370	129,839	155,828	50,064	70,406	220,173	75,948	68,278	85,711	55,044	85,501	1,818,736
Feb. 21	98,291	694,694	133,148	161,382	52,445	73,652	233,702	75,971	68,844	94,753	53,971	91,671	1,832,524
Bills discounted for members and Federal Reserve Banks:													
Feb. 1	49,663	215,529	33,629	47,198	30,321	9,158	100,662	32,024	12,607	35,302	10,638	30,047	606,778
Feb. 8	48,036	177,237	25,153	41,194	28,449	10,541	77,702	31,970	12,011	32,581	10,995	29,252	525,121
Feb. 15	55,803	161,396	26,226	38,601	34,929	10,320	83,841	23,615	11,658	17,597	8,128	29,802	501,916
Feb. 21	59,436	177,330	24,849	35,392	35,116	9,462	78,110	21,470	10,865	18,811	8,304	30,389	509,534
Bills bought in open market:													
Feb. 1	11,724	177,407	13,860	10,689	14,368	7,076	10,039	5,727	1,937	29	12,445	24,504	289,805
Feb. 8	13,757	166,237	13,260	9,418	12,968	6,634	10,899	5,213	500	27	12,171	29,621	280,705
Feb. 15	14,923	170,760	17,738	8,905	3,264	6,620	14,401	5,431	1,957	1,494	11,291	30,479	287,263
Feb. 21	16,287	176,737	18,264	8,938	3,497	6,719	15,927	6,323	1,896	1,489	9,971	30,122	296,170
United States Government long-term securities:													
Feb. 1	2,610	5,132	6,880	8,262	1,231	4,792	7,007	2,233	4,000	8,862	4,071	2,481	57,561
Feb. 8	610	4,793	7,072	8,261	1,231	5,369	7,007	2,233	3,792	8,862	4,071	2,481	55,782
Feb. 15	630	4,789	6,070	8,261	1,231	3,494	7,007	2,233	3,288	8,862	4,021	2,457	52,343
Feb. 21	1,330	4,785	6,128	8,261	1,234	3,464	7,007	2,233	3,168	8,862	4,021	2,457	52,950
United States Government short-term securities:													
Feb. 1	2,194	9,213	3,952	33,462	2,542	1,491	8,155	1,444	2,305	5,983	2,830	1,500	75,071
Feb. 8	2,194	106,893	3,337	31,908	1,969	1,591	5,197	1,444	5,910	5,427	2,730	1,500	170,100
Feb. 15	2,194	45,963	3,352	28,723	1,969	3,016	5,004	1,444	5,018	5,066	2,730	1,502	105,981
Feb. 21	2,194	112,589	4,527	26,262	1,979	3,051	4,732	1,444	4,244	4,453	2,730	1,502	169,707
Al lother earning assets:													
Feb. 1	....	511	10	....	31	446	610	183	1,078	....	874	62	3,805
Feb. 8	....	511	10	....	31	454	612	283	1,090	....	1,321	111	4,423
Feb. 15	....	511	10	....	....	434	678	146	1,081	....	1,352	274	4,486
Feb. 21	....	....	10	....	....	328	689	159	998	....	923	329	3,436

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve system at close of business on Friday, Feb. 1 to 15, and on Thursday, Feb. 21, 1918—Continued.

RESOURCES.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Total earning assets:													
Feb. 1	66,191	407,792	58,331	99,611	48,493	22,963	126,473	41,611	21,927	50,176	30,858	58,594	1,033,020
Feb. 8	64,597	455,671	48,832	90,781	44,648	24,589	101,417	41,143	23,303	46,897	31,288	62,965	1,036,131
Feb. 15	73,550	383,419	53,396	84,490	41,393	23,884	110,931	32,869	23,002	33,019	27,522	64,514	951,989
Feb. 21	79,247	471,441	53,778	78,853	41,826	23,024	106,465	31,629	21,171	33,615	25,949	64,799	1,031,797
Due from other Federal Reserve Banks—net:													
Feb. 1	6,356	1,424	4,865	8,119	805	1,554	13,381	1,290	....	8,884	....	1,346	[1] 44,456
Feb. 8	2,458	....	....	1,161	3,895	....	25,366	3,543	4,018	9,923	....	540	[1] 12,458
Feb. 15	7,801	....	3,826	2,593	5,367	1,975	18,487	2,454	....	13,547	....	2,441	[1] 17,258
Feb. 21	....	....	....	6,046	2,048	....	16,055	8,712	....	2,919	329	1,053	[1] 11,463
Uncollected items:													
Feb. 1	19,262	83,010	38,769	18,630	17,871	17,935	53,582	17,182	7,396	19,207	18,437	10,713	321,994
Feb. 8	16,486	65,481	27,437	17,236	19,253	15,461	49,521	14,974	6,055	14,585	14,268	11,749	272,506
Feb. 15	25,802	85,883	37,243	21,552	22,614	17,120	60,042	18,085	11,709	25,216	19,261	12,542	357,069
Feb. 21	17,897	62,991	33,856	18,836	21,004	17,040	50,460	16,175	8,976	23,880	17,021	11,266	299,402
Total deductions from gross deposits:													
Feb. 1	25,618	84,434	43,634	26,749	18,676	19,489	66,963	18,472	7,396	28,091	18,437	12,059	366,458
Feb. 8	18,944	65,481	27,437	18,397	23,148	15,461	74,887	18,517	10,073	24,508	14,268	12,289	284,964
Feb. 15	33,603	85,883	41,069	24,145	27,981	19,095	78,529	20,539	11,709	38,763	19,261	14,983	374,327
Feb. 21	17,897	62,991	33,856	24,882	23,052	17,040	66,515	24,887	8,976	26,799	17,350	12,319	310,865
5 per cent redemption fund against Federal Reserve bank notes:													
Feb. 1	....	....	....	....	....	....	....	....	....	400	137	....	537
Feb. 8	....	....	....	....	....	....	....	....	....	400	137	....	537
Feb. 15	....	....	....	....	....	....	....	....	....	400	137	....	537
Feb. 21	....	....	....	....	....	....	....	....	....	400	137	....	537
All other resources:													
Feb. 1	....	....	385	....	85	89	....	....	....	....	....	....	559
Feb. 8	....	....	466	....	38	47	....	....	....	....	....	....	551
Feb. 15	....	....	376	....	....	47	....	....	....	....	....	159	582
Feb. 21	....	....	382	....	14	67	....	....	....	....	....	268	731
Total resources:													
Feb. 1	184,695	1,221,165	228,130	259,945	120,910	116,085	395,847	130,601	100,771	157,769	102,622	161,051	3,176,023
Feb. 8	189,613	1,237,407	222,896	252,202	116,383	116,910	395,327	126,825	102,680	153,587	97,393	162,500	3,135,277
Feb. 15	194,727	1,203,672	224,680	264,463	119,438	113,432	409,633	129,356	102,989	157,893	101,964	165,157	3,146,171
Feb. 21	195,435	1,229,126	221,164	265,117	117,337	113,783	406,682	132,487	98,991	155,567	97,407	169,057	3,176,454

LIABILITIES.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Capital paid in:													
Feb. 1	6,004	19,213	6,815	8,218	3,739	2,865	9,219	3,482	2,654	3,397	2,795	4,219	72,620
Feb. 8	6,004	19,383	6,826	8,218	3,739	2,867	9,237	3,482	2,655	3,401	2,798	4,219	72,829
Feb. 15	6,006	19,656	6,845	8,293	3,739	2,877	9,250	3,482	2,656	3,403	2,798	4,224	73,229
Feb. 21	6,005	19,665	6,840	8,319	3,739	2,877	9,254	3,489	2,659	3,413	2,815	4,230	73,305
Surplus:													
Feb. 1	75	649	....	....	116	40	216	....	38	....	....	....	1,134
Feb. 8	75	649	....	....	116	40	216	....	38	....	....	....	1,134
Feb. 15	75	649	....	....	116	40	216	....	38	....	....	....	1,134
Feb. 21	75	649	....	....	116	40	216	....	38	....	....	....	1,134
Government deposits:													
Feb. 1	4,098	25,637	8,826	24,803	7,247	5,914	13,895	12,354	4,864	8,190	6,581	10,381	132,790
Feb. 8	4,239	7,504	3,279	7,455	828	3,986	6,262	4,003	9,218	2,915	3,618	6,181	59,488
Feb. 15	8,485	6,288	4,544	13,969	4,343	2,903	11,229	5,232	5,547	7,389	6,182	11,532	87,643
Feb. 21	4,272	7,405	1,611	6,935	1,412	2,440	4,275	4,138	2,756	4,815	4,772	11,334	56,165
Due to members—reserve account:													
Feb. 1	83,383	670,652	87,991	108,764	44,636	38,846	173,520	46,915	38,867	75,812	41,571	67,687	1,478,644
Feb. 8	88,256	676,908	88,415	112,447	44,321	40,999	175,412	50,409	38,630	74,045	41,825	69,634	1,501,301
Feb. 15	77,116	613,234	83,923	111,459	43,346	37,399	177,086	48,436	38,474	71,783	41,798	65,660	1,409,714
Feb. 21	84,711	645,429	82,845	114,067	43,231	38,464	179,349	52,382	39,221	71,070	39,810	69,141	1,459,720
Collection items:													
Feb. 1	14,394	57,905	30,284	13,875	12,890	9,907	16,537	11,158	3,109	6,767	5,826	8,631	191,283
Feb. 8	11,887	44,081	20,893	13,335	14,769	9,134	16,533	12,052	2,645	7,697	5,328	8,800	167,154
Feb. 15	21,392	63,246	28,755	18,412	14,805	12,945	23,330	14,444	3,459	9,449	7,817	10,235	228,289
Feb. 21	14,482	49,757	27,084	17,809	15,424	10,539	20,736	13,487	3,482	9,085	7,537	9,856	199,278
Due to other Federal Reserve Banks—net:													
Feb. 1	....	....	....	....	....	....	....	....	2,076	....	1,492	....	....
Feb. 8	....	29,909	6,284	....	....	2,045	....	....	....	....	208	....	....
Feb. 15	....	38,226	....	....	....	....	....	....	2,717	....	290	....	....
Feb. 21	1,405	22,974	608	....	....	484	....	....	228	....	....	....	....
Other deposits, including foreign Government credits:													
Feb. 1	....	45,958	....	344	....	2	2,736	38	14	15	....	2,662	51,769
Feb. 8	....	52,619	....	408	....	4	3,100	173	5	15	....	3,550	59.874
Feb. 15	....	47,113	....	135	....	6	2,020	172	16	25	....	2,828	52,315
Feb. 21	....	53,443	....	156	....	2	1,919	177	6	9	....	2,617	58,329

[1] Difference between net amounts due from and net amounts due to other Federal Reserve Banks.

Resources and liabilities of each Federal Reserve Bank and of the Federal Reserve system at close of business on Fridays, Feb. 1 to 15, and on Thursday, Feb. 21, 1918—Continued.

LIABILITIES—Continued.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Total gross deposits:													
Feb. 1	101,875	800,152	127,101	147,786	64,773	54,669	206,688	70,465	48,930	90,784	55,470	89,361	1,854,486
Feb. 8	104,382	811,021	118,871	133,645	59,918	56,168	201,307	66,637	50,498	84,672	50,979	88,165	1,787,817
Feb. 15	106,993	768,107	117,222	143,975	62,494	53,253	213,665	68,284	50,213	88,646	56,087	90,255	1,777,961
Feb. 21	104,870	779,008	112,148	138,967	60,067	51,929	206,279	70,184	45,693	84,979	52,119	92,948	1,773,492
Federal Reserve notes in actual circulation:													
Feb. 1	76,434	398,933	94,214	103,714	52,282	58,511	179,667	56,379	49,103	55,196	44,251	67,417	1,236,101
Feb. 8	78,755	404,131	97,199	109,979	52,610	57,835	184,211	56,389	49,432	57,084	43,507	70,087	1,261,219
Feb. 15	80,985	412,449	100,613	111,960	53,079	57,262	186,355	57,265	50,007	57,416	42,976	70,678	1,281,045
Feb. 21	83,701	426,557	102,176	117,434	53,415	58,937	190,442	58,445	50,507	58,719	42,369	71,879	1,314,581
Federal Reserve bank notes in circulation—net liability:													
Feb. 1										8,000			8,000
Feb. 8										8,000			8,000
Feb. 15										7,999			7,999
Feb. 21										7,999			7,999
All other liabilities:													
Feb. 1	307	2,218		227			57	275	46	392	106	54	3,682
Feb. 8	397	2,223		360			356	317	57	430	109	29	4,278
Feb. 15	668	2,811		235	10		147	325	75	429	103		4,803
Feb. 21	784	3,247		397			491	369	94	457	104		5,943
Total liabilities:													
Feb. 1	184,695	1,221,165	228,130	259,945	120,910	116,085	395,847	130,601	100,771	157,769	102,622	161,051	3,176,023
Feb. 8	189,613	1,237,407	222,896	252,202	116,383	116,910	395,327	126,825	102,680	153,587	97,393	162,500	3,135,277
Feb. 15	194,727	1,203,672	224,680	264,463	119,438	113,432	409,633	129,356	102,989	157,893	101,964	165,157	3,146,171
Feb. 21	195,435	1,229,126	221,164	265,117	117,337	113,783	406,682	132,487	98,991	155,567	97,407	169,057	3,176,454

FEDERAL RESERVE NOTES.

Federal Reserve note account of each Federal Reserve Bank at close of business on Fridays, Feb. 1 to 15, and on Thursday, Feb. 21, 1918.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Federal Reserve notes received from agent—net:													
Feb. 1	80,734	472,942	98,189	108,325	60,099	63,074	190,987	58,297	51,035	59,344	44,685	80,147	1,367,858
Feb. 8	81,687	466,665	101,051	112,036	59,478	61,968	194,317	58,261	51,164	61,978	43,776	81,279	1,373,660
Feb. 15	83,625	470,379	105,965	115,547	59,321	62,092	196,117	59,797	51,304	62,646	43,185	82,506	1,392,484
Feb. 21	85,796	493,227	105,403	121,363	58,797	62,418	201,425	60,813	51,596	63,280	42,581	83,033	1,429,732
Federal Reserve notes held by banks:													
Feb. 1	4,300	74,009	3,975	4,611	7,817	4,563	11,320	1,918	1,932	4,148	434	12,730	131,757
Feb. 8	2,932	62,534	3,852	2,057	6,868	4,133	10,106	1,872	1,732	4,894	269	11,192	112,441
Feb. 15	2,640	57,930	5,352	3,587	6,242	4,830	9,762	2,532	1,297	5,230	209	11,828	111,439
Feb. 21	2,095	66,670	3,227	3,929	5,382	3,481	10,983	2,368	1,089	4,561	212	11,154	115,151
Federal Reserve notes in actual circulation:													
Feb. 1	76,434	398,933	94,214	103,714	52,282	58,511	179,667	56,379	49,103	55,196	44,251	67,417	1,236,101
Feb. 8	78,755	404,131	97,199	109,979	52,610	57,835	184,211	56,389	49,432	57,084	43,507	70,087	1,261,219
Feb. 15	80,985	412,449	100,613	111,960	53,079	57,262	186,355	57,265	50,007	57,416	42,976	70,678	1,281,045
Feb. 21	83,701	426,557	102,176	117,434	53,415	58,937	190,442	58,445	50,507	58,719	42,369	71,879	1,314,581
Gold deposited with or to credit of Federal Reserve agent:													
Feb. 1	44,334	231,802	64,469	62,025	26,259	48,127	120,042	34,490	37,439	48,334	22,303	42,043	781,667
Feb. 8	45,287	255,525	73,031	68,336	26,072	46,872	135,512	34,454	40,268	48,269	22,658	41,975	838,259
Feb. 15	47,225	255,239	71,645	74,047	25,982	46,306	134,671	35,030	41,158	55,727	23,943	41,402	852,375
Feb. 21	48,696	254,887	71,083	80,903	25,888	48,112	142,980	40,016	41,050	55,664	24,515	43,229	877,023
Paper delivered to Federal Reserve agent:													
Feb. 1	36,705	246,362	33,747	57,887	44,720	15,067	71,821	29,223	13,835	12,442	23,083	43,900	628,792
Feb. 8	36,612	212,983	28,126	50,612	41,447	15,945	59,786	30,461	11,794	14,640	23,166	49,132	574,704
Feb. 15	36,416	220,955	35,063	47,506	38,193	15,867	62,442	25,652	12,301	7,326	19,419	54,294	575,434
Feb. 21	57,868	354,066	36,622	44,330	38,613	14,589	61,448	26,044	10,753	14,668	18,275	55,579	732,855

Federal Reserve note account of each Federal Reserve agent at close of business on Fridays, Feb. 1 to 15, and on Thursday, Feb. 21, 1918.

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

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
FEDERAL RESERVE NOTES.													
Received from Comptroller:													
Feb. 1	111,960	710,680	134,200	133,760	81,740	89,620	241,380	73,860	67,980	82,740	68,500	86,900	1,883,320
Feb. 8	111,960	710,680	134,200	137,160	81,740	89,620	243,640	73,860	67,980	82,740	68,500	88,100	1,890,180
Feb. 15	115,720	710,680	140,720	142,160	81,740	89,620	246,040	73,860	67,980	83,740	68,500	89,400	1,910,160
Feb. 21	115,720	721,280	142,840	142,160	81,740	89,620	248,640	73,860	67,980	83,740	68,500	90,600	1,926,680
Returned to Comptroller:													
Feb. 1	21,446	127,938	20,771	9,995	16,146	11,456	8,173	9,288	10,715	12,736	12,945	6,753	268,362
Feb. 8	21,933	134,215	22,109	10,284	16,467	11,712	8,543	9,324	10,886	12,922	13,109	6,821	278,325
Feb. 15	22,235	134,501	22,195	10,573	16,624	11,878	8,943	9,748	10,996	13,234	13,325	6,894	281,146
Feb. 21	22,564	134,853	22,757	10,717	16,838	12,072	9,194	9,762	11,244	13,400	13,484	7,567	284,452
Chargeable to Federal Reserve agent:													
Feb. 1	90,514	582,742	113,429	123,765	65,594	78,164	233,207	64,572	57,265	70,004	55,555	80,147	1,614,958
Feb. 8	90,027	576,465	112,091	126,876	65,273	77,908	235,097	64,536	57,194	69,818	55,391	81,279	1,611,855
Feb. 15	93,485	576,179	118,525	131,587	65,116	77,742	237,097	64,112	56,984	70,506	55,175	82,506	1,629,014
Feb. 21	93,156	586,427	120,083	131,443	64,902	77,548	239,446	64,098	56,736	70,340	55,016	83,033	1,642,228
In hands of Federal Reserve agent:													
Feb. 1	9,780	109,800	15,240	15,440	5,495	15,090	42,220	6,275	6,230	10,660	10,870	....	247,100
Feb. 8	8,340	109,800	11,040	14,840	5,795	15,940	40,780	6,275	5,930	7,840	11,615	....	238,195
Feb. 15	9,860	105,800	12,560	16,040	5,795	15,650	40,980	4,315	5,680	7,860	11,990	....	236,530
Feb. 21	7,360	93,200	14,680	10,080	6,105	15,130	38,021	3,285	5,140	7,060	12,435	....	212,496
Issued to Federal Reserve Bank, less amount returned to Federal Reserve agent for redemption:													
Feb. 1	80,734	472,942	98,189	108,325	60,099	63,074	190,987	58,297	51,035	59,344	44,685	80,147	1,367,858
Feb. 8	81,687	466,665	101,051	112,036	59,478	61,968	194,317	58,261	51,164	61,978	43,776	81,279	1,373,660
Feb. 15	83,625	470,379	105,965	115,547	59,321	62,092	196,117	59,797	51,304	62,646	43,185	82,506	1,392,484
Feb. 21	85,796	493,227	105,403	121,363	58,797	62,418	201,425	60,813	51,596	63,280	42,581	83,033	1,429,732
Collateral held as security for outstanding notes:													
Gold coin and certificates on hand—													
Feb. 1	33,109	179,750	4,220	21,497	....	3,604	....	....	13,102	....	14,580	....	269,862
Feb. 8	33,110	204,083	4,220	24,018	....	3,604	....	....	13,102	....	14,580	....	296,717
Feb. 15	33,109	204,064	....	22,464	....	3,604	....	....	13,102	....	14,580	....	290,923
Feb. 21	33,109	204,064	....	24,418	....	3,604	....	....	13,102	....	14,580	....	292,877
In gold redemption fund—													
Feb. 1	4,225	12,052	5,120	5,528	1,259	2,853	381	2,367	1,837	2,474	2,399	4,377	44,872
Feb. 8	4,177	11,442	5,422	5,818	1,072	2,598	232	2,331	1,666	2,409	2,354	4,309	43,830
Feb. 15	4,116	11,175	5,336	6,583	982	2,432	598	2,292	1,556	2,867	2,339	4,236	44,512
Feb. 21	4,087	10,823	5,729	6,485	888	3,238	495	2,278	2,448	2,804	2,311	4,113	45,699
Gold settlement fund—Federal Reserve Board—													
Feb. 1	7,000	40,000	55,129	35,000	25,000	41,670	119,661	32,123	22,500	45,860	5,324	37,666	466,933
Feb. 8	8,000	40,000	63,389	38,500	25,000	40,670	135,280	32,123	25,500	45,860	5,724	37,666	497,712
Feb. 15	10,000	40,000	66,309	45,000	25,000	40,270	134,073	32,738	26,500	52,860	7,024	37,166	516,940
Feb. 21	11,500	40,000	65,354	50,000	25,000	41,270	142,485	37,738	25,500	52,860	7,624	39,116	538,447
Eligible paper, required minimum[1]—													
Feb. 1	36,400	241,140	33,720	46,300	33,840	14,947	70,945	23,807	13,596	11,010	22,382	38,104	586,191
Feb. 8	36,400	211,140	28,020	43,700	33,406	15,096	58,805	23,807	10,896	13,709	21,118	39,304	535,401
Feb. 15	36,400	215,140	34,320	41,500	33,339	15,786	61,446	24,767	10,146	6,919	19,242	41,104	540,109
Feb. 21	37,100	238,340	34,320	40,460	32,909	14,306	58,445	20,797	10,546	7,616	18,066	39,804	552,709
Total—													
Feb. 1	80,734	472,942	98,189	108,325	60,099	63,074	190,987	58,297	51,035	59,344	44,685	80,147	1,367,858
Feb. 8	81,687	466,665	101,051	112,036	59,478	61,968	194,317	58,261	51,164	61,978	43,776	81,279	1,373,660
Feb. 15	83,625	470,379	105,965	115,547	59,321	62,092	196,117	59,797	51,304	62,646	43,185	82,506	1,392,484
Feb. 21	85,796	493,227	105,403	121,363	58,797	62,418	201,425	60,813	51,596	63,280	42,581	83,033	1,429,732

[1] For actual amounts see item "Paper delivered to Federal Reserve agent," on p. 236.

MEMBER BANK CONDITION STATEMENT.

Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities, as at close of business on Fridays, Jan. 25, 1918, to Feb. 15, 1918.

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

1. TOTAL FOR ALL REPORTING BANKS.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Number of banks reporting:													
Jan. 25	37	97	46	76	68	36	91	34	31	68	41	46	671
Feb. 1	38	97	46	74	69	35	93	34	34	68	41	46	675
Feb. 8	38	97	47	75	68	34	92	32	34	67	41	45	670
Feb. 15	38	98	47	76	68	37	95	32	32	69	41	46	679
United States securities owned:													
Jan. 25	$30,642	$551,992	$34,882	$128,301	$43,352	$32,245	$75,258	$37,180	$16,957	$31,250	$31,752	$55,584	$1,069,395
Feb. 1	31,978	705,321	37,677	119,678	44,294	29,084	81,203	36,089	17,559	34,033	30,115	55,693	1,222,724
Feb. 8	36,255	714,460	41,926	119,862	42,959	32,270	93,449	37,597	17,750	36,136	30,572	57,155	1,260,391
Feb. 15	41,272	823,719	49,594	124,234	44,853	35,969	95,666	43,077	20,795	37,412	32,735	60,859	1,410,185
Loans secured by United States bonds and certificates:													
Jan 25	39,771	198,232	25,560	26,867	13,369	3,366	43,121	9,025	2,405	2,642	3,708	6,210	374,276
Feb. 1	40,800	194,789	24,618	27,821	13,148	2,026	44,801	9,278	2,487	2,574	3,647	5,977	371,966
Feb. 8	38,236	205,319	24,070	27,010	13,259	2,512	37,665	9,578	1,933	2,710	3,711	5,633	371,636
Feb. 15	34,314	195,283	22,423	25,263	12,863	2,239	38,459	9,169	2,753	3,092	3,661	5,559	355,078
All other loans and investments:													
Jan. 25	688,592	4,084,480	615,270	883,337	328,301	270,877	1,357,276	386,540	243,167	433,426	197,290	479,385	9,967,941
Feb. 1	701,817	4,062,284	605,080	865,645	331,800	263,861	1,354,091	388,900	247,693	444,862	196,633	485,266	9,947,932
Feb. 8	697,232	4,022,579	616,788	899,456	313,351	266,438	1,330,340	353,126	249,161	444,913	192,638	476,467	9,862,489
Feb. 15	716,600	4,136,563	613,674	890,534	317,703	274,815	1,337,836	372,536	241,920	452,228	190,738	481,671	10,026,818
Reserve with Federal Reserve Banks:													
Jan. 25	56,808	652,875	59,446	81,612	29,899	25,313	134,998	33,803	18,945	41,386	19,166	44,950	1,199,201
Feb. 1	60,220	655,009	60,492	80,041	29,320	24,411	135,874	33,630	19,344	43,197	19,201	43,217	1,203,956
Feb. 8	65,267	644,994	60,665	86,780	27,840	25,813	135,939	35,218	19,186	43,180	19,032	45,078	1,208,992
Feb. 15	54,253	590,088	58,831	86,172	26,424	24,911	140,769	34,734	19,856	41,902	19,132	42,314	1,139,386
Cash in vault:													
Jan. 25	22,725	124,192	22,490	34,697	17,206	13,586	61,854	13,705	9,281	17,109	12,839	25,284	374,968
Feb. 1	22,132	116,420	20,933	36,274	16,033	12,488	60,897	13,375	9,081	17,176	12,744	22,709	360,262
Feb. 8	22,461	117,201	21,721	32,637	16,150	12,197	60,821	13,216	9,354	16,228	12,452	21,486	355,924
Feb. 15	23,033	125,042	21,372	37,720	15,283	12,766	60,594	12,589	8,715	16,210	12,705	21,474	367,503
Net demand deposits on which reserve is computed:													
Jan. 25	569,275	4,275,436	567,847	677,355	262,594	202,663	982,546	266,906	174,843	363,192	189,387	360,276	8,892,320
Feb. 1	603,074	4,320,672	566,476	675,904	260,678	198,207	1,000,411	271,107	178,743	362,945	185,516	357,294	8,981,027
Feb. 8	602,016	4,308,652	574,804	694,116	252,307	195,794	996,912	270,664	178,972	373,483	181,935	355,906	8,985,561
Feb. 15	613,038	4,360,110	577,112	699,471	250,676	200,536	1,014,935	270,472	181,306	373,660	182,156	362,735	9,086,207
Time deposits:													
Jan. 25	78,759	296,683	15,506	202,383	43,807	70,079	341,542	88,734	48,489	40,719	23,913	101,184	1,351,798
Feb. 1	81,402	295,428	14,931	205,879	45,418	63,609	341,691	81,378	51,718	53,093	23,850	101,559	1,359,956
Feb. 8	81,653	296,048	15,363	203,155	44,697	72,723	342,457	81,156	52,031	44,066	23,828	101,560	1,358,737
Feb. 15	81,430	303,008	15,850	198,905	45,677	75,209	343,222	83,229	49,872	59,146	24,128	102,123	1,381,799
Government deposits:													
Jan. 25	32,919	272,300	28,585	38,486	10,271	1,774	46,314	11,286	13,159	11,050	8,620	10,322	485,086
Feb. 1	36,972	360,442	30,825	20,452	9,270	2,276	46,491	10,279	13,329	8,720	7,980	8,812	555,848
Feb. 8	39,407	356,186	40,434	27,436	11,905	4,566	58,461	11,800	14,199	13,133	8,195	7,596	593,318
Feb. 15	33,689	418,060	36,330	28,837	6,379	6,952	39,864	19,356	10,365	13,323	8,718	....	621,873

2. MEMBER BANKS IN CENTRAL RESERVE CITIES.

CENTRAL RESERVE CITIES.	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Number of banks reporting:													
Jan. 25	....	57	....	....	....	....	38	15	....	....	....	....	110
Feb. 1	....	57	....	....	....	....	39	15	....	....	....	....	111
Feb. 8	....	57	....	....	....	....	39	14	....	....	....	....	110
Feb. 15	....	58	....	....	....	....	40	14	....	....	....	....	112
United States securities owned:													
Jan. 25	....	$511,865	....	....	....	....	$24,258	$24,403	....	....	....	....	$560,526
Feb. 1	....	665,706	....	....	....	....	28,828	23,017	....	....	....	....	717,551
Feb. 8	....	674,884	....	....	....	....	39,969	25,140	....	....	....	....	739,993
Feb. 15	....	783,000	....	....	....	....	39,381	30,042	....	....	....	....	852,423
Loans secured by United States bonds and certificates:													
Jan. 25	....	175,720	....	....	....	....	27,123	7,431	....	....	....	....	210,274
Feb. 1	....	171,846	....	....	....	....	28,582	7,688	....	....	....	....	208,116
Feb. 8	....	182,011	....	....	....	....	21,450	8,051	....	....	....	....	211,512
Feb. 15	....	174,036	....	....	....	....	22,909	7,765	....	....	....	....	204,710

Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities, as at close of business on Fridays, Jan. 25, 1918, to Feb. 15, 1918—Continued.

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

2. MEMBER BANKS IN CENTRAL RESERVE CITIES—Continued.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
CENTRAL RESERVE CITIES—continued.													
All other loans and investments:													
Jan. 25	....	3,664,635	....	....	....	....	857,644	279,401	....	....	....	....	4,801,680
Feb. 1	....	3,639,408	....	....	....	....	847,214	280,589	....	....	....	....	4,767,211
Feb. 8	....	3,597,834	....	....	....	....	841,957	250,338	....	....	....	....	4,690,129
Feb. 15	....	3,710,680	....	....	....	....	826,707	276,285	....	....	....	....	4,813,672
Reserve with Federal Reserve Bank:													
Jan. 25	....	608,804	....	....	....	....	95,480	26,224	....	....	....	....	730,508
Feb. 1	....	618,612	....	....	....	....	97,616	25,784	....	....	....	....	742,012
Feb. 8	....	606,121	....	....	....	....	97,083	27,069	....	....	....	....	730,273
Feb. 15	....	553,283	....	....	....	....	97,522	26,406	....	....	....	....	677,211
Cash in vault:													
Jan. 25	....	108,241	....	....	....	....	39,203	8,141	....	....	....	....	155,585
Feb. 1	....	101,575	....	....	....	....	36,918	8,079	....	....	....	....	146,572
Feb. 8	....	102,445	....	....	....	....	37,818	7,566	....	....	....	....	147,829
Feb. 15	....	109,088	....	....	....	....	37,434	7,032	....	....	....	....	153,554
Net demand deposits on which reserve is computed:													
Jan. 25	....	3,884,853	....	....	....	....	674,023	187,431	....	....	....	....	4,746,307
Feb. 1	....	3,933,968	....	....	....	....	685,870	191,120	....	....	....	....	4,810,958
Feb. 8	....	3,924,219	....	....	....	....	688,671	193,030	....	....	....	....	4,805,920
Feb. 15	....	3,969,885	....	....	....	....	683,161	191,739	....	....	....	....	4,844,785
Time deposits:													
Jan. 25	....	254,635	....	....	....	....	136,857	69,932	....	....	....	....	461,424
Feb. 1	....	251,389	....	....	....	....	136,549	62,574	....	....	....	....	450,512
Feb. 8	....	250,616	....	....	....	....	136,861	62,370	....	....	....	....	449,847
Feb. 15	....	259,258	....	....	....	....	137,577	63,367	....	....	....	....	460,202
Government deposits:													
Jan. 25	....	255,242	....	....	....	....	30,423	10,301	....	....	....	....	295,966
Feb. 1	....	342,575	....	....	....	....	29,978	8,661	....	....	....	....	381,214
Feb. 8	....	336,569	....	....	....	....	39,445	10,668	....	....	....	....	386,682
Feb. 15	....	403,996	....	....	....	....	27,407	16,441	....	....	....	....	447,844

3. MEMBER BANKS IN RESERVE CITIES.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
OTHER RESERVE CITIES.													
Number of banks reporting:													
Jan. 25	16	16	35	55	43	27	48	13	15	68	33	46	415
Feb. 1	17	16	35	54	43	26	49	13	15	68	33	46	415
Feb. 8	17	16	35	55	43	27	49	12	15	67	33	45	414
Feb. 15	17	16	35	56	40	28	50	12	15	69	33	46	417
United States securities owned:													
Jan. 25	$15,944	$22,319	$28,218	$117,958	$29,441	$26,416	$48,769	$9,869	$12,822	$31,250	$26,328	$55,584	$424,918
Feb. 1	16,606	22,750	30,630	109,625	30,245	23,518	50,041	10,145	12,110	34,033	25,788	55,693	421,184
Feb. 8	20,983	23,616	34,660	109,920	30,632	28,247	52,489	9,425	11,841	36,136	26,427	57,155	441,531
Feb. 15	24,069	24,683	41,494	114,253	30,697	31,233	53,854	10,025	15,580	37,412	28,323	60,859	472,482
Loans secured by United States bonds and certificates:													
Jan. 25	32,978	11,989	24,972	26,143	11,640	3,186	15,487	1,250	2,214	2,642	3,647	6,210	142,358
Feb. 1	34,207	12,353	24,031	27,080	11,465	1,836	15,701	1,261	2,270	2,574	3,583	5,977	142,338
Feb. 8	31,717	12,657	23,407	26,273	11,252	2,336	15,917	1,213	1,728	2,710	3,626	5,633	138,469
Feb. 15	28,534	11,742	21,747	24,548	10,675	1,972	15,069	1,102	2,593	3,092	3,576	5,559	130,209
All other loans and investments:													
Jan. 25	514,040	259,222	554,982	812,532	246,973	233,313	488,720	82,867	181,854	433,426	166,683	479,385	4,453,997
Feb. 1	523,560	258,008	545,026	797,190	245,162	225,961	496,012	83,722	181,309	444,862	166,063	485,266	4,452,141
Feb. 8	525,315	259,322	553,862	829,374	238,666	235,755	482,970	78,330	182,949	444,913	162,767	476,467	4,470,690
Feb. 15	537,934	260,666	552,576	824,342	224,812	239,099	499,876	71,750	180,952	452,228	160,730	481,671	4,486,636
Reserve with Federal Reserve Bank:													
Jan. 25	46,277	31,987	55,418	76,495	24,131	22,491	38,762	6,265	15,271	41,386	16,731	44,950	420,164
Feb. 1	49,466	25,562	56,539	75,332	24,031	21,733	37,484	6,370	15,522	43,197	16,837	43,217	415,290
Feb. 8	54,575	27,817	56,339	81,797	22,730	23,808	38,472	6,530	15,200	43,180	16,672	45,078	432,198
Feb. 15	43,455	26,299	54,302	81,287	20,097	22,488	42,433	6,568	16,116	41,902	16,806	42,314	414,067
Cash in vault:													
Jan. 25	16,338	9.150	20,282	30,883	13,698	11,489	22,286	4,385	5,899	17,109	11,084	25,284	187,887
Feb. 1	16,161	8,547	18,687	32,729	12,386	10,375	23,525	4,143	5,315	17,176	10,939	22,709	182,692
Feb. 8	16,339	7,981	19,255	29,073	12,937	10,756	22,707	4,490	5,847	16,228	10,821	21,486	177,920
Feb. 15	16,855	8,754	18,902	32,777	11,447	11,045	22,618	4,353	5,775	16,210	10,939	21,474	181,149

Principal resources and liabilities of member banks located in central reserve, reserve, and other selected cities, as at close of business on Fridays, Jan. 25, 1918, to Feb. 15, 1918—Continued.

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

3. MEMBER BANKS IN RESERVE CITIES—Continued.

	Boston.	New York.	Philadelphia.	Cleveland.	Richmond.	Atlanta.	Chicago.	St. Louis.	Minneapolis.	Kansas City.	Dallas.	San Francisco.	Total.
Net demand deposits on which reserve is computed:													
Jan. 25	447,072	235,408	514,567	616,516	197,196	176,709	300,512	62,073	134,560	363,192	163,084	360,276	3,571,165
Feb. 1	477,401	232,890	513,187	616,891	195,169	172,174	306,317	62,304	134,866	362,945	159,131	357,294	3,590,569
Feb. 8	477,737	235,007	517,737	634,325	194,689	176,757	304,216	60,080	134,727	373,483	156,652	355,906	3,621,316
Feb. 15	486,573	233,632	519,895	639,497	175,536	181,299	323,172	60,691	139,211	373,660	156,491	362,735	3,652,392
Time deposits:													
Jan. 25	30,049	25,514	9,702	185,764	34,623	55,860	199,983	12,762	26,988	40,719	19,232	101,184	742,380
Feb. 1	32,051	26,822	9,089	188,755	35,525	49,494	200,516	12,868	27,020	53,093	19,071	101,559	755,863
Feb. 8	31,952	28,000	9,472	186,086	35,489	59,556	203,079	12,838	27,383	44,066	19,007	101,560	758,488
Feb. 15	31,526	27,139	9,854	182,036	32,179	61,398	202,916	13,863	27,108	59,146	19,276	102,123	768,564
Government deposits:													
Jan. 25	29,427	10,195	27,062	37,796	7,149	1,461	15,801	622	11,818	11,050	8,456	10,322	171,159
Feb. 1	31,784	10,657	29,172	19,912	6,509	2,014	16,323	1,198	11,737	8,720	7,796	8,812	154,634
Feb. 8	34,058	12,307	38,146	26,896	8,981	4,312	18,826	712	12,137	13,133	8,011	7,596	185,115
Feb. 15	30,167	7,074	35,142	28,577	5,057	6,440	12,327	2,154	8,915	13,273	8,573	....	157,749

4. MEMBER BANKS OUTSIDE RESERVE CITIES.

COUNTRY BANKS.													
Number of banks reporting:													
Jan. 25	21	24	11	21	25	9	5	6	16	....	8	....	146
Feb. 1	21	24	11	20	26	9	5	6	19	....	8	....	149
Feb. 8	21	24	12	20	25	7	4	6	19	....	8	....	146
Feb. 15	21	24	12	20	28	9	5	6	17	....	8	....	150
United States securities owned:													
Jan. 25	14,698	17,808	6,664	10,343	13,911	5,829	2,231	2,908	4,135	....	5,424	....	83,951
Feb. 1	15,372	16,865	7,047	10,053	14,049	5,566	2,334	2,927	5,449	....	4,327	....	83,989
Feb. 8	15,272	15,960	7,266	9,942	12,327	4,023	991	3,032	5,909	....	4,145	....	78,867
Feb. 15	17,203	16,036	8,100	9,981	14,156	4,736	2,431	3,010	5,215	....	4,412	....	85,280
Loans secured by United States bonds and certificates:													
Jan. 25	6,793	10,523	588	724	1,729	180	511	344	191	....	61	....	21,644
Feb. 1	6,593	10,590	587	741	1,683	190	518	329	217	....	64	....	21,512
Feb. 8	6,519	10,651	663	737	2,007	176	298	314	205	....	85	....	21,655
Feb. 15	5,780	9,505	676	715	2,188	267	481	302	160	....	85	....	20,159
All other loans and investments:													
Jan. 25	174,552	160,623	60,288	70,805	81,328	37,564	10,912	24,272	61,313	....	30,607	....	712,264
Feb. 1	178,257	164,868	60,054	68,455	86,638	37,900	10,865	24,589	66,384	....	30,570	....	728,580
Feb. 8	171,917	165,423	62,926	70,082	74,685	30,683	5,413	24,458	66,212	....	29,871	....	701,670
Feb. 15	178,666	165,217	61,098	66,192	92,891	35,716	11,253	24,501	60,968	....	30,008	....	726,510
Reserve with Federal Reserve Bank:													
Jan. 25	10,531	12,084	4,028	5,117	5,768	2,822	756	1,314	3,674	....	2,435	....	48,529
Feb. 1	10,754	10,835	3,953	4,709	5,289	2,678	774	1,476	3,822	....	2,364	....	46,654
Feb. 8	10,692	11,056	4,326	4,983	5,110	2,005	384	1,619	3,986	....	2,360	....	46,521
Feb. 15	10,798	10,506	4,529	4,885	6,327	2,423	814	1,760	3,740	....	2,326	....	48,108
Cash in vault:													
Jan. 25	6,387	6,801	2,208	3,814	3,508	2,097	365	1,179	3,382	....	1,755	....	31,496
Feb. 1	5,971	6,298	2,246	3,545	3,647	2,113	454	1,153	3,766	....	1,805	....	30,998
Feb. 8	6,122	6,775	2,466	3,564	3,213	1,441	296	1,160	3,507	....	1,631	....	30,175
Feb. 15	6,178	7,200	2,470	4,943	3,836	1,721	542	1,204	2,940	....	1,766	....	32,800
Net demand deposits on which reserve is computed:													
Jan. 25	122,203	155,175	53,280	60,839	65,398	25,954	8,011	17,402	40,283	....	26,303	....	574,848
Feb. 1	125,673	153,814	53,289	59,013	65,509	26,033	8,224	17,683	43,877	....	26,385	....	579,500
Feb. 8	124,279	149,426	57,067	59,791	57,618	19,037	4,025	17,554	44,245	....	25,283	....	558,325
Feb. 15	126,465	156,593	57,217	59,974	75,140	19,237	8,602	18,042	42,095	....	25,665	....	589,030
Time deposits:													
Jan. 25	48,710	16,534	5,804	16,619	9,184	14,219	4,702	6,040	21,501	....	4,681	....	147,994
Feb. 1	49,351	17,217	5,842	17,124	9,893	14,115	4,626	5,936	24,698	....	4,779	....	153,581
Feb. 8	49,701	17,432	5,891	17,069	9,208	13,167	2,517	5,948	24,648	....	4,821	....	150,402
Feb. 15	49,904	16,611	5,996	16,869	13,498	13,811	2,729	5,999	22,764	....	4,852	....	153,033
Government deposits:													
Jan. 25	3,492	6,863	1,523	690	3,122	313	90	363	1,341	....	164	....	17,961
Feb. 1	5,188	7,210	1,653	540	2,761	262	190	420	1,592	....	184	....	20,000
Feb. 8	5,349	7,310	2,288	540	2,924	254	190	420	2,062	....	184	....	21,521
Feb. 15	3,522	6,990	1,188	260	1,322	512	130	761	1,450	....	145	....	16,280

EARNINGS ON INVESTMENTS OF FEDERAL RESERVE BANKS.

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

Banks.	Average balances for the month of the several classes of earning assets.				
	Bills discounted for members and F. R. Banks.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.
Boston	$54,494,904	$8,361,473	$3,769,879	....	$66,626,256
New York	231,540,019	155,615,869	40,210,981	$510,701	427,877,570
Philadelphia	31,990,666	15,582,286	9,017,042	2,580	56,592,574
Cleveland	41,430,208	15,344,263	41,657,252	....	98,431,723
Richmond	29,149,147	13,439,367	4,251,337	....	46,839,851
Atlanta	12,292,340	6,670,012	3,590,360	280,222	22,832,934
Chicago	97,930,291	8,783,723	12,065,406	161,290	118,940,710
St. Louis	31,928,226	6,691,188	3,677,400	....	42,296,814
Minneapolis	12,739,800	3,844,000	4,697,200	1,600	21,282,600
Kansas City	32,347,087	193,292	14,646,190	....	47,186,569
Dallas	9,022,135	13,395,572	6,830,777	327,184	29,575,668
San Francisco	26,370,401	17,669,318	3,842,233	....	47,881,952
Total	611,235,224	265,590,363	148,256,057	1,283,577	1,026,365,221

Banks.	Earnings from—					Calculated annual rates of earnings from—				
	Bills discounted for members and F. R. Banks.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.	Bills discounted for members and F. R. Banks.	Bills bought in open market.	United States securities.	Municipal warrants.	Total.
						Per cent.	*Per cent.*	*Per cent.*	*Per cent.*	*Per cent.*
Boston	$179,211	$29,321	$9,722	....	$218,254	3.87	4.13	3.04	....	3.68
New York	726,105	475,881	116,662	$1,681	1,320,329	3.69	3.60	3.41	3.87	3.63
Philadelphia	105,897	47,639	27,666	10	181,212	3.89	3.59	3.61	4.49	3.77
Cleveland	136,930	48,096	122,987	....	308,013	3.89	3.69	3.48	....	3.68
Richmond	98,963	41,320	7,378	....	147,661	3.99	3.62	2.04	....	3.71
Atlanta	43,165	20,964	9,567	863	74,559	4.13	3.70	3.14	3.63	3.84
Chicago	342,877	27,731	31,028	662	402,298	4.12	3.72	3.03	4.82	3.98
St. Louis	111,413	21,066	8,509	....	140,988	4.11	3.71	2.64	....	4.08
Minneapolis	48,149	13,648	11,324	6	73,127	4.45	4.18	2.84	4.46	4.04
Kansas City	113,735	728	34,508	....	148,971	4.13	4.44	2.77	....	3.70
Dallas	32,927	40,712	16,402	1,127	91,168	4.38	3.65	2.88	4.13	3.70
San Francisco	98,913	53,700	8,073	....	160,686	4.42	3.58	2.47	....	3.96
Total	2,038,285	820,806	403,826	4,349	3,267,266	3.94	3.64	3.27	3.99	3.75

GOLD IMPORTS AND EXPORTS.

Gold imports and exports into and from the United States.

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

	Week ending—				Total since Jan. 1, 1918.	Total for corresponding period during 1917.
	Jan. 25, 1918.	Feb. 1, 1918.	Feb. 8, 1918.	Feb. 15, 1918.		
IMPORTS.						
Ore and base bullion	286	111	163	185	1,211	1,631
United States Mint or assay office bars						5
Bullion refined	338	148	222	333	1,774	18,734
United States coin	1,012	2	41	258	2,358	51,005
Foreign coin				3	17	41,042
Total	1,636	261	426	779	5,360	112,467
EXPORTS.						
Domestic:						
Ore and base bullion		3	5		11	35
United States Mint or assay office bars						1,184
Bullion refined	1	1	2	1	13	1,063
Coin	1,075	391	1,054	341	4,557	25,929
Total	1,076	395	1,061	342	4,581	28,211
Foreign:						
Bullion refined						31
Coin	45	16	41		172	1,815
Total	45	16	41		172	1,846
Total exports	1,121	411	1,102	342	4,753	30,057

Excess of gold imports over exports since Jan. 1, 1918, $607; excess of gold imports over exports since Aug. 1, 1914, $1,050,911.

DISCOUNT RATES.

Discount rates of each Federal Reserve Bank in effect Feb. 28, 1918.

Federal Reserve Bank.	Maturities.							
	Discounts.						Trade acceptances.	
	Within 15 days, including member banks' collateral notes.	16 to 60 days.	61 to 90 days.	Agricultural and live-stock paper over 90 days.	Secured by U. S. certificates of indebtedness or Liberty loan bonds. Within 15 days, including member banks' collateral notes.	Secured by U. S. certificates of indebtedness or Liberty loan bonds. 16 to 90 days.	1 to 60 days, inclusive.	61 to 90 days, inclusive.
Boston	4	5	5	5	3½	4	4½	4½
New York [1]	3½	4½	4½	5	3½	4	4	4
Philadelphia	4	4½	4½	5	3½	4	4	4
Cleveland	4	4½	4½	5	3½	4	4	4
Richmond	4	4½	4½	4½	3½	4	4	4
Atlanta	4	4½	4½	5	3½	4	4	4
Chicago	4	4½	5	5½	3½	4	3½	4
St. Louis	4	4½	4½	5½	3½	4	4	4
Minneapolis	4	4½	5	5½	3½	4	3½	4
Kansas City	4	4½	4½	5	3½	4	4	4
Dallas	4	4½	4½	5	3½	4	3½	4
San Francisco	4	4½	4½	5½	3½	4	4	4

[1] Rate of 3 to 4½ per cent for 1-day discounts in connection with the loan operations of the Government.

NOTE 1.—Rate for acceptances purchased in open market, 3 to 4½ per cent, except for Boston, Chicago, and Minneapolis, whose rates range from 3 to 5 per cent.

NOTE 2.—In case the 60-day trade acceptance rate is higher than the 15-day discount rate trade acceptances maturing within 15 days will be taken at the lower rate.

FOREIGN BANK STATEMENTS.

Comparative statements showing condition of the five principal European banks of issue at close of calendar years 1913 to 1917.

[Original figures have been converted into United States dollars at the following legal equivalents: £=$4.8665; franc=19.3 cents; ruble=51.5 cents; mark=23.8 cents; krone=20.26 cents.]

BANK OF ENGLAND.

[Combined data for issue and banking departments.]

[From the London Economist.]

[000 omitted.]

	Dec. 31, 1913.	Dec. 30, 1914.	Dec. 29, 1915.	Dec. 27, 1916.	Dec. 26, 1917.
ASSETS.					
Gold and silver	$170,245	$338,191	$250,510	$264,275	$283,899
Government securities:					
Held by issue department	89,787	89,787	89,787	89,787	53,605
Held by banking department	64,233	72,061	159,816	278,304	283,732
Other securities	253,729	516,998	545,416	518,094	497,958
Total	577,994	1,017,037	1,045,529	1,150,460	1,119,194
LIABILITIES.					
Proprietors' capital	70,822	70,822	70,822	70,822	70,822
Rest (surplus)	15,827	15,978	16,118	16,111	16,065
Public deposits	49,913	131,067	241,755	253,624	204,439
Other deposits	297,280	623,182	544,914	616,715	604,232
Seven-day and other bills	66	116	87	107	50
Notes in circulation	144,086	175,872	171,833	193,081	223,586
Total	577,994	1,017,037	1,045,529	1,150,460	1,119,194

BANK OF FRANCE.

[From weekly statements of the Bank of France.]

[000 omitted.]

	Dec. 26, 1913.	Dec. 10, 1914.[1]	Dec. 30, 1915.	Dec. 28, 1916.	Dec. 27, 1917.
ASSETS.					
Gold in vault	$678,856	$799,359	$967,950	$652,885	$639,682
Other metallic reserve	123,532	67,750	67,953	56,910	47,798
Total vault reserve	802,388	867,109	1,035,903	709,795	687,480
Gold held abroad	....	....	....	326,766	393,162
Foreign credits	....	....	203,962	159,380	150,231
Government securities:					
Bonds, consols, and advances to the Government—					
Permanent investments	57,900	....	57,900	57,900	57,900
Advances to the Government since outbreak of war	....	694,800	965,000	1,428,200	2,412,500
Treasury bills discounted (advances to foreign Governments)	....	....	121,590	347,400	621,460
Other Government securities	....	....	21,882	21,742	21,805
Loans and discounts	294,607	41,165	82,859	119,599	176,009
Bills matured and extended	....	702,040	354,002	258,395	221,395
Advances on bullion, specie, securities, etc	149,074	[2] 150,686	222,320	254,326	236,386
Sundry assets	93,064	....	79,806	105,919	130,046
Total	1,397,033	....	3,145,224	3,789,422	5,108,374
LIABILITIES.					
Capital	35,223	35,223	35,223	35,223	35,223
Surplus, including special reserves	8,206	....	8,292	8,292	8,292
Dividends unpaid	309	....	4,211	4,853	4,985
Government deposits	77,848	34,075	33,562	2,897	48,609
Other deposits	111,038	515,687	407,970	436,223	562,352
Bank notes in circulation	1,102,715	1,927,306	2,568,801	3,219,012	4,311,002
Sundry liabilities	61,694	....	87,165	82,922	137,911
Total	1,397,033	....	3,145,224	3,789,422	5,108,374

[1] No data available as at end of 1914. Incomplete data for Dec. 10, 1914, taken from the annual report of the bank for 1914.
[2] Advances on securities only.

Comparative statements showing condition of the five pricipal European banks of issue at close of calender years 1913 to 1917—Continued.

RUSSIAN STATE BANK.

[From weekly statements of the Russian State Bank.]

[000 omitted.]

	Dec. 16–29, 1913.	Dec. 16–29, 1914.	Dec. 16–29, 1915.	Dec. 16–29, 1916.	Oct. 16–29, 1917.[1]
ASSETS.					
Gold bullion and specie in vault	$780,902	$800,124	$830,046	$758,396	$667,041
Gold held abroad	87,097	110,319	139,050	1,107,171	1,188,954
Silver, copper, etc., bullion	31,886	24,678	18,928	59,089	91,757
Bills on hand	295,583	318,383	202,325	126,468	233,876
Short-term treasury bills	....	255,720	1,670,959	3,365,036	7,839,089
Advances to the treasury account food-distribution service	....	....	....	....	668,274
Advances on securities	90,790	131,036	340,939	276,749	775,369
Advances on merchandise	84,604	56,921	58,128	23,734	40,727
Advances to popular credit institutions	35,505	46,988	39,802	22,171	44,445
Advances to farmers	8,440	10,765	11,572	9,247	9,928
Advances to manufacturers	7,743	5,726	4,444	3,892	5,433
Advances to the Petrograd and Moscow public pawnshops	7,932	10,083	8,122	6,371	10,874
Protested bills	1,974	6,513	3,162	597	215
Securities owned	53,774	75,358	133,612	70,098	93,356
Due from branches and offices	....	128,923	160,890	189,011	501,125
Sundry assets	53,581	76,316	67,399	70,627	101,792
Total	1,539,811	2,057,853	3,689,378	6,088,657	12,272,255
LIABILITIES.					
Capital	28,325	28,325	28,325	28,325	28,325
Current account of the State Treasury	299,476	113,426	105,134	111,247	105,525
Current account deposits	111,947	188,425	437,736	804,603	1,298,115
Special and time deposits	188,814	198,326	217,383	301,002	376,448
Drafts and letters of credit unpaid	3,993	8,042	12,424	15,643	54,000
Notes in circulation	859,293	1,474,880	2,731,879	4,424,512	9,456,516
Accrued profits on operations	33,630	33,218	61,053	230,173	461,857
Sundry liabilities	14,333	13,211	95,444	173,152	491,469
Total	1,539,811	2,057,853	3,689,378	6,088,677	12,272,255

[1] Latest available data.

GERMAN REICHSBANK.

[From the Deutcher Reichsanzeiger.]

[000 omitted.]

	Dec. 31, 1913.	Dec. 31, 1914.	Dec. 31, 1915.	Dec. 30, 1916.	Dec. 31, 1917.
ASSETS.					
Gold	$278,453	$498,089	$581,954	$599,873	$572,768
Other metallic reserve	65,886	8,774	7,633	3,884	43,161
Total metallic reserve	344,339	506,863	589,587	603,757	615,929
Imperial Treasury and Loan Bank certificates	10,996	208,250	306,512	100,457	312,920
Notes of other banks	3,038	1,264	745	332	160
Bills, checks, and discounted Treasury bills	354,798	936,903	1,381,189	2,287,124	3,473,873
Advances on collateral	22,485	5,443	3,079	2,322	1,217
Securities	96,012	8,086	12,227	19,932	21,220
Sundry assets	53,582	51,173	64,791	186,622	497,752
Total	885,250	1,717,982	2,358,130	3,200,546	4,923,071
LIABILITIES.					
Capital paid in	42,840	42,840	42,840	42,840	42,840
Surplus	16,671	17,726	19,171	20,342	21,453
Notes in circulation	617,240	1,200,924	1,646,465	1,917,007	2,729,324
Other liabilities payable on demand	188,763	418,144	561,445	1,086,281	1,915,993
Sundry liabilities	19,736	38,348	88,209	134,076	213,461
Total	885,250	1,717,982	2,358,130	3,200,546	4,923,071

Comparative statements showing condition of the five principal European banks of issue at close of calendar years 1913 to 1917—Continued.

AUSTRO-HUNGARIAN BANK.

[000 omitted.]

	Dec. 31, 1913.	July 23, 1914.	Dec. 7, 1917.
ASSETS.			
Gold coins and gold in bars	$251,421	$250,794	$53,525
Bills and foreign notes	12,156	12,156	12,156
Silver and token coins	52,989	59,031	11,131
Total	316,566	321,981	76,812
Notes of the war loan banks			21,482
Discounted bills, warrants, etc	187,607	155,562	571,948
Loans on security	62,931	37,790	695,305
Loans to Austrian Government			1,831,504
Loans to Hungarian Government			842,411
Old Austrian loans	12,156	12,156	12,156
Securities	3,467	3,570	12,103
Mortgages	60,757	60,779	59,225
Other assets	27,823	23,358	178,673
Total	671,307	615,196	4,301,619
LIABILITIES.			
Share capital	42,546	42,546	42,546
Surplus	6,515	6,515	8,291
Notes in circulation	505,212	431,489	3,594,156
Current accounts	34,119	59,012	424,004
Mortgage bonds	59,106	59,011	55,977
Other liabilities	23,809	16,623	176,645
Total	671,307	615,196	4,301,619

NOTE.—No data available for Dec. 31, 1914, 1915, 1916, and 1917.

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